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1. Bidding War Opens for Glenmorangie

By William Lyons – *The Scotsman*



August 25, 2004

GLENMORANGIE was at the centre of a furious bidding war last night as the Macdonald family’s decision to sell its controlling share sent ripples of interest through the City, catapulting its shares up over 25 per cent.

The company has been valued at £250 million but analysts say it could reach £300m if a bidding war ensues. Although no formal bids have come to the table, two front runners in Brown Foreman, (,akers of Jack Daniel’s) and Bacardi have emerged.

Last night, an analyst said, “Perhaps Brown Foreman have the slight edge as they already own 10 per cent of the shares, have a big cooperage business and have no whisky brands of their own. But if it comes down to money, one has to favour Bacardi.”

The announcement of the sale of Glenmorangie has sparked talk of a serious bidding war Picture: Mark Jackson

In 2000, Brown Foreman, struck a deal with Glenmorangie to distribute its products in most international markets, including the United States and the Far East. Bacardi has the contract for distribution in the UK.

Yesterday, it emerged that the Macdonald family made the decision to sell early this year and informed the board at the end of June soon after the company’s AGM.

Since David Macdonald retired as chairman eight years ago, none of his four daughters has been a director of the company. It is believed they have decided to cash in while the share price is still very strong. It comes after a five-year period of sustained growth - the longest in the company’s history.

They have appointed NM Rothschild to conduct an auction which could land the Macdonald family a £150m windfall.

Yesterday Glenmorangie’s chief executive, Paul Neep, said their decision to sell did come as a surprise but the objective now was to retain the best value for all the shareholders and return to business as usual.

Neep said: "There is the sense that the major shareholders realise they can’t be the controlling shareholders for ever and they want to exit while they can control the process."

The West Lothian distiller, which earns 90 per cent of its profits from three single malt brands - flagship Glenmorangie, Ardbeg and Glen Moray - reported a 10 per cent increase in profits on a 6 per cent rise in turnover.

But in the past eight years it has pursued an own-label strategy. This has seen the company supply blended whisky to supermarkets as well as managing its entire whisky category. Sources in the industry said, while it has enabled it to grow turnover, the strategy has been "deeply unprofitable" and that earnings and margins have come under pressure.

One source said: "There is a feeling in the City that the antiquated share structure that the Macdonald family retains has been holding the company back."

Shares closed up 25.77 per cent at £13.30.

**2. First Google, Now Bacardi?**

By Laura Petrecca – *New York Post*

August 22, 2004

Last week Bacardi chairman Ruben Rodriguez made the media rounds in New York City — prompting speculation that the privately held spirits company was boosting its image to make way for an initial public offering.

Adding to that buzz, sources say Bermuda-based Bacardi will launch a massive TV and print ad campaign in September.

Ruben wouldn't discuss advertising, and as for the IPO, all he would say is "We don't have plans at the present time, but we do have all the approvals in place."

He did discuss Bacardi's $2 billion acquisition of Grey Goose, and then fessed up that it's not vodka he sips but rum — Bacardi 8 on the rocks. And none of that diluting Coke: "To me, it's a sin to mix."

 **3. Survey of Teens Finds Link Between Sex, Drugs, Alcohol**

Source: Associated Press

August 19, 2004

WASHINGTON -- Teens who say at least half their friends are having sex are more likely to report having tried marijuana, alcohol and cigarettes, according to a survey of U.S. teenagers, indicating that it's not just a cliché that sex and drugs go together.

The annual survey asked teens aged 12-17 about their use of illegal substances. Researchers then looked for other activities of daily life that were associated with such use.

"This year's survey reveals a tight connection between teen sexual behavior and substance abuse," said Joseph A. Califano Jr., president of the National Center on Addiction and Substance Abuse at Columbia University. "Parents who become aware of certain dating and sexual behavior by their children should be alert to the increased likelihood of substance abuse."

In a separate effort to discourage underage drinking, the children's cable-TV channel Nickelodeon and an advocacy group, the Century Council, plan to announce an initiative reaching out to kids and parents. "Ask, Listen and Learn" aims to educate kids about the issue and to help parents talk with their kids about underage drinking. It is to include booklets, Web sites and TV public service ads aimed at both groups.

Unlike other surveys, the one by the Columbia group didn't ask teens about their own sexual activity but asked them to estimate how many of their friends were sexually active. It was conducted this way because the ethical review board that oversees the center wouldn't approve a direct question, said spokeswoman Lauren Duran.

