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fun Beverage Inc.  
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August 13, 2003

Attn: TTB Notice No. 4  
Chief Regulations and Procedures Division  
cohol and Tobacco Tax and Trade Bureau  
P.O. Box 50221  
Washington, DC 20091-0221

Dear Sirs or Madam,

Fun Beverage, Inc. a wholesale distributor of beer and wine in Montana who represents most currently available flavored malt beverages, including Smirnoff ICE, Skyy Blue and Mike's, strongly supports the proposed rule as issued 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, FMB products, just like all other malt beverage products must derive the vast majority of its alcohol from the fermentation process. Only 0.5% of the FMB's alcohol can come from flavorings containing alcohol.

These products can be reformulated to look and taste the same as those currently available to wholesalers while preserving the distinction of what constitutes beer. Beer is a unique product that has been regulated and taxed differently than other alcohol beverages throughout our nations history The TTB proposed rule is consistent with the historical interpretation of what constitutes beer and other malt beverages. Adoption of the TTB "0.5 by volume standard" will ensure the integrity of beer and the brewing process. Moreover, equating beer and beverages that derive a majority of their alcohol content from distilled spirits could weaken the important distinction between, beer and products with higher alcohol content. These distinctions impact state and federal policies regarding the regulation and taxation of beer and other alcohol beverages.

The bottom line is, if an FMB is to be sold, distributed and taxed as a malt beverage, it should be made as a malt beverage according to traditional brewing methods and processes.

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I have no doubt that once adopted, the standard will maintain an orderly marketplace, meet consumer expectations and will mean that both wholesalers and retailers will be able to continue to distribute, sell and market flavored beverages as we do today.

If traditional distinctions disappear. it will only be a matter of time before producers of alcohol beverages attempt to categorize themselves as beer

Beer is not distilled spirits. Beer is not fortified wine. Beer is not a product that has been made through the distillation process. Beer is made through the brewing process. The 0.5% standard will insure that the integrity of beer remains.

Once again, Fun Beverage, Inc. encourages the TTB to give final approval to the proposed 0.5% standard on flavored malt beverages.

Sincerely,

Brian C. Clark  
President

cc: NBWA