

TODHUNTER INTERNATIONAL INC
Form S-2
August 30, 2004

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As filed with the Securities and Exchange Commission on August 30, 2004

Registration No.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM S-2

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Todhunter International, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

59-1284057
(I.R.S. Employer
Identification Number)

**222 Lakeview Avenue, Suite 1500
West Palm Beach, FL 33401
(561) 655-8977**

(Address, Including Zip Code, and Telephone Number Including
Area Code, of Registrant's Principal Executive Offices)

Ezra Shashoua
Executive Vice President and Chief Financial Officer
Todhunter International, Inc.
222 Lakeview Avenue, Suite 1500
West Palm Beach, FL 33401
(561) 655-8977
(Name, Address, including zip code, and telephone number
including area code, of agent for service)

Copy To:
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777 S. Flagler Drive, Suite 500-East
West Palm Beach, FL 33401
(561) 650-0553

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**Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If the registrant elects to deliver its latest annual report to security holders, or a complete and legible facsimile thereof, pursuant to Item 11(a)(1) of this Form, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee(4) |
|--|-------------------------|--|---|-------------------------------|
| Rights to purchase Common Stock, \$0.01 par value per share(1) | 408,787(2) | | | (5) |
| Common Stock, \$0.01 par value per share, issuable upon exercise of non-transferable subscription rights | 408,787(2) | \$12.70(3) | \$5,191,595 | \$657.78 |
| Total Registration Fee | | | | \$657.78 |

(1) The rights are being issued without consideration to the holders of the Registrant's common stock as of the record date.

(2) Estimated solely for purposes of calculating the registration fee; based on the number of shares outstanding as of the filing date of this Registration Statement.

(3) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(g) of the Securities Act; based on the average of high (\$12.70) and low (\$12.70) prices as reported on the American Stock Exchange on August 25, 2004.

(4) Calculated pursuant to Section 6(b) of the Securities Act based upon the Proposed Maximum Aggregate Offering Price multiplied by 0.0001267.

(5) Pursuant to Rule 457(g) of the Securities Act, no separate registration fee is payable with respect to the rights being offered hereby since the rights are being registered in the same registration statement as the securities to be offered pursuant thereto.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 30, 2004

PROSPECTUS

TODHUNTER INTERNATIONAL, INC.

**Up to [] Shares of Common Stock
Issuable Upon Exercise of Subscription Rights**

We are offering at no charge to holders of our common stock non-transferable subscription rights to purchase up to an aggregate of [] shares of our common stock at a cash subscription price of [\$] per share. For each five shares of our common stock you own as of the close of business on [], 2004 you will receive one right to purchase one share of our common stock at a cash subscription price of [\$] per share. You will not be entitled to receive any subscription rights unless you are a stockholder of record of shares of our common stock as of the close of business on [], 2004.

You must exercise your rights before they expire at 5:00 p.m., Eastern Time, on [], [], 2004. There is no minimum number of shares that must be sold to complete the offering. We may also elect to terminate the rights offering at any time prior to consummation of the rights offering.

Each subscription right entitles you to a basic subscription right and an oversubscription right. Under the basic subscription right, you may purchase shares of our common stock at a subscription price of [\$] per share. If you exercise your basic subscription rights in full, you may participate in the oversubscription right. Under the oversubscription right, you will be entitled to subscribe, at the same subscription price, for that portion of the shares of common stock that are not purchased by other rightsholders under their basic subscription right, subject to availability and pro rata allocation of those shares among rightsholders exercising this oversubscription right. If you opt to exercise the oversubscription right, you must do so with the basic subscription right prior to the expiration time. The subscription rights may not be sold or transferred, and will not be listed for trading on any stock exchange or trading market.

You should carefully consider whether to exercise your subscription rights before the expiration time. Our Board of Directors is making no recommendation regarding your exercise of subscription rights.

The following table sets forth the approximate percentage ownership of our securities by our majority-owner, Angostura Limited, if none, one-half or all of the shares offered in the rights offering are purchased by holders of our common stock:

| Number of Shares of Common Stock Purchased in the Rights Offering | Percentage of Common Stock Beneficially Owned by Angostura Limited |
|--|--|
| 0 | [] % |
| [] | [] % |
| [] | [] % |

Shares of our common stock are traded on the American Stock Exchange under the symbol "THT." On August 25, 2004, the last reported sales price for our common stock was \$12.70 per share.

Our principal executive offices are located at 222 Lakeview Avenue, Suite 1500, West Palm Beach, Florida 33401, and our telephone number is (561) 655-8977.

An investment in our capital stock is very risky. You should carefully consider the risk factors beginning on page 1 of this prospectus before exercising your subscription rights.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 30, 2004.

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized anyone to provide you with different information. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representation. This prospectus is an offer to sell only the securities offered by this prospectus, but only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information in this prospectus is accurate only as of the date of this prospectus, regardless of the date of delivery of this prospectus or of any sale of these securities. This prospectus may only be used where it is legal to sell these securities.

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PROSPECTUS SUMMARY

The following are summary highlights of selected information from this prospectus and may not contain all of the information that is important to you. This prospectus includes specific terms of the rights offering, as well as information regarding our business. We encourage you to read this prospectus in its entirety. You should pay special attention to the "Risk Factors" section of this prospectus beginning on page 1. All references to "we," "our," "ours," "us," "the Company," or "Todhunter" in this prospectus are to Todhunter International, Inc. and its subsidiaries, unless otherwise indicated. However, in the descriptions of the subscription rights and related matters, these terms refer solely to Todhunter International, Inc. and not to any of our subsidiaries. We also encourage you to review the financial statements and other information provided in the reports and other documents we file under the Securities Exchange Act of 1934, as amended, as described in the "Where You Can Find More Information" section of the prospectus at page 21.

QUESTIONS AND ANSWERS ABOUT THE RIGHTS OFFERING

Q: Why are we engaging in a rights offering?

A: On June 8, 2004, we entered into a subscription agreement to sell 714,285 shares of common stock of the Company to Angostura Limited, our controlling stockholder, for \$10 million in cash. In the same agreement, we agreed to complete a rights offering pursuant to which each of our stockholders (except Angostura Limited and its affiliates) would have the right to purchase common stock of the Company that would permit those holders to maintain their approximate percentage stock ownership in the Company.

Our primary purposes for the rights offering are to assist in the funding of the growth initiatives for our Cruzan brand of rum, allow the holders of our common stock an opportunity to further invest in the Company, and allow all of our stockholders (except Angostura Limited and its affiliates) an opportunity to retain their proportionate interest in our capital stock at a price per share of common stock no greater than the price established under the subscription agreement with Angostura Limited.

Q: What is a rights offering?

A: A rights offering is a distribution of rights on a pro rata basis to our stockholders. We are distributing to holders of our common stock (except Angostura Limited and its affiliates) as of [], 2004, the record date, one subscription right for each five shares of common stock held on the record date. You will not receive any rights for any fractional portion of a five-share increment you may hold.

