

MODERN Brewery Age



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Hook & Ladder donates funds to firefighter burn foundation

The Hook & Ladder Brewing Company of Silver Spring, MD, recently presented a \$2,500 check to the DC Firefighters Burn Foundation as part of their "Penny in Every Pint" program at the Crystal City Sports Pub. Former Washington Redskins Gary Clark, George Stack and Tony Peters were all on hand to celebrate the occasion. In the photo above, Mr. Clark (center) talks with Hook & Ladder COO Matt Fleischer as Jason Woods (left) president of the DC Firefighters Burn Foundation stands by. The check presentation by Hook & Ladder marks the first time the quarterly event has been held in Virginia. "We're truly thankful for the dedication and commitment that Hook & Ladder has devoted to the firefighter community," Mr. Woods said. The DC Firefighter Burn Foundation is dedicated to assisting in the recovery and rehabilitation of injured firefighters and burn patients in the DC metro area. Hook & Ladder raised over \$10,000 for local burn foundations in the past year.

Judge gives Pittsburgh Brewing a reprieve

AP—A federal bankruptcy judge this week gave Pittsburgh Brewing Co. more time to submit a revised reorganization plan, clearing the way for union workers to vote on a crucial new labor deal.

U.S. Bankruptcy Court Chief Judge M.

Bruce McCullough postponed until Feb. 6 the deadline for the Pittsburgh-based maker of Iron City and other beers to outline its plan to bring the brewery out of Chapter 11 bankruptcy.

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Minhas continues renovation of old Huber brewery

Ravinder Minhas, the owner of the Minhas Craft Brewery of Monroe, WI, (formerly known as the Jos. Huber Brewing Co.) reports that the company is continuing its upgrades to the old brewery.

"A new rinser, seamer, filler and associated equipment designed to fill 16-oz. and 24-oz. cans have been delivered," Mr. Minhas says. "Over the next several weeks, a crew of Monroe-based mechanics,

welders and electricians will install this equipment. This will allow the brewery to package 16-oz. and 24-oz. cans for the first time in its 162-year history."

Mr. Minhas said the new capability will allow the brewery to increase production capacity from 170,000 barrels to 340,000 barrels. "The 16-oz can is the most popular packaging size for energy drinks and the

(Continued on Page 3)

Miller's core brands down; new brands up

AP—Miller Brewing Co.'s sales climbed 4.3 percent in the most recent quarter, largely on growth of the brewer's two new brands. Sales of mainstay brews declined.

Excluding the two new drinks, the Milwaukee-based brewer's domestic sales were down 0.9 percent in the three months ending Dec. 31 when compared with the same period the previous year, parent company SABMiller PLC said Wednesday.

SABMiller bought Sparks, a caffeinated alcoholic drink, and Steel Reserve, a malt liquor, from McKenzie River Corp. for \$215 million cash last summer.

Sales of Miller Lite, Miller's largest brand, were up 1.5 percent, with a strong showing in December, the company said. Increased

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Moody's cuts A-B's rating

Moody's Investors Service on Tuesday cut its long-term debt ratings on Anheuser-Busch Cos. after the company approved a new, multiyear 100 million share repurchase program. The credit-rating agency lowered its long-term rating to "A2" from "A1" while affirming its "Prime-1" short-term rating. Moody's has a stable rating outlook for the brewer.

Moody's said it made the change after A-B moved to a more aggressive financial policy and lowered its target for its gross cash flow to debt ratio. The agency said it still expects Anheuser-Busch to "maintain its strong leadership position in the U.S. beer operations and continue to generate large, stable cash flows."

