Annual Report 2004

InBev

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Company Description

InBev is a publicly traded company (Euronext: INB) based in Leuven, Belgium. The company's origins date back to 1366, and today it is the leading global brewer by volume. InBev's strategy is to strengthen its local platforms by building significant positions in the world's major beer markets through organic growth, world-class efficiency, targeted acquisitions, and by putting consumers first. InBev has a portfolio of more than 200 brands, including Stella Artois, Brahma, Beck's, Skol – the third-largest selling beer brand in the world – Leffe, Hoegaarden, Staropramen and Bass. InBev employs some 77,000 people, running operations in over 30 countries across the Americas, Europe and Asia Pacific. In 2004, InBev realized a net turnover of 8.57 billion euro (including four months of AmBev). For further information visit www.InBev.com

Registered Trademarks

THE FOLLOWING BRANDS ARE REGISTERED TRADEMARKS OF INBEV NV/SA OR ONE OF ITS AFFILIATED COMPANIES:

Global Flagship Brands:
Stella Artois, Brahma, Beck's

Global Soft Drink Brands:
Guaraná Antarctica

Global Specialty and Multi-Country Brands:
Hoegaarden, Leffe, Staropramen, Bass

Our other brands:

- Belle-Vue, Bergenbräu, Boomerang, C.T.S. Scotch, Ginder Ale, Horse Ale, Hougaerdse Das, Julius, Jupiler, Krüger, Loburg, Palten, Piedboeuf, Safir, Verboden Vrucht, Vieux Temps, Belgian Beer Café
- Skol, Brahma Chopp, Antarctica, Fratelli Vita, Bohemia, Sukita, Kronenbier, Caracu, Polar, Serramalte, Soda Limonada Antarctica, Original, Liber, Bohemia Weiss, Bohemia Escura, Skol Beats, Antarctica Cristal
- Astika, Burgasko, Kamenitza, Pleven, Slavena
- Alexander Keiths, Black Label, Blue Star, Boomerang, Club, Crystal, Jockey Club, Kokanee, Kootenay, John Labatt, Labatt, Labatt Wildcat, Lucky, Oland's, Old Mick's, Schooner, Sterling, Winchester
- Jinling, Yali, KK, K, Yizhou, Mingzhou, Putuoshan, Zi Zhu Lin, Ningbo, Double Deer, Jing Long Quan, Santai, Baisha, Red Shiliang, Lulansha, Xin Xian Dai, Yan Dang Shan, Kinlong
- Bozicno Pivo, Izzy, Ozujsko, Tomislav Pivo
- Branik, Cesky Pivovar, D Pivo, Kelt, Mestan, Moravar, Ostravar, Osto 6, Rallye, Velvet, Vratislav
- Beowulf, La Becasse, Lutèce, Moco, Preskil, Platzen, Sernia, Vega, Brussel's Café, Irish Corner, Au Bureau, Cave à Bières, Bars & Co, Giovanni Baresto
- Cluss, Diebels, Dimix, Dinkelacker, D-Pils, Franziskaner, Gilde, Haake-Beck, Haigerlocher, Hasseröder, Hemelinger, Issumer, Kloster, Lindener Spezial, Löwen Weisse, Löwenbräu, Lüttje Lagen, Mauritius, Sachsengold, Sanwald, Schwaben, Schwarzer Herzog, Sigel Kloster, Spaten, St Pauli Girl, Vitamalz, Wolters, Beck's Beerloft
- Borsodi, Borostyan, Wundertal, Königsberg, Welsenburg, Riesenbrau, Szent Imre, Reinberger
- Cafri, Cass, OB, Red Rock
- Diekirch, Mousel, Henri Funck
- Nik, Niksicko
- Atlas, Anchor Beer, Breda Royal, Classe Royale, Dommelsch, Dutch Gold, Het Elfde Gebod, Flying Dutchman, Hertog Jan, Jaeger, Magic Malt, Molenbier, Oranjeboom, Phoenix, Pirate, Royal Dutch Post Horn, Three Horses, Trio Stout, Weidmann
- Bergenbier, Hopfen König, Noroc
- Bagbier, Bavaria, Klinskoye, Nashe, Permskoye Gubernskoye, Pikur, Piterskoye, Piyotr Velikiy, Rifey, Sibirskaya Korona, Tolstiak, Viking, Volzhanin, Zolotoi Kovsh, Premier
- Jelen Pivo, Apa Cola, Apatinsko Pivo, Pils Light
- Chernigivske, Hetman, Rogan, Taller, Yantar,
- Barbican, Boddington's, Brewmaster, Campbell's, Castle Eden Ale, English Ale, Flowers, Fowlers Wee Heavy, Gold Label, Mackeson, Tennent's, Trophy, Whitbread
- Rock Green Light, Rolling Rock, Rock Bock

THE FOLLOWING BRAND IS A CO-OWNED REGISTERED TRADEMARK:
PerfectDraft is a registered trademark co-owned by InBev NV/SA and Koninklijke Philips Electronics NV

THE FOLLOWING BRANDS ARE REGISTERED TRADEMARKS OF OUR PARTNERS:

Cerveceria Bucanero SA:
Bucanero, Cristal, Mayabe

Pivovarna Union:
Crni Baron, Premium Beer, Smile, Uni, Union, Culto, Multisola, Sola, Za, Zala

Damm SA:
Bock Damm, Damm Bier, Damm Lemon, Estrella Damm, RK Damm, Voll Damm, Xibeca Damm Classic

Zhujiang Beer Group Company:
Zhujiang, Zhujiang Fresh, Xuebao, Huaxin, Supra Beer

THE FOLLOWING BRANDS ARE REGISTERED TRADEMARKS UNDER LICENSE:

- Absolut Cut is a registered trademark of V&S Vin & Sprit Aktiebolag (publ) Corporation Sweden
- Budweiser is a registered trademark of Anheuser-Busch, Incorporated
- Gatorade is a registered trademark of Stokely-Van Camp Inc.
- Lipton Ice Tea is a registered trademark of Unilever NV. It originates from a partnership between Thomas J. Lipton Co. and Pepsi-Cola
- Pepsi and 7UP are registered trademarks of Pepsico Inc.
- Miller is a registered trademark of Miller Brewing Co.
- Carlsberg is a registered trademark of Carlsberg A/S.

