MINER'S INCORPORATED

FINANCIAL REPORT

JUNE 29, 2002

McGLADREY & PULLEN, LLP
Certified Public Accountants

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McGLADREY & PULLEN, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Miner's Incorporated
Hermantown, Minnesota

We have audited the accompanying balance sheets of Miner's Incorporated as of June 29, 2002 and June 30, 2001, and the related statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Miner's Incorporated as of June 29, 2002 and June 30, 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Duluth, Minnesota
September 13, 2002

MINER'S INCORPORATED

BALANCE SHEETS
June 29, 2002 and June 30, 2001

ASSETS	2002	2001
Current Assets		
Cash and cash equivalents	**$ 490,958**	$ 1,044,088
Marketable equity securities (Notes 3 and 13)	**-**	4,593,118
Receivables:		
Trade accounts	**1,461,818**	1,234,243
Notes (Note 6)	**4,264,317**	4,848,514
Current maturities of notes receivable (Note 6)	**-**	964,448
Interest	**123,055**	269,302
Due from related parties (Note 2)	**2,953,869**	296,661
Inventories	**15,228,796**	13,442,351
Prepaid expenses	**182,809**	173,564
Total current assets	**24,705,622**	26,866,289
Investments, Long-Term Receivables and Other Assets		
Marketable equity securities (Notes 3 and 13)	**3,859,825**	-
Investments in and advances to unconsolidated subsidiaries (Note 4)	**4,878,145**	6,330,889
Cash value of life insurance (Note 14)	**805,013**	830,482
Notes receivable, less current maturities and allowance for doubtful notes (Note 6)	**-**	3,026,136
Income tax deposit	**2,973,000**	2,820,000
Assets held for sale	**1,379,358**	-
Prepaid pension costs (Note 9)	**72,834**	-
Other assets	**468,003**	540,528
	14,436,178	13,548,035
Property and Equipment, at cost (Notes 5 and 8)	**95,793,147**	93,445,808
Less accumulated depreciation	**43,197,739**	42,850,718
	52,595,408	50,595,090
	$ 91,737,208	$ 91,009,414

See Notes to Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	**2002**	2001
Current Liabilities		
Notes payable:		
Bank (Note 7)	**$ 959,516**	$ -
Related entity (Note 2)	**355,844**	322,538
Due to related parties (Note 2)	**93,336**	1,300,741
Current maturities of long-term debt and obligation under capital lease (Note 8)	**2,219,186**	2,877,767
Accounts payable:		
Major supplier	**3,018,012**	2,837,360
Other	**5,978,783**	6,858,194
Outstanding checks in excess of bank balance	**897,677**	-
Accrued expenses	**3,971,586**	3,570,433
Total current liabilities	**17,493,940**	17,767,033
Accrued Pension Costs (Note 9)	**311,914**	147,270
Long-Term Debt and Obligation Under Capital Lease, less current maturities (Note 8)	**4,767,717**	6,950,778
Stockholders' Equity		
Common stock:		
Voting, without par value; authorized and issued 3,000 shares	**300**	300
Nonvoting, without par value; authorized 297,000 shares; issued 282,653 in 2002; 287,553 in 2001	**28,265**	28,755
Retained earnings	**70,064,415**	66,332,130
Accumulated other comprehensive loss (Note 10)	**(929,343)**	(216,852)
	69,163,637	66,144,333
	$ 91,737,208	$ 91,009,414

MINER'S INCORPORATED

STATEMENTS OF INCOME
Years Ended June 29, 2002 and June 30, 2001

	2002	2001
Net Sales	**$ 327,192,135**	$ 316,125,663
Cost of Sales	**237,994,456**	232,073,644
Gross profit	**89,197,679**	84,052,019
Percent to sales	**27.3%**	26.6%
Other Operating Revenue, primarily rental income	**1,188,478**	1,273,274
Operating Expenses	**72,799,934**	69,152,058
Operating income	**17,586,223**	16,173,235
Nonoperating Income (Expense)		
Interest income	**794,401**	1,334,452
Loss on sale of marketable securities	**(142,228)**	(97,817)
Gain on distribution of investment in unconsolidated subsidiary (Note 4)	**264,206**	-
Loss on write off of advances and notes receivable	**(2,467,751)**	(71,865)
Gain (loss) on sale of property and equipment	**559,386**	(5,336)
Interest expense	**(907,644)**	(1,154,385)
Equity in net loss of unconsolidated subsidiaries	**(737,783)**	(457,345)
	(2,637,413)	(452,296)
Net income	**$ 14,948,810**	$ 15,720,939

See Notes to Financial Statements.

