



# News

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## **ANHEUSER-BUSCH BETTER POSITIONED FOR LONG-TERM GROWTH**

### **Strategies Capitalize on Changing Marketplace**

NEW YORK, Nov. 29, 2007 – Anheuser-Busch management reviewed the company’s strategies to adapt to the changing beer industry environment and reaffirmed the company’s expectation for earnings per share growth for the full year 2007 to exceed its 7 to 10 percent long-term objective,<sup>1/</sup> in a presentation given to investors and analysts in New York today.

“The last two years have been a period of considerable change in the beer industry and especially at Anheuser-Busch. Anheuser-Busch has taken significant steps to adjust to the changing beer consumer. We have substantially expanded our portfolio. To support this broadened portfolio, we have transformed our selling system to make it both more personal and high tech at the same time. We have also been making changes in marketing and media, with more significant changes planned for next year. Anheuser-Busch is clearly better positioned for long-term growth due to these changes than we were two years ago,” W. Randolph Baker, vice president and chief financial officer of Anheuser-Busch Companies, told the investors.

Baker added that perhaps the most encouraging development in the U.S. beer environment in the last two years has been the acceleration of growth in the consumer demand for beer. Last year, beer industry shipment volume grew 2.1 percent, the best annual performance since 1990, and this year beer industry growth has continued to exceed expectations, up 1.8 percent October year-to-date.

In addition to the strong industry volume growth, the industry pricing environment has been favorable the past two years. Consistent with the pattern in recent years, Anheuser-Busch plans to implement price increases on the majority of its U.S. beer volume in early 2008, with increases in several states occurring in the fourth quarter 2007. As in the past, pricing initiatives will be tailored to selected markets, brands and packages.

The commodity cost environment has not been favorable. Mitigating the impact of commodity cost pressures is a high priority at Anheuser-Busch. The company has a strong record of consistently delivering significant annual productivity improvement savings, which management is confident will continue given plans and programs already in place.

Baker also provided highlights of the company's international beer business, which is an increasingly significant contributor to Anheuser-Busch's earnings growth. The majority of international beer profits are driven by the company's 50 percent investment in Grupo Modelo, the leading brewer in Mexico and the brewer of Corona, the leading U.S. import brand. The company is also well established in China, the largest and fastest growing beer market in the world, and particularly well-positioned in the country's most profitable beer segments. Budweiser is by far the leading super-premium brand in China and Anheuser-Busch has a 27 percent equity stake in Tsingtao, China's leading premium brewer.

Baker reviewed the company's long-term earnings model, which continues to target growth in the 7 to 10 percent range. Anheuser-Busch also consistently generates substantial cash flow, and cash returned to shareholders, including dividends and share repurchase, has increased significantly this year. The company increased its quarterly dividend by 11.9 percent in July. Share repurchasing has also been enhanced as a result of the company's new, more aggressive financial leverage policy. Management continues to expect to spend \$2.7 billion on share repurchasing this year.

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Other Matters

As previously announced, Anheuser-Busch's annual regional investor presentation is being broadcast live over the Internet today beginning at 8:00 a.m. ET. A replay will be available on the company's Web site. For details visit [www.anheuser-busch.com](http://www.anheuser-busch.com).

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Notes

1. Calculation of 2006 Earnings per Share for 2007 Comparison Purposes

The table below sets forth the assumption used in comparing 2007 normalized earnings per share expectations to normalized 2006 results.

