



INBEV SA/NV

Public Limited Liability Company

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Register of legal entities no 0417497106

SPECIAL REPORT BY THE BOARD OF DIRECTORS TO SHAREHOLDERS

prepared in accordance with Article 602 of the Belgian Companies Code

on the increase of the share capital of InBev SA/NV ("InBev") by way of the issuance of up to 49,545,705 new ordinary shares of InBev, to holders of common shares of Companhia de Bebidas das Américas-AmBev ("AmBev"), a subsidiary of InBev incorporated under the laws of Brazil, accepting to tender their shares in the stock for stock alternative of the mandatory tender offer that InBev will launch, from 14 February to 29 March 2005, in Brazil, on all AmBev common shares that it does not hold directly or indirectly (the "MTO"), i.e. 3,643,945,408 AmBev common shares, such shares representing a 15.47% voting interest and a 6.47% economic interest in AmBev. The above share capital increase of InBev will be placed to the vote of the Extraordinary Shareholders' Meeting of InBev convened on 17 March 2005.

Notices

No offer of securities

The new shares that would be issued by InBev as a result of the share capital increase described in this Special Report to Shareholders will be reserved for holders of AmBev common shares accepting to tender their shares in the stock for stock alternative of the MTO (the “**Stock MTO**”), who, by doing so, will contribute in kind such AmBev common shares to the capital of InBev.

Moreover, neither this Report nor any of the transactions referred to herein constitute an offer of securities for sale in the United States or in any other jurisdiction.

The securities that may be issued pursuant to the share capital increase referred to herein have not been nor will be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state or any other country (other than Belgium) and may not be offered, pledged, transferred, or sold absent (i) registration of such securities under the Securities Act or the securities laws of such state or country, as the case may be, or (ii) an available exemption from such registration.

Under the terms and conditions of, and in connection with, the transactions referred to herein, no offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the United States or any other country in which such offer may not be made other than (i) in accordance with the tender offer requirements under the U.S. Securities Exchange Act of 1934, as amended, and the tender offer requirements under Brazilian law or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements.

Neither this Special Report nor any of the transactions referred to herein constitute an invitation or an offer to the holders of AmBev common shares to tender such shares in the MTO and, accordingly, such holders should not rely on this Special Report for the purpose of the MTO or any other purpose.

Notice to U.S. holders of AmBev common shares

The exchange offer referred to in this Report will be made for the securities of a foreign company. The offer will be subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers and directors may be residents of a foreign country. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

Forward-looking statements

This Report contains certain forward-looking statements reflecting the current views of the management of InBev with respect to, among other things, InBev or AmBev's respective strategic objectives, business prospects, future financial condition, budgets, projected levels of production, projected costs and projected levels of revenues and profits, as well as other plans and objectives of management for future operations. These statements involve risks and uncertainties. The ability of InBev or AmBev respectively to achieve these objectives and targets is dependent on many factors which are outside of InBev's or AmBev's management's control.

In some cases, words such as "believe", "intend", "expect", "anticipate", "plan", "target", "will" and similar expressions to identify forward-looking statements are used. All statements other than statements of historical facts are forward-looking statements. You should not place undue reliance on these forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect our current expectations and assumptions as to future events and circumstances that may not prove accurate. The actual results could differ materially from those anticipated in the forward-looking statements for many reasons.

InBev cannot assure you that the future results, level of activity, performance or achievements of InBev or AmBev respectively will meet the expectations reflected in the forward-looking statements.

Language

~~The official versions of this Report are the French and Dutch language versions. This English version of the Report has been prepared for convenience only and should therefore not be relied upon for any purpose. In the event of any discrepancies between this document and the French and Dutch language versions, the French and Dutch language versions shall prevail.~~

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1 Purpose of this Report

This special report (the “**Report**”) has been prepared in accordance with Article 602 of the Belgian Companies Code, which provides that whenever a company proposes to increase its share capital by way of a contribution in kind, the board of directors of the company must prepare a special report discussing the benefits of the transaction to the company.

This Report is aimed at informing the InBev shareholders about the proposed increase of the share capital of InBev by way of issuance of up to 49,545,705 new ordinary shares of InBev to holders of AmBev common shares accepting to tender their shares in the Stock MTO and, by doing so, contributing in kind their tendered AmBev common shares to the share capital of InBev (the “**Capital Increase**”).

The Capital Increase will be submitted to the vote of the Extraordinary Shareholders' Meeting of InBev convened on 17 March 2005.

This Report has been unanimously approved by the Board of Directors of InBev.

In connection with the proposed Capital Increase, KPMG, the Statutory Auditor of InBev, represented by Mr. Erik Helsen, has prepared for your attention a report in accordance with Article 602 of the Belgian Companies Code. The Statutory Auditor's report must be read in conjunction with this Report and is attached hereto.

2 Context, interest and timing of the Capital Increase

2.1 Context

On 27 August 2004, InBev (under its previous name of Interbrew) and AmBev announced that they had closed their combination transaction announced on March 3, 2004, creating the world's premier brewer.

In essence, this closing consisted of the following steps:

- As described in the special report by the Board of Directors of InBev to InBev shareholders dated 30 July 2004 and as approved by the Shareholders' Meeting of InBev of 27 August 2004, InBev issued 141,712,000 new InBev ordinary shares to BRC S.à.R.L. (“**BRC**”), a company owned by the ex-controlling shareholders of AmBev, in exchange for BRC contributing to InBev all the capital stock of a wholly-owned subsidiary of BRC, Ambrew S.A. (previously Tinsel Investments S.A.), holding indirectly 8,253,913,260 AmBev common shares. Immediately thereafter, BRC had its 141,712,000 new InBev ordinary shares certified by Stichting Interbrew (a Dutch foundation that already held the interests of Interbrew's founding families) by exchanging its shares against certificates issued by Stichting Interbrew.
- Labatt Brewing Company Limited, a subsidiary of InBev comprising its Canadian brewing and distribution operations, was merged (through a holding company owning the capital stock of Labatt Brewing Company Limited) into AmBev, as a result of which AmBev issued 7,866,181,882 common shares and 11,398,181,319 preferred shares to InBev (through the holding company referred to above).

Further to the closing, InBev currently holds, through subsidiaries, 16,120,095,140 AmBev common shares and 11,398,181,319 AmBev preferred shares, representing, as of 31 December 2004, approximately a 68.4%¹ voting interest and 48.9%² economic interest in AmBev.

Further to this closing, InBev is required, pursuant to Brazilian law, to launch a stock mandatory tender offer on all AmBev common shares that InBev does not currently hold (the “**Stock MTO**”), i.e. 3,643,945,408 AmBev common shares (amount including AmBev shares held through ADRs and listed on the New York Stock Exchange), representing a 15.47% voting interest and 6.47% economic interest in AmBev. This amount of AmBev common shares excludes the approximately 3.8 billion AmBev common shares held by Fundação Antonio e Helena Zerrenner (a Brazilian foundation that primarily provides health benefits to AmBev employees and their dependents) (“**Fundação**”), which is a party to a shareholders’ agreement with InBev (through subsidiaries of InBev) concerning AmBev and has committed not to tender its shares in the MTO.

In addition to the Stock MTO, InBev has decided to offer, to holders of AmBev common shares, an alternative cash for stock option (the “**Cash MTO**”).

AmBev, which holds 60,730,600 AmBev common shares through CBB, a wholly-owned subsidiary, has informed InBev that it will not tender such shares in the Stock MTO but will tender them in the Cash MTO. Hence, effectively, while the AmBev shares that may be tendered under the Cash MTO amount to up to 3,643,945,408, the maximum number of AmBev shares that would be tendered under the Stock MTO amount to 3,583,214,808 shares.

Pursuant to Brazilian law, InBev is not required to extend, and accordingly will not extend, the MTO to the AmBev preferred shares.

Pursuant to Brazilian law, the price of the MTO must correspond to at least 80% of the exchange ratio pursuant to which BRC contributed its 8,253,913,260 AmBev shares to InBev (see above). Hence, the Stock MTO will take place at an exchange ratio of 13.827166³ InBev shares for each thousand common shares of AmBev. Fractions of InBev shares will be paid in cash, on the basis of a price of EUR 25.55 per InBev share, converted into Brazilian reais, which corresponds to the price used for the Cash MTO (as indicated hereunder). The Cash MTO will take place for a price in Reais equivalent, on the business day following the close of the MTO, to € 353.28 for each thousand common shares of AmBev.

The Cash MTO will be carried out by InBev Holding Brazil, a wholly owned subsidiary of InBev incorporated under Brazilian law.

The Stock MTO will be served either with newly issued shares of InBev and/or with existing shares of InBev. InBev, through its Board of Directors, expects to take a decision in this respect in the days following the close of the MTO. Should InBev decide that the MTO will be served with existing shares, these shares will need to be acquired by way of share buy-back, which will be arranged in the form of either a public tender offer on the InBev shares or a purchase program implemented on Euronext Brussels, in accordance with Belgian securities laws and regulations. Any share buy-back would be carried out on the basis of the authorisation contained in Article 10 of the Articles of Association of InBev concerning the acquisition by InBev of its own shares. Any

¹ Percentages of AmBev shares mentioned in this Special Report include treasury shares.

² 48.28%, taking into consideration the existence of some minority interests in one of the subsidiaries through which InBev holds AmBev shares.

³ Ratio calculated as follows: InBev completed a capital increase equivalent to 141,712,000 InBev shares in exchange for 8,199,047,952 AmBev common shares, excluding ECAP minorities economic holdings, implying in a 17.283957 InBev shares per 1,000 AmBev shares ratio. Based on Brazilian law regulations, InBev is obliged to offer at least 80% of the ratio paid for the controlling stake: $80\% \times 17.283957 = 13.827166$.

share buy-back would be carried out either by InBev itself or by Interbrew International BV, the retained entity then acquiring the relevant number of AmBev common shares in the Stock MTO in exchange for the purchased InBev shares. InBev ordinary shares, regardless of whether they are newly issued shares or existing shares, will be delivered ex-2004 coupon to holders of AmBev common shares tendering the latter in the Stock MTO.

For the purposes of this Report, and save where specifically indicated otherwise, it will be assumed hereinafter that the Stock MTO will only be served with newly issued shares of InBev.

2.2 Interest

The objective of the Capital Increase is to ensure that InBev will be in a position to deliver to holders of AmBev common shares tendering such shares in the Stock MTO the amount of InBev shares that such holders will be entitled to receive. The Capital Increase therefore aims at enabling InBev to meet its legal obligations under Brazilian law as a result of the combination with AmBev and, consequently, is in the interest of InBev.

2.3 Timing

InBev will launch the MTO, from 14 February to 29 March 2005, in Brazil.

It is expected that the Cash MTO will be settled on or around the 5th day after the close of the MTO. It is expected that the Stock MTO will be settled at a later date, i.e. between 60 and 90 days after the close of the MTO. This later settlement for the Stock MTO results from the necessity:

for InBev and tendering holders of AmBev common shares to obtain certain foreign exchange control authorisations from the Central Bank of Brazil (BACEN) before being able to effectively acquire the tendered AmBev common shares (for InBev) and effectively subscribe to the newly issued InBev shares (for tendering holders of AmBev common shares), as required by applicable Brazilian laws and regulations;

for InBev or Interbrew International BV, in case the Board of Directors of InBev decides that the MTO will be served, in part or in full with existing shares, to complete a share buy back, before being in a position to settle the Stock MTO.

It is expected that the Capital Increase would effectively close approximately 10 days before the settlement of the Stock MTO.

3 Description of the Capital Increase

3.1 Capital Increase and contribution in kind

The Board of Directors proposes to increase the share capital of InBev in a total amount of up to €38,150,192.85 that would increase the capital from €453,497,128.77 currently (or any other relevant amount, in the case that this amount is modified after the publication of this Report, as a result of (i) any exercise of warrants issued by InBev in connection with its employee warrants plan or (ii) any other reason) up to €491,647,321.62 (or up to such other relevant amount in the case of modification, as mentioned above, of the current share capital), as a result of holders of common shares of AmBev being able to effectively tender in the Stock MTO, and hence contribute in kind to the share capital of InBev, on an aggregate basis, a total amount of up to 3,583,214,808 AmBev common shares.

The contribution of this total amount of AmBev common shares has been valued at €1,342,688,605.5 (see section 5 of this Report for information on the valuation of the contribution), of which €38,150,192.85 would be recorded as share capital and €1,304,538,412.65 as issuance

premium. As consideration for this contribution, InBev would issue up to a total amount of 49,545,705 new shares that would be subscribed by holders of AmBev common shares tendering such shares in the Stock MTO. As a result of this issuance, the total number of shares of capital stock of InBev would be brought from 588,617,201 shares currently (or any other relevant amount, in the case that this amount is modified after the publication of this Report, as a result of (i) any exercise of warrants issued by InBev in connection with its employee warrants plan or (ii) any other reason) up to 638,162,906 shares (or up to such other relevant amount in the case of modification, as described above, of the current number of shares).

As indicated in section 2 of this Report, the Board of Directors of InBev will, in the days following the close of the MTO, take a decision as to whether the MTO will be served with newly issued InBev shares and/or with existing InBev shares.

Consequently, the Board of Directors of InBev will request the Shareholders' Meeting of InBev to grant to the Board the authority (i) to assess at the close of the MTO the number of AmBev common shares that will have been tendered by the holders thereof in the Stock MTO, (ii) to decide the number of such AmBev common shares tendered in the Stock MTO that InBev will accept as a contribution in kind to its capital against new InBev ordinary shares to be issued pursuant to the Capital Increase or to decide that InBev will accept none of such AmBev common shares tendered as a contribution in kind to its capital, (iii) to decide the number of such AmBev common shares tendered that will be acquired by InBev or Interbrew International BV in exchange for existing InBev ordinary shares to be purchased by InBev or Interbrew International BV as applicable or to decide that InBev and Interbrew International BV will acquire none of such AmBev common shares tendered in exchange for existing InBev shares, (iv) consequently, to determine the final amount for which the Capital Increase will close and the final number of new InBev ordinary shares that will be issued, it being understood that (a) upon such determination there will be no obligation for the Board of Directors nor for the company to close the Capital Increase for all or part of its amount and for all or part of the corresponding number of InBev ordinary shares and (b) upon such closing the resolutions adopted by the Extraordinary Shareholders' Meeting concerning the Capital Increase will become void for the amount and number of shares in excess of those determined pursuant to (iv) above

3.2 Decision at the Extraordinary Shareholders' Meeting

The Capital Increase will be placed to the vote of the Extraordinary Shareholder's Meeting of InBev convened on 17 March 2005, at 1:30 p.m., at the InBev building located Brouwerijplein 1, 3000 Leuven.

The notices convening this Extraordinary Shareholders' Meeting will be published in *L'Echo*, *De Tijd*, *Le Soir*, *De Standaard*, *La Libre Belgique* and *De Morgen* on 19 February 2005, and in the *Moniteur belge/Belgisch Staatsblad* on 21 February 2005.

In order for the Extraordinary Shareholders' Meeting to vote on the Capital Increase, at least 50% of the share capital of InBev must be present or represented. The Extraordinary Shareholders' Meeting's resolutions on the Capital Increase will require a majority of 75% of the votes cast.

Stichting Interbrew, InBev's controlling shareholder, and certain InBev shareholders acting in concert with Stichting Interbrew (i.e. Eugénie Patri Sébastien SA, Rayvax Société d'Investissements SA and Sébastien SA, companies holding the interests of some of the founding families of Interbrew, and two funds – the Fonds Interbrew-Baillet Latour and the Fonds Verhelst) have informed InBev that they will vote in favour of the Capital Increase.