MINER'S INCORPORATED

STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended June 29, 2002 and June 30, 2001

	Comprehensive Income	Common Stock Voting	Common Stock Non-Voting	Retained Earnings	Accumulated Other Comprehensive Income (Loss)
Balance, June 24, 2000		$ 300	$ 28,755	$ 59,461,191	$ 966,282
Comprehensive income:					
Net income	$ 15,720,939	-	-	15,720,939	-
Other comprehensive income:					
Unrealized loss on marketable securities:					
Unrealized holding losses arising during period	(1,280,951)				
Less reclassification adjustment for losses included in net income	(97,817)				
	(1,183,134)	-	-	-	(1,183,134)
Comprehensive income	$ 14,537,805				
Dividends on common stock		-	-	(8,850,000)	-
Balance, June 30, 2001		300	28,755	66,332,130	(216,852)
Comprehensive income:					
Net income	**$14,948,810**	-	-	**14,948,810**	-
Other comprehensive income:					
Unrealized loss on marketable securities:					
Unrealized holding losses arising during period	**(750,149)**				
Less reclassification adjustment for losses included in net income	**(142,228)**				
	(607,921)	-	-	-	**(607,921)**
Change in minimum pension liability	**(104,570)**	-	-	-	**(104,570)**
Comprehensive income	**$14,236,319**				
Cash dividends on common stock		-	-	**(9,099,381)**	-
Property distribution (Note 4)		-	-	**(670,634)**	-
Redemption of 4,900 shares of non-voting common stock		-	**(490)**	**(1,446,510)**	-
Balance, June 29, 2002		**$ 300**	**$ 28,265**	**$70,064,415**	**$ (929,343)**

See Notes to Financial Statements.

MINER'S INCORPORATED

STATEMENTS OF CASH FLOWS
Years Ended June 29, 2002 and June 30, 2001

	2002	2001
Cash Flows from Operating Activities		
Net income	**$ 14,948,810**	$ 15,720,939
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**5,212,928**	4,553,702
Amortization of other assets	**51,650**	51,551
(Gain) loss on sale of property and equipment	**(559,386)**	5,336
Equity in net loss of unconsolidated subsidiaries	**737,783**	457,345
Loss on write off of advances and notes receivable	**2,467,751**	71,865
Loss on sale of marketable securities	**142,228**	97,817
Gain on distribution of investment	**(264,206)**	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Trade accounts receivable	**(227,575)**	(201,216)
Interest receivable	**146,247**	5,623
Inventories	**(1,786,445)**	(427,755)
Prepaid expenses	**(9,245)**	(33,435)
Income tax deposit	**(153,000)**	(696,000)
Increase (decrease) in:		
Accounts payable	**(698,759)**	1,616,193
Accrued expenses	**401,153**	(249,831)
Accrued pension costs	**(12,760)**	147,270
Net cash provided by operating activities	**20,397,174**	21,119,404
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	**891,739**	57,850
Purchases of property and equipment	**(7,545,599)**	(9,725,564)
Purchases of assets held for sale	**(419,842)**	-
Principal payments received on notes receivable	**6,924,186**	199,488
Disbursements for notes receivable	**(4,817,156)**	(2,608,980)
Disbursement for marketable securities	**(676,962)**	(926,295)
Proceeds from sale of marketable securities	**680,981**	924,062
Proceeds from sale and dividends received from equity investments	**308,533**	1,406,822
Investments in and advances to unconsolidated subsidiaries	**-**	(1,050,000)
(Increase) decrease in amounts due from related parties	**(2,657,208)**	1,494,520
Increase in cash value of life insurance	**25,469**	8,136
Net cash used in investing activities	**(7,285,859)**	(10,219,961)

(Continued)

