

## **Lindsay Goldberg and related parties reach agreement on awarding of Wholesale Liquor business in the State of Maine**

5/10/04

Lindsay Goldberg has reached an agreement with two family-owned partners to acquire the exclusive right to distribute spirits (and the non-exclusive right to distribute fortified wines) in the State of Maine for ten years.

Under the terms of the proposed agreement reached by the parties involved in the appeal, Martignetti Companies, the winning bidder, entered a partnership with Pine State Trading Co. and Lindsay Goldberg (LG) to operate the wholesale liquor business. Martignetti Companies with its unique qualification of 70 years of experience in the liquor business will manage the wholesale liquor operations in the State.

Pine State Trading Co. of Augusta will operate the warehouse and oversee distribution to the nearly 300 agency liquor stores. Pine State brings more than 60 years of experience providing an unsurpassed level of service to their customers.

Lindsay Goldberg, a private equity investment firm with over \$2 billion of committed capital, will provide substantial financial resources and expertise to the partnership.

The State has been actively involved in negotiations for several weeks with Martignetti and is pleased to lend its strong support to this agreement. As part of the agreement, the appeal of Maine Liquors to the awarding of the contract to Martignetti currently pending in Superior Court will be dropped. MaineCentric of Auburn has separately agreed to withdraw its appeal.

The new partnership will be held to the same provision of service and profit sharing to the State that Martignetti Companies had made in their response to the RFP.

The State will remain the contract administrator and as such the ultimate authority with regard to decisions related to the business. By law the State retains the authority for pricing of all liquor, as well as determining which products will be authorized for sale.

This agreement represents the best of all worlds for not only the State of Maine, but also to the nearly 300 Maine small businesses that depend on the wholesale liquor business. Had the State been able to choose a la carte from the various proposals, this agreement represents that ideal situation.

- Martignetti Companies has significant experience in the liquor business and will bring an unmatched level of expertise to the wholesale liquor operations
- Pine State Trading Co. currently services nearly 4000 accounts and already provides the highest quality delivery and fulfillment services to more than 96% of the current agency liquor stores; and
- Lindsay Goldberg is a world renowned investment firm that will provide substantial financial resources and expertise to the partnership.

Governor Baldacci stated, "The State is very pleased to support this agreement. From the State's point of view, we will be entering into a contract that represents the perfect partnership: a family owned company with more than 70 years of experience in the liquor business to manage the new partnership; a strong investment firm with substantial resources; and finally a tremendously successful company located right here in Augusta that will provide individually customized service to agency stores."

Commissioner Wyke stated, "This agreement represents a unique opportunity for both the State of Maine and its partners in the liquor business that promises to provide the maximum opportunity for agency stores to increase their level of sales and profitability. The Department looks forward to a productive relationship with Martignetti Companies for the 10 years of the agreement."