



1658 Milwaukee Avenue
Suite 424
Chicago, IL 60647

An Open Letter to State and Federal Regulators

Wednesday, November 10, 2010

To Whom It May Concern:

Widespread media attention around caffeinated alcoholic beverages has caused many to seek retroactive bans on these legal, regulated products. Our company, Phusion Projects, and our product, Four Loko, have borne the brunt of this scrutiny. And it is in this environment that we feel compelled to reach out to you.

While we don't agree with the notion that mixing caffeine and alcohol is inherently unsafe, we *do* agree with the goal of keeping adults of legal age who choose to drink responsibly as safe and as informed as possible.

In this vein, as the U.S. Food and Drug Administration (FDA) continues its review of roughly 40 caffeinated alcoholic beverages, including our products, we welcome the opportunity to have a discussion with you about working together to create uniform, industry-wide standards for all liquor and malt-based caffeinated alcoholic beverages.

To us, uniformity means uniformity in how the laws are written, applied and enforced.. And we want to work with you, not against you, in this effort.

As you know, the FDA began its examination in November 2009 – well before the recent media attention on the category – and expects to complete it in the coming months. Our company has submitted a “Generally Regarded as Safe” (GRAS) study in which an independent panel of scientific experts found that adding caffeine to alcohol is safe.

Until the FDA concludes its examination, our intent and our commitment to you is that if you reach the conclusion that combining caffeine with either malt or liquor-based alcohols is unsafe, we will abide by any industry-wide, uniform standards that the appropriate governing bodies may develop.

Our hope is that we can arrive at those standards together through an open dialogue and a discussion about where we have common ground – and we do believe there is a lot of it.

If mixing caffeine and alcohol is the most pressing concern, addressing it would be best accomplished by creating laws that apply to the entire caffeinated alcoholic beverage category –



not specific, individual products and not just beers or malt-based products. This is especially important given that liquor-based beverages have three to four-times the alcohol content as products like ours. If product-specific bans remain the preferred course of action, we will protect our rights as a business to the fullest extent of the law.

We sincerely want to avoid legal action. And we are committed to being as accommodating as we possibly can on this matter.

This is something our company has a history of doing. We added multiple additional label warnings to our cans at the request of regulators. Our alcohol-by-volume warnings are in a font as large as is allowed by law. And where required, we sell versions of our product with reduced alcohol content.

This level of cooperation and responsible corporate citizenship is something we are very proud of and intend to continue. We recognize and embrace our responsibility as an alcoholic beverage company to do all these things and more to ensure our products are marketed, sold and consumed responsibly.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Hunter".

Chris Hunter
Co-Founder and Managing Director
Phusion Projects, LLC

A handwritten signature in black ink, appearing to read "Jeff Wright".

Jeff Wright
Co-Founder and Managing Director
Phusion Projects, LLC

A handwritten signature in black ink, appearing to read "Jaisen Freeman".

Jaisen Freeman
Co-Founder and Managing Director
Phusion Projects, LLC