
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 1-7823

ANHEUSER-BUSCH COMPANIES, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(State of Incorporation)

43-1162835
(I.R.S. Employer Identification No.)

One Busch Place, St. Louis, Missouri 63118

(Address of principal executive offices) (Zip Code)

(314) 577-2000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

\$1 Par Value Common Stock - 768,819,921 shares as of September 30, 2006.

Anheuser-Busch Companies, Inc. and Subsidiaries
Consolidated Balance Sheet (Unaudited)

(in millions, except per share)

	Sept. 30, 2006	Dec. 31, 2005
Assets		
Current Assets:		
Cash	\$191.2	\$225.8
Accounts receivable	903.4	681.4
Inventories	655.8	654.5
Other current assets	197.6	197.0
Total current assets	1,948.0	1,758.7
Investments in affiliated companies	3,525.7	3,448.2
Plant and equipment, net	8,836.0	9,041.6
Intangible assets, including goodwill of \$1,061.5 and \$1,034.5	1,349.2	1,232.6
Other assets	1,218.9	1,073.9
Total assets	\$16,877.8	\$16,555.0
Liabilities and Shareholders Equity		
Current Liabilities:		
Accounts payable	\$1,314.9	\$1,249.5
Accrued salaries, wages and benefits	313.8	250.9
Accrued taxes	263.2	156.7
Accrued interest	118.4	123.7
Other current liabilities	235.1	201.8
Total current liabilities	2,245.4	1,982.6
Postretirement benefits	441.1	444.3
Debt	7,392.5	7,972.1
Deferred income taxes	1,317.0	1,345.9
Other long-term liabilities	1,137.6	1,130.3
Shareholders Equity:		
Common stock, \$1.00 par, authorized 1.6 billion shares	1,473.0	1,468.6
Capital in excess of par value	2,870.3	2,685.9
Retained earnings	16,827.5	15,698.0
Treasury stock, at cost	(15,838.5)	(15,258.9)
Accumulated non-owner changes in equity	(988.1)	(913.8)
Total Shareholders Equity	4,344.2	3,679.8
Commitments and contingencies	-	-
Total Liabilities and Shareholders Equity	\$16,877.8	\$16,555.0

See the accompanying footnotes on pages 5 to 14.

Anheuser-Busch Companies, Inc. and Subsidiaries
Consolidated Statement of Income (Unaudited)

(in millions, except per share)	Third Quarter Ended Sept. 30		Nine Months Ended Sept. 30	
	2006	2005	2006	2005
Gross sales	\$4,876.5	\$4,689.4	\$14,026.8	\$13,371.8
Excise taxes	(595.8)	(600.9)	(1,734.5)	(1,701.5)
Net sales	4,280.7	4,088.5	12,292.3	11,670.3
Cost of sales	(2,644.6)	(2,517.6)	(7,723.0)	(7,228.4)
Gross profit	1,636.1	1,570.9	4,569.3	4,441.9
Marketing, distribution and administrative expenses	(738.2)	(723.6)	(2,068.2)	(2,055.1)
Litigation settlement	-	(105.0)	-	(105.0)
Operating income	897.9	742.3	2,501.1	2,281.8
Interest expense	(111.3)	(112.5)	(341.6)	(343.2)
Interest capitalized	4.4	4.1	13.4	14.8
Interest income	0.6	0.2	1.4	2.4
Other income/(expense), net	0.9	(9.8)	(2.2)	10.9
Income before income taxes	792.5	624.3	2,172.1	1,966.7
Provision for income taxes	(311.5)	(266.6)	(846.9)	(758.1)
Equity income, net of tax	156.5	147.1	449.3	390.2
Net income	\$637.5	\$504.8	\$1,774.5	\$1,598.8
Basic earnings per share	\$.83	\$.65	\$2.30	\$2.06
Diluted earnings per share	\$.82	\$.65	\$2.28	\$2.04

See the accompanying footnotes on pages 5 to 14.

Anheuser-Busch Companies, Inc. and Subsidiaries
Consolidated Statement of Cash Flows (Unaudited)

(in millions)	Nine Months Ended Sept. 30	
	2006	2005
Cash flow from operating activities:		
Net income	\$1,774.5	\$1,598.8
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	740.3	732.3
Decrease in deferred income taxes	(38.8)	(73.3)
Stock compensation expense	52.1	56.9
Undistributed earnings of affiliated companies	(202.2)	(180.2)
Gain on sale of business	-	(15.4)
Other, net	(131.2)	125.6
Operating cash flow before change in working capital	2,194.7	2,244.7
Decrease / (Increase) in working capital	30.8	(98.4)
Cash provided by operating activities	2,225.5	2,146.3
Cash flow from investing activities:		
Capital expenditures	(486.5)	(823.1)
Acquisitions	(82.3)	-
Proceeds from sale of business	-	48.3
Cash used for investing activities	(568.8)	(774.8)
Cash flow from financing activities:		
Increase in debt	317.3	-
Decrease in debt	(902.8)	(320.2)
Dividends paid to shareholders	(645.0)	(591.1)
Acquisition of treasury stock	(580.2)	(620.4)
Shares issued under stock plans	119.4	124.0
Cash used for financing activities	(1,691.3)	(1,407.7)
Net decrease in cash during the period	(34.6)	(36.2)
Cash, beginning of period	225.8	228.1
Cash, end of period	\$191.2	\$191.9

See the accompanying footnotes on pages 5 to 14.

Anheuser-Busch Companies, Inc. and Subsidiaries
Notes to Unaudited Consolidated Financial Statements

1. Unaudited Financial Statements

The unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles and applicable SEC guidelines pertaining to quarterly financial reporting, and include all adjustments necessary for a fair presentation. These statements should be read in combination with the consolidated financial statements and notes included in the company's annual report on Form 10-K for the year ended December 31, 2005.

2. Business Segments Information

Comparative business segment information for the third quarter and nine months ended September 30 (in millions):

Third Quarter	Domestic Beer	Int'l Beer	Packaging	Entertainment	Corporate and Elims	Consolidated
<u>2006</u>						
Gross Sales	\$3,594.2	319.1	641.8	444.4	(123.0)	\$4,876.5
Net Sales:						
- Intersegment	\$0.7	-	240.4	-	(241.1)	\$0.0
- External	\$3,054.9	262.0	401.4	444.4	118.0	\$4,280.7
Income Before						
Income Taxes	\$789.7	27.3	39.0	157.3	(220.8)	\$792.5
Equity Income	\$1.4	155.1	-	-	-	\$156.5
Net Income	\$491.0	172.0	24.2	97.5	(147.2)	\$637.5
<u>2005</u>						
Gross Sales	\$3,475.2	318.9	616.1	408.4	(129.2)	\$4,689.4
Net Sales:						
- Intersegment	\$0.7	-	238.6	-	(239.3)	\$0.0
- External	\$2,940.2	252.3	377.5	408.4	110.1	\$4,088.5
Income Before						
Income Taxes	\$738.8	22.3	40.3	143.5	(320.6)	\$624.3
Equity Income	\$0.0	147.1	-	-	-	\$147.1
Net Income	\$458.0	161.0	24.9	89.0	(228.1)	\$504.8

Nine Months	Domestic Beer	Int'l Beer	Packaging	Entertainment	Corporate and Elims	Consolidated
<u>2006</u>						
Gross Sales	\$10,480.4	916.1	1,985.9	984.5	(340.1)	\$14,026.8
Net Sales:						
- Intersegment	\$2.2	-	709.6	-	(711.8)	\$0.0
- External	\$8,913.2	746.6	1,276.3	984.5	371.7	\$12,292.3
Income Before						
Income Taxes	\$2,366.6	75.4	122.9	248.2	(641.0)	\$2,172.1
Equity Income	\$3.1	446.2	-	-	-	\$449.3
Net Income	\$1,470.4	492.9	76.2	153.9	(418.9)	\$1,774.5
<u>2005</u>						
Gross Sales	\$10,121.0	864.0	1,831.5	904.4	(349.1)	\$13,371.8
Net Sales:						
- Intersegment	\$2.1	-	674.7	-	(676.8)	\$0.0
- External	\$8,587.3	694.1	1,156.8	904.4	327.7	\$11,670.3
Income Before						
Income Taxes	\$2,293.4	70.1	120.4	215.1	(732.3)	\$1,966.7
Equity Income	\$0.0	390.2	-	-	-	\$390.2
Net Income	\$1,421.9	433.7	74.6	133.4	(464.8)	\$1,598.8

3. Stock Compensation

Under the terms of the company's stock option plans, officers, certain other employees and non-employee directors may be granted options to purchase the company's common stock. Effective in September 2006, the grant price for stock options is the closing market price per the New York Stock Exchange Composite Tape on the date the options are granted. Previously, stock options were granted with an exercise price equal to the average of the high and low market prices on the effective date of the grant. Options generally vest over three years and have a maximum term of 10 years. At September 30, 2006, existing stock plans authorized issuance of 116 million shares of common stock. The company issues new shares when options are exercised under employee stock compensation plans. Under the plan for the board of directors, shares are issued from treasury stock.

Following is a summary of stock option activity and related prices for the nine months of 2006 (options in millions). Options granted in 2006 had a grant date fair value of \$9.39 each and were expensed when awarded.

	Options Outstanding	Wtd. Avg. Exercise Price	Options Exercisable	Wtd. Avg. Exercise Price
Balance, Dec. 31, 2005	96.5	\$45.01	71.5	\$44.06
Granted	0.1	\$43.65		
Exercised	(4.1)	\$27.03		
Cancelled	(0.7)	\$48.67		
Balance, September 30, 2006	91.8	\$45.78	67.4	\$45.10

The following table provides additional information regarding options outstanding and options that were exercisable as of September 30, 2006 (options and in-the-money value in millions).

Options Outstanding					Options Exercisable		
Range of Exercise Prices	Number	Wtd. Avg. Remaining Life	Wtd. Avg. Exercise Price	Pretax In-The-Money Value	Number	Wtd. Avg. Exercise Price	Pretax In-The-Money Value
\$20-29	7.0	1.8 years	\$27.31	\$141.4	7.0	\$27.31	\$141.4
\$30-39	7.4	3.0 years	\$37.84	70.5	7.4	\$37.84	70.5
\$40-49	49.4	5.9 years	\$46.48	99.4	38.2	\$47.26	57.7
\$50-53	28.0	7.4 years	\$51.29	--	14.8	\$51.59	--
\$20-53	91.8	5.8 years	\$45.78	\$311.3	67.4	\$45.10	\$269.6

Prior to 2006, Anheuser-Busch accounted for employee stock compensation in accordance with FAS 123, "Accounting for Stock-Based Compensation," and elected to recognize no expense related to employee stock compensation, since options were always granted with an exercise price equal to the market price of the company's stock on the day of grant. In December 2004, the Financial Accounting Standards Board issued a revised and renamed standard regarding stock compensation - FAS 123R, "Share-Based Payment." The revised standard, which was adopted by Anheuser-Busch in the first quarter of 2006, eliminates the disclosure-only election under FAS 123 and requires the recognition of compensation expense for stock options and all other forms of equity compensation generally based

on the fair value of the instruments on the date of grant. In order to enhance comparability among all years presented and to provide the fullest understanding of the impact that expensing stock compensation has on the company, Anheuser-Busch has retrospectively applied the new standard to prior period results.

