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August 13, 2014

Hon. Frederick "Tony" Higdon
Commissioner
Kentucky Department of Alcoholic Beverage Control
1003 Twilight Trail
Frankfort, Kentucky 40601-8400

Stephanie Stumbo
Malt Beverage Administrator
Kentucky Department of Alcoholic Beverage Control
1003 Twilight Trail
Frankfort, Kentucky 40601-8400

Dana Coomes
Alcoholic Beverage Control Administrator
101 East 4th Street
P.O. Box 10003
Owensboro, Kentucky 42302-9003

Re: Protest of Anheuser-Busch, LLC's application for malt beverage distributor's license in Owensboro, Kentucky

Dear Commissioner Higdon, Administrator Stumbo, and Administrator Coomes,

On August 2, 2014, Anheuser-Busch, LLC ("Anheuser-Busch") gave notice of its intention to apply for a malt beverage distributor's license with the proposed licensed premises to be located at 4221 Airpark Drive, Owensboro, Kentucky 42301.

Pursuant to KRS 243.360(3), the Kentucky Beer Wholesaler's Association, Inc. hereby protests the application for, and objects to the issuance of, a malt beverage distributor's license to Anheuser-Busch for the proposed licensed premises.

Anheuser-Busch's application in Owensboro reflects its expressed intention to have sole control of the manufacturing and distribution of its malt beverages in Kentucky and across the nation. Anheuser-Busch's intentions in these regards are in direct conflict with Kentucky's interest in maintaining "an orderly three tier system for the distribution and sale of quality malt beverages in the Commonwealth of Kentucky." KRS 244.602; see 804 KAR 4:015 ("The three tiers of this system are designated as producer, wholesale/distributor, and retail. Each of these three (3) levels operate separately and apart from each other for the purpose of control. In order

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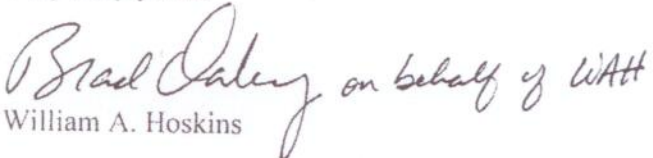
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for this control to be effectively administered by this board, it is necessary to prevent any type of interlocking interest by and between the three (3) separate levels.").

In order for the Board and local administrators to maintain proper control over the manufacture and distribution of malt beverages in Kentucky and Owensboro, Anheuser-Busch's application for a malt beverage distributor's license must be denied. The grant of the requested license will lead to an inappropriate vertical integration within the three-tier system, the loss of local jobs, and the loss of local and state control over the distribution of Anheuser-Busch's beer in the marketplace. These are the precise circumstances that the three-tier system is designed to prevent. Additionally, the grant of the requested license will undermine the intent and application of Kentucky's franchise law, KRS 244.602, *et. seq.*

Accordingly, we request that Administrator Coomes deny the license, or in the alternative, that a hearing be scheduled to allow the protest to be fully aired before a decision on the license is granted. In the event the license is approved locally notwithstanding this protest, the Kentucky Department of Alcoholic Beverage Control and its Board are hereby requested to deny the license and/or schedule a *de novo* hearing on the question. Thank you for your consideration.

Very truly yours,


William A. Hoskins