

Congress of the United States
Washington, DC 20515

February 11, 2016

The Honorable William Baer
Assistant Attorney General, Antitrust Division
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20530-0001

Dear Mr. Baer:

As members of the House Small Brewers Caucus – a bipartisan group dedicated to issues affecting America’s small brewers – we write to urge the Department of Justice to undertake a comprehensive review of the global merger of Anheuser-Busch InBev (ABI) and SABMiller, the two largest beer manufacturers in the world, as well as any related divestiture of SABMiller’s ownership interest in the MillerCoors joint venture.

Along with a number of constituents, consumer advocates, craft breweries, independent beer distributors (wholesalers), retailers and industry groups, we are concerned about ABI’s increased leverage on all aspects of the United States beer industry. This deal is the largest global acquisition to date in the beer industry, and one of the largest acquisitions of a consumer goods company ever. As such, we believe that it is appropriate for the Department’s review to be even more comprehensive than its review of ABI’s acquisition of Grupo Modelo in 2012 and 2013.

If ABI’s acquisition of SABMiller proceeds, the combined new company would represent 58 percent of global beer profits, casting a long shadow in the U.S. marketplace where ABI, already the largest brewer, would increase its dominance.

ABI is currently the primary brewer for the largest network of U.S. multi-brand independent beer distributors and has unique access to larger retail accounts and other advantages stemming from the scope and scale of its operations. While brewers are generally required by state law to utilize licensed beer distributors to store and deliver their products to retailers, ABI also exercises vertical control through ownership of multi-brand beer distributors in some states. The distributors owned by ABI also sell beer brands that directly compete with ABI. In fact, recent takeovers make ABI one of the fastest growing beer distributors in the United States, having acquired 12 independent distributors in nine states since 2012.

ABI’s effective control as the major supplier to independent distributors, combined with its direct ownership of distributors and recent acquisitions of craft brewers, allows for greater opportunity to suppress the sale of the various brands of other brewers. Should ABI acquire

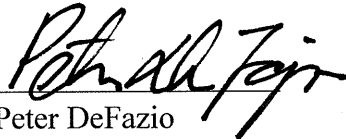
additional independent distributorships in targeted markets or place further pressure on independent distributors to abandon the distribution of non-ABI brands, including a significant number of craft brands, those brewers will have only one viable distribution option in those markets. This is an outcome that will further limit access to many U.S. markets that are currently only served by two major beer distributors. As such, the Department must prevent negative effects of the proposed transaction on America's craft brewers and consumers, who may be left with fewer choices and experience higher prices.

Small brewers also are concerned that the ABI acquisition of SABMiller creates the potential to constrain access to commodities that brewers rely on to make their products. These materials include hops, barley, cans, and bottles. The proposed acquisition would lead to a uniquely powerful global player in these markets with the capability of subtly affecting prices and supplies of essential commodities for other brewers. In the end, price increases and supply disruptions could have an adverse effect on both competition and beer consumers.

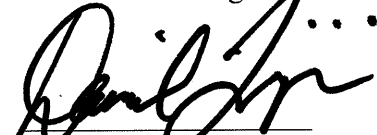
Craft beer is an American success story, representing over 11 percent of the American beer market and growing at double digit rates each year as consumers savor variety. This consumer demand has fueled a record number of craft breweries – about 4,000 – creating 115,000 jobs across all 50 states and a total economic impact estimated at \$55.7 billion. These American businesses have been able to start, grow and reach new markets through an independent and competitive distribution system. The prospective enhanced dominance of the global market by ABI should not increase its ability to control the pathway to an effective distribution system, nor should it suppress the growth of American craft beer.

The House Small Brewers Caucus is greatly interested in the effects of the ABI acquisition on our constituents – craft brewers, beer distributors and consumers. We ask that you undertake a thorough review of this transaction and seek appropriate remedial steps to preserve competition and protect consumers.

Sincerely,



Peter DeFazio
Member of Congress



Daniel Lipinski
Member of Congress




Erik Paulsen
Member of Congress



Mike Kelly
Member of Congress



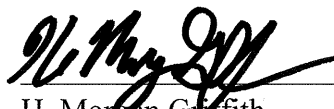
Chellie Pingree
Member of Congress



Ryan Costello
Member of Congress



Earl Blumenauer
Member of Congress



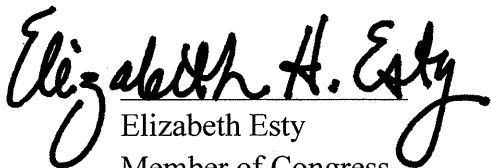
H. Morgan Griffith
Member of Congress



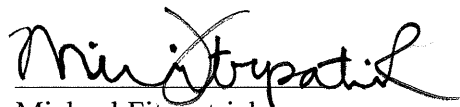
Suzanne Bonamici
Member of Congress



Lou Barletta
Member of Congress



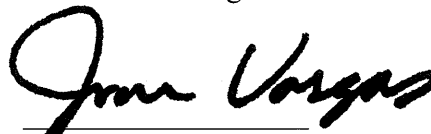
Elizabeth Esty
Member of Congress



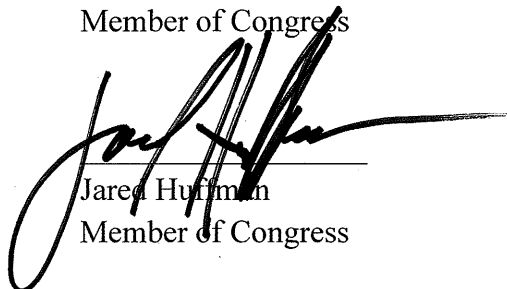
Michael Fitzpatrick
Member of Congress



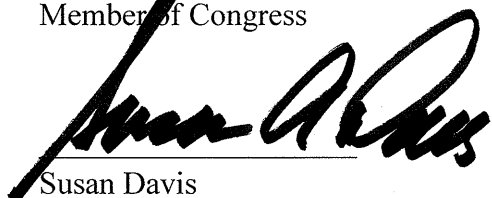
Scott Peters
Member of Congress



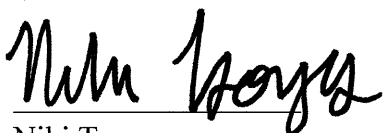
Juan Vargas
Member of Congress



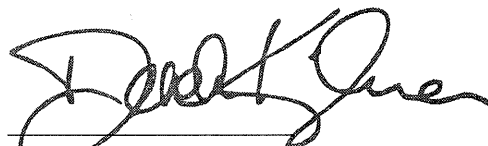
Jared Huffman
Member of Congress



Susan Davis
Member of Congress



Niki Tsongas
Member of Congress



Derek Kilmer
Member of Congress

cc: The Honorable Loretta Lynch, Attorney General of the United States