The fair value of stock compensation is recognized in expense over the vesting period, and is determined on the date of grant using a binomial (lattice method) option-pricing model. The company recognizes the entire fair value associated with non-forfeitable stock options (approximately 60% of the total) in stock compensation expense when options are granted. The remaining expense associated with forfeitable options is recognized ratably over the three-year option vesting period. For financial reporting purposes, stock compensation expense is included in cost of sales and marketing, distribution and administrative expenses, depending on where the recipient's cash compensation is reported, and is classified as a corporate item for business segments reporting.

The following table shows the fair value of stock options granted for 2005, 2004 and 2003 (in millions, except per option).

	2005	2004	2003
Fair value of each option granted	\$8.81	\$10.49	\$13.58
Total number of options granted	11.4	14.1	14.4
Total fair value of options granted	\$100.4	\$147.9	\$195.6

Anheuser-Busch uses the binomial option-pricing model for the valuation of stock options because it accommodates several inputs in order to take into account multiple option exercise patterns, and essentially computes an overall value based on a weighting of the various patterns.

The Black-Scholes pricing model was used to determine the fair value of stock options granted in 2003. The assumptions used in developing the fair value of stock options granted for the years 2005, 2004 and 2003 follow. For illustrative purposes, the expected life, risk-free rate, and fair value per option shown are weighted averages.

	2005	2004	2003
Expected life of option	5.5 yrs.	5.5 yrs.	7.0 yrs.
Risk-free interest rate	4.4%	3.7%	4.0%
Expected volatility of Anheuser-Busch stock	21%	22%	22%
Expected dividend yield on Anheuser-Busch stock	2.5%	1.8%	1.7%

The following illustrates the impact of stock option activity on earnings and cash flows for the third quarter and nine months of 2006 compared to 2005 (in millions, except per share). Unrecognized pretax stock compensation cost as of September 30, 2006 was \$75 million, which is expected to be recognized over a weighted average life of approximately 1.5 years.

	Third Quarter		Nine Months	
	2006	2005	2006	2005
Pretax stock compensation expense	\$17.1	\$19.0	\$52.1	\$56.9
After-tax stock compensation expense	\$11.9	\$13.4	\$36.4	\$39.2
Diluted earnings per share impact	\$.015	\$.017	\$.047	\$.050
Cash proceeds from stock option exercises	\$62.0	\$13.2	\$97.3	\$100.7
In-the-money value of stock options exercised	\$57.5	\$12.1	\$91.2	\$99.5
Income tax benefit of stock options exercised (reduction of current taxes payable)	\$21.5	\$3.3	\$29.7	\$31.5

Following are figures pertinent to operations for the third quarter and nine months of 2005, and the balance sheet as of December 31, 2005 as they were previously reported and for the retrospective adoption of FAS 123R.

<u>Operating Results for Third Quarter 2005</u>	<u>Including FAS 123R</u>	<u>As Previously Reported</u>
Cost of sales	\$2,517.6	\$2,513.8
Gross profit	\$1,570.9	\$1,574.7
Marketing, distribution and administrative expenses	\$723.6	\$708.4
Operating income	\$742.3	\$761.3
Income before income taxes	\$624.3	\$643.3
Provision for income taxes	\$266.6	\$272.2
Net income	\$504.8	\$518.2
Basic earnings per share	\$.65	\$.67
Diluted earnings per share	\$.65	\$.66
 <u>Operating Results and Cash Flows for the Nine Months of 2005</u>		
Cost of sales	\$7,228.4	\$7,217.0
Gross profit	\$4,441.9	\$4,453.3
Marketing, distribution and administrative expenses	\$2,055.1	\$2,009.6
Operating income	\$2,281.8	\$2,338.7
Income before income taxes	\$1,966.7	\$2,023.6
Provision for income taxes	\$758.1	\$775.8
Net income	\$1,598.8	\$1,638.0
Basic earnings per share	\$2.06	\$2.11
Diluted earnings per share	\$2.04	\$2.09
Operating cash flow before change in working capital	\$2,244.7	\$2,266.6
Cash provided by operating activities	\$2,146.3	\$2,168.2
Shares issued under stock plans	\$124.0	\$102.1
Cash used for financing activities	\$1,407.7	\$1,429.6
 <u>Balance Sheet as of December 31, 2005</u>		
Deferred income taxes	\$1,345.9	\$1,682.4
Capital in excess of par value	\$2,685.9	\$1,601.8
Retained earnings	\$15,698.0	\$16,445.6
Shareholders equity	\$3,679.8	\$3,343.3

4. Derivatives

Anheuser-Busch accounts for its derivatives in accordance with FAS 133, "Accounting for Derivatives and Other Hedging Instruments," and therefore defers in accumulated non-owner changes in shareholders equity the portion of cash flow hedging gains and losses that equal the change in cost of the underlying hedged transactions. As the underlying hedged transactions occur, the associated deferred hedging gains and losses are reclassified into earnings to match the change in cost of the transaction. For fair value hedges, the changes in value for both the derivative and the underlying hedged exposure are recognized in earnings each quarter.

Following are pretax gains and losses from derivatives which were recognized in earnings during the third quarter and nine months (in millions). These gains and losses effectively offset changes in the cost or value of the company's hedged exposures.

Third Quarter				Nine Months			
2006		2005		2006		2005	
Gains	Losses	Gains	Losses	Gains	Losses	Gains	Losses
\$5.4	\$8.5	\$6.6	\$1.1	\$5.9	\$49.4	\$9.0	\$6.4

The company immediately recognizes in earnings any portion of derivative gains or losses that are not 100% effective at offsetting price changes in the underlying transactions. Anheuser-Busch recognized net pretax gains due to this hedge ineffectiveness of \$0.5 million and \$0.1 million, respectively, for the third quarters of 2006 and 2005. For the nine months, the company recognized net ineffective losses of \$0.9 million and \$0.3 million, respectively, in 2006 and 2005.

5. Earnings Per Share

Earnings per share are calculated by dividing net income by weighted-average common shares outstanding for the period. The difference between basic and diluted weighted-average common shares is the dilutive impact of unexercised in-the-money stock options. There were no adjustments to net income for any period shown for purposes of calculating earnings per share.

Weighted-average common shares outstanding for the third quarter and nine months ended September 30 are shown below (millions of shares):

	Third Quarter		Nine Months	
	2006	2005	2006	2005
Basic weighted average shares outstanding	769.0	776.5	771.6	777.6
Diluted weighted average shares outstanding	775.9	780.8	778.0	783.2

6. Non-Owner Changes in Shareholders Equity

The components of accumulated non-owner changes in shareholders equity, net of deferred taxes, as of September 30, 2006 and December 31, 2005 follow (in millions):

	Sept. 30, 2006	Dec. 31, 2005
Foreign currency translation loss	\$(453.2)	\$(382.0)
Deferred hedging losses	(5.8)	(2.4)
Deferred securities valuation gains	0.6	0.3
Minimum pension liability	(529.7)	(529.7)
Accumulated non-owner changes in shareholders equity	\$(988.1)	\$(913.8)

Net income plus non-owner changes in shareholders equity, net of deferred taxes, for the third quarter and nine months ended September 30 follows (in millions):

	Third Quarter		Nine Months	
	2006	2005	2006	2005
Net income	\$637.5	\$504.8	\$1,774.5	\$1,598.8
Foreign currency translation gains / (losses)	130.9	55.6	(71.2)	129.0
Net change in deferred hedging gains / (losses)	--	8.2	(3.4)	11.4
Deferred securities valuation gains / (losses)	(0.7)	0.4	0.3	(95.9)
Net income plus non-owner changes in shareholders equity	\$767.7	\$569.0	\$1,700.2	\$1,643.3

7. Goodwill

Following is goodwill by business segment, as of September 30, 2006 and December 31, 2005 (in millions). Goodwill is included in either other assets or investment in affiliated companies, as appropriate, in the consolidated balance sheet. The change in goodwill during the nine months of 2006 is due to fluctuations in foreign currency exchange rates.

	Sept. 30, 2006	Dec. 31, 2005
Domestic Beer	\$21.2	\$21.2
International Beer	1,270.2	1,261.1
Packaging	21.9	21.9
Entertainment	288.3	288.3
Total goodwill	<u>\$1,601.6</u>	<u>\$1,592.5</u>

8. Pension and Postretirement Health Care Expense

The components of quarterly expense for pensions and postretirement health care benefits are shown below for the third quarter and nine months of 2006 and 2005 (in millions). In order to enhance the funded status of its defined benefit pension plans, the company made a discretionary pension contribution of \$214 million in January 2006. This contribution is in addition to the company's required pension funding for 2006.

	Pensions			
	Third Quarter		Nine Months	
	2006	2005	2006	2005
Service cost (benefits earned during the period)	\$26.6	\$22.4	\$79.7	\$70.9
Interest cost on benefit obligation	42.6	42.0	127.6	126.4
Assumed return on plan assets	(49.6)	(48.3)	(148.8)	(146.3)
Amortization of prior service cost and net actuarial losses	28.4	22.3	85.4	66.3
Expense for defined benefit plans	48.0	38.4	143.9	117.3
Cash contributed to multi-employer plans	4.3	4.1	12.2	12.2
Cash contributed to defined contribution plans	4.9	5.7	14.6	14.4
Total expense	<u>\$57.2</u>	<u>\$48.2</u>	<u>\$170.7</u>	<u>\$143.9</u>

	Postretirement Health Care			
	Third Quarter		Nine Months	
	2006	2005	2006	2005
Service cost (benefits earned during the period)	\$6.2	\$6.4	\$18.5	\$19.2
Interest cost on benefit obligation	8.6	9.9	26.0	29.6
Amortization of prior service cost and net actuarial losses	1.3	0.6	4.0	1.9
Total expense	\$16.1	\$16.9	\$48.5	\$50.7

9. Equity Investment in Grupo Modelo

Summary financial information for Anheuser-Busch's equity investee Grupo Modelo for the third quarter and nine months of 2006 and 2005 is presented below (in millions). The amounts shown represent 100% of Modelo's consolidated operating results and financial position based on U.S. generally accepted accounting principles on a one-month lag basis, and include the impact of the company's purchase accounting adjustments.