<u>2006 Earnings Per Share</u>	<u>Full Year</u>
Reported	\$2.53
Texas Income Tax Legislation Benefit in 2Q	<u>(0.01)</u>
Excluding One-Time Benefit	\$2.52

In the accompanying presentation, the following normalizations and terms are used:

2. Reconciliation of Comparative Third Quarter and Nine Months Results

(\$ in millions, except per share)

<b>Third Quarter</b>	<u>Equity Income</u>	<u>International Beer Net Income</u>	<u>Diluted Earnings Per Share</u>
<u>2007</u>			
Reported	\$185.2	\$204.3	\$.95
Gain on Sale of Distribution Rights	--	--	(.02)
Modelo Restructuring	16.0	16.0	.02
Excluding Normalization items	<u>\$201.2</u>	<u>\$220.3</u>	<u>\$.95</u>
<u>2006</u>			
Reported	<u>\$156.5</u>	<u>\$172.0</u>	<u>\$.82</u>
<u>Percentage Change – 2007 vs. 2006</u>			
Reported	<u>18.4%</u>	<u>18.8%</u>	<u>15.9%</u>
Excluding Normalization items	<u>28.6%</u>	<u>28.1%</u>	<u>15.9%</u>

**Nine Months**

<u>2007</u>			
Reported	\$539.3	\$585.4	\$2.49
Gain on Sale of Spanish Theme Park	--	--	(.01)
Gain on Sale of Distribution Rights	--	--	(.02)
Modelo Restructuring	16.0	16.0	.02
Excluding Normalization items	<u>\$555.3</u>	<u>\$601.4</u>	<u>\$2.48</u>
<u>2006</u>			
Reported	\$449.3	\$492.9	\$2.28
Texas Income Tax Legislation Benefit	--	--	(.01)
Excluding One-Time Item	<u>\$449.3</u>	<u>\$492.9</u>	<u>\$2.27</u>
<u>Percentage Change – 2007 vs. 2006</u>			
Reported	<u>20.0%</u>	<u>18.8%</u>	<u>9.2%</u>
Excluding Normalization items	<u>23.6%</u>	<u>22.0%</u>	<u>9.3%</u>

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3. Domestic revenue per barrel is calculated as net sales generated by the company's U.S. beer operations on barrels of beer sold, determined on a U.S. GAAP basis, divided by the volume of beer shipped to U.S. wholesalers.
4. The cash flow to total debt ratio is defined as: operating cash flow before the change in working capital, adjusted for pension contributions less service costs; divided by total debt, adjusted to include the funded status of the company's single-employer defined benefit pension plans.

*This release contains forward-looking statements regarding the company's expectations concerning its future operations, earnings and prospects. On the date the forward-looking statements are made, the statements represent the company's expectations, but the company's expectations concerning its future operations, earnings and prospects may change. The company's expectations involve risks and uncertainties (both favorable and unfavorable) and are based on many assumptions that the company believes to be reasonable, but such assumptions may ultimately prove to be inaccurate or incomplete, in whole or in part. Accordingly, there can be no assurances that the company's expectations and the forward-looking statements will be correct. Important factors that could cause actual results to differ (favorably or unfavorably) from the expectations stated in this release include, among others, changes in the pricing environment for the company's products; changes in U.S. demand for malt beverage products, including changes in U.S. demand for other alcohol beverages; changes in consumer preference for the company's malt beverage products; changes in the distribution for the company's malt beverage products; changes in the cost of marketing the company's malt beverage products; regulatory or legislative changes, including changes in beer excise taxes at either the federal or state level and changes in income taxes; changes in the litigation to which the company is a party; changes in raw materials prices; changes in packaging materials costs; changes in energy costs; changes in the financial condition of the company's suppliers; changes in interest rates; changes in foreign currency exchange rates; unusual weather conditions that could impact beer consumption in the U.S.; changes in attendance and consumer spending patterns for the company's theme park operations; changes in demand for aluminum beverage containers; changes in the company's international beer business or in the beer business of the company's international equity partners; changes in the economies of the countries in which the company, its international beer business or its international equity partners operate; future acquisitions or divestitures by the company, including effects on its credit rating; changes resulting from transactions among the company's global or domestic competitors; and the effect of stock market conditions on the company's share repurchase program. Anheuser-Busch disclaims any obligation to update or revise any of these forward-looking statements. Additional risk factors concerning the company can be found in the company's most recent Form 10-K.*