Castle Harlan, Inc., a New York-based private-equity investment firm, and its Australian subsidiary, Castle Harlan Australian Mezzanine Partners Pty Ltd. (‘CHAMP”) have announced the acquisition of Great Western Malting, Canada Malting Company, Barrett Burston Malting and a 60 percent interest in Bairds Malt to create United Malt Holdings (“UMH”).

UMH will have revenues in excess of US$400 million. It operates in the United States, trading as Great Western Malting;

A new Harvard University study presented last week at the World Congress on Alcohol Research in Sydney, Australia suggests that beer can reduce heart disease risk just as well as wine.

In speaking to the media about the study, Harvard University’s Associate Professor Ken Mukamel said that moderate consumption of alcohol could reduce coronary heart disease, but cautioned against an open invitation to start drinking.

The professor said that the health benefits could be attributed to alcohol in general, not just red wine. “Particularly for coronary heart disease, it doesn’t seem to be red wine at all,” said Associate Professor Mukamel. “It’s really the alcohol that seems to make the difference, because the alcohol itself is what raises HDL cholesterol, the good cholesterol, and that seems to be the major mechanism that prevents heart attacks, with regard to drinking.”

The professor said moderate amounts of alcohol were linked to the lowest risk, whether the alcohol was red wine or beer. For the purposes of the study, moderate drinking was defined as 2-3 drinks per day for men, and a maximum of 1-2 drinks for women. But Professor Mukamel cautioned that women who consumed alcohol, even in moderate amounts, tend to have a higher incidence of breast cancer.

Goose Island Brewing Co. of Chicago, IL, reports that 312 Urban Wheat, an unfiltered American-style wheat ale, is the company’s most successful new product launch to date. The brand was launched in 2005, and has seen 60% growth in the Illinois market so far this year. “The ingenious marketing plan, which was put together before I joined the company, links the brand to the original Chicago area code,” says Goose Island’s new marketing specialist, Constance Cooper. “Chicagoans are a proud bunch, who generally love anything Chicago. And the 312 brand has also been tied in with the city’s burgeoning bicycling movement—biking is strongly supported by our mayor, and has become more and more popular each year. So we’re a big sponsor of the Chicago Bike Federation and have a strong presence at all their events.” Slogans for the brand include “get around this summer” (bike reference), “answer the call,” “get some digits,” and, “you are what you drink—no matter where you live.” 312 Urban Wheat contains 4.2% a.b.v., and 15 IBU. It is hopped with Cascade, and brewed with malted barley and torrified wheat. It is sold on draught and in bottles year-round.

The Latrobe Brewing Co. in Latrobe, PA, is idled now, and workers are on edge about the plant’s future. Talks are ongoing, but wastewater issues must be resolved before a deal with the planned purchaser—City Brewing Company, of LaCrosse, WI—is complete.

One problem is that City Brewing Co. plans to brew high volumes of “malternatives” like Mike’s Hard Lemonade and soft drinks like Arizona Iced Tea at the plant.
**Carlsberg USA releases new specialty brews**

Carlsberg USA has released two limited edition specialty beers into top U.S. import markets this month. The two brands—Jacobsen Original Dark Lager and Jacobsen Saaz Blonde—are products of the company's small specialty brewery in Copenhagen, the Jacobsen Brewhouse. The brewery is named after J.C. Jacobsen, who founded Carlsberg in 1847. The Carlsberg mini-brewery has already produced numerous brands for the Danish market, including IPAs, stouts, winter rye, and various ales. These craft offerings have been extremely popular in Denmark, and the brewery decided that it would be timely to insert two of the top sellers into the U.S. market.

The Jacobsen Original Dark Lager is based on the oldest (1854) of J.C. Jacobsen's original recipes. "The brewers first matched Copenhagen's 19th century water profile by adding salts and minerals," says Martin Oleson of Carlsberg USA. "Then they used Münchenermalt from Germany, as well as floor malt from England, just as the brewery did in 1854." Mr. Oleson says the lager is then fermented at low temperature "to give a specially mild and rounded caramel flavor."