3.3 Features of new InBev shares

The new ordinary shares that InBev would issue to holders of AmBev common shares tendering such shares in the Stock MTO would be of the same kind as the existing ordinary shares of InBev and would, upon their issuance, benefit from the same rights and privileges as the existing ordinary shares of InBev, except that the new ordinary shares of InBev shall entitle their holder only to the dividend relating to the financial year ending on 31 December 2005 and the subsequent financial years.

Such ordinary shares would be issued without nominal value and in the form of a global bearer certificate to be deposited with the *Caisse interprofessionnelle de dépôts et virements de titres / Interprofessionele effectendeposito- en girokas* (CIK), Belgium national clearing institution. These shares would be credited, through the Euroclear system, in book entry-form on bank securities accounts indicated by tendering holders of AmBev common shares.

As indicated in section 2.3. above, it is expected that any new InBev ordinary shares that would be issued to serve the Stock MTO would be issued between 60 and 90 days after the close of the MTO, which is on 29 March 2005. It is expected that any such new InBev ordinary shares would be listed on the First Market of Euronext Brussels on or as soon as practicable following their delivery to the holders of AmBev common shares having tendered their shares to the Stock MTO. In light of the expected period of issuance mentioned above, it is expected that the new InBev shares would immediately be listed on the same line of quotation than the existing shares of InBev⁴. These new ordinary shares would not be listed in Brazil or in any other jurisdiction.

3.4 No preferential subscription right of existing InBev shareholders in connection with the Capital Increase

It results from Article 592 of the Belgian Companies Code that existing shareholders of a Belgian company do not benefit from a preferential subscription right in connection with a capital increase by way of contribution in kind. Accordingly, existing shareholders of InBev will not benefit from a preferential subscription right in connection with the Capital Increase.

4 Key background information on AmBev

4.1 General Information

- AmBev is incorporated as a *sociedade anônima* (corporation) under Brazilian law and has its registered office at Rua Dr Renato Paes de Barros 1017, 4° andar, 04530-001 São Paulo, Brazil.
- AmBev's capital stock is comprised of preferred shares and common shares, all without par value. The common and preferred shares of AmBev are listed on the Sao Paulo Stock Exchange and on the New York Stock Exchange (in the form of ADRs).

4.2 Business Information

- AmBev is the largest brewer in Latin America in terms of sales volumes and the fifth largest brewer in the world. AmBev is also one of the largest Latin American soft drinks producers and the sole distributor of Pepsi beverage products in Brazil. AmBev produces, distributes and sells beer, soft drinks and other beverage products primarily in Brazil, but also in Argentina, Venezuela, Uruguay, Paraguay, Guatemala, Peru, Ecuador, Bolivia, Chile, Nicaragua and the Dominican Republic, and more recently in Canada (through Labatt).

⁴ InBev existing shares will start trading ex 2004 coupon on 27 April 2005.

The balance of AmBev's business is comprised primarily of sales of non-alcoholic non-carbonated ("NANC") beverage products, including water, isotonic sport drinks, iced tea, and other products.

- In early 2003, through the acquisition of its interest in Quinsa, AmBev expanded its presence in Argentina, Uruguay, Paraguay and other Latin American countries, such as Bolivia and Chile. Since 27 August 2004, further to the closing of its combination with InBev, AmBev owns and operates Labatt and consolidates it in its accounts.
- Worldwide, AmBev had consolidated net sales of R\$8,716.4 million (€2,392.6 million)⁵ in 2003⁶. The proportion of AmBev's consolidated net sales generated outside of Brazil was approximately 12.0% in 2003. For the year ended 31 December 2003, net sales from international operations totalled R\$1,046.1 million (€287.1 million) and its total volumes sold reached 20.6 million hectoliters (including Quinsa's total volumes sold).
- For the year ended December 31, 2003, net sales from its beer operations in Brazil were R\$6,114.6 million (€1,687.4million) accounting for approximately 70.4% of its consolidated net sales in 2003. Its beer production capacity in Brazil was 98.3 million hectoliters as of 30 November 2003 (based on AmBev's own estimates). AmBev's sales volumes of beer in Brazil totalled 55.3 million hectoliters in 2003.
- In September 2004, AmBev had a 67.0% market share of the Brazilian beer market.
- AmBev's proprietary beer brands Skol, Brahma Chopp and Antarctica Pilsen are among the most-consumed brands in the world and occupy the first, the second and the third position, respectively, in the Brazilian beer sector as of September 2004, according to ACNielsen.
- In September 2004, AmBev had a 16.2% market share of the Brazilian soft drink sector. For the year ended 31 December 2003, net sales from the Brazilian soft drink operations were R\$1,205.1 million (€330.8 million), accounting for approximately 13.9% of AmBev's consolidated net sales. Its soft drink production capacity in Brazil was 42.8 million hectoliters as of 30 November 2003 (based on AmBev's own estimates), which includes the production of proprietary and Pepsi soft drinks. In total, AmBev sold 17.7 million hectoliters of soft drinks in Brazil in 2003.
- Through its strategic alliance with PepsiCo, AmBev is the sole Pepsi bottler in Brazil and a producer and distributor of certain Pepsi beverage products, which accounted for 40.4% of AmBev's soft drink sales volumes in 2003 (based on AmBev's own estimates). AmBev's principal soft drink brands include also its proprietary brand Guaraná Antarctica, which accounted for 44.9% of its soft drink sales volume in 2003 (based on AmBev's own estimates).
- AmBev's NANC portfolio is comprised of a wide variety of products, including isotonic sport drinks (Gatorade), iced tea (Lipton Iced Tea), mineral water and juices. In 2003, total NANC volumes sold was 1.1 million hectoliters. Net sales amounted to R\$127.1 million

⁵ Amounts in reais contained in this section have been translated into euros by applying the average exchange rate between 1.01.03 and 31.12.03 between reais and U.S. dollars (of 3.0721 / 1) and then the average exchange rate between the same dates between U.S. dollars and euros (of 1.1329 / 1). This translation is provided for convenience only and we do not represent that the reais actually represent those euro amounts, or could have been or could be converted into euros at such rates or at any rate.

⁶ Figures provided in this section do not take into consideration Labatt.

(€34.9 million), and it accounted for approximately 1.5% of AmBev's consolidated net sales.

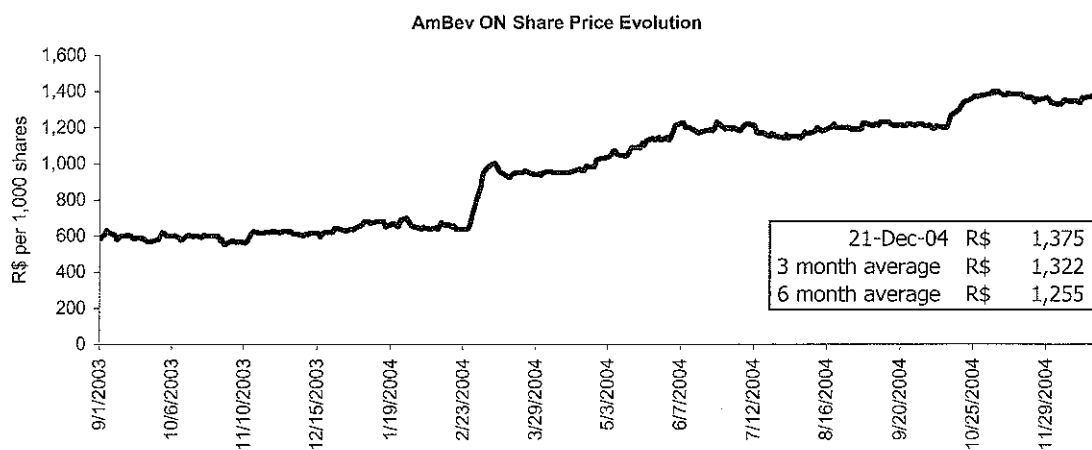
4.3 Shareholding Information

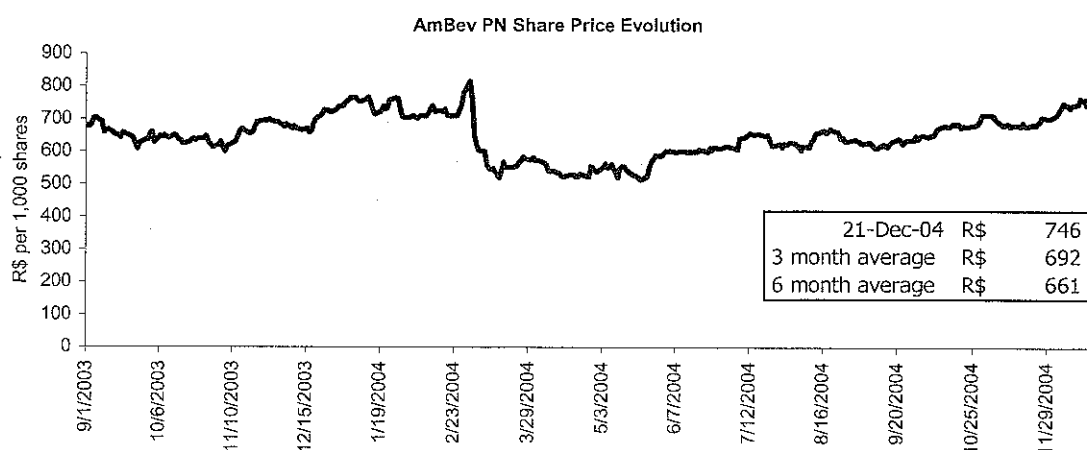
The table hereunder reflects the shareholding structure of AmBev as of 31 December 2004.

| Shareholders | Number of common shares | % common | Number of preferred shares | % preferred | Total Number of shares | % Total |
|--|-------------------------|----------|----------------------------|-------------|------------------------|---------|
| Interbrew International B.V. | 7,866,181,882 | 33.39 | 11,398,181,319 | 34.84 | 19,264,363,201 | 34.23 |
| InBev Holding Brasil S.A. | 4,214,345,033 | 17.89 | 0 | 0 | 4,214,345,033 | 7.49 |
| Emp. de Adm. e Part. S.A. (ECAP) | 4,039,568,225 | 17.15 | 0 | 0 | 4,039,568,225 | 7.18 |
| FAHZ - Fundação Antonio e Helena Zerrenner | 3,794,204,726 | 16.11 | 444,332,513 | 1.36 | 4,238,537,239 | 7.53 |
| Directors and Officers | 6,006,448 | 0.03 | 750,538,776 | 2.29 | 756,545,224 | 1.34 |
| Shares held by a subsidiary of AmBev | 60,730,600 | 0.26 | 1,589,604,232 | 4.86 | 1,650,334,832 | 2.93 |
| Others | 3,577,208,360 | 15.17 | 18,536,839,691 | 56.65 | 22,114,048,051 | 39.30 |
| TOTAL | 23,558,245,274 | 100.00 | 32,719,496,531 | 100.00 | 56,277,741,805 | 100.00 |

Interbrew International B.V. is a 100% (directly) owned subsidiary of InBev. InBev Holding Brasil S.A. is a 100% (indirectly) owned subsidiary of InBev. ECAP is a 98.73% (indirectly) owned subsidiary of InBev.

4.4 AmBev stock price evolution





4.5 Recent financial information

Please refer to the information contained in the attached press release of AmBev concerning its results for the third quarter of 2004. You should note that the financial statements contained therein are in Brazilian GAAPS, which present certain differences vis-à-vis IFRS.

5 Valuation and Exchange Ratio

Pursuant to Brazilian law, the price of the MTO must correspond to at least 80% of the exchange ratio pursuant to which BRC contributed its 8,253,913,260 AmBev shares to InBev (see section 2 above). Hence, the Stock MTO will take place at an exchange ratio of 13.827166 InBev shares for each thousand common shares of AmBev. Fractions of InBev shares will be paid in cash, on the basis of a price of EUR 25.55 per InBev share, converted into Brazilian reais, which corresponds to the price used for the Cash MTO (as indicated hereafter). The Cash MTO will take place for a price in Reais equivalent, on the business day following the close of the MTO, to € 353.28 for each thousand common shares of AmBev.

For the purposes of the Capital Increase, the value to InBev of the contribution in kind of the maximum number of AmBev shares that can be tendered in the Stock MTO, i.e. 3,583,214,808 shares, has been set at €1,342,688,605.5, of which €38,150,192.85 will be recorded as share capital and €1,304,538,412.65 as issuance premium.

The table hereunder reflects the total amount of (i) new shares, (ii) share capital increase and (iii) issuance premium that would be issued/recorded, based on various assumptions of acceptance rates for the stock MTO.

| 25% common shares tendered in Stock MTO | | | 50% common shares tendered in Stock MTO | | | 100% common shares tendered in Stock MTO | | |
|--|---------------------|-------------------------|--|---------------------|-------------------------|---|----------------------|-------------------------|
| Capital increase | Issuance premium | New shares number | Capital increase | Issuance premium | New shares number | Capital increase | Issuance premium | New shares number |
| 9,537,548.02 | 326,134,59 6.58 | 12,386,426 | 19,075,096. 04 | 652,269,19 3.16 | 24,772,852 | 38,150,192. 85 | 1,304,538,4 12.65 | 49,545,705 |

From InBev perspective, the InBev combination, resulting in InBev holding a majority of the voting and economic interest in AmBev is the sum of three interrelated, although separate, transactions (referred to in section 2.1): (i) the contribution of the capital stock of Ambrew S.A., (ii) the merger of

Labatt into AmBev and (iii) the mandatory tender offer in respect of the AmBev common shares. The Board of InBev has determined that, given the context of the contribution of the capital stock of AmBev as a result of the mandatory tender offer, this calls for a global approach to the assessment of the value to InBev of such contribution. Therefore, the valuation method applied by the Board in relation to the contribution of the AmBev shares, which led to estimates that in its view sustain the above mentioned value to InBev, consists of an analysis of the value (which includes identified synergies) that InBev will receive as a result of each of the three transactions compared with the value that InBev will contribute in the context of these transactions.

Based on certain assumptions regarding the values of InBev, AmBev and Labatt, as set out below in sections 5.1 to 5.5, the InBev combination transaction can be analysed as follows:

| (€ billions) | Low | High |
|--|------------|-------------|
| Value of the New Shares issued by InBev in consideration of the AmBev shares tendered in the MTO | 1.3 | 1.3 |
| Value of the New Shares issued by InBev in consideration of the Ambrew S.A. contribution | 3.3 | 3.3 |
| Equity Value of Labatt | 3.5 | 4.2 |
| Total Equity Value Contributed by InBev | 8.1 | 8.8 |
| Equity Value received through InBev's 56.4% economic interest in Labatt | 2.0 | 2.4 |
| Value of 56.4% of AmBev's Equity Value | 3.9 | 6.3 |
| Equity value before synergies | 5.9 | 8.7 |
| InBev's Share of the Identified Synergies | 2.3 | 2.3 |
| Total Equity Value received by InBev | 8.2 | 11.0 |

5.1 Valuation of InBev shares issued in consideration of the AmBev shares tendered in the MTO

As described earlier (see section 2), in accordance with Brazilian corporate law, InBev is required to make a mandatory tender offer for all remaining outstanding AmBev common shares at a price equal to 80% of the price implicit in the exchange of shares between InBev and BRC.

Assuming that all 3,583,214,808 common shares are tendered by AmBev's shareholders, InBev will issue 49,545,705 new InBev shares. These new InBev shares are valued at €1.27 billion to €1.34 billion based on a share price range for InBev of between €25.71 (last 12 month average) and €27.10 (as at close of business on 21 January 2005, being the date at which the present valuation has been prepared).