	Results of Operations			
	Third Quarter		Nine Months	
	2006	2005	2006	2005
Gross sales	\$1,391.2	\$1,297.9	\$4,097.7	\$3,565.3
Net sales	\$1,299.1	\$1,209.6	\$3,815.8	\$3,311.6
Gross profit	\$677.2	\$632.1	\$2,016.1	\$1,766.5
Minority interest expense	\$0.5	\$0.4	\$1.3	\$1.2
Net income	\$296.1	\$283.0	\$869.8	\$757.4

	As of Sept. 30	
	2006	2005
Cash / marketable securities	\$1,880.5	\$1,557.4
Other current assets	\$1,005.8	\$884.8
Non-current assets	\$4,524.5	\$4,452.8
Current liabilities	\$484.8	\$451.5
Non-current liabilities	\$366.2	\$414.7

Management's Discussion and Analysis of Operations and Financial Condition

This discussion summarizes the significant factors affecting the consolidated operating results, financial condition and liquidity and cash flows of Anheuser-Busch Companies, Inc. for the third quarter and nine months ended September 30, 2006, compared to the third quarter and nine months ended September 30, 2005, and the year ended December 31, 2005. This discussion should be read in conjunction with the consolidated financial statements and notes included in the company's annual report to shareholders for the year ended December 31, 2005.

This discussion 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. Please refer to the company's most recent SEC Form 10-K for a description of risk factors that could cause actual results to differ (favorably or unfavorably) from the expectations stated in this discussion. Anheuser-Busch disclaims any obligation to update any of these forward-looking statements.

Results of Operations

Effective in the first quarter 2006, Anheuser-Busch adopted FAS 123R, "Share-Based Payment." FAS 123R requires the recognition of stock compensation expense for stock options and other forms of equity compensation, based on the fair value of the instruments on the date of grant. In order to enhance the comparability of all periods presented and provide the fullest understanding of the impact that expensing stock compensation has on the company's financial results, Anheuser-Busch elected to apply the modified retrospective method of adopting FAS 123R. The company has therefore recast comparative 2005 results to incorporate the impact of previously disclosed pro forma stock compensation expense. The impact of adopting FAS 123R is not material to the results of operations for any period presented. See Note 3 for additional information.

Led by strong domestic beer revenues and earnings, consolidated net sales for the third quarter and nine months increased 4.7% and 5.3%, respectively, versus prior year, while diluted earnings per share increased 26.2% and 11.8%. Earnings growth for the domestic beer business accelerated in the third quarter, with segment pretax income up 7%. Beer shipments to wholesalers increased 1.1% in the third quarter while revenue per barrel was up 2.8% versus last year. Productivity improvement initiatives, along with somewhat lesser energy cost increases, have helped mitigate continuing cost pressures. In addition, the company's international beer segment, led by Grupo Modelo, and its entertainment segment are having outstanding years. Anheuser-Busch expects its positive performance to continue through the end of the year and expects earnings to continue to improve in 2007.

Reported earnings per share for the third quarter of 2005 and nine months of both 2006 and 2005 include one-time items that impact the comparability of operating results between periods. In the third quarter of 2005, the company settled litigation involving a domestic beer wholesaler and incurred a one-time pretax charge of \$105 million, which is reported as a separate line item in the income statement. In the second quarter of both 2006 and 2005, Anheuser-Busch experienced favorable income tax events --- in 2006, a \$7.8 million benefit from the reduction of deferred income taxes resulting from state tax legislation enacted in Texas; and in 2005, a similar \$7.2 million favorable reduction of deferred income taxes due to tax legislation in Ohio plus a \$6.8 million favorable settlement of certain Chilean taxes associated with the December 2004 sale of the company's equity stake in Compañía Cervecerías Unidas S.A. (CCU). In the first quarter of 2005, the company also reported a \$15.4 million pretax gain on the sale of a theme park interest in Spain. Excluding the impact of these one-time items from both years, which the company believes allows a better comparison of underlying operating results, diluted earnings per share increased 7.9% for the third quarter and 7.1% for the nine months (see additional discussion on pages 20 through 23).

Beer Sales Results

Following is a summary and discussion of the company's beer volume and sales results for the third quarter and nine months of 2006 versus comparable 2005 periods.

Reported Beer Volume (millions of barrels) for Periods Ended September 30						
	Third Quarter			Nine Months		
	2006	Versus 2005		2006	Versus 2005	
		Barrels	%		Barrels	%
Domestic	27.5	Up 0.3	Up 1.1%	80.0	Up 2.0	Up 2.6%
International	6.5	Up 0.4	Up 5.9%	17.1	Up 1.7	Up 10.9%
Worldwide A-B Brands	34.0	Up 0.7	Up 2.0%	97.1	Up 3.7	Up 4.0%
Int'l Equity Partner Brands	9.2	Up 0.5	Up 6.6%	24.1	Up 4.3	Up 22.0%
Total Brands	43.2	Up 1.2	Up 2.9%	121.2	Up 8.0	Up 7.1%

Domestic beer shipments-to-wholesalers increased 1.1% for the third quarter while sales-to-retailers decreased 0.4% (on a selling day adjusted basis), with Rolling Rock, Grolsch and Tiger contributing 0.8 points of growth to both shipments and sales-to-retailers.

Year-to-date, shipments-to-wholesalers increased 2.6% and sales-to-retailers increased 0.9%, with Rolling Rock, Grolsch and Tiger contributing 0.4 points of growth to shipments and sales-to-retailers. The increase in year-to-date sales-to-retailers was led by Bud Light, which grew over 4%. Wholesaler inventories at the end of the third quarter were just under two days higher than at the end of the third quarter 2005.

The company's estimated domestic market share (excluding exports) for the nine months of 2006 was 49.0%, compared to prior year market share of 48.9%. Domestic market share is based on estimated U.S. beer industry shipment volume using information provided by the Beer Institute and the U.S. Department of Commerce.

International volume, consisting of Anheuser-Busch brands produced overseas by company-owned breweries and under license and contract brewing agreements, plus exports from the company's U.S. breweries to markets around the world, increased 6% for the third quarter and 11% for the nine months of 2006. These increases are primarily due to increased volume in China and Canada in both periods plus an increase in Mexico year-to-date. United Kingdom beer volume declined in the third quarter and year-to-date.

Worldwide Anheuser-Busch brands volume, comprised of domestic volume and international volume, increased 2% and 4%, respectively, for the third quarter and nine months of 2006 versus 2005, to 34 million and 97 million barrels, respectively.

Total brands volume, which combines worldwide Anheuser-Busch brand volume with equity partner volume (representing the company's share of its equity partners' volume on a one-month lag basis) was 43 million barrels in the third quarter 2006, up 1 million barrels, or 3%. Total brands volume was up 7%, to 121 million barrels for the nine months of 2006.

Equity partner brands volume grew 7% and 22%, respectively, for the third quarter and nine months of 2006 due to Modelo and Tsingtao volume growth. The company began equity accounting for Tsingtao in May 2005.

2006 Financial Results

Following is a summary and discussion of key operating results for the third quarter and nine months of 2006 versus comparable 2005 periods.

\$ in millions, except per share	Third Quarter		2006 vs. 2005	
	2006	2005	\$	%
Gross Sales	\$4,877	\$4,689	Up \$188	Up 4.0%
Net Sales	\$4,281	\$4,089	Up \$192	Up 4.7%
Income Before Income Taxes	\$793	\$624	Up \$169	Up 26.9%
Equity Income	\$157	\$147	Up \$10	Up 6.4%
Net Income	\$638	\$505	Up \$133	Up 26.3%
Diluted Earnings per Share	\$.82	\$.65	Up \$.17	Up 26.2%

\$ in millions, except per share	Nine Months		2006 vs. 2005	
	2006	2005	\$	%
Gross Sales	\$14,027	\$13,372	Up \$655	Up 4.9%
Net Sales	\$12,292	\$11,670	Up \$622	Up 5.3%
Income Before Income Taxes	\$2,172	\$1,967	Up \$205	Up 10.4%
Equity Income	\$449	\$390	Up \$59	Up 15.1%
Net Income	\$1,775	\$1,599	Up \$176	Up 11.0%
Diluted Earnings per Share	\$2.28	\$2.04	Up \$.24	Up 11.8%

Anheuser-Busch reported gross sales of \$4.9 billion during the third quarter 2006, an increase of \$188 million, or 4%. Gross sales increased 4.9%, or \$655 million, to \$14 billion for the nine months. Net sales were \$4.3 billion and \$12.3 billion, increases of \$192 million and \$622 million, respectively, or 4.7% and 5.3% for the two periods. The differences between gross and net sales in 2006 are due to beer excise taxes of \$596 million and \$1.7 billion, respectively.

The increases in both gross and net sales were driven by sales increases for all operating segments. For the third quarter and nine months, respectively, domestic beer segment net sales increased 3.9% and 3.8% on higher volume and increased revenue per barrel; international beer net sales increased 3.8% and 7.6% primarily due to volume gains in China and Canada in both periods and in Mexico year-to-date; packaging operations net sales increased 6.3% and 10.3% due to higher recycling revenues; and entertainment segment sales increased 8.8% and 8.9%, respectively, on higher attendance and increased in-park spending.

Domestic beer revenue per barrel was up 2.8% in the third quarter 2006 and grew 1.2% compared to the nine months of 2005, due to the successful implementation of price increases and discount reductions on over half the company's domestic volume. Revenue per barrel growth includes the impact of acquired and import brands Rolling Rock, Grolsch and Tiger. Revenue per barrel increases accounted for \$95 million and \$134 million, respectively, of the increases in domestic beer net sales in the third quarter and nine months, with higher beer volume contributing \$20 million and \$192 million, respectively. Revenue per barrel is calculated as net sales generated by the company's domestic beer operations on barrels of beer sold, determined on a U.S. GAAP basis, divided by the total volume of beer shipped to U.S. wholesalers. Consistent with the pattern for 2006 pricing actions, the company plans to implement increases on the majority of its beer volume in early 2007, with a few selective increases in the fourth quarter 2006. As in the past, pricing initiatives will be tailored to selected markets, brands and packages.

The cost of sales for the third quarter 2006 was \$2.6 billion, an increase of \$127 million, or 5%, and was up \$495 million, or 6.8%, to \$7.7 billion for the nine months. The increases in cost of sales are primarily attributable to production costs associated with higher beer volume worldwide, increased costs for domestic beer packaging materials, higher energy costs and increased costs for recycling and entertainment operations. Gross profit as a percentage of net sales was 38.2% for the third quarter and 37.2% year-to-date, down 20 basis points and 90 basis points, respectively, due primarily to lower margins for the commodity-based packaging segment.

Marketing, distribution and administrative expenses were \$738 million for the third quarter and \$2.1 billion year-to-date, representing increases of \$15 million for the quarter and \$13 million year-to-date. These increases are due to higher general and administrative costs partially offset by lower marketing expenses and favorable distribution costs for company-owned beer wholesale operations due to having one less location.

