



CEO CFO

Interviews & News!

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Dickens Energy Cider Along With DC Brands' Newly Launched NASCAR Themed Turn Left Energy Drink Is Now Available In Over 22 States



Consumer Goods
Beverage
(DCBI-OTCPK)

DC Brands International, Inc.

9500 West 49th Avenue, A-100
Wheat Ridge, CO 80033
Phone: 303.279.3800



Richard Pearce
President and CEO

BIO:

DC Brands International is serial entrepreneur Richard Pearce's latest successful business venture. Pearce entered the lucrative energy drink industry after selling

the last of his five previous companies. In the mid 1980s, Pearce founded Bay Area Cash Registers in Tampa, Florida, with an initial investment of \$18,000. Four years later, he sold the business for more than \$1 million and launched Cash Graf, a COMDEX "Best In Show" software package that included accounting, database, appointment scheduling and word processing programs. During this period, he also started and sold a clothing line called Refuze 2 Luz, which was sold in hundreds of stores across the United States. Soon after, Pearce sold the remaining percentage of Cash Graf to establish ClearPath Inc. dba ThermaProducts, Inc., the world's first and only portable snow melting equipment. After several years of developing and marketing a variety of products and perfecting the manufacturing process, ThermaProducts became wildly successful throughout the snow belt of North America. The newfound success led Pearce to search for a fun and exciting endeavor that paralleled his personal interests. In 2002 DC Brands International was founded and launched with Dickens Energy Cider followed by Turn Left Energy Drink a few years later. Both products have been met with great success, with distribution channels spread throughout the country. Pearce credits his mantra of integrity, which he translates to simply—"doing the right thing *especially* when nobody is looking"—for his continued business achievements.

Company Profile:

DC Brands International, Inc. was established in 1998 and began producing its first products in the summer of 2002. The company became public in 2005 and currently trades under the ticker symbol: (OTC: DCBI). After being established as

a legitimate player in the beverage industry, DC Brands began the quest to become one of the major players in the energy drink sector. In November 2006, DC Brands released its latest new product, Turn Left Energy Drink. This bold, great tasting new energy drink is destined to become both the price leader and the drink of choice for all energy drink enthusiasts including its target demographic, NASCAR fans.

Interview conducted by:
Lynn Fosse, Senior Editor
CEO CFOinterviews.com

CEO CFO: Mr. Pearce, what was your vision when you started DC Brands and where are you today?

Mr. Pearce: "I always had one business or another and sold out of the last that I had started which was one of the crazy things I had invented. It was portable snow-melting equipment. However, was trying to look for something a little more fun to get into. We were going back about seven years when the idea first came. I had tasted my first Red Bull and literally thought I had gotten a bad can because the taste was so bad, so I spit that out and had the waitress bring another one and realized they had done that on purpose. I started thinking that there must be a way to provide the same benefit, which is the energy, without the cough medicine taste. We went through the process of doing blind taste tests for over a year, and then began to roll that out. Today our Dickens Energy Cider is available in over 22 states and we have launched our additional brand, which includes our Turn Left Energy Drink product. It is a NASCAR themed product and it has done incredibly well for us. There are 75 million NASCAR fans that have not been

truly addressed in the market place. There have been some signature drinks or knock-off drinks with a driver's name on it, but they never really went out and addressed the market place. We have some neat promotions together with that brand including giving away NASCAR tickets every weekend to races around the country. We have a brand new Corvette that is going to be given away at next year's Daytona 500, and the following for that is just growing in leaps and bounds. It has been good for us, and we are in about our fifth month in a row of increasing revenues. We will break our first million-dollar order this month, and we still have all of September to go. Sales are continuing to increase and major accounts are coming onboard."

CEOCFO: What have you found or what have you been able to put in the drink to change the taste of it?

Mr. Pearce: "Anyone that tells you that caffeine and sugar are not the biggest part of an energy drink is lying to you. Those are the basis for it. The difference between a highly caffeinated soda and an energy drink are the vitamins and the way that you formulate the drink. There is a lot of B12, and B complex vitamins. In our energy drinks we put several different elements in there that help the product deliver a more stable energy boost so that you do not get that extreme sugar drop-off like you do with a lot of the other brands that are pretty much just sugar and caffeine. There are a lot of vitamins that go into the brand to be able to maintain the energy level you have; you will get a good three or four hour energy boost out of it and you do not crash at the end the way you do with some of the others."

