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Letter from Chairman

The Future is Full of Promise

I'm honored by my role as Chair of the Beer Institute Board of Directors, because I think the future of beer — all beer — in the United States is bright. Central to that bright future is our commitment to ensure that the Beer Institute, one of the nation’s oldest trade associations, continues to be a strong voice for beer in Washington, D.C., and beyond.

Fortunately, the hardworking men and women of the beer industry have proven time and again that we can set aside our competitive spirits and work toward the common good of the industry and its millions of consumers.

The latest example of that is, of course, our embrace of the Craft Beverage Modernization and Tax Reform Act, a proposal that will bring real federal excise tax relief to brewers and beer importers and will have a measurable impact on jobs and our industry’s contribution to our nation’s economy. Brewers and beer importers are working to advance the bill in the United States Senate and House of Representatives. Early indications are very promising that many members of Congress agree with us about the need to pass this bill.

The simple act of competitors coalescing around this kind of policy goal is a critical part of our future success. Alignment among competitors brings many benefits and ultimately gives us the strongest possible position for success in the policy arena. Our opponents who advocate every day for equalization, for example, benefit if we are fractured and fighting. With the Beer Institute’s leadership, and your support, we will not let that happen.

It should not be lost on all of us that our competitors in the other beverage alcohol categories are unified around their policy goals for the equalization of not just taxes, but advertising access for hard liquor, sponsorship opportunities and route to market. As they work to solidify their positions, it may be more difficult to protect the beer industry’s well-reasoned tax and regulatory advantages. Central to our success will be our united voice for beer in Washington, D.C., to create a policy atmosphere that will ultimately help us win in the marketplace.

It’s encouraging that our successes over the past year — promoting sound excise tax reform, continuing to push for responsible enjoyment of our products, enhancing an Advertising & Marketing Code that’s the core of this organization, to name a few — underscore the willingness, commitment and potential that is clearly there.

My friends, we are all competitors in the marketplace, yet we are also committed to making the future of our industry brighter every day. We are responsible for $252.6 billion in annual economic output, employing and supporting 1.75 million jobs and paying out $78.9 billion in wages and benefits.

Beer is part of the social, cultural and economic fabric of this great country, and we are all the trustees of that phenomenal legacy. Your participation here over the next few days at the Beer Institute Annual Membership Meeting shows that this legacy is important to you. Thanks for coming to Washington, D.C., for our meeting. Enjoy your time in the nation’s capital, and here’s to making sure that beer — all beer — has a bright future.

Cheers.

João Castro Neves
Letter from President & CEO Jim McGreevy

United for Beer

When I first introduced myself to the Beer Institute Board at the 2014 Annual Membership Meeting, I told the members I wanted to be a leader for the industry, a voice for beer in Washington, D.C. and a unifier who brings people together towards common policy goals.

As we welcome you back to our nation’s capital for the 2015 Annual Membership Meeting, there is no accomplishment I am more proud of than the progress we have made by working together to achieve our common goals.

Together, with the Brewers Association, we recently welcomed the introduction in the United States Congress of the Craft Beverage Modernization and Tax Reform Act, which provides fair, equitable and comprehensive reform of the federal excise tax on beer. The Beer Institute has been working to find common ground to unite the brewing industry behind one federal excise tax relief bill. This proposal accomplishes that. The beer-specific provisions of this bill move the ball forward for brewers and beer importers.

Together, with the National Beer Wholesalers Association, we celebrate the economic accomplishments of our industry. There’s a great American success story behind every bottle, as illustrated by a study released in July by the Beer Institute and the National Beer Wholesalers Association. The study – rightly called Beer Serves America – reveals that the beer industry is a powerful economic force, responsible for an annual economic contribution of $253 billion. To put that number in perspective, that’s 1.5 percent of the United States’ Gross Domestic Product (GDP). And that’s on top of the 1.75 million jobs our industry supports.

Together, we continue our unwavering commitment to responsibility, as highlighted in the Beer Institute’s white paper, Commitment to Responsibility. This resource, distributed to every member of Congress, outlines the broad efforts by brewers and beer importers to reduce drunk driving and underage drinking. During the holidays, the Beer Institute launched a holiday public service announcement program, partnering with more than 30 members of Congress to communicate important messaging about responsible consumption nationwide. And for the eighth consecutive year, the country’s major brewers and beer importers promoted the Federal Trade Commission’s “We Don’t Serve Teens” education program with millions of messages online and in TV, radio, print and outdoor ads.

Together, we have also worked to increase the accuracy of the Dietary Guidelines of Americans, augment our industry’s Advertising & Marketing Code, improve transparency in the aluminum market and make inroads against over-burdensome regulation of brewers, breweries and suppliers. You will read more about all of these efforts in this report.

And, of course, we work together day in and day out to protect beer’s rightful place as the preferred choice of alcohol beverage. As most Americans know and rejoice, beer is welcome in more social occasions precisely because of its uniform alcohol content – unlike hard liquor, which as our Know Your Drink initiative points out, has wide variance in liquor strength.