Researchers compared teens who reported at least half their friends are sexually active with those who said none of their friends are. About one in four teens reported at least half their friends are sexually active; about four in 10 said none are.

The study found that the first group is:

• More likely to have tried alcohol, 66% vs. 10% of those whose friends don't have sex.

• More likely to have gotten drunk at least once in the past month, 31% vs. 1%.

• More likely to have tried marijuana, 45% vs. 2%.

• More likely to have tried cigarettes, 45% vs. 8%.

The survey also found that the more time teens spend with their boyfriends or girlfriends, the more likely they are to smoke, drink and use drugs.

No matter what their behavior, teens said that smoking, using illegal drugs and getting drunk aren't cool. More than 80% said each of these activities make a teenager "seem like a loser." About 10% said the activities make him or her "seem cool."

The telephone survey of 1,000 teenagers was conducted between April 16 and May 16, 2004. The margin of error is plus or minus three percentage points for the entire group, larger for subgroups.

**4. Legal Fears Block N.Y. Bar From Serving up Inhaled Alcohol**

By John Petrick – *The Record *
August 25, 2004


HACKENSACK, N.J. **--** The party was over before it even got started Friday night at the trendy Trust Lounge in Manhattan's meat-packing district, where promoters unveiled a new vaporizing gadget that turns hard liquor into an inhalant.

"It's a fun, new, exciting way for adults to enjoy alcohol in a safe and responsible manner," said Kevin Morse, president of Spirit Partners Inc., which holds the exclusive license to market the machines in the United States.

There was just one problem. No one at this product launch would get to enjoy the full effects of the technology, dubbed AWOL (Alcohol With Out Liquor).

Questions from leery state officials as to the legality of inhaling shots in New York bars prompted Morse to err on the side of caution and fill up the machines with Gatorade, so that at least patrons and media could get the general idea of how AWOL works without running the risk of jeopardizing Trust Lounge's liquor license.

And so what should have been the hottest, edgiest party in town was ironically the most sobering. Even conventional alcoholic drinks were not served during the launch party, for fear state authorities might accuse someone of sneaking a shot into the AWOL when no one was looking.

Morse said he was confident the machines would be available at bars everywhere soon, once Spirit works with state authorities to allay concerns about the safety of the product. But exactly when -- or if -- the New York club crowd will get to start inhaling booze at their favorite watering hole remains to be seen. "Hopefully we can work things out," Morse said.

According to Morse, the New York State Liquor Authority -- in cautioning promoters about Friday night's event -- cited part of a law that prohibits liquor from being sold out of anything but its original container.

AWOL is available in Europe and Asia, where Spirit Partners notes it has been deemed safe. "It's already an international sensation," Morse said. Friday night's Manhattan launch was the first of what Morse said would be many more to come in other American cities.

The machine consists of two components: an oxygen generator and a hand-held vaporizer. Tubes from the generator attach to the vaporizer. The patron chooses an 80 proof spirit, which is then poured into the vaporizer. Oxygen mixes with the alcohol, producing a mist that is inhaled through the mouth.

Alcohol enters the bloodstream through the lungs instead of the stomach, making AWOL low-cal and low-carb, according to Spirit Partners. The sensation, according to the company, is the same kind of rush that comes when drinking alcohol, only milder and without hangovers.

"When a new product comes out, there are always concerns, and that's fine," said Dominic Simler, the inventor of AWOL. "I was selling oxygen machines to health and beauty salons. I got the idea back in 1999, when the whole oxygen bar thing was happening," he said, referring to bars where people pay to inhale fresh air.

At least one official in New York, Westchester County Executive Andrew Spano, has said he wants a local or state ban on the machines because they could attract underage drinkers.

**5. Alcohol Misting Device Not Illegal, AG Says**

*[New York Lawyer](http://www.nylawyer.com) – The Associated Press*

August 25, 2004

There are no apparent illegalities in a device that converts alcohol into a breathable mist that first appeared last week in a Manhattan bar, a spokesman for state Attorney General Eliot Spitzer said. Darren Dopp said the attorney general's office is "concerned" about the device and is "trying to find out more about it." But he said an initial review appears to show it is legal. Mr. Dopp said the state Liquor Authority and state legislators are also looking into the Alcohol Without Liquid device.

Manufacturers say inhaling misted alcohol creates a "milder" sensation than drinking.