Citigroup's Herzog notes A-B has many "balls in the air"

Citigroup analyst Bonnie Herzog says the A-B's distribution deal with Czechvar is a positive step in addressing the decline of A-B's core business, but cautions that the brewer now has "a number of balls in the air that A-B is trying to implement at the

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Beertown Brown arrives

BridgePort Brewing Company of Portland, OR, has introduced its newest seasonal, a brown ale in the Northern English tradition. The brand will be sold on- and off-premise in nine Western states. "Brown Ale is a small but expanding category with great opportunity for growth," said Bridgeport head brewmaster Karl Ockert. "The style is seasonally appropriate for us as well," he added, noting that Beertown Brown will follow Ebenezer Ale in the brewery's seasonal lineup. According to Mr. Ockert, Beertown Brown "brings together roasted caramel and chocolate malts for a smooth, malty flavor, then adds a subtle blend of Northwest hops for a bit of spice." As the style suggests, the beer will be brown in color, and medium to low in bitterness, with about 20 IBU. The ale's original gravity is 13.2 degrees Plato, and the alcohol by volume is 5.2%.

Beertown Brown will be distributed in Alaska, Arizona, California, Colorado, Oregon, Idaho, Montana, New Mexico and Washington.

Sprecher introduces two new African-style beers

Sorghum beers have been appearing lately in the U.S. market as brewers try to offer new beer options to consumers with celiac disease. But Sprecher Brewing Co. of Milwaukee, WI, seems to be the first to introduce true African-style sorghum beer, with its new Shakparo Ale. The company is also producing Mbege Ale, an East African-inspired banana beer.

The brewery said the brands were formulated by brewmaster Craig Burge, and were based on traditional African beer styles.

Sprecher's Shakparo Ale is described as a "light, crisp ale with hints of fruits and spices," inspired by West African style sorghum beer.

The Mbege Ale is an unfiltered millet ale made with fresh bananas, in the style of the beers of Tanzania.

Brewing Museum will present lecture on Milwaukee history

This year's first lecture at the Museum of Beer and Brewing in Milwaukee, WI, will cover a topic close to home—the German origins of the city's brewing tradition.

The lecture, to be held on Thursday, February 1, 2007, will feature author Trudy Knauss Paradis discussing her book "German Milwaukee: It's history—it's recipes."

Ms. Knauss Paradis, the Director-in-Charge of Cultural Exhibition for the city's German Fest, wrote the book with the assistance of E.J. Brumder, local historian and patron of Milwaukee Architectural and Historical Preservation.

The book recounts the history of German-speaking people in Milwaukee from the first arrivals in the 1830's. It tells the stories of German industrialists and businessmen, in particular the influence of the beer industry in Milwaukee.

The book contains a 15 page section entitled "The Beer Capital" in which the history of the Milwaukee beer industry is detailed. This section has specific biographical sections on Gettleman, Miller, Pabst, Blatz and Schlitz. These leaders of the beer industry contributed so greatly to the cultural, architectural and civic foundation of Milwaukee, their history is also told in other parts of the books, such as in the "Homes" section where the Pabst and Blatz family homes are featured, and in the "Recreation Centers" section where Pabst's Whitefish Bay Resort and Schlitz Park are highlighted.

The event will take place at The Miller Inn, at 3931 W. State St. in Milwaukee, WI. There will be a social hour from 6:00pm to 7:00pm; the presentation will begin at 7:00pm. Please contact museum board member John Kretsch with questions at (414) 357-8515, ext. 106 or e-mail to: jkretsch@acechem.com. Information is also available at the museum web site at www.brewingmuseum.org

The Museum of Beer & Brewing is scheduled to open its interim site in the Milwaukee Brewing Co. Tasting Room in the Walkers Point area of Milwaukee, WI, in 2007. The location will feature monthly guest speakers and exhibits, and several permanent exhibits, including elements of the Korteum Stein Collection and archives from the Siebel & Wahl-Henius Brewing Schools.



New poster celebrates famed urinals of Ireland

Those in the beer trade spend more time that most standing before a urinal. And Maine-based photographer Buddy Doyle can stand proudly in their company. When Mr. Doyle traveled to Ireland in 2004 to celebrate his anniversary, he and his wife chose to invite their mothers along. Each day, while the ladies shopped, Mr. Doyle found his way to the nearest pub. During his long hours spent on-premise, Mr. Doyle developed an appreciation for the unsung but picaresque urinals of Eire. Soon he began to take his camera with him on visits to the loo, and the "Urinals of Ireland" poster was born. He circulated copies to friends. When his friends had a strong positive reaction, he decided to offer the poster to the general public. The urinals shown on the poster run the gamut, from the impressively sculpted ceramic monuments found at the Quays in Galway, to the utilitarian stainless-steel troughs at Dublin's Trinity College. The 20 x 30 poster is now available from October Publications for \$17.95 plus \$5.50 shipping and handling. Discounts are available for purchases of 12 or more. The poster can be ordered online at www.octoberpublications.com or direct from tel: 800-414-4790.