Operating income was \$898 million, an increase of \$156 million, or 21% for the third quarter 2006. Operating margin for the quarter increased 280 basis points, to 21.0% due primarily to increased sales and the adverse impact of the litigation settlement on 2005 results. For the nine months of 2006, operating income was \$2.5 billion, an increase of \$219 million, or 9.6%, while operating margin was 20.3%, 70 basis points higher than 2005. Excluding the litigation settlement from 2005, operating margins increased 30 basis points and declined 20 basis points, respectively, for the third quarter and nine months of 2006 as shown below.

	Third Quarter			Nine Months		
	2006	2005	Change	2006	2005	Change
Reported Operating Margin	21.0%	18.2%	280 bps	20.3%	19.6%	70 bps
Impact of Litigation Settlement	---	2.5	(250) bps	---	0.9	(90) bps
Excluding Litigation Settlement	21.0%	20.7%	30 bps	20.3%	20.5%	(20) bps

Interest expense less interest income was \$111 million for the third quarter and \$340 million for the nine months of 2006, both amounts essentially level with comparable 2005 periods, due to lower average outstanding debt balances mostly offset by higher interest rates and lower interest income year-to-date. Interest capitalized of \$4.4 million in the third quarter 2006 was up slightly, and was down \$1.4 million year-to-date, due to a mix of lower qualifying capital spending and higher interest rates.

Other income/expense, net reflects the impact of numerous items not directly related to the company's operations. For the third quarter of 2006, the company had other income of \$1 million versus other expense of \$10 million in 2005. Year-to-date the company recognized expense of \$2 million in 2006 compared to income of \$11 million in 2005. Other income for the nine months of 2005 includes the \$15.4 million gain from the sale of the company's equity interest in the Spanish theme park. For business segment reporting purposes, the gain is reported as a corporate item.

Income before income taxes for the third quarter 2006 was \$793 million, an increase of \$169 million, or 26.9%. Year-to-date, pretax income increased \$205 million, or 10.4%, to \$2.2 billion. These increases are primarily due to higher profits in domestic beer, international beer and entertainment operations and the impact on 2005 results of the litigation settlement. For the third quarter and nine months, domestic beer pretax profits improved \$51 million and \$73 million, due to higher sales volume, increased pricing and lower marketing, partially offset by higher packaging materials, energy and plant operating costs. International beer pretax income was up \$5 million for both periods due to profit growth attributable to volume increases in China and Canada in both periods and in Mexico year-to-date, mostly offset by lower earnings in the United Kingdom. Profits in the United Kingdom were down primarily due to lower pricing, lower volume and unfavorable revenue mix. Packaging segment pretax profits were down \$1 million in the quarter and up \$3 million for the nine months. Lower profits from can manufacturing offset increased bottle manufacturing profits during the third quarter, while increased bottle and can profits year-to-date were partially offset by higher label manufacturing costs. Entertainment segment pretax income grew \$14 million and \$33 million, respectively, due to higher attendance and higher in-park spending, partially offset by higher park operating costs in both periods.

Equity income increased \$10 million in the third quarter 2006 and \$59 million year-to-date, reflecting the benefit of Grupo Modelo volume growth, price increases taken in Mexico at the beginning of the year and a lower Mexican income tax rate, plus Tsingtao equity income growth in both periods. The company began applying equity accounting for Tsingtao in May 2005.

Anheuser-Busch's effective income tax rates of 39.3% in the third quarter and 39.0% for the nine months of 2006 represent a decrease of 340 basis points and an increase of 50 basis points, respectively, versus 2005. The third quarter decrease is due to the high effective tax rate in 2005 that resulted from limited tax deductibility available for the litigation settlement, partially offset by higher taxes on foreign earnings in 2006. The year-to-date increase is primarily due to higher taxes on foreign earnings in 2006 and the mix of one-time favorable deferred tax items in both years, including a favorable tax impact from the 2005 Spanish theme park sale. Both the quarterly and year-to-date effective tax rates for 2006 include a benefit from partial capital loss utilization.

Net income of \$638 million in the third quarter of 2006 represented an increase of \$133 million, or 26.3%. Net income grew 11%, to \$1.8 billion for the nine months of 2006. Diluted earnings per share were \$.82 and \$2.28, respectively, for the third quarter and nine months of 2006, representing increases of 26.2% and 11.8%, respectively. Diluted earnings per share benefited from the company's repurchase of 13.2 million shares in the nine months under the company's on-going share repurchase program.

As shown in the following table, excluding the favorable income tax events in 2006 and 2005 and the litigation settlement and one-time gain from the sale of the Spanish theme park in 2005, which the company believes provides more meaningful comparisons between periods, income before income taxes, net income and diluted earnings per share increased 8.7%, 6.7% and 7.9%, respectively for the third quarter, while the effective income tax rate increased 100 basis points. For the nine months, income before income taxes, net income, diluted earnings per share and the effective income tax rate increased 5.6%, 6.5%, 7.1% and 100 basis points, respectively.

Reconciliation of Comparative Operating Results

	Income Before Income Taxes	Provision for Income Taxes	Net Income	Diluted Earnings Per Share	Effective Tax Rate
<u>Third Quarter</u>					
<u>2006</u>					
Reported	\$792.5	(\$311.5)	\$637.5	\$0.82	39.3%
<u>2005</u>					
As Reported	\$643.3	(\$272.2)	\$518.2	\$0.66	
FAS 123R Impact	(19.0)	5.6	(13.4)	(0.017)	
Including FAS 123R	624.3	(266.6)	504.8	0.65	42.7%
Litigation Settlement	105.0	(12.6)	92.4	0.118	
Excluding One-Time Items	\$729.3	(\$279.2)	\$597.2	\$0.76	38.3%
<u>Percentage Change - 2006 vs. 2005</u>					
Including FAS 123R	26.9%		26.3%	26.2%	-3.4%
Excluding One-Time Items	8.7%		6.7%	7.9%	1.0%
<u>Nine Months</u>					
<u>2006</u>					
Reported	\$2,172.1	(\$846.9)	\$1,774.5	\$2.28	39.0%
Texas Income Tax Legislation Benefit		(7.8)	(7.8)	(0.010)	
Excluding One-Time Items	\$2,172.1	(\$854.7)	\$1,766.7	\$2.27	39.3%
<u>2005</u>					
As Reported	\$2,023.6	(\$775.8)	\$1,638.0	\$2.09	
FAS 123R Impact	(56.9)	17.7	(39.2)	(.050)	
Including FAS 123R	1,966.7	(758.1)	1,598.8	2.04	38.5%
Gain on Sale of Spanish Theme Park	(15.4)	(3.5)	(18.9)	(.024)	
CCU Sale Chile Income Tax Settlement		(6.8)	(6.8)	(.009)	
Ohio Income Tax Legislation Benefit		(7.2)	(7.2)	(.009)	
Litigation Settlement	105.0	(12.6)	92.4	.118	
Excluding One-Time Items	\$2,056.3	(\$788.2)	\$1,658.3	\$2.12	38.3%
<u>Percentage Change - 2006 vs. 2005</u>					
Including FAS 123R	10.4%		11.0%	11.8%	0.5%
Excluding One-Time Items	5.6%		6.5%	7.1%	1.0%

Liquidity and Financial Condition

Cash at September 30, 2006 was \$191 million, a decrease of \$35 million from the December 31, 2005 balance. See the consolidated statement of cash flows for detailed information. The primary source of the company's cash flow is cash generated by operations. Principal uses of cash are capital expenditures, share repurchase, dividends and business investments. Cash generated by the company's business segments is projected to exceed funding requirements for each segment's anticipated capital spending. The net issuance of debt provides an additional source of cash as necessary for share repurchase, dividends and business investments. The nature, extent and timing of debt financing vary depending on the company's evaluation of existing market conditions and other factors.

The company generated operating cash flow before the change in working capital of \$2.2 billion for the nine months of 2006, a decline of \$50 million due primarily to the \$214 million discretionary defined benefit pension contribution in January 2006, partially offset by increased earnings. The discretionary contribution is in addition to the company's required pension funding for the year. Full year pension contributions for 2006 are projected to be \$270 million. The company also reported a favorable change in working capital for the first nine months of 2006 primarily due to higher accrued incentive compensation.

There have been only normal and recurring changes in the company's cash commitments since December 31, 2005.

Capital expenditures during the third quarter 2006 were \$168 million, compared to \$258 million for the third quarter 2005. Year-to-date capital expenditures totaled \$487 million and \$823 million, respectively for 2006 and 2005. Full year 2006 capital expenditures are expected to approximate \$825 million.

At its October 2006 meeting, the Board of Directors declared a regular quarterly dividend of \$.295 per share on outstanding shares of the company's common stock, payable December 11, 2006, to shareholders of record November 9, 2006.

The company's debt balance decreased a net \$580 million during the nine months of 2006. The details of the changes in debt for 2006 and 2005 are outlined below.

Increases in Debt (in millions)

Description	Amount	Interest Rate (Fixed Unless Noted)
<u>Nine Months of 2006</u>		
U.S. Dollar Debentures	\$300.0	5.75%
Industrial Revenue Bonds	17.7	4.98% Wtd. avg.
Other, including issuance discounts and related amortization	7.3	Various
	<u>\$325.0</u>	
<u>Nine Months of 2005</u>		
United Kingdom Brewery Capital Lease	\$51.5	6.25%
Other, including issuance discounts and related amortization	1.3	Various
	<u>\$52.8</u>	

Reductions of Debt (in millions)

Description	Amount	Interest Rate (Fixed Unless Noted)
<u>Nine Months of 2006</u>		
Commercial Paper	\$698.7	4.88% Wtd. avg., floating
U. S. Dollar EuroNotes	100.0	4.51%
U. S. Dollar Notes	52.0	\$50.0 at 5.6%; \$2.0 at 5.35%
Net Change in Chinese Renminbi-Denominated debt	31.0	5.4% Wtd. avg.
Industrial Revenue Bonds	20.0	6.63% Wtd. avg.
Other, net	2.8	Various
	<u>\$904.5</u>	
<u>Nine Months of 2005</u>		
U.S. Dollar Debentures	\$150.0	7.25%
Commercial Paper	127.0	2.68% Wtd. avg., floating
Net Change in Chinese Renminbi-Denominated Debt	39.0	5.41% Wtd. avg.
U.S. Dollar Notes	1.3	5.35%
Other, net	6.2	Various
	<u>\$323.5</u>	

The company has \$1.4 billion of debt available for issuance through existing SEC shelf registrations. The company's commercial paper obligation of \$404 million at September 30, 2006 is classified as long-term, since commercial paper is maintained on a long-term basis with on-going support provided by the company's \$2 billion revolving credit agreement. The interest rates for commercial paper were 5.45% at September 30, 2006 and 3.75% at September 30, 2005.

