

ABSOLUT[®] Country of Sweden VODKA

THE MARKET

Vodka, traditionally known as a smooth, clear liquor with little taste or aroma, derives its name from the Russian word “voda,” meaning water. According to historical accounts, the spirit originated in Russia where it was made from potatoes and used for medicinal purposes.

Today, vodka is the most popular of all distilled spirits and is made primarily from barley, wheat, or rye and serves as the base ingredient for many of the most popular cocktails and mixed drinks. According to Impact Databank, total vodka shipments reached a high of more than 42 million cases in 2003.

Vodka is particularly popular in the United States, where nearly 60 percent of all the vodka in the Western world is consumed. In the U.S. market, imported vodka is leading the growth of the category, with consumption of imports nearly doubling since 1996. ABSOLUT ranks as the number-one premium imported vodka in the United States, with a commanding market share over its closest two rivals.

When ABSOLUT was first exported from Sweden in 1979, only 10,000 nine-liter cases were sold in the United States. In just five years, ABSOLUT was available in 18 countries; by 1985 it ranked atop imported vodkas in the United

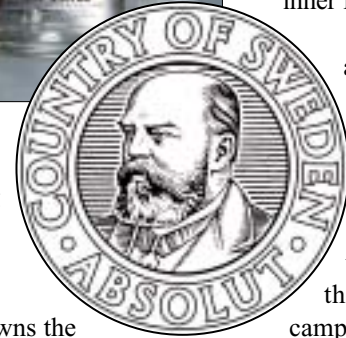


bottle in their work, and ABSOLUT gained enormous amounts of unsolicited submissions from artists all over the world.

ABSOLUT linked itself with fashion in 1988 with the ABSOLUT CAMERON ad that gained an avalanche of publicity. On the first day of publication, nearly 5,000 women called the phone number written in small type at the bottom of the ad and expressed interest in purchasing the dress featured in the advertisement, which was not even for sale. Ever since, ABSOLUT fashion projects have reached far beyond the inner fashion circles.

ABSOLUT is recognized and honored worldwide as one of the leading premium vodkas and brands.

In 2002, *Forbes* named ABSOLUT the number-one luxury brand in the world. In the 25 years of the ABSOLUT advertising campaign, the brand has won more than 300 awards for its advertising.



States. Since then, ABSOLUT has continued its strong sales growth worldwide and today is available in 126 markets, ranking as the world's third-largest spirit brand.

ACHIEVEMENTS

As a premier global brand, ABSOLUT owns the pre-eminent share of growth in the premium vodka category. Shipments increased by 7.7 percent to reach 72.9 million liters in 2003.

A high-quality product like ABSOLUT requires memorable marketing, and much of the ABSOLUT success reflects its unique and ingenious marketing campaign that almost singlehandedly defined the shape of creative magazine advertising for years. In the campaign, the beautiful, artful, chameleon-like bottle is the hero.

The ABSOLUT advertising campaign, nearly a quarter-century later, still follows a carefully developed strategy based on continuity and variety. The ads are witty, sophisticated, and imaginative as they deftly communicate the brand's values.

Since the campaign's launch with ABSOLUT PERFECTION in 1980, nearly 1,500 ABSOLUT ads have been produced. In 1999, *Advertising Age* listed the ABSOLUT advertising campaign among the 10-best advertising campaigns of the 20th century.

To cultivate its image, ABSOLUT forged partnerships with art and fashion icons. In 1985, pop artist Andy Warhol was commissioned to paint a picture of the ABSOLUT bottle. Warhol, enthralled by the artfulness of the bottle, happily obliged. Other well-known artists such as Keith Haring and Kenny Scharff followed him. By 1988, a number of noted artists had featured the



HISTORY

The ABSOLUT story began long before its introduction in the United States in 1979 and can be read on every bottle: “This superb vodka was distilled from grain grown in the rich fields of southern Sweden. It has been produced at the famous old distilleries near Åhus in accordance with more than 400 years of Swedish tradition. Vodka has been sold under the name ABSOLUT since 1879.”

The face of Lars Olsson Smith, “the king of Vodka” and the inventor of ABSOLUT, appears on the medallion of every bottle of ABSOLUT. Orphaned at birth in 1836 Olsson Smith was adopted and taken to Stockholm at the age of nine. Even then, he had a head for business and soon knew what he wanted to do. In 1850, at age 14, Olsson Smith already controlled one-third of all the vodka sold in Sweden.

In 1879, Olsson Smith registered the ABSOLUT trademark with his “Absolut Rent Brännvin” (Absolutely Pure Vodka). With this product, he introduced a superior way of distilling vodka: the revolutionary continuous distillation process. ABSOLUT is still distilled through this process, although it has been further developed.

Since its introduction to the U.S. market, ABSOLUT has extended its lineup of flavored

liquors to include ABSOLUT PEPPAR (1986), ABSOLUT CITRON (1988), ABSOLUT KURANT (1992), ABSOLUT MANDRIN (1999), and ABSOLUT VANILIA (2003).

THE PRODUCT

The ABSOLUT brand, as well as the production facilities, are owned by the country of Sweden, a country of 9 million people that has produced vodka for centuries. When producing high-quality vodka, several factors must be considered. The raw material for ABSOLUT, Swedish winter wheat and water, must be of superior quality, and the producer must maintain full control of the production process.