The second brand, Jacobsen Saaz Blonde is described as a Belgian-style top-fermented beer, hopped with Czech Saaz. "The color derives from the Pilsner malt characteristic of the Belgian 'blonde' tradition," Mr. Oleson says, "and from a touch of caramel malt to add a slight sweetness. Extract of angelica adds a juniper flavor to complement the fruity taste of the yeast."

Mr. Oleson says the Jacobsen brands are intended to compete across the whole range of specialty categories. "Original Dark Lager and Saaz Blonde are super-premium imports in every way," he says. "The absolute finest ingredients and an unlimited dedication to quality in brewing. These two brews are the first of many Jacobsen styles that Carlsberg will be shipping to the US for discriminating beer drinkers. Consumers will see Original Dark Lager and Saaz Blonde served in attractive, long-necked bottles, InBev USA to shift corporate headquarters

InBev USA, the importer of Stella Artois, Beck’s and Labatt Blue beers, plans to relo-
cate its headquarters next year from Merritt 7 Corporate Park in Norwalk, CT to an office building at 10 Westport Road in neighboring Wilton, CT. "The move gives us the opportunity to consolidate people now on multiple floors into one efficient, modern space," said Doug Corbett, president of InBev USA. InBev USA plans to occupy 28,769 square feet of office space that previously housed a unit of IBM. The new office will also include an InBev Beer Academy, where the company offers courses on draught service to retailers.
**Sewage requirements could hinder Latrobe deal**

Latrobe city officials are concerned that the high concentration of sugars could overwhelm the city sewage facility.

Mark Gera, a consultant working for the Latrobe Water Authority, said that the concentrated waste would be a problem for the city’s treatment plant. “The proposed waste that’s coming in from the new facility is approximately five times stronger than the existing waste now,” he told local reporters. “So for them to reach their ultimate capacity, we have to be able to provide treatment capacity for that.”

**Modelo\Barton asks distribs to eat price increase**

We asked attorney Gary Ettelman of Ettelman & Hochheiser in Garden City, NY, about what legal weight might be carried by the correspondence.

“A form-type letter certainly does not rise to the level of creating a binding agreement,” he said. “But the letter, coupled with conduct of Modelo that, in fact, demonstrates an agreement is helpful.

“The real question is going to be which distributors Modelo will want to terminate and will be able to terminate based on all relevant factors,” Mr. Ettelman added. “Again, the letter by itself is not going to save the day, but it certainly doesn’t hurt.”

**Investment firm buys ConAgra malting group**

Canada, trading as Canada Malting Company; Australia, trading as Barrett Burston Malting; and the United Kingdom, where it owns a 60 percent interest in Bairds Malt.

The businesses were acquired from Conagra Foods, Inc., of the United States and Tiger Brands of South Africa.

Jim Anderson, chief executive officer of UMH, characterized market conditions in the malt industry as “challenging,” but said UMH would distinguish itself by high levels of “quality, service and innovation.”

“It is very important to us to create successful long-term relationships with our customers,” he said. “The whole management team looks forward to working together in partnership to grow this business,” said David Pittaway, a Castle Harlan senior managing director. “The company is a leader in its industry, serving many of the world’s largest brewers and distillers. Its global presence means that it is very well positioned to serve these customers in any of the countries in which they operate.”

UMH has approximately one million tons of malt production capacity in 14 plants in four countries.

Castle Harlan, founded in 1987, invests in controlling interests in the buyout and development of companies in North America and Europe. Castle Harlan’s current portfolio companies include Ames True Temper, a manufacturer of lawn and garden tools and accessories; Perkins & Marie Callender’s, Inc., which operates family restaurants in the U.S. and Canada; and Baker & Taylor, a distributor of books.
Czechs oppose EU plan to raise beer duties

AP—The Czech Republic’s finance minister said Friday he opposed a proposed plan by the European Commission to raise minimum rates of excise duty on beer.