Other Matters

Grupo Modelo Joint Venture

In July, Grupo Modelo announced the creation of a joint venture with Constellation Brands for the importing and marketing of Modelo's beer brands in the United States and Guam. The joint venture is expected to become operational on January 2, 2007, with the agreement running through December 31, 2016. The contract will renew in 10-year periods unless Modelo gives notice of cancellation prior to the end of year seven of any term.

New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." The Interpretation requires that realization of an uncertain income tax position must be "more likely than not" (i.e., greater than 50% likelihood of receiving a benefit) before it can be recognized in the financial statements. Further, the Interpretation prescribes the benefit to be recorded in the financial statements as the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. The Interpretation also clarifies the financial statement classification of tax-related penalties and interest and sets forth new disclosures regarding unrecognized tax benefits. The Interpretation is effective in the first quarter 2007 for Anheuser-Busch and the company plans to adopt the Interpretation when required. The Interpretation is currently being evaluated by Anheuser-Busch for its full impact. At this time, the company believes it has properly and adequately provided for all income tax positions and therefore expects minimal impact from adopting the Interpretation.

In September 2006, the Financial Accounting Standards Board issued FASB No. 157, "Fair Value Measurements." FAS 157 is definitional and disclosure oriented and addresses how companies should approach measuring fair value when required by GAAP; it does not create or modify any current GAAP requirements to apply fair value accounting. The Standard provides a single definition for fair value that is to be applied consistently for all accounting applications, and also generally describes and prioritizes according to reliability the methods and inputs used in valuations. FAS 157 prescribes various disclosures about financial statement categories and amounts which are measured at fair value, if such disclosures are not already specified elsewhere in GAAP. The new measurement and disclosure requirements of FAS 157 are effective for Anheuser-Busch in the first quarter 2008. The company expects no significant impact from adopting the Standard.

In September 2006, the Financial Accounting Standards Board issued FASB No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." FAS 158 focuses primarily on balance sheet reporting for the funded status of benefit plans and requires recognition of benefit liabilities for under-funded plans and benefit assets for over-funded plans, with offsetting impacts to shareholders equity. These changes are required to be adopted prospectively, effective with the company's December 31, 2006 financial statements. Anheuser-Busch is in a net under-funded position for its pension and retiree health care plans and will therefore recognize incremental retirement benefit liabilities on adoption. The company has not yet quantified these amounts. The new rules will also require companies to measure benefit plan assets and liabilities and determine the discount rate for subsequent year expense recognition as of the balance sheet date for financial reporting purposes, thus eliminating the opportunity to use a measurement date up to 90 days prior to the balance sheet date. The effective date for this change is delayed until year-end 2008. The company currently uses an October 1 measurement date and will adopt a December 31 measurement date in 2008 as required. Switching to the new measurement date will require a one-time adjustment to retained earnings per the transition guidance in FAS 158. None of the changes prescribed by FAS 158 will impact the company's results of operations or cash flows.

Item 3. Disclosures About Market Risks

The company's derivatives holdings fluctuate during the year based on normal and recurring changes in purchasing and production activity. Since December 31, 2005, there have been no significant changes in the company's interest rate, foreign currency or commodity exposures. There have been no changes in the types of derivative instruments used to hedge the company's exposures. Underlying commodity market conditions have been trending towards higher prices.

Item 4. Controls and Procedures

It is the responsibility of the chief executive officer and chief financial officer to ensure the company maintains disclosure controls and procedures designed to provide reasonable assurance that material information, both financial and non-financial, and other information required under the securities laws to be disclosed is identified and communicated to senior management on a timely basis. The company's disclosure controls and procedures include mandatory communication of material subsidiary events, automated accounting processing and reporting, management review of monthly and quarterly results, periodic subsidiary business reviews, an established system of internal controls and rotating internal control reviews by the company's internal auditors.

The chief executive officer and chief financial officer evaluated the company's disclosure controls and procedures as of the end of the quarter ended September 30, 2006 and have concluded that they are effective as of September 30, 2006 in providing reasonable assurance that such information is identified and communicated on a timely basis. Additionally, there were no changes in the company's internal control over financial reporting during the quarter that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In 2004, the Company was served with a complaint brought by two individuals seeking to bring a class action on behalf of all California residents who, while they were under 21 years of age, purchased alcohol beverages manufactured by the Company and another defendant during the last four years. The suit sought disgorgement of unspecified profits earned by the Company in the past and other unspecified damages and equitable relief. By order dated January 28, 2005, the California state court granted the defendants judgment on the pleadings and dismissed the case in its entirety. The plaintiffs in that action appealed, their appeal was dismissed and the action is now definitively resolved in favor of the Company.

Additionally, the Company has been served with similar complaints in putative class action lawsuits in Michigan, Ohio, West Virginia and Wisconsin. In these suits, which name a large number of other brewers and distillers, the parents of illegal underage drinkers are suing to recover the sums that their offspring purportedly spent illegally buying alcohol from persons or entities other than the defendants. The claims asserted against the Company vary depending on the suit, but include negligence, unjust enrichment, violation of the state's Sales Practice Act or other statutory provisions, nuisance, fraudulent concealment and civil conspiracy. The suit filed in Michigan includes a claim under the Michigan Consumer Protection Act. Each suit seeks money damages, punitive damages and injunctive and equitable relief, including so-called disgorgement of profits allegedly attributable to illegal underage drinking. The Company removed the Ohio case to federal court in the Northern District of Ohio in June 2005, removed the West Virginia case to federal court in the Northern District of West Virginia in May 2005 and removed the Michigan case to federal court in the Eastern District of Michigan in July 2005. The Company filed motions to dismiss the Michigan, Ohio, West Virginia and Wisconsin cases, and the Michigan federal court, the Ohio federal court, the West Virginia federal court and the Wisconsin state court dismissed the entire cases with prejudice. The plaintiffs in the Michigan and Ohio cases have appealed the dismissals to the federal court of appeals, and the federal court of appeals is hearing the appeals on a consolidated basis. The plaintiffs in the West Virginia case have

appealed the dismissal to the federal court of appeals. The plaintiffs in the Wisconsin case have appealed the dismissal to the Wisconsin state court of appeals. Similar actions were filed by the same law firm in New York and Florida, but the Company was not served in either case, and the Florida case has been voluntarily dismissed by the plaintiffs. The Company believes that it has strong legal and factual defenses to these class actions and intends to defend itself vigorously.

On September 19, 2006, one of the company's cansheet suppliers, Novelis Corporation ("Novelis"), instituted a lawsuit in federal court in the Northern District of Ohio, seeking relief from continued performance of its obligations under its cansheet supply agreement with the company. On that same day, the company instituted a declaratory judgment action in federal court in the Eastern District of Missouri, requesting a finding that Novelis is required to continue to comply with its obligations under the agreement. The company believes that the assertions of Novelis are without merit, intends to vigorously defend its rights under the cansheet supply agreement and expects to prevail in the litigation.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Following are the company's monthly common stock purchases during the third quarter 2006 (in millions, except per share). All shares are repurchased under Board of Directors authorization. The Board authorized the current program to repurchase 100 million shares in March 2003. There is no prescribed termination date for this program. The numbers of shares shown include shares delivered to the company to exercise stock options.

	Shares	Avg. Price
Repurchases Remaining Authorized Under Disclosed Programs at June 30, 2006	20.5	
<u>Share Repurchases</u>		
July	0.1	\$45.97
August	0.5	\$47.87
September	1.7	\$47.36
Total	2.3	
Repurchases Remaining Authorized Under Disclosed Programs at September 30, 2006	18.2	

Item 6. Exhibits

- 10.5 Anheuser-Busch Companies, Inc. 1998 Incentive Plan as Amended on September 27, 2006
- 10.24 Summary of Executive Tax and Financial Consulting Program for Executive Officers of the Company.
- 12 Ratio of Earnings to Fixed Charges
- 31.1 Certification of Chief Executive Officer required by Rule 13a-14(a) or 15d-14(a) under the Exchange Act
- 31.2 Certification of Chief Financial Officer required by Rule 13a-14(a) or 15d-14(a) under the Exchange Act
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ANHEUSER-BUSCH COMPANIES, INC.
(Registrant)

/s/ W. Randolph Baker

W. Randolph Baker
Vice President and Chief Financial Officer
(Chief Financial Officer)
October 27, 2006

/s/ John F. Kelly

John F. Kelly
Vice President and Controller
(Chief Accounting Officer)
October 27, 2006

ANHEUSER-BUSCH COMPANIES, INC.

1998 INCENTIVE STOCK PLAN

(Restated to reflect a 2-for-1 stock split effective September 18, 2000, and amendments effective April 25, 2001, April 23, 2003, April 27, 2005, and September 27, 2006)

SECTION 1. PURPOSE.

The purpose of this Plan is to attract, retain, motivate and reward employees of the Company and its Subsidiaries and Affiliates with certain stock-related compensation arrangements.

SECTION 2. MAXIMUM NUMBER OF SHARES.

(a) The maximum number of shares of Stock which may be issued pursuant to Awards under this Plan, and the maximum number of shares for which ISOs may be granted under this Plan, shall be 120,000,000 shares, subject to adjustment as provided in Section 10. Of such shares, no more than 1,500,000 shares of Restricted Stock may be granted under this Plan, subject to adjustment as provided in Section 10. For this purpose:

(i) The number of shares underlying an Award shall be counted against this Plan maximum ("used") at the time of grant.

(ii) When an Award is payable in cash only, the number of shares of Stock on which the amount of such cash is based shall be deemed used at the time of grant.

(iii) Shares which underlie Awards that (in whole or part) expire, terminate, are forfeited, or otherwise become non-payable, and shares which are recaptured by the Company in connection with a forfeiture, may be re-used in new grants to the extent of such expiration, termination, forfeiture, non-payability, or recapture.

(iv) For all purposes of this Section 2, shares underlying two or more alternative Awards shall be treated as underlying only a single Award, with no multiple counting of shares. Accordingly: shares underlying alternative Awards shall be used only once at the time of grant; and, if one such Award is exercised or (in the case of Restricted Stock) vests, no re-usage of shares shall result from the termination of the unexercised or unvested alternative Awards.

(b) Notwithstanding any other provisions of this Plan: (i) the maximum number of shares underlying Awards (other than Restricted Stock) that may be granted to any Eligible Person during any calendar year shall be 1,500,000, subject to adjustment as provided in Section 10; and (ii) the maximum number of shares of Restricted Stock that may be granted to any Eligible Person during any calendar year shall be 375,000, subject to adjustment as provided in Section 10.

(c) In its discretion, the Company may issue treasury shares or authorized but unissued shares, but shall issue treasury shares to the extent required by the Committee or applicable law. Shares of Stock may be represented by certificates or may be issued in uncertificated form, as determined by the Company from time to time.

SECTION 3. ELIGIBILITY.