I take great pride in the strides we have made, but know that much work remains. I also know that our industry, with the Beer Institute’s leadership and direction, is ready to meet these challenges.

Onward.

Jim McGreevy
Moving the Beer Institute Forward

The past year has brought many positive changes for the Beer Institute. Last fall, we moved to a new office that is more conducive to the work of Washington, D.C. Since the move, we have hosted reporters, allied organizations, members of Congress and Congressional staff. Along with the new office, we have new faces and new roles. Our staff provides a vast array of talent and serves in roles essential to the mission of the Beer Institute.

Doris Dunn celebrates her milestone 45th anniversary with the Beer Institute this year. Doris started in October 1970 when the organization was the United States Brewers Association and is the longest serving employee. She has served the Beer Institute in various roles and has worked under seven different Beer Institute presidents.

Joy Dubost has joined the Beer Institute as the Senior Director of Science and External Affairs. In this position, she leads the development, evaluation and advocacy of our regulatory policies and positions. Joy comes to the Beer Institute from the National Restaurant Association where she was the Senior Director of Nutrition for nearly five years. She is a Registered Dietitian, Board Certified in Sports Dietetics (CSSD), and has a Ph.D. in food science from Penn State University. She has worked in the areas of food science and nutrition for over 15 years, including nutrition communications and education, public policy and product development. Joy has a great passion for beer and brewing. She is a Master Brewers Association of the Americas beer steward and has been a great fan and spokesperson for the industry for years.

Caitlin Oakley started as the Executive Assistant for the Beer Institute in August 2014. She provides government affairs and communications support, plans Beer Institute events and briefings and coordinates various other initiatives to help the Beer Institute meet its goals and objectives. Caitlin previously worked for Representative H. Morgan Griffith (VA-09) as his executive assistant. Prior to joining Congressman Griffith’s staff, Caitlin held an internship with the Library of Congress Rare Book and Special Collections Division after graduating from the College of William and Mary.

Susan Haney, a 15-year veteran of the Beer Institute, has been promoted to the position of Vice President of Operations. Susan started as the executive assistant to late president Jeff Becker. In her new position, she oversees organizational operations, industry and government affairs.

Michael Uhrich has been named the Beer Institute Chief Economist. Michael is a veteran of the beer industry, having spent part of his career at MillerCoors, most recently managing the marketplace intelligence function in their Insights division. He is a Certified Beer Server through the Cicerone Certification Program and an avid home brewer. Michael holds both bachelor and master degrees in economics from Marquette University.

We have also added the new position of Director of Federal Affairs filled by Joe Heaton. Joe, who spent more than a decade on Capitol Hill, most recently served Representative Jon Runyan (NJ-03) as Deputy Chief of Staff and Legislative Director following time in Rep. Mike Turner’s (OH-10) office as Legislative Director and Counsel. He has handled several issue areas for Congressman Runyan, including tax, trade, financial services, judiciary and appropriations. Joe holds a J.D. from Penn State University and a B.A. from Miami University.
Legislative Affairs

Reaching Common Ground on Equitable Tax Legislation

In June 2015, the Beer Institute negotiate brand-new excise tax legislation. This new bill, the Craft Beverage Modernization and Tax Reform Act, was introduced in the United States Senate by Senators Ron Wyden (OR) and Roy Blunt (MO) and in the U.S. House of Representatives by Representatives Erik Paulsen (MN-03) and Ron Kind (WI-03).

This legislation is the result of many hours of labor to reach common ground on the critical issue of federal excise tax reform, and is a testament to the dedication of all parties involved. Like its predecessor the Fair BEER Act, which was supported by the Beer Institute, the National Beer Wholesalers Association (NBWA) and many others — this legislation takes a comprehensive approach to reform and includes brewers and beer importers.

Specifically, the legislation will:

- Reduce the federal excise tax to $3.50 per barrel on the first 60,000 barrels for domestic brewers producing fewer than 2 million barrels annually;
- Reduce the federal excise tax to $16 per barrel on the first 6 million barrels for all other brewers and all beer importers; and
- Keep the excise tax at the current $18 per barrel rate for barrelage over 6 million.

In addition to the excise tax adjustments offered in the bill, the proposal includes:

- A provision that seeks to streamline bookkeeping processes for small brewers and brew pubs;
- Language that allows for greater collaboration between unaffiliated brewers; and
- Verbiage that simplifies the Alcohol and Tobacco Tax and Trade Bureau (TTB) processes for bonding requirements and adding ingredients to beer.

The Beer Institute has already worked to garner the support of dozens of legislators, and will continue to work diligently with the Brewers Association and others to recruit new sponsors to not only show how important this issue is, but also to advance this legislative solution to a decades-old problem.
Equalization

We continue our efforts to halt the trend to “equalize” the treatment of beer, wine and hard liquor. “Equalization” ignores how people consume alcohol. Beer and hard liquor are not made, served or consumed the same way, so there should be independent tax and regulatory standards. These are points the Beer Institute has made forcefully to lawmakers, regulators, the media and others and we will continue to drive that message home.