MINER'S INCORPORATED

STATEMENTS OF CASH FLOWS
Years Ended June 29, 2002 and June 30, 2001

	2002	2001
Cash Flows from Financing Activities		
Proceeds from note payable, related entity	$ 33,306	$ 52,538
Increase (decrease) in amounts due to related parties	(1,207,405)	1,300,741
Principal payments on long-term debt and obligation under capital lease	(2,841,642)	(2,809,063)
Increase in excess of outstanding checks over bank balance	897,677	-
Redemption of common stock	(1,447,000)	-
Dividends paid	(9,099,381)	(8,850,000)
Net cash used in financing activities	(13,664,445)	(10,305,784)
Net increase (decrease) in cash and cash equivalents	(553,130)	593,659
Cash and Cash Equivalents		
Beginning	1,044,088	450,429
Ending	$ 490,958	$ 1,044,088
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	$ 932,926	$ 1,184,572
Supplemental Schedule of Noncash Investing and Financing Activities		
Distribution of investment in unconsolidated subsidiary	$ 670,634	$ -
Assets held for sale acquired in exchange for note payable	$ 959,516	$ -
Change in minimum pension liability	$ 104,570	$ -
Change in net unrealized loss on marketable securities	$ 607,921	$ (1,183,134)
Transfer of other assets to marketable securities	$ 20,875	$ -

See Notes to Financial Statements.

MINER'S INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: The Company owns and operates 20 supermarkets located in the states of Minnesota, Wisconsin, Michigan, and North Dakota.

A summary of significant accounting policies follows:

Fiscal year: The Company's fiscal year ends on the last Saturday in June each year. The years ended June 29, 2002 and June 30, 2001 contained 52 and 53 weeks, respectively.

Cash equivalents: For purposes of reporting cash flows, the Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

The Company maintains its cash in bank accounts which, at times, may exceed Federally insured limits. The Company has not experienced any losses in such accounts.

Trade accounts receivable: The Company charges trade accounts receivable bad debts to expense in the year they are deemed uncollectible. It is the opinion of management that based on prior bad debt experience and the status of current receivables; an allowance for doubtful trade accounts is not necessary.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined principally on a last-in, first-out (LIFO) method. If the first-in, first-out (FIFO) method had been used exclusively, reported inventories would have been approximately $2,800,000 and $2,890,000 higher at June 29, 2002 and June 30, 2001, respectively.

Depreciation: Depreciation is computed principally by the straight-line method based upon the estimated useful lives of the property and equipment owned or the lease term for leasehold improvements and property and equipment under capital leases. It is the Company's policy to include amortization expense on assets acquired under capital leases with depreciation expense on owned assets.

Estimated useful lives follow:

	Years
Buildings	18 - 40
Leasehold improvements	Term of Lease
Equipment and fixtures	8
Transportation equipment	4 - 8

Investment in marketable equity securities: The Company has investments in marketable equity securities, which consist of common and preferred stocks that are traded or listed on national exchanges.

Management determines the appropriate classification of securities at the time they are acquired, and evaluates the appropriateness of such classification at each balance sheet date. Since the Company does not purchase investment securities in anticipation of short-term fluctuations in market prices, the investment in marketable securities has been classified as available-for-sale. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses are reported as separate components of stockholders' equity.

Advertising: The Company expenses advertising expense when occurred.

Self-Insurance: For the most part, the Company acts a a self-insurer for certain insurable risks consisting primarily of employee health and welfare insurance programs. Estimated costs resulting from non-insured losses are accrued by a charge to income when the incident that gives rise to the loss occurs.

Income taxes: The Company, with the consent of its stockholders, has elected to be taxed as an S Corporation under sections of the federal and state income tax laws, which provide that, in lieu of corporation income taxes, the stockholders separately account for their pro-rata shares of the Company's items of income, deduction, losses and credits. Therefore, these statements do not include any provision for corporation income taxes. Since the Company does not have a calendar year-end, it is required to maintain a deposit with the Internal Revenue Service which approximates the income tax that stockholders would pay one year earlier on the July-December earnings if the Company had a calendar year-end. The amount of the deposit is recomputed in May of each year and is approximately 41 percent of taxable income for one-half (six months) of the previous fiscal year of the Company.

Use of estimates in the preparation of financial statements: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Related Party Transactions

Due from (due to) related parties consists of the following:

	2002	2001
6% unsecured note payable, stockholder	$ -	$ (1,300,741)
8% note receivable, stockholder	103,775	111,220
Advances to stockholder	2,850,094	-
Advances to (from) various stockholders and related entities	(93,336)	185,441
Net amount due from (due to) related parties	$ 2,860,533	$ (1,004,080)

Amounts due from (due to) related parties are classified on the balance sheet as follows:

	2002	2001
Current asset, due from related parties	$ 2,953,869	$ 296,661
Current liability, due to related parties	(93,336)	(1,300,741)
	$ 2,860,533	$ (1,004,080)

The Company leases a supermarket building in Virginia, Minnesota from Virginia Development Company (owned by several stockholders of the Company). The lease expires September 2005. Rental expense is $285,240 annually, plus contingent rent which amounted to approximately $81,670 and $82,760 for the years ended June 29, 2002 and June 30, 2001, respectively. The Company also pays all property taxes, insurance, and maintenance.