5.2 Valuation of InBev shares issued in consideration of the contribution of Ambrew S.A.

On 27 August 2004, InBev issued 141,712,000 new shares to BRC in consideration for the contribution of the capital stock of Ambrew S.A.

The contribution of all the capital stock of Ambrew S.A. had been valued at €3,341,568,960 as of 25 February 2004 (see the special board report to InBev shareholders dated 30 July 2004).

As consideration for the contribution of all the capital stock of Ambrew S.A., InBev issued 141,712,000 new shares and its share capital was increased by €109,118,240 and issuance premium reserve was increased by €3,232,450,720.

5.3 Valuation of Labatt

The valuation of Labatt, which consists solely of its Canadian brewing and distribution operations ("Labatt Canada") was based on a discounted cash flow analysis.

The discounted cash flow analysis of Labatt Canada was based on: (i) InBev management's pro forma financial forecasts for Labatt Canada for 2004 – 2013; (ii) an assessment by InBev management of an appropriate long term, perpetual growth rate⁷ of 0.5% at the mid-point of the range for Labatt Canada based on the characteristics of Labatt Canada's operational profile and the Canadian beer market; and (iii) a discount rate of 7.0% - 8.0% which reflected Labatt Canada's risk characteristics and an estimate of the country risk factor applicable to Canada. Based on the assumptions, the projected unleveraged cash flow CAGR⁸ from 2004-2013 amounts to 6.7% including the recovery of the Quebec strike. Applying these assumptions, the discounted cash flow analysis implied an enterprise value range for Labatt Canada of €4.3 billion to €5.0 billion and an implied 2003 EV⁹ / EBITDA¹⁰ multiple range of 11.1x to 13.0x (EBITDA adjusted for negative impact of the Quebec strike, estimated at €29 million). The NPV of projected cash flows from 2004 – 2013 represented between 42% and 47% of the total enterprise value of Labatt Canada calculated through the discounted cash flow methodology, depending on the discount rate and assumptions applied in perpetuity. Therefore, the terminal value ranges from 53% to 58% of Labatt Canada's total enterprise value. Taking into account net debt of approximately €0.8 billion as of 31 October 2004, this methodology implied an equity value range for Labatt Canada of €3.5 billion to €4.2 billion.

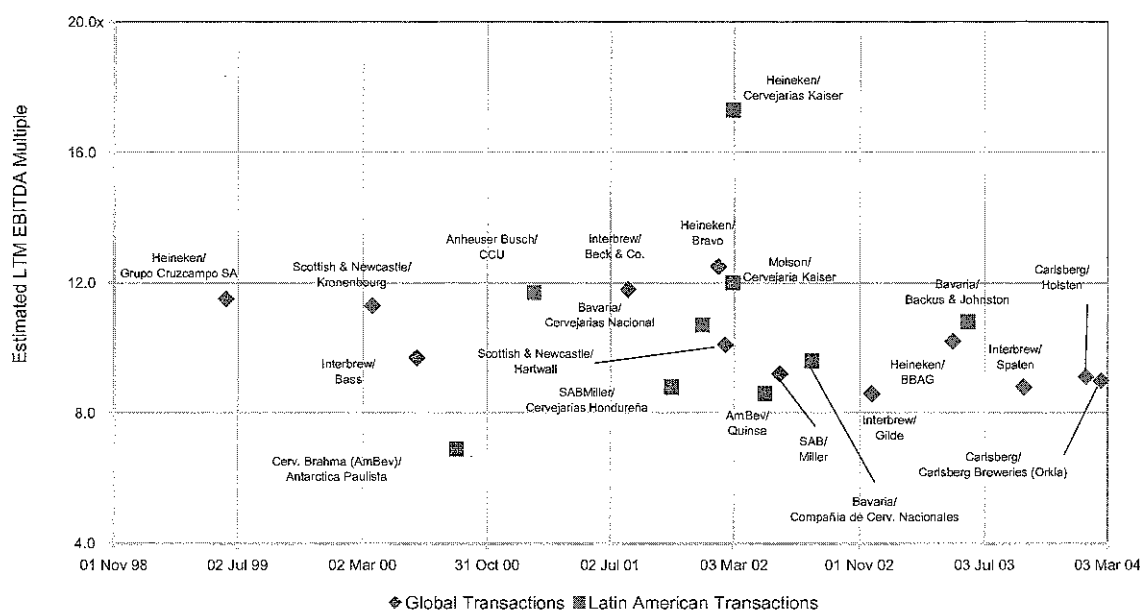
InBev believes that the transaction multiples are in line with precedent transaction multiples, as indicated in the chart below. For your information, InBev EV/2003 EBITDA multiple of 25 February 2004 was 8.7x before any adjustments due to associates. However, InBev's EV / EBITDA multiple is a trading multiple and is therefore not directly comparable with transaction multiples such as those presented below.

⁷ As part of a discounted cash flow valuation, management has to define the value of the future flows that are not projected in detail, the so-called terminal value. For the determination of the terminal value, the appraiser should define an appropriate growth rate that would represent the annual growth rates of the future unleveraged free cash flows until perpetuity. For the Labatt valuation, InBev management defined the appropriate perpetuity growth range after consideration of the annual growth rates together with the Labatt financial forecasts 2004E – 2013E and the long term growth expectations of the Canadian market. All projections and discount rates are nominal figures, including expected inflation rates (i.e. 1.5%).

⁸ Compound annual growth rate.

⁹ Enterprise value.

¹⁰ Earnings before interest, taxation, depreciation and amortisation.



Source: Publicly available information and Interbrew estimates

5.4 Valuation of AmBev

The valuation of AmBev was based on a discounted cash flow analysis. Financial forecasts for AmBev were based on InBev management's forecasts for 2004 – 2013. InBev management's forecasts for 2004 – 2013 were based on (i) detailed macro economic assumptions, including inflation and evolution of exchange rates; (ii) beer and soft drink market assumptions, including relevant market growth drivers of demography and the evolution of the population's drinking habits; and (iii) company specific operational assumptions, including market share, pricing, price elasticity of the main brands, and the evolution of the main elements of the cost structure. InBev's management also assumed an appropriate long term, perpetual growth rate¹¹ for AmBev of 3.5% - 5.5% based on the characteristics of AmBev's operational profile and the markets in which AmBev operates. Based on these assumptions, the projected unleveraged cash flow CAGR from 2004 to 2013 reached 8.3%.

Macroeconomic Assumptions - Brazil

| | 2004E | 2005E | 2006E | 2007E | 2008E | 2009E | 2010E | 2011E | 2012E | 2013E |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| CPI | 6.0% | 5.2% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Exchange Rate R\$ / US\$ EOP | 3.20 | 3.31 | 3.42 | 3.54 | 3.66 | 3.79 | 3.93 | 4.07 | 4.21 | 4.36 |
| Exchange Rate R\$ / EUR EOP | 3.64 | 4.11 | 3.82 | 4.32 | 4.25 | 4.40 | 4.56 | 4.72 | 4.89 | 5.06 |
| Exchange Rate R\$ / EUR (Avg.) | 3.72 | 3.87 | 3.97 | 4.07 | 4.29 | 4.33 | 4.48 | 4.64 | 4.80 | 4.98 |
| Interest Rate (%) (Avg.) | 15.3% | 14.5% | 14.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% | 12.0% |

Source: Interbrew Management

Note: "CPI" stand for "Consumer Price Index" and "EOP" stands for "End of Period"

¹¹ As part of a discounted cash flow valuation, management has to define the value of the future flows that are not projected in detail, the so-called terminal value. For the determination of the terminal value the appraiser should define an appropriate growth rate that would represent the annual growth rates of the future unleveraged free cash flow until perpetuity. For AmBev valuation InBev management defined the appropriate perpetuity growth range after consideration of the annual growth rates together with the AmBev financial forecasts 2004E – 2013E and the long term growth expectations of the relevant markets. All projections and discount rates are nominal figures, including expected inflation rates (i.e. 5% in R\$).

Using these assumptions for AmBev and a discount rate of 11.5% - 13.5%, which reflected AmBev's risk characteristics and an estimate of the country risk factor applicable to Brazil and Argentina, a discounted cash flow analysis implied an enterprise value range for AmBev of €8.1 billion to €12.2 billion. The NPV of projected cash flows from 2004 – 2013 represented between 43% and 59% of the total enterprise value of AmBev calculated through the discounted cash flow methodology, depending on the discount rate and assumptions applied in perpetuity. Therefore, the terminal value ranges from 41% to 57% of AmBev's total enterprise value. Taking into account net debt of €1.1 billion as at 31 October 2004, this implied an equity value range for AmBev of €7.0 billion to €11.1 billion with InBev's 56.4% interest valued at €3.9 billion to €6.3 billion. Based on such enterprise value range, AmBev's implied 2003A EV / EBITDA would range between 9.8x – 14.8x (based on IFRS EBITDA of €821m).

The mid-point of the applied weighted average cost of capital considered the following assumptions: (i) US equity risk premium of 5.24% (based on Roger G. Ibotson's study as of 2002 which calculated the historical equity returns from 1926 until 2000); (ii) a risk free rate of 12.0% for AmBev, which takes into account the weighted average risk free rate of AmBev's operations (the risk free rate for AmBev takes into account a 4.1% yield of the US Treasury 10-year bond plus a 7.9% weighted average sovereign spread of the countries where AmBev operates); (iii) a leveraged beta of 0.64, based on market comparables; (iv) a cost of debt of 8.9% based on a spread over the sovereign cost of debt and (v) a debt/equity ratio of 30%, which is broadly in line with comparable companies. Considering that each of these variables could present changes over time and analysing the impacts of the variations of each of these elements, InBev considered a range of 11.5% - 13.5% for the discount rate as appropriate.

5.5 Valuation of InBev share of the identified synergies

A joint working group led by InBev's and AmBev's management identified a number of cost savings and other synergies that the InBev management expect to be able to achieve as a result of the InBev combination:

- Cost savings through reductions in procurement costs, production costs and various general and administrative expenses which are estimated to amount to €140 million per year before tax from 2007. The potential reductions in procurement costs were identified by comparing the costs of key purchases and by assessing the benefits that the increased scale of InBev could deliver through the use of international suppliers, of common suppliers for Latin and North America or through product value engineering. In particular, specific opportunities were identified in media, marketing materials and packaging materials. The production costs of InBev and AmBev were reviewed and opportunities were identified in the implementation of each companies' best practices, improved maintenance efficiencies as well as the elimination of some duplication of central costs. The review of both companies' general and administrative expenses led to the identification of specific potential savings in the area of IT rationalization and the elimination of some duplicate headquarters' costs. The implementation of AmBev's Zero Based Budgeting methodology is also expected to generate an improvement of InBev's cost structure as it has done for AmBev.
- Cross-selling opportunities of AmBev brands in the Interbrew network and of Interbrew brands in the AmBev network which are estimated to amount to €60 million per year before tax from 2007. InBev's corporate and local management

teams have analysed the potential additional sales that could be generated by the introduction of Brahma in specific Interbrew markets. The opportunities in terms of volume, margin and marketing costs, net of the potential impact on sales of existing products, were then assessed for each target market taking into account the specific positioning InBev expects the new brands to take in the markets in which they will be introduced. A similar process was applied for the potential introduction of InBev brands in AmBev's markets.

- InBev's management have also identified significant potential savings and revenue enhancement opportunities from adopting certain of AmBev's policies and practices in the management of its distribution network and points of connection with the consumers. Some of the practices identified include, among others, the use of proprietary sales automation tools, point of connection equipment such as sub-zero coolers as well as AmBev's direct distribution model. These opportunities are estimated at €80 million per year before tax from 2007.

In combination, these synergies are estimated to generate an annual benefit, from 2007, to InBev of €280 million before tax, of which approximately €110 million are expected to be generated by AmBev and €170 million are expected to be generated by InBev's operations in Europe and Asia. The allocation of the benefits between Interbrew and AmBev was based on the detailed work performed by the working group that identified the company that would benefit from the specific initiatives that were identified. Assuming that InBev owns 56.4% of AmBev in 2007, InBev shareholders would be expected to benefit from the equivalent of €230 million in annual pre-tax synergies at that time. Assessing the fundamental valuation of the synergies attributable to InBev using a discounted cash flow analysis, and taking into account the costs of achieving such synergies, implies a value, after taxes, to InBev of approximately €2.3 billion.

The Board of Directors believes the identified synergies are reasonable and can be realised at the level and within the time indicated by InBev management.

Based on this analysis and the implied transaction multiple discussed above, the Board believes that the valuation and exchange ratios used in the InBev combination are appropriate.

6 Impact on Shareholding structure of InBev

The table hereunder shows what the impact of the Capital Increase would be on the shareholding structure of InBev, based on various assumptions of acceptance rates for the stock MTO.

| Shareholders | After MTO | | | | | | | |
|----------------------------------|---------------|-----------|---|-----------|---|-----------|--|-----------|
| | Before MTO | | 25% common shares tendered to stock MTO | | 50% common shares tendered to stock MTO | | 100% common shares tendered to stock MTO | |
| | Shares number | % capital | Shares number | % capital | Shares number | % capital | Shares number | % capital |
| Stichting Interbrew | 321,712,000 | 54.65 | 321,712,000 | 53.52 | 321,712,000 | 52.44 | 321,712,000 | 50.41 |
| Eugénie Patri Sébastien | 63,394,000 | 10.76 | 63,394,000 | 10.54 | 63,394,000 | 10.33 | 63,394,000 | 9.93 |
| Rayvax Société d'Investissements | 19,316,000 | 3.28 | 19,316,000 | 3.21 | 19,316,000 | 3.14 | 19,316,000 | 3.02 |

| | | | | | | | | |
|---------------------------------------|--------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|
| SUN Trade (International) Ltd | 12,500,001 | 2.12 | 12,500,001 | 2.07 | 12,500,001 | 2.03 | 12,500,001 | 1.95 |
| Fonds Président Verhelst | 4,494,000 | 0.76 | 4,494,000 | 0.74 | 4,494,000 | 0.73 | 4,494,000 | 0.70 |
| Fonds Interbrew- Baillet Latour | 3,370,800 | 0.57 | 3,370,800 | 0.56 | 3,370,800 | 0.54 | 3,370,800 | 0.52 |
| Sébastien Holding | 302,990 | 0.051 | 302,990 | 0.050 | 302,990 | 0.049 | 302,990 | 0.047 |
| Others | 163,527,410 | 27.78 | 175,913,836 | 29.27 | 188,300,262 | 30.69 | 213,073,115 | 33.38 |
| TOTAL | 588,617,201 | 100 | 601,003,627 | 100 | 613,390,053 | 100 | 638,162,906 | 100 |

7 Statutory Auditor's Report

The Statutory Auditor of InBev, KPMG Reviseurs d'Entreprises, represented by Mr. Erik Helsen, has prepared a report concerning the Capital Increase, in accordance with Article 602 of the Belgian Companies Code. The Statutory Auditor's report is attached hereto and should be read in conjunction with this Report.