Q: What is a subscription right?

A: The subscription rights are rights to purchase shares of our common stock. Each subscription right carries with it a basic subscription right and an oversubscription right.

Q: What is the basic subscription right?

A: Each basic subscription right entitles you to purchase one share of our common stock at the subscription price of [\$] per share.

Q: What is the oversubscription right?

A: If any holders of subscription rights do not fully exercise their basic subscription rights as of the expiration time of the rights offering, we will permit stockholders who do fully exercise their basic subscription rights to subscribe for additional shares of our common stock at the same subscription price per share, on a pro rata basis, rounded down to the nearest whole share number. This oversubscription right will only be available to stockholders who exercise their basic subscription rights in full, and will only permit subscription for up to the maximum [] shares upon the combined exercise of basic subscription rights and oversubscription rights. We will not issue any fractional shares upon the exercise of oversubscription rights.

Q: How many shares may I purchase if I exercise my subscription rights?

A: The number of shares of common stock you can purchase under your basic subscription rights will depend on the number of subscription rights you receive. You will receive one subscription right for each five shares of our common stock held on the record date. Upon exercising your oversubscription rights, you may request to subscribe for up to the maximum [] shares we are offering in this rights offering (less the number of shares exercised under your basic subscription rights) by indicating the number of additional shares you wish to purchase on your rights exercise notice. However, the actual number of shares for which you will be entitled to subscribe under your oversubscription rights will not be able to be determined until after the expiration time of the rights offering and the pro rata allocation.

Q: What if there is an insufficient number of shares to satisfy the oversubscription requests?

A: If there is an insufficient number of shares available to satisfy fully the oversubscription requests of rightsholders, each subscription rightsholders who exercised his or her oversubscription right will receive the available shares pro rata, rounded down to the nearest whole share number. As described above, this pro rata allocation will be based on the number of shares of common stock each rightsholder subscribed for upon the exercise of basic subscription rights compared to the total number of shares of common stock subscribed for by all oversubscribing rightsholders pursuant to their exercise of basic subscription rights prior to the expiration time of the offering. Any excess subscription payments will be returned, without interest or deduction, promptly after the expiration of this rights offering.

Q: Am I required to participate in the rights offering?

A: No.

Q: Will the Company be issuing fractional shares of common stock?

A: No. You may not purchase fractional shares of common stock pursuant to the exercise of subscription rights. We will accept any subscription indicating a purchase of fractional shares by rounding down to the nearest whole share number and, as soon as practicable, refunding without interest any payment received for a fractional share.

Q: If I wish to exercise my rights, do I have to exercise all of my rights?

A: No. You may exercise some or all of your rights. However, if you subscribe for fewer than all the shares represented by your rights, your remaining rights are non-transferable and will expire at the expiration time of the rights offering. You may not sell your remaining rights. In addition, you may only participate in the oversubscription portion of this rights offering if you exercise your basic subscription rights in full.

Q: When must I exercise my oversubscription rights?

A: You must exercise your oversubscription rights when you exercise your basic subscription rights in full. However, the number of shares for which you will be entitled to subscribe under your oversubscription rights cannot be determined until after the expiration time of the rights offering period.

Q: What happens if I choose not to exercise my subscription rights?

A: You will retain your current number of shares of our common stock held directly by you even if you do not exercise your subscription rights. If you choose not to exercise your subscription rights, then the percentage of our capital stock held directly by you will most likely decrease, however, the magnitude of the reduction will depend upon the extent to which other rightsholders subscribe in the rights offering.

Q: What should I do if I want to participate in the rights offering but my shares are held in the name of my broker, custodian bank, or other nominee?

A: If you hold shares of our common stock through a broker, custodian bank, or other nominee, then we will ask your broker, custodian bank, or other nominee to notify you of the rights offering. If you wish to exercise your subscription rights, then you will need to have your broker, custodian bank, or other nominee act for you.

Q: Will I be charged a sales commission or a fee by the Company if I exercise my subscription rights?

A: No. We will not charge a brokerage commission or a fee to rightsholders for exercising their subscription rights. However, if you exercise your subscription rights through a broker or nominee, then you will be responsible for any transaction fees charged by your broker or nominee.

Q: What is the Board of Directors' recommendation regarding whether I should exercise my rights in the rights offering?

A: Our Board of Directors is not making any recommendation as to whether you should exercise your subscription rights. You are urged to make your decision based on your own assessment of our business and the rights offering.

Q: How was the subscription price established?

A: The subscription price per share is the lesser of \$14.00, which was the price paid by Angostura Limited in connection with our sale of 714,285 shares of common stock of the Company on June 8, 2004, or the closing price of the Company's common stock on the American Stock Exchange on the date that is two days prior to the effective date of this registration statement.

Q: Is exercising my subscription rights risky?

A: Yes. The exercise of your subscription rights involves risks. Exercising your subscription rights means buying additional shares of our common stock and should be considered as carefully as you would consider any other equity investment. Some of the risks of participating in the rights offering include the following:

You may not revoke your subscription rights once you exercise your rights and so you could be committed to buying shares above the prevailing market value of our common stock.

If you do not act promptly and follow subscription instructions, particularly if you make payment of the subscription price by personal check, then we may reject your exercise of subscription rights.

Our position for U.S. federal income tax consequences of the receipt of the subscription rights may not be sustained by the Internal Revenue Service.

Among other things, you should carefully consider the risks described under the heading "Risk Factors" beginning on page 1 for a more complete discussion of the risks associated with an investment in our common stock.

Q: May I transfer my subscription rights if I do not want to purchase any shares?

A: No. Your subscription rights are not transferable.

Q: How many shares will be outstanding after the rights offering, including those owned by Angostura Limited and our other stockholders?

A: There were [] shares of our common stock outstanding as of [], 2004. If all of the rights we are offering are exercised by our stockholders, there will be [] shares of our common stock outstanding.

As a result of their large percentage of ownership and board representation, Angostura Limited has significant control over the formulation and implementation of our corporate strategies and policies. In addition, the significant level of Angostura Limited's ownership of our securities could have the effect of discouraging or impeding an acquisition proposal. See "Risk Factors" beginning on page 1 and "The Rights Offering Effects of Rights Offering on the Securities and Ownership of Angostura Limited" on page 15.

Q: After I exercise my subscription rights, can I change my mind and cancel my purchase?

A: No. All exercises of subscription rights are irrevocable. See "The Rights Offering No Revocation" on page 15.

Q: What are the federal income tax consequences of receiving or exercising my subscription rights as a holder of common stock?

A: A holder of common stock will not recognize income or loss for federal income tax purposes in connection with the receipt of subscription rights in the rights offering. A holder of common stock will not recognize income or loss for federal income tax purposes upon the exercise of subscription rights in the rights offering. We urge you to consult your own tax adviser with respect to the particular tax consequences of the rights offering or the related share issuances to you. See "Material United States Income Tax Consequences" on page 19.