Key Figures[1]: Five-Year Review

Million euro, unless stated otherwise	2004	2003	2002	2001	2000
Net turnover	8,568	7,044	6,992	7,303	5,657
Normalized EBITDA	2,112	1,498	1,394	1,533	1,156
EBITDA	2,325	1,498	1,394	1,533	1,156
Normalized profit from operations	1,251	839	836	884	533
Profit from operations	1,310	839	728	884	533
Normalized net profit	621	505	467	537	271
Net profit from ordinary activities	719	505	467	537	271
Net profit	719	505	467	698	(964)
Normalized earnings per share before goodwill[2] (euro)	1.69	1.45	1.51	1.44	1.04
Earnings per share before goodwill[2] (euro)	1.95	1.45	1.51	1.44	1.04
Dividend per share (euro)	0.39	0.36	0.33	0.29	0.21
Pay out ratio (%)	31.2	30.8	26.2	25.8	33.1
Weighted average number of ordinary shares (million shares)	480	432	431	429	335
Fully diluted weighted average number of ordinary shares (million shares)	483	434	435	434	343
Share price high (euro)	29.1	23.2	34.5	37.5	38.1
Share price low (euro)	20.3	15.0	19.1	25.5	34.0
Year-end share price (euro)	28.5	21.2	22.5	30.75	37.12
Market capitalization	16,442	9,141	9,712	13,257	15,865
Normalized return on invested capital (%)	12.9	10.6	11.2	10.6	8.9
Return on invested capital (%)	14.5	10.6	10.2	10.6	8.9
Net CAPEX	725	595	510	488	425
Cash flow from operations	1,384	1,151	1,045	1,053	871
Cash interest coverage	7.5	7.6	6.8	5.4	2.8
Net financial debt	3,271	2,434	2,583	2,662	2.906
Debt/equity ratio	0.38	0.52	0.55	0.55	0.71

[1] Refer to Glossary.
[2] Adjusted for stock splits.

Volume[3] (in million hectoliters)

2000	76
2001	97
2002	102
2003	120
2004	233.5

Net Turnover (in million euro)

2000	5,657
2001	7,303
2002	6,992
2003	7,044
2004	8,568

EBITDA (in million euro)

2000	1,156
2001	1,533
2002	1,394
2003	1,498
2004	2,112

[3] As reported in the Guide to Our Business.

Letter to Shareholders

The coming together of Interbrew and AmBev to create InBev was an unprecedented event in the brewing industry, as well as the single-most significant event in the history of our company. Completed on August 27th, the combination brought together the world's third-largest brewer and the world's fifth-largest brewer. Interbrew, with sales in over 140 countries, had a ten-year track record of delivering one of the best compounded EBITDA (Earnings Before Interest Taxes Depreciation and Amortization) growths in the industry, while AmBev had been one of the most profitable, with a 68.1% share of the Brazilian market at the end of 2004, and leadership positions in both beer and carbonated soft drinks throughout Central and South America.

InBev today is uniquely positioned to lead the industry and achieve superior performance, with strong brand positions in both fast-growing emerging markets and high-profit developed markets. Over the next ten years, value in the beer industry will be generated in different ways and in different areas and segments than it was during the past ten years. We are focused on capturing more than our fair share of this profit. With our number one or number two positions in more than 20 key markets, with our portfolio of some of the fastest-growing global brands, and with our expanding presence in other beverage segments and markets, we are poised to generate more value and growth than any competitor.

Our company's new name combines elements of both Interbrew and AmBev, and the red exclamation point in our new logo symbolizes the passion everyone in the company feels for connecting with consumers and winning. InBev is more than the sum of its parts, and with our people and brands our new corporate identity conveys the sense of excitement we have for the future.

InBev's transformation began back in 2003 when the senior management team committed to integrating what had historically been a decentralized brewer. Although EBITDA performance prior to this was excellent, much of it was driven by acquisition and pricing. In 2003, we charted a new course and implemented a new integrated strategy comprised of four pillars – a winning brand portfolio, winning at the point of connection, world-class efficiency, and targeted external growth – underpinned by innovation and enabled by culture, world-class people and superior financial discipline.

We also committed to becoming the most consumer-focused company in the beverage industry, consistently delivering superior, sustainable and profitable organic growth. We aligned to a new mission for the company: to create enduring bonds with consumers by providing the brands and experiences that bring people together. And now, following the combination with AmBev, we have defined a new vision for the company: to move from "Biggest to Best."

Our results in 2004 attest to these commitments. Our global brand portfolio is one of the fastest-growing of any major beer company. Stella Artois is now the fifth-largest international beer in the world and is distributed in over 80 countries. Beck's is the tenth-largest international brand and distributed in over 120 countries. Brahma is the latest addition to the Global Flagship Brand group and shows great potential worldwide. It is already distributed in seven countries across Central and South America and is the eighth-largest beer brand in the world.

Supporting our overall results were a number of major successes in individual markets. In Russia, we grew significant share for the second consecutive year. The brands, Sibirskaya Korona, Tolstiak and Klinskoye, led the growth, buoyed by Klinskoye Arriva, which contributed almost 900,000 hectoliters in its first year of launch. Underpinning the performance in Russia is a range of capabilities that we have been strengthening over the past two years, including a world-class management team, an innovation pipeline second to none, an exclusive sales and distribution network which is out-executing competition at the point of connection, and a national production and logistics network which has become *the* low-cost producer in the country.

We also experienced tremendous success in China where we seamlessly integrated twelve acquired breweries and six joint ventures, and helped drive an organic volume growth of 9.5%. We have put in place an excellent, seasoned management team and are rolling out our world-class commercial program. This program will train all our marketing, sales and distribution associates on how to develop a winning brand portfolio, and how to win at the point of connection.

In Brazil, AmBev continued to power ahead with its leading brands, Antarctica, Skol and Brahma. Each brand strengthened consumer loyalty and preference in 2004, leading to share growth of 5 points, to 68.1% in December. AmBev now spans nearly every country in South America and extends into key markets in Central America. It successfully launched operations in Guatemala, expanded into Ecuador and Peru, and in Venezuela grew more than 3 share points versus the prior year. Through the QUINSA (Quilmes Industrial S.A.) partnership the company is also the number one brewer in Argentina, Paraguay, Uruguay and Bolivia. Argentina captured the honor of being the first South American country to successfully launch Stella Artois, one of our three global brands – less than three months after the creation of InBev.