Keg Theft

Theft of beer kegs is a problem estimated to cost brewers and beer importers more than $50 million annually.

The Beer Institute, in partnership with its members and other beer industry allies, has been working to influence federal legislation to put effective measures in place to address this costly crime.

In addition, the Beer Institute, along with the Brewers Association and keg vendor MicroStar Logistics, has reached out to the President and CEO of eBay, Inc. calling on the corporation to immediately stop facilitating the sale of stolen beer kegs by allowing unauthorized individuals to sell them using their service. At any given time, beer kegs are offered for sale on eBay. We are also encouraging eBay to collaborate with the Beer Institute to check the lawful ownership of kegs, prevent the sale of stolen kegs and to restore kegs to their rightful owners.

Transparency in the Aluminum Market

The Beer Institute demonstrated industry leadership when it pressed for new levels of transparency and accountability in the London Metal Exchange’s aluminum warehouse market. The steps taken by the Beer Institute — working with other affected industries in advocating for reform with regulating agencies and lawmakers — resulted in meaningful changes in London Metal Exchange warehouse rules. As aluminum cans continue to grow share, these rule changes are expected to have a positive impact for our industry.
TTB Funding

The Beer Institute is urging Congress to fully fund the Administration’s budget request for the Tax and Trade Bureau (TTB) for FY2016. The Administration requested $101 million for all TTB operations. We asked Congress to increase TTB’s direct appropriation by an additional $5 million for enforcement of the Federal Alcohol Administration (FAA) Act. Appropriate funding will ensure that TTB can maintain the personnel necessary to conduct its responsibilities as the nation’s primary federal alcohol regulator. TTB has long endured a shrinking workforce despite a marked increase in the number of licensed manufacturers and wholesalers.

Brand Beer

At any given time, a host of important national issues vie for our lawmakers’ attention, and the 114th Congress has been no exception. Finding a way to raise positive awareness to any one issue is the challenging reality of the time and world we live in and perhaps the biggest hurdle faced by nearly every industry in America.

Thankfully, we represent an industry that many people like to talk about, because the products produced by the Beer Institute’s members are enjoyed by so many. Leveraging this popularity through smart and strategic communications, Brand Beer continues to lift our industry above the swirling fray and get our elected officials, important opinion leaders and members of the media to focus on policies that favor beer, brewers and beer importers.

Over the last year, the Beer Institute hosted three ‘policy days’ on Capitol Hill, inviting staff from hundreds of congressional offices. We sponsored major Beltway events, including a Hill event in conjunction with the White House Correspondents Weekend and Taste of the South.

We scored media placements in major outlets like Bloomberg, NPR, TIME.com, and in flagship state papers from coast to coast, as well as numerous Beltway publications. In total, we collected more than 177 million positive media impressions and more than 1,400 earned media placements in 2014.

The beer industry has a powerful story to tell, with an annual economic output of a whopping $252.6 billion. To put that number in perspective, that’s about 1.5 percent of our nation’s Gross Domestic Product (GDP). And it’s an industry that is woven into every American community in some way.

But we know we must continue the drumbeat in order to not only bring needed attention to our successes, but also to the economic and regulatory challenges that could impede our industry’s workers and future growth.

This simple fact highlights the importance of Brand Beer and our efforts to raise the beer industry’s profile and promote its positive image while improving the legislative landscape for the industry.
### By the Numbers

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<th><strong>177 MILLION</strong></th>
<th><strong>535</strong></th>
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<td>positive media impressions and more than 1,400 earned media stories in 2014.</td>
<td>Congressional offices.</td>
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<th><strong>16 WEEKS</strong></th>
<th><strong>28 radio interviews</strong></th>
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<td>of digital paid media in 3 flights since the end of 2014.</td>
<td>on tax, economy, responsibility.</td>
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<th><strong>35.5 MILLION</strong></th>
<th><strong>3,200</strong></th>
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<td>Paid media impressions.</td>
<td>holiday responsibility PSAs recorded by members of Congress.</td>
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**Held 7 different Capitol Hill or inside the Beltway events in 2014 and 2015.**

**Social media pages are continuing to grow, reaching more than 3,200 followers.**

**7 opinion-editorials focused on reducing the federal beer excise tax.**
**Earned Media & Earned Media Editorial**

**Across America, Every State’s A Beer State**

By JIM MCGREEVY
President and CEO, Beer Institute

Across the country, it’s easy to get absorbed in the red state versus blue state debates about how our political patchwork will impact the future of America.

But regardless of political leanings, one thing is clear: every state in the nation is a beer state. That’s something the entire political spectrum can agree on. No truer is that sentiment than on December 5th, this Friday – the anniversary of the end of Prohibition.