S & N sells Courage brand

Scottish & Newcastle has elected to sell its John Courage brand to the Wells & Young's Brewing Company.

The deal includes Courage Best, Directors, Dark Mild and Light Ale.

The brands will be held by a newly-formed company, Courage Brands, with Wells & Young's holding 83% of the shares and S & N owning 17%.

SABMiller...

(Continued from Page 1)

marketing and a strong sales push helped the brand grow, the company said, but increases in prices of raw materials made it a difficult quarter.

"SABMiller reporting organic lager growth of 10% in the 3Q and 9.5% year-to-date," reported analyst Mark Swartzberg of Stifel-Niclaus, in a note to investors. "Miller volumes continued to be negative, but improved sequentially."

"Miller's sales-to-retailers (STRs) declined 0.9% on an organic basis for the three-months ended December, an improvement on year-to-date STR performance, which declined 2.8%," Mr. Swartzberg noted. "[and] Miller Lite volumes increased 1.5% in the 3Q, a sequential improvement versus 2Q."

"The company said that Miller's December sales-to-retailer performance was encouraging, supported by increased marketing and sales programs, but price recovery and raw material costs were worse than expected in the quarter," Mr. Swartzberg added.

SABMiller reported overall growth for the quarter at 10 percent, with Europe posting a 13 percent increase in sales. Sales in South America were up 12 percent for the quarter, with strong growth in Colombia and Peru.

In Milwaukee, members of a union representing about 120 office workers at the brewer rejected the company's latest contract offer Tuesday night, citing low pension benefits. The union voted down the contract by a strong majority, said Judy Burnick, business manager for the Office and Professional Employees International Union Local 35 in Milwaukee.

SABMiller has proposed a pension freeze and health insurance concessions, according to Burnick. She said the company proposal calls for replacing the pension plan with a \$2.40 per hour contribution to a savings plan, though other unions were offered more. Burnick said the union feels slighted by the proposal. "We believe it's a matter of respect," she said.

The union voted in November to authorize a strike, but Burnick said workers don't plan one yet. Instead, they will publicize the ongoing negotiations. A Miller spokesperson said the brewer was disappointed no agreement had been reached and hoped the union would reconsider.



Modelo and Crown sponsor Pacifico Marathon

Representatives from the Grupo Modelo Brewery and Crown Imports recently celebrated the successful running of the Pacifico Marathon. The marathon took place on Sunday, December 3, 2006 in Mazatlán, Mexico, the home of the Pacifico Brewery. George Okworo of Kenya won the men's race in a time of 2:17:27 and Maria Guadalupe Santana of Mexico won the women's race in a time of 2:43:52. Modelo and Crown executives helped hand out the trophies. In picture above, Bill Ligas (second from left) public relations director for Crown Imports, Francisco Ayala of Grupo Modelo (holding arms out); Rodolfo Serafin (with dark shirt) of Grupo Modelo; and (standing between Pacifico Spokesmodels at right) Guillermo Gutierrez, director for Hispanic marketing, Crown Imports, join in the celebration with top finishers from the race and Pacifico field promotional personnel.

Dancing Camel Brewing Co. is newest thing in Tel Aviv

David Cohen of Teaneck, NJ, emigrated to Israel in 2003, and recently opened the Dancing Camel Brewing Co. in Tel Aviv. His brewery is just one of a spate of new microbreweries and brewpubs that have started brewing in Israel over the past couple of years.

"Historically, Israelis are not big beer drinkers," Mr. Cohen recently told the Jerusalem Post. "[But] There are certain things that are happening...a growth in home brewing, greater variety of imported beers and the opening of more microbreweries...that seem to indicate that Israelis are open to drinking more beer and experimenting with different types of beer.

