MINNESOTA HISTORICAL SOCIETY

Grain Belt Breweries Company Records.

Grain Belt Breweries

Stock	*Price May 3 '72	Dividend	Yield
CAPITAL	6⅞	a$0.32	a4.7%

POSITION: The company produces beer, which is distributed throughout the Midwest and West, with the major part going to Minnesota, North and South Dakota, Nebraska, Iowa and Wisconsin.

FUNDAMENTAL POSITION

Grain Belt brews beer distributed under the trade name Grain Belt Premium in the Mississippi Valley and west to the Pacific Coast including Alaska, and from the Canadian border south into Texas. Output also is sold under the White Label and Hauenstein names in Minnesota and the Storz brand in Nebraska and adjacent states. The company also brews GBX, a malt liquor. In 1970 (latest available, Grain Belt was 21st in size among all U. S. breweries.

Output is sold in barrels, cans and bottles. While distribution is widespread through the Midwest and West, much of it is in Minnesota, North and South Dakota, Iowa and Wisconsin.

Main plant facilities, located in Minneapolis, Minnesota, have an annual capacity of 1,000,000 barrels. On May 2, 1972, the company said it planned to close its unprofitable brewery (600,000 barrels) in Omaha, Nebraska, within 60 days. During 1971, more than $700,000 was spent for plant additions and improvements, down from more than $1,800,000 in 1970. In addition, some $860,000 was spent for returnable containers, an increase of about $260,000 from 1970's figure. Planned expenditures for 1972 include $500,000 to convert the company's keg beer system to the new Perlick "Easy Tapping" system, designed for greater customer convenience.

Grain Belt beer is produced in both the Minneapolis and Omaha plants. Storz brands are brewed only in Omaha. White Label is packaged both in Minneapolis and Omaha. The Hauenstein label, a popular priced beer, and the GBX Malt Liquor, 1970 additions to the company's packaging, are produced only in Minneapolis.

Employees: About 700.

EARNINGS-DIVIDEND RECORD

Yr. End. Dec. 31	aNet Sales	--bPer Share Data ($)-- cEarns.	Divs.	Range
1972	....	.....	0.20½	9⅜- 6⅞
1971	28.62	0.76	0.50	12¼- 7¼
1970	28.72	0.87	0.50	16 - 9
1969	28.60	1.27	0.55	16½-12¾
1968	26.00	0.97	0.50	16⅜- 9
1967	17.65	1.00	0.50	12¾- 6⅝
1966	14.46	0.91	0.40	7½- 6
1965	13.13	0.67	0.36	6⅞- 6
1964	12.97	0.65	0.36	7 - 6⅛
1963	12.33	0.62	0.34	6¾- 5
1962	11.78	0.52	0.30	7¼- 4⅝
1961	11.32	0.52	0.30	9⅝- 5¾

aIn millions of dollars; incl. non-returnable package costs aft. 1967; excludes Federal and state excise taxes. bAdj. for two-for-one split in 1970. cBef. spec. cr. of $0.12 in 1969.

RECENT DEVELOPMENTS

For the 1972 first quarter, net income fell 59%, to $34,000 from $82,000. Share earnings were $0.04, down from $0.09. Sales are not reported on a quarterly basis.

Sales for 1971 were nominally (0.4%) lower than those for the preceding year. The decline was attributed to a general reduction in beer sales in the upper Midwest during the last six months of 1971. Margins were little changed, and operating income was ahead 1.6%. However, with other income lower and depreciation provisions higher, pretax earnings fell 13%. After taxes at 51.0%, versus 51.5%, net income was off 12%. Earnings were equal to $0.76 and $0.87 a share in the respective years.

The quarterly dividend payment was reduced in April 1972 to $0.08 a share, from $0.12½.

*Listed Midwest S.E. (GBB). aIndicated rate.

O-T-C and REGIONAL EXCHANGE STOCK REPORTS STANDARD & POOR'S CORP.

Published at Ephrata, Pa. Editorial and Executive Offices, 345 Hudson St., New York, N. Y. 10014

GRAIN BELT BREWERIES, INC.

EARNINGS AND BALANCE SHEET POSITION

Interim Earnings: Mar.—Thou. $

3 Mos. to Mar. 31:	1972	1971
Net income	34	82
cSh. earns.	$0.04	$0.09

cAs reported.

Annual Report— Inc. Acct. Yrs. End. Dec. 31: Thou. $

	1971	1970
†Net sales	28,635	28,723
Cost & exps	25,773	25,916
Oper income	2,852	2,807
Other income	107	262
Total income	2,959	3,069
Depreciation	1,468	1,355
Income taxes	601	782
Defr. inc. tax	160	100
Net income	730	832
Dividends	478	479
Bal after divds	252	353
*Sh earns	$0.76	$0.87

*Shs.: 1971—954,500; 1970—958,000.

†Aft. excise taxes 1971—$12,683,796; 1970—$12,979,197

Bal. Sheet, Dec. 31: Thou.$

Assets—	1971	1970
Cash	518	453
Short-term invests.	1,096	498
Accts. rec., net	1,332	1,329
Inventories	1,949	1,875
Prepayments	138	302
Tot curr asses	5,033	4,457
*Net property	7,505	7,749
†Net return. containers on hand & with customers	1,643	1,296
Other assets	311	316
Total assets	14,492	13,818
Liabilities—		
Accts pay	1,825	1,669
Accruals	927	962
Income taxes	305	100
Cust. depos. on containers	487	517
Tot. curr. liab	3,544	3,248
Defr. inc. taxes	260	100
aCap stk. p. $0.50	500	500
bTreas stk.—cost	dr233	dr199
Paid-in surp	1,118	1,118
Retain. earns	9,303	9,051
Total liabs	14,492	13,818
Net wkg cap	1,489	1,209
cEquity per sh	$11.20	$10.93
*Depr res	12,170	11,336
†Depr res	1,203	1,144
aShs: 1,000,000		
bShs	45,500	42,000

cExcl defr inc. taxes

STOCK DATA

The company was formed as Minneapolis Brewing to acquire a concern of the same name established in 1891, and in continuous operation from its organization to 1928. The present title was adopted in 1967.

In 1933, F. A. Brewer & Co. of Chicago, Piper, Jaffray & Hopwood of Minneapolis, and Kalman & Co., Inc. of St. Paul, offered 240,000 (unadjusted) shares of $1 par common stock at the market of around $8 a share.

In December 1969, shareholders approved a proposal to increase authorized common stock to 2,000,000 $0.50 par shares from 500,000 of $1 par for a 2-for-1 split.

Shareholders: 2,175.

CAPITALIZATION

LONG TERM DEBT: None.

CAPITAL STOCK: 954,500 shs. ($0.50 par).

OPTIONS: To purchase 28,800 shs. at $15.375 each.

FINANCES

At December 31, 1971, the current ratio was 1.4 to 1. Cash and short-term investments accounted for 32% of current assets, receivables for 26%, inventories for 39% and prepayments for 3%.

DIVIDEND DATA

Beginning with 1936, dividends have been paid in all years but 1937. Payments in the past 12 months:

Amt. of Divd. $	Date Decl.	Ex-Divd. Date	Payment Date
0.12½	Apr. 26	May 17	Jun. 15'71
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INCORPORATED in Minnesota in 1933. OFFICE - 1215 Marshall St., NE., Minneapolis 55413. CHAIRMAN - F. D. Kiewel. PRESIDENT - L. Birdsong. TREASURER - D. R. Anderson. SECRETARY - C. R. Sievers, Jr. DIRECTORS - L. Birdsong, R. T. Burger, E. M. Callinan, C. L. DeLaittre, H. Finkelstein, K. K. Foster, A. A. Gasser, F. D. Kiewel, J. P. Lampertz, F. E. Mathes, M. G. Pfunder, C. R. Sievers, Jr. TRANSFER AGENTS - Continental Illinois National Bank & Trust Co., Chicago, Northwestern National Bank of Minneapolis. REGISTRARS - First National Bank of Chicago; First National Bank of Minneapolis.

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MINUTES OF THE REGULAR JUNE-1972 MEETING OF THE
BOARD OF DIRECTORS OF GRAIN BELT BREWERIES, INC.

The regular June-1972 meeting of the Board of Directors of Grain Belt Breweries, Inc. was held at the office of the company, 1215 Marshall Street N.E., Minneapolis, Minnesota at 9:30 o'clock A.M. on Tuesday, June 27, 1972.

Mr. Frank D. Kiewel, Chairman of the Board, presided and C. R. Sievers, Jr. acted as Secretary.

