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Team,

In the previous two weeks, I was able to visit two beer wholesalers who handle Olympia and Hamms beer, to get a feel for their operation and market experience. It would have been nice to interview an Astro wholesaler, but Astro management strictly informed all of their distributors to provide no information to prospective applicants.

While no specific financial data were discussed, general information was provided in a near cordial fashion because of the noncompetitive nature of my plans. Based on my conversations, I have made the following estimates:

Inventory		\$480,000
Equipment		
Delivery trucks	\$304,000	
Forklifts	\$40,000	
Recycling and miscellaneous equipment	\$40,000	
Office equipment	\$16,000	
Total equipment		\$ 400,000
Warehouse		\$ 640,000
Land		\$ 80,000
Total investment		<u>\$1,600,000</u>

A local banker reviewed my financial capabilities and saw no problem in extending a line of credit on the order of \$700,000. Other sources also might loan as much as \$400,000 to the business.

As a rough estimate of fixed expenses, I plan to have four route salespersons, an administrator, and a general warehouseperson. Salaries for these people and myself would be about \$450,000 annually plus some form of incentive compensation I have yet to determine. Other fixed or semifixed expenses estimated at:

Equipment depreciation	\$80,000
Warehouse depreciation	\$32,000
Utilities and telephone	\$32,000
Insurance	\$24,000
Personal property taxes	\$20,000
Maintenance and janitorial	\$11,200
Miscellaneous	<u>\$ 4,800</u>
Total	<u>\$204,000</u>

According to the two wholesalers, beer in bottles and cans outsold keg beer by a three-to-one margin. Keg beer prices at the wholesale level were about 45 percent of prices for beer in bottles and cans.

Thank you for your assistance in my venture! I very much look forward to your findings.

Cheers,

Miles