The Company leases warehouse space in Duluth, Minnesota from Arrowhead Land & Leasing, LLC (owned by several stockholders of the Company). The lease expires February 2006. Rental expense amounted to $216,000 for the years ended June 29, 2002 and June 30, 2001. The Company also pays all property taxes, insurance, and maintenance. The Company has a short-term note payable due to Arrowhead Land & Leasing, LLC. The balance outstanding was $355,844 and $322,538 as of June 29, 2002 and June 30, 2001, respectively.

Included in trade receivables are receivables from Miner's Redemption Center (a company owned by a stockholder) of approximately $105,000 in 2002 and $147,000 in 2001 for manufacturers' coupons.

The Company leases property to a stockholder under a noncancelable-operating lease to December 31, 2011. The property has a carrying value of approximately $4,296,000. Total rental income amounted to $337,200 in 2002 and 2001.

The Company received interest income in 2002 and 2001 of approximately $59,000 and $58,000, respectively, on amounts due from related parties. The Company paid interest expense of approximately $24,000 in 2001 on amount due to a stockholder.

Note 3. Investment in Marketable Equity Securities

The following is a summary of the Company's investment in marketable equity securities as of June 29, 2002 and June 30, 2001:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common and preferred stocks:				
2002	$ 4,684,598	$ 340,459	$ (1,165,232)	$ 3,859,825
2001	$ 4,809,970	$ 526,143	$ (742,995)	$ 4,593,118

In 2002, the Company has pledged its investment in marketable equity securities in connection with guaranteeing the repayment of debt of an unrelated company. During the entire time the debt guarantee remains outstanding, Miner’s Incorporated is restricted from selling its marketable equity securities without reinvesting the proceeds in similar investments.

Note 4. Investments in and Advances to Unconsolidated Subsidiaries

The Company accounts for investments in corporations in which it owns between 20 percent and 50 percent of the common stock and investments in limited liability companies by the equity method of accounting under which the Company's share of the net income or loss is recognized in the Company's statement of income and added to or subtracted from the investment account, and dividends received are recorded as a reduction of the investment account.

The Company's investments in and advances to unconsolidated subsidiaries are as follows:

	Percentage Ownership	2002	2001
Miner's Hotels, LLC (cost $5,428,376)	59.05%	$ 4,063,661	$ 4,801,961
NRI Electronics, Inc.	-	-	406,428
MIC Apartment Investors, LLC (cost $888,767)	16.67%	691,984	1,000,000
Other investment	-	122,500	122,500
		$ 4,878,145	$ 6,330,889

Miner’s Incorporated has a 59.05 percent interest in Miner’s Hotels, LLC which has a 36.73 percent ownership investment in a company which owns and operates 10 hotels. Accordingly, the Company accounts for its investment on the equity method.

During 2002, Miner’s Incorporated distributed its investment in NRI Electronics, Inc. with a fair value of $670,634, to the shareholders of the Company for $670,634, based on a fair value appraisal dated September 30, 2000. The distribution resulted in a gain of $264,206 and is included in the statement of income.

Note 5. Property and Equipment

A summary of property and equipment as of June 29, 2002 and June 30, 2001 is as follows:

	June 29, 2002		
	Cost	Accumulated Depreciation	Book Value
Land	$ 4,250,844	$ -	$ 4,250,844
Buildings	49,801,038	17,764,788	32,036,250
Leasehold improvements	4,590,827	1,881,083	2,709,744
Equipment and fixtures	33,552,089	21,533,322	12,018,767
Transportation equipment	3,419,207	2,018,546	1,400,661
Construction in progress	179,142	-	179,142
	$ 95,793,147	$ 43,197,739	$ 52,595,408