Officers and management employees of the Company, Subsidiaries, or Affiliates shall be eligible to receive Awards under this Plan. A director of the Company, a Subsidiary, or an Affiliate shall be eligible only if he or she also is an officer or management employee of at least one such entity. Notwithstanding the foregoing, persons employed only by Affiliates shall not be eligible to receive ISOs.

SECTION 4. GENERAL PROVISIONS RELATING TO AWARDS.

(a) Subject to the limitations in this Plan, the Committee may cause the Company to grant Awards to such Eligible Persons, at such times, of such types, in such amounts, for such periods, becoming exercisable or otherwise vesting at such times, with such features, with such option prices, purchase prices or base prices, and subject to such other terms, conditions, and restrictions as the Committee deems appropriate. Each Award shall be evidenced by a written Award Document, which (as determined by the Committee) may be a formal agreement between the Company and the Recipient or a communication by the Company to the Recipient. The Award Document may be written and transmitted on paper, electronically, or using any other medium selected by the Committee, and may be set forth in a single document or in several documents. In granting an Award, the Committee may take into account any factor it deems appropriate and consistent with the purposes of this Plan. Awards may be granted as additional compensation, or in lieu of other compensation. The payment or issuance of any cash or shares of Stock to a Recipient, and the vesting or delivery of any shares of Restricted Stock, may be deferred to a later date if and as provided in the Award Document. Deferrals may be for such periods and upon such terms and conditions (including the provision of interest equivalents, dividends or dividend equivalents, or other return) as the Committee may determine.

(b) Except as otherwise provided in this Plan, one or more Awards may be granted separately or as alternatives to each other. If Awards are alternatives to each other:

(i) the exercise of all or part of one automatically shall cause an immediate equal and corresponding termination of the other;

(ii) if one of the alternative Awards is Restricted Stock, the vesting of all or part of such Stock shall cause an immediate equal and corresponding termination of the other Award; and

(iii) unless the Award Document or the Committee expressly permit otherwise, alternative Awards which are transferable may be transferred only as a unit, and alternative Awards which are exercisable must be exercisable by the same person or persons.

(c) Award Documents may contain any provision approved by the Committee relating to the period for exercise or vesting after termination of employment, and relating to the circumstances under which a termination is deemed to occur. Except to the extent otherwise expressly provided in the Award Document or determined by the Committee, termination of employment includes the separation of a Recipient, directly or through the separation of his or her Employer, from the group of companies comprised of the Company and its Subsidiaries and Affiliates for any reason, including: (i) separation of the Recipient by reason of death, permanent or indefinite disability, retirement, resignation, dismissal, permanent or indefinite layoff, or other event having a similar effect; and (ii) separation of the Employer by any method which results in the Employer ceasing to be a Subsidiary or an Affiliate.

(d) Award Documents may, in the discretion of the Committee, contain a provision permitting a Recipient to designate the person who may exercise an Award after the Recipient's death, either by will or by appropriate notice to the Company. The Committee may impose such conditions and limitations on such designations as it deems appropriate.

(e) A Recipient shall have none of the rights of a shareholder with respect to shares of Stock which underlie his or her Award until shares are issued in his or her name.

(f) Except as otherwise provided in an Award Document pursuant to this Section, Awards shall not be transferable other than by will or the laws of descent and distribution, and shall be exercisable during the Recipient's lifetime only by the Recipient or his or her guardian or legal representative. However, except in the case of ISOs and Awards which are alternatives to ISOs, the Committee may expressly provide in any Award Document that the Award is transferable. Transferability (if permitted) may be subject to such conditions and limitations as the Committee deems appropriate.

(g) Notwithstanding Section 15(a), in its discretion the Committee may provide in any Award Document for the acceleration of vesting or the termination of any condition, restriction, or forfeiture provision upon the happening of any specified event (including, for example, an event which results in an Acceleration Date).

(h) Subject to Section 15(a) in the case of ISOs, and subject to any express limitations contained in the applicable Award Document: (i) the Committee may accelerate vesting or waive or terminate any condition, restriction, or forfeiture provision of any Award at any time and for any reason; and (ii) the Committee may amend an Award Document after grant at any time and for any reason so long as such amendment is not inconsistent with this Plan.

(i) No exercisable Award by its terms shall be exercisable after the expiration of ten years from the date it is granted.

SECTION 5. OPTIONS AND SARs.

(a) Except as provided in Section 10, the option price per share of Options or the base price of SARs shall not be less than Fair Market Value per share of Stock on the Options' or the SARs' grant date, except that SARs which are alternatives to Options but which are granted at a later time may have a base price equal to the option price even though the base price is less than Fair Market Value on the date the SARs are granted.

(b) The grant of Options and their related Award Document must identify the Options either as ISOs or as NQSOs.

(c) If Options, SARs, and/or Limited Rights are granted as alternatives to each other, the option prices and the base prices (as applicable) shall be equal and the expiration dates shall be the same.

(d) In the case of SARs, the Award Document may specify the form of payment or may provide that the form is to be determined at a later date, and may require the satisfaction of any rules or conditions in connection with receiving payment in any particular form.

(e) Notwithstanding any other provision of Sections 4 or 5: (i) no Options or SARs shall be granted in exchange for so-called "underwater" Options or SARs (which have option or base prices in excess of the then-current Fair Market Value per share of Stock), nor shall underwater Options or SARs be amended to reduce their option or base price; and, (ii) no Options or SARs shall contain a so-called "reload" feature under which additional Options or SARs are granted automatically to Recipients upon exercise of the original Options or SARs.

SECTION 6. LIMITED RIGHTS.

(a) The Committee shall have authority to grant a special type of stock appreciation rights ("Limited Rights") to any Recipient of any Options or SARs granted under this Plan (the "Related Award"). Limited Rights are stock appreciation rights which are exercisable only after the occurrence of one or more extraordinary events specified by the Committee; such events may include, for example, the events which result in an Acceleration Date. Limited Rights shall not be granted separately, but shall be granted only as alternatives to their Related Award. Limited Rights may be granted either at the time of grant of the Related Award or at any time thereafter during its term. Limited Rights shall be exercisable or payable at such times, payable in such amounts, and subject to such other terms, conditions, and restrictions as the Committee deems appropriate.

(b) The Committee shall place on any Limited Rights for which the Related Awards are ISOs such restrictions as may be required by the Code at the time of grant, and shall amend this Plan accordingly to the extent required by the Code.

SECTION 7. RESTRICTED STOCK.

(a) "Restricted Stock" means Stock issued to a Recipient which is nontransferable and is subject to forfeiture upon the happening of such events or conditions, or upon the failure to satisfy such requirements or conditions, as the Committee specifies in the Award Document or otherwise. Stock issued upon the exercise of Options or SARs is not "Restricted Stock" for purposes of this Plan, even if subject to post-issuance transfer restrictions or forfeiture conditions. When Restricted Stock vests, it ceases to be "Restricted Stock" for purposes of this Plan.

(b) The certificate representing shares of Restricted Stock issued in the name of a Recipient may be held by the Company and/or may have a legend placed upon it to the effect that the shares represented by it are subject to, and may not be transferred except in accordance with, this Plan and the related Award Document. Cash dividends relating to shares of Restricted Stock may be paid to the Recipient or held by the Company for the Recipient's benefit, and if held may be made subject to the transfer restrictions, forfeiture risks, and vesting conditions of the Restricted Stock, as the Committee may provide in the Award Document or otherwise; if dividends are held by the Company, the Committee may require that the Company provide for interest equivalents or other return on any cash dividends at such rate(s) and time(s) as the Committee provides in the Award Document or otherwise. Any Stock or other securities issuable in respect of Restricted Stock pursuant to an event specified in Section 10(a) of this Plan shall be subject to the Award Document related to such Restricted Stock and all of the transfer restrictions, forfeiture risks, and vesting conditions pertaining thereto.

(c) If Restricted Stock is issued to a Covered Employee, whether alone or in addition to other Awards granted under this Plan, then the vesting of such Restricted Stock shall be subject to the achievement of one or more objective goals ("Performance Goals"). These Performance Goals: (i) shall be established by the Committee in order to satisfy the "performance-based compensation" exception to the deduction limit under Section 162(m) of the Code and (ii) shall be based upon one or more of the following criteria, which may be Company-wide or specific to an Affiliate, division, product, and/or geographic area: sales, pretax income, earnings per share, return on equity, return on capital employed, cash flow, market share, stock price, total shareholder return, costs, productivity and economic value added.

SECTION 8. STOCK ISSUANCE, PAYMENT, AND WITHHOLDING.

(a) The Recipient of Options may pay the option price in cash, Stock (including shares of previously-owned Stock or Stock issuable in connection with the Award, but not including shares of Restricted Stock), or other property, to the extent permitted or required by the Award Document or the Committee from time to time.

(b) Except to the extent prohibited by applicable law, the Committee or the Company may take any necessary or appropriate steps in order to facilitate the payment of an option price. The Committee may permit deemed or constructive transfers of shares in lieu of actual transfer and physical delivery of certificates. The Committee may require satisfaction of any rules or conditions in connection with paying the option price at any particular time or in any particular form.

(c) If shares used to pay the option price of Options are subject to any transfer or other restrictions, an equal number of the shares of Stock purchased shall be made subject to such prior restrictions in addition to any further restrictions imposed on such purchased shares by the terms of the Award Document or Plan.

(d) After the obligation arises to collect and pay Required Withholding Taxes, the Recipient shall reimburse the Company or Employer (as required by the Committee or Company) for the amount of such Required Withholding Taxes in cash, unless the Award Document or the Committee permits or requires payment in another form. In the discretion of the Committee or its delegate and at the Recipient's request, the Committee or its delegate may cause the Company or Employer to pay to the appropriate taxing authority withholding taxes in excess of Required Withholding Taxes on behalf of a Recipient, which shall be reimbursed by the Recipient in any manner determined by the Company or the Committee from time to time. In the Award Document or otherwise, the Committee may allow a Recipient to reimburse the Company or Employer for payment of withholding taxes with shares of Stock or other property. The Committee may require the satisfaction of any rules or conditions in connection with any non-cash payment of withholding taxes.

(e) If provided in the Award Document relating to an ISO, the Committee may (i) cause the Company to hold the shares of Stock issued in the Recipient's name upon exercise, or (ii) prohibit the transfer by a Recipient of such shares into the name of a nominee and require the placement of a legend on certificates for such shares reflecting such prohibition.

SECTION 9. FORFEITURES.

In its discretion, the Committee may adopt and amend any policies, and may include in any Award Document any provisions, relating to forfeitures. Such forfeiture provisions may include, for example, prohibitions on competing with the Company and its Subsidiaries and Affiliates and on engaging in other detrimental conduct.

Forfeiture provisions for one Award type may differ from those for another type, and also may differ among Awards of the same type granted at different times or to Recipients in different circumstances. As used in this Plan, a “forfeiture” of an Award includes the recapture of Stock issued or other economic benefits derived from an Award, as well as the forfeiture of an Award itself; however, the Committee may define the term more narrowly for specific Award Documents.