State Senator Patricia McGee, who chairs the Senate's alcohol and substance abuse committee, has said she intends to file legislation barring the devices.

**6. Beer Firm Brews up Metal Bottles**

By Charles Sheehan - *Associated Press*

[August 25, 2004](http://www.dailyiowan.com/main.cfm/include/displayIssueArticles/issue_date/20040825.html)

PITTSBURGH - How much would you pay for a bottle of beer that stays cold nearly an hour longer?

Pittsburgh Brewing Co., maker of Iron City Beer, is asking an additional $1 per case.

The brewery has teamed up with Alcoa Inc., the world's largest aluminum maker, to produce aluminum bottles that keep beer colder for as much as 50 minutes longer than a glass bottle, Alcoa officials said.

Approximately 20,000 cases of the new aluminum-bottle beer are en route to as many as 28 states and should be on shelves this week, Alcoa and Pittsburgh Brewing said Tuesday.

The bottles have three times the aluminum of a typical beer can. That gives them superior insulation, Alcoa spokesman Kevin Lowery said.

It's not the first time Alcoa has teamed up with the local brewery to put out a new product. In 1962, the two put the first pull-tab beer cans on shelves, freeing beer drinkers of the need to carry openers with them.

"We think it's much better than a can and as good or better than glass," said Joe Piccirilli, the vice chairman for Pittsburgh Brewing. "There's no doubt in my mind whether this has the same potential as the pull tab we did with Alcoa."

Iron City wants to expand sales. But the aluminum bottle may be more important to Alcoa. The aluminum giant wants to win back a share of the market it lost to beer bottles - both glass and plastic, which are now common at sporting events nationwide.

Approximately 40 percent of all beer consumed comes out of cans, 43 percent from bottles, and 8 percent from the tap, according to the Beer Institute, which tracks industry trends. Bottles, however, have gained ground over the past decade.

Plastic bottles make up only 0.5 percent of all beer sales, according to the Beer Institute. But having aluminum bottles at sporting events would introduce the product to thousands, who might buy a case for home.

Pittsburgh Brewing said it won't drop glass bottles or cans from production.

Some people say they can taste the difference between beer in cans and bottles.

Lew Bryson, an author of two books on breweries, said those complaints are psychological, because the aluminum is coated. But, he said, there may be a lingering taste when the seal of an aluminum can is broken.

The aluminum bottle could eliminate that, he said.

One microbrewery based in Missoula, Mont., has been using aluminum bottles. Heineken released a limited edition aluminum bottle last year.

Aluminum bottles also have proven successful for a few breweries in Japan, but Iron City is the first company in North America to ship the bottles nationally, company officials said.

Alcoa and brewery officials say the biggest selling point of the bottle may be its appearance.

Bryson agreed but noted that plastic bottles have also been problematic at some bottling plants because they are lighter than glass and can become jumbled.

But he said the advantages may not outweigh the price.

"It seems a bit like an answer in search of a question," he said.

Pittsburgh Brewing said aluminum bottles cost more than twice than glass - about a nickel more per beer - but Alcoa and the brewery said the cost will come down if other beer companies follow suit.

Pittsburgh Brewing, which sells about 6 million cases of beer annually, has opened a six-figure marketing campaign to try to make the idea stick.

"I think in the next 12 to 18 months, more people are going to get into this like we are," said Piccirilli. "We're not kicking the tires."

**7. NBWA Urges GOP to Permanently Repeal Death Tax**

**August 25, 2004**

ALEXANDRIA, VA -- The National Beer Wholesalers Association (NBWA) is urging Republicans to uphold their campaign promises to permanently repeal the estate tax, otherwise known as the "death tax."

In a letter to the 2004 Republican Platform Committee, NBWA President David K. Rehr wrote, "During the 2000 and 2002 election cycles a clear message was communicated by Republicans: in order for Congress to deliver death tax relief, we must take the White House and retain a stronghold in Congress. NBWA, beer wholesalers, small business organizations and millions of American business owners worked to realize that goal and continue to wait."

America's beer wholesalers are family-owned and -operated businesses that have, in most cases, been passed down through the generations. The NBWA says the impact of the death tax threatens their livelihoods and the ability to pass their businesses on to their children. "NBWA continues to support congressional leaders and their work to make death tax repeal permanency a reality," the group said in a statement on Tuesday.

Rehr asked the committee to make past campaign promises become reality by requesting that this year's Republican platform contain the strongest possible language calling for permanent repeal of the death tax. He also requested that the U.S. Senate continue to be urged to act swiftly on this issue.