The flavor and formulation guys that we have on our team are from Austria. I sought them out because here in America there were so many people coming into the energy drink business. I believe it has proven out over time that these guys were just taking advantage of people that came in kind of pie-eyed, didn't really under-

stand the business. Most of the people that come into this business thought all I really need to do is get my product to get close to Red Bull on the shelf and I will become rich, and it just does not work like that. There have been over 800 brands in the five years that we have been doing this, that have come and gone. Having staying power goes a long way and people get to know that you are a real player in the industry; it helps a lot.

What we find out is that a lot of people go in and pay 50, 60 or \$70,000.00 to have x-number of case or flavors made for them. We started out later on with the same ones being recycled over and over

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again, which is why so many of these drinks taste the same. I became frustrated with that and sought out some people over in Austria just because that is where Red Bull came from and I thought maybe that is the Detroit of energy drinks, let's go find them. After establishing some phone conversations, we got on a plane, flew over, and met with them. They did a good job, spending a year sending flavor to me over for evaluation and we would go out at night and have people test it until they said this is the one. You are never going to get 100%, but we were high into the 70-percentile bracket and felt this is as good as you are going to get. If everybody like just one flavor there would not be a Coke and Pepsi. What you

want to look for is a product that nobody doesn't like. We are happy with those numbers and do trade shows all over the place and overwhelmingly we always come out on top."

CEOCFO: Where are your energy drinks being sold?

Mr. Pearce: "Up and down the east coast, you will see it in the Ingles food market chain, the Walgreen's, and about six other major grocers. You have to remember this product is about 4½ months old now, so it is kind of brand new. We have the habit not to release broker or chains names until the product is on the shelves, but most of your major grocery stores, you will see that within the next ninety days. Independent chains all up and down the east coast, out here in Colorado, California is strong, a lot of the independent convenient store chains, Shell, Chevron, BP, Conoco; there are a ton of those places that have the products out there. Our other brand, Dickens Energy Cider is sold mostly in bars, nightclubs and restaurants, and it is the same story there. It is in most of the independent chains all over the country."

CEOCFO: How do you get shelf space?

Mr. Pearce: "Our first conversation is not about an energy drink, it is about the promotions that we have behind it.

You have to understand that in the buyers' mentality, they really could care less about your product. Nine times out of ten, the mistake that most entrepreneurs make is when they come in and want the buyer to be excited about their brand and about its taste, flavor, and price point; those are important things to keep the product moving. To get that shelf space what the buyer wants to know is what you are going to do to help me bring more people to my store to sell more products. That comes down to promotions. We put together a dynamic promotion that includes one-and-a-half million winning combinations of these numbers that are printed on the back of what looks like a NASCAR

ticket but it is not. It says on the front 'every ticket is a winner,' and what you do is play these numbers on the back on our website and it gives you a winning hand. You win point towards hats, jackets, T-shirts, all the traditional paraphernalia that would go along with it. You also get your chance and we pull from there every week someone to go to a NASCAR race around the country.

When we go out and talk to a retailer, we can make that retailer specific because as we make the product we have lot numbers, so we know that these 300 palettes went to this particular retailer. Therefore, when people call in and register or go on line and register, we will know that so many were from Conoco, or whatever the company may be. We then draw those people and they have the opportunity to go to a race and the big thing is now is that next year at the Daytona 500 we will be sending out 200 people to a nightclub called the Cruising Café, and this is one of the things that gets the retailers excited. We can guarantee that x-number of people and 20 tickets will be given away to XYZ retail chain. They are not competing with the rest of the company; they can advertise that that many will go specifically to their customers. We will send them to Daytona and they will come to the after party at this Cruising Café and delimited down to just those 200 pair of tickets. Further, one of those 400 people will have the opportunity to drive away in a brand-new 2007 Corvette all decorated up in the Turn Left Energy stuff. At that time, we will unveil next year's car, which is even nicer. This will become an annual event for us. They are able to piggyback on the expenditures that we are making, get credit for it, and send their customers down for a fun trip to become part of a neat annual event. So far, the retailers get it.