SECTION 10. ADJUSTMENTS AND ACQUISITIONS.

(a) Subject to Section 10(c), in the event that the Committee shall determine that, as a result of any dividend or other distribution (whether in the form of cash, Stock, other securities, or other property), stock split, reverse stock split, recapitalization, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase, or exchange of Stock or other securities of the Company, issuance of warrants or other rights to purchase Stock or other securities of the Company, or any other similar corporate transaction, change, or event, an adjustment is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under outstanding Awards or under the Plan (an “Adjustment Event”), then the Committee shall, in such manner as it may deem equitable, adjust any or all of:

(i) the number and types of shares of Stock (or other securities or property) subject to outstanding Awards;

(ii) the limitations on grants of Awards, ISOs, and Restricted Stock set forth in Section 2(a) of this Plan, and the limitations on grants to any Eligible Person during any calendar year set forth in Sections 2(b)(i) and 2(b)(ii) of this Plan (collectively the “Share Limitations”); and

(iii) the option price, base price, or other similar price with respect to any Award.

Alternatively to (i) and (iii), if there is an Adjustment Event and the Committee deems it appropriate, it may provide for cash payments to holders of outstanding Awards.

(b) Subject to Section 10(c), in the event of an acquisition by the Company by means of a merger, consolidation, acquisition of property or stock, reorganization or otherwise, the Committee shall be authorized:

(i) to cause the Company to issue Awards or assume stock options, stock appreciation rights, or restricted stock issued by the acquired company, whether or not in a transaction to which Section 424(a) of the Code applies, by means of issuance of new Awards in substitution for, or an assumption of, previously issued options, rights, or restricted stock, but only if and to the extent that such issuance or assumption is consistent with the other provisions of this Plan and any applicable law, and/or

(ii) to increase the Share Limitations to reflect such issuance or assumption.

(c) The Committee shall not make an adjustment under Section 10(a), issue Awards or assume options, rights, or restricted stock under Section 10(b) (i), or increase the Share Limitations under Section 10(b)(ii),

(i) to the extent such action would affect ISOs or the Share Limitation relating to ISOs and would require shareholder approval under Section 422 of the Code, or

(ii) to the extent such action would affect the Share Limitation set forth in Section 2(b) of this Plan and would require shareholder approval in order to qualify such Awards, such assumed options, rights, or restricted stock, or Awards granted thereafter as performance-based compensation under Section 162(m) of the Code,

unless such action(s) by the Committee are made subject to shareholder approval and are so approved by the shareholders.

(d) In the event that the Board approves any merger or consolidation of the Company with or into any other corporation or business entity as a result of which the Company shall not be the surviving corporation, with respect to each Award, either (i) the Committee shall, in such manner as it may deem equitable, cause such Award to vest prior to the effective date of such merger or consolidation or (ii) the Committee or the Board shall approve

arrangements to substitute an award issued by the surviving corporation for such Award on terms and conditions deemed equitable by the Committee or the Board.

SECTION 11. ACCELERATION AND VESTING.

(a) An “Acceleration Date” occurs when any of the following events occur:

(i) any Person (as defined herein) becomes the beneficial owner directly or indirectly (within the meaning of Rule 13d-3 under the Act) of more than 30% of the Company’s then outstanding voting securities (measured on the basis of voting power);

(ii) the shareholders of the Company approve a definitive agreement of merger or consolidation with any other corporation or business entity, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to the consummation of the merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power of the voting securities of the surviving entity of such merger or consolidation outstanding immediately after such merger or consolidation;

(iii) Continuing Directors cease to constitute at least a majority of the directors of the Company; or

(iv) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company’s assets.

An Acceleration Date as described in (i) above shall not occur as a result of the ownership of voting securities by (A) the Company or any of its Subsidiaries, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries or (C) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of Stock. Securities held by an underwriter pursuant to an offering of such securities for a period not to exceed 40 days shall be deemed to be outstanding but shall not be deemed to be beneficially owned by such underwriter for purposes of clause (i) above.

For purposes of this Section 11(a), (X) “Affiliate” and “Associate” shall have the respective meanings ascribed to such terms in Rule 12b-2 under the Act; (Y) “Continuing Directors” shall mean any directors of the Company who either (i) were directors of the Company on the date of adoption of the Plan, or (ii) became directors of the Company subsequent to such date and whose election or nomination for election by the shareholders of the Company was duly approved, either by a specific vote or by approval of the proxy statement issued by the Company in which such individuals were named as nominees for director of the Company, by a majority of the Continuing Directors who were at the time of election or nomination directors of the Company; and (Z) “Person” shall mean any individual, firm, corporation, partnership or other entity and shall include the Affiliates and Associates of such Person.

(b) If an Acceleration Date occurs while Awards remain outstanding under this Plan, then all Awards shall vest. This Section shall apply to ISOs notwithstanding Section 15(a).

(c) When Awards (other than Restricted Stock) “vest,” they become fully exercisable. Vesting does not mean that such an Award becomes non-forfeitable, except to the extent provided in the Award Document or otherwise by the Committee pursuant to Sections 4(g) or 4(h) above. When shares of Restricted Stock “vest,” they become non-forfeitable (except for any forfeiture conditions which this Plan or the Award Document expressly provides shall survive vesting) and freely transferable (except for any legal restrictions imposed on transfers by the Securities Act of 1933, as amended, or other applicable securities laws).

SECTION 12. ADMINISTRATION.

(a) This Plan shall be administered by the Compensation Committee of the Board, or another committee appointed by the Board from time to time, consisting solely of three or more members of the Board, each of whom at all times shall be an independent director in accordance with the Company’s Corporate Governance Guidelines

and none of whom shall be an officer or employee of the Company or any of its Subsidiaries at the time of service. Committee members shall not be eligible for selection to receive Awards under this Plan.

(b) During any time when one or more Committee members may not be qualified to serve under Rule 16b-3, under Section 162(m) of the Code, or under any other rule or law which contains special qualifications for Committee members in order to avoid a penalty or to obtain a benefit, the Committee may form a sub-Committee from among its qualifying members. The sub-Committee may act, in lieu of the full Committee, with respect to all or any category of Awards granted or to be granted to all or any group of Recipients, and may take other actions deemed appropriate and convenient to prevent, control, minimize, or eliminate any penalties, loss of benefits, or other adverse effects of such potential disqualification. Any such sub-Committee shall have the full authority of the full Committee under this Plan, except to the extent the full Committee limits the sub-Committee's powers.

(c) At the Committee's request or on its own motion, the Board may ratify or approve grants, or any terms of any grants, made by the Committee during any time that any member of the Committee may not be qualified to approve such grants or terms under Rule 16b-3 or any other rule or law.

(d) A majority of the members of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by all of the members of the Committee, shall be the acts of the Committee. The Committee may meet in person, by telephone or television conference, or in any other manner (unless prohibited by applicable law). From time to time the Committee may adopt, amend, and rescind such rules and regulations for carrying out this Plan and implementing Award Documents, and the Committee may take such action in the administration of this Plan, as it deems proper. The interpretation of any provisions of this Plan by the Committee shall be final and conclusive unless otherwise determined by the Board.

(e) To the extent the Committee deems it convenient and appropriate, the Committee may delegate such of its powers and duties, including (among other things) its power to grant Awards, to one or more officers of the Company. Any such delegation shall be subject to such limitations and conditions as the Committee deems appropriate. However, notwithstanding the foregoing: (i) the power to grant Awards may not be delegated to an officer who is not also a director of the Company except in conformity with applicable Delaware law; and, (ii) no officer may grant Awards to him- or herself or to his or her superiors unless such grants are ratified by the Committee or the Board.

SECTION 13. AMENDMENT, TERMINATION, SHAREHOLDER APPROVAL.

(a) The Board may amend or terminate this Plan at any time, except that without the approval of the Company's shareholders, no amendment or other action by the Board or the Committee shall (i) increase the maximum number of shares issuable, or the maximum number of shares for which ISOs or Restricted Stock may be granted, under this Plan, (ii) change the class of persons eligible to receive ISOs or materially expand the class of persons eligible to receive Awards, (iii) change the annual limit on Awards which may be granted to an Eligible Person provided in Section 2(b), (iv) result in a repricing of any options granted, (v) otherwise cause a material revision to the terms of this Plan as provided by applicable New York Stock Exchange requirements or (vi) change the provisions of this Section 13(a).

(b) The Committee may amend this Plan from time to time to the extent necessary to (i) comply with Rule 16b-3 and, to the extent it deems appropriate, (ii) prevent benefits under this Plan from constituting "applicable employee remuneration" within the meaning of Section 162(m) of the Code.

(c) No Awards may be granted under this Plan after April 21, 2008.

(d) The approval by shareholders shall consist of the approving vote of the holders of a majority of the outstanding shares of Stock present (in person or by proxy) and voted (for or against) at a meeting of the shareholders at which a quorum is present, unless a greater vote is required by the Company's charter or by-laws, by the Board, by the Company's principal stock exchange, or by applicable law (including Delaware law, Rule 16b-3, or Section 162(m) of the Code).

SECTION 14. DEFINITIONS.

(a) "Acceleration Date" has the meaning given in Section 11(a).

(b) "Act" means the Securities Exchange Act of 1934, as amended from time to time.

(c) "Adjustment Event" has the meaning given in Section 10(a).

(d) "Affiliate" means any entity in which the Company has a substantial direct or indirect equity interest (other than a Subsidiary), but only if expressly so designated by the Committee from time to time. Without limiting the generality of the foregoing, the term "Affiliate" shall not include any beer wholesaler or distributor in which Anheuser-Busch Investment Capital Corporation or other Subsidiary invests, unless the Committee expressly determines otherwise; the committee may also revoke or reinstate any such designation from time-to-time.

(e) "Award" means a grant of ISOs, NQSOs, SARs, Limited Rights, or Restricted Stock.

(f) "Award Document" means the written agreement or other document referred to in Section 4(a) evidencing an Award.

(g) "Board" means the Board of Directors of the Company.

(h) Options "cease to qualify as ISOs" when they fail or cease to qualify for the exclusion from income provided in Section 421 (or any successor provision) of the Code.

(i) "Code" means the U.S. Internal Revenue Code as in effect from time to time.

(j) "Committee" means the committee of the Board described in Section 12 hereof and any sub-committee established by such committee pursuant to Section 12(b).

(k) "Company" means Anheuser-Busch Companies, Inc. and its successors.

(l) "Covered Employee" is an employee who is, or who is anticipated to become, between the time of grant and payment of the award, a "covered employee," as such term is defined in Section 162 (m) of the Code (or any successor section thereof).

(m) "Eligible Person" means a person who is eligible to receive an Award under Section 3 of this Plan.