The ratification of the 21st Amendment was a historic day for this country. Just look at where the beer industry has grown since then.

According to a Gallup survey, beer is America's adult drink of choice by as wide of a margin as the pollsters have seen in six years. Beer has again firmly established itself as the beverage Americans reach for, and for good reason: Beer is welcome at almost any occasion.

And this preference for beer is a huge boon to the national economy and the American workforce. As a recent Beer Institute analysis illustrates, for every one job at a brewery or beer importer, there are another 45 jobs created in supplier industries and in local communities across the country. This includes jobs in sectors like agriculture, transportation, distributing, business services, packaging and machinery and retail.

**Cheers! Beer industry unites behind bill to cut taxes**

By SEAN HIGGINS • 6/26/15 12:01 AM

Like two guys at a bar who started off fighting but are best buddies by closing time, two beer industry trade groups that had previously been at odds announced Thursday that they were backing a compromise House bill to reform federal excise taxes for golden, sudsy beverages.

In a joint announcement, the Beer Institute, which represents larger brewers including several importers, and the Small Brew Association, which represents the increasingly popular craft brewing industry, announced they were uniting in support of Craft Beverage Modernization and Tax Reform Act, a bill that would lower taxes on both smaller brewers and large ones, including beer importers.
The Next American Job-Creator? Beer.

According to “Beer Serves America,” a report released earlier this week by the Beer Institute and National Beer Wholesalers Association, the industry is responsible for about 1.75 million jobs. (By comparison, registered nurses, one of the ten largest professions in the U.S., numbered 2.7 million in 2014 according to the Bureau of Labor statistics.)

The industry’s economic impact—including jobs, wages, and output—rang in at nearly $253 billion, 1.5% of overall U.S. GDP.

“The brewing industry has a presence in every congressional district in the U.S., and family names appear on most beer packages sold in the United States,” states the report. “Brewers and beer distributors are responsible corporate citizens who care deeply about the responsible use of their products.”
The new BeerInstitute.org

Economic Impact

Beer-Saves America

As one of America’s largest industries, beer is included in the "basket of goods" the government uses to calculate the Consumer Price Index. To measure the industry's full economic impact, the Beer Institute and national beverage alcohol associations estimate a "Beer-Saves America" study every two years.

State Data as of 2013

When you think about beer, words like snake and sloth probably don’t come to mind. But our traceback network can transport more than a single Hawaii plantation. Net sales of our million, largest and most important link in the chain is broadly and beneficially serving 240 million Americans in virtually every corner of the country. It includes some of your nearest neighbors and perhaps even you.

Beer is the ultimate in grass-roots advocacy. How else can you have a stake in something that touches 95% of the households in the country?

The beer industry impacts almost every community in America.

Click to view map

The overall economic impact of brewers, distributors, retailers, suppliers, state, local and federal governments, and the thousands of businesses that make up the beer distribution chain, more than $24.5 billion in 2013. The major ways in which the industry impacts the economy are:

- The Industry's Economic Impact goes beyond the economic benefits to our economy. Beer accounts for more than $24.5 billion in direct and indirect contributions to the economy. The industry supports more than 1.9 million Americans, providing nearly 85,000 jobs in wages and benefits.
- The industry pays nearly $40 billion in business, personal and consumption taxes.
Events
Advertising

Digital

Print

Video

The Craft Beverage Modernization & Tax Reform Act.
A bill the entire beer industry can celebrate.

Everyone in the beer industry can find something to celebrate in the Craft Beverage Modernization & Tax Reform Act (S. 1560/H.R. 2977). It’s common-sense legislation that simplifies and reduces the federal excise beer tax, benefiting consumers as well as brewers and beer importers. The Craft Beverage Modernization & Tax Reform Act:

- Repeals the federal excise tax to $6.65 per barrel on the first 60,000 barrels for domestic brewers producing fewer than 6 million barrels annually.
- Reduces the federal excise tax to $4 per barrel on the last 6 million barrels for all other brewers and all beer importers, and

Learn more at BeerInstitute.org.
Social Media Engagement
Regulatory Affairs

Dietary Guidelines

We anticipate that by the end of the year the 2015 U.S. Dietary Guidelines will be published by the U.S. Department of Health and Human Services (HHS) and the U.S. Department of Agriculture (USDA). This is a process that occurs every five years. The Dietary Guidelines serve as the federal policy on nutrition and as such are advocated by all federal agencies with oversight of food and nutrition and by the nation's health and nutrition professionals. The Dietary Guidelines Advisory Committee (DGAC), which is comprised of academic and scientific researchers, released their scientific report earlier this year, which provided a set of specific recommendations on identified research questions to inform the drafting of the Dietary Guidelines for Americans in 2015.

The Dietary Guidelines, and the process by which they are written and shaped, is important to brewers and beer importers because of implications on consumer behavior in the marketplace, as well as regulatory and tax policy.