The main conclusions of the Statutory Auditor's report are in the following terms:

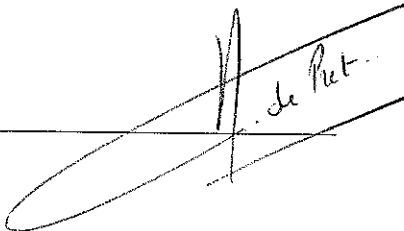
- "The capital increase consists of the issuance of up to 49,545,705 new ordinary shares of InBev to holders of AmBev common shares accepting to tender their shares in the Stock MTO further to such tendered AmBev common shares being contributed in kind to the share capital of InBev. However, the final amount for which the capital increase will close and the final number of new InBev shares that will be issued, will only be determined at the close of the Stock MTO";
- "[KPMG Reviseurs d'Entreprises reviewed the transaction] in accordance with the standard of the Belgian Institute of Chartered Accountants (IBR-IRE) on the audit of contributions in kind. The Board of Directors of InBev is responsible for the valuation of the assets contributed and for the determination of the number of new shares issued by InBev as remuneration for the contribution in kind";
- "The description of the contribution in kind meets normal requirements of precision and clarity";
- "The valuation methods applied are economically justified and lead to a value which corresponds at least to the number and the par value of the newly issued InBev shares increased with the share premium";
- "The remuneration of the contribution comprises up to 49,545,705 shares of InBev without nominal value";
- "[[KPMG Reviseurs d'Entreprises's] engagement does not consist in expressing a fairness opinion"].


The Board of Directors shares the views of the Statutory Auditor.

In light of this Report, the Board of Directors unanimously recommends that you vote in favour of the Capital Increase.

Leuven, February 25, 2005

On behalf of the Board of Directors of InBev:


•
Director


Pierre Jean Everaert
Chairman of the Board

Appendix I – 3Q 04 PRESS RELEASE AMBEV

Appendix II - STATUTORY AUDITOR REPORT



American Beverage Company
 Compañía de Bebidas de Las Américas
 Companhia de Bebidas das Américas



AMBEV REPORTS THIRD QUARTER 2004 RESULTS

São Paulo, November 3, 2004 – Companhia de Bebidas das Américas – AmBev [NYSE: ABV, ABVc and BOVESPA: AMBV4, AMBV3], the world’s fifth largest brewer and the largest brewer in Latin America, announces today its results for the third quarter 2004 (3Q04). The following financial and operating information, unless otherwise indicated, is presented in nominal Reais pursuant to Brazilian Corporate Law. AmBev Brazil business unit are comprised of the Brazilian beer segment, the Brazilian carbonated soft drinks (CSD) and non-alcoholic, non-carbonated (Nanc) segment and the “Other Products” segment. AmBev’s consolidated results is the sum of AmBev Brazil’s plus the results of the Hispanic Latin America (HILA) (comprising AmBev’s average 52.3% economic stake at Quinsa and AmBev’s controlled subsidiaries in Latin America) and North America (represented by the operations of Labatt Brewing Company Limited (“Labatt”)) business units. Comparisons, unless otherwise stated, refer to the third quarter 2003 (3Q03).

OPERATING AND FINANCIAL HIGHLIGHTS

- ✓ AmBev’s consolidated EBITDA reached R\$1,135.7 million in the quarter, already including Labatt’s results. EBITDA for AmBev’s operations pre-combination with InBev S.A. (“InBev”) reached R\$976.7 million, up 25.6%.
- ✓ AmBev’s Brazilian beer business reached 67.0% market share in September, according to ACNielsen; Beer Brazil volumes increased by 17.1%, and net revenues per hectoliter reached R\$120.3.
- ✓ EBITDA for the CSD & Nanc segment was R\$109.2 million, 69.7% above 3Q03. EBITDA margin reached 31.1%, increasing by 10.2 percentage points.
- ✓ The HILA business unit delivered EBITDA of R\$114.2 million, reflecting the strong growth of its operations. The main contributors for this result were Quinsa, Embodom (Dominican Republic) and Cervceria Rio (Guatemala).
- ✓ Labatt, which results were consolidated by AmBev for the first time, contributed EBITDA of R\$159.1 million for the period from August 27 (closing date for the AmBev-InBev business combination) through September 30.

Financial Highlights – AmBev Consolidated

| R\$ million | 3Q04 | 3Q03 | % Change |
|------------------------------|----------------|--------------|----------------|
| Net revenues | 2,951.0 | 2,020.9 | 46.0% |
| Gross profit | 1,771.8 | 1,124.2 | 57.8% |
| EBIT | 908.7 | 581.6 | 56.2% |
| EBITDA | 1,135.7 | 777.8 | 46.0% |
| Net income | 131.7 | 340.4 | (61.3%) |
| EPS (R\$/000 shares) | 2.39 | 8.97 | (73.4%) |
| EPS (US\$/000 shares) | 0.80 | 3.06 | (73.4%) |

Values may not add up due to rounding. Average exchange rate used for 3Q04 is R\$2.98=US\$1.00 and R\$2.93=US\$1.00 for 3Q03. Total number of shares as of September 30, 2004 was 57,077,741,805. Shares in treasury at the same date amounted to 2,012,456,463, including shares held by CBB in treasury. Per share calculation is based on 55,065,285,342 shares, the number of existing shares excluding shares in treasury.



Comments from Carlos Brito, AmBev's CEO:

Given the results achieved in the 3Q04, first I would like to congratulate all our AmBev team for their determination and outstanding performance. We entered 2004 facing a tough challenge ahead. Nine months later, all of us are proud for the achievement so far of a reasonable part of our commitments.

We reached in September 67% of beer market share in Brazil. Net revenues per hectoliter for Beer Brazil recovered to R\$120.3, back to the levels of 3Q03. Despite the higher expenses dedicated to strengthen our brands, EBITDA margin for beer remained at 43.6%. Building upon Beer Brazil results, CSD & Nanc and our HILA business unit delivered very positive performances. EBITDA margin for CSD & Nanc reached a record level of 31.1%, and market share in soft drinks stabilized above 16%. Moving into the Hispanic Latin America, Quinsa's strong performance and the profitable operations in Guatemala and the Dominican Republic provided for an EBITDA growth of 106%.

3Q04 results are promising, indicating that AmBev is in the right path to sustainable long term growth. Nevertheless, we know that many challenges remain ahead, but as large as those challenges are our determination and the opportunities the market reserves for AmBev. In Latin America, we are enthusiastic on both the growth perspectives for the continent and AmBev's potential for expansion in the markets of Central America, Caribbean and the Andean Pact. In North America, where we landed in 3Q04, we remain excited about the value creation potential at Labatt, and also on the perspectives for Brahma in the imports segment in the US.

We are determined to move forward, committed to achieving continuous growth and building the one true American Beverage Company.

IMPORTANT NOTES ON DISCLOSURE POLICY

Due to the business combination between AmBev and InBev, closed on August 27, 2004, AmBev's financial statements for 3Q04 consolidate Labatt's results for the first time. Following the merger of the Canadian brewery operations into AmBev, two changes to our disclosure policy were implemented:

1. The business unit previously called "International Operations" has been renamed Hispanic Latin America (HILA).
2. A new business unit, called North America, was created for the discussions regarding Labatt's results.

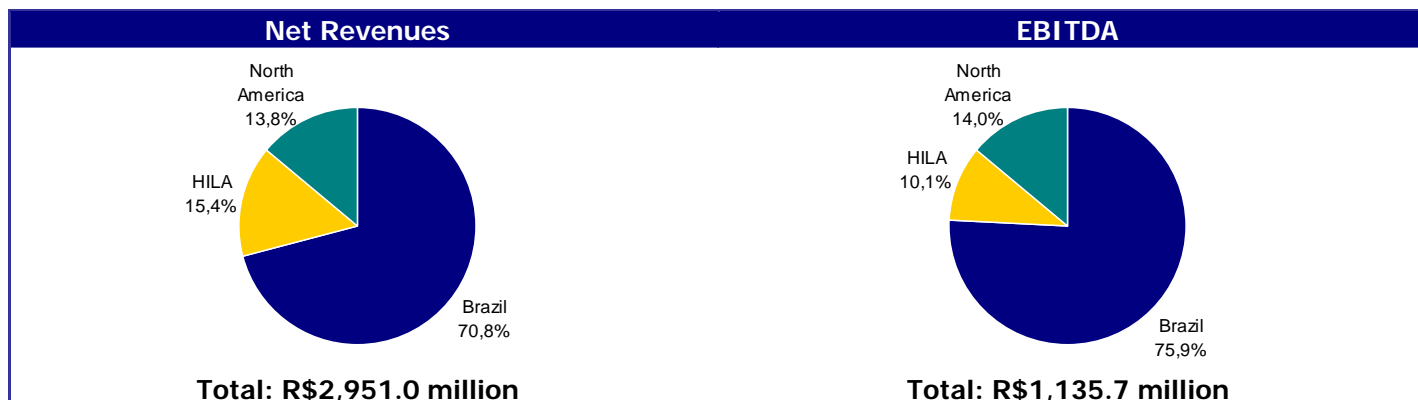
Labatt's results consolidated into AmBev refer to the period from August 27 through September 30, 2004, observing the AmBev-InBev business combination closing date.

No pro-forma adjustment will be provided in AmBev's consolidated results. However, to allow a better understanding of the performance in Canada, we are releasing Labatt's 2003 information, adjusted to reflect the effects of the corporate restructuring before the merger into AmBev.



OPERATIONAL PERFORMANCE BY BUSINESS UNIT

The following charts illustrate the contribution of each business unit to AmBev's consolidated results.



Note: Exclusively in 3Q04 the consolidation of the North America division refers only to the month of September.

AmBev Brazil

| Highlights Brazil R\$ million | Volume (000 hl) | Net Revenues | Gross Profit | EBITDA |
|----------------------------------|--------------------|-----------------|-----------------|--------------|
| 3Q04 Results | | | | |
| Beer | 14,012 | 1,686.0 | 1,084.6 | 734.9 |
| CSD & Nanc | 4,424 | 350.5 | 162.6 | 109.2 |
| Other Products ¹ | n.m. | 51.5 | 19.1 | 18.3 |
| Total Brazil | 18,436 | 2,088.0 | 1,266.3 | 862.4 |

Beer Brazil

Net Revenues

Net revenues for Beer Brazil increased by 17.2%, reaching R\$1,686.0 million. This performance was the result of a 17.1% increase in volumes and 0.1% increase in revenues per hectoliter, which amounted to R\$120.3.

The increase in sales volumes was a consequence of the continuous market share recovery (67% Sep/04 X 66% Sep/03, according to ACNielsen), as well as the recovery of Brazil's beer market (ACNielsen registered a market growth of 4.6% in 3Q04). In terms of net revenues per hectoliter, despite remaining flat versus 3Q03, we highlight the recovery compared to 2Q04, with a 2.5% increase. This recovery was the result of several factors, including (i) reduction in the discounts for the Antarctica brand; (ii) higher percentage of sales through the company's direct distribution system (40.7%

Highlights 3Q04 Beer Brazil

| | |
|-----------------------|-----------|
| Volume | +17.1% |
| Net revenue | +17.2% |
| Net revenue/hl | +0.1% |
| EBITDA | +14.7% |
| EBITDA/hl | -2.0% |
| EBITDA margin | -0.9 p.p. |
| Market share (Sep/04) | +1.0 p.p. |

¹ This segment relates to sale of malt and by-products to third parties.



3Q04 X 38.3% 2Q04); (iii) slight price repositionings in the on premise channel in certain regions of the country; and (iv) higher percentage of cans in the company's sales mix.

Cost of Goods Sold (COGS)

Cost of goods sold amounted to R\$601.4 million, up 9.5%. COGS per hectoliter was R\$42.9, declining by 6.5% against 3Q03 and by 1.9% against 2Q04. The decrease in relation to 2Q04 was due to a greater dilution of fixed production costs, including depreciation.

Gross Profit

Gross profit for Beer Brazil reached R\$1,084.6 million, up 22.0% in relation to 2003. Gross margin was 64.3%, a 120 bps expansion.

Selling, General and Administrative Expenses (SG&A)

Selling, general and administrative expenses for Beer Brazil segment amounted to R\$476.7 million, up 26.2%. As witnessed in the first two quarters of 2004, the main reason for this increase were higher selling and marketing expenses, which reached R\$148.2 million this quarter. However, higher selling and marketing expenses have consistently been translated into continuous market share recovery. Since November 2003, AmBev has already recovered 440 bps of market share, reaching 67.0% in September 2004.

The increase in SG&A expenses is also due to higher direct distribution expenses, which amounted to R\$155.5 million (increase of 34.3%). This increase was a consequence of greater volumes sold through the direct distribution system, resulting from the increase in volumes sold, and from a higher percentage of volumes sold directly (40.7% 3Q04 X 32.9% 3Q03). We highlight that this increase in expenses is more than offset by the channel's higher net revenues per hectoliter.

Direct distribution expenses per hectoliter were R\$27.3, 7.4% lower than 3Q03 and 10.9% lower than 2Q04. The decrease against 2Q04 is fully due to a greater dilution of fixed operating costs, which more than offset the higher percentage of the on premise channel in the direct distribution sales mix (please note that in spite of higher distribution expenses, the on premise channel is the most profitable).

Administrative expenses for Beer Brazil amounted to R\$89.2 million, up 5.6%, but below the 6.7% accumulated inflation index - IPCA - for the last twelve months (October 2003 through September 2004).

Finalizing the SG&A analysis, depreciation expenses related to sales and administration totaled R\$83.7 million, up 20.8%. This increase is due to a greater number of AmBev's sub-zero coolers installed in the market.

EBIT and EBITDA

Beer Brazil's EBIT reached R\$607.9 million, increasing by 18.8%. EBIT margin was 36.1%, representing a 50 bps expansion.

EBITDA for the segment reached R\$734.9 million, up 14.7%. EBITDA margin was 43.6%, representing a reduction of 90 bps.



CSD & Nanc

Net Revenues

Net revenues of the Brazilian Carbonated Soft Drinks (CSD) and Non-Alcoholic Non-Carbonated Beverages (Nanc) segment increased by 14.1%, reaching R\$350.6 million. Net revenues benefited from an increase in volumes (+3.7%) as well as in net revenues per hectoliter (+10.0%).

Despite the increase in volumes, external market research data shows only a small increase in total market volumes (+0.8%) and a small drop in AmBev's market share (16.2% Sep/04 X 16.4% Sep/03). Net revenues per hectoliter reached R\$79.3 in 3Q04, a 10.0% growth against 3Q03 and 2.7% against 2Q04. The better performance of unitary net revenues resulted from small price repositionings of specific presentations and at certain channels, as well as a greater percentage of cans in the sales mix.

| Highlights 3Q04 | |
|------------------------------|------------|
| <u>CSD & Nanc</u> | |
| Volume | +3.7% |
| Net revenue | +14.1% |
| Net revenue/hl | +10.0% |
| EBITDA | +69.7% |
| EBITDA/hl | +63.7% |
| EBITDA margin | +10.2 p.p. |
| Market share CSD (Sep/04) | -0.2 p.p. |

Cost of Goods Sold (COGS)

Cost of goods sold totaled R\$187.9 million, down 3.7%. In unitary terms, COGS per hectoliter was R\$42.5, 7.1% and 3.6% below 3Q03 and 2Q04, respectively. The sequential COGS reduction was due in most part to a greater dilution of fixed operating costs, including depreciation.

Gross Profit

Gross profit for the CSD & Nanc segment was R\$162.6 million, increasing by 44.8%. Gross margin reached 46.4%, expanding 990 bps.

Selling, General and Administrative Expenses (SG&A)

Selling, general and administrative expenses increased by 7.7%, totaling R\$88.5 million.

Selling and marketing expenses, amounting to R\$27.1 million (+17.0%), contributed the most to this increase. Higher selling and marketing expenses are in line with the investments necessary to support the equity of the brands Guaraná Antarctica and Pepsi Cola.

Direct distribution expenses were R\$31.3 million, up 3.0%. This increase was a consequence of greater volumes sold through AmBev's direct distribution system, boosted by higher sales volume and a greater percentage of volumes sold directly (51.5% 3Q04 X 50.0% 3Q03). We highlight that this increase in expenses is more than offset by the channel's higher revenue per hectoliter.