Q: If the rights offering is not completed, will my subscription payment be refunded to me?

A: Yes. The subscription agent will hold all funds it receives in escrow until completion of the rights offering. If the rights offering is not completed, the subscription agent will return promptly, without interest or deduction, all subscription payments. The subscription agent estimates it will take approximately two business days following the termination of the rights offering and clearance of subscription payments in the subscription agent's account (which may take up to 10 business days) to return the subscription payments.

Q: If I am a foreign stockholder or a stockholder with an APO or FPO address, how can I exercise my subscription rights?

A: The subscription agent will mail a rights exercise notice to you if you are a rightsholder whose address is outside the United States or if you have an Army Post Office or a Fleet Post Office address. To exercise your subscription rights, you must notify the subscription agent on or prior to 5:00 p.m., Eastern Time, on [], 2004, the expiration time of the rights offering, and take all other steps which are necessary to exercise your subscription rights, on or prior to that time. If you do not follow these procedures prior to the expiration of the rights offering, your subscription rights will expire.

Q: What should I do if I have other questions?

A: If you have questions or need assistance, please contact Ezra Shashoua, our Executive Vice President and Chief Financial Officer, at 561-655-8977 from 9:00 a.m. to 5:00 p.m., Eastern Time, Monday through Friday.

RISK FACTORS

This rights offering and an investment in our common stock involve a high degree of risk. You should carefully consider the following material risks and other information presented or incorporated by reference into this prospectus before deciding to exercise your subscription rights and invest in our common stock. We may not successfully address these risks.

Risks Related to the Rights Offering

The subscription price determined for this rights offering is not necessarily an indication of our value.

The subscription price per share is the lesser of \$14.00, which was the price paid by Angostura Limited in connection with the sale of 714,285 shares of common stock of the Company on June 8, 2004, or the closing price of the Company's common stock on the American Stock Exchange on the date that is two days prior to the effective date of this registration statement. The subscription price does not necessarily bear any relationship to the book value of our assets, past operations, cash flows, losses, financial condition or any other established criteria for value. You should not consider the subscription price as an indication of the value of our common stock. After the date of this prospectus, our common stock may trade at prices significantly below the subscription price and you may not be able to recover your investment by selling it.

If you do not exercise all of your rights, you may suffer significant dilution of your percentage ownership of our common stock.

The rights offering is intended to allow the holders of our common stock an opportunity to further invest in our company, and allow all of our stockholders (except Angostura Limited and its affiliates) an opportunity to retain their proportionate interest in our capital stock at a price per share of common stock no greater than the price established under the subscription agreement with Angostura Limited. To the extent that you do not exercise your rights, and other stockholders purchase common stock in the rights offering, you may experience substantial dilution of your percentage of equity ownership interest and voting power in our company.

You may not revoke your subscription rights exercise and could be committed to buying shares above the prevailing market value of our common stock.

Once you exercise your subscription rights, you may not revoke the exercise and cancel the purchase of the shares in the rights offering. The public trading market price of our common stock may decline before the subscription rights expire. If you exercise your subscription rights and, afterwards, the public trading market price of our common stock decreases below the subscription price, you will have committed to buying shares of our common stock at a price above the prevailing market value. Moreover, you may be unable to sell your shares of common stock at a price equal to or greater than the subscription price you paid for those shares.

If we cancel this rights offering, we will not have any obligation to you except to return your subscription payments.

If we elect to terminate this rights offering, we do not have any obligation with respect to the subscription rights except to return, without interest or deduction, any subscription payments we received from you. The subscription agent estimates it will take approximately two business days following the termination of the rights offering and clearance of subscription payments in the subscription agent's account (which may take up to ten business days) to return the subscription payments. Accordingly, if we terminate this rights offering, you will have lost the opportunity to invest your subscription payment in an alternative, and possibly profitable, investment during the time your subscription payment was held by the subscription agent.

If you do not act promptly or fail to follow subscription instructions, we may reject your exercise of subscription rights.

Stockholders who desire to purchase shares in this rights offering must act promptly to ensure that all required forms and payments are actually received by the subscription agent prior to 5:00 p.m., Eastern Time, on [], 2004, the expiration time of the rights offering. If you are a beneficial owner of shares, you must act promptly to ensure that your broker, custodian bank or other nominee acts for you and that all required forms and payments are actually received by the subscription agent prior to [], 2004. We will not be responsible if your broker, custodian or nominee fails to ensure that all required forms and payments are actually received by the subscription agent prior to 5:00 p.m. on [], [], 2004, the expiration time of the rights offering. If you fail to complete and sign the required subscription forms, send an incorrect payment amount, or otherwise fail to follow the subscription procedures that apply to your exercise in this rights offering, we may, depending on the circumstances, reject your subscription or accept it only to the extent of the payment received. We do not undertake to contact you concerning an incomplete or incorrect subscription form or payment, nor are we under any obligation to correct such forms or payment. We have the sole discretion to determine whether a subscription exercise properly follows the subscription procedures.

If you make payment of the subscription price by personal check, your check must clear before the expiration time of the rights offering or we will reject your exercise of subscription rights.

Any personal check used to pay for shares to be issued in this rights offering must clear prior to the expiration time of the rights offering, and the clearing process may require five or more business days. If you choose to exercise your subscription rights, in whole or in part, and to pay for shares by personal check and your check has not cleared prior to the expiration time of the rights offering, you will not have satisfied the conditions to exercise your subscription rights and will not receive the shares you attempted to purchase and you will lose the value of your subscription rights.

Our position regarding the U.S. income tax consequences of the receipt of your subscription rights may not be sustained by the Internal Revenue Service.

Our position for U.S. federal income tax purposes is that holders of our common stock will not recognize taxable income upon the receipt of the subscription rights. However, if the Internal Revenue Service does not agree with our position, your receipt of the rights may be a taxable event to you. See "Material United States Income Tax Consequences," beginning on page 19.

Risks Relating to Our Common Stock

Angostura Limited has a significant equity ownership in the Company, which may limit the ability of our other stockholders to influence significant corporate decisions and which could delay or prevent a change of control or depress our stock price.

Angostura Limited will beneficially own approximately []% of our outstanding securities, if all of the shares offered in this rights offering are purchased. As a result, Angostura Limited will have the ability to control the outcome of stockholder votes, including votes concerning the election of a majority of our directors, approval of merger transactions involving us, the sale of all or substantially all of our assets or other business combination transactions, charter and bylaw amendments and other significant corporate actions, which could delay or prevent a change in control or depress our stock price.

The significant equity ownership by Angostura Limited could create conflicts of interest between this majority stockholder and our other stockholders. For example, Angostura Limited may prevent or delay a corporate transaction that is favored by our other stockholders.