	June 30, 2001		
Land	$ 4,397,683	$ -	$ 4,397,683
Buildings	48,231,104	16,739,807	31,491,297
Leasehold improvements	4,396,863	1,562,023	2,834,840
Equipment and fixtures	32,535,886	22,935,910	9,599,976
Transportation equipment	3,445,670	1,612,978	1,832,692
Construction in progress	438,602	-	438,602
	$ 93,445,808	$ 42,850,718	$ 50,595,090

The following is a summary of property and equipment included above which is under a capital lease:

	2002	2001
Building	$ 3,017,635	$ 3,017,635
Less accumulated depreciation	870,165	774,967
	$ 2,147,470	$ 2,242,668

MINER'S INCORPORATED

NOTES TO FINANCIAL STATEMENTS

Note 6. Notes Receivable

	2002	2001
9% unsecured note receivable, NRI Electronics, Inc., due December 31, 2002	$ 1,311,434	$ 2,511,434
15% note receivable, individual, due in full April 15, 2003, interest is payable annually, collateralized by a subordinated security interest in common stock of of Pen Motors, Inc., additional interest is also payable based upon the net income of Pen Motors, Inc.	400,000	660,000
6.5% unsecured note receivable, City of Two Harbors, Minnesota, payments of principal and interest are due semiannually from tax increments generated from the development property, as defined in the agreement, through February 1, 2004	76,136	115,727
Various notes receivable with interest ranging from 10% to 10.75%, principal due in 2003	90,220	1,405,479
7% note receivable, Superior Dimension & Doors, LLC, a Company related through common ownership, collateralized by substantially all assets of the Company, interest payable monthly, principal due April 15, 2003	2,351,458	-
7% unsecured note receivable, China Hardwood Import Products, LLC, interest payable monthly, principal due April 15, 2003	108,556	-
Other note receivable	26,513	42,578
Notes receivable matured in 2002	-	4,203,880
	4,364,317	8,939,098
Less allowance for doubtful notes	(100,000)	(100,000)
Total notes receivable	$ 4,264,317	$ 8,839,098

Notes receivable are classified at June 29, 2002 and June 30, 2001 as follows:

	2002	2001
Current notes receivable	$ 4,364,317	$ 4,848,514
Less allowance for doubtful notes	(100,000)	-
Total current notes receivable	$ 4,264,317	$ 4,848,514
Long-term notes receivable	$ -	$ 4,090,584
Less allowance for doubtful notes	-	(100,000)
	-	3,990,584
Less current maturities	-	(964,448)
Total long-term notes receivable	$ -	$ 3,026,136

Note 7. Bank Notes

The Company has an unsecured $6,000,000 revolving line of credit with Wells Fargo Bank, Minnesota, N.A., with a maturity date of April 30, 2003. Interest is payable monthly at 1 percent below the Wall Street Journal Prime Rate. There was no outstanding balance as of June 29, 2002 or June 30, 2001.

The Company has a $959,516 single-payment note payable to M&I Bank, due upon the sale of property described as the Northwood Door, Inc. facility, or September 30, 2002. Interest is payable monthly at 2 percent over the Adjusted Interbank Rate (3.879 percent at June 29, 2002). The note requires the Company to maintain a minimum tangible net worth of $60 million.

Note 8. Long-Term Debt and Obligation Under Capital Lease

	2002	2001
Long-Term Notes		
10.38% unsecured note payable, Prudential Insurance Company of America, due November 1, 2002, interest is payable quarterly	$ 750,000	$ 2,250,000
8.14% unsecured note payable to Prudential Insurance Company of America, due in annual installments of $800,000 to February 2004 and $600,000 from February 2005 to February 2007, interest is payable quarterly	3,400,000	4,200,000
8.0% unsecured note payable to former stockholder, due in monthly installments of $40,286 including interest to October 2003	646,772	1,029,222
Other note payable	60,000	72,000
Total long-term notes	4,856,772	7,551,222
Obligation under Capital Lease (See Notes 5 and 12)		
9% capital lease with Fleming Companies, Inc. for a building, due in monthly installments of $27,485 to June 2011 collateralized by inventory and equipment in Grand Forks, North Dakota	2,130,131	2,277,323
Total long-term debt and obligation under capital lease	6,986,903	9,828,545
Less current maturities	2,219,186	2,877,767
	$ 4,767,717	$ 6,950,778

The loan agreements with Prudential Insurance Company of America contain various financial covenants including maintaining minimum working capital, current ratio and tangible net worth. In addition, the Company has restrictions on the amount of dividends, additional debt incurred, additional investments and advances made and the issuance and sale of common stock.