"The U.S. House of Representatives has repeatedly voted to end this onerous tax on America's small businesses," NBWA's statement said. "Unless the Senate takes action, permanent death tax repeal, as provided in the Economic Growth and Tax Relief Reconciliation Act of 2001, will sunset in 2010 allowing the tax to return at full force January 1, 2011. Without permanent death tax repeal, family-owned businesses face an unpredictable future with regard to estate planning, the future of their businesses and the protection of their assets for future generations."

**8. French Wine Exports Continue to Fall**

August 25, 2004

French wines are still performing badly in the export market according to figures released yesterday.

The figures, released by the French wine and spirits export federation (FEVS), show that compared with the first six months of 2003 still wine exports have gone down by 4.2% in volume and by 8.4% in value.

Although Burgundian wines showed growth in both value and volume, Bordeaux is not doing as well. Figures show that Bordeaux exports have dropped by 11% in volume and by over 25% in value.

The poor performance of Bordeaux abroad is partly attributed to the popular 2000 vintage which became available at the beginning of 2003, making export results for the year a hard act to follow.

Champagne has posted the most encouraging growth for the struggling French wine market, showing a 14.2% increase in value on the first half of last year.

However, markets for French wine abroad are generally regressing with the UK and US markets dropping by 15.3% and 26.8% in value respectively.

**9. Last Call for Jack Daniel's?**

*CNN/Money staff writer*

August 25, 2004

**Brown-Forman's whiskey sales are strong but Wall Street sees cracks in the company's china sales.**

NEW YORK (CNN/Money) - How's this for a great recipe for the end of summer?

A glass of Jack Daniel's Tennessee whiskey and a gourmet meal served on Lenox china... just before you depart for a cruise to the Caribbean with your Hartmann luggage?

That, at least, is the dream of executives at 134 year-old consumer goods maker Brown-Forman Corp.

The Louisville, Ky.-based company, most well known for its Jack Daniel's and Southern Comfort brands of whiskey, also owns Korbel champagne and Finlandia vodka and has a sizeable consumer products business that includes the Lenox, Dansk and Gorham lines of tableware as well as Hartmann.

However, while its alcoholic beverage sales are going strong, led by Jack Daniel's market share gains, Brown-Forman's consumer durables business is sagging. In July, the company cautioned that it expects both the Hartmann and Lenox units to continue to face tough times due to the uncertain economic outlook.

And even though Brown-Forman's stock has outperformed the broader market over the past two years, shares have started to cool in recent months.

So should investors stock up on Brown-Forman (BFB: Research, Estimates), which will report its latest earnings results Thursday, while its 'spirits' are high, or should they hold off until the excess baggage is sorted out?

**10. Union Reopens, Wary of Underage Drinking**

By Nick Petersen *- The Daily Iowan*

[August 27, 2004](http://www.dailyiowan.com/main.cfm/include/displayIssueArticles/issue_date/20040827.html)

The Union Bar, 121 E. College St., reopened under new ownership Thursday with plans to keep a strict eye on age at the door and at the bar to avoid the fate of its former owner.

The establishment's four new owners will allow 19- and 20-year-old patrons to enter, but they will take precautions against underage drinking, said one of the owners, Marty Maynes.

"Bartenders and wait staff will wear wrist bands to remind them to check customers," he said. He wouldn't reveal all the steps he is taking for fear minors would attempt to circumvent the rules.

George Barlas, the former owner, sold the longtime Iowa City bar after the Iowa Alcoholic Beverages Division revoked its liquor license in May.

Ben Jones, a UI senior and bouncer at Martinis, 127 E. College St., said the Union has a history of drawing in the masses with its reputation as the Big Ten's biggest bar. He said the bar used to lack the look bargoers desired.

"It wasn't as crowded the year they shut it down because they didn't fix anything up," Jones said.

The updated bar, featuring sleek black seating and plasma televisions on the walls, went through an overhaul before its opening, Maynes said.

"We cleaned it up and updated it to provide a better experience," said Maynes, who admitted he was nervous about his business venture.

Higher quality decor might bring the bar up to par, but Jones said that wasn't all a bar needed to attract large crowds.

"The Summit has dollar-you-call-it on Tuesdays, and you can't even move," Jones said.

Owners must do more than get customers in the door to survive. Stiff enforcement of underage drinking has resulted in a number of bars closing because of violations in recent months.