ATTENDANCE

The following directors were present: Messrs. Lee Birdsong, Richard T. Burger, Calvin L. DeLaittre, Kenneth K. Foster, Anthony A. Gasser, Hy Finkelstein, Frank D. Kiewel, John P. Lampertz, Frank E. Mathes, Malcolm G. Pfunder and Carl R. Sievers, Jr. Mr. Edward M. Callinan, legal counsel, was also present.

MINUTES APPROVED

A copy of the Minutes of the regular May-1972 Board meeting held on May 23, 1972 which was recessed and reconvened on June 6, 1972, having been mailed to the respective directors, the reading of the Minutes of that meeting was waived.

A MOTION was made by Mr. Burger and seconded by Mr. Finkelstein to approve the Minutes of the regular May-1972 Board meeting as mailed.

The motion carried unanimously.

COMPARATIVE SALES REPORTS

The Secretary presented the current comparative sales reports.

OMAHA PLANT

Mr. Birdsong discussed the proceedings in closing the operations at the company's Omaha plant and estimated that the plant will be completely closed down the middle of August 1972.

LABOR NEGOTIATIONS

Mr. Sievers discussed the progress of labor negotiations with the unions operating at the Minneapolis plant.

TREASURY STOCK

A lengthy discussion was held relative to the advisability of the purchase of the company's common stock to be held as additional treasury stock, after Mr. Kiewel informed the Board that there was a possibility of a block of 15,000 shares of the company's stock being offered for sale by Estabrook & Co., a New York stock broker.

It was the option of some of the members of the Board that Management should have authority to purchase shares of the company's common stock in addition to the above mentioned parcel of 15,000 shares.

Following a discussion,

TREASURY STOCK (CONT.)

A MOTION was made by Mr. Finkelstein and seconded by Mr. Burger authorizing Management to buy only the block of 15,000 shares of the company's common stock, if and when offered on the market by Estabrook & Co., the price to be decided at the discretion of Management.

The motion passed with Messrs. Birdsong, Mathes, Gasser and Kiewel abstaining from voting.

Following a further discussion on the subject,

A MOTION was made by Mr. Gasser and seconded by Mr. Mathes authorizing the purchase by Management of a maximum of an additional 10,000 shares of the company's common stock upon the recommendation of a committee consisting of Frank D. Kiewel, Chairman, and Messrs. Pfunder, Gasser and Burger.

The motion carried unanimously.

STOCK OPTION

The next order of business pertained to the possibility of granting additional stock options to key employees. Following a discussion on the subject, it was the consensus of the Board that the Stock Option Committee consisting of Mr. Lampertz, Chairman, Messrs. Gasser and Pfunder give due consideration to the establishment of a new stock option plan for key employees of the company and report back to the board.

GENERAL REMARKS

The discussion during the balance of the meeting pertained to Anti-Trust Suits in the Brewing Industry, competitive activity and sales in the company's marketplace and the Consulting Engineer's Survey of necessary improvements to the plant operations.

There being no further business, the meeting upon motion duly made, seconded and carried, was adjourned.

C R Sievers Jr

C. R. Sievers, Jr.
Secretary

GRAIN BELT BREWERIES, INC.
REPORT OF SALES

YEAR TO DATE - JUNE 16, 1972

	1972			1971		
GRAIN BELT	MPLS.	OMAHA	TOTAL	MPLS.	OMAHA	TOTAL
Cases (288 Oz.)	3,632,995	434,371	4,067,366	3,940,665	563,738	4,504,403
Cases Reduced to Bbls.	263,685	31,528	295,213	286,016	40,908	326,924
Kegs Reduced to Bbls.	87,722	3,831	91,553	84,134	3,409	87,543
Totals in Barrels	351,407	35,359	386,766	370,150	44,317	414,467
WHITE LABEL						
Cases (288 Oz.)	275,933	-0-	275,933	319,408	-0-	319,408
Cases Reduced to Bbls.	20,027	-0-	20,027	23,182	-0-	23,182
HAUENSTEIN						
Cases (288 Oz.)	437,405	-0-	437,405	393,794	-0-	393,794
Cases Reduced to Bbls.	31,747	-0-	31,747	28,582	-0-	28,582
STORZ (Including Private Labels)						
Cases (288 Oz.)	-0-	578,354	578,354	-0-	690,581	690,581
Cases Reduced to Bbls.	-0-	41,976	41,976	-0-	50,170	50,170
Kegs Reduced to Bbls.	-0-	6,996	6,996	-0-	9,704	9,704
Totals in Barrels	-0-	48,972	48,972	-0-	59,874	59,874
Grand Total In Barrels	403,181	84,331	487,512	421,914	104,191	526,105

Increase (Decrease) in Barrels:

Grain Belt	(18,743)	(8,958)	(27,701)
White Label	(3,155)	-	(3,155)
Hauenstein	3,165	-	3,165
Storz & Private Labels	-	(10,902)	(10,902)
Total	(18,733)	(19,860)	(38,593)

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PRESIDING OFFICER'S AGENDA

BOARD MEETING JUNE 27, 1972

1. CALL MEETING TO ORDER

2. ANNOUNCEMENT OF QUORUM PRESENT

3. INQUIRE RE EXCEPTIONS AND/OR AMENDMENTS TO MINUTES OF THE REGULAR MAY-1972 MEETING.

4. REQUEST SECRETARY TO PRESENT THE CURRENT COMPARATIVE SALES REPORT.

5. OMAHA WIND UP (LEE BIRDSONG)

6. LABOR NEGOTIATIONS (CARL SIEVERS)

7. PURCHASE OF TREASURY STOCK?

8. STOCK OPTION PLAN (JOHN LAMPERTZ)

9. REPORT ON SALES AND COMPETITIVE ACTIVITY (LEE BIRDSONG)

10. POSSIBLE ANTI-TRUST LAW SUIT?

11. MOTION TO ADJOURN.

GRAIN BELT BREWERIES, INC.
ANALYSIS OF CASH DISBURSEMENTS - MINNEAPOLIS DIVISION
WEEK ENDED JUNE 24, 1972

Excise Taxes:			
State			$ 489.44
Payrolls - Regular, Gross		$111,084.84	
Less Deductions:			
F.O.A.B.	$ 5,631.06		
Federal Income Taxes Withheld	16,935.33		
State Income Taxes Withheld	6,510.35		
U.S. Savings Bond Deductions	2,455.60		
Beer, United Fund, Union Dues & Various Funds	2,052.92	33,585.26	77,499.58
Brewing Materials			47,615.09
Power Plant Fuel			15,252.53
Production Supplies			20,513.34
Repairs to Buildings and Equipment			26,113.59
Non-Returnable Containers			149,942.78
Advertising Expense			30,145.68
Selling Expense			4,270.50
Shipping and Delivery Expense			153.01
Administrative and General Expense			3,895.54
Freight on Empties Returned			8.47
Customers Accounts (Refunds, N.S.F. Checks, Etc.)			16.72
Insurance Premiums:			
Employee's Group			41,689.21
From Payroll Deductions:			
F.O.A.B.		$ 7,800.00	
Federal Income Taxes Withheld		24,845.73	
U.S. Savings Bonds		12,918.75	
United Fund, Union Dues, Various Funds, Etc.		1,965.00	47,529.48
Taxes:			
Employees' Contribution to F.O.A.B. June 8-15, 1972		$ 7,800.00	
Personal Property Tax - Final Payment (1971)		13,816.41	21,616.41
Returnable Containers:			
Bottles			6,904.78
Plant and Equipment			1,038.48
*Construction In Progress			10,677.38
Investments - Commercial Paper			99,691.67
Contra to Receipts - Including Storz Division			13,822.25
			$618,885.93
Less Cash Discount Taken on Purchases			2,098.39
			$616,787.54

*Construction In Progress:	
No. 6 Line Conversion	$ 3,716.86
CO2 Equipment	640.21
New Water Chiller	5,652.79
Millhouse Equipment	385.22
Mix. Proportioning System	118.69
New Quart Line	163.61
	$ 10,677.38