Our stock price has demonstrated volatility and overall declines during recent quarters and continued volatility in the stock market may cause further fluctuations and/or decline in our stock price.

The trading price of our common stock has and may continue to be volatile, experiencing wide fluctuations and declines. For example, during the first two quarters of calendar 2004, the closing sale prices of our common stock on the American Stock Exchange ranged from \$10.50 on February 12, 2004 to \$14.10 on three separate occasions. Due to our common stock being thinly traded, the price of our common stock is especially susceptible to volatility. Our stock price may decline or fluctuate in response to any number of factors and events, such as announcements related to earnings releases, intense regulatory scrutiny and new corporate and securities and other legislation, strategic and sales relationships, new product offerings by us or our competitors, litigation outcomes, changes in senior management, changes in financial estimates and recommendations of securities analysts, the operating and stock price performance of other companies that investors may deem comparable, news reports relating to trends in our markets and the market for our stock, media interest in accounting scandals and corporate governance questions, overall market conditions and domestic and international economic factors unrelated to our performance.

We have considered and will continue to consider the possibility of entering into a going-private transaction.

We have considered and in the future may consider the possibility or feasibility of going private to reduce operating expenses. This would involve the cessation of our filing periodic reports with the SEC under the Securities Exchange Act of 1934, as amended. We have no current plans to initiate a going-private transaction, however, representatives of Angostura Limited have told us that they remain interested in a going-private transaction. As of the date of this prospectus, we have not received an offer for such a transaction. If we elected to pursue a going-private transaction in the future, such transaction could require you to sell your shares back to us at a price determined by our Board of Directors to be a fair price for the shares. If you remained as a stockholder, less information about our business and operations would be available to you, and there would likely be little, if any, trading market for our shares.

You may suffer additional dilution upon the exercise of stock options.

In March 2004, our stockholders approved our 2004 Stock Option Plan, which reserved a maximum of 853,000 shares of our common stock for issuance pursuant to awards granted under the Stock Option Plan. Although no options have been granted under the Stock Option Plan, our Compensation Committee is considering granting options to purchase approximately 550,000 shares under the Stock Option Plan to our directors, officers and other key employees. The exercise of these, or any other options, would dilute your percentage of equity ownership interest and voting power, even if you exercise your subscription rights in full.

Risks Related to Our Business

Competition could have a material adverse effect on our business.

We are in a highly competitive industry and the dollar amount and unit volume of our sales could be negatively affected by our inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption or the decision of our wholesale customers, retailers or consumers to purchase competitors' products instead of our products. Wholesaler, retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of our products, including their quality or pricing, compared to competitive products. Unit volume and dollar sales could also be affected by pricing, purchasing, financing, operational, advertising or promotional decisions made by wholesalers, state and provincial agencies, and retailers, which could affect their supply of, or consumer demand for, our products. We could also experience higher than expected selling, general and administrative expenses if we find it necessary to increase the number of our personnel or advertising or promotional expenditures to maintain our competitive position or for other reasons.

Our bottling operations have declined, and are expected to continue to decline in the short-term.

Net sales of our bottling operations for the first nine-months of fiscal 2004 decreased by 19.7% from the comparable period in fiscal 2003. During the first quarter of fiscal 2004, we lost a large private label-bottling customer that accounted for approximately 17.6% of our bottling operations net sales and 5.2% of our bottling operations volume. Also during fiscal 2004, excise taxes decreased significantly compared to fiscal 2003, primarily due to the decrease in sales to this private label-bottling customer. We believe that the loss of this low margin business will not have a material effect on our consolidated results of operations or financial position. Sales in our bottling operations also continued to decline as a result of a contraction in the ready-to-drink product category, for which we are a major contract bottler. Responding to this decline, in July 2004 we completed the consolidation of our bottling operations to reduce overhead. However, bottling operations volume has not met even our reduced expectations for this year, which has caused a continuing loss in this segment. We are placing a renewed emphasis on the sales effort in this segment, seeking other contract bottling opportunities. While we expect that additional sales, coupled with savings to be realized from the consolidation, will help reverse this loss trend in future quarters, we cannot assure that our efforts will be successful, or that this segment will experience operating profits in the future.

Our premium branded spirits segment has experienced, and may continue to experience, operating losses as we reinvest our gross profit from that and other segments in our selling and marketing expense for the premium branded spirits segment.

Net sales of our premium branded spirits segment, which includes our Cruzan Estate Rums and Cruzan Flavored Rums, for the first nine months of fiscal 2004 increased by 38.4% compared to the same period in fiscal 2003. However, during the first nine months of fiscal 2004, our premium branded spirits segment experienced operating losses of \$4.7 million, up from operating losses of \$1.3 million in the same period in fiscal 2003. These operating losses reflect our continuing efforts to increase market share by reinvesting this and other segments' gross profits in selling and marketing expenses for the premium branded spirits segment. We cannot assure that our increased selling and marketing efforts will be successful, or that this segment will experience operating profits in the future.

The seasonality of our business and the timing of orders could cause our operating results to fluctuate.

The size and timing of purchase orders and product shipments can cause our operating results to fluctuate significantly from quarter to quarter, particularly since some customers purchase bulk alcohol products in significant quantities or place significant orders for contract bottling services, vinegar and cooking wine. Additionally, some of our products generate higher profit margins than others, and changes in our product mix will therefore cause gross margins to fluctuate. Certain aspects of our business are also seasonal, with increased demand for our contract bottling services from April to October and increased production of our bulk alcohol products from November to June, corresponding to the Florida citrus-harvest. As a result of these factors, our operating results may vary significantly from quarter to quarter.

Our dependence on distribution channels may limit our ability to sell our products.

We sell our popular price and imported products principally to wholesalers for resale to retail outlets, including package liquor stores and restaurants. The replacement or poor performance of our major wholesalers or our inability to collect accounts receivable from our major wholesalers could materially and adversely affect our results of operations and financial condition. Distribution channels for alcoholic beverages have been characterized in recent years by rapid change, including consolidations of certain wholesalers. Wholesalers and retailers of our products offer products which compete directly with our products for retail shelf space and consumer purchases. Accordingly, there is a risk that these wholesalers or retailers may give higher priority to products of our competitors. We cannot assure that our wholesalers and retailers will continue to purchase our products or provide our products with adequate levels of promotional support.

We must maintain a relatively large inventory of our products to support customer delivery requirements, and if this inventory becomes obsolete and we are required to write down our inventory, our operating results would be adversely affected.

We must maintain a relatively large inventory to meet customer delivery requirements for our products, including those in our bulk alcohol, bottling operations, vinegar and cooking wine and premium branded spirits segments. Our inventory may become obsolete as we and our customers introduce new products, cease to produce old products, or modify the design of our or their products' packaging. For example, in fiscal 2003, we made a strategic decision to exit the ready-to-drink product category within the premium branded spirits segment. In connection with our decision to exit this product category, we entered into an agreement with a corporate trading company to receive trade credits upon installment deliveries of our remaining inventory of ready-to-drink products. We maintain a provision for inventory obsolescence to cover potential write-downs in inventory for obsolescence, but we cannot assure that this provision is adequate, and inventory obsolescence could harm our operating results.