The Beer Institute submitted several sets of written comments as well as oral testimony to the DGAC urging them to remove the misleading definition of a “standard drink” and the confusing reference point of 0.6 fluid ounces of alcohol that was in the 2010 Dietary Guidelines. The Beer Institute’s position is that there are distinct differences between beer and other beverage categories, and it is misleading to tell consumers or policymakers that “a drink is a drink,” when, in fact, beer and hard liquor are made, served and consumed differently. Our comments informed the DGAC there is peer-reviewed, published research demonstrating “standard drink” has not helped moderate alcohol consumption, and in fact, shows many mixed drinks are likely to contain from 50 to 300 percent more alcohol than what is found in a customary serving of beer. “Standard drink” was never intended to be used to instruct public consumption, but designed to be used as a way to measure “dosage” in health related studies.

Our written comments, which are posted on the Dietary Guidelines website, state the following:

- The phrase “one drink contains 0.6 fluid ounces of alcohol” and the drink definition box on page 21 of the 2010 Dietary Guidelines should not be included in the 2015 Dietary Guidelines;

- Language should be added to the 2015 Dietary Guidelines encouraging consumers to act prudently by knowing what they are drinking and not assuming that servings of beverage alcohol, especially mixed drinks made with hard liquor, are exactly the same across categories;

- Language should also be added to the 2015 Dietary Guidelines advising consumers to be aware that scientific research shows that there are differing rates of absorption and inebriation for different beverage alcohol products, especially between hard liquor and beer.
In addition, we have been actively meeting with members of Congress as well as key personnel at the HHS and USDA to advocate for our position. We have also pointed out that the 2010 Dietary Guidelines are in direct conflict with other federal agencies’ positions including the TTB, Federal Drug Administration (FDA) and National Institute of Health’s National Institute of Alcohol Abuse and Alcoholism (NIAAA), underscoring the fact that not all drinks are the same.

We will continue advocating for guidelines that adequately inform consumers about variations in alcohol content and properly represent brewers and beer importers.

**Menu Labeling**

In November 2014, FDA released the final rules for the federal menu labeling regulations that were passed as part of the health care law in 2010. The menu labeling law requires chain restaurants, retail food establishments and grocery stores with at least 20 or more locations nationwide operating under the same trade name, to print calories on menus and menu boards and provide additional nutrition information (total calories, calories from fat, total fat, saturated fat, trans fat, cholesterol, sodium, total carbs, fiber, sugar and protein) upon request.

This was a policy shift for the agency, whose earlier proposed rules seemed to exempt alcohol beverages. Under the final regulation, all covered establishments will have to list calories for any alcohol beverage found on a menu or menu board. No calories will be listed for drinks that are not standard menu items.

Many food establishments are already taking steps to prepare for the regulations by analyzing or verifying nutrition information for their various offerings. Thus, these establishments will be looking to the beer industry to provide the full nutrition profile of their products. The accuracy of nutrition information will be an important factor as inaccurate or unreliable information could compromise consumer trust, hurt brand loyalty and have potential legal implications.
Just recently, FDA announced they are delaying implementation by extending the compliance date for the menu labeling rule to December 1, 2016. FDA plans to issue a draft guidance document that provides answers to frequently asked questions to assist covered establishments in complying with the rule. There will be an opportunity for comment on the draft guidance and FDA will review any comments received as quickly as possible. In addition to the guidance, FDA will also provide educational and technical assistance for the covered businesses and for state, local and tribal regulatory partners to support nationwide compliance.

The Beer Institute staff and member companies have met several times with FDA on the issues of the guidance document and have submitted a large number of questions about the rule’s requirements to clarify these issues. In addition we have met with TTB to request consistency between TTB’s Ruling on Voluntary Nutrient Content Statements in Labeling and FDA’s menu labeling rule, including the calculation of calories per gram of alcohol and rounding rules. We will continue to work on this issue on behalf of the members under this new timeline for implementation.

Spent Grains

The Beer Institute continues to work with FDA officials to help them understand that given the extensive regulation of alcohol beverages and the low risk of foodborne illness associated with beer, brewers’ spent grain, or other by-products of brewing, additional restrictive regulation of spent grain and other by-products of brewing is not necessary. We filed comments and met with FDA officials to discuss proposed Current Good Marketing Practices (CGMPs) for animal food that would apply to the packing and holding of by-products in a human food facility for distribution as animal feed. We succeeded in getting the agency to recognize that while there is a possibility of biological, chemical and physical hazards present in human food by-products used as animal feed, these hazards rarely occur, and may be effectively controlled by following reasonable CGMPs or implementing a food safety plan for human food. We also received FDA agreement that a facility’s compliance with proposed subpart B of part 117 and all other applicable food safety requirements of the FD&C Act and implementing regulations should be sufficient to ensure the safety of by-product spent grain used as animal feed. Final regulations are expected later in 2015.
Proposition 65