In Western Europe, we drove significant profit and value growth. We began our footprint rationalization, rolled out new operating-productivity and procurement-synergy programs, and made major progress in aligning retail relationships and investments with top retailers in the U.K., Belgium, The Netherlands, France and Germany. Beck's, in its home market, continued its momentum of the past two years with double-digit growth, despite the market being down 1.8%. Beck's national presence was further complemented with the addition of the Spaten portfolio, including Löwenbräu and Franziskaner weissbier in southern Germany.

In North America, our U.S. global premium portfolio continued to lead industry growth. Stella Artois' depletions again grew over 50%, Beck's depletions grew 5.2%, and we have seen the early signs for a turnaround of Bass, which was down only 5.7% versus 14.2% in 2003. We also concluded our relationship with FEMSA (Fomento Economico Mexicano SA de CV) in the U.S. and Mexico. We had partial ownership of this business for eight years and drove substantial growth for their Dos Equis, Tecate, and Sol brands, allowing us to realize excellent value at the time of disposal. Ending this relationship has allowed the creation of InBev USA, bringing together two excellent organizations, Beck's North America and Labatt USA. InBev USA gives us much more flexibility, and allows unencumbered focus on our proprietary premium brands in the growing premium imported segment.

Across the globe, volume grew organically 3.3% – more than double the growth rate of the beer industry. Volume in 2004 was particularly encouraging for a number of reasons: it cycled a 6.3% growth in 2003, and was delivered despite one of the wettest summers in Western Europe over the past 60 years; it was also achieved while improving value and mix, yielding an overall revenue increase of an incremental 1% on top of the volume growth; and by the fact that the 3.3% does not include the growth experienced by our businesses in China and in Central and South America, which we have included in scope for 2004. It is important to note that when the four months we owned AmBev are included in our full-year results, the 3.3% figure increases to 6.4%.

"We also committed to becoming the most consumer-focused company in the beverage industry"

“Across the globe, volume grew 3.3%, double the growth rate of the beer industry”

We grew or held share in the majority of our markets, with notable share increases in Bulgaria +2.4 points, China +4.4 points, Guatemala +15.5 points, Russia +1.1 points, Ukraine +1.2 points, the U.S.[1] +0.2 of a point and Venezuela +3.0 points. We lost share in South Korea because of PET capacity shortages on the Cass brand, coupled with softness of the OB brand in the on-trade; in Hungary, due to the introduction of low-priced German imported cans; and in Croatia, because of poor spring and summer weather, zero-tolerance drinking-and-driving legislation, and a drop in consumer spending on fast-moving consumer products.

We continued to improve our fixed-costs management. The fixed overhead cost base grew organically 1.5%, below the weighted inflation rate, and was in line with the metric of 1-1.5% for our world-class efficiency pillar. We discontinued operations in six breweries and announced the closure of three others. We drove procurement synergies around the globe for all direct and indirect purchases, and rolled out additional aggressive productivity benchmarking and plant-optimization strategies.

Going forward, we see the beer industry and the broader beverage industry as highly attractive. In the beer segment alone, we see profit-pool growth of near 10 billion euros over the next five years, but to be captured in different ways, areas, and segments than before.

There are potential risks to the profit pool from legislative impacts, retailer consolidation, and value brands, but we are confident that beer, as a beverage of moderation and as a choice for all types of legal drinking-age consumers, will be an excellent source of value creation in the short-, medium-, and long-term.

When we created InBev we stated that our aim was to be the best beer company in the world. To achieve ‘best’ and to sustain superior performance we have updated our values and leadership behaviors and have realigned our organization to focus on winning with sales and marketing at the local level. We put in place a new rewards system which enables superior compensation for superior results, and have cascaded a new target-setting process which will enable precision focus and execution. We are building a company where people make the difference, where we make things happen, where our consumers come first, and where InBev and our people lead the way.

As we embark on the journey from biggest to best, we will continue to focus on each of the four pillars in our strategy, making sure that the enablers of the strategy have the necessary funding and resources behind them. We have set the bar high for ourselves and are confident that we can achieve both our mission and our vision, and that consumers the world over will continue to solidify their enduring bonds with our winning brands.

Pierre Jean Everaert
Chairman of the Board

John F. Brock
Chief Executive Officer

[1] In markets or segments in which we compete.

Introducing AmBev

AmBev, the world's fifth-largest brewer with 68.1% of the Brazilian beer market (at the end of 2004), is present in thirteen markets and has leading positions in most Central and South American countries. It is one of the best-managed, most profitable brewers in the world, with industry-leading EBITDA margins greater than 37%.

The company is also the second-largest Brazilian producer of soft drinks, with a 16.9% share of this market. The soft drinks division independently formulates strategies and action plans, while leveraging the beer division's production, logistics and distribution systems.

With an annual consumption of 132 million hectoliters, Brazil is the world's third-largest market for carbonated soft drinks, behind only the U.S. and Mexico. Nevertheless, the Brazilian consumption per capita is just 75 liters of carbonated soft drinks a year, which means there is significant potential for both soft drinks and beer.

The company has the largest nonalcoholic brand portfolio in Brazil – 12 brands – encompassing soft drinks, bottled water, iced tea and isotonic drinks. The portfolio comprises category leaders such as Guaraná Antarctica and Gatorade, as well as prominent brands, Pepsi-Cola and Lipton Ice Tea.

AmBev has an unparalleled distribution system reaching over 1,000,000 points of sale. Brazil, home to AmBev and its core-business division, is the world's fourth-largest beer market.

The company's performance-driven culture runs deep throughout all levels of the organization and represents a unique competitive advantage. Senior management's active involvement in the recruiting process helps ensure that they hire individuals who will thrive in AmBev's environment. Outstanding employees are rewarded based on an aggressive, variable-compensation system, dependent on AmBev's achievement of performance targets. Top-performing employees participate in the Stock Ownership Plan, which ensures that return for shareholders is an absolute priority.