In unitary terms, direct distribution expenses per hectoliter were R\$13.7, 3.7% and 9.3% lower than in 3Q03 and 2Q04, respectively. The decrease in comparison to 2Q04 was fully due to a greater dilution of fixed operating costs.

Administrative expenses for the CSD & Nanc segment amounted to R\$3.7 million, down 4.8%. The reduction in administrative expenses resulted from an even greater integration of administrative processes between the CSD & Nanc and Beer Brazil segments. The company's Shared Services Central is the main lever behind these gains.

Concluding the SG&A analysis, depreciation expenses related to sales and administration reached R\$26.4 million, up 6.9%.



EBIT and EBITDA

EBIT for the CSD & Nanc segment reached R\$74.1 million, increasing by 145.7%. EBIT margin was 21.1%, representing an expansion of 1,130 bps.

EBITDA for the CSD & Nanc segment reached R\$ 109.2 million, a 69.7% growth. EBITDA margin was 31.1%, representing an expansion of 1,020 bps.

Other Products Brazil

This segment is comprised of malt and by-product sales to third parties. Net sales for 3Q04 remained basically flat at R\$51.5 million. EBITDA reached R\$18.3 million, up 5.6%.

Hispanic Latin America – HILA

| HILA Highlights R\$ million | Volume (000 hl) | Net Revenues | Gross Profit | EBITDA |
|--------------------------------|--------------------|-----------------|-----------------|--------------|
| 3Q04 Results | | | | |
| Beer | | | | |
| Quinsa ⁽¹⁾ | 3,220 | 191.1 | 114.7 | 84.4 |
| Others HILA ⁽²⁾ | 634 | 103.9 | 52.7 | 5.9 |
| Soft Drinks | | | | |
| Quinsa ⁽¹⁾ | 1,545 | 60.8 | 17.6 | 6.0 |
| Others HILA ⁽²⁾ | 946 | 99.3 | 42.7 | 17.9 |
| Total HILA | 6,345 | 455.2 | 227.6 | 114.2 |

(1) Sales volume corresponds to Quinsa's operations in full. However, Net Sales, Gross Profit and EBITDA figures correspond to AmBev's proportional economic stake in Quinsa (52.3%).

(2) Sales for Venezuela also include non-alcoholic malt beverages volume.

Quinsa

Quinsa's contribution to AmBev's net revenues was R\$252.0 million, up 45.9%. The increase in net revenues consolidated by AmBev was due to (i) AmBev's greater average economic interest in Quinsa (52.3% 3Q04 X 43.3% 3Q03), and (ii) organic growth of the Southern Cone beer operations (volumes +9.9%) as well as soft drinks operations (volumes +14.8%).

In the beer segment, 3Q04 highlights were Quinsa's performances in Uruguay and Bolivia, with volumes growing 43.2% and 18.2%, respectively. Regarding soft drinks, the Uruguayan operation recorded an 85.0% increase in volumes; in Argentina the increase was of 13.1%. The increase in volumes is in line with the recovery of the domestic markets in the countries where Quinsa operates.



Quinsa's operational margins² have also improved. Gross margin reached 50.3% (3Q03: 48.0%); EBITDA margin was 35.9% (3Q03: 31.8%); and EBIT margin was 22.3% (3Q03: 16.4%). Quinsa's contribution to AmBev's EBIT was R\$59.3 million (+107.4%) and to EBITDA, R\$90.4 million (+55.4%).

Other HILA Operations - AmBev

Net sales of AmBev's other operations in Hispanic Latin America amounted to R\$203.3 million, increasing by four times. This high increase rate is explained by AmBev's new operations in Ecuador, Guatemala, Peru and the Dominican Republic, as well as by Venezuela's organic growth (volumes +47.2%).

Our operations in Ecuador and Peru are on track regarding their respective business plans. The development of a solid beverage sales platform in the profitable Andean Pact region is part of AmBev's expansion targets. During 3Q04, we continued the consolidation and revitalization of the distribution systems in each of these operations. In the case of Ecuador, we launched Brahma nationwide in the first days of October, and sales results for the first weeks are very promising. In the case of Peru, our plant in Lima is already under construction and we expect to launch one of AmBev's beer brands, produced locally, in the first half of 2005.

Cerveceria Nacional's operations in Venezuela continue to focus on Caracas, Venezuela's main market, where the company has a market share of approximately 30%. Our goal is to master the well-succeeded practices implemented in the region and lever them to achieve an expressive market share in the country. The discipline and dedication of the Caracas operations contributed significantly for AmBev to outperform the strong market growth.

In the case of Central America and the Caribbean, Cerveceria Rio (Guatemala) and Embotelladora Dominicana – "Embodom" (Dominican Republic) continue to generate the most important results among AmBev-controlled Latin American operations. Cerveceria Rio has consistently achieved expressive results in Guatemala, and the expansion of its operations to Nicaragua has been proving to be very promising. Embodom, on its turn, continues to strengthen its distribution system in the country and to improve its already leading market position in the Dominican CSD market, consistently delivering EBITDA margins of approximately 25%. The brewing facility in Santo Domingo (already under construction) should be concluded in the first half of 2005.

Hispanic Latin America's operations controlled by AmBev contributed R\$9.8 million to consolidated EBIT and R\$23.8 million to consolidated EBITDA.

North America

Note on Labatt Brewing Company Limited earnings release

Due to the conclusion of the business combination between AmBev and InBev, as of August 27, 2004, AmBev, consolidates in its financial statements the results of Labatt Brewing Company Limited (Labatt). Labatt shares with a local brewery the leadership of the profitable Canadian market, estimated at

² Quinsa's operational margins present a slight difference to the results consolidated by AmBev. This arises from AmBev's different economic stakes in Quinsa in each month of the quarter.



approximately 22 million hectoliters per year. According to Labatt's internal estimates, its market share as of September was 41.3%.

From now on, Labatt's results will be addressed in a new section of the earnings release, called "North America". The disclosure format will be similar to that of AmBev's other business units: we present the quarter's results, and for purposes of discussion and analysis, we also present the results of the same quarter of the previous year.

It is also worth noting that, exceptionally in 3Q04, AmBev will only consolidate the results from September and the last 4 days of August. However, in order to make available results that are comparable to the same period of the previous year, we will present information limited to the month of September. That said, the reader should bear in mind that some of the figures mentioned in this section might be slightly different to the ones actually consolidated in AmBev's results (for accurate Labatt financial statements consolidated by AmBev please refer to the segmented information table at the end of this report).

Labatt's Results

In the period mentioned above (September and last 4 days of August), Labatt contributed R\$407.8 million (C\$179.9 million) to AmBev's consolidated net revenues; R\$277.9 million (C\$122.6 million) to consolidated gross profit; R\$139.3 million (C\$61.5 million) to consolidated EBIT; and R\$159.1 million (C\$70.2 million) to consolidated EBITDA.

Below are the main operational highlights of Canada and the comparable results in 2003 for reference. As already mentioned, the figures below correspond only to the months of September 2003 and 2004, and not to the full consolidation period of AmBev's results.

- Total volumes amounted to 846,000 hectoliters, a 4.5% decrease.
 - The domestic sales segment amounted to 719,000 hectoliters, a slight decrease of 0.2%. Despite the market share loss (approximately 1 p.p.) in the Province of Ontario, volumes recovery in Quebec due to the normalization of the supply to this Province practically offset the negative impact of the market share decrease.
 - The export segment reported volumes of 127,000 hectoliters, a 24.1% decrease. The main reason was the decision to drastically reduce the co-packing contract with another brewery in the United States. The reduction of volumes produced under that contract was of approximately 29,000 hectoliters. Export volumes of Labatt's proprietary brands to the United States decrease 7.6%.
- Revenues per hectoliter in the domestic market reached C\$212.0, a 6.3% increase. This increase was due to (i) general consumer price increases averaging approximately 2.6% in all provinces and (ii) the normalization of the operations in Quebec, a province where Labatt's stake in the beer market margin pool is significantly higher than its Canadian average. The go-to-market in Quebec allows Labatt to implement its revenue management initiatives more effectively.
- Revenue per hectoliter of exports to the United States was C\$65.8, a figure significantly higher than the one recorded in the previous year. In this case, however, comparison between periods is not consistent due to the previous accounting practices of recording sales in Labatt USA.
- EBITDA margin reached 39.7%, compared to 27.3% in September 2003. However, it is important to note the following:
 - 2003 margin was severely penalized by extraordinary expenses arising from a strike in Quebec.



- September 2004 results benefited from Labatt's accounting practices regarding marketing expenses, which are recorded at the moment they occur (whereas at AmBev marketing expenses are booked according to the expected volume curve, reducing the volatility of these expenses throughout the year). Due to the different timing of marketing expenses in 3Q04 and 3Q03, the result in September 2004 benefited from lower marketing expenses.
- EBITDA margin in Canada has a high volatility throughout the year. To illustrate that, it is worth mentioning that accumulated EBITDA margin from January to May 2004, as already disclosed by AmBev³, was 20.6%.

³ Documents related to the August 27, 2004 Extraordinary Shareholder Meeting.



AMBEV – CONSOLIDATED RESULTS

Consolidated Results: The combination of AmBev's operations in Brazil, HILA (Hispanic Latin America) and North America (consolidated from August 27, 2004 onwards) result in our consolidated financial statements.

Net Revenues

Consolidated net revenues reached R\$2,951.0 million in the quarter, 46.0% higher than 3Q03 (R\$2,020.9). Brazilian operations contributed R\$2,088.0 million, approximately 71% of total consolidated revenues (3Q03: 89%), increasing by 16.2% (3Q03: R\$1,797.5). HILA's net revenues increased by 103.8%, reaching R\$455.2 million (3Q03: R\$223.4 million), contributing 15% to consolidated net revenues (3T03: 11%). The North America business unit contributed R\$407.8 million, or 14% of consolidated net revenues.

Net revenues for the Brazilian operations benefited from the Beer and CSD & Nanc segments. The main reasons behind Beer Brazil's good performance (+17.2%) were (i) market share recovery (67% in September); (ii) market expansion (+4.6%, according to ACNielsen) and (iii) increase in revenue per hectoliter to R\$120.3 (2Q04: R\$117.4). In the CSD and Nanc segment, a small drop in market share (-0.2 p.p.) to 16.2% (Sep/04) was offset by higher revenue per hectoliter (+10.0%), due to (i) small price repositioning in specific presentations and at certain channels and (ii) greater percentage of cans in the sales mix.

Regarding the HILA business unit, results were driven mostly by the continuous recovery of Quinsa's operations (+45.9%) due mainly to the organic growth of Southern Cone's operations as well as the consolidation of a higher average percentage of results (52.3% 3Q04 X 43.3% 3Q03). Quinsa contributed R\$252.0 million to AmBev's consolidated net revenues.

The other HILA operations contributed net revenues of R\$203.3 million, increasing by four times. This performance is explained by the new AmBev operations in Ecuador, Guatemala, Peru and Dominican Republic, as well as the organic growth in Venezuela (volumes +47.2%).

| Net Revenues R\$ million | 3Q04 | 3Q03 | Chg. % |
|-----------------------------------|----------------|----------------|----------------|
| Beer Brazil | 1,686.0 | 1,438.4 | +17.2% |
| CSD & Nanc | 350.5 | 307.4 | +14.1% |
| Other | 51.5 | 51.8 | -0.6% |
| Total Brazilian Operations | 2,088.0 | 1,797.5 | +16.2% |
| HILA | 455.2 | 223.4 | +103.8% |
| North America | 407.8 | n.m. | n.m. |
| TOTAL – AmBev Consolidated | 2,951.0 | 2,020.9 | +46.0% |

Values may not add up due to rounding.



Cost of Goods Sold (COGS)

Consolidated cost of goods sold (COGS) totaled R\$1,179.1 million in the quarter (+31.5%). Excluding depreciation (R\$90.6 million), consolidated cash COGS amounted to R\$1,088.6 million (+35.0%). Consolidated COGS per hectoliter increased by 3.7%, reaching R\$50.5 (3Q03: R\$48.7).

In the Brazilian operations, COGS totaled R\$821.7 million (3Q03: R\$777.9 million), or R\$44.6 per hectoliter. (3Q03: R\$47.9), accounting for 70% of AmBev's consolidated COGS. COGS per hectoliter declined by 7% when compared to 3Q03, and by 1 % on a sequential basis, mainly reflecting the greater dilution of fixed operating costs in both Beer and CSD & Nanc segments, as well as a more favorable currency scenario. As a result, gross margin of the Brazilian operations increased to 60.6% (3Q03: 56.7%).

In HILA, COGS totaled R\$227.6 million, up 91.6% against 3Q03 (R\$118.8 million), mainly due to the operations' organic growth and AmBev's greater average interest in Quinsa. However, COGS per hectoliter increased by only 2.7%, totaling R\$55.9 (3Q03: R\$54.4). HILA's COGS accounted for 19% of AmBev's consolidated COGS.

In North America, COGS of approximately one month of operations totaled R\$129.9 million, or R\$153.5 per hectoliter, accounting for 11% of AmBev's consolidated COGS.

| Cost Breakdown R\$ millions | 3Q04 | 3Q03 | % Change |
|--|----------------|--------------|--------------|
| Brazilian Operations | | | |
| Raw Material | 208.8 | 219.0 | -4.7% |
| Packaging | 378.4 | 333.4 | 13.5% |
| Labor | 48.5 | 47.8 | 1.5% |
| Depreciation | 51.9 | 69.1 | -24.9% |
| Other | 134.1 | 108.6 | 23.5% |
| Total – Brazilian Operations | 821.7 | 777.9 | 5.6% |
| Cost of Goods Sold Excluding Depreciation (Brazil) | 769.8 | 708.8 | 8.6% |
| HILA Operations | 227.6 | 118.8 | 91.6% |
| North America Operations | 129.9 | n.a. | n.m. |
| TOTAL - AmBev Consolidated | 1,179.1 | 896.7 | 31.5% |

Values may not add due to rounding. COGS for HILA Operations are based on a proportional consolidation of Quinsa operations, plus Venezuela, Guatemala, Dominican Republic, Peru and Ecuador. COGS for North America Operations refers to Labatt business.

| Cost Breakdown R\$/hl | 3Q04 | 3Q03 | % Change |
|--|--------------|-------------|--------------|
| Brazilian Operations | | | |
| Raw Material | 11.3 | 13.5 | -16.1% |
| Packaging | 20.5 | 20.5 | 0.0% |
| Labor | 2.6 | 2.9 | -10.7% |
| Depreciation | 2.8 | 4.3 | -33.9% |
| Other | 7.3 | 6.7 | 8.7% |
| Total – Brazilian Operations | 44.6 | 47.9 | -7.0% |
| Cost of Goods Sold Excluding Depreciation (Brazil) | 41.8 | 43.7 | -4.4% |
| HILA Operations | 55.9 | 54.4 | 2.7% |
| North America Operations | 153.5 | n.a. | n.m. |
| TOTAL - AmBev Consolidated | 52.4 | 48.7 | 7.6% |

Values may not add due to rounding. COGS per hl for HILA Operations are based on a proportional consolidation of Quinsa operations, plus Venezuela, Guatemala, Dominican Republic, Peru and Ecuador. COGS per hl for North America Operations refers to Labatt business.



Selling, General and Administrative Expenses

Consolidated selling, general and administrative expenses totaled R\$863.1 million (+59.1%). These expenses are comprised of (i) sales and marketing expenses of R\$355.6 million (+98.2%); (ii) direct distribution expenses of 218.3 million (+39.2%); (iii) general and administrative expenses of R\$152.7 million (+51.9%) and (iv) depreciation and amortization of R\$136.5 million (+29.2%).

