



JOHNSON BROTHERS

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To our Valued Minnesota On-Premise and Off-Premise Customers:

As a trusted business partner, we want to make you aware of a lawsuit that could have a major impact on your business. In May, Miami-based Southern Glazer's Wine and Spirits filed a lawsuit against the State of Minnesota that seeks to bluntly eliminate a Minnesota law called the Coleman Act which also contains the open wholesaling system of spirits distribution unique to Minnesota. Open wholesaling of spirits requires that all spirit brands (with some exceptions) be available for sale to all licensed Minnesota wholesalers. This encourages healthy competition among wholesalers that benefits you and your customers.

Over the last 40+ years, **open wholesaling of spirits has resulted in lower spirits prices for you and your customers in Minnesota.** If Southern Glazer's gets its way, we estimate that more than half of the spirit brands in Minnesota could become exclusive with Southern Glazer's. If that happens ...

- **You can expect your wholesale spirits prices to go up**
- **You can expect your service levels on certain brands to go down**
- **Your purchase and delivery schedule options will be reduced**
- **Your margins will be compressed**

... all due to less competition for your spirits business.

Johnson Brothers, Bellboy Corp. and Sunny Hill Distributors, three well-known family-owned, Minnesota-based spirits wholesalers, stepped in to challenge Southern Glazer's lawsuit. Several retailers have also indicated that they will join our challenge. While we pursue this complex case through the courts, we are simultaneously asking the Minnesota legislature to amend the portion of Minnesota's Coleman Act at issue in Southern Glazer's lawsuit while maintaining Minnesota's system of open wholesaling for spirits.

In the 2022 legislative session, identical bills with bipartisan support will be re-introduced in the Minnesota House and Senate that support a system of open wholesaling for all spirits and simultaneously resolve the legal issue that Southern Glazer's raised regarding the Coleman Act. As we get closer to the legislative session starting January 31, 2022, we will provide you with more information about how you can engage with your legislative representatives to express your support for open wholesaling of all spirits in Minnesota.

We value our relationship with you and your business; we look forward to working together to ensure a fair and competitive system for open wholesaling of all spirits.

Sincerely,

Michael Johnson

Todd Johnson

cc: David Gewolb, Bellboy Corporation
Mike Baron, Sunny Hill Distributing