We may be unable to comply with our lender's financial covenants, and therefore our debt repayment may be accelerated unexpectedly.

In October 2001, we entered into a \$70 million credit agreement, which consisted of \$40 million term loans and \$30 million revolving loan facilities. In March 2004, the credit agreement was amended to reduce the revolving loan facility to \$15 million. As of June 30, 2004, \$29 million was outstanding on our term loan. The credit agreement is collateralized by substantially all of our assets located in the United States of America. As of December 31, 2002 and March 31, 2003, we were not in compliance with the Funded Debt to EBITDA (earnings before interest, taxes, depreciation and amortization) financial covenant under our credit agreement. In addition, as of March 31, 2003, we were not in compliance with our Interest Coverage and Fixed Charge Coverage financial covenants. On February 18, 2003, we received a waiver for the December 31, 2002 covenant violation. On May 14, 2003, we received a waiver of the March 31, 2003 covenant violations and amended the credit agreement prospectively to reset the levels of certain financial covenants to reflect the Company's current business plan and forecasts. On June 29, 2004, we entered into a modification of our credit agreement which, among other things, amended the required fixed charge coverage ratio and eased earlier limitations on our ability to pay cash dividends. We are now permitted to pay cash dividends of up to 33.33% of our net earnings, so long as we are not in default of our credit agreement. As of the date of this prospectus, we were in compliance with all financial covenants.

We cannot assure that we will be able to continue to comply with the financial covenants. In addition, if we are unable to comply with the financial covenants, we cannot assure that our lenders will grant a waiver of a covenant violation. In the event that we are not in compliance with a financial covenant our lenders have the ability to call our debts, which would have a severe adverse impact upon our operations and our ability to continue as a going concern.

We have experienced turnover of senior management, which could slow the growth of our business and cause our operating results to decline.

Within the past two years, two of our senior members of management have retired. Our Chairman of the Board and Chief Executive Officer, A. Kenneth Pincourt, Jr., retired from the Company on November 26, 2002. We were founded by Mr. Pincourt in 1964, and he had been our Chief Executive Officer and a Director since our inception. In addition, Troy Edwards retired from the Company on May 7, 2003. Mr. Edwards had served as Treasurer, Controller, and Assistant Secretary since joining the Company in 1980, and as Chief Financial Officer since 1992. We appointed Jay S. Maltby as Chief Executive Officer on November 26, 2002. Mr. Maltby had been President and Chief Operating Officer since joining the Company in 1995. Our Chief Financial Officer, Ezra Shashoua, joined us on June 6, 2003. Because of these changes, our management team has not worked together as a group for an extended period of time and may not be able to work together effectively to successfully execute on net sales goals, implement our strategies, and manage our operations. If our management team is unable to accomplish our business objectives, then our ability to grow our business and successfully meet operational challenges could be severely impaired.

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An increase in excise taxes or government regulations could have a material adverse effect on our business.

In the United States and other countries in which we operate, we are subject to imposition of excise and other taxes on beverage alcohol products in varying amounts which have been subject to change. Significant increases in excise or other taxes on beverage alcohol products could materially and adversely affect our financial condition or results of operations. Many states have considered proposals to increase, and some of these states have increased, state alcohol excise taxes. In addition, the beverage alcohol products industry is subject to extensive regulation by federal, state, local and foreign governmental agencies concerning such matters as licensing, trade and pricing practices, permitted and required labeling, advertising and relations with wholesalers and retailers. Certain federal and state regulations also require warning labels and signage. New or revised regulations or increased licensing fees, requirements or taxes could also have a material adverse effect on our financial condition or results of operations.

Our business could be adversely affected by a decline in the consumption of products we sell.

There have been periods in the past in which there were substantial declines in the overall per capita consumption of beverage alcohol products in the United States and other markets in which we operate. A limited or general decline in consumption in one or more of our product categories could occur in the future due to a variety of factors, including:

a general decline in economic conditions;

increased concern about the health consequences of consuming beverage alcohol products and about drinking and driving;

a trend toward a healthier diet including lighter, lower calorie beverages such as diet soft drinks, juices and water products;

increased activity of anti-alcohol consumer groups; and

increased federal, state or foreign excise or other taxes on beverage alcohol products.

A limited number of customers account for a high percentage of our net sales and if we lose a large customer or are unable to attract new customers, net sales could decline.

Our bulk alcohol, contract bottling services and proprietary and private label products are sold to a limited number of customers. The loss of one or more of these customers could have a material adverse effect on our liquidity and results of operations. For example, our net sales for our bottling operations decreased 23.5% between fiscal 2002 and fiscal 2003 largely because one of our large bottling customers shifted production from us to their own facility. We cannot assure that we will not lose other customers.

We expect that sales of our products to a limited number of customers will continue to account for a high percentage of our net sales for the foreseeable future. For example, for the fiscal years ended September 30, 2003, 2002 and 2001, our top 10 customers accounted for approximately 58%, 31% and 41%, respectively, of our total net sales. Our future success depends on our ability to retain our current customers, and to attract new customers. The loss of one or several customers, whether through termination of agreements, acquisitions or bankruptcy, could significantly reduce our net sales.

We do not pay cash dividends to our stockholders and we have no plans to pay future cash dividends; our lenders restrict our ability to pay cash dividends.

We plan to retain earnings to finance future growth and have no current plans to pay future cash dividends to stockholders. Our credit arrangement with our lenders also restricts our ability to pay dividends to 33.33% of our net earnings, so long as we are not in default of our credit agreement.

We may experience a decrease in market demand due to a slowdown in the global economy, which has been further stymied by the concerns of terrorism, war, and social and political instability.

Terrorist attacks in the United States and turmoil and war in the Middle East have increased the uncertainty in the global economy and may further add to the decline in the global business environment. The "war on terrorism," along with the effects of terrorist attacks and other similar events, and the war in Iraq, could lead to a slowdown of the market demand for goods and services and reverse the recent global economic recovery. If the economy declines as a result of the recent economic, political and social turmoil, or if there are further terrorist attacks in the United States or elsewhere, or as a result of war in the Middle East and elsewhere, we may experience decreases in the demand for our products, which may cause our operating results to decline.

Changes in the regulatory environment for the operation of our business or those of our customers could pose risks and increased expenses.