Our promotion at the convenience store side revolves around three major points, we go into a retailer and say we are going to help you save more gas, increase your foot traffic, get more energy drinks across the board. You have to allow us to decorate your store and you gas pumps with posters etc., explain clearly across the top, come in and see cashier for free ticket. That ticket is given away with the

purchase of ten gallons or more or the purchase of any energy drink in their store. There is technically no purchase necessary of our product. What that says to them is that in order to get my free ticket, I have to walk inside. Understand the mentality of someone that is in the convenience store, about 68.2% of all people that use a credit card at the pump will never go inside the store; that is a nightmare for them. There is a constant battle to get people to come in the store where they buy a pack of gum or whatever. So we help them increase their foot traffic. Secondly, it is with ten gallons or more. With gas prices the way they are they see a decline in the average squeeze or how much people get in gas and we have shown now with hundreds of retailers where this promotion is implemented, it does help them increase for gas sales and foot traffic. We made the decision that you also ought to be able to try this with any energy drink, so I could put this in your hand. I could not come up with any method of getting a more targeted consumer than someone that is inside a convenient store with their wallet out buying an energy drink. If I can have my name put into their hand as part of my promotion, on radio, TV, or billboard in the world will ever get me that targeted consumer. If they should decide for one reason or another they do not like our brand, I may as well check them off and go on to the next one and so far it has been very successful. Our philosophy is to not get into a money-spending contest with billion-dollar companies that are just driving you to the cash register; there are enough of them doing that. We steal you when you are at the cash register level with your wallet out."

CEOCFO: What is the financial picture?

Mr. Pearce: "Last year the company went through a bad recall that would have taken the average company out multiple millions of dollars with a bad product that was produced. It leaked like a sieve after we got it; it simply was not manufactured correctly. We wound up putting that company out of business. We re-launched everything. This is kind of all new again starting this year. The company had done about \$150 some odd thousand dollars in the 1st Quarter over \$400 thousand in the 2nd Quarter. We

will break \$1 million before the end of August (2007). I believe we will break \$1.5 million. We already have on our books right now over \$400 thousand going into this Quarter for last month and we are going to break \$600 thousand in August. I hope to do another 6 or 7 in September.

So much is about trying to get the retail space. This is all a big game at getting in at the right cycle. Most of these guys work in several month cycles so only set their stores once or twice a year. You can get lucky with some of them and they say good I have a store set coming up next month, and some you miss by a day or two and you have to wait in line for six months. In that case, they will look for a brand that is just not doing well and cancel that brand. You can get a phone call at a moments notice saying hey we kicked somebody out, we want to have your product in here in three weeks. That is just the nature of this business.

We think we will have a strong year. We have just announced we had a huge shareholders meeting in Las Vegas a week ago Saturday. We had several hundred of our shareholders come in and rented the theater. There is no pink sheet company in America that has ever done that. We bring our people in, film them and video tape it. We tell them everything we have going on. We have begun distributing our product in China because everything is paid in advance. We have receivable liability overseas where we have some good partners over there and they purchase containers at a time in advance. We are also going into India and Australia."

CEOCFO: Are those NASCAR focused?

Mr. Pearce: "It is a combination of both. In India, we are developing a specific brand utilizing our beverage based around cricket, because cricket is the largest sport there. The demographics are enormous. Every computer company in America now has tech support coming out of India. They do not really understand NASCAR, but they have a huge cricket following. It is paid in advance so it is nice mailbox money for the company. We are capitalizing off of the enormous amount of time we spend going

out and exhaustingly making sure the product tasted as good as you can get it and delivered the type of energy boost without the crash at the end. Therefore, we are not just counting on some flavor house to give us a product. We announced the agreement to purchase a local vitamin and supplement company called Hard Nutrition, which was developed by an NFL player who was frustrated by the fact that it is getting tougher to compete in sports if you are not taking an illegal substance. He set out to put together a powerful line of supplements that were 100% legal, natural and could still give you the ability to compete. It has an impressive following. We have a new line of health products coming out next year that we totally believe will revolutionize the healthy/beverage size of the business. The problem with vitamin water that is if you actually put enough vitamins in it to do the job, it will taste too bad to drink. We have come up with a way to get around that. The answer is very obvious. We have four utility patents going through for that. We have seen interest from four of the major largest retailers in America and the largest health food chain. We want a 90-day exclusive with it, it is that unique.”