FORM 48

GRAIN BELT BREWERIES, INC.
WEEKLY REPORT OF CASH AND SALES
MINNEAPOLIS DIVISION

CASH

RECEIPTS	FOR WEEK ENDING June 24, 1972	ENDING June 26, 1971	YEAR TO DATE 122 DAYS TO June 24, 1972	122 DAYS TO June 28, 1971
Accounts Receivable—City	$ 137,382.37	$ 132,451.86	$ 2,523,888.69	$ 2,739,029.51
Accounts Receivable—Country	905,732.92	900,248.16	14,876,703.00	13,854,850.98
Notes Receivable (Incl. Int.)	-0-	-0-	31,678.95	15,758.47
Misc. Incl. Spent Grains, Etc.	7,377.63	6,136.17	150,815.80	219,988.72
Recovery on Bad Debts	-0-	-0-	-0-	-0-
Contra to Disbursed—~~Normal~~ Incl. Storz	12,979.83	277.88	146,687.43	760,060.73
Matured Investments	-0-	-0-	1,592,940.27	497,452.08
Loan - Banks	-0-	-0-	-0-	400,000.00
Dividends: Re: Employees Group Ins. & Comp.	-0-	-0-	-0-	104,825.00
TOTALS	$1,063,472.75	$1,039,114.07	$19,322,714.14	$18,591,965.49

CASH ANALYSIS				
Balance at Start	$ 275,762.97	$ 248,589.93	XXXXXX	XXXXXX
Deposits Less Exchange	1,063,472.75	1,039,114.07	$19,322,714.14	$18,591,965.49
TOTALS	$1,339,235.72	$1,287,704.00	XXXXXX	XXXXXX
Disbursements Per Attached	616,787.54	824,112.14	$19,045,127.82	$18,475,686.02
(A) Balance at End	$ 722,448.18	$ 463,591.86	XXXXXX	XXXXXX

(A) Year 1972 Does Not Include $99,691.67 in Short Term Investments

SALES

ALL BRANDS	FOR WEEK ENDING June 24, 1972	ENDING June 26, 1971	YEAR TO DATE 122 DAYS TO June 24, 1972	122 DAYS TO June 28, 1971
Cases (288 oz.)	348,353	297,801	4,694,686	5,119,839
Cases Reduced to Barrels	25,283-3/4	21,614-5/8	340,743-3/8	371,601-1/4
Kegs Reduced to Barrels	4,991-1/2	4,956-1/2	92,713-1/4	91,884-3/4
Totals in Barrels	30,275-1/4	26,571-1/8	433,456-5/8	463,486

WHITE LABEL and HAUENSTEIN (included above)				
Cases (288 oz.)	44,619	49,145	757,957	787,607
Cases Reduced to Barrels	3,238-1/2	3,567	55,013	57,165

Attested To: [signature]

Prepared By: Robert Potter

GRAIN BELT BREWERIES, INC.
ANALYSIS OF CASH DISBURSEMENTS - MINNEAPOLIS DIVISION
WEEK ENDED JUNE 24, 1972

Excise Taxes:			
State			$ 489.44
Payrolls - Regular, Gross		$111,084.84	
Less Deductions:			
F.O.A.B.	$ 5,631.06		
Federal Income Taxes Withheld	16,935.33		
State Income Taxes Withheld	6,510.35		
U.S. Savings Bond Deductions	2,455.60		
Beer, United Fund, Union Dues & Various Funds	2,052.92	33,585.26	77,499.58
Brewing Materials			47,615.09
Power Plant Fuel			15,252.53
Production Supplies			20,513.34
Repairs to Buildings and Equipment			26,113.59
Non-Returnable Containers			149,942.78
Advertising Expense			30,145.68
Selling Expense			4,270.50
Shipping and Delivery Expense			153.01
Administrative and General Expense			3,895.54
Freight on Empties Returned			8.47
Customers Accounts (Refunds, N.S.F. Checks Etc.)			16.72
Insurance Premiums:			
Employee's Group			41,689.21
From Payroll Deductions:			
F.O.A.B.		$ 7,800.00	
Federal Income Taxes Withheld		24,845.73	
U.S. Savings Bonds		12,918.75	
United Fund, Union Dues, Various Funds Etc.		1,965.00	47,529.48
Taxes:			
Employees' Contribution to F.O.A.B. June 8-15, 1972		$ 7,800.00	
Personal Property Tax - Final Payment (1971)		13,816.41	21,616.41
Returnable Containers:			
Bottles			6,904.78
Plant and Equipment			1,038.48
*Construction In Progress			10,677.38
Investments - Commercial Paper			99,691.67
Contra to Receipts - Including Storz Division			13,822.25
			$618,885.93
Less Cash Discount Taken on Purchases			2,098.39
			$616,787.54

*Construction In Progress:	
No. 6 Line Conversion	$ 3,716.86
CO2 Equipment	640.21
New Water Chiller	5,652.79
Millhouse Equipment	385.22
Mix. Proportioning System	118.69
New Quart Line	163.61
	$ 10,677.38

FORM 48

GRAIN BELT BREWERIES, INC.
WEEKLY REPORT OF CASH AND SALES
MINNEAPOLIS DIVISION

CASH

RECEIPTS	FOR WEEK ENDING June 24, 1972	FOR WEEK ENDING June 26, 1971	YEAR TO DATE 122 DAYS TO June 24, 1972	YEAR TO DATE 122 DAYS TO June 28, 1971
Accounts Receivable—City	$ 137,382.37	$ 132,451.86	$ 2,523,888.69	$ 2,739,029.51
Accounts Receivable—Country	905,732.92	900,248.16	14,876,703.00	13,854,850.98
Notes Receivable (Incl. Int.)	-0-	-0-	31,678.95	15,758.47
Misc. Incl. Spent Grains, Etc.	7,377.63	6,136.17	150,815.80	219,988.72
Recovery on Bad Debts	-0-	-0-	-0-	-0-
Contra to Disbursed—~~Normal~~ Incl. Storz	12,979.83	277.88	146,687.43	760,060.73
Matured Investments	-0-	-0-	1,592,940.27	497,452.08
Loan - Banks	-0-	-0-	-0-	400,000.00
Dividends: Re: Employees Group Ins. & Comp.	-0-	-0-	-0-	104,825.00
TOTALS	$1,063,472.75	$1,039,114.07	$19,322,714.14	$18,591,965.49

CASH ANALYSIS				
Balance at Start	$ 275,762.97	$ 248,589.93	XXXXXX	XXXXXX
Deposits Less Exchange	1,063,472.75	1,039,114.07	$19,322,714.14	$18,591,965.49
TOTALS	$1,339,235.72	$1,287,704.00	XXXXXX	XXXXXX
Disbursements Per Attached	616,787.54	824,112.14	$19,045,127.82	$18,475,686.02
(A) Balance at End	$ 722,448.18	$ 463,591.86	XXXXXX	XXXXXX

(A) Year 1972 Does Not Include $99,691.67 in Short Term Investments

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Totals in Barrels	30,275-1/4	26,571-1/8	433,456-5/8	463,486
WHITE LABEL and HAUENSTEIN (included above)				
Cases (288 oz.)	44,619	49,145	757,957	787,607
Cases Reduced to Barrels	3,238-1/2	3,567	55,013	57,165

Attested To: D. R. Amundson

Prepared By: Robert Potter

PRESIDING OFFICER'S AGENDA

BOARD MEETING JUNE 27, 1972

1. CALL MEETING TO ORDER

2. ANNOUNCEMENT OF QUORUM PRESENT

3. INQUIRE RE EXCEPTIONS AND/OR AMENDMENTS TO MINUTES OF THE REGULAR MAY-1972 MEETING.

4. REQUEST SECRETARY TO PRESENT THE CURRENT COMPARATIVE SALES REPORT.

5. OMAHA WIND UP (LEE BIRDSONG)

6. LABOR NEGOTIATIONS (CARL SIEVERS)

7. PURCHASE OF TREASURY STOCK?

8. STOCK OPTION PLAN (JOHN LAMPERTZ)

9. REPORT ON SALES AND COMPETITIVE ACTIVITY (LEE BIRDSONG)

10. POSSIBLE ANTI-TRUST LAW SUIT?

11. MOTION TO ADJOURN.

GRAIN BELT BREWERIES, INC.

FINANCIAL STATEMENT

MAY 31, 1972

FINANCIAL STATEMENT

GRAIN BELT BREWERIES, INC.

