



Moody's Investors Service

Rating Action: **Moody's upgrades AmBev's foreign currency issuer rating to Baa2; outlook is positive**

Global Credit Research - 22 Sep 2009

Rating action linked to upgrade of Brazil's foreign currency ceiling

Sao Paulo, September 22, 2009 -- Moody's Investors Service upgraded the foreign currency issuer rating of Companhia de Bebidas das Americas' ("AmBev") to Baa2 from Baa3. The Baa1/Aaa.br local currency issuer rating and senior unsecured debt ratings and their stable outlook were unaffected by the rating action. The upgrade was prompted by a concurrent action to upgrade Brazil's long-term foreign currency country ceiling for bonds and notes to Baa2 from Baa3, with a positive outlook. At the same time, Moody's assigned a positive outlook to AmBev's foreign currency issuer rating, which is solely based on the positive outlook for Brazil's foreign currency country ceiling. The outlook for all other ratings is stable. This rating action concludes the review process initiated on July 6, 2009.

Rating upgraded is as follows:

- Foreign currency issuer rating: to Baa2 from Baa3

Outlook for the foreign currency issuer rating: positive

Ratings unchanged are as follows:

- Global local currency issuer rating: Baa1
- BRL 1.248 billion in debentures due in July 2012: Baa1/Aaa.br
- Brazilian National Scale Issuer Rating: Aaa.br

Outlook for local currency ratings: stable

AmBev's Baa2 foreign currency issuer rating is constrained by Brazil's current foreign country ceiling of Baa2 and would be upgraded to Baa1 if the country ceiling was to be upgraded, at which point it would no longer be constrained. All foreign currency issuer ratings globally are constrained by their respective foreign currency country ceilings. Only foreign currency debt issuances are eligible to pierce the sovereign ceiling. Please refer to Moody's January 2005 methodology entitled "Piercing the Country Ceiling: An Update", available on www.moodys.com.

Ambev's Baa1 rating continues to reflect its leading market positions in the Brazilian beer market with a close to 70% market share and a growing soft-drink beverage franchise (approximately 18% share), as well as its strong position in Canada with a 43% share and clear leading positions in Argentina, Bolivia, Paraguay and Uruguay. The Baa1 local currency issuer rating also considers AmBev's strong credit metrics for its rating category with one of the highest operating margins in the beverage sector driving strong and predictable cash flows.

Moody's last rating action on AmBev was on July 6th, 2009, when we placed AmBev's Baa3 foreign currency issuer rating on review for possible upgrade in conjunction with Moody's announced review of Brazil's Baa3 foreign currency country ceiling.

The principal methodology used in rating AmBev was that for Moody's Global Alcoholic Beverage Rating Methodology (published in September 2009) and available on www.Moodys.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Companhia de Bebidas das Américas (AmBev), based in São Paulo, Brazil, is the largest brewer in Latin América and the fourth largest worldwide in terms of volume. It produces, distributes, and markets beer, soft drinks, and other beverage products in 14 countries across the Americas. AmBev is also Pepsico's largest bottler outside the United States. The company's controlling shareholders are Anheuser-Busch InBev

the World's largest brewing company, with 74.0% of AmBev's voting shares and 61.8% of its total shares and the Zerrenner Foundation (FAHZ) with 16.6% of AmBev's voting shares and 9.3% of its total shares.

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