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## LETTER TO OUR SHAREHOLDERS

The global beer industry continued to evolve in 2007, and changes among brewers, wholesalers, importers and consumers mark a new and exciting era of opportunity. Our company's continued strong financial results provide evidence we are successfully embracing the challenge, evolving how we approach all aspects of our business — from the products we offer to how we reach consumers with our marketing messages.

Our 2007 financial results reflect a solid year across all operating units:

- U.S. shipments-to-wholesalers were up 2.1 million barrels, or 2 percent over 2006.
- Consolidated net sales increased 6.2 percent.
- Net income grew by 7.6 percent.
- Earnings per share were up 10.3 percent, with EPS growth and stock performance above the S&P 500 average.

Growth in the U.S. beer industry has exceeded expectations during the past two years. Consumers are trading up and once again celebrating the artistry of beer.

With a new leadership team in place, an expanded beverage portfolio and refinements to our marketing strategies that better communicate the heritage, quality and personality of our beers, we are uniquely poised to take advantage of the dynamic changes taking place in our business.

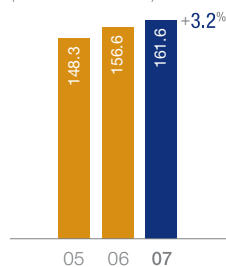
In years past, consumers might have had their choice of two or three beers at their favorite tavern. Now, they may choose from several dozen varieties, from well-known domestic brands to local craft beers and imports from around the world. This yearning for choice has driven dramatic change in our business and created significant new opportunities for Anheuser-Busch.

For years, we built our business by reaching a dedicated base of adult beer consumers, those who have been devoted to beer and to Anheuser-Busch brands. But to compete today, reaching that segment alone is not enough. We must reach all adult beer consumers with our brands and have expanded our business model, enhanced our product innovation efforts and leveraged our competitive advantages to compete in every segment of the beer category, including import and craft beers. We are ideally positioned to take advantage of this new era of choice and variety.



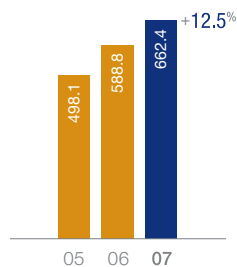
**Worldwide Total Brands Volume**

(barrels in millions)



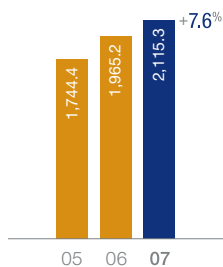
**Equity Income**

(dollars in millions)



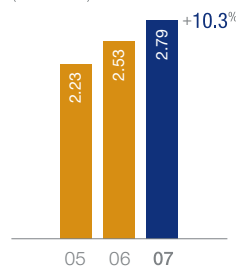
**Net Income**

(dollars in millions)



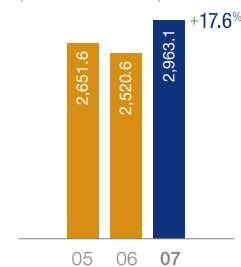
**Diluted Earnings per Share**

(in dollars)



**Cash Flow from Operations<sup>(1)</sup>**

(dollars in millions)



<sup>(1)</sup> Before the change in working capital.

We are creating new, focused growth strategies for our entire portfolio, supported with marketing messages that reach the right consumers through the right media. With a primary focus on our core brands, we have new audiences to reach and new opportunities for growth.

Our strong and loyal wholesaler network, built through dedicated people and rigorous standards, is unmatched in this industry and now carries more brands than ever before.

Consumer beverage choices also are evolving beyond beer. We have expanded our position in the rapidly growing energy drink and super-premium water categories, providing high-growth, high-margin brand access to the most professional selling, distribution and logistics teams in the business, while generating incremental revenue for our wholesalers and our company.

We have made changes to our organization to better tap the talents and experience of our leadership team, who share a passion for beer and for this company. And we are changing our workplace to attract and retain today's best talent and support a diverse work atmosphere in which ideas thrive. Our sales group has experienced people in new positions, with a new focus and a new energy that allow us to work closely with wholesalers to meet the needs of our customers.

Globally, we continue to strategically build our business in key markets around the world, and our international subsidiary continues to be a major contributor to our earnings growth.

In Mexico, our equity investment with Grupo Modelo S.A.B. de C.V., the country's No. 1 brewer, continues to deliver strong financial results and provides the majority of our international earnings. Modelo enjoys a 56 percent share of the Mexico beer market and is the exclusive importer of Budweiser and Bud Light in Mexico, where Bud Light is the No. 1 brand in the growing import segment.