CONTENTS

GRAIN BELT BREWERIES, INC.
BALANCE SHEET COMBINING
MAY 31, 1972

ASSETS	COMBINED	MINNEAPOLIS	OMAHA
CURRENT ASSETS			
Cash - Demand Deposits	$ 425,047	$ 299,660	$ 125,387
Accounts Receivable:			
Trade	$ 2,322,480	$ 2,322,472	$ 8
Sundry	111,813	102,393	9,420
Allowance for Doubtful	42,494	42,494	-0-
	$ 2,391,799	$ 2,382,371	$ 9,428
Advance - Omaha Division (Eliminated)	-0-	2,201,745	-0-
Inventories:			
Products - Finished and in Process	$ 533,986	$ 453,973	$ 80,013
Brewing Materials	467,739	467,739	-0-
Production Supplies	374,031	315,564	58,467
Non-Returnable Containers	348,539	228,615	119,924
Advertising Supplies	226,256	207,879	18,377
	$ 1,950,551	$ 1,673,770	$ 276,781
Prepaid Expenses:			
Insurance	$ 7,924	$ 6,845	$ 1,079
Advertising	378,000	378,000	-0-
Miscellaneous	103,335	73,815	29,520
Closing Expenses - Omaha Division	48,079	-0-	48,079
	$ 537,338	$ 458,660	$ 78,678
TOTAL CURRENT ASSETS	$ 5,304,735	$ 7,016,206	$ 490,274
OTHER ASSETS			
Notes Receivable	$ 57,501	$ 57,501	$ -0-
Hauenstein Label	25,000	25,000	-0-
Metropolitan Sports Area Revenue Bonds	15,000	15,000	-0-
Allowance for Doubtful	10,000	10,000	-0-
TOTAL OTHER ASSETS	$ 87,501	$ 87,501	$ -0-
FIXED ASSETS			
Land, Buildings, Machinery and Equipment	$19,550,040	$18,297,031	$1,253,009
Construction In Progress	426,957	411,389	15,568
Allowance for Depreciation	12,536,955	12,289,977	246,978
	$ 7,440,042	$ 6,418,443	$1,021,599
Returnable Containers	$ 3,201,713	$ 3,071,098	$ 130,615
Allowances for Depreciation	1,401,191	1,326,753	74,438
	$ 1,800,522	$ 1,744,345	$ 56,177
TOTAL FIXED ASSETS	$ 9,240,564	$ 8,162,788	$1,077,776
DEFERRED CHARGE			
Unamortized Cost of Signs	192,749	183,073	9,676
	$14,825,549	$15,449,568	$1,577,726

LIABILITIES & SHAREHOLDERS' EQUITY	COMBINED	MINNEAPOLIS	OMAHA
CURRENT LIABILITIES			
Accounts Payable - Trade	$ 2,132,369	$ 1,931,006	$ 201,363
Dividend Payable	76,360	76,360	-0-
Accruals:			
Payrolls, Payroll Taxes, etc.	$ 652,962	$ 556,295	$ 96,667
Real Estate Taxes	194,546	198,389	3,843
Personal Property Taxes	23,648	18,578	5,070
Pension Trust Contribution	50,000	50,000	-0-
	$ 921,156	$ 823,262	$ 97,894
Federal and State Income Taxes	229,041	330,438	101,397
Customers' Deposits on Returnable Containers	572,517	612,237	39,720
TOTAL CURRENT LIABILITIES	$ 3,931,443	$ 3,773,303	$ 158,140
DEFERRED INCOME TAXES	310,000	310,000	-0-
ADVANCE FROM MINNEAPOLIS (Eliminated)	-0-	-0-	2,201,745
SHAREHOLDERS' EQUITY			
Capital Shares - Par Value $.50 a Share:			
Authorized - 2,000,000 Shares			
Issued - 1,000,000 Shares (Including 45,500 Treasury Shares)	$ 500,000	$ 500,000	$ -0-
Capital Surplus	1,117,843	1,117,843	-0-
Earned Surplus	9,199,611	9,981,770	782,159
Cost of 45,500 Shares Held in Treasury	233,348	233,348	-0-
TOTAL SHAREHOLDERS' EQUITY	$10,584,106	$11,366,265	$ 782,159
	$14,825,549	$15,449,568	$1,577,726

GRAIN BELT BREWERIES, INC.
BALANCE SHEET COMPARISONS

	MAY 31, 1972 TO APRIL 30, 1972			MAY 31, 1972 TO MAY 31, 1971		
ASSETS	MAY 31, 1972	APRIL 30, 1972	INCREASE DECREASE	MAY 31, 1972	MAY 31, 1971	INCREASE DECREASE
CURRENT:						
Cash - Demand Deposits	$ 425,047	$ 375,898	$ 49,149	$ 425,047	$ 625,309	$200,262
Accounts Receivable, Less Allowance	2,391,799	1,913,424	478,375	2,391,799	2,171,944	219,855
Inventories	1,950,551	2,292,791	342,240	1,950,551	1,954,451	3,900
Prepaid Expenses	537,338	476,859	60,479	537,338	421,646	115,692
TOTAL CURRENT	$ 5,304,735	$ 5,058,972	$245,763	$ 5,304,735	$ 5,173,350	$131,385
Other Assets, Less Allowance	87,501	89,604	2,103	87,501	129,740	42,239
Land, Buildings, Machinery and Equipment, Less Depreciation	7,440,042	7,489,192	49,150	7,440,042	7,920,498	480,456
Returnable Containers, Less Depreciation	1,800,522	1,807,367	6,845	1,800,522	1,466,507	334,015
Unamortized Cost of Signs	192,749	189,264	3,485	192,749	219,540	26,791
	$14,825,549	$14,634,399	$191,150	$14,825,549	$14,909,635	$ 84,086
LIABILITIES AND EQUITY						
CURRENT:						
Accounts Payable - Trade	$ 2,132,369	$ 2,107,751	$ 24,618	$ 2,132,369	$ 2,503,404	$371,035
Dividend Payable	76,360	76,360	-0-	76,360	119,625	43,265
Accrued Expenses	921,156	918,809	2,347	921,156	885,904	35,252
Federal and State Income Taxes	229,041	189,577	39,464	229,041	256,469	27,428
Customers' Deposits on Returnable Containers	572,517	516,796	55,721	572,517	636,871	64,354
TOTAL CURRENT	$ 3,931,443	$ 3,809,293	$122,150	$ 3,931,443	$ 4,402,273	$470,830
DEFERRED INCOME TAXES	310,000	295,000	15,000	310,000	120,000	190,000
SHAREHOLDERS' EQUITY:						
Capital Shares	$ 500,000	$ 500,000	$ -0-	$ 500,000	$ 500,000	$ -0-
Capital Surplus	1,117,843	1,117,843	-0-	1,117,843	1,117,843	-0-
Earned Surplus	9,199,611	9,145,611	54,000	9,199,611	8,979,398	220,213
Treasury Shares	233,348	233,348	-0-	233,348	209,879	23,469
	$10,584,106	$10,530,106	$ 54,000	$10,584,106	$10,387,362	$196,744
	$14,825,549	$14,634,399	$191,150	$14,825,549	$14,909,635	$ 84,086
NET CURRENT ASSETS	$ 1,373,292	$ 1,249,679	$123,613	$ 1,373,292	$ 771,077	$602,215
RATIO OF CURRENT ASSETS TO CURRENT LIABILITIES	1.349 to 1	1.328 to 1	.021 to 1	1.349 to 1	1.175 to 1	.174 to 1
SHAREHOLDERS' EQUITY PER COMMON SHARE	$ 11.088	$ 11.032	$ .056	$ 11.088	$ 10.854	$ .234

GRAIN BELT BREWERIES, INC.
CHANGES IN WORKING CAPITAL

	MONTH OF MAY, 1972		FIVE MONTHS ENDED MAY 31, 1972	
Increases - From Operations:				
Net Earnings	$ 54,000		$ 92,000	
Provision for Deferred Income Taxes	15,000		50,000	
Provision for Depreciation	150,099		564,764	
Amortization of Signs	6,415		25,186	
TOTAL INCREASES		$ 225,514		$ 731,950
Decreases:				
Additions to Land, Buildings, and Machinery and Equipment	$ 45,900		$302,482	
Additions to Returnable Containers	48,204		355,773	
TOTAL PLANT & EQUIPMENT ADDITIONS	$ 94,104		$658,255	
Additions to Advertising Signs	9,900		20,268	
Increase and/or Decrease in Other Assets	2,103		26,174	
Dividends Declared	-0-		195,673	
TOTAL DECREASES		101,901		848,022
Net Increase in Working Capital		$ 123,613		$ 116,072
Working Capital Beginning of Period		1,249,679		1,489,364
Working Capital End of Period		$1,373,292		$1,373,292