"Brazil is the world's third-largest market for carbonated soft drinks"

Guide to Our Business

	Volume all products 2004 (million hl)[1]	Market Position 2004	Market Share 2004[1]	Number of Beverage Plants as per 31 Dec 2004	Trading Names
Global	**233.5**	**No.1**			
North America	21.7				
Canada	9.4	No.2	41.9%	8	Labatt Brewing Company
Cuba	0.8	No.2	32.1%	1	Bucanero
U.S.A.	6.8	No.4[5]	9.6%[2]	1	InBev USA
Mexico[13]	4.7	-	-	-	FEMSA[10]
Central & South America	105.5				
Brazil - Beer	57.8	No.1	66.2%	23[15]	Cia Bebidas Brasileira
Brazil - Soft Drinks	19.1	No.2	16.9%	4	Cia Bebidas Brasileira
Dominican Republic[14]	1.5	No.1	60.3%	1	Embodom C.por A.
Guatemala	0.4	No.2	20.5%	1	Ind.del Atlântico S.A.
Ecuador	0.2	No.3	7.0%	1	Cervesur SA
Peru - Soft Drinks	2.4	No.2	14.7%	3	Cia Cerv.AmBev Peru SA
Venezuela	1.9	No.3	12.3%	1	CACN
Bolivia[11]	2.1	No.1	99.2%	4	Cia Boliviana National SA
Paraguay[11]	1.8	No.1	95.3%	1	Cia Paraguay SA
Uruguay[11]	0.9	No.1	98.1%	2	FNC SA
Argentina - Beer[11]	10.4	No.1	79.0%	6	Cia y Malteria Quilmes SAICA y G
Argentina - Soft Drinks[11]	6.5	No.2	18.7%	5	Cia y Malteria Quilmes SAICA y G
Chile[11]	0.4	No.3	11.4%	1	Cia Chile SA
Western Europe	43.9				
Belgium	6.4	No.1	56.3%	4	Interbrew Belgium
France	2.4	No.3	9.0%	0	Interbrew France
Luxembourg	0.2	No.1	42.4%	1	Brasseries de Luxembourg Mousel-Diekirch S.A.
Netherlands	2.6	No.2	15.4%	2	Interbrew Nederland
U.K.[3]	12.6	No.3	18.8%	4	Interbrew UK
Germany	14.2[4]	No.2	9.6%	9[16]	Interbrew Deutschland
Italy	1.0	No.4	6.0%	0	Interbrew Italia
Spain[12]	0.8	-	-	-	Damm[10]
Export/Licenses as handled by W-European affiliates	3.7	-	-	-	
Central & Eastern Europe	34.6				
Bosnia-Herzegovina	0.1	No.1	34.8%[17]	1	Uniline
Bulgaria	1.4	No.2	29.3%	3	Kamenitza
Croatia	1.6	No.1	44.6%	1	Zagrebacka Pivovara
Czech Republic	2.3	No.2	14.4%	3	Pivovary Staropramen
Hungary	2.3	No.1	30.1%	1	Borsodi Sorgyar
Serbia-Montenegro	3.1	No.1	47.2%	2	Trebjesa Apatin
Romania	2.2	No.3	15.3%	3	Interbrew Romania Interbrew Efes Brewery
Slovenia[10]	0.4	-	-	-	Union[10]
Russia	12.7	No.2	15.6%	8	SUN Interbrew
Ukraine	7.4	No.1	35.5%	3	SUN Interbrew
Export/Licenses as handled by C/E-European affiliates	1.2	-	-	-	
Asia Pacific	25.6				
China	18.1	No.3[7]	9.6%[7]	18	Interbrew China Zhujiang[10]
South Korea	7.5	No.2	41.0%	3	Oriental Brewery
Global Exports/Licenses[8]	2.2				

[1] Pro forma full 12-month volumes and shares.
[2] Within segment "Imported and Domestic Specialties." Excluding Mexican FEMSA-brands.
[3] Excludes Beck's U.K. volumes.
[4] Volume number includes soft drinks, 12 months of domestic Spaten-Franziskaner and 9 months of export/licenses Spaten-Franziskaner.
[5] Within segment "Imports."
[6] Registered brands owned by our partners.
[7] Zhujiang counted for 100%.
[8] Sales under responsibility of the central International department; including European volumes; including Beck's U.K.
[9] Brewed under license.

