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Budweiser

John L. Nau, III P.O. Box 2743
President Houston, Texas 77252
Chief Executive Officer (713) 866-6330

September 9, 2003

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,

Silver Eagle Distributors is a distributor of Anheuser-Busch and Modelo Brewing products. We are the fourth largest distributor in the country, selling our products in the Houston, Texas area. In our product portfolio we carry non-alcoholic products, beer, and flavored malt beverages (FMiB). We understand the difference in these products and we are qualified to offer our opinion on Tax and Trade (TTB) Notice #4.

Silver Eagle Distributors supports the proposed rule issued in March 2003 by the TTB. This proposed rule outlines the alcohol content requirements that would be required for flavored malt beverages to be classified as beer. We fully support the idea that an FMB would not be allowed to have over .5% of its alcohol content from distilled alcohol in order for it to be classified as a beer. Throughout our Nation's history, beer has been considered to be a unique product, both in its regulation and as it has been taxed. Differentiation between beer, distilled spirits, and wine has been clear and consistent. Adoption of the TTB .5% by Volume Standard would ensure the integrity of beer and the brewing process and continue this historic differentiation.

One of the most important reasons that we send this letter is to emphasize the need for consistent regulatory policy. Many states follow federal regulatory guidelines even though they enjoy specific power to regulate alcohol within their states. The proposed rule would continue an orderly market place, and avoid incredibly costly and confusing disruptions for those of us at the distributor level.

SILVER EAGLE DISTRIBUTORS, L.P.
P.O. Box 2743 Houston, Texas 77252-2743 (713) 869-4361

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Let there be no doubt that distilled spirits are not beer and beer is not distilled spirits. Our beer products are not made through any distillation process. We are a part of the brewing world. The .5% standard will ensure that the integrity of beer remains. Let there be no doubt that Silver Eagle Distributors encourages the TTB to give final approval to the proposed .5% standard on FMB's.

Sincerely,

John L. Nau III

JLN/rr

bc: NBWA
Washington, DC