Selling, general and administrative expenses for the Brazilian operations accounted for 66% of consolidated expenses, amounting to R\$565.9 million (+22.9%).

The increase in sales and marketing expenses for Beer Brazil, combined with the increase in direct distribution expenses and depreciation, were the main factors driving operating expenses.

Sales and marketing expenses for the Brazilian operations totaled R\$175.3 million (+33.7%). The increase in these expenses is related not only to higher advertising expenditures in the beer segment, but also to trade marketing programs aimed at improving our service and relationship with the points of sale. As a consequence of such investments, we continued our consistent trend of market share recovery, reaching our 67% goal in September.

In Brazil, direct distribution expenses totaled R\$186.9 million (+27.8%), allowing us to reach 43.3% of the volume sold (3Q03: 37.4%), while general and administrative expenses totaled R\$93.6 million (+5.1%).

Depreciation and amortization for the Brazilian operations totaled R\$110.2 million (+17.1%). The increase of depreciation and amortization expenses is related to the expansion of our direct distribution network and a greater number of sub-zero coolers installed at strategic points of sale.

In the HILA business unit, selling, general and administrative expenses represented 18% of consolidated expenses in the quarter, totaling R\$158.6 million (+93.3%). In this business unit, the expenses breakdown was the following: (i) sales and marketing expenses of R\$77.1 million (+59.5%); (ii) general and administrative expenses of R\$35.3 million (+207.3%); (iii) direct distribution expenses of R\$24.5 million (+130.2%) and (iv) depreciation of R\$21.6 million (+86.9%).

Selling, general and administrative expenses for the North America business unit, related to approximately one month of consolidation, accounted for 16% of consolidated expenses in the quarter, totaling R\$138.6 million. Such expenses are comprised of: (i) sales and marketing expenses of R\$103.2 million; (ii) general and administrative expenses of R\$23.8 million; (iii) direct distribution expenses of R\$7.0 million; and (iv) depreciation of R\$4.7 million.

Provision for Contingencies

Net provisions amounted to R\$27.9 million in the quarter, R\$27.5 million of which were reported by the Brazilian operations. This amount is primarily comprised of R\$24.6 million related to ICMS tax provisions.

Other Operating Income, Net

AmBev's consolidated net other operating income amounted to R\$332.7 million in the quarter. The main components were: (i) R\$245.7 million loss related to goodwill amortization from CBB, Quinsa and Labatt; (ii) R\$93.5 million loss related to exchange variation on investments abroad; (iii) R\$33.1 million gain related to



some tax incentives realized by AmBev's subsidiaries (mainly CBB); and (iv) R\$19.0 million loss related to PIS and Cofins on other revenues.

Financial Income and Financial Expenses

AmBev's Brazilian foreign currency debt exposure remains fully protected by hedge transactions, which involve cash investments in U.S. dollar-linked assets, as well as the use of swaps and derivatives. According to Brazilian Corporate Law accounting principles, liabilities must be recorded on an accrual basis rather than at market value, while assets must be recorded at the lowest between market value and accrual basis. Because of this difference in accounting practice, volatility in Real/U.S. dollar exchange rate and interest rates can cause significant variations in financial income and expenses.

| Breakdown of Net Financial Result R\$ 000 | 3Q04 | 3Q03 |
|--|------------------|------------------|
| Financial income | | |
| Net gains from derivative instruments | (51,516) | 72,428 |
| Foreign exchange gains (losses) on assets | (48,611) | 469 |
| Financial income on cash and cash equivalents | 23,093 | 47,624 |
| Interest on taxes, contributions and judicial deposits | 7,265 | 31,998 |
| Others | 23,663 | 251 |
| Total | (46,106) | 152,770 |
| Financial expense | | |
| Foreign exchange gains (losses) on debt | 330,525 | (113,731) |
| Net losses from derivative instruments | (221,826) | 15,722 |
| Interest expense on foreign currency debt | (112,047) | (65,226) |
| Interest expense on local currency debt | (32,518) | (31,927) |
| Taxes on financial transactions | (31,364) | (23,054) |
| Interest on contingencies and others | (14,353) | (35,133) |
| Other | (10,925) | (8,127) |
| Total | (92,508) | (261,476) |
| Net Financial Result – Total AmBev Consolidated | (138,614) | (108,706) |

Values may not add up due to rounding.

At September 30, 2004, our net debt for Brazilian operations was R\$3,051.3 million, 9.7% lower than the R\$3,379.0 million reported in the previous quarter.

| Debt Position – Brazil R\$ million | Local Currency | Foreign Currency | Total |
|---|-------------------|---------------------|----------------|
| Short-Term Debt | 382.8 | 389.5 | 772.3 |
| Long-Term Debt | 564.3 | 2,939.6 | 3,503.9 |
| Total | 947.1 | 3,329.1 | 4,276.2 |
| Cash and Marketable Securities ⁽¹⁾ | | | 1,224.8 |
| Net Debt | | | 3,051.3 |

(1) Including net results from derivatives transactions.

Note: Values may not add up due to rounding.

Considering only the net debt of Brazilian operations, local currency debt remains comprised primarily by funding from the Brazilian Development Bank – BNDES. Average cost of short and long-term debts in Reais was 13.6% and 5.0%, respectively. Our foreign currency debt is comprised primarily of 10-year Bonds



issued in 2001 and 2003. Average cost of short and long-term debts denominated in foreign currency are 5.7% and 11.3%, respectively.

Considering HILA and North America operations, consolidated net debt was R\$6,365.7 million at September 30, 2004. Short-term debt totaled R\$1,487.7 million, and long term debt R\$6,210.7 million.

| Debt Position – AmBev Consolidated R\$ million | Local Currency | Foreign Currency | Total |
|--|---------------------------|-----------------------------|----------------|
| Short-Term Debt | 382.8 | 1,104.9 | 1,487.7 |
| Long-Term Debt | 564.3 | 5,646.4 | 6,210.7 |
| Total | 947.1 | 6,751.3 | 7,698.4 |
| Cash and Marketable Securities ⁽¹⁾ | | | 1,332.7 |
| Net Debt | | | 6,365.7 |

(1) Including net results from derivatives transactions.

Note: Values may not add up due to rounding.

Regarding our capital structure, it is worth mentioning that on July 28 we fully amortized the Syndicated Loan denominated in yens, which figured in our short term debt position at June 30 in the amount of R\$1,125.7 million (R\$974.7 million net of the hedge effect of the corresponding debt). Additionally, we have consolidated Labatt's net debt in the amount of R\$2.514.9 million.

Non-Operating Income/Expense

During the third quarter of 2004, consolidated non-operating expenses totaled R\$104.7 million, R\$100.2 million of which were related to the Brazilian operations, and R\$4.5 million to the HILA and North America operations combined. Non-operating expenses related to the Brazilian operations were mainly comprised of a R\$96.4 million loss related to the net effect of Quinsa's share buyback program, which, despite increasing AmBev's stake in that company, has a negative effect on Quinsa's Shareholders Equity as Quinsa's shares are trading above book value.

Income Tax and Social Contribution

The consolidated amount provisioned for income tax and social contribution during the quarter was R\$140.1 million. At the nominal tax rate of 34%, the third quarter income tax provision would have amounted to R\$91.0 million. The provision for income tax and social contribution was negatively affected by non-taxable earnings from subsidiaries abroad and by the effect of non-deductible goodwill amortization. On the other hand, the provision for interest on own capital and deduction of fiscal incentives had a positive impact.



| Income Tax and Social Contribution R\$ million | 3Q04 |
|--|----------------|
| Net income before income tax , social contribution and minorities | 267.7 |
| Income tax and social contribution at nominal tax rate (34%) | (91.0) |
| Interest on own capital | 71.3 |
| Effect of non-deductible goodwill amortization | (16.4) |
| Non-taxable earnings from subsidiaries abroad | (162.9) |
| Equity gains from subsidiaries | 11.3 |
| Deduction of fiscal incentives from income tax | 33.9 |
| Permanent additions and subtractions and others | 13.5 |
| Total income taxes and social contribution expenses | (140.4) |

Values may not add up due to rounding.

Profit Sharing and Contributions

During the third quarter AmBev provisioned, on a consolidated basis, R\$37.3 million related to employee profit sharing.

Minority Interest

On a consolidated basis, minority shareholders in our subsidiaries shared gains of R\$4.4 million in the quarter. Gains were mainly related to the minority interest in our HILA operations.

Net Income

In the quarter, net income for the Brazilian operations amounted to R\$228.3 million (-36.2%). Consolidated net income, which is the basis for the calculation of dividends, reached R\$131.7 million in the period (-61.3%). Consolidated earnings per thousand shares (based on 55.0 billion outstanding shares) was R\$2.39 (US\$0.80).



RECENT DEVELOPMENTS

Business Combination with InBev (former Interbrew)

On August 27, 2004, AmBev informed the market of the closing of the transactions with Interbrew S.A. announced on March 3, 2004. The business combination between AmBev and InBev S.A. (InBev), the new denomination of Interbrew S.A., established the world's largest beer platform.

The transactions involved the merger of an indirect holding company of Labatt Brewing Company Limited ("Labatt") into AmBev, as well as the contribution of all shares of an indirect holding company of AmBev into InBev.

Mandatory Tender Offer ("MTO")

On October 12, 2004, the company informed the market that InBev had filed with Comissão de Valores Mobiliários ("CVM") its request for approval of the terms and conditions of the mandatory tender offer ("MTO") resulting from the combination with AmBev, as required by article 254-A of the Brazilian Corporate Law # 6,404/76.

InBev has proposed to offer AmBev's common shareholders the option to: (i) exchange common AmBev shares into InBev shares, at an exchange ratio equivalent to 80% of the exchange ratio agreed with the former controlling shareholders of AmBev; or (ii) cash payment in Reais equivalent to €353,28 for each thousand common shares of AmBev. Terms and conditions of the MTO cannot be considered final until approved by the CVM.

Beverage Associates (BAC) Corp. not to accelerate exercise of share exchange option

On October 28, 2004, AmBev announced that had been informed by Beverage Associates (BAC) Corp. that BAC has elected not to accelerate the exercise of its option to exchange all Class A shares of Quilmes Industrial (Quinsa), Société Anonyme currently held by BAC for common and preferred shares of AmBev.

Quinsa, Argentina's largest beer producer, is jointly controlled by AmBev and BAC. Pursuant to the existing agreements between AmBev and BAC, BAC has the right, exercisable in April of each year, to exchange its Quinsa Class A shares for a number of AmBev common and preferred shares determined in accordance with a pre-defined formula. However, the change of AmBev's control structure, resulting from the completion of the recent business combination with InBev, gave BAC the ability to accelerate the exercise of its option under the existing agreements.

In light of BAC's decision not to accelerate its option in connection with the change in the control structure, BAC's option next becomes exercisable in April of 2005.

AmBev currently holds 230,920,000 Quinsa Class A shares and 38,388,914 Quinsa Class B shares, representing a 39.5% voting and 54.5% economic interest in Quinsa. BAC currently holds 373,520,000 Quinsa Class A shares, representing a 54.8% voting and 33.1% economic interest in Quinsa.



Share Buyback Program

On September 15, 2004, given that 99% of the financial limit of the buyback program announced on July 6, 2004 was reached, AmBev's Board of Directors approved the closing of the buyback program and the issue of a new program, limited to R\$500 million and with a 365-day term. A new program to acquire call options and issue put options linked to AmBev's shares was also approved, in accordance with CVM Instruction 390/03, and respecting the limits of the program as a whole.

From July 1, 2004 to September 30, 2004, AmBev has acquired 906 million preferred shares, totaling R\$585.4 million.

| Share Buyback Programs - 2004 | | | | |
|-------------------------------|----------------|----------|------------------------|-------------|
| Issue | Limit | Term | Closing/ Expiration | % Concluded |
| Mar/22/04 | R\$500 million | 60 days | May/23/04 | 39% |
| May/23/04 | R\$500 million | 360 days | Jul/06/04 | 98% |
| Jul/06/04 | R\$500 million | 360 days | Sep/14/04 | 99% |
| Sep/14/04 | R\$500 million | 360 days | Open | n.a. |

Values may not add up due to rounding.

Cancellation of Shares

In an Extraordinary Shareholders' Meeting held on October 6, 2004, AmBev's Board of Directors approved the cancellation of 800,000,000 treasury preferred shares, with no impact on AmBev's total capital.



3Q04 EARNINGS CONFERENCE CALL

| | | |
|-----------------|--|---|
| Speakers | Carlos Brito <i>CEO for Brazilian Operations</i> Luiz Fernando <i>Sales and Distribution Director</i> Juan Vergara <i>COO for Hispanic Latin America (HILA)</i> Felipe Dutra <i>CFO and Investor Relations Director</i> | |
| Date | November 3, 2004 (Wednesday) | |
| Time | 4:30 pm (US ET) 7:30 pm (São Paulo Time) | |
| Numbers | US / International Participants Toll Free – Brazil Participants Toll Free – UK Participants Conference Call ID | (+1) 973-935-8511 0800-891-5046 0800-068-9199 AmBev or 5310036 |

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Statements contained in this press release may contain information which is forward-looking and reflects management's current view and estimates of future economic circumstances, industry conditions, company performance, and financial results. Any statements, expectations, capabilities, plans and assumptions contained in this press release that do not describe historical facts, such as statements regarding the declaration or payment of dividends, the direction of future operations, the implementation of principal operating and financing strategies and capital expenditure plans, the factors or trends affecting financial condition, liquidity or results of operations, and the implementation of the measures required under AmBev's performance agreement entered into with the Brazilian Antitrust Authority (Conselho Administrativo de Defesa Econômica - CADE) are forward-looking statements within the meaning of the U.S Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. There is no guarantee that these results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.