GRAIN BELT BREWERIES, INC.
EARNINGS DETAIL - MINNEAPOLIS PLANT

	MONTH OF MAY							FIVE MONTHS ENDED MAY 31						
	1972			1971			INCREASE DECREASE	1972			1971			INCREASE DECREASE
	AMOUNT	PER BBL		AMOUNT	PER BBL		AMOUNT	AMOUNT	PER BBL		AMOUNT	PER BBL		AMOUNT
KEG BEER - Bbls. Sold	19,987-3/4			15,499-3/4			4,488	76,038-1/4			72,667			3,371-1/4
Sales, Including Excise Taxes	$ 462,415	$23.135		$ 348,490	$22.483		$113,925	$ 1,749,333	$23.006		$ 1,612,534	$22.191		$136,799
Excise Taxes:														
Federal	$ 179,890	$ 9.000		$ 139,498	$ 9.000		$ 40,392	$ 684,344	$ 9.000		$ 654,003	$ 9.000		$ 30,341
State	52,539	2.629		31,932	2.060		20,607	190,480	2.505		145,544	2.003		44,936
	$ 232,429	$11.629		$ 171,430	$11.060		$ 60,999	$ 874,824	$11.505		$ 799,547	$11.003		$ 75,277
NET SALES	$ 229,986	$11.506		$ 177,060	$11.423		$ 52,926	$ 874,509	$11.501		$ 812,987	$11.188		$ 61,522
Production Costs	181,889	9.100		134,848	8.700		47,041	687,846	9.046		626,486	8.621		61,360
GROSS PROFIT - KEG BEER	$ 48,097	$ 2.406		$ 42,212	$ 2.723		$ 5,885	$ 186,663	$ 2.455		$ 186,501	$ 2.567		$ 162
CASE BEER - Bbls. Sold	69,291-7/8			70,783-5/8			- 1,491-3/4	262,748-3/4			291,747-1/8			28,998-3/8
- Cases Sold	954,689			975,239			20,550	3,620,095			4,019,626			399,531
			PER CASE			PER CASE				PER CASE			PER CASE	
Sales, Including Excise Taxes	$2,834,637	$40.909	$2.969	$2,826,970	$39.938	$2.898	$ 7,667	$10,707,933	$40.754	$2.958	$11,455,441	$39.265	$2.850	$747,508
Excise Taxes:														
Federal	$ 623,627	$ 9.000	$ .653	$ 637,053	$ 9.000	$ .653	$ 13,426	$ 2,364,543	$ 8.999	$ .653	$ 2,625,724	$ 9.000	$ .653	$261,181
State	197,661	2.853	.207	157,232	2.221	.161	40,429	741,633	2.823	.205	657,308	2.253	.164	84,325
	$ 821,288	$11.853	$ .860	$ 794,285	$11.221	$ .814	$ 27,003	$ 3,106,176	$11.822	$ .858	$ 3,283,032	$11.253	$ .817	$176,856
NET SALES	$2,013,349	$29.056	$2.109	$2,032,685	$28.717	$2.084	$ 19,336	$ 7,601,757	$28.932	$2.100	$ 8,172,409	$28.012	$2.033	$570,652
Cost of Products Sold:														
Non-Returnable Containers	546,063	7.881	.572	563,798	7.965	.578	17,735	1,804,933	6.870	.499	1,958,398	6.713	.487	153,465
	$1,467,286	$21.175	$1.537	$1,468,887	$20.752	$1.506	$ 1,601	$ 5,796,824	$22.062	$1.601	$ 6,214,011	$21.299	$1.546	$417,187
Production Costs	1,001,519	14.453	1.049	984,526	13.909	1.010	16,993	4,043,173	15.388	1.117	4,228,770	14.494	1.052	185,597
GROSS PROFIT - CASE BEER	$ 465,767	$ 6.722	$ .488	$ 484,361	$ 6.843	$ .496	$ 18,594	$ 1,753,651	$ 6.674	$ .484	$ 1,985,241	$ 6.805	$ .494	$231,590
TOTAL BARRELS SOLD	89,279-5/8			86,283-3/8			2,996-1/4	338,787			364,414-1/8			25,627-1/8
TOTAL GROSS PROFIT	$ 513,864	$ 5.756		$ 526,573	$ 6.103		$ 12,709	$ 1,940,314	$ 5.727		$ 2,171,742	$ 5.959		$231,428
Advertising Expense	$ 192,524	$ 2.157		$ 195,169	$ 2.262		$ 2,645	$ 690,873	$ 2.039		$ 734,392	$ 2.015		$ 43,519
Selling Expense	81,535	.913		80,964	.938		571	377,161	1.113		372,976	1.024		4,185
Shipping and Delivery Expense	64,590	.724		59,022	.684		5,568	286,753	.847		288,375	.791		1,622
Administrative Expense	49,942	.559		51,665	.599		1,723	237,171	.700		248,480	.682		11,309
	$ 388,591	$ 4.353		$ 386,820	$ 4.483		$ 1,771	$ 1,591,958	$ 4.699		$ 1,644,223	$ 4.512		$ 52,265
OPERATING PROFIT	$ 125,273	$ 1.403		$ 139,753	$ 1.620		$ 14,480	$ 348,356	$ 1.028		$ 527,519	$ 1.447		$179,163
Other Income:														
Purchase Discounts	$ 10,233	$ .115		$ 10,732	$ .124		$ 499	$ 39,822	$ .117		$ 45,727	$ .125		$ 5,905
Interest - Net	230	.003		254	.003		484	9,339	.028		4,218	.012		5,121
Miscellaneous	63	-0-		212	.003		149	313	.001		1,025	.003		712
Provision for Doubtful Accounts	3,301	.037		3,177	.037		124	12,494	.037		13,078	.036		584
	$ 7,225	$ .081		$ 7,513	$ .087		$ 288	$ 36,980	$ .109		$ 37,892	$ .104		$ 912
EARNINGS BEFORE INCOME TAXES	$ 132,498	$ 1.484		$ 147,266	$ 1.707		$ 14,768	$ 385,336	$ 1.137		$ 565,411	$ 1.551		$180,075
Federal and State Income Taxes	66,498	.745		75,266	.872		8,768	192,336	.567		289,411	.794		97,075
NET EARNINGS	$ 66,000	$ .739		$ 72,000	$ .835		$ 6,000	$ 193,000	$ .570		$ 276,000	$ .757		$ 83,000

GRAIN BELT BREWERIES, INC.
EARNINGS DETAIL - OMAHA PLANT

MONTH OF MAY

	1972 AMOUNT	1972 PER BBL	1972 PER CASE	1971 AMOUNT	1971 PER BBL	1971 PER CASE	INCREASE DECREASE AMOUNT
KEG BEER - Bbls. Sold	2,105			2,528			423
Sales, Including Excise Taxes	$ 55,682	$26.452		$ 63,001	$24.921		$ 7,319
Excise Taxes:							
Federal	$ 18,948	$ 9.000		$ 22,752	$ 9.000		$ 3,804
State	3,346	1.591		4,175	1.651		829
	$ 22,294	$10.591		$ 26,927	$10.651		$ 4,633
NET SALES	$ 33,388	$15.861		$ 36,074	$14.270		$ 2,686
Production Costs	19,950	9.477		18,924	7.486		1,026
GROSS PROFIT - KEG BEER	$ 13,438	$ 6.384		$ 17,150	$ 6.784		$ 3,712
CASE BEER - Bbls. Sold	14,968			17,910			2,942
- Cases Sold	206,223			246,772			40,549
Sales, Including Excise Taxes	$549,140	$36.688	$2.663	$625,178	$34.906	$2.533	$76,038
Excise Taxes:							
Federal	$134,709	$ 9.000	$ .653	$161,190	$ 9.000	$ .653	$26,481
State	12,709	.849	.062	16,594	.926	.067	3,885
	$147,418	$ 9.849	$ .715	$177,784	$ 9.926	$ .720	$30,366
NET SALES	$401,722	$26.839	$1.948	$447,394	$24.980	$1.813	$45,672
Cost of Products Sold:							
Non-Returnable Containers	218,789	14.617	1.061	265,445	14.821	1.076	46,656
	$182,933	$12.222	$ .887	$181,949	$10.159	$ .737	$ 984
Production Costs	149,907	10.015	.727	138,236	7.718	.560	11,671
GROSS PROFIT - CASE BEER	$ 33,026	$ 2.207	$ .160	$ 43,713	$ 2.441	$ .177	$10,687
TOTAL BARRELS SOLD	17,073			20,438			3,365
TOTAL GROSS PROFIT	$ 46,464	$ 2.721		$ 60,863	$ 2.978		$14,399
Advertising Expense	$ 17,073	$ 1.000		$ 20,438	$ 1.000		$ 3,365
Selling Expense	27,094	1.587		31,694	1.551		4,600
Shipping and Delivery Expense	15,263	.894		18,605	.910		3,342
Administrative Expense	11,884	.696		15,282	.748		3,398
	$ 71,314	$ 4.177		$ 86,019	$ 4.209		$14,705
OPERATING LOSS	$ 24,850	$ 1.456		$ 25,156	$ 1.231		$ 306
Other Income:							
Purchase Discounts	$ 592	$ .035		$ 1,214	$ .059		$ 622
Miscellaneous	223	.013		244	.012		21
	$ 815	$ .048		$ 1,458	$ .071		$ 643
LOSS BEFORE INCOME TAXES	$ 24,035	$ 1.408		$ 23,698	$ 1.160		$ 337
Federal and State Income Taxes	12,035	.705		11,698	.573		337
NET LOSS	$ 12,000	$ .703		$ 12,000	$ .587		$ -0-

