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CLASSIC BRANDS

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8 August 2003
Robert W. Litter
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Attn: TTB Notice No.4
Chief, Regulations and Procedures Division
Alcohol and Tobacco Tax and Trade Bureau
PO Box 50221
Washington, D.C. 20091-022 1

Dear Sir or Ma'am,

Litter Distributing Co., Inc supports the proposed rule issued in March 2003 by the Tax and Trade Bureau (TTB) that outlines the alcohol content requirements in order for flavored malt beverages (FMB) to be classified as beer. Specifically, the TTB proposes that for an FMB to be classilied as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Historically, Beer has been regulated and taxed differently than other alcohol beverages. The nile proposed by TTB is consistent with past interpretation of what is classified as beer and other malt beverages. The unique regulatory treatment of beer is based on its age-old production process, and its definition in the Internal Revenue Code dates back to the 1800s when Congress first imposed the beer excise tax. Adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

Most states follow federal guidelines on beer and it is important that regulatory policy remain consistent This proposed rule would help maintain an orderly marketplace and avoid costly and confusing disruptions in state licensing, taxation and distribution policies, any of which would deal a severe blow to beer wholesalers.

Comparing beer with beverages that derive most of their alcohol content from distilled spirits could weaken the important distinctions between beer and those products with higher alcohol content These distinctions impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages. If traditional distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to categorize themselves as beer products. Beer is not distilled spirits or a fortified wine. Beer products are not produced using the distillation process; it is made through the brewing process. The 0.5% standard will ensure that the integrity of beer remains.

Once again Litter Distributing Co., Inc encourages the TTB to give final approval to the proposed 0.5% standard on FMBs

Sincerely,

Litter
President Litter Distrubuting Co., Inc.

be: NBWA

BUDWEISER
KING OF BEERS

WE ALL MAKE A DIFFERENCE
THANKS FOR DRINKING RESPONSIBLY