The Sarbanes-Oxley Act of 2002 and new rules subsequently implemented by the Securities and Exchange Commission have required changes in corporate governance practices of public companies. In addition to final rules and rule proposals already made by the Securities and Exchange Commission, the American Stock Exchange has adopted revisions to its requirements for listed companies. We continue to review all of our accounting policies and practices, legal disclosure and corporate governance policies under the new legislation, including those related to our relationships with our independent auditors, enhanced financial disclosures, internal controls, board and board committee practices, corporate responsibility and loan practices, and intend fully to continue to comply with such laws. We expect these new rules and regulations to make it more difficult for us to attract and retain qualified executive officers and qualified members of our Board of Directors, particularly to serve on our various committees of the Board, including and in particular, the audit committee. In addition, compliance with new rules imposed by the Securities and Exchange Commission and the American Stock Exchange will likely cause us to incur increased expenses, including legal and accounting expenses.

If we do not successfully address the risks inherent in selling to international customers, our net sales and financial results could decline.

We derived 7% of our net sales from international sales in each of fiscal 2003 and fiscal 2002. We hope to expand net sales and plan to increase resources to grow our international operations. We have limited experience in international sales and may not be able to compete or operate effectively in international markets. We face certain risks inherent in conducting business internationally, including:

fluctuations in currency exchange rates and imposition of currency exchange controls;

language and translation issues;

difficulties in collecting accounts receivable and longer collection periods;

changes in regulatory requirements;

political and economic instability; and

potential adverse tax consequences.

Any of these factors could harm our international sales and, consequently, our business and operating results. Specifically, failure to successfully manage international growth could result in higher operating costs than anticipated or could delay or preclude altogether our ability to generate net sales in key international markets.

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We have a material amount of goodwill, and if we are required to write-down goodwill, it would reduce our net income, which in turn could materially and adversely affect our results of operations.

As of June 30, 2004, goodwill represented approximately \$21 million, or 16% of our total assets. Goodwill is the amount by which the costs of an acquisition account for using the purchase method exceeds the fair value of the net assets acquired. We adopted Statement of Financial Accounting Standard No. 142 ("SFAS No. 142"), "Goodwill and Other Intangible Assets," in its entirety, on October 1, 2002. Under SFAS No. 142, goodwill is no longer amortized, but instead is subject to a periodic impairment evaluation based on the fair value of the reporting unit. Reductions in our net income caused by a write-down of goodwill could materially and adversely affect our results of operations.

Adverse public opinion about alcohol may harm our business.

In recent years there has been substantial publicity regarding the possible health benefits of moderate alcohol consumption. The results of a number of studies suggest that moderate consumption of alcoholic beverages could result in decreased mortality, lower risk of cardiovascular disease, and other health benefits. Alternatively, anti-alcohol groups have, in the past, successfully advocated more stringent labeling requirements and other regulations designed to discourage consumption of alcoholic beverages. More restrictive regulations, negative publicity regarding alcohol consumption, publication of studies that indicate a significant health risk from moderate consumption of alcohol or changes in consumer perceptions of the relative healthfulness or safety of alcoholic beverages generally could adversely affect the sale and consumption of alcohol and the demand for alcohol beverages and could have a material adverse effect on our business, financial condition, and results of operations.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate by reference contain "forward-looking statements," as defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are statements other than historical information or statements of current condition and relate to future events or the future financial performance of the Company. Some forward-looking statements may be identified by use of such terms as "believes," "anticipates," "intends" or "expects." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties, and other factors that may cause such a difference include, without limitation, those noted under "Risk Factors" beginning on page 1 of this prospectus. Readers should also carefully review the risk factors described in other documents we file with the SEC, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2003, and the other SEC filings that are incorporated by reference in this prospectus. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

If all shares of common stock offered in the rights offering are purchased by the holders of our common stock on the record date, the aggregate net proceeds to the Company will be approximately [\$] million after deducting fees and estimated expenses of approximately \$50,000. The actual proceeds will depend on the number of shares subscribed for in the rights offering. We anticipate using the net proceeds to fund our growth initiatives for our Cruzan brand of rum, and for general operating expenses.

DETERMINATION OF OFFERING PRICE

The subscription price per share is the lesser of \$14.00, which was the price paid by Angostura Limited in connection with the sale of 714,285 shares of common stock of the Company on June 8, 2004, or the closing price of the Company's common stock on the American Stock Exchange on the date that is two days prior to the effective date of this registration statement. The price paid for our common stock by Angostura Limited was approved by the independent members of our Board of Directors. The independent members of our Board of Directors considered

our expected ability to raise capital necessary for us to continue our operations. The committee also took into account the cost and availability of raising funds through other debt or equity methods and an opinion of its financial adviser engaged to evaluate the transaction with Angostura Limited.

THE RIGHTS OFFERING

Reasons for the Rights Offering

On June 8, 2004, we entered into a subscription agreement with Angostura Limited pursuant to which, among other things, we sold 714,285 shares of our common stock for a purchase price of \$10,000,000 or \$14.00 per share. In the same subscription agreement, we agreed that, as soon as possible, we would use our best efforts to complete an offering, pursuant to a registration statement filed with the Securities and Exchange Commission, pursuant to which each of our stockholders (except Angostura Limited and its affiliates) would have the right to purchase their pro rata amount of a number of shares of common stock of the Company that would permit them to maintain the same percentage stock ownership as they had prior to the sale of common stock to Angostura Limited on June 8, 2004. Our primary purposes for the rights offering are to raise capital for our growth initiatives for our Cruzan brand of rum, allow the holders of our common stock an opportunity to further invest in the Company, and allow our stockholders (except Angostura Limited and its affiliates) an opportunity to retain their proportionate interest in our capital stock at a price per share of common stock no greater than the price that was established under the agreement with Angostura Limited.

The Subscription Rights

We will distribute to the holders of record of our common stock on [], 2004, the record date, at no charge, subscription rights to purchase up to a total of [] shares of our common stock. The subscription rights will not be evidenced by subscription rights certificates.

The subscription rights will be offered to our common stockholders based on their percentage ownership on the record date. As the subscription rights are not transferable, only stockholders of record on the record date may exercise the subscription rights. Accordingly, holders of common stock on the record date will receive one subscription right for each five shares of common stock held. Holders will not receive any rights for any fractional portion of a five-share increment they may hold. We will not be issuing fractional shares of common stock pursuant to the exercise of subscription rights. We will accept any inadvertent subscription indicating a purchase of fractional shares by rounding down to the nearest whole share number and, as soon as practicable, refunding without interest any payment received for a fractional share. You are not required to exercise any or all of your subscription rights, but if you do not exercise your basic subscription rights in full, you will not be eligible to exercise any oversubscription rights. We will deliver to you certificates representing the shares which you purchased with your subscription rights as soon as practicable after the rights offering has expired. Each subscription right entitles you to a basic subscription right and an oversubscription right.

Basic Subscription Right

With each basic subscription right, you may purchase one share of our common stock, upon delivery of the required documents and payment of the subscription price. You are not required to exercise all of your subscription rights. We will deliver to the record holders who purchase shares in this rights offering certificates representing the shares purchased with a holder's basic subscription right as soon as practicable after the expiration time of both the rights offering and the oversubscription rights offering.