(n) "Employer" means the Company, the Subsidiary, or the Affiliate which employs the Recipient.

(o) "Fair Market Value" of Stock on a given valuation date means (i) for purposes of determining the option price per share of Options or the base price of SARs, the price per share at which the Stock was last sold as reported on the New York Stock Exchange Composite Tape as of such valuation date or (ii) for any other purpose, the average of the highest and lowest selling prices per share of Stock as reported on the New York Stock Exchange Composite Tape as of such valuation date. If the applicable sales price per share of Stock is not reported on the New York Stock Exchange Composite Tape, then such sales price shall be as reported on the principal exchange market or quotation system for the Stock. In the event that no sale of Stock occurs on such valuation date, (i) for purposes of determining the option price per share of Options or the base price of SARs, if there were sales reported within a reasonable period before such valuation date, the price per share at which the Stock was last sold on the nearest date on which sales occurred before such valuation date shall be used and (ii) for any other purpose, if there were sales reported within a reasonable period both before and after such valuation date, the weighted average of the means between the highest and lowest selling prices on the nearest date before and the nearest date after such valuation date shall be used, with the average to be weighted inversely by the respective numbers of trading days between the selling dates and such valuation date. If the determination of value set forth in this Section 14(o) cannot be made for whatever reason, then the value per share shall be determined by the Committee in a manner consistent with Section 409A of the Code and, with respect to ISOs, Section 422 of the Code, and authoritative official guidance under such sections.

(p) “Forfeiture” has the meaning given in Section 9.

(q) “ISO” or “Incentive Stock Option” means an option to purchase one share of Stock for a specified option price which is designated by the Committee as an “Incentive Stock Option” and which qualifies as an “incentive stock option” under Section 422 (or any successor provision) of the Code.

(r) “Limited Right” has the meaning given in Section 6.

(s) “NQSO” or “Non-Qualified Stock Option” means an option to purchase one share of Stock for a specified option price which is designated by the Committee as a “Non-Qualified Stock Option,” or which is designated by the Committee as an ISO but which ceases to qualify as an ISO.

(t) “Option” means an ISO or an NQSO.

(u) “Optionee” means a person to whom Options are granted pursuant to this Plan.

(v) “Performance Goals” has the meaning given to that term in Section 7(c).

(w) “Plan” means the Anheuser-Busch Companies, Inc. 1998 Incentive Stock Plan, as amended from time to time.

(x) “Recipient” means an Eligible Person to whom an Award is granted pursuant to this Plan.

(y) “Reporting Person,” as of a given date, means a Recipient who would be required to report a purchase or sale of Stock occurring on such date to the Securities and Exchange Commission pursuant to Section 16(a) of the Act and the rules and regulations thereunder.

(z) “Restricted Stock” has the meaning given in Section 7.

(aa) “Rule 16b-3” means Rule 16b-3 (as amended from time to time) promulgated by the Securities and Exchange Commission under the Act, and any successor thereto.

(bb) “Share Limitations” has the meaning given in Section 10(a).

(cc) “SAR” means a stock appreciation right, which is a right to receive cash, Stock, or other property having a value on the date the SAR is exercised equal to (i) the excess of the Fair Market Value of one share of Stock on the exercise date over (ii) the base price of the SAR. The term “SAR” does not include a Limited Right.

(dd) “Stock” means shares of the common stock of the Company, par value \$1.00 per share, or such other class or kind of shares or other securities as may be applicable under Section 10.

(ee) “Subsidiary” means a “subsidiary corporation” of the Company as defined in Section 424(f) (or any successor provision) of the Code, other than corporations expressly excluded by the Committee from time-to-time.

(ff) “Vest” has the meaning given in Section 11(c).

(gg) “Required Withholding Taxes” means, in connection with the exercise of or other taxable event relating to an Award, the total amount of Federal and state income taxes, social security taxes, and other taxes which the Employer of the Recipient is required to withhold.

SECTION 15. MISCELLANEOUS.

(a) Each provision of this Plan and the Award Documents relating to ISOs shall be construed so that all ISOs shall be “incentive stock options” as defined in Section 422 of the Code or any statutory provision that may replace Section 422, and any provisions thereof which cannot be so construed shall be disregarded, subject however to Sections 4(g) and 11(b) and provided that Award Documents are permitted to have provisions which cause Options which qualify as ISOs at the time of grant to cease to qualify as ISOs at a later time or upon the happening of a later event. No discretion granted or allowed to the Committee under this Plan shall apply to ISOs

after their grant except (i) to the extent the related Award Document shall so provide or (ii) to the extent that the application of such discretion would not cause such ISOs to cease to qualify as ISOs. Notwithstanding the foregoing, nothing shall prohibit an amendment to or action regarding outstanding ISOs which would cause them to cease to qualify as ISOs, so long as the Company and the Recipient shall consent to such amendment or action.

(b) Without amending this Plan, Awards may be granted to Eligible Persons who are foreign nationals or who are employed outside the United States or both, on such terms and conditions different from those specified in this Plan as may, in the judgment of the Committee, be necessary or desirable to further the purposes of this Plan. Such different terms and conditions may be reflected in Addenda to this Plan. However, no such different terms or conditions shall be employed if such terms or conditions constitute, or in effect result in, an increase in the aggregate number of shares which may be issued under this Plan or a change in the definition of Eligible Person.

(c) Notwithstanding any other provision in this Plan, the Committee shall not act with respect to any Reporting Person in a manner which would result in a forfeiture under Section 16(b) of the Act of some or all of the economic benefits relating to his or her Awards, without in each case the written consent of such Reporting Person.

(d) Nothing in this Plan or any Award Document shall confer on any person any expectation to continue in the employ of his or her Employer, or shall interfere in any manner with the absolute right of the Employer to change or terminate such person's employment at any time for any reason or for no reason.

**Summary of Executive Tax and Financial
Consulting Program**

Overview

Executive Officers of the Company are provided tax return preparation and financial counseling services under the company's Executive Tax and Financial Consulting Program (the "Program"). Executive Officers continue to receive these services for the first five years following retirement.

The services covered by the Program are as follows:

- Tax return preparation for the Executive Officer, his/her dependents, and personal trusts
- Assistance with inquiries and audits regarding covered federal, state, and local income tax returns
- Financial counseling services for the Executive Officer and his/her dependents

Advice on specific investments and legal fees are not covered by the Program

An Executive Officer may select one of the firms selected by the Company to provide services under the Program

- The annual allowance is set forth below:

	Fiscal Year of Participation and Pre-Retirement Year	Regular	Post-Retirement (5 years)
Strategy* Committee	\$20,000	\$17,000	\$17,000

The annual allowance applies to services performed from November through October 31 each year. If the entire annual allowance is not used and the Executive Officer remains eligible in the following year, the unused annual allowance may be carried forward one year and utilized after the following year's annual allowance, but expires if not utilized during the following year.

All fees paid on the behalf of the Executive Officer by A-B under the Program are added to that individual's compensation income in the calendar year when paid, subject to income tax and FICA withholding, and reported on Form W-2.

*Strategy Committee is comprised of Executive Officers.

Anheuser-Busch Companies, Inc. and Subsidiaries

Consolidated Ratio of Earnings to Fixed Charges

The following table sets forth the company's ratio of earnings to fixed charges, on a consolidated basis for the periods indicated (in millions):

	Nine Months Ended September 30		Year Ended December 31				
	2006	2005 ^{1/}	2005 ^{1/}	2004 ^{1/}	2003 ^{1/}	2002 ^{1/}	2001 ^{1/}
Earnings							
Consolidated pretax income	\$2,172.1	\$1,966.7	\$2,057.4	\$2,812.1	\$2,643.9	\$2,473.2	\$2,266.7
Dividends received from equity investees	247.1	210.0	210.0	179.0	169.2	46.7	25.8
Net interest capitalized	7.7	6.2	8.3	7.7	3.3	10.8	1.0
Fixed charges	375.1	379.1	502.3	471.1	442.6	406.8	402.8
Adjusted earnings	\$2,802.0	\$2,562.0	\$2,778.0	\$3,469.9	\$3,259.0	\$2,937.5	\$2,696.3
Fixed Charges							
Interest expense	\$339.1	\$343.2	\$454.5	\$426.9	\$401.5	\$368.7	\$361.2
Interest portion of rent expense ^{2/}	32.0	31.8	42.5	38.9	36.3	34.1	37.9
Amortization of deferred debt issuance costs	4.0	4.1	5.3	5.3	4.8	4.0	3.7
Total fixed charges	\$375.1	\$379.1	\$502.3	\$471.1	\$442.6	\$406.8	\$402.8
Ratio	7.5X	6.8X	5.5X	7.4X	7.4X	7.2X	6.7X

^{1/} Ratio adjusted for the adoption of FAS 123R in 2006.

^{2/} The interest portion of rent expense is calculated as one-third of total rents paid.

CERTIFICATION

I, Patrick T. Stokes, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Anheuser-Busch Companies, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2006

/s/ Patrick T. Stokes
Patrick T. Stokes
President and Chief Executive Officer
Anheuser-Busch Companies, Inc.

CERTIFICATION

I, W. Randolph Baker, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Anheuser-Busch Companies, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: October 27, 2006

/s/ W. Randolph Baker
W. Randolph Baker
Vice President and Chief Financial Officer
Anheuser-Busch Companies, Inc.

**Certification of Chief Executive Officer
Anheuser-Busch Companies, Inc.
Form 10-Q for the Quarter Ended September 30, 2006
Pursuant to 18 U.S.C. §1350, as adopted
Pursuant to §906 of the Sarbanes-Oxley Act of 2002**

I am the President and Chief Executive Officer of Anheuser-Busch Companies, Inc., a Delaware corporation (the "Company"). I am delivering this certificate in connection with the Form 10-Q of the Company for the quarter ended September 30, 2006 and filed with the Securities and Exchange Commission ("Form 10-Q").

Pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, I hereby certify that, to the best of my knowledge, the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2006

/s/ Patrick T. Stokes
Patrick T. Stokes
President and Chief Executive Officer
Anheuser-Busch Companies, Inc.

**Certification of Chief Financial Officer
Anheuser-Busch Companies, Inc.
Form 10-Q for the Quarter Ended September 30, 2006
Pursuant to 18 U.S.C. §1350, as adopted
Pursuant to §906 of the Sarbanes-Oxley Act of 2002**

I am the Vice President and Chief Financial Officer of Anheuser-Busch Companies, Inc., a Delaware corporation (the "Company"). I am delivering this certificate in connection with the Form 10-Q of the Company for the quarter ended September 30, 2006 and filed with the Securities and Exchange Commission ("Form 10-Q").

Pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, I hereby certify that, to the best of my knowledge, the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2006

/s/ W. Randolph Baker
W. Randolph Baker
Vice President and Chief Financial Officer
Anheuser-Busch Companies, Inc.