| AmBev - Segment Financial Information | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------------|--------------|---------|--------|-------------------|---------|--------|----------------|--------|-------|------------------------|---------|--------|---------------------|---------|--------|------------------------------|------|------|------------------------|---------|-------|
| | AmBev Brazil | | | | | | | | | | | | HILA Operations (2) | | | North America Operations (3) | | | AmBev Consolidated (4) | | |
| | Beer Brazil | | | CSD & NANC Brazil | | | Other Products | | | Total AmBev Brazil (1) | | | 3Q04 | 3Q03 | % | 3Q04 | 3Q03 | % | 3Q04 | 3Q03 | % |
| | 3Q04 | 3Q03 | % | 3Q04 | 3Q03 | % | 3Q04 | 3Q03 | % | 3Q04 | 3Q03 | % | | | | | | | | | |
| Volumes (000 hl) | 14,012 | 11,968 | 17.1% | 4,424 | 4,266 | 3.7% | | | | 18,436 | 16,234 | 13.6% | 6,345 | 4,611 | 37.6% | 846 | n.a. | n.m. | 25,627 | 20,845 | 22.9% |
| R\$ million | | | | | | | | | | | | | | | | | | | | | |
| Net Sales | 1,686.0 | 1,438.4 | 17.2% | 350.5 | 307.4 | 14.1% | 51.5 | 51.8 | -0.6% | 2,088.0 | 1,797.5 | 16.2% | 455.2 | 223.4 | 103.8% | 407.8 | n.a. | n.m. | 2,951.0 | 2,020.9 | 46.0% |
| COGS | (601.4) | (549.2) | 9.5% | (187.9) | (195.0) | -3.7% | (32.4) | (33.7) | -3.8% | (821.7) | (777.9) | 5.6% | (227.6) | (118.8) | 91.6% | (129.9) | n.a. | n.m. | (1,179.1) | (896.7) | 31.5% |
| Gross Profit | 1,084.6 | 889.2 | 22.0% | 162.6 | 112.3 | 44.8% | 19.1 | 18.1 | 5.6% | 1,266.3 | 1,019.6 | 24.2% | 227.6 | 104.6 | 117.7% | 277.9 | n.a. | n.m. | 1,771.8 | 1,124.2 | 57.6% |
| SG&A | (476.7) | (377.6) | 26.2% | (88.5) | (82.2) | 7.7% | (0.7) | (0.7) | 4.1% | (565.9) | (460.5) | 22.9% | (158.6) | (82.1) | 93.3% | (138.6) | n.a. | n.m. | (863.1) | (542.6) | 59.1% |
| EBIT | 607.9 | 511.6 | 18.8% | 74.1 | 30.2 | 145.7% | 18.3 | 17.3 | 5.6% | 700.4 | 559.1 | 25.3% | 69.0 | 22.5 | 206.6% | 139.3 | n.a. | n.m. | 908.7 | 581.6 | 56.2% |
| Depr. & Amort. | (127.0) | (129.0) | -1.6% | (35.0) | (34.2) | 2.6% | 0.0 | 0.0 | n.m. | (162.0) | (163.2) | -0.7% | (45.2) | (33.1) | 36.8% | (19.8) | n.a. | n.m. | (227.0) | (196.2) | 15.7% |
| EBITDA | 734.9 | 640.6 | 14.7% | 109.2 | 64.3 | 69.7% | 18.3 | 17.3 | 5.6% | 862.4 | 722.3 | 19.4% | 114.2 | 55.6 | 105.6% | 159.1 | n.a. | n.m. | 1,135.7 | 777.8 | 46.0% |
| % of Total EBITDA | 64.7% | 82.4% | | 9.6% | 8.3% | | 1.6% | 2.2% | | 75.9% | 92.9% | | 10.1% | 7.1% | | 14.0% | n.m. | | 100.0% | 100.0% | |
| % of Net Sales | | | | | | | | | | | | | | | | | | | | | |
| Net Sales | 100.0% | 100.0% | | 100.0% | 100.0% | | 100.0% | 100.0% | | 100.0% | 100.0% | | 100.0% | 100.0% | | 100.0% | n.m. | | 100.0% | 100.0% | |
| COGS | -35.7% | -38.2% | | -53.6% | -63.5% | | -62.9% | -65.1% | | -39.4% | -43.3% | | -50.0% | -53.2% | | -31.9% | n.m. | | -40.0% | -44.4% | |
| Gross Profit | 64.3% | 61.8% | | 46.4% | 36.5% | | 37.1% | 34.9% | | 60.6% | 56.7% | | 50.0% | 46.8% | | 68.1% | n.m. | | 60.0% | 55.6% | |
| SG&A | -28.3% | -26.3% | | -25.3% | -26.7% | | -1.5% | -1.4% | | -27.1% | -25.6% | | -34.8% | -36.7% | | -34.0% | n.m. | | -29.2% | -26.8% | |
| EBIT | 36.1% | 35.6% | | 21.1% | 9.8% | | 35.6% | 33.5% | | 33.5% | 31.1% | | 15.2% | 10.1% | | 34.2% | n.m. | | 30.8% | 28.8% | |
| Depr. & Amort. | -7.5% | -9.0% | | -10.0% | -11.1% | | 0.0% | 0.0% | | -7.8% | -9.1% | | -9.9% | -14.8% | | -4.8% | n.m. | | -7.7% | -9.7% | |
| EBITDA | 43.6% | 44.5% | | 31.1% | 20.9% | | 35.6% | 33.5% | | 41.3% | 40.2% | | 25.1% | 24.9% | | 39.0% | n.m. | | 38.5% | 38.5% | |
| Per Hectoliter (R\$/hl) | | | | | | | | | | | | | | | | | | | | | |
| Net Sales | 120.3 | 120.2 | 0.1% | 79.2 | 72.0 | 10.0% | | | | 113.3 | 110.7 | 2.3% | 111.8 | 102.3 | 9.3% | 482.0 | n.m. | n.m. | 126.4 | 109.7 | 15.2% |
| COGS | (42.9) | (45.9) | -6.5% | (42.5) | (45.7) | -7.1% | | | | (44.6) | (47.9) | -7.0% | (55.9) | (54.4) | 2.7% | (153.5) | n.m. | n.m. | (50.5) | (48.7) | 3.7% |
| Gross Profit | 77.4 | 74.3 | 4.2% | 36.8 | 26.3 | 39.6% | | | | 68.7 | 62.8 | 9.4% | 55.9 | 47.9 | 16.7% | 328.5 | n.m. | n.m. | 75.9 | 61.0 | 24.3% |
| SG&A | (34.0) | (31.6) | 7.8% | (20.0) | (19.3) | 3.9% | | | | (30.7) | (28.4) | 8.2% | (38.9) | (37.6) | 3.7% | (163.8) | n.m. | n.m. | (37.0) | (29.5) | 25.5% |
| EBIT | 43.4 | 42.7 | 1.5% | 16.8 | 7.1 | 137.0% | | | | 38.0 | 34.4 | 10.3% | 16.9 | 10.3 | 64.4% | 164.7 | n.m. | n.m. | 38.9 | 31.6 | 23.2% |
| Depr. & Amort. | (9.1) | (10.8) | -15.9% | (7.9) | (8.0) | -1.0% | | | | (8.8) | (10.1) | -12.6% | (11.1) | (15.1) | -26.6% | (23.4) | n.m. | n.m. | (9.7) | (10.7) | -8.8% |
| EBITDA | 52.4 | 53.5 | -2.0% | 24.7 | 15.1 | 63.7% | | | | 46.8 | 44.5 | 5.1% | 28.1 | 25.4 | 10.3% | 188.1 | n.m. | n.m. | 48.6 | 42.2 | 15.2% |

Note: volumes shown above refer to total sales volumes, not only our proportional consolidation. However, in order to calculate per HL figures, proportional volumes were used in order to assure consistency.

(2) Figures for AmBev Brazil consist of Brazilian Beer, CSD & Nanc and Others segments.

(3) Figures for HILA Operations (Hispanic Latin America) are based on a proportional consolidation of Quinsa operations plus Venezuela, Guatemala, Dominican Republic, Peru and Ecuador.

(4) Figures for North America Operations consist of Labatt (Canada).

(5) Figures for AmBev Consolidated consist of AmBev Brazil + HILA + North America.



| AmBev - Segment Financial Information | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------------|--------------|-----------|-------|-------------------|---------|--------|----------------|--------|--------|------------------------|-----------|-------|------------------------------|---------|--------|------------------------|------|------|-----------|-----------|-------|
| | AmBev Brazil | | | | | | | | | HILA Operations (2) | | | North America Operations (3) | | | AmBev Consolidated (4) | | | | | |
| | Beer Brazil | | | CSD & NANC Brazil | | | Other Products | | | Total AmBev Brazil (1) | | | 9M04 | 9M03 | % | 9M04 | 9M03 | % | 9M04 | 9M03 | % |
| 9M04 | 9M03 | % | 9M04 | 9M03 | % | 9M04 | 9M03 | % | 9M04 | 9M03 | % | 9M04 | | | | | | | | | |
| Volumes (000 hl) | 39,360 | 39,143 | 0.6% | 13,146 | 13,186 | -0.3% | | | | 52,506 | 52,330 | 0.3% | 19,429 | 12,969 | 49.8% | 846 | n.a. | n.m. | 72,781 | 65,298 | 11.5% |
| R\$ million | | | | | | | | | | | | | | | | | | | | | |
| Net Sales | 4,645.4 | 4,176.7 | 11.2% | 1,007.9 | 931.0 | 8.3% | 128.5 | 145.0 | -11.4% | 5,781.8 | 5,252.8 | 10.1% | 1,313.6 | 621.0 | 111.5% | 407.8 | n.a. | n.m. | 7,503.2 | 5,873.9 | 27.7% |
| COGS | (1,697.1) | (1,789.3) | -5.2% | (573.6) | (643.1) | -10.8% | (73.9) | (91.1) | -18.9% | (2,344.6) | (2,523.6) | -7.1% | (635.4) | (338.4) | 87.8% | (129.9) | n.a. | n.m. | (3,110.0) | (2,862.0) | 8.7% |
| Gross Profit | 2,948.3 | 2,387.4 | 23.5% | 434.3 | 287.9 | 50.8% | 54.7 | 53.9 | 1.3% | 3,437.2 | 2,729.2 | 25.9% | 678.1 | 282.7 | 139.9% | 277.9 | n.a. | n.m. | 4,393.2 | 3,011.9 | 45.9% |
| SG&A | (1,432.7) | (1,075.6) | 33.2% | (258.1) | (238.5) | 8.2% | (2.2) | (1.9) | 16.0% | (1,693.0) | (1,315.9) | 28.7% | (435.2) | (250.3) | 73.9% | (138.6) | n.a. | n.m. | (2,266.8) | (1,566.2) | 44.7% |
| EBIT | 1,515.6 | 1,311.8 | 15.5% | 176.2 | 49.5 | 256.2% | 52.4 | 52.0 | 0.8% | 1,744.2 | 1,413.3 | 23.4% | 243.0 | 32.4 | 650.5% | 139.3 | n.a. | n.m. | 2,126.5 | 1,445.7 | 47.1% |
| Depr. & Amort. | (386.2) | (377.4) | 2.3% | (105.7) | (94.6) | 11.7% | 0.0 | 0.0 | n.m. | (491.8) | (472.0) | 4.2% | (126.4) | (88.2) | 43.3% | (19.8) | n.a. | n.m. | (638.0) | (560.2) | 13.9% |
| EBITDA | 1,901.7 | 1,689.3 | 12.6% | 281.9 | 144.0 | 95.7% | 52.4 | 52.0 | 0.8% | 2,236.0 | 1,885.3 | 18.6% | 369.4 | 120.6 | 206.3% | 159.1 | n.a. | n.m. | 2,764.5 | 2,005.9 | 37.8% |
| % of Total EBITDA | 68.8% | 84.2% | | 10.2% | 7.2% | | 1.9% | 2.6% | | 80.9% | 94.0% | | 13.4% | 6.0% | | 5.8% | n.m. | | 100.0% | 100.0% | |
| % of Net Sales | | | | | | | | | | | | | | | | | | | | | |
| Net Sales | 100.0% | 100.0% | | 100.0% | 100.0% | | 100.0% | 100.0% | | 100.0% | 100.0% | | 100.0% | 100.0% | | 100.0% | n.m. | n.m. | 100.0% | 100.0% | |
| COGS | -36.5% | -42.8% | | -56.9% | -69.1% | | -57.5% | -62.8% | | -40.6% | -48.0% | | -48.4% | -54.5% | | -31.9% | n.m. | n.m. | -41.4% | -48.7% | |
| Gross Profit | 63.5% | 57.2% | | 43.1% | 30.9% | | 42.5% | 37.2% | | 59.4% | 52.0% | | 51.6% | 45.5% | | 68.1% | n.m. | n.m. | 58.6% | 51.3% | |
| SG&A | -30.8% | -25.8% | | -25.6% | -25.6% | | -1.7% | -1.3% | | -29.3% | -25.1% | | -33.1% | -40.3% | | -34.0% | n.m. | n.m. | -30.2% | -26.7% | |
| EBIT | 32.6% | 31.4% | | 17.5% | 5.3% | | 40.8% | 35.9% | | 30.2% | 26.9% | | 18.5% | 5.2% | | 34.2% | n.m. | n.m. | 28.3% | 24.6% | |
| Depr. & Amort. | -8.3% | -9.0% | | -10.5% | -10.2% | | 0.0% | 0.0% | | -8.5% | -9.0% | | -9.6% | -14.2% | | -4.8% | n.m. | n.m. | -8.5% | -9.5% | |
| EBITDA | 40.9% | 40.4% | | 28.0% | 15.5% | | 40.8% | 35.9% | | 38.7% | 35.9% | | 28.1% | 19.4% | | 39.0% | n.m. | n.m. | 36.8% | 34.1% | |
| Per Hectoliter (R\$/hl) | | | | | | | | | | | | | | | | | | | | | |
| Net Sales | 118.0 | 106.7 | 10.6% | 76.7 | 70.6 | 8.6% | | | | 110.1 | 100.4 | 9.7% | 109.0 | 102.6 | 6.2% | 482.0 | n.m. | n.m. | 114.7 | 100.6 | 14.0% |
| COGS | (43.1) | (45.7) | -5.7% | (43.6) | (48.8) | -10.5% | | | | (44.7) | (48.2) | -7.4% | (52.7) | (55.9) | -5.7% | (153.5) | n.m. | n.m. | (47.6) | (49.0) | -3.0% |
| Gross Profit | 74.9 | 61.0 | 22.8% | 33.0 | 21.8 | 51.3% | | | | 65.5 | 52.2 | 25.5% | 56.3 | 46.7 | 20.4% | 328.5 | n.m. | n.m. | 67.2 | 51.6 | 30.2% |
| SG&A | (36.4) | (27.5) | 32.5% | (19.6) | (18.1) | 8.6% | | | | (32.2) | (25.1) | 28.2% | (36.1) | (41.4) | -12.7% | (163.8) | n.m. | n.m. | (34.7) | (26.8) | 29.2% |
| EBIT | 38.5 | 33.5 | 14.9% | 13.4 | 3.8 | 257.3% | | | | 33.2 | 27.0 | 23.0% | 20.2 | 5.4 | 276.8% | 164.7 | n.m. | n.m. | 32.5 | 24.8 | 31.3% |
| Depr. & Amort. | (9.8) | (9.6) | 1.7% | (8.0) | (7.2) | 12.1% | | | | (9.4) | (9.0) | 3.8% | (10.5) | (14.6) | -28.1% | (23.4) | n.m. | n.m. | (9.8) | (9.6) | 1.7% |
| EBITDA | 48.3 | 43.2 | 12.0% | 21.4 | 10.9 | 96.3% | | | | 42.6 | 36.0 | 18.2% | 30.6 | 19.9 | 53.8% | 188.1 | n.m. | n.m. | 42.3 | 34.4 | 23.0% |

Note: volumes shown above refer to total sales volumes, not only our proportional consolidation. However, in order to calculate per HL figures, proportional volumes were used in order to assure consistency.

(2) Figures for AmBev Brazil consist of Brazilian Beer, CSD & Nanc and Others segments.

(2) Figures for HILA Operations (Hispanic Latin America) are based on a proportional consolidation of Quinsa operations plus Venezuela, Guatemala, Dominican Republic, Peru and Ecuador.

(3) Figures for North America Operations consist of Labatt (Canada).