Global Brands	Main Local Brands
Beck’s, Stella Artois, Hoegaarden, Leffe, Bass, Staropramen	Alexander Keith’s, Boomerang, Budweiser [9], Kokanee, Labatt Blue, Blue Light, Labatt Sterling, Labatt Ice, Wildcat
Beck’s	Bucanero [6], Bucanero Malta [6], Cristal [6], Mayabe [6]
Beck’s, Stella Artois, Hoegaarden, Leffe, Bass, Staropramen	Belle Vue, Bohemia, Boddington’s, Labatt Blue, Blue Light, Haake-Beck, Löwenbräu, Rolling Rock, Rock Green Light, St.Pauli Girl
Brahma	Antarctica, Bohemia, Caracu, Kronenbier, Polar, Serramalte, Skol
	Guaraná Antarctica, Pepsi [9]
	Pepsi [9]
Brahma	Brahva
Brahma	
	Concordia, Pepsi [9], Triple Kola
Brahma	
	Ducal [6], Pacena [6], Taquina [6]
Brahma	Baviera [6], Ouro Fino [6], Pilsen [6]
	Nortena [6], Patricia [6], Pilsen [6]
Brahma, Stella Artois	Andes [6], Iguano [6], Norte [6], Quilmes [6], Quilmes Cristal [6]
	7UP [9], Pepsi [9]
	Baltica [6], Becker [6]
Beck’s, Stella Artois, Hoegaarden, Leffe, Bass	Belle Vue, Jupiler
Beck’s, Stella Artois, Hoegaarden, Leffe, Bass	Boomerang, La Bécasse, Loburg
Beck’s, Stella Artois, Hoegaarden, Leffe	Belle Vue, Diekirch, Jupiler, Mousel
Beck’s, Stella Artois, Hoegaarden, Leffe	Dommelsch, Jupiler, Hertog Jan, Oranjeboom
Beck’s, Stella Artois, Hoegaarden, Leffe, Bass, Staropramen	Boddington’s, Castlemaine XXXX [9], Labatt, Murphy’s [9], Oranjeboom, Rolling Rock, Tennent’s
Beck’s, Stella Artois, Hoegaarden, Staropramen	Diebels Alt, Diebels Light, Dimix, Franziskaner, Gilde, Haake-Beck, Hasseröder, Lindener, Löwenbräu, Schwarzer Herzog, Spaten, Wolters
Beck’s, Stella Artois, Hoegaarden, Leffe, Bass, Staropramen	Tennent’s Super
	Estrella Damm [6], Xibeca Damm Classic [6]
Beck’s, Stella Artois	Bergenbrau, Ozujsko
Beck’s, Stella Artois, Hoegaarden, Leffe	Astika, Burgasko, Kamenitza, Pleven, Slavena
Beck’s, Stella Artois, Hoegaarden, Leffe	Izzy, Ozujsko
Beck’s, Stella Artois, Hoegaarden, Leffe, Staropramen	Branik, Kelt, Mestan, Ostravar, Rallye, Vratislav, Velvet
Beck’s, Stella Artois, Hoegaarden, Leffe, Staropramen	Borostyan, Borsodi Barna, Borodi Bivaly, Borsodi Polo, Borsodi Sör, Holsten [9]
Beck’s, Stella Artois, Hoegaarden, Leffe, Bass, Staropramen	Jelen, Nik Cool, Nik Gold, Niksicko Pivo, Niksicko Tamno
Beck’s, Stella Artois, Hoegaarden, Leffe	Bergenbier, Caraiman [9], Efes [9], Hopfen König, Noroc
	Fructal [6], Union [6]
Beck’s, Stella Artois, Hoegaarden, Leffe, Staropramen	Bag Beer, Klinkskoe, Pikur, Premier, Rifey, Sibirskaya Korona, Tolstiak, Volzhanin
Beck’s, Stella Artois, Hoegaarden, Leffe, Staropramen, Bass	Chernigivske, Rogan, Taller, Yantar
Beck’s	Baisha, Double Deer, Jinling Yali, Jinlongquan, KK, Lulansha, Santai, Shiliang Zhujiang [6], Supra [6], Zhujiang Fresh [6]
Beck’s, Stella Artois, Leffe	Budweiser [9], Cass, Cafri, OB
Beck’s, Stella Artois, Hoegaarden, Leffe, Bass, Staropramen	

(10) Minority stake.
(11) QUINSA (Quilmes Industrial S.A.) affiliates; pro rata consolidated into the Financial Part of this Annual Report.
(12) The direct sales of InBev’s brands are included in “Global Exports.”
(13) InBev sold its 30% stake in Femsa Cerveza on August 31, 2004; reported volume number refers to 8 months.
(14) Actual business concerns soft drinks; brewery is under construction.
(15) Brazil: 12 pure breweries and 11 mixed plants.
(16) Germany: includes 1 soft drinks plant.
(17) Includes imports from Apatin, Serbia and Trebjesa, Montenegro.

2004 Drivers of Success

2004 Drivers of Success

In 2004, organic volumes grew 3.3%, revenues grew 4.3%, organic EBITDA grew 8.9%, and organic EBIT grew 11.5%, surpassing the overall performance of nearly every competitor in the industry. When we include results from the four months we owned AmBev, our organic volume growth was 6.4%.

We have a clear vision on where value is created in the industry, how to connect with consumers, and where the business is going. Implementation of our strategy, pillars and enablers is yielding superior results, and we plan on continuing the same strategy with even greater clarity, focus, and execution in 2005 and beyond.

The combination with AmBev has been a catalyst to accelerate the implementation of this integrated strategy. By bringing these two companies together, we have been able to accelerate our productivity and commercial programs. This has resulted in numerous new synergies. We have aligned to a new results-oriented business culture with even greater performance metrics and results-driven compensation. Our strategic framework, however, remains the same.

InBev has gone from being a collection of independent, local units to being an integrated, focused and high-performance company. Brand and country investment-allocation choices are now made at a group level, enabling optimum focus and resource-targeting behind our top priorities and opportunities.

WINNING BRAND PORTFOLIO

In 2003, we saw the first results from this pillar: organic volume growth well ahead of the industry. This continued throughout 2004. This growth was the result of both the growth of our global brands, as well as that of the local premium and core brands.

Our brands are the foundation of this company, the cornerstone of our relationships with consumers, and the key to our long-term success. Our most important assets are our portfolio of brands and their enduring bonds with consumers, our partnerships with customers, and our people. We invest in our brands to create a long-term, sustainable, competitive advantage by meeting the beverage needs of consumers around the world, and by developing leading brand positions in every market where we are present.

In 2004, we grew or maintained share in the majority of our markets. We made significant progress in determining the winning combinations of brands in the countries where we operate, and in reallocating resources to support them. In the past, decisions were made on a country level. Now decisions are made at the group level: which brand/country combinations are best, and which ones should be funded, accelerated or reduced. For the first time, we have a global country-and-brand portfolio strategy, and an integrated and aligned resource-allocation apparatus – a transformational change for InBev.

"InBev brews Beck's according to the Reinheitsgebot – the German Purity Law adopted in 1516 – to maintain the authenticity of the brand"

Global Flagship Brands

We have continued to drive superior growth of all our global brands this year, employing a clear strategic framework to increase the number of countries where the global flagship brands, Stella Artois and Beck's, are sold. In an industry which grew less than 2%, their combined performance in 2004 was again excellent, growing collectively by almost 5%.

This performance was achieved by launching the brands in many new markets, and by using the launches as an opportunity to put our innovation skills behind them. Beck's was launched in Russia, Ukraine and Bulgaria, selling over 100,000 hectoliters in the latter, while in China, Beck's was launched in May, and its volumes have doubled every month since.

Beck's grew more than 10% in virtually all markets where we manage it, doing particularly well in Germany, where the brand grew 11.2% in a market which declined 1.8%. Total Beck's volumes in Europe were up 13.2% as a whole. We are now brewing Beck's locally in Russia, Romania, Bulgaria, Ukraine and Hungary, and will soon be brewing it in other markets in South America, Europe, and Asia Pacific. In all these countries InBev brews Beck's according to the Reinheitsgebot – the German Purity Law adopted in 1516 – to maintain the authenticity of the brand.

