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CHEROKEE  
DISTRIBUTING COMPANY, INC.  
Knoxville, TN 37939-0186

August 8, 2003 .

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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. 20091-0221

Dear Sir or Madam:

Cherokee Distributing Company 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 classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Beer has always been taxed and regulated differently than other alcohol beverages and the TTB proposed rule is consistent with the past interpretation of what constitutes beer and other malt beverages. The different regulatory treatment of beer is based on its unique, historical production process and its definition in the Internal Revenue Code goes back to the 1800s when the first beer excise tax was first imposed. Adoption of the 0.5% by volume standard would continue to support the integrity of beer and the brewing process.

Consistent regulatory policy is important because while states enjoy regulatory power over alcohol, most follow federal regulatory guidelines. 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.

Equating beer and beverages that derive a majority of their alcohol content from distilled spirits could weaken the important distinctions between beer and products with higher alcohol content. These distinctions affect state and federal policies regarding the regulation and taxation of beer and other alcohol beverages.

If these distinctions disappear, it will only be a matter of time before other producers of alcohol beverages attempt to class their products as beer products.

Beer is not fortified wine nor distilled spirits nor is it made through the distillation process but is made through the brewing process. The proposed 0.5% standard will ensure that the integrity of beer remains.

Cherokee Distributing Company urges the TTB to approve the proposed 0.5% standard on FMB's.

Sincerely,

Herbert L. Ogle

Vice President