Mr. Cohen was a homebrewer in the states, and continued his hobby in Israel, before deciding to go pro. The Dancing Camel Brewing Co. began commercial production in August, 2006.

Mr. Cohen, a former CPA, learned early on that brewing beer in Israel posed certain

logistical challenges.

"When we got here there was nothing in terms of home-brewing supplies," he told the Post. "It was hard to get malt, hops and wheat. I had to order supplies from the states, and it was very expensive."

Mr. Cohen built Dancing Camel in a Tel Aviv industrial zone, and now supplies beer to about 15 Tel Aviv bar and restaurant accounts.

"Part of the point is not just to come over here to brew an English ale," he told the Post. "My intentions were to use Israeli spices, and ingredients. If not for the barley and wheat, then at least for the spices to give it something completely Israeli."

Mr. Cohen flavors his beers with local ingredients like date syrup, cilantro, oranges and cloves.

And he says his audience is growing more receptive. "Israelis are not necessarily drinking more beer, but drinking better beers."



Primera Technology offers high-res beer label printer

Primera Technology of Plymouth, MN, reports its LX400 Color Label Printer can print full-color, high-resolution beer labels on demand. "Microbreweries can use the LX400 to print short-run product and box labels," reports Amie Hoffner of Primera. "Larger manufacturers can use the LX400 to print product labels for market testing and limited-run products. Personalized and custom labels can also be printed for weddings, corporate events, holiday gifts, and birthday parties."

The LX400 prints on semi-gloss and high-gloss materials in both paper and polyester. Printed labels are virtually waterproof and scratchproof. Label size is as small as .75" (19mm) wide and .75" (19mm) long up to a maximum of 4" (101.6mm) wide and 24" (609.6mm) long. The LX400 is both Mac and Windows compatible.

Aladdin to import Devassa

Aladdin Beverage of Brooklyn, NY, has announced the signing of a distribution agreement with the Devassa Brewery of Rio de Janeiro, Brazil.

"This brand has all the features to really explode in the US. Devassa has already caught on in the UK and Europe because the package is great, the marketing support is superb and the taste is out of this world," states Ted O'Connor, President of Aladdin. O'Connor goes on to say, "We strongly believe Devassa has the ability to be one of the next great imports in the US."

Devassa has retained McCann Erickson to develop and coordinate the advertising and P.O. S. material for their brand in the US. The company says it is aiming for an "edgy South America flavor."

"The move to export to the US was an easy decision for us because of the success we have enjoyed here in Brazil; however we needed a US importer who had the same vision and drive as we do," said Caio Sabino Scarpelli, export manager.

Herzog on A-B...

(Continued from Page 1)

same time."

Ms. Herzog said that the Czechvar deal indicates that A-B is "proactively" addressing its issues, but she noted in a letter to investors that "the overhanging beer slowdown and negative demographics will be difficult to offset as domestic beer still comprises the bulk of A-B's volume and profits."

Herzog said that it may be difficult for A-B to raise pricing above CPI in 2007. "A-B is projecting revenue per barrel growth to be somewhat greater in 2007 than in 2006," she wrote. "We forecast a 70bp improvement in revenue per barrel growth in 2007, and we believe that revenue per barrel growth will largely be driven by mix shift towards higher-priced import beers. However, within its core domestic beer portfolio, we believe that A-B will find it difficult to raise pricing above CPI in 2007."

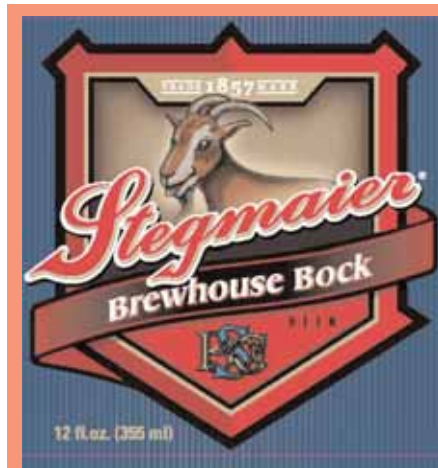
As a result, Ms. Herzog said Citigroup will maintain a sell/low-risk rating for A-B. "Valuation has become too rich at current levels," she told investors, "and we remain concerned regarding (1) the continued weak image of domestic beer, (2) the potential execution risk with new products, packages, and distribution agreements, (3) the possibility that A-B is trying to implement too much at the same time, (4) the perception that A-B is not focusing enough on core brands given all its new initiatives, (5) an aging population that puts pressure on the beer industry since consumers typically switch to other alcohol products as they age and (6) rising barley prices likely leading to pressure on A-B's cost structure/margins this year."