Proposition 65 is a California law that requires companies producing designated products containing chemicals the state believes cause cancer, birth defects or other reproductive harm, to inform California citizens about exposure to such chemicals. Alcohol is one of the designated products, which means you may not sell alcohol in California without providing this warning to customers before they make a purchase:

**WARNING:**
*Drinking Distilled Spirits, Beer, Coolers, Wine and Other Alcoholic Beverages May Increase Cancer Risk, and, During Pregnancy, Can Cause Birth Defects.*

Most companies that are subject to Prop 65 warning requirements put the requisite warning on their product. Things are different with alcohol. When Prop 65 first went into effect, the state agreed that in lieu of putting the warning on bottles, cans or packaging, the beverage alcohol industry could provide free Prop 65 signs for California retailers to post. For the last 29 years, major brewers and beer importers, wineries and distilled spirits companies have spent considerable sums of money providing Prop 65 alcohol warning signs to retailers. Unfortunately, the law as currently written says that the producer has the legal responsibility to make sure there is a warning sign actually posted for customers to see, and some retailers do not like posting the signs.

In late 2012, an enterprising lawyer found a few of California retail establishments that did not have Prop 65 signs posted. This discovery led to claims against 17 brewers, wineries and hard liquor companies. In late May 2014, the Beer Institute helped secure a favorable Consent Judgment resolving the claims.

In conjunction with entry of the Consent Judgment, the Beer Institute, DISCUS and the Wine Institute organized Proposition 65 Sign Management, Inc. to administer the distribution of Prop 65 alcohol warning signs to California retail licensees. Sign distribution through Proposition 65 Sign Management, Inc. began during the second quarter of 2014.

Proposition 65 Sign Management, Inc. is funded by contributions from industry members and/or industry trade associations. As of December 31, 2014, Proposition 65 Sign Management mailed signs to 89,210 retail licensees in California.
Commitment to Responsibility

Responsibility is Our Mantra

The men and women who comprise the modern beer industry — domestic brewers, beer importers and many others — think about responsibility every single day. As parents and neighbors, we want safe communities and safe roads for our children.

This important mission is highlighted in our white paper, Commitment to Responsibility, which outlines the broad efforts by brewers and beer importers to reduce drunk driving and underage drinking through paid advertisements, programs to work with parents and retailers and alternative rides home.

Among the work outlined in the paper:

- More than 63 percent of American adults report having been a designated driver or having used one.
- In 2013 alone, brewers and beer importers supplied alternative rides home to more than 856,000 consumers.
- A 2014 report by the Federal Trade Commission (FTC) found that more than 97 percent of all media impressions by the alcohol industry were seen by legal drinking age audiences.
- More than 200,000 families have taken part in brewer-funded outreach designed to provide parents the resources they need to talk to their kids about drinking; public research demonstrates that parents are the most influential on teen attitudes toward drinking.

The Beer Institute distributed the paper to every member of Congress and hosted an Industry Insights Panel on Capitol Hill, where congressional staff and others were invited to pose questions and engage representatives of brewers and beer importers involved in responsibility work.

Underage Drinking

Consistent and targeted education works, and that is why for the eighth straight year, the nation’s major brewers and beer importers have promoted the “We Don’t Serve Teens” program, an effective partnership with the Federal Trade Commission that in 2014 generated 106 million media impressions through the combined efforts of the beer industry’s advertising. The campaign carries a simple but powerful message: “Please don’t provide alcohol to teens. It’s unsafe. It’s illegal. It’s irresponsible.”

Teen past-month drinking has declined to 34 percent since 2002, a new record low, according to the U.S. Department of Health and Human Services’ National Survey on Drug Use and Health of 12-17 year-olds. While this is a huge accomplishment, the beer industry remains committed to funding this campaign until we have reached our goal of zero misuse.
Drunk Driving

Drunk driving fatalities have decreased 51 percent since 1982 and 21 percent in the past five years, but that’s not enough. The key to ending drunk driving is stopping it before it happens, and that is why the beer industry uses several communications avenues to deliver that message effectively.

During the holiday season, the Beer Institute partnered with members of Congress to record and distribute public service announcements asking the public to share our industry’s commitment to responsibility. More than 30 members of Congress, from both the United States House of Representatives and the United States Senate, have participated in PSAs as part of the Beer Institute’s inaugural program.

Brewers and beer importers are committed to ending this preventable problem, and invest in a host of community-level programs to promote safe rides home, designated drivers and responsible drinking. The industry partners with taxi apps and community-based groups and offers discount codes, free rides, e-books for parents and guides that help match parenting styles with the cognitive development of their children. After all, studies show that parents are the greatest influence on teens. Of 13-17 year-olds, 68 percent cite their parents as the leading influence on whether they drink or not.

Responsible Advertising and Marketing

The core of what the public sees from brewers and beer importers is overseen by the Beer Institute’s Advertising & Marketing Code, which sets industry standards and guides company practices. For the first time since 2011, this Code received a significant update in two key areas:

• Complaints: Following a recommendation from the FTC, we will now allow any identified individual, company or organization to complain about any brewer’s advertising. The new language allows for competitor complaints, but still bars anonymous complaints.