In the U.S., Beck's depletions grew particularly well at 5.2%. Prior to the acquisition of Beck's in 2002, the brand in the U.S. had experienced share decline for over 10 years. Now, less than two years later, Beck's has rebounded, supported by a new, fully-integrated global sales and marketing campaign. Beck's also performed well throughout Central and Eastern Europe, with an exceptional performance in Romania, where in two years sales went from zero to over 200,000 hectoliters.

Stella Artois also continued its impressive global growth, especially in Canada and the U.S., where depletions of the brand grew by more than 50%. Stella Artois remains one of the hottest brands in the key North American cities where it is marketed. In the U.K., Stella Artois' value share grew, despite volume declining slightly. Within this context, brand health and loyalty continued to improve, as did profitability for both ourselves and our retail partners. Stella Artois was marketed with new, compelling global advertising, a new, premium, embossed bottle, and new, globally harmonized packaging, which enabled growth and increased price premiums worldwide. As part of the new expansion with AmBev, the brand was successfully launched in Argentina. It was also expanded to nine new markets around the world.

Beck's grew more than

10%

in virtually all markets where we manage it

2004 Drivers of Success

"As Brazil's second-largest brand, Brahma saw its market share rise to 19.8%"

In Asia Pacific, the global brands, led by the tandem of Beck's and Stella Artois, performed very well, as their consolidated volumes reached over 500,000 hectoliters in numerous markets spanning from Australia to South Korea. Beck's, a brand with strength of character and authenticity, and Stella Artois, the beer of supreme worth and quality, are meeting different needs for different consumers and together are leading to a higher combined share of the growing premium beer segment.

Brahma, our third global flagship brand, is the most traditional beer brand in Brazil. Launched in 1888, it has held a very strong position in the market throughout its entire history, and today it is the eighth-largest selling beer brand in the world. In 2004, Brahma had an exceptionally strong performance, as AmBev responded to a competitor's aggressive campaign with effective communication to improve the brand's image and market indicators.

As Brazil's second-largest brand, Brahma saw its market share rise to 19.8%. Brahma's marketing campaigns increased brand preference, won repeated recognition in the advertising world, and excelled throughout other markets in Central and South America as AmBev's lead brand. In addition, Liber was launched, a nonalcoholic brand extension of Brahma, further extending Brahma's affinity with Brazilian consumers.

Global Specialty and Multi-Country Brands

The rollout and accelerated growth rates of the global specialty brands, Leffe and Hoegaarden, continued in 2004. A common initiative in many countries – Russia, the U.K. and France, in particular – has been to extend the brands' distribution and increase the support. Leffe continued its rapid growth in the U.K., up 41%, enjoying increasing media support with a new advertising campaign. Leffe grew 5% in the BeNeFraLux region (Belgium, The Netherlands, France and Luxembourg), and at double-digit rates in Italy, Canada and the U.S.

The Bass brand was another success story, thanks to dedicated support from InBev USA and to a refocusing on the brand's core values – its legendary status which challenges consumers to "reach for greatness." New distribution in major national on-trade accounts and an excellent rate of sales improvement drove growth during the second half of the year. Staropramen, our other multi-country brand, sold close to 600,000 hectoliters in markets outside its home country – the Czech Republic. It is also the number one beer in Prague.

The brand's international volumes grew by more than 21% versus 2003, performing particularly well in the U.K., up 24.9%, and in Russia, up 52.4%.

Leffe

+41%

growth in the U.K.

Local Premium and Core Lager Brands

Although global brands represent significant profit and growth around the world, local premium and core brands are still our largest scale component, and will be for the foreseeable future. Based on this, we have identified those geographies with winnable local premium and core lager positions where we will invest heavily to drive growth.

Brazil is one of those core-brand investment countries. Here, the Skol brand holds a strong leadership position. It is the third-largest selling beer brand in the world, and has held a greater than 30% local market-share for the past four years. Its slogan, "The beer that goes down round," is now incorporated into everyday language. The brand's event and sponsorship platform encompasses all types of music and formats and has helped transform small, isolated fads into strong national trends. Innovation is also at the brand's core. Skol led all major launches in the Brazilian beer market and is credited with introducing many packaging "firsts" in Brazil, including cans, longneck bottles, big-neck bottles, and Skol Beats.

In 2004, Skol improved its competitive position nationally by strengthening its presence regionally – connecting with different consumer passions in different regions throughout Brazil. As a result, the brand again grew market share, reaching 31.6%. Antarctica captured the third-highest market share in Brazil in 2004, giving AmBev the first-, second- and third-largest brands in the country within its portfolio. Antarctica had a stellar year in 2004, leveraging its "Official drinkers of Antarctica" campaign and challenging consumers to choose the "The Good One – Antarctica." Market share in 2004 increased to 14.8%.

In Canada, our premium portfolio is also leading the way, growing at twice the rate of the category. Alexander Keith's, which grew at 9.3%, and Kokanee both showed very strong results. Although the core-lager segment declined, Budweiser bucked the trend and continued its track record of consistent growth, with a 2.4% increase versus the prior year.

In Central and Eastern Europe, core brands had excellent volume and share growth in virtually all markets. In Russia, Sibirskaya Korona and Klinskoye continued to work in tandem to grow share at the expense of competitors. Both represent some of the most preferred brands throughout the country. In February, we introduced a new line extension, Klinskoye Arriva, planning to sell 100,000 hectoliters for the year; we ended up selling more than 100,000 hectoliters *a month*. This is another example of how innovation is helping to drive sales in many of our markets.

"In Central and Eastern Europe, core brands had excellent volume and share growth"

2004 Drivers of Success

In Ukraine, which is a potential high-growth market for InBev, Chernigivske became the market leader in November and experienced a growth of 33.5% versus the prior year. The brand has tripled in size over the past three years and is one of InBev's fastest-growing brands. Kamenitza, in Bulgaria, also performed particularly well, supporting share growth in that market. Hungary was one of our biggest challenges of the group in 2004, where the influx of low-priced cans from Germany resulted in a share loss of three tenths of a point.

In Western European markets, Jupiler was again a perennial standout. The brand grew share to 51% in retail, and has begun to penetrate neighboring markets. Boddingtons, in the U.K., was also a notable success story, showing strong growth behind more focused marketing and sales execution.