ABSOLUT defines its approach to production as One Source. One Source is Åhus, the tiny picturesque town in southern Sweden, near the birthplace of Lars Olsson Smith, where every drop of ABSOLUT is produced. To ensure its consistent high quality, all of the winter wheat comes from the nearby fields in Skane, and the water is from an ABSOLUT-owned well, deep in pristine subterranean aquifers.

Producing its vodka in one location using local raw materials gives ABSOLUT complete control over all stages of production and ensures that every drop in the 500,000 bottles of ABSOLUT produced daily meets its high quality standards.

The continuous distillation process — the revolutionary distillation method that Olsson Smith used to produce “Absolut Rent Brännvin” — also ensures that ABSOLUT achieves its quality. Continuous distillation furnishes a superior way



to remove impurities in vodka while maintaining the character of the raw material from which it is made. For ABSOLUT the winter wheat gives the vodka its character.

Aside from the superior vodka, another attribute makes each bottle uniquely ABSOLUT: the bottle.

Before its U.S. launch, ABSOLUT officials sought a bottle which underscored that ABSOLUT stood for something different. In the development



stage for the new design, nothing was sacred, not even the name ABSOLUT.

Several creative approaches emerged. Among those rejected were “Swedish Black Vodka,” with a label that featured a Viking poised to conquer the world; a bottle with Russian symbols; and “Country of Sweden Vodka,” in a paper bag decorated with pictures of Sweden. The final inspiration — the shape of a traditional Swedish medicine bottle — was found in an antique store in the Old Town of Stockholm.

To the untrained eye, today's bottle looks the same as it did in 1979. However, some barely perceptible changes have been made. If you compare a bottle from 1979 with one from 2004, for instance, you will notice that the cap is a little higher and the typography has a heavier stroke.

RECENT DEVELOPMENTS

In 2003 and 2004, ABSOLUT introduced its latest flavors and a brand extension to the ABSOLUT family. ABSOLUT VANILIA, launched in 2003, is made from natural vanilla and, reflecting the potential of the flavor, all parts of the vanilla pod are used. ABSOLUT VANILIA has a rich, robust, and complex taste of vanilla with notes of butter-scotch and hints of dark chocolate.

ABSOLUT RASPBERRI, launched in 2004, marks the addition of a sixth flavor to the ABSOLUT family. The taste and aroma of ABSOLUT RASPBERRI is from the wild, rich, and intense taste of ripened raspberries with a fresh and fruity finish. ABSOLUT RASPBERRI is packaged in a siren-red bottle reinforcing the passionate intensity and ripeness of raspberries.

The Absolut Spirits Company also launched Level in 2004. Level is a super-premium vodka that is achieved by a unique combination of two distillation methods; the taste is described as the perfect balance of smoothness and character. Level represents the first time that a vodka is being produced with a combination of both continuous and batch distillation methods.

PROMOTION

Together with TBWA/Chiat/Day in New York, ABSOLUT decided to use the product as the hero of all of its advertising. The advertising complements the product, and the intelligence of the consumer is never underestimated. The headlines consist of two words: ABSOLUT _____.

Practically unprecedented in its popularity, the ABSOLUT advertising campaign has appeared in music, art, and business publications as well as daily press.

In marketing, ABSOLUT believes in continuity combined with variety, which is why ABSOLUT has been experimenting with the same advertising concept, in all types of media, for 25 years. Consumers can enjoy the ABSOLUT experience in several ways. Its award-winning Web site, ABSOLUT.com, updates regularly and offers cocktail recipes and provides answers to all kinds of questions.

In northern Sweden, the ABSOLUT ICE BAR serves all of its drinks with ABSOLUT in glasses made of ice. All rooms are decorated with ice sculptures and the entire bar, including the ice hotel it is housed in, melts in spring only to be rebuilt the following winter.

The ABSOLUT educational program, the ABSOLUT AKADEMI, was created to build a culture to match the quality product. The ABSOLUT AKADEMI focuses on people around the world who handle the product on a daily basis: salespeople, public relations agencies, ad agencies, bartenders, and many others. The AKADEMI seeks to maintain ABSOLUT traditions, cultivate knowledge, and keep ABSOLUT at the top of the class. To date, more than 10,000 students have graduated from the ABSOLUT AKADEMI.

BRAND VALUES

ABSOLUT owes its exceptional success to its quality, personality, and creative and consistent marketing approach. From the water and winter wheat it uses to its perfected production process of continuous distillation, ABSOLUT upholds the quality of the product and maintains its brand values of clarity, simplicity, and perfection, which are visible on every bottle.

THINGS YOU DIDN'T KNOW ABOUT ABSOLUT

- Over 1 billion bottles of ABSOLUT have been produced in Åhus, Sweden since 1979. If you lined up those bottles, they would circle the earth two times.
- Each year 80,000 tons of Swedish winter wheat are used to produce ABSOLUT vodka — two pounds of wheat for each bottle of ABSOLUT.
- To cleanse the bottles before they're filled with vodka, every bottle is rinsed with something completely pure and perfect, ABSOLUT VODKA.