German beer sales up in '06

Germany's leading breweries all posted increased sales for 2006, partly due to an increase in domestic consumption due to a hot summer and the soccer World Cup.

The Warsteiner, Krombacher and Bitburger breweries all said their sales for the year were up over 2005.

Krombacher booked a 2.7 percent increase of beer sales to 151 million gallons. Bitburger had more modest growth of 0.8 percent, to 214 million gallons. The Warsteiner Group said it sold 161 million gallons of beer, an increase of 3.2 percent, driven by export sales. Though domestic sales dropped 2.9 percent, the brewery reported an increase during the World Cup.



Stegmaier Bock is back

The Lion Brewery of Wilkes-Barre, PA, is continuing its successful seasonal beer program, emblemized by the brewery's Stegmaier Brewthouse Bock. The brewery reports that Stegmaier Brewthouse Bock is an all-malt beer, made with domestic 2-row pale and Munich malt. "Our master brewers were able to create a very distinct malt flavor while retaining the brew's smooth qualities," says Therese Maxfield, sales and promotions coordinator for the Lion.

Ms. Maxfield reports that the beer features specially designed packaging and point of sale material featuring the newly designed Stegmaier Crest bearing the sign of the Capricorn, a Billy Goat, coupled with the phrase "Dier Bockbier Mit Trit" ("The Bock Beer With Kick"), integrated into the Stegmaier Brewthouse Bock design.

Sold in Pennsylvania and New Jersey, Stegmaier Brewthouse Bock will be available in limited quantities beginning February 1st.

Beer-like drink is said to bolster breast size

Boza, a traditional Turkish drink made from fermented wheat flour and yeast, has become a hit in Europe due to an unusual side-effect—the drink is said to enlarge women's breasts. Boza is also made in Bulgaria, and since Bulgaria joined the European Union, duties on the drink were abolished, making it cheaper than before.

Boza contains four types of vitamin A and B and vitamin E. During the fermentation process it produces lactic acid, which helps digestion. Consumption has long been promoted as a method for increasing the milk production of pregnant women. Dr. Savas Çömlek told the *Turkish Daily News* that boza could raise the level of prolactin hormones that help milk production and that may be why breasts could enlarge. In an aside, he noted that strawberries are also known to make breasts increase in size.

WEEKLY MARKETPLACE



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Pittsburgh gets reprieve...

(Continued from page 1)

An initial reorganization plan filed in October called for a \$7 million infusion of debt and equity, but was rejected by the judge as unworkable.

Robert Lampl, an attorney for the company, said unions representing the company's bottlers and brewers were set to vote Sunday on a newly negotiated contract—the key element in the revised reorganization plan.

Without a deal between prospective investors and the unions, "it's unlikely" the brewery's manufacturing and production facility will be able to continue at its current location in Pittsburgh's Lawrenceville neighborhood, he said.

"I believe—call this seasoned intuition—that we're going to end up with a consensual plan," he told the judge.

Union attorney Mike Healey said the unions were "cautiously optimistic" about reaching an agreement. Union negotiators agreed Friday to the tentative contract. A union representative said sticking points included vacation, wages and health care.

The contract will take effect only if creditors approve the revised reorganization plan by the brewery and an investor group headed by private equity fund manager John Milne of Westport, Conn.

Milne, 47, came forward in December with plans to revive the brewery, saying his group would spend \$1 million initially to jump-start the brewery's Iron City and IC Light brands. He said much more would be spent on capital improvements.

