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GREY EAGLE
DISTRIBUTORS, INC.

August 8, 2003

Attn.TTBnt.#4
Chief, Regulations and Procedures Division .
Alcohol and Tobacco Tax and Trade Bureau
PO Box 50221
Washington, DC 20091-0221

Dear Sir or Madam:

As an officer of Grey Eagle Distributors, the Anheuser-Busch wholesaler in St. Louis County, I am writing to express my support for the proposed rule issued in March by the Tax and Trade Bureau (TTB) concerning the alcohol content requirements for flavored malt beverages (FMB) to be classified as beer. We at Grey Eagle agree with the TTB proposal that, for a FMB to be classified as beer, its alcohol content from distilled alcohol cannot exceed 0.5%.

Beer has been regulated and taxed differently than other forms of alcohol since the United States was founded. The proposed TTB rule follows the historical interpretation of what constitutes beer and other malt beverages. Beer regulations are 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. While states enjoy regulatory authority over alcohol, it is important that there be consistent regulatory policies because most states 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 be major problems for beer wholesalers.

Equating beer and beverages that derive the majority of their alcohol content from distilled spirits could weaken the important distinctions 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.

If traditional distinctions disappear, other producers of alcohol beverages will quickly attempt to categorize themselves as beer products. Beer is not distilled spirits or fortified wine. Beer is brewed, not distilled. The 0.5% standard will ensure that the integrity of beer remains.

We at Grey Eagle encourage the TTB to give final approval to the proposed 0.5% standard on FMBs.

Sincerely,

Neil G. Komadoski

Vice President - Operations