Oversubscription Right

In addition to your basic subscription right, if all of the offered shares are not subscribed for upon the exercise of the basic subscription rights, you may also subscribe for additional shares of our common stock upon delivery of the required documents and payment of the subscription price, at the same time you exercise your basic subscription right before the expiration of this rights offering. You may exercise your oversubscription right only if you exercised your basic subscription right in full and all other rightsholders have not exercised their basic

subscription rights in full. Upon exercising your oversubscription rights, you may request to subscribe for up to the maximum [] shares we are offering in this rights offering (less the number of shares you exercised under your basic subscription rights) by indicating the number of additional shares you wish to purchase on your rights exercise notice. However, the actual number of shares for which you will be entitled to subscribe under your oversubscription rights will not be able to be determined until after the expiration time of the rights offering and the pro rata allocation described under "Pro Rata Allocation for Oversubscription Rights," below.

Pro Rata Allocation for Oversubscription Rights

If not all shares are subscribed for by the exercise of basic subscription rights, then the following procedures will apply for the oversubscription rights. If the total number of shares subscribed for upon the exercise of oversubscription rights by all oversubscribing rightsholders is less than or equal to the total number of shares remaining available under the rights offering, then all oversubscribing rightsholders would receive the full number of shares for which they oversubscribed. If the total number of shares subscribed for upon the exercise of oversubscription rights by all oversubscribing rightsholders is greater than the total number of shares remaining available under the rights offering, then the number of shares oversubscribing rightsholders would receive is subject to proration. We will allocate the remaining shares of our common stock pro rata, after eliminating all fractional shares, among those oversubscribing rightsholders. "Pro rata" means in proportion to the number of shares of common stock subscribed for upon the exercise of basic subscription rights by each oversubscribing rightsholder, compared to the total number of shares of common stock subscribed for upon the exercise of the basic subscription rights by all oversubscribing rightsholders prior to the expiration time of the rights offering. If there is a pro rata allocation of the remaining shares and you receive an allocation of a greater number of shares than you subscribed for under your oversubscription right, then we will allocate to you only the number of shares for which you subscribed, and will allocate the remaining shares among all other rightsholders exercising their oversubscription rights. In the event that such pro rata calculation would result in fractional shares for one or more oversubscribing rightsholder, we will round down to the nearest whole share number the number of shares available to such oversubscribing rightsholders.

Full Exercise of Basic Subscription Right

You may exercise your oversubscription right only if you exercise your basic subscription right in full. To determine if you have fully exercised your basic subscription right, we will consider only the basic subscription rights held by you in the same capacity. For example, suppose that you were granted subscription rights for shares of our common stock that you own individually and shares of our common stock that you own collectively with your spouse. If you wish to exercise your oversubscription right with respect to the subscription rights you own individually, but not with respect to the subscription rights you own collectively with your spouse, you only need to fully exercise your basic subscription right with respect to your individually owned subscription rights. You do not have to subscribe for any shares under the basic subscription right owned collectively with your spouse to exercise your individual oversubscription right.

When you complete the portion of your rights exercise notice to exercise your oversubscription right, you will be representing and certifying that you have fully exercised your basic subscription rights granted pursuant to this prospectus. You must exercise your oversubscription rights at the same time you exercise your basic subscription rights in full, which must be prior to the expiration time.

Return of Excess Payment

If you exercised your oversubscription right and are allocated less than all of the shares for which you wished to subscribe, your excess payment for shares that were not allocated to you will be returned to you by mail, without interest or deduction, as soon as practicable after the expiration time of this rights offering.

Delivery of Shares

If you purchase shares in this rights offering, we will deliver to you certificates representing the shares of our common stock that you purchased as soon as practicable after the expiration time of the rights offering and after

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all pro rata allocations and adjustments have been completed. However, we will not be able to begin calculations for any oversubscription pro rata allocations and adjustments until three days after the expiration time of the rights offering, which is the latest date for our stockholders to deliver the rights exercise notice according to the guaranteed delivery procedures.

Expiration of the Rights Offering

You may exercise your subscription rights at any time before 5:00 p.m., Eastern Time, on [], [], 2004, the expiration time of the rights offering. If you do not exercise your subscription rights before the expiration time of the rights offering, your unexercised subscription rights will be null and void. We will not be obligated to honor your exercise of subscription rights if the subscription agent receives the documents relating to your exercise after the expiration time of the rights offering, regardless of when you transmitted the documents, except when you have timely transmitted the documents under the guaranteed delivery procedures described below.

Termination of the Rights Offering

We may elect to terminate this rights offering at any time prior to consummation of the offering. We do not have any obligation with respect to the subscription rights except to return, without interest or deduction, any subscription payments we received from you. The subscription agent estimates it will take approximately two business days following termination of the rights offering and clearance of subscription payments in the subscription agent's account (which may take up to 10 business days) to return the subscription payments.

Method of Subscription Exercise of Subscription Rights

You may exercise your subscription rights by delivering (or causing to be delivered) the following to the subscription agent, at or prior to 5:00 p.m., Eastern Time, on [], [], 2004 the expiration time of the subscription rights offering:

your properly completed and executed rights exercise notice with any supplemental documentation; and

your full subscription price payment for each share for which you choose to subscribe.

Method of Payment

Your payment of the subscription price must be made in U.S. dollars for the full number of shares of common stock you are subscribing for by:

check or bank draft drawn upon a U.S. bank or postal, telegraphic or express money order payable to the subscription agent;
or

wire transfer of immediately available funds, to the subscription account maintained by the subscription agent. You must confirm receipt of the wire transfer by calling the subscription agent at (212) 509-4000 ext. 536.

If you decide to pay by check, your check must clear by the expiration time of the rights offering or we will reject your exercise of subscription rights. See "Clearance of Uncertified Checks" below.

Receipt of Payment

Your payment will be considered received by the subscription agent only upon:

clearance of any uncertified check;

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receipt by the subscription agent of any certified check or bank draft drawn upon a U.S. bank or of any postal, telegraphic or express money order; or

receipt of collected funds in the subscription account designated above and by confirming receipt with the subscription agent.

Clearance of Uncertified Checks

If you are paying by uncertified personal check, please note that uncertified checks may take five business days or more to clear. If you wish to pay the subscription price by uncertified personal check, we urge you to make payment sufficiently in advance of the expiration time of the rights offering to ensure that your payment is received by the subscription agent and clears by the expiration time of the rights offering. We urge you to consider using a certified or cashier's check, money order or wire transfer of funds to avoid missing the opportunity to invest in our common stock should you decide to exercise your subscription rights.