FIVE MONTHS ENDED MAY 31

	1972 AMOUNT	1972 PER BBL	1972 PER CASE	1971 AMOUNT	1971 PER BBL	1971 PER CASE	INCREASE DECREASE AMOUNT
KEG BEER - Bbls. Sold	9,598			11,480			1,882
Sales, Including Excise Taxes	$ 248,091	$25.848		$ 278,294	$24.242		$ 30,203
Excise Taxes:							
Federal	$ 86,372	$ 9.000		$ 103,311	$ 9.000		$ 16,939
State	15,143	1.577		19,127	1.666		3,984
	$ 101,515	$10.577		$ 122,438	$10.666		$ 20,923
NET SALES	$ 146,576	$15.271		$ 155,856	$13.576		$ 9,280
Production Costs	97,663	10.175		95,100	8.284		2,563
GROSS PROFIT - KEG BEER	$ 48,913	$ 5.096		$ 60,756	$ 5.292		$ 11,843
CASE BEER - Bbls. Sold	66,032			77,666			11,634
- Cases Sold	909,795			1,070,093			160,298
Sales, Including Excise Taxes	$2,441,569	$36.976	$2.684	$2,715,125	$34.959	$2.537	$273,556
Excise Taxes:							
Federal	$ 594,296	$ 9.000	$ .653	$ 699,002	$ 9.000	$ .653	$104,706
State	62,705	.950	.069	69,097	.890	.065	6,392
	$ 657,001	$ 9.950	$ .722	$ 768,099	$ 9.890	$ .718	$111,098
NET SALES	$1,784,568	$27.026	$1.962	$1,947,026	$25.069	$1.819	$162,458
Cost of Products Sold:							
Non-Returnable Containers	957,958	14.508	1.053	1,100,340	14.167	1.028	142,382
	$ 826,610	$12.518	$ .909	$ 846,686	$10.902	$ .791	$ 20,076
Production Costs	718,343	10.878	.790	722,396	9.302	.675	4,053
GROSS PROFIT - CASE BEER	$ 108,267	$ 1.640	$ .119	$ 124,290	$ 1.600	$ .116	$ 16,023
TOTAL BARRELS SOLD	75,630			89,146			13,516
TOTAL GROSS PROFIT	$ 157,180	$ 2.078		$ 185,046	$ 2.076		$ 27,866
Advertising Expense	$ 75,630	$ 1.000		$ 89,146	$ 1.000		$ 13,516
Selling Expense	146,035	1.931		149,626	1.679		3,591
Shipping and Delivery Expense	76,978	1.018		89,304	1.002		12,326
Administrative Expense	65,614	.867		80,448	.902		14,834
	$ 364,257	$ 4.816		$ 408,524	$ 4.583		$ 44,267
OPERATING LOSS	$ 207,077	$ 2.738		$ 223,478	$ 2.507		$ 16,401
Other Income:							
Purchase Discounts	$ 3,334	$ .044		$ 5,044	$ .057		$ 1,710
Miscellaneous	1,346	.018		1,510	.017		164
	$ 4,680	$ .062		$ 6,554	$ .074		$ 1,874
LOSS BEFORE INCOME TAXES	$ 202,397	$ 2.676		$ 216,924	$ 2.433		$ 14,527
Federal and State Income Taxes	101,397	1.341		107,924	1.210		6,527
NET LOSS	$ 101,000	$ 1.335		$ 109,000	$ 1.223		$ 8,000

GRAIN BELT BREWERIES, INC.
STATEMENT OF EARNINGS AND SURPLUS - COMBINED

	MONTH OF MAY				FIVE MONTHS ENDED MAY 31			
	1972			1971	1972			1971
	OMAHA	MINNEAPOLIS	COMBINED	COMBINED	OMAHA	MINNEAPOLIS	COMBINED	COMBINED
Sales, Including Excise Taxes	$604,822	$3,297,052	$3,901,874	$3,863,639	$2,689,660	$12,457,266	$15,146,926	$16,061,394
Excise Taxes:								
Federal	$153,657	$ 803,517	$ 957,174	$ 960,493	$ 680,668	$ 3,048,887	$ 3,729,555	$ 4,082,040
State	16,055	250,200	266,255	209,933	77,848	932,113	1,009,961	891,076
	$169,712	$1,053,717	$1,223,429	$1,170,426	$ 758,516	$ 3,981,000	$ 4,739,516	$ 4,973,116
NET SALES	$435,110	$2,243,335	$2,678,445	$2,693,213	$1,931,144	$ 8,476,266	$10,407,410	$11,088,278
Cost of Products Sold:								
Non-Returnable Containers	218,789	546,063	764,852	829,243	957,958	1,804,933	2,762,891	3,058,738
	$216,321	$1,697,272	$1,913,593	$1,863,970	$ 973,186	$ 6,671,333	$ 7,644,519	$ 8,029,540
Production Costs	169,857	1,183,408	1,353,265	1,276,534	816,006	4,731,019	5,547,025	5,672,752
GROSS PROFIT	$ 46,464	$ 513,864	$ 560,328	$ 587,436	$ 157,180	$ 1,940,314	$ 2,097,494	$ 2,356,788
Advertising Expense	$ 17,073	$ 192,524	$ 209,597	$ 215,607	$ 75,630	$ 690,873	$ 766,503	$ 823,538
Selling Expense	27,094	81,535	108,629	112,658	146,035	377,161	523,196	522,602
Shipping and Delivery Expense	15,263	64,590	79,853	77,627	76,978	286,753	363,731	377,679
Administrative Expense	11,884	49,942	61,826	66,947	65,614	237,171	302,785	328,928
	$ 71,314	$ 388,591	$ 459,905	$ 472,839	$ 364,257	$ 1,591,958	$ 1,956,215	$ 2,052,747
OPERATING PROFIT	$ 24,850	$ 125,273	$ 100,423	$ 114,597	$ 207,077	$ 348,356	$ 141,279	$ 304,041
Other Income:								
Purchase Discounts	$ 592	$ 10,233	$ 10,825	$ 11,946	$ 3,334	$ 39,822	$ 43,156	$ 50,771
Interest - Net	-0-	230	230	254	-0-	9,339	9,339	4,218
Miscellaneous	223	63	286	456	1,346	313	1,659	2,535
Provision for Doubtful Accounts	-0-	3,301	3,301	3,177	-0-	12,494	12,494	13,078
	$ 815	$ 7,225	$ 8,040	$ 8,971	$ 4,680	$ 36,980	$ 41,660	$ 44,446
EARNINGS BEFORE INCOME TAXES	$ 24,035	$ 132,498	$ 108,463	$ 123,568	$ 202,397	$ 385,336	$ 182,939	$ 348,487
Federal and State Income Taxes	12,035	66,498	54,463	63,568	101,397	192,336	90,939	181,487
NET EARNINGS	$ 12,000	$ 66,000	$ 54,000	$ 60,000	$ 101,000	$ 193,000	$ 92,000	$ 167,000
Earned Surplus - Beginning of Period	770,159	9,915,770	9,145,611	8,919,398	681,159	9,984,443	9,303,284	9,051,773
	$782,159	$9,981,770	$9,199,611	$8,979,398	$ 782,159	$10,177,443	$ 9,395,284	$ 9,218,773
Dividends Declared	-0-	-0-	-0-	-0-	-0-	195,673	195,673	239,375
Earned Surplus - End of Period	$782,159	$9,981,770	$9,199,611	$8,979,398	$ 782,159	$ 9,981,770	$ 9,199,611	$ 8,979,398
Barrels Sold			106,352-5/8	106,721-3/8			414,417	453,560-1/8
Working Days			22	20			105	103
Per Common Share:								
Net Earnings			$ .056	$ .063			$ .096	$ .175
Dividend Declared			$ -0-	$ -0-			$ .205	$ .250

CLARK ENGINEERING COMPANY

MEMORANDUM TO: THE BOARD OF DIRECTORS

SUBJECT: Feasibility Study of Additional Bottling Facilities for Grain Belt Breweries, Inc.