Aggregate maturities required on long-term debt and obligation under capital lease at June 29, 2002 are as follows:

Fiscal Years Ending in June		
2003	$	2,219,186
2004		1,154,688
2005		812,623
2006		810,692
2007		830,456
Later years		1,159,258
	$	6,986,903

Note 9. Retirement Plans

The Company contributes to union-sponsored multiemployer retirement plans in accordance with negotiated labor contracts. The retirement plans cover all of the Company's union employees, which represent a majority of the Company's employees. Contributions, which are based on varying rates for the hours worked by the employees, totaled $758,179 and $761,306 for the years ended June 29, 2002 and June 30, 2001, respectively.

The Company has a defined benefit pension plan covering substantially all of its nonunion employees. The Company's funding policy is to contribute annually the normal costs of the plan. The following table sets forth the plan's funded status and amounts recognized in the accompanying balance sheets as of June 29, 2002 and June 30, 2001:

		2002		2001
Fair value of plan assets	$	3,171,057	$	3,587,070
Accumulated benefit obligations		3,482,971		2,951,342
Funded status		(311,914)		635,728
Accrued pension liability		134,510		(147,270)
Additional minimum liability		(177,404)		-
Recorded as intangible asset		72,834		-
Accumulated comprehensive income reduction	$	(104,570)	$	-
Accrued liability on balance sheets	$	(311,914)	$	(147,270)

Plan activity and amounts recognized for the years ended June 29, 2002 and June 30, 2001 follows:

	2002	2001
Benefit cost recognized in expense	$ 327,070	$ 147,359
Company contributions	339,830	-
Benefits paid	190,239	85,062

Assumptions used in the accounting were:

	2002	2001
Discount rate	7.00%	7.00%
Rate of increase in compensation levels	4.00%	4.00%
Expected long-term rate of return on plan assets	8.50%	8.50%

The Company maintains a defined contribution pension plan under Section 401(k) of the Internal Revenue Code for all employees. The Company contributes 50 percent of the first 4 percent of base compensation that a nonunion participant contributes to the Plan. Pension expense for the 401(k) plan amounted to approximately $166,000 and $164,000 for the years ended June 29, 2002 and June 30, 2001, respectively.

Note 10. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) consists of the following:

	June 29, 2002		
	Unrealized Gain (Loss) on Marketable Securities	Unrecognized Pension Costs	Total
Balance, beginning	$ (216,852)	$ -	$ (216,852)
Current period change	(607,921)	(104,570)	(712,491)
Balance, ending	$ (824,773)	$ (104,570)	$ (929,343)

	June 30, 2001		
Balance, beginning	$ 966,282	$ -	$ 966,282
Current period change	(1,183,134)	-	(1,183,134)
Balance, ending	$ (216,852)	$ -	$ (216,852)

Note 11. Employee Benefits

The Company has a self-insured health and welfare plan covering certain employees. Insurance is purchased for losses in excess of $40,000 each year and up to $1,000,000 lifetime per employee. Losses and claims, including incurred but unreported claims, were approximately $1,360,000 and $1,000,000 for the years ended June 29, 2002 and June 30, 2001, respectively.

Note 12. Leases

The Company leases certain supermarket buildings over periods ranging from 3 to 20 years, with renewal options from 3 to 25 years.

At June 29, 2002 the future minimum lease payments under capital leases and rental payments required under noncancelable operating leases are as follows:

Fiscal Years Ending in June	Capital Leases	Operating Leases
2003	$ 329,820	$ 2,115,467
2004	329,820	1,773,184
2005	329,820	1,471,566
2006	329,820	1,259,697
2007	329,820	571,963
Later years	1,319,280	2,536,724
Total minimum payments required	2,968,380	$ 9,728,601
Less amount representing interest	838,249	
Present value of minimum lease payments	$ 2,130,131	

Rental expense for all operating leases for the years ended June 29, 2002 and June 30, 2001 amounted to approximately $2,522,000 (including $361,000 contingent rent) and $2,035,000 (including $250,700 contingent rent), respectively. Contingent rent is additional rent based on a percentage of sales over certain levels.

Note 13. Commitments

Guarantee of debt: The Company has guaranteed payment of approximately $8,667,000 of short-term and long-term debt of other companies as of June 29, 2002. In connection with the debt guarantee, the Company has pledged its investment in marketable equity securities.