• Athletes, Entertainers and Celebrities: The Code has been changed to clarify the age requirements for models and actors employed to appear in beer advertising and marketing materials. While models and actors must still be a minimum of 25 years old and appear to be of legal drinking age, the 25-year-old provision no longer applies to generally recognizable athletes, entertainers and other celebrities who are, and appear to be, of legal drinking age.

These — and other minor updates — continue to augment what is already an industry-leading commitment to transparent and effective self-regulation.
Summer Tips for Responsible Drinking

• Use your smart phone to connect with taxi companies and safe rides home, like HEINEKEN USA partners Curb and Uber; Bud Light Taxi; or simply call 1-800-TAXICAB, supported by MillerCoors.

• If you are celebrating in the nation’s capital, call 1-800-200-TAXI for a free ride home courtesy of the Washington Regional Alcohol Program’s SoberRide, whose sponsors include Budweiser, Constellation Brands and MillerCoors.

• Moderate and keep track of your consumption. You can even check out HEINEKEN USA’s partner Alcohoot, a smart phone-based breathalyzer program.

• Designate a skipper, and if you are spending time in the sun, ensure you are eating and pacing yourself throughout the day. Operating a boat under the influence of alcohol is illegal in all states.

• Learn how to talk with your teens about alcohol from resources like the Health Alliance on Alcohol, Let’s Keep Talking guide or the Family Talk About Drinking program. Parents are the leading influence on teens’ drinking decisions.
2014 Statistical Review: Industry Snapshot

The Beer Institute’s Economics Department works closely with BI members, government agencies, wholesale associations, syndicated data sources and other groups to track trends within the U.S. malt beverage industry at many different levels. We continue to compile data on total volume and dollar sales, overall production and tax collections, state shipments, beer imports and exports. We are pleased to see continued growth in the industry, with retail sales increasing 2 percent to reach $107.7 billion dollars and volume sales increasing 0.3 percent.

Off-premise sales, beer purchased in one location (e.g., a convenience, grocery or liquor store) to be consumed elsewhere, grew dollar sales by 2.7 percent, reaching $50.8 billion in 2014. The Grocery, Liquor and Mass Merchandiser channels are each up over 3 percent and jointly gained 0.43 points in share of dollar sales.

On-premise retailers (those who sell beer to be consumed immediately) earned $56.8 billion in sales in 2014, a growth of 1.5 percent compared to the prior year. That’s over half of U.S. dollar sales of beer, even though these retailers sell only 17.6 percent of U.S. beer volume.

The beer industry’s performance in 2014 greatly exceeded that of the preceding year, with beer sales grown in both volume and total dollars.

The following page provides greater detail for 2014.
## 2014 Sales to Retail Dollars and Volume

<table>
<thead>
<tr>
<th>2014 Trade Channels</th>
<th>Retail Dollars (Billions)</th>
<th>Share of Dollars</th>
<th>Volume Barrels (Millions)</th>
<th>Share of Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar/Tavern</td>
<td>$18.4</td>
<td>17.1%</td>
<td>14.6</td>
<td>7.3%</td>
</tr>
<tr>
<td>Restaurant</td>
<td>$24.6</td>
<td>22.8%</td>
<td>13.8</td>
<td>6.9%</td>
</tr>
<tr>
<td>Concessionaire</td>
<td>$2.7</td>
<td>2.5%</td>
<td>0.9</td>
<td>0.4%</td>
</tr>
<tr>
<td>Recreation</td>
<td>$10.1</td>
<td>9.4%</td>
<td>4.9</td>
<td>2.4%</td>
</tr>
<tr>
<td>Military On Premise</td>
<td>$0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other On Premise</td>
<td>$1.0</td>
<td>1.0%</td>
<td>0.9</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Sub Total of On Premise</strong></td>
<td><strong>$56.8</strong></td>
<td><strong>52.8%</strong></td>
<td><strong>35.1</strong></td>
<td><strong>17.5%</strong></td>
</tr>
<tr>
<td>Supermarket/Grocery</td>
<td>$14.3</td>
<td>13.3%</td>
<td>47.4</td>
<td>23.6%</td>
</tr>
<tr>
<td>Convenience</td>
<td>$18.4</td>
<td>17.1%</td>
<td>62.0</td>
<td>30.9%</td>
</tr>
<tr>
<td>Package Liquor</td>
<td>$14.0</td>
<td>13.0%</td>
<td>40.6</td>
<td>20.2%</td>
</tr>
<tr>
<td>Drug Store</td>
<td>$1.3</td>
<td>1.2%</td>
<td>4.9</td>
<td>2.4%</td>
</tr>
<tr>
<td>Mass Merchandise</td>
<td>$1.5</td>
<td>1.4%</td>
<td>5.5</td>
<td>2.7%</td>
</tr>
<tr>
<td>Military Off Premise</td>
<td>$0.2</td>
<td>0.2%</td>
<td>0.7</td>
<td>0.3%</td>
</tr>
<tr>
<td>Other Off Premise</td>
<td>$1.1</td>
<td>1.0%</td>
<td>4.3</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Sub Total Off Premise</strong></td>
<td><strong>$50.8</strong></td>
<td><strong>47.2%</strong></td>
<td><strong>165.4</strong></td>
<td><strong>82.5%</strong></td>
</tr>
<tr>
<td>Total All Channels</td>
<td>$107.7</td>
<td>100.0%</td>
<td>200.5</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Beer Serves America