(4) Figures for AmBev Consolidated consist of AmBev Brazil + HILA + North America.



| CONSOLIDATED INCOME STATEMENT | | | | | | |
|--|------------------|------------------|---------------|--------------------|------------------|---------------|
| Corporate Law R\$ 000 | AmBev Brazil | | | AmBev Consolidated | | |
| | 3Q04 | 3Q03 | % | 3Q04 | 3Q03 | % |
| Net Sales | 2,087,990 | 1,797,518 | 16.2% | 2,950,969 | 2,020,881 | 46.0% |
| Cost of Goods Sold | (821,683) | (777,925) | 5.6% | (1,179,131) | (896,704) | 31.5% |
| Gross Profit | 1,266,307 | 1,019,593 | 24.2% | 1,771,838 | 1,124,177 | 57.6% |
| <i>Gross Margin (%)</i> | <i>60.6%</i> | <i>56.7%</i> | | <i>60.0%</i> | <i>55.6%</i> | |
| Selling and Marketing Expenses | (175,279) | (131,103) | 33.7% | (355,569) | (179,438) | 98.2% |
| <i>% of sales</i> | <i>8.4%</i> | <i>7.3%</i> | | <i>12.0%</i> | <i>8.9%</i> | |
| Direct Distribution Expenses | (186,860) | (146,243) | 27.8% | (218,348) | (156,898) | 39.2% |
| <i>% of sales</i> | <i>8.9%</i> | <i>8.1%</i> | | <i>7.4%</i> | <i>7.8%</i> | |
| General & Administrative | (93,639) | (89,072) | 5.1% | (152,746) | (100,574) | 51.9% |
| <i>% of sales</i> | <i>4.5%</i> | <i>5.0%</i> | | <i>5.2%</i> | <i>5.0%</i> | |
| Depreciation & Amortization | (110,166) | (94,067) | 17.1% | (136,460) | (105,646) | 29.2% |
| Total SG&A | (565,944) | (460,484) | 22.9% | (863,124) | (542,557) | 59.1% |
| <i>% of sales</i> | <i>27.1%</i> | <i>25.6%</i> | | <i>29.2%</i> | <i>26.8%</i> | |
| EBIT | 700,363 | 559,108 | 25.3% | 908,714 | 581,620 | 56.2% |
| <i>% of sales</i> | <i>33.5%</i> | <i>31.1%</i> | | <i>30.8%</i> | <i>28.8%</i> | |
| Provisions, Net | (27,497) | (81,381) | -66.2% | (27,906) | (73,681) | -62.1% |
| Other Operating (Expense) | (133,967) | 27,400 | n.m. | (332,748) | 5,425 | n.m. |
| Equity Income | - | - | n.m. | 173 | (2,869) | n.m. |
| Interest Expense | (64,665) | (242,761) | -73.4% | (92,508) | (261,478) | -64.6% |
| Interest Income | (51,091) | 160,551 | n.m. | (46,107) | 152,770 | n.m. |
| Net Interest Income (Expense) | (115,756) | (82,210) | 40.8% | (138,614) | (108,707) | 27.5% |
| Non-Operating Income (Expense) | (100,152) | 18,476 | n.m. | (104,679) | 17,188 | n.m. |
| Income Before Taxes | 322,990 | 441,394 | -26.8% | 304,942 | 418,976 | -27.2% |
| Provision for Income Tax/Social Contrib. | (72,226) | (63,370) | 14.0% | (140,368) | (62,136) | 125.9% |
| Provision for Profit Sharing & Bonuses | (30,949) | (22,868) | 35.3% | (37,268) | (22,868) | 63.0% |
| Minority Interest | 8,502 | 2,961 | 187.1% | 4,421 | 6,385 | -30.8% |
| Net Income | 228,317 | 358,117 | -36.2% | 131,727 | 340,357 | -61.3% |
| <i>% of sales</i> | <i>10.9%</i> | <i>19.9%</i> | | <i>4.5%</i> | <i>16.8%</i> | |
| Depreciation and Amortization | 162,045 | 163,171 | -0.7% | 227,035 | 196,229 | 15.7% |
| EBITDA | 862,408 | 722,279 | 19.4% | 1,135,749 | 777,849 | 46.0% |
| <i>% of sales</i> | <i>41.3%</i> | <i>40.2%</i> | | <i>38.5%</i> | <i>38.5%</i> | |

Notes:

Figures for AmBev Brazil consist of Brazilian Beer, CSD & Nanc and Others segments.

Figures for AmBev Consolidated consist of AmBev Brazil + HILA + North America.



| CONSOLIDATED INCOME STATEMENT | | | | | | |
|--|--------------------|--------------------|---------------|--------------------|--------------------|---------------|
| Corporate Law R\$ 000 | AmBev Brazil | | | AmBev Consolidated | | |
| | 9M04 | 9M03 | % | 9M04 | 9M03 | % |
| Net Sales | 5,781,846 | 5,252,819 | 10.1% | 7,503,190 | 5,873,867 | 27.7% |
| Cost of Goods Sold | (2,344,632) | (2,523,576) | -7.1% | (3,109,955) | (2,861,955) | 8.7% |
| Gross Profit | 3,437,215 | 2,729,243 | 25.9% | 4,393,235 | 3,011,911 | 45.9% |
| <i>Gross Margin (%)</i> | <i>59.4%</i> | <i>52.0%</i> | | <i>58.6%</i> | <i>51.3%</i> | |
| Selling and Marketing Expenses | (560,263) | (375,564) | 49.2% | (884,963) | (513,885) | 72.2% |
| <i>% of sales</i> | <i>9.7%</i> | <i>7.1%</i> | | <i>11.8%</i> | <i>8.7%</i> | |
| Direct Distribution Expenses | (533,883) | (414,825) | 28.7% | (604,738) | (447,391) | 35.2% |
| <i>% of sales</i> | <i>9.2%</i> | <i>7.9%</i> | | <i>8.1%</i> | <i>7.6%</i> | |
| General & Administrative | (278,849) | (260,084) | 7.2% | (397,842) | (302,830) | 31.4% |
| <i>% of sales</i> | <i>4.8%</i> | <i>5.0%</i> | | <i>5.3%</i> | <i>5.2%</i> | |
| Depreciation & Amortization | (320,048) | (265,467) | 20.6% | (379,233) | (302,204) | 25.5% |
| Total SG&A | (1,693,042) | (1,315,940) | 28.7% | (2,266,776) | (1,566,309) | 44.7% |
| <i>% of sales</i> | <i>29.3%</i> | <i>25.1%</i> | | <i>30.2%</i> | <i>26.7%</i> | |
| EBIT | 1,744,172 | 1,413,303 | 23.4% | 2,126,459 | 1,445,602 | 47.1% |
| <i>% of sales</i> | <i>30.2%</i> | <i>26.9%</i> | | <i>28.3%</i> | <i>24.6%</i> | |
| Provisions, Net | (75,947) | (126,478) | -40.0% | (77,142) | (126,478) | -39.0% |
| Other Operating (Expense) | (81,061) | (201,270) | -59.7% | (317,202) | (202,951) | 56.3% |
| Equity Income | - | - | n.m. | 496 | (4,395) | n.m. |
| Interest Expense | (874,944) | (213,328) | 310.1% | (952,725) | (257,910) | 269.4% |
| Interest Income | 385,968 | 505,767 | -23.7% | 396,990 | 555,308 | -28.5% |
| Net Interest Income (Expense) | (488,976) | 292,438 | n.m. | (555,735) | 297,397 | n.m. |
| Non-Operating Income (Expense) | (146,667) | 1,344 | n.m. | (147,146) | (11,123) | 1222.9% |
| Income Before Taxes | 951,521 | 1,379,338 | -31.0% | 1,029,730 | 1,398,052 | -26.3% |
| Provision for Income Tax/Social Contrib. | (111,304) | (389,404) | -71.4% | (231,179) | (394,189) | -41.4% |
| Provision for Profit Sharing & Bonuses | (81,785) | (31,387) | 160.6% | (92,193) | (31,387) | 193.7% |
| Minority Interest | 8,025 | 6,668 | 20.4% | (4,561) | 5,352 | n.m. |
| Net Income | 766,456 | 965,214 | -20.6% | 701,797 | 977,828 | -28.2% |
| <i>% of sales</i> | <i>13.3%</i> | <i>18.4%</i> | | <i>9.4%</i> | <i>16.6%</i> | |
| Depreciation and Amortization | 491,819 | 472,015 | 4.2% | 638,002 | 560,238 | 13.9% |
| EBITDA | 2,235,992 | 1,885,318 | 18.6% | 2,764,461 | 2,005,841 | 37.8% |
| <i>% of sales</i> | <i>38.7%</i> | <i>35.9%</i> | | <i>36.8%</i> | <i>34.1%</i> | |

Notes:

Figures for AmBev Brazil consist of Brazilian Beer, CSD & Nanc and Others segments.

Figures for AmBev Consolidated consist of AmBev Brazil + HILA + North America.



| CONSOLIDATED BALANCE SHEET | | | | |
|---|-------------------------|-------------------|-------------------------------|-------------------|
| Corporate Law R\$000 | AmBev Brazil | | AmBev Consolidated | |
| | Sep 2004 | Jun 2004 | Sep 2004 | Jun 2004 |
| ASSETS | | | | |
| Cash | 634,059 | 805,003 | 710,153 | 1,029,232 |
| Marketable Securities | 590,756 | 1,190,144 | 622,552 | 1,205,062 |
| Non-realized gains with Derivatives | - | 178,662 | - | 178,662 |
| Accounts Receivable | 420,317 | 235,822 | 845,922 | 420,777 |
| Inventory | 624,624 | 694,742 | 1,060,271 | 903,525 |
| Associated | - | - | - | - |
| Recoverable Taxes | 325,648 | 369,930 | 410,422 | 437,004 |
| Accounts in Advance | 28,283 | 14,806 | 37,158 | 37,722 |
| Prepaid Expenses | 93,996 | 139,150 | 95,977 | 141,440 |
| Dividend Receivable | - | - | - | - |
| Other | 95,539 | 90,923 | 248,979 | 143,723 |
| Total Current Assets | 2,813,222 | 3,719,182 | 4,031,433 | 4,497,147 |
| Recoverable Taxes | 2,132,678 | 2,134,067 | 2,018,094 | 1,903,362 |
| Receivable from Employees/Financed Shares | 191,193 | 211,487 | 192,048 | 212,402 |
| Deposits/Other | 726,193 | 727,389 | 1,260,305 | 1,168,856 |
| Total Long-Term Assets | 3,050,064 | 3,072,943 | 3,470,447 | 3,284,620 |
| Investments | 16,557,470 | 2,422,439 | 18,537,820 | 1,806,266 |
| Property, Plant & Equipment | 2,811,429 | 2,811,284 | 5,473,406 | 4,275,847 |
| Deferred | 227,705 | 233,693 | 261,147 | 263,527 |
| Total Permanent Assets | 19,596,604 | 5,467,416 | 24,272,373 | 6,345,640 |
| TOTAL ASSETS | 25,459,890 | 12,259,541 | 31,774,253 | 14,127,407 |
| LIABILITIES | | | | |
| Short-Term Debt | 772,267 | 1,776,547 | 1,487,698 | 2,267,464 |
| Accounts Payable | 380,596 | 132,062 | 807,140 | 462,742 |
| Sales & Other Taxes Payable | 473,720 | 460,063 | 686,918 | 506,261 |
| Dividend Payable | 503,408 | 215,666 | 503,408 | 227,287 |
| Salaries & Profit Sharing Payable | 216,429 | 161,717 | 265,157 | 138,899 |
| Income Tax, Social Contribution, & Other | 159,399 | 87,813 | 686,871 | 113,915 |
| Other | 332,254 | 200,889 | 847,370 | 311,126 |
| Total Current Liabilities | 2,838,071 | 3,034,757 | 5,284,562 | 4,027,694 |
| Long-Term Debt | 3,503,885 | 3,776,259 | 6,210,725 | 4,204,076 |
| Accounts Payable | - | - | - | - |
| Income Tax & Social Contribution | 54,659 | 22,453 | 55,299 | 23,261 |
| Deferred Sales Tax (ICMS) | 254,719 | 231,868 | 254,719 | 231,868 |
| Provision for Contingencies | 1,247,502 | 1,271,383 | 1,292,351 | 1,282,368 |
| Pension Funds Provision | 74,502 | 75,717 | 74,502 | 75,717 |
| Other | 2,587 | 4,075 | 693,107 | 76,815 |
| Total Long-Term Liabilities | 5,137,854 | 5,381,755 | 8,580,703 | 5,894,105 |
| TOTAL LIABILITIES | 7,975,925 | 8,416,512 | 13,865,265 | 9,921,800 |
| MINORITY INTEREST | 159,255 | 151,139 | 272,341 | 239,326 |
| Paid in Capital | 4,606,161 | 3,030,843 | 4,742,803 | 3,142,055 |
| Reserves and Treasury shares | 13,000,919 | 293,482 | 13,176,214 | 456,661 |
| Retained Earnings | (282,370) | 367,565 | (282,370) | 367,566 |
| SHAREHOLDERS' EQUITY | 17,324,710 | 3,691,890 | 17,636,647 | 3,966,282 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 25,459,890 | 12,259,541 | 31,774,253 | 14,127,407 |

Notes:

Figures for AmBev Brazil consist of Brazilian Beer, CSD & Nanc and Others segments.

Figures for AmBev Consolidated consist of AmBev Brazil + HILA + North America.



| CONSOLIDATED STATEMENT OF CASH FLOWS | |
|---|-------------------------------|
| R\$ 000 | AmBev Consolidated 3Q04 |
| Cash Flows from Operating Activities | |
| Net income | 131,728 |
| Adjustments to reconcile net income to cash provided by operating activities | |
| Non-cash Expenses (Income) | |
| Depreciation and amortization | 229,212 |
| Contingencies and liabilities associated with tax disputes, including interest | 27,906 |
| Financial charges on contingencies | 14,329 |
| (Gain) loss on disposal of PP&E, net | 8,523 |
| Financial charges on stock option plan | (10,762) |
| Financial charges on taxes and contributions | 4,014 |
| Equity income | (173) |
| Financial charges on long-term debt | (194,913) |
| Provision for losses in inventory and other assets | (14) |
| Deferred income tax (benefit) expense | 26,872 |
| Foreign exchange holding effect on assets abroad | 78,035 |
| Forex variations and unrealized gains on marketable securities | 34,913 |
| (Gains) losses on participation on related companies | 91,480 |
| Amortization of goodwill | 245,699 |
| Minority interest | (4,421) |
| (Increase) decrease in assets | |
| Trade accounts receivable | (179,554) |
| Sales taxes recoverable | 27,334 |
| Inventories | 44,871 |
| Prepaid expenses | 46,451 |
| Receivables and other | (64,481) |
| (Decrease) increase in liabilities | |
| Suppliers | 214,667 |
| Payroll, profit sharing and related charges | 74,398 |
| Income tax, social contribution, and other taxes payable | 100,857 |
| Cash used for contingencies and legal proceedings | (35,848) |
| Unrealized losses on derivatives | 158,258 |
| Other | (49,758) |
| Net Cash Provided by Operating Activities | 1,019,622 |
| Cash Flows from Investing Activities | |
| Proceeds on disposal of property, plant and equipment | 15,422 |
| Marketable securities withdrawn (investment) | 725,204 |
| Collateral securities and deposits | 2,466 |
| Quinsa's share buyback program | (126,644) |
| Investments in affiliated companies | (916) |
| Property, plant and equipment | (312,294) |
| Cash from first time consolidation of subsidiary | 433,347 |
| Payment for deferred asset | (8,200) |
| Net Cash Provided (Used) in Investing Activities | 728,386 |
| Cash Flows from Financing Activities | |
| Advances to employees for purchase of shares | 30,944 |
| Dividends, interest distribution and capital decrease paid | (408) |
| Repurchase of shares in treasury | (585,359) |
| Increase in debt | 1,442,092 |
| Payment of debt | (2,950,240) |
| Increase in paid-in capital / Variation in minority interest | (2,649) |
| Net Cash Provided (Used) in Financing Activities | (2,065,619) |
| Foreign Exchange Variations on Cash | (1,467) |
| Subtotal | (319,078) |
| Cash and cash equivalents, beginning of period | 1,029,232 |
| Cash and cash equivalents, end of period | 710,153 |
| Net increase in cash and cash equivalents | (319,078) |

Note: Figures for AmBev Consolidated consist of AmBev Brazil + HILA + North America.