“We fundamentally disagree with it and will use all resources possible to ensure that the rates aren’t raised,” Finance Minister Vlastimil Tlusty said in a statement.

According to the plan proposed Friday, the European Union commission wants to raise the minimum rates of excise duty on beer, spirits and fortified wines by up to 31 percent.

For countries affected, the increases will range from less than 1 euro cent (1.2 U.S. cents) on a liter of Spanish beer to 31 euro cents (39 U.S. cents) on a bottle of spirits sold in Cyprus.

Nations will be able to phase in the new rates from 2008 to 2010. Governments are free to set rates above the EU minimum.

The minister’s position was backed by Czech beer and malt producers, with Jan Vesely, the executive director of the Czech Beer and Malt Association, calling the proposal “faulty” because higher prices would hit both, beer sales and the farmers producing barley.

Czechs are the world’s biggest per-capita beer drinkers.

Data released in 2004 by the EU showed a wide range in excise duties. On a liter of beer, Finland charged euro1.42 (US$1.81) compared with the equivalent of just 9 euro cents (11 U.S. cents) in Latvia, Malta and the Czech Republic.

A group representing European producers of brandy, vodka and other spirits also opposed the increase.

August Busch IV marries

The legendary bachelor status enjoyed by A-B scion August Busch IV has drawn to a close. In August, Mr. Busch married Kathryn Thatcher, 25, a graduate of Boston College, in her home state of Vermont.

According to Fortune magazine, Mr. Busch, 42, has now “satisfied perhaps the most important qualification [for the corner office] He got married.”

“That was always the quid pro quo,” one former A-B executive told Fortune. “It was, ‘August, until you settle down and stop being the wild man, nothing is going to happen.’” Another source told Fortune, “He’s really close to getting elevated. He’s probably saying, ‘This will help me.’”

A Clydesdale hitch was dispatched to Hanover, VT, to deliver beer for the reception, with a “just married” sign affixed to the back of the wagon.

Top 15 Domestic Sub-Premium Beers Make Up 92.7% of the Segment’s Total Dollar Sales

<table>
<thead>
<tr>
<th>Brand</th>
<th>Millions</th>
<th>$ Change % +/- YA</th>
<th>$ Brand Share</th>
<th>$ Share Chg +/- YA</th>
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<tr>
<td>NATURAL LIGHT</td>
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<td>0.9</td>
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</table>

Source: IRI Data
The new Modern Brewery Age Blue Book is available. The book has been completely updated, and includes a comprehensive new international brewery directory. Get both books for $450.
Call to order at 203-663-7836

SABMiller will launch Peroni in South America

SABMiller said it will soon introduce Peroni Nastro Azzurro in Colombia, the first time the brand will be sold in South America. Initially, it will be sold in the Bogota and Medellin metro markets.

The company said it support the brand with an integrated marketing campaign, said SABMiller.

SABMiller said it is seeking to increase its presence in Colombia and throughout South America following its purchase of Bavaria last year.
Brewers Events
Sept. 17-20—Master Brewers Association of the Americas (MBAA) Convention. San Francisco, CA. Moscone Convention Center. Contact: mbaa@mbaa.com; tel: 651.454.7250
Sept. 28-30—Great American Beer Festival, Colorado Convention Center, Denver, CO. Contact: Nancy Johnson, Telephone: 303-447-0816, Ext.131. email: nancy@aob.org
Note: to be listed, send information to pete@brewery.com

Wholesaler Events
September 17-20—NBWA 69th Annual Convention, Orlando, FL.
October 4-6, 2006—New York State Beer Wholesalers Fall Convention, Grand Hyatt Hotel, New York, NY.
October 9-10—The 68th Annual Convention for the Associated Beer Distributors of Illinois will be held at the Marriot Chicago Southwest, Burr Ridge, IL. Contact: Carol Shirley, director of operations, 217-528-4371.
November 15-17—California Beer and Beverage Distributors (CBBD) 59th Annual convention. Hyatt Regency Embarcadero in S.F., CA. Contact: Rhonda Stevenson at 916-441-5402.
Nearly any expansion of a process entails chess-like considerations—where to add space, what equipment to install, how to arrange it, when will it pay back, and how it will impact the waste stream. But when the plant is located in an extremely remote area, advanced planning and reliable equipment takes on added significance.