We have a strong base in China, the world's largest and fastest-growing beer market, and are dedicating more resources to strengthening our presence there, including building a greenfield brewery in Foshan. With our wholly owned Budweiser and Harbin operations, and our investment in Tsingtao, one of China's oldest and largest brewers, we continue to increase our participation in the profitable premium and super-premium segments.

We entered the rapidly growing India beer market through a joint venture with Crown Beers International, Ltd.

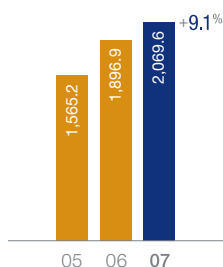
In Canada, our volume increased high single digits as Budweiser, the leading beer brand in Canada, and Bud Light continued to gain share. Profits in Canada grew low double digits.

Our entertainment operations continue to deliver strong results, with three consecutive years of double-digit profit growth — providing more quality experiences to more guests who spent more money. We are poised to open Aquatica, our 10th park, and continue to focus on delivering unique interactive experiences for all of our park visitors.



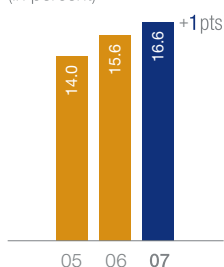
**Free Cash Flow<sup>(2)</sup>**

(dollars in millions)



**Return on Capital Employed**

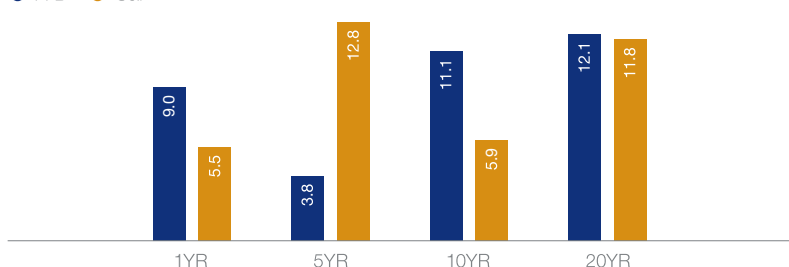
(in percent)



**Anheuser-Busch vs. S&P 500 Annualized Total Return**

(percent gain, as of year-end 2007)

● A-B ● S&P



<sup>(2)</sup> Operating cash flow minus capital expenditures.

Our packaging group was a very solid contributor to earnings growth in 2007, and profits were up 21.2 percent. This year marks the 30th anniversary of our recycling group, one of the world's largest recyclers of aluminum cans. Our recycling efforts continue to benefit the environment, while generating profits for our company.

We've implemented a more aggressive financial leverage target, allowing us to use our balance sheet to more efficiently support operations, acquisitions, dividend growth and share repurchasing, while maintaining financial flexibility.

Anheuser-Busch is thoroughly committed to corporate social responsibility, and we take our leadership role seriously. Our company has long invested in the communities where we live and work. We are the undisputed alcohol beverage industry leader in promoting responsible consumption and in fighting all forms of alcohol abuse, including underage drinking. We have a rich history of protecting the environment through innovative programs in our breweries, such as our Bio Energy Recovery System, which converts wastewater into renewable fuel. Our recycling efforts assure that the cans we introduce are handled in a responsible manner. In fact, we recycle more cans than we produce.



**AUGUST A. BUSCH IV**  
President and  
Chief Executive Officer

We also believe in helping people in the community who need it most. In 2007, we worked closely with the American Red Cross to aid relief efforts for victims of the Southern California wildfires, providing monetary support and fresh drinking water for the victims and relief workers. The strength of our company, due in large part to the hard work and dedication of our employees, allows us to devote so many of our resources to help others, and we will continue to do so.

This year marks the retirement of two members of our board of directors, Chuck Knight and John Jacob. Together, they have provided nearly 40 years of service on our board, and we thank them for their leadership and guidance.

As we enter 2008, our board and our company remain focused on delivering value to our shareholders. In recent years, we have seen consumer interests shift. We were nimble enough in 2007 to implement the changes necessary to compete in this new market. There is no doubt 2008 will bring further changes and challenges. But with our people, our products, our resources and our plan of action, we're well-positioned to achieve the future growth our shareholders expect.

August A. Busch IV  
President and Chief Executive Officer  
Jan. 31, 2008