Delivery of Subscription Materials and Payment

You must deliver your rights exercise notice and payment of the subscription price or, if applicable, notices of guaranteed delivery, to the subscription agent by one of the methods described below:

For delivery by hand delivery, mail, overnight courier:

Todhunter International, Inc.
c/o Continental Stock Transfer & Trust
Attn: Reorganization Department
17 Battery Place, Eighth Floor
New York, NY 10004

Your delivery to an address other than the address set forth above will not constitute valid delivery. For assistance, call the subscription agent at (212) 509-4000 ext. 536.

For payment of the subscription price by wire transfer of immediately available funds directly to the account maintained by Continental Stock Transfer & Trust Company, as subscription agent for the Company:

| | |
|---------------|--|
| Account Name: | Continental Stock Transfer & Trust Company |
| Bank: | JP Morgan Chase Bank 52 Broadway, 6 th Floor New York, NY 10004 |
| Account #: | 475503546 |
| ABA#: | 021000021 |

You must confirm receipt of the wire transfer by calling the subscription agent at (212) 509-4000, ext. 536.

Calculation of Subscription Rights Exercised

If you do not indicate the number of subscription rights being exercised, or do not forward full payment of the total subscription price for the number of subscription rights that you indicate are being exercised, then you will be deemed to have exercised your subscription right with respect to the maximum number of subscription rights that may be exercised with the aggregate subscription price payment you delivered to the subscription agent. If we do not apply your full subscription price payment to your purchase of shares of our common stock, we will return the

excess amount to you by mail without interest or deduction as soon as practicable after the expiration time of the rights offering.

Your Funds Will Be Held by the Subscription Agent Until Shares of Our Common Stock Are Issued

The subscription agent will hold your payment of the subscription price payment in a segregated account with other payments received from other rightsholders until we issue your shares to you upon consummation of the rights offering.

Notice to Record Holders Holding on Behalf of Beneficial Owners

If you are a broker, a trustee, or a depository for securities who holds shares of our common stock for the account of others on [], 2004, the record date for the rights offering, you should notify the respective beneficial owners of such shares of the rights offering as soon as possible to find out their intentions with respect to exercising their subscription rights. You should obtain instructions from the beneficial owners with respect to their subscription rights, as set forth in the instructions we have provided to you for your distribution to beneficial owners. If the beneficial owner so instructs, you should complete the appropriate rights exercise notice and submit it to the subscription agent with the proper payment. If you hold shares of our common stock for the account(s) of more than one beneficial owner, you may exercise the number of subscription rights to which all such beneficial owners in the aggregate otherwise would have been entitled had they been direct record holders of our common stock on the record date for the rights offering, provided that, you, as a nominee record holder, make a proper showing to the subscription agent by submitting the form entitled "Nominee Holder Certification" which we will provide to you with your rights offering materials. If you did not receive this form, you should contact Ezra Shashoua, our Executive Vice President and Chief Financial Officer, at 561-655-8977 to request a copy.

Beneficial Owners

If you are a beneficial owner of shares of our common stock or will receive your subscription rights through a broker, custodian bank, or other nominee, we will ask your broker, custodian bank, or other nominee to notify you of this rights offering. If you wish to exercise your subscription rights, only your broker, custodian bank, or other nominee can act for you. If you hold certificates of our common stock directly and would prefer to have your broker, custodian bank, or other nominee exercise your subscription rights, you should contact your nominee and request it to effect the transaction for you. To indicate your decision with respect to your subscription rights, you should complete and return to your broker, custodian bank, or other nominee the form entitled "Beneficial Owners Election Form." You should receive this form from your broker, custodian bank or other nominee with the other rights offering materials. If you wish to obtain a separate rights exercise notice, you should contact the nominee as soon as possible and request that a separate rights exercise notice be issued to you. You should contact your broker, custodian bank, or other nominee if you do not receive this form, but believe that you are entitled to participate in the rights offering. We are not responsible if you do not receive the form from your broker, custodian bank, or nominee or if you receive it without sufficient time to respond.

Instructions for Completing Your Rights Exercise Notice

You should read and follow the instructions accompanying the rights exercise notice carefully. If you want to exercise your subscription rights, you should send your rights exercise notice with your subscription price payment to the subscription agent. Do not send your rights exercise notice and subscription price payment to us. In addition, if you are exercising your basic subscription rights in full and are exercising your oversubscription rights, please so indicate on your rights exercise notice.

You are responsible for the method of delivery of your rights exercise notice with your subscription price payment to the subscription agent. If you send your rights exercise notice and subscription price payment by mail, we recommend that you send them by registered mail, properly insured, with return receipt requested. You should allow a sufficient number of days to ensure delivery to the subscription agent prior to the expiration time of the rights offering. Because uncertified personal checks may take at least five business days to clear, you are strongly

urged to pay, or arrange for payment, by means of a certified or cashier's check, money order or wire transfer of funds.

Determinations Regarding the Exercise of Your Subscription Rights

We will decide all questions concerning the timeliness, validity, form, and eligibility of your exercise of your subscription rights and our determinations will be final and binding. We, in our sole discretion, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as we may determine. We may reject the exercise of any of your subscription rights because of any defect or irregularity. We will not be obligated to make uniform determinations in all cases. We will not receive or accept any subscription until all irregularities have been waived by us or cured by you within such time as we decide, in our sole discretion.

Neither we nor the subscription agent will be under any duty to notify you of any defect or irregularity in connection with your submission of your rights exercise notice and we will not be liable for failure to notify you of any defect or irregularity. We reserve the right to reject your exercise of subscription rights if your exercise is not in accordance with the terms of the rights offering or in proper form. We will also not accept your exercise of subscription rights if our issuance of shares of our common stock to you could be deemed unlawful under applicable law.

Guaranteed Delivery Procedures

If you wish to exercise your subscription rights, but you do not have sufficient time to deliver your rights exercise notice evidencing your subscription rights to the subscription agent on or before the expiration time of the rights offering, you may exercise your subscription rights by the following guaranteed delivery procedures:

deliver to the subscription agent on or prior to the expiration time of the rights offering your subscription price payment in full for each share you subscribed for under your subscription privileges in the manner set forth under "The Rights Offering Method of Payment" on page 11;

deliver to the subscription agent at or prior to the expiration time of the rights offering the form entitled "Notice of Guaranteed Delivery," substantially in the form provided with the "Instructions as to Use of Todhunter Rights Exercise Notice" distributed with your rights exercise notice; and

deliver the properly completed rights exercise notice evidencing your rights being exercised and the related nominee holder certification, if applicable, to the subscription agent within three business days following the date of your Notice of Guaranteed Delivery.

Your Notice of Guaranteed Delivery must be delivered in substantially the same form provided with the Instructions as to Use of Todhunter Rights Exercise Notice, which will be distributed to you with your rights exercise notice. Your Notice of Guaranteed Delivery must come from an eligible institution, or other eligible guarantee institutions which are members of, or participants in, a signature guarantee program acceptable to the subscription agent.

In your Notice of Guaranteed Delivery, you must state:

your name and address;

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