Such is the case with the Alaskan Brewing Company, which in 1986 became the first brewery in Alaska.

Winning more than 50 awards for its bottled beer since opening, the company’s rapid growth called for the addition of a 100-barrel brew house in 1995. A year later, an automated keg line was added for filling stainless steel “Sankey” kegs which, combined with a new bottling line added in 2001, provided sufficient capacity for the company to serve the entire West Coast.

Beer making begins with cooking grains. Between batches, the brew vessels must be cleaned and rinsed. According to Plant Manager Curtis Holmes, as production grew, “a lot more grain was going down the drains and into the wastewater system’s settling tank.”

A pump on the bottom of the tank pulled off waste sludge, but “the bigger grain kernels settled down to the bottom of the tank and packed in densely, bonding with the sludge and setting up like concrete. The mass could be pumped with difficulty, but sometimes the combination would jam the pump. Then we would need to remove, service and reinstall the pump.”

A dewatering screener improves Alaskan Brewing Co.’s wastewater system.
The problem was resolved with an inclined Centri-Sifter centrifugal dewatering screener from Kason Corporation, Milburn, NJ, installed in the waste stream between the brew vessels and the treatment plant.

As solids-laden wastewater flows into the screener, a full-length, low-pitch auger moves the material longitudinally into and through an inclined cylindrical screen. Helical paddles rotating within the screen create centrifugal forces that accelerate the liquid and fines through the screen apertures and onto the interior wall of the screening chamber. The paddles, which never contact or scrape the inside of the screen, also serve to breakup soft agglomerates. The variable-incline design of the unit increases the dwell time of material within the chamber and, accordingly, the amount of liquid removed from the solids, which are ejected through the open end of the screen cylinder and transferred to the brewery’s waste grain dryer.

The brewery decided against rotary drum screeners due to the loudness of their chain drives and their large size, which would have precluded access needed for maintenance in the restricted installation space. Currently, the brewery produces about 500,000 bottles of beer per week, generating roughly 6,000 gallons of wastewater from the brewhouse vessels from which the Centri-Sifter screener removes about 800 lbs of solids. This “saves us a lot of headaches with our wastewater plant,” says Holmes.

The Alaskan Brewery dewatering screener is equipped with 200-micron screens that operate without particulate “blinding,” according to Holmes. To determine the appropriate screen size, the brewery drained a prescribed volume of slurry from a brew vessel, allowed the heavier solids to settle and drew off a measured amount of liquid. The solids-laden material remaining was frozen and shipped overnight to the Kason laboratory, where liquid was added to reconstitute the slurry. The procedure served to keep the solids wet, maintain its structure and allow the lab to conduct tests with greater accuracy than if dry, uncooked grains had been provided.

Brewing beer in the last American frontier may seem romantic, but the Juneau location incurs logistical challenges. The 2700-square mile city and borough of Juneau has a population of over 31,000, and the pure water from the surrounding icefields and glaciers is ideal for beer production; however, the ice also blocks road access to major highways leading to the rest of Alaska and beyond. Shipments are transported mostly by water and typically depart from Seattle on a barge that docks in Juneau every five days, so supplies and equipment must be ordered two to three weeks in advance. And the weather always has the last word.

The Centri-Sifter screener’s design made installation a simple “plug-and-play” operation, which saved Alaskan Brewing Company some additional capital.

“We did our own install,” remarks Holmes. “We very rarely have crews come up—housing costs are prohibitive, especially if the project is large. And since Juneau doesn’t have a large industrial base to begin with, if someone comes up but leaves some tool back at the office, they’re just out of luck.” Not that folks aren’t willing to come up and help out, notes Holmes, although the offers always seem to coincide with summer, when the fishing is best…a pastime that often goes hand-in-hand with a good beer.