CEOCFO: Why should potential investors be interested, and what might not jump to the surface?

Mr. Pearce: “I think the downside is that we have the same black eye as any non-reporting pick sheet has. We are working diligently to get off of that. We want to be a clear reporting company. Our auditing firm out of Dallas, Turner Stone is working with us literally on a daily basis. We are within 30 days, but I am counting on accountants, lawyers and everybody to get everything done that they need to do. We are down to just a couple weeks worth of stuff and tying things back to the balance sheet to get the audit done. We are filing a (15c211) within a six to nine month period to get up from the non-reporting side and apply to go to the bulletin board and continue to build the company. We have two sides. As CEO, I have to pay attention to the stock side. Today the stock price does not affect the day to day

operations of the company. We are in this thing for as long as it takes. I have built several successful companies in the past. I truly believe if you come to work every day with the goal of making today a little bit better than yesterday, good things come your way. Never have I gone to work trying to think of the day we sell, but to not think of every exit strategy as you are acquiring more investors. We have upwards of 4000 today. With the new markets we are opening, we are becoming a very attractive company and the idea of becoming fully reporting and a better established company is that you down the road, should the right check come to the table, you could be easily acquired by one of these industry giants. We are setting up in a way that should we spin off one or two of the brands, those who might be interested and not want the rest, well that would be easy to do.

We have put together a fantastic team. I have guys that have been with me through three companies, and they are good business guys. We were smart enough to know that you might know business but we do not know the beverage side as well as the industry gurus do. We announced several weeks back that we bought a fellow out of retirement that has been credited with the success of Vitamin Water. He was with that company when he helped put together their national distribution. He helped Nantucket Nectors, Izze and cut his teeth on Pepsi Cola many years ago a fellow name Jim Randall and he is widely known as an industry guru. I have been trying to get him to get on board for over eight months. I brought him in one last time three weeks ago, sat down with him and laid out for him more details than I am giving you cause I got him to sign a non-disclosure. He showed me a press release he did a year ago in October in which he turned down several offers from major beverage companies to come back out of retirement and go out and do this one more time. He said he could not find a product or a brand or company exciting enough. He really doesn't need the money anymore so he just passed on the opportunities. We were proud to have Jim do a video taped ad-

dress to our shareholders out in Las Vegas in which he announced that after meeting with me and seeing what we have going on and understanding what and why we have these things in the works. He announced he is coming out of retirement to take over our sales organization and help put together the complete national distribution that gets this thing in the hand of every thirsty consumer out there as quickly as possible. That is eighteen to twenty-four months to get it out there. We are taking the last piece of the puzzle and getting the people involved. Jim has brought five more very well established beverage guys in his first three weeks to the table for us.”

CEOCFO: What should people remember about DC Brands?

Mr. Pearce: “If you are looking for a company that is well past any kind of R&D phase that is in a growth industry, well that is DC Brands. I would remind people that last year in 2006, the number-one performing stock in the entire market was an energy drink company, Hansen's Energy with their Monster Energy brand is what did that for them. It was not a biotech, medical stock, or a software company; it was an energy drink. That to us is encouraging, to know that it can be done. Red Bull, year after year has been in the top 200 of the Fortune 500, and the success of all the other brands that go out there, the types of acquisitions that are going on and the trend toward consolidation over the next 24-36 months. I believe DC Brands is establishing itself as a major player and making a lot of noise that cannot be ignored. It will be a bit of a ride, but for those that have the stomach for the ride, I think we are worth looking at. One thing you can rest assured, we do a lot of communicating with our shareholders. When we do any kind of meeting, we invite everyone to come, video tape. The video tape we did in Vegas was a very fun and upbeat, entertaining video. It was close to three hours long. We are making 500 copies of that and making it available to shareholders and potential shareholders. You can understand more detail what it is we are doing and why you should be excited about DC Brands.”