The Board of Directors in the regular September meeting in 1971 authorized the purchase of a new high speed bottling line with installation, if possible, in the spring of 1972. Studies were begun which indicated early that it would not be possible to do the necessary engineering work and purchase the component units in time for installation prior to the spring of 1972. Therefore, the goal was changed to the spring of 1973.

The attached Feasibility Study has been completed by Clark Engineering Company and Sprenger Engineering Company and is now being presented to the Board for consideration since the cost is considerably more than originally anticipated -- \$2,250,000 as opposed to the original estimate of \$1,500,000.

In order to meet the operational goal of May 1, 1973 it will be necessary to make a decision in the very near future. Some of the pros and cons for your consideration are listed in summary form below.

PROS	CONS
1) Quality Control. It is felt by the brewing department that the installation of such a line will be beneficial from the standpoint of product quality in that with more modern equipment we should be able to reduce and even minimize air content in 24/12 oz. returnable bottles.	1) Additional bottling capacity is not really needed.
2) We must continue to modernize and to increase productivity (barrels produced per production employee) in order to meet competition.	2) 1971 production base which is utilized in the study for evaluation may not be a fair base since sales of returnable bottles are down 8% from May 1, 1971 through April 30, 1972.

MEMORANDUM TO: THE BOARD OF DIRECTORS

PROS	CONS
3) Elimination of the night shift nine months of the year would result in $500,000 annual savings. This figure is probably conservative in that other labor savings can be effected in addition to those covered in the Study.	3) Ecological considerations are probably not as pressing as they were once considered to be.
4) Presently 24/12 oz. returnable bottle production represents 50% of total production in the Bottle Shop. We can bottle all of the beer we are currently selling or even more beer than we are currently selling, but we cannot bottle it efficiently utilizing present equipment. Therefore, a new line must be considered as a replacement for increased efficiencies and not as a requirement for additional bottling capacity.	4) We will still have areas in the brewery and the warehouse which are badly in need of modernization and will continue to be bottlenecks in production even though we increase efficiencies in the Bottle Shop.
5) The cost of future repairs to lines 3 and 4 of an estimated $600,000 over the next five years minimizes the outlay for the new line.	5) Warehouse handling problems will make this new line less efficient because of both empty bottle and full case handling problems.
6) Less down time, less repair and overhaul time will reduce the cost of maintenance on the new line.	6) Any increase in sales will require further modernization in the Brew House and Cellar operations as well as further modernization in the Warehouse area.
7) We must have a continuing program of replacement for inadequate and/or obsolete facilities.	7) Will sales of returnable bottles be adequate to realize full potential of savings available through installation of this new line?
8) 7% investment tax credit of approximately $150,000 could be deducted in 1973.	
9) Current cost of units required to install this new line are probably considerably less today than they will be in the future.	

TO: THE BOARD OF DIRECTORS

PROS

10) The future of Grain Belt as a regional brewery is not hopeless if we do everything possible to increase our efficiencies in order to compete.

Lee

E. L. Birdsong
President

lw

May 23, 1972

FEASIBILITY STUDY

OF

ADDITIONAL BOTTLING FACILITIES

FOR

GRAIN BELT BREWERIES, INC.

BY

CLARK ENGINEERING COMPANY
2815 Wayzata Boulevard
Minneapolis, Minnesota 55405

CONSULTANT

SPRENGER ENGINEERING COMPANY
Columbus, Ohio

FEASIBILITY STUDY

OF

ADDITIONAL BOTTLING FACILITIES

FOR

GRAIN BELT BREWERIES, INC.

After careful study of your present and future needs, giving due consideration to the suggestions of your management and operating personnel, we recommend the purchase and installation of a new dual filler bottling line for the twelve ounce returnable bottles. Each of the fillers should have a nominal capacity of 700 bottles per minute and a peak capacity of 750 bottles per minute. These fillers will make use of a common soaker and a divided pasteurizer but, otherwise, will be entirely independent. This will enable two products to be bottled simultaneously when desired, each at 700 bottles per minute, or one product at 1400 bottles per minute. The estimated cost of this new bottling line is $2,250,000.00. Appendix A shows the breakdown of this estimate with the costs of individual items of machinery, equipment, and installation listed. Appendix B lists the twelve ounce returnable bottle production by months for 1971 together with the corresponding operating hours required by the existing equipment. Also listed are the estimated hours which the proposed new line would have required to bottle the same barrelage per month.

The estimated savings achievable through the use of the proposed new line at the 1971 level of production is $500,000.00 per year. The calculations by which these savings were determined are shown in Appendix C. This estimate is conservative. We feel that once the new line is fully operative manpower savings in addition to those directly related to the installation of the new line will become evident. Continual revaluation of operating procedures and labor utilization by supervisory personnel, in all related departments, is mandatory to assure the most economical operation and productivity.

Assuming the cost of money at 6%, approximately five and one-half years will be required to recover the initial investment at the 1971 level of production. At higher production levels the recovery time will be less. However, the initial cost of the proposed new bottling facility is not the sole criterion which must be considered. The existing twelve ounce returnable bottling lines are adequate to support the present level of sales. The Number 3 and 4 line must be operated at near its peak capacity for two shifts throughout much of the year and, during the summer months, assistance is required from the Number 2 (Utility) Line to avoid shortages in the warehouse. The major items of equipment on the Number 3 and 4 line (the soaker and fillers), are among the oldest in the Bottle House and they are wearing out. To continue to operate this line at the existing production level will require an expenditure of Six Hundred Thousand Dollars within approximately 5 years simply to replace the present machinery in kind. Since the present line has a high ratio of manpower to barrels bottled, such a move would only perpetuate an inefficient situation. If we consider $1,650,000.00 as the additional cost for larger and more efficient facilities, the pay-back period for the new line is reduced to slightly less than 4 years. Again, this is based on 1971 production.

If future production in excess of the 1971 volume is expected from this site, a more efficient bottling capability is an essential requirement. The only way in which more production can be obtained from the present line will be to resort to a third shift. Not only will this increase operating costs by a greater ratio than the increase in production, but it is also basically self-defeating. Increasing the operating hours beyond a two shift level will increase the frequency and severity of breakdowns and will require more frequent and longer downtime periods for scheduled overhaul. Under the present operating conditions, an annual overhaul of the machinery is necessary and it is well known that this creates scheduling and stocking problems. Certainly an increased frequency of scheduled overhauls as a result of three shift operation will magnify these problems and might, depending on circumstances, require the rationing of beer to the distributors. Any substantial increase in returnable bottle sales will make it mandatory to have increased bottling capacity. At present, the twelve ounce returnable bottles account for fifty percent of the total bottle house barrelage. Relating this to any increased production rate, the present bottle lines would be grossly inadequate.

A variety of alternatives were evaluated in determining the optimum size and general arrangement for the new line. A single large line was considered but rejected because the number of slower moving products which are stocked in small quantities would cause production runs of too short a duration. At present, production runs of approximately four thousand cases appear adequate to maintain warehouse stock of these slower moving products. A single line bottling 1,400 bottles per minute will generate four thousand cases in less than an hour and a half. It is felt that production runs of less than half of a shift should be avoided as much as possible due to the unescapable lost time involved in making a product change. Even with one of the new fillers running at 700 bottles per minute, there will be pressure on the warehouse to increase stocking quantities. In addition the installation of a single large line would forfeit the flexibility of bottling two products simultaneously.

The installation of a dual line with somewhat less capacity was also considered since the proposed new facilities will be adequate to bottle the present level of production on a single shift. While a smaller line will require a slightly lower initial investment for the fillers, the soaker, and the pasteurizer, all of the remaining items of machinery will be the same as for the larger proposed line and the necessary operating manpower will be identical. The installation of two lessor capacity fillers would result in increased operating hours for the same volume of production with correspondingly higher operating costs and a lower rate of return on the capital investment. By selecting the largest dual line which will satisfactorily fit in the available space, the Bottle House will achieve the highest efficiency of operation.

In the selection of equipment for the new line, advantage has been taken of the latest technological advances to utilize automatic equipment where feasible to replace manual operations. Automatic case cleaners and electronic empty bottle inspectors are proposed and all of the facilities have been designed to provide continuous and dependable high speed operation. With no more than one shift required to meet the sales demands of the immediate future, it should be necessary to shut down for equipment overhaul only every second year which will materially decrease the downtime and the maintenance cost. Since prolonged scheduled downtime requires advance overstocking in the warehouse, fewer overhauls will also help to relieve the problems in that area. In addition, the possibility of continuing to operate one of the new fillers while repairs are being made to the other will help to assure a more continuous flow of finished product from the Bottling Finished Cellar to the Warehouse and will materially improve the flexibility of bottling operations.