On July 28, 2015, the Beer Institute and the National Beer Wholesalers Association released the newest Beer Serves America report in a Congressional briefing detailing the industry’s complete impact on the American economy. The study, based on government and industry data, examines direct, indirect and induced spending, labor and tax collection.

The report concludes:

• Overall, the beer industry contributes $252.6 billion in economic output, which is equal to about 1.5 percent of the U.S. GDP.

• Brewers and beer importers directly employ 49,576 Americans. More than 70 percent of brewing jobs are linked to large and mid-sized brewers and beer importers.

• The number of distributor jobs has increased by more than 20 percent in the last decade, to more than 131,000.

• Suppliers to the brewing industry — enterprises that manufacture bottles and cans, cardboard case boxes, brewing equipment or marketing displays, for example — generate more than $83 billion in economic activity and are responsible for more than 383,000 jobs.

• More than $48.5 billion in tax revenue is generated by the production and sale of beer and other malt beverages. This is equal to nearly 40 percent of the retail price paid for beer by consumers.


The Beer Institute represents America’s brewers, beer importers and suppliers throughout the year at conferences and events hosted by governments, non-profits, media and other important stakeholders.

* Denotes conference/meeting at which BI staff spoke.
+ Denotes conference/meeting at which BI displayed its trade booth.

June 2014

- Beer Marketers Insights Seminar—Chicago, IL
- National Conference of State Liquor Administrators Meeting—San Antonio, TX*

July 2014

- National Journal Political Pursuits—Washington, DC

August 2014

- National Conference of State Legislators Trade Show—Minneapolis, MN+
- DC Beer Week—Washington, DC

September 2014

- Governors Highway Safety Administration Annual Meeting—Grand Rapids, MI
- Wine, Beer & Spirits Law Symposium—Washington, DC*
- National Beer Wholesalers Association Annual Convention—New Orleans, LA

October 2014

- Great American Beer Festival—Denver, CO
- American Bar Association Young Lawyers Meeting—Portland, OR*
- Worldwide Brewing Alliance Meeting—Amsterdam, the Netherlands*

November 2014

- Beer Marketers Insights Seminar—New York, NY
- National Beer Wholesalers Association Board Meeting—Nashville, TN*
- Professional Women in Advocacy Conference—Washington, DC
- American Public Health Association Annual Meeting—New Orleans, LA
December 2014

- Beer Institute Capitol Hill Briefing: “Commitment to Responsibility”—Washington, DC*
- Techniques for Effective Alcohol Management Board Meeting—New York, NY
- ABMRF/The Foundation for Alcohol Research Spring Board Meeting—Baltimore, MD
- Anheuser-Busch Lobbyist Conference—St. Louis, MO*

January 2015

- Beer Business Daily Industry Summit—Palm Beach, FL

February 2015

- National Barley Growers Association Board Meeting—Washington, DC*
- HEINEKEN USA National Distributor Conference—New Orleans, LA

March 2015

- Constellation Brands Beer Division Wholesaler Meeting—Grapevine, TX
- MillerCoors Distributor Convention—Charlotte, NC

April 2015

- Craft Brewers Conference—Portland, OR+
- National Restaurant Association Public Affairs Conference—Washington, DC
- National Beer Wholesalers Association Legislative Conference—Washington, DC*
- Glass Packaging Institute Board Meeting—Washington, DC*

May 2015

- Beer Marketers Insights Seminar—Chicago, IL
- National Alcohol Beverage Control Association Annual Conference—Phoenix, AZ
June 2015

- Techniques for Effective Alcohol Management
  Board Meeting—Louisville, KY
- American Beverage Licensees
  Conference—Washington, DC*
- SAVOR Craft Beer—Washington, DC
- Brewbound Session—Chicago, IL*
- Nielsen’s Annual Consumer 360 Conference—Washington, DC*
- National Conference of State Liquor Administrators
  Annual Conference—San Diego, CA*

July 2015

- Beer Institute and National Beer Wholesalers Association
  Capitol Hill Briefing:
  “Beer Serves America”—Washington, DC*

August 2015

- National Conference of State Legislators
  Trade Show—Seattle, WA+
- DC Beer Week—Washington, DC

September 2015

- Beer Institute Annual Membership Meeting—Washington, DC
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