Core brands helped drive growth in Asia Pacific. In South Korea, Cass continued to accelerate, growing 6.5% versus the prior year in a flat market. Cass and OB teamed up well, especially at retail, where the relaunch efforts of OB grew share in the off-trade after 10 years of decline. Even with these initiatives, share was under pressure and was down versus the previous year.

In China, virtually all of our core brands excelled, notably Baisha, Double Deer, Shiliang and KK, which led the pack with growth of 37.3% versus 2003.

Global Soft Drink Brands

Guaraná Antarctica, a unique beverage in the world of soft drinks, was first produced in Brazil in 1921 and is unique in its flavor and Brazilian authenticity. Today, it is the number two soft drink brand in the country, the flavor-segment leader, and represents more than half of AmBev's 16.9% market share. The brand is produced from the guaraná fruit, which is cultivated using environmental-friendly practices at the Santa Helena plantation in the Maués region of the Amazon rainforest.

The Pepsi brand in Brazil is also experiencing positive growth, thanks to a strong innovation strategy. Pepsi Twist was launched in 2002 and generated total Pepsi brand market-share growth of 3.1%, from 9% of the cola segment in 2002 to 12.1% in 2004.

Another new initiative was the launch of Pepsi X. This product has an energy lift targeted at teenagers in nightlife occasions, and it is helping drive the Pepsi brand's modern image in the south of the country.

In 2004, Brazil was the first country to launch the new PET bottle shape developed by Pepsi, with a better-to-grab format, considered by consumers the most modern packaging shape in the industry. The new pack was implemented across the total line of Pepsi and AmBev's 2-liter products, and was responsible for a strong performance in the peak season of 2004.

"In Ukraine, Chernigivske became the market leader in November and is one of InBev's fastest-growing brands"

WINNING AT THE POINT OF CONNECTION

Winning at the point of connection focuses on the moment when, and the place where, consumers ultimately choose to purchase or consume our brands. This focus entails building sales and merchandising capabilities, achieving preferred supplier partnerships with customers, and using occasion-based marketing by channel. It is at this critical juncture where we want our efforts to culminate in the right brand choice and a memorable consumer experience. A good example of this is our Belgian Beer Cafés, three of which were launched in 2004.

We have been improving the skills of everyone who is involved at the point of connection, particularly in marketing and sales, as well as focusing on consumer insights and developing sales programs around those insights.

Route to Market

The development of our Global Field Sales Force Academy has been a key ingredient in the improvement of the route to market. The Academy ensures a standardized approach to training, and teaches participants the optimum way to make sales calls. Over 5000 members of our sales force have gone through the program and there are now dedicated sales trainers in nearly every country to support the rollout of the Academy.

One major initiative in 2004 was what we called, “More seen, more cold, more sold.” The thrust of the campaign was focused on putting many new coolers in place, as there is a direct correlation between “cooler share” and volume share. By accelerating and extending the penetration of coolers, which provide incremental sales, particularly in summer months, we effectively impacted the bottom line.

Our route-to-market distribution model changed in 2004 and we have now determined where we want direct distribution, third-party distribution or hybrid models, in order to optimize profitability and to fully meet consumer and customer needs. Market-by-market studies were undertaken to enhance the quality of our distributors, and the rollout of the distribution-excellence program continued in Italy and key Central European markets.

In Russia, we increased the number of dedicated sales agents who are employed by our distributors, which means that these wholesalers are exclusively focused on our brands. In some other European markets we have chosen to build our own direct distribution or exclusive wholesaler networks. These networks can be linked into a national system in each country, increasing our distribution productivity once they reach critical mass. In China, a route-to-market plan for three provinces was developed and will be rolled out in 2005.

The new InBev organization has reinforced a Zone and Business Unit structure which will help us stay closer to our customers and consumers and will ensure increased market focus. The keys to success will be our ability to secure and customize routes to market; to continuously develop our customer relationships; to lead the industry in occasion-based marketing and merchandising; and to achieve flawless execution at every point of connection.

2004 Drivers of Success

WORLD-CLASS EFFICIENCY

World-class efficiency entails, among other things, optimizing our network of breweries. This process of streamlining our industrial and logistics operations is ongoing, and as trade barriers are reduced around the world we are taking the opportunity to revisit our supply-chain strategy and our procurement practices. We are taking advantage of potential production and distribution efficiencies, leading to a more integrated business.

In 2003, we announced the closure of the Breda brewery in The Netherlands. In 2004, we announced the closure of three additional breweries: one in Belfast, Northern Ireland; one in Manchester, England; and one in New Westminster, Canada. In China, we discontinued operations at six breweries, one near Nanjing and five in the province of Hubei. At the same time, our 12 newly acquired Chinese breweries have integrated well into the existing network, contributing to an additional 12 million hectoliters of volume in 2004.

All these actions represent steps to optimize installed capacity and to optimize capital expenditure. There is now a world-wide plant-optimization program in place which has begun to effect a step-change in plant performance. We made real progress in our first two pilots, Montreal and Leuven, which demonstrated just how effective the program is. The third pilot selected for immediate plant-optimization is the Klin brewery in Russia, and a global rollout is foreseen for all other plants in the coming two years.

AmBev's experience with similar optimization programs has helped shape the project and boost the worldwide implementation. The goal is to create top-performing breweries which focus on efficient execution; and which will be supported by more centralized service organizations, delivering technological, engineering, compliance and logistics support.

Procurement

Throughout 2004 our Procurement focus has increasingly been on those areas of expenditure where world-class purchasing activities have not traditionally been applied, and where many additional opportunities still exist.

Working in close cooperation with key internal business users, Procurement is addressing the rates we pay for items such as media, consultants, business travel, couriers, sea freight, workers uniforms, refrigerators, print, drinking glasses and information technology.

For example, InBev has reduced the number of media agencies we work with from eleven to two, has reallocated our commercial spend to get a much bigger return on our investment, and has made major changes to our global sponsorship program. These initiatives have greatly reduced costs versus 2003 in what are non-traditional categories for the Procurement function.

The application of our global leverage and world-class purchasing practices in countries such as Russia, Ukraine, South Korea, and Serbia has yielded substantial benefits, as it has in China, where central purchasing for malt and hops was implemented. In Europe, Procurement was pulled together into a single reporting structure, and in high-growth countries we continue to rigorously tender our investments on new capital equipment.