With this proposed new facility, it should be possible for the Bottle House to operate with essentially three bottling crews on one shift for approximately nine months of the year. At the 1971 level of production the Can Line had to run two shifts for a few weeks in mid-summer and the closing of the Omaha brewery will materially increase the demand on the Minneapolis canning capacity. By running all of the twelve ounce returnable bottles on the new line, a single crew will be able to handle the Throw-away line, the Number 2 line, and the Quart line except for the high production summer months. Since the Can Line will be operating anyway on the second shift during this period, it will be a scheduling decision whether an additional crew should be added on the first shift.

Naturally, there will be difficulties and disadvantages encountered in the addition of approximately sixty cases per minute to the present maximum bottling rate. Tighter scheduling will be required in the Bottling Finished Cellar to assure an adequate supply of the desired beer. This should be more than offset by the added recovery time made available through reducing bottling operations to a single shift except for the period each year when the Can Line must be run for two shifts. For the present level of sales, brewing and stock storage should be no more difficult than it is now. The existing Stock House capacity is 120,000 barrels and the Brew House can produce at the rate of 5,100 barrels per day. With the same careful planning that has been exercised in the past, the production department can assure that the stock in the cellars is 120,000 barrels at the start of the heavy sales and bottling months. It is anticipated that, during the peak summer months, 5,200 barrels a day will be bottled and 1,000 barrels a day will be racked in kegs. This results in a net loss of 1,100 barrels a day from stock. This rate of loss in total stock can be tolerated for the present. However, it must be noted that any increase in the total volume of sales may result in a serious depletion of stock regardless of planning. This makes increased brewing and storage capabilities the next high priority projects.

In the Bottle House, the problem will be to assure that an adequate supply of empty bottles and cases are available to feed the new line. With careful planning and scheduling we are convinced that this problem can be overcome with the warehouse facilities as they exist today. This proposed new installation will have the potential capacity to bottle up to 27,000 cases in one shift. Although there is storage capacity for 60,000 cases of empty bottles in the basement of the new Bottle House Addition, it will no longer be possible to maintain a full day's supply of each of the four different types of cases in this area. Consequently, the primary storage for empty bottles must be located elsewhere and the required bottles brought over each day for the following day's production. This will result in increased handling costs until better provisions are made for the sorting, storing, and handling of returned empty bottles. This increased cost has been considered and is indicated in Appendix C. Supplying the new line with crowns, labels, glue, etc. should not require any departure from customary procedures; however an independent study to investigate more efficient methods of supplying these materials to all of the lines should be conducted to determine the economies available.

The Warehouse will be faced with several additional problems. They will have to transport and store the empty bottles which can no longer be stored in the basement of the new addition, they will have to receive and stock the finished product in one shift instead of in two shifts as at present, and they will be under pressure to increase stocking quantities in the twelve ounce returnable bottles to enable the new line to make longer production runs between product changes. Again careful planning and scheduling should overcome these difficulties with the present facilities. The Warehouse is an area which has received little attention in the past. The original 1910 warehouse building is largely ineffective. The second floor cannot be used and the basement is so full of "temporary" shoring to support the first floor that there is little usable space. Throughout the Warehouse, the lack of automatic handling facilities requires an inordinate use of manpower to move and position individual pallet loads. Instances have been noted where a pallet load of returnable bottles is picked up and set down by fork lift trucks as many as eleven times between the time the empty bottles are received and the time the filled bottles are placed in the distributor's truck. This is primarily the result of having two Unions in the warehouse. This can only add to cost without increasing value. It is strongly recommended that future planning include updating of the warehouse facilities to take advantage of modern techniques for automatic storage and retrival of stock which will further reduce manpower requirements.

In order to remain viable, the brewery must be able to supply the peak demands from its distributors. A planned and orderly program to replace inadequate and obsolescent facilities is the best method for avoiding the penalties of unbalanced productive capabilities with one element always being the bottleneck which prevents the remaining areas from operating efficiently. Without such a program, continued operation becomes a succession of crises where expediency takes the place of sound planning. Increasing the capacity for bottling in twelve ounce returnable bottles and the elimination of most of the second shift in the Bottle House is a necessary step in such a program.

APPENDIX A

ESTIMATED COST FOR NEW LINE

MACHINERY:

Vertical Pallet Conveyor		$ 32,567
Two Depalletizers		53,334
Two Flap Openers		21,760
Two Uncasers		37,440
Two Case Cleaners		17,600
Soaker		350,000
Four Bottle Inspectors		35,793
Two Filler/Crowners (estimated)		280,000
Pasteurizer		199,920
Four Five Head Labelers		281,840
Two Case Packers		70,760
Two Palletizers		61,650
Total Machinery		$1,442,664
	USE	$1,450,000

MACHINERY INSTALLATION:

Foundations and structural	$ 50,000
Plumbing	15,000
Electrical	90,000
Mechanical	60,000
Transport, set and assemble	135,000
Total Machinery Installation	$ 350,000

EQUIPMENT:

Bottle Conveyor, installed	$ 145,000
Case Conveyor, installed	85,000
Cleaning System, installed	30,000
Beer Pumps & Piping, installed	40,000
Total Equipment, installed	$ 300,000

MACHINERY INSTALLED	$1,800,000
EQUIPMENT INSTALLED	300,000
BUILDING ALTERATIONS	50,000
CONTINGENCIES	100,000
TOTAL PROJECT COST	$2,250,000

APPENDIX B

12 OUNCE RETURNABLE BOTTLES
COMPARISON OF OPERATING HOURS
PRESENT LINES VS PROPOSED LINES

Month	Hours Available Per Shift	BARRELS BOTTLED No. 3 & 4 Lines	No. 2 Line	Omaha @ 80%	Total	OPERATING HOURS No. 3 & 4 Lines	No. 2 Line	Omaha on No. 2 Line	Total	New Line
Jan.	150.0	13,848	11,790	1,063	26,701	150.0	165.0	15.0	330.0	113.5
Feb.	150.0	18,243	3,967	600	22,810	202.5	52.0	8.5	263.0	97.5
Mar.	172.5	28,950	2,588	716	32,254	315.0	37.5	10.0	362.5	137.0
Apr.	157.5	31,974	5,947	518	38,439	342.0	86.5	7.5	436.0	163.5
May	150.0	30,933	3,039	748	34,720	315.0	45.0	10.5	370.5	148.0
June	157.5	29,251	8,979	1,124	39,354	324.5	134.0	16.0	474.5	167.0
July	157.5	29,755	14,313	1,427	45,495	338.0	204.5	20.5	563.0	193.5
Aug.	165.0	23,888	9,507	869	34,264	255.0	143.5	12.5	411.0	146.0
Sept.	157.5	31,277	2,780	908	34,965	329.0	39.5	13.0	381.5	149.0
Oct.	157.5	6,234	12,378	1,194	19,806	90.0	172.5	17.0	279.5	84.5
Nov.	150.0	22,714	5,877	612	29,203	262.5	82.5	8.5	353.5	124.0
Dec.	150.0	21,821	4,325	494	26,640	225.0	60.0	7.0	292.0	113.5
TOTAL	1,875.0	288,888	85,490	10,273	384,651	3,148.5	1,222.5	146.0	4,517.0	1,637.0

NOTE: During 1971 the present No. 3 and 4 lines were down for ten working days in February for routine annual overhaul and for ten working days in October for the installation of new labelers. Under normal operating conditions there would be no shut-down in October which would obviate the need for over-stocking in September.

APPENDIX C

EVALUATION OF SAVINGS

Line Numbers 3 and 4:	
28 men for 3,148.5 hours =	88,158 man hours
Line Number 2:	
24 men for 1,368.5 hours =	32,844 man hours
Second Shift Maintenance & Supervision:	
5 men for 1,760.0 hours =	8,800 man hours
Man Hours with Present Equipment	129,802 man hours
Proposed New Lines for Same Production:	
34 men for 1,637.0 hours =	55,658 man hours
Saving in Labor =	74,144 man hours
Saving in Dollars @ \$7.35/hour = 544,958.40 USE	\$545,000.00
Increased cost for empty bottle handling = (3 men and truck)	45,000.00
NET ANNUAL SAVING	\$500,000.00

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