Construction commitment: The Company has entered into a contract to remodel one of its stores for approximately $2,500,000. The cost of the project will be financed from operations.

Note 14. Life Insurance

The Company is the owner and named beneficiary of life insurance policies having face values amounting to $8,000,000 on the life of the president. Cash value of life insurance of these polices amounted to $805,013 and $830,482 as of June 29, 2002 and June 30, 2001, respectively.

Note 15. Intention to Declare Dividends

The Company pays dividends to assist the stockholders in paying their personal income taxes on the income of the Corporation. It is expected that approximately $4,000,000 of dividends will be paid prior to January 15, 2003.

Note 16. Major Supplier

The Company purchased groceries and related items from Fleming Companies, Inc. of approximately $140,870,000 and $141,850,000 during the years ended June 29, 2002 and June 30, 2001, respectively.

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Miner's Incorporated
Hermantown, Minnesota

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Duluth, Minnesota
September 13, 2002

MINER'S INCORPORATED

FINANCIAL HIGHLIGHTS
As of

	June 29, 2002	June 30, 2001	June 24, 2000	June 26, 1999	June 27, 1998
Cash and cash equivalents	$ 490,958	$ 1,044,088	$ 450,429	$ 10,239,896	$ 5,242,776
Marketable equity securities	-	4,593,118	5,871,836	2,496,025	-
Receivables	8,803,059	7,613,168	5,625,266	3,301,069	4,373,235
Inventories	15,228,796	13,442,351	13,014,596	12,520,030	13,473,908
Prepaid expenses	182,809	173,564	140,129	103,359	101,500
Total current assets	24,705,622	26,866,289	25,102,256	28,660,379	23,191,419
Notes payable and current portion of long-term debt and obligations under capital lease	3,534,546	4,501,046	3,091,064	2,847,928	2,696,186
Other current liabilities	13,959,394	13,265,987	11,899,625	13,458,649	11,115,352
Total current liabilities	17,493,940	17,767,033	14,990,689	16,306,577	13,811,538
Working capital	$ 7,211,682	$ 9,099,256	$ 10,111,567	$ 12,353,802	$ 9,379,881
Investments, long-term receivables and other assets	$ 14,436,178	$ 13,548,035	$ 14,675,091	$ 10,539,873	$ 10,723,687
Property and equipment	52,595,408	50,595,090	45,486,414	44,436,779	45,959,939
Long-term debt	4,767,717	6,950,778	9,816,544	12,565,609	13,559,891
Accrued pension costs	311,914	147,270	-	-	46,726
Stockholders' equity	69,163,637	66,144,333	60,456,528	54,764,845	52,456,890
Ratio of current assets to current liabilities	1.41	1.51	1.67	1.76	1.68
Ratio of total liabilities to equity	0.33	0.38	0.41	0.53	0.52
Ratio of net income to beginning equity	22.60%	26.00%	25.06%	22.51%	19.53%

MINER'S INCORPORATED

COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS
For Years Ended

	June 29, 2002	June 30, 2001	June 24, 2000	June 26, 1999	June 27, 1998
Net sales	$ 327,192,135	$ 316,125,663	$ 291,764,630	$ 279,040,138	$ 309,823,503
Cost of sales	237,994,456	232,073,644	217,147,149	207,779,849	234,351,692
Gross profit	89,197,679	84,052,019	74,617,481	71,260,289	75,471,811
Percent to sales	27.26%	26.59%	25.57%	25.54%	24.36%
Other operating revenue	1,188,478	1,273,274	1,357,073	1,471,131	1,415,049
Operating expenses	72,799,934	69,152,058	61,320,414	57,897,566	63,491,269
Operating income	17,586,223	16,173,235	14,654,140	14,833,854	13,395,591
Nonoperating expense	(2,637,413)	(452,296)	(928,739)	(3,025,899)	(4,008,928)
Net income	14,948,810	15,720,939	13,725,401	11,807,955	9,386,663
Retained earnings					
Balance, beginning	66,332,130	59,461,191	54,735,790	52,426,890	48,040,227
Dividends	(9,099,381)	(8,850,000)	(9,000,000)	(7,000,000)	(5,000,000)
Stock redemption	(1,446,510)	-	-	(2,499,055)	-
Balance, ending	$ 70,735,049	$ 66,332,130	$ 59,461,191	$ 54,735,790	$ 52,426,890