Under the plan, Milne—a previous business associate of Pittsburgh Brewing president Joseph Piccirilli—would become the company's chief executive officer. Piccirilli will not play a role in the new company other than to help with the transition.

In 2005, Milne was fired as chief financial officer of North America's largest equipment renter, United Rentals Inc., for refusing to answer questions about an investigation by securities regulators.

The reconfigured company would focus on developing its longtime brands and entering the niche market for heavier beers, Milne said earlier.

Pittsburgh Brewing sought bankruptcy protection after the city Water and Sewer Authority threatened to cut off its water supply because of \$2.5 million in unpaid bills. The company disputed the charges.

WEEKLY MARKETPLACE

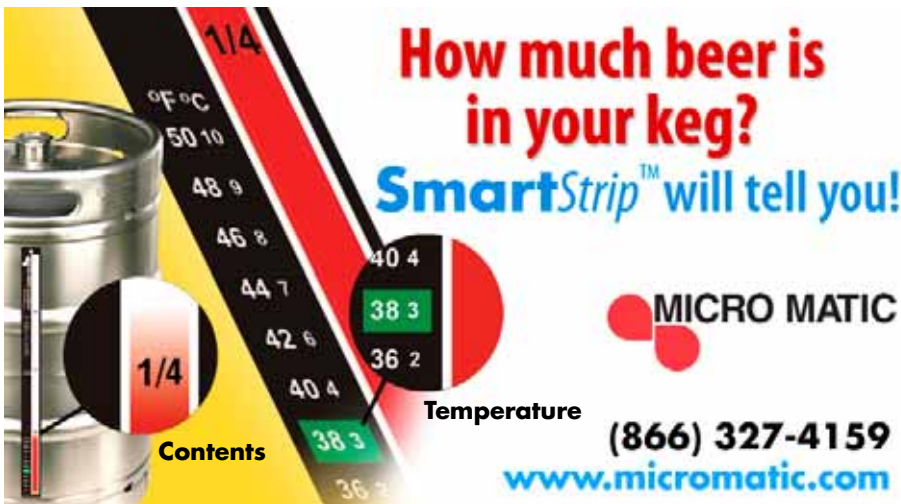


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Minhas continues renovation of Huber plant

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24-oz. can is now the fastest-growing package size for distributing beer," he said. plans to use the new 16-oz. capability to package energy drinks and the 24-oz. capability to package beer."

Mr. Minhas said the company will launch six new brands by April 2007, including a drink called "iEnergy."

In addition to improvements to the production floor, Mr. Minhas is not neglecting cosmetics. "The brewery buildings have received a fresh coat of paint, thanks to

Mark Coplein painting of Monroe," he said, "and nine new Minhas Craft Brewery signs have been installed by Canton Signage of Monroe."

In addition, a local builder has broken ground for the new Minhas Brewery Guest House, located on recently re-zoned brewery land.

"The new three-bedroom house will be used to accommodate product developers, engineers and visiting distributors," Mr. Minhas said. "As well as giving me a place to stay when I'm in Monroe."

Modern Brewery Age

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Wholesaler Events

April 11-15, 2007—New York State Beers Wholesalers Spring Business Meeting, Turnberry Isle Resort & Club, Aventura, Florida.

April 22-25, 2007—NBWA/Brewers Annual Legislative Conference. Hyatt Regency Capitol Hill. Washington, D.C.

June 17-20, 2007—Georgia Beer Wholesalers Association 68th annual convention, Don CeSar Beach Resort, St. Pete Beach, Florida. Contact GBWA, (404) 231-4292 Fax: (404) 231-3823

June 23-27, 2007—Virginia Beer & Wine Wholesalers' Associations Eighteenth Annual Convention and the Virginia Beer Wholesalers Association's 70th Anniversary & Family Reunion, The Westin, Hilton Head Island, SC.

Brewers Events

April 18-21, 2007—Craft Brewers Convention & Brew Expo. Austin Hilton Hotel, Austin, TX. Check www.beer-town.org for information.

June 16-20, 2007—American Society of Brewing Chemists Annual Meeting. Fairmont Express, Victoria, British Columbia, Canada. For information, check www.asbc.net.org.