



# News

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## **ANHEUSER-BUSCH OPTIMISTIC ABOUT U.S. BEER SALES AND PROFITABILITY**

BOCA RATON, Feb. 21, 2008 – Anheuser-Busch management reviewed the company’s strategies to accelerate U.S. beer sales and profitability, and reaffirmed the company’s 7 to 10 percent long-term earnings growth objective, in a presentation given at the Consumer Analyst Group of New York Conference today.

“Over the past year, we have broadened our portfolio to enhance our participation in faster-growing high-end categories and initiated a major transformation of our selling system to better position our company for long-term growth. Our top priority in 2008 is to accelerate core beer sales and profitability,” August A. Busch IV, president and chief executive officer of the company, said to the investors and analysts.

There has been an acceleration in consumer demand for beer over the past two years and the company aims to capitalize on the improved growth of the U.S. beer industry. Based on an extensive consumer research effort, the company has fine-tuned its marketing messages, and redirected and enhanced its marketing and media resources to meet the demands of a changing marketplace. The company plans to increase total media spending by 10 percent in 2008 and will focus its national media spending on fewer brands, emphasizing those like Budweiser and Bud Light that benefit the most from large scale media exposure. This strategy includes more frequent updates of ad creative and increased media weight, especially over the key summer selling months.

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The company's consumer research efforts have also identified promising opportunities for innovative new products, such as Bud and Bud Light Chelada, and Landshark Lager, which have been rolled out nationally in the first quarter, and Bud Light Lime, which will be launched nationally on May 5<sup>th</sup>. The company is confident it will achieve improved performance for Anheuser-Busch produced brands in 2008. Through mid-February, the company's total wholesalers' sales-to-retailers increased 1.9 percent, with Anheuser-Busch produced brands up 0.6 percent.

In addition to volume, effective revenue and cost management are also key to accelerating U.S. beer company profit growth. Management views the U.S. beer pricing environment as favorable and the company's price increase plans for 2008 have now been largely implemented. A strong revenue per barrel performance is expected in 2008, with the increase on core brands greater than in 2007. Cost pressures continue, however, particularly for brewing materials. Anheuser-Busch has a strong track record of consistently generating significant annual productivity improvement savings. Productivity improvement and supply chain savings to mitigate commodity cost pressures are a very high priority for the company this year. The company has expanded its "Blue Ocean" brewery cost reduction initiative to drive additional cost savings and process improvements across all areas of the company.

Busch also provided highlights of the company's international beer business, which is a significant contributor to Anheuser-Busch's consolidated earnings growth. The majority of international beer profits are driven by the company's 50 percent investment in Grupo Modelo, the leading brewer in Mexico and the brewer of Corona, the leading U.S. import brand. The company is also well established in China, the largest and fastest growing beer market in the world, and particularly well-positioned in the country's most profitable beer segments. Budweiser is by far the leading super-premium brand in China and will be the official international beer sponsor of the 2008 Summer Olympics in Beijing. Anheuser-Busch also has a 27 percent equity stake in Tsingtao, China's leading premium brewer.

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W. Randolph Baker, vice president and chief financial officer highlighted the company's 2007 financial performance, utilization of cash flow and long-term earnings growth outlook. Anheuser-Busch achieved double-digits earnings per share growth in 2007, with a substantial increase in operating cash flow and a 100 basis point improvement in return on capital. Under the company's new more aggressive leverage target, Anheuser-Busch also significantly increased cash payments to shareholders in 2007. Last year, the company increased its quarterly dividend by 11.9 percent and repurchased \$2.7 billion of its stock. Management continues to expect to spend \$2 billion on share repurchasing this year, subject as always to potential acquisition opportunities. Baker also reviewed the company's long-term growth model, which continues to target earnings per share growth in the 7 to 10 percent range.

Other Matters

As previously announced, Anheuser-Busch's Consumer Analyst Group of New York presentation is being broadcast live over the Internet today beginning at 2:30 p.m. ET. A replay will be available on the company's Web site. For details visit [www.anheuser-busch.com](http://www.anheuser-busch.com).

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Notes:

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

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

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3. Reconciliation of Comparative Full Year Results

(\$ in millions, except per share)

	Operating Income	Income Before Income Taxes	Provision for Income Taxes	Equity Income	Net Income	Diluted Earnings Per Share
<u>2007</u>						
Reported	\$2,894.0	\$2,422.7	\$(969.8)	\$662.4	\$2,115.3	\$2.79
Gain on Sale of Spanish Theme Park	--	(16.0)	6.1	--	(9.9)	(.01)
Gain on Sale of Distribution Rights	(26.5)	(26.5)	10.2	--	(16.3)	(.02)
Modelo Restructuring	--	--	--	16.0	16.0	.02
Excluding Normalization items	<u>\$2,867.5</u>	<u>\$2,380.2</u>	<u>\$(953.5)</u>	<u>\$678.4</u>	<u>\$2,105.1</u>	<u>\$2.78</u>
<u>2006</u>						
Reported	\$2,719.6	\$2,276.9	\$(900.5)	\$588.8	\$1,965.2	\$2.53
Texas Income Tax Legislation Benefit	--	--	(7.8)	--	(7.8)	(.01)
Excluding One-Time Item	<u>\$2,719.6</u>	<u>\$2,276.9</u>	<u>\$(908.3)</u>	<u>\$588.8</u>	<u>\$1,957.4</u>	<u>\$2.52</u>
<u>Percentage Change – 2007 vs. 2006</u>						
Reported	<u>6.4%</u>	<u>6.4%</u>		<u>12.5%</u>	<u>7.6%</u>	<u>10.3%</u>
Excluding Normalization items	<u>5.4%</u>	<u>4.5%</u>		<u>15.2%</u>	<u>7.5%</u>	<u>10.3%</u>

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