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Budweiser  
KING OF BEERS

Don H. Herrell  
August 8, 2003  
PRESIDENT

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

Dear Sir or Madam:

H. W. Herrell Distributing Company supports the proposed rule issued in March 2003 by the Tax and Trade Bureau (TTB) that outlines the alcohol content requirements so that flavored malt beverages (FMB) can be classified as beer. The TTB proposes that in order for FMB's to be classified as beer, its alcohol content cannot exceed 0.5%. The premise is simple--beer has always been regulated and taxed differently than other alcoholic beverages throughout history. Why is beer different from other alcohol 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 1800's when Congress first enacted the beer excise tax. The adoption of the TTB "0.5 by volume standard" would ensure the integrity of beer and the brewing process.

This would ensure that the states (who follow federal regulatory guidelines) would have a consistent regulatory policy in regards to alcohol. The adoption of TTB would provide clarity in regards to state licensing, taxation and distribution policies, which is vital to the businesses of beer wholesalers and the market as a whole.

In addition, it is incredibly dangerous to equate beer and beverages that derive a majority of their alcohol content from distilled spirits because this weakens the important distinctions between beer and products with higher alcohol content. These distinctions have a tremendous impact on state and federal policies concerning the regulation and taxation of beer and other alcohol beverages.

The implications are clear: if these traditional distinctions become blurred, it is inevitable that other producers of alcohol beverages attempt to categorize themselves as beer products. BEER IS NOT DISTILLED SPIRITS! BEER IS NOT WINE! Beer is a product made through the brewing process (NOT through

the distillation process). As such, the integrity of beer and the method from which it is made must be protected.

We encourage the TTB to give final approval to the proposed 0.5% standard on FMB's.

Best Regards

Donald H. Herrell  
President  
H.W. Herrell Distributing Company  
Imperial, Missouri