InBev has not been immune to the global pricing pressure on materials, which is being driven by rising metal and oil prices, as well as below-average size harvests for key agricultural materials in some countries. The application of value-engineering initiatives, the innovative use of e-auction technology and the development – as well as the successful implementation – of new suppliers located in low-cost countries have all helped to mitigate this upward pressure on pricing. These new initiatives have resulted in cost reduction on packaging materials versus 2003, and although the overall raw material cost-base increased compared to 2003, these increases were less than we budgeted, and were at levels below inflation.

12 million

additional hectoliters in 2004 in China

Truly leveraging our global scale to drive maximum savings in expenditure on bought-in goods and services will continue to be a major focus for InBev in the future. 2004 has been a good step on that path, and sets us up well to deliver the synergies in Procurement which will flow from the integration of Interbrew and AmBev.

Increased capacity utilization has been enabled by improved supply-chain planning and scheduling. This is supported by the first scheduling implementation in Scotland, completed at our Wellpark brewery in 2004, which will be rolled out to other sites in Western Europe in 2005. In Wellpark, we implemented a new brewery-scheduling process which is linked to our central planning organization.

There was a stronger focus in 2004 on quality "beyond the brewery gates." The Quality @ Heart Program in the U.K. is an excellent example of creating awareness for consumers in the area of production, and in linking technical improvements in the breweries to increased product quality perceivable by the consumer. A similar program has been rolled out by AmBev, which focuses on technical improvements, but also takes into account remedial actions at the warehouse level and in distribution.

A global program has been set up to benchmark the Standard Operating Procedures used in the different Zones, and to then roll out those which are best-in-class. This will result in a continuous upgrading of quality and efficiency performances.

On the way to our targets for 2007 we will improve our business performance by taking full advantage of our scale. We will utilize specialists and consolidate our knowledge by centralizing the development of operating processes, practices and standards.

TARGETED EXTERNAL GROWTH

Overall, this has been a milestone year for InBev in terms of external growth.

The AmBev combination was the major area of focus during the first eight months of the year, and the transaction which led to the creation of InBev reached its successful completion on August 27th.

The unwinding of the Labatt USA partnership with FEMSA and the buyback of the shares held by the SUN Group in Sun Interbrew also represent major steps forward. They secure InBev's full control over the development of our business in strategically important markets: the U.S., Russia and Ukraine.

In China, we have significantly reinforced our existing business in the critically important province of Zhejiang, by acquiring 70% of the shares of the Shiliang brewery. As a result of this transaction, our market share in the province reached 50%, positioning InBev for even better organic growth.

We also acquired the remaining 50% of Lion Group. The two transactions have allowed InBev to become the third-largest brewing group in China, with leading positions concentrated in Zhejiang, Guangdong (through our 24%-stake partnership with Zhujiang Brewery Group), Hubei, Hunan and Jiangsu. These provinces offer some of the best prospects for profitable organic growth, consistent with the strategy pursued in China since 2001.

Throughout the year we have been active delivering the completion of transactions previously announced in China and Germany, in addition to the AmBev, FEMSA and SUN transactions.

Substantial work has been put into integrating the newly acquired businesses. The creation of InBev has led to intense work in converging the organizations, business practices and teams of AmBev and Interbrew. The merger of Beck's North America and Labatt USA was also implemented, following the FEMSA deal, and both Apatin (the market leader in Serbia) and Spaten (which brings us the Franziskaner brand and gives our German operations a leading presence in the growing wheat-beer segment) have been integrated in their respective Central European and German organizations.

"On the way to our targets for 2007 we will improve our business performance by taking full advantage of our scale"

2004 Drivers of Success

Going forward, InBev's external growth effort will be one of the four pillars which will support our ambition to become the best global brewing group. We will continue to strive on delivering value-creating transactions in a disciplined and targeted way. To that end, we will focus on three areas: strengthening existing positions in markets where additional scope exists to further or reach leadership; optimizing capital employed and fostering operational focus by divesting businesses which do not fit our core strategy; and developing in new, attractive markets in a selective way.

External growth is not an end in itself. Rather, we conceive of external growth as one among several means to realize our ambitions, and as a way to accelerate organic growth. We are convinced that the success of future transactions will be measured by their contribution to our overriding ambition: to outpace our industry's growth and profitability. We are committed to making sure that we deliver on this.

Calendar of Transactions

January 7, 2004 – InBev announces that following the exercise of a put option, it gains control of Hops Cooperatieve U.A. ("Hops"). Hops holds 44.16% of the shares of Oriental Brewery. This transaction confirms InBev's commitment in South Korea to Oriental Brewery.

March 3, 2004 - Interbrew and AmBev decide to combine forces, creating InBev, which will have an unparalleled global platform, capturing leadership positions in many of the world's most attractive markets.

May 24, 2004 - InBev and FEMSA announce the unwinding of their U.S. and Mexican cross-shareholdings, as well as the reassignment of the distribution rights held by the parties' U.S. joint-venture to the U.S. subsidiary of the Mexican brewer.

June 21, 2004 - InBev announces that it has acquired a 70% controlling interest in Zhejiang Shiliang Brewery Company Ltd., located in the Yangtze Delta. This transaction strengthens InBev's number one position in Zhejiang Province where, pursuant to this transaction, the company will have a market share of close to 50%.

August 12, 2004 – InBev and SUN Trade (International) Ltd. ("SUN Trade"), the controlling shareholders of SUN Interbrew Ltd. ("SUN Interbrew") announce that they have reached an agreement whereby InBev will acquire SUN Trade's voting and economic interests in SUN Interbrew.

August 27, 2004 - Interbrew and AmBev close the transaction announced on March 3, 2004, to combine Interbrew and AmBev, creating InBev, the world's premier brewer.

September 20, 2004 - InBev acquires the remaining 50% of Lion Group's beer business in China. This transaction positions the group as the third-largest brewer in China, with 30 million hectoliters of capacity produced by 18 breweries, and present in 6 major provinces: Zhejiang, Guangdong, Hubei, Hunan, Jiangsu and Shandong.

October 1, 2004 - The strategic partnership with Gabriel Sedlmayr Spaten-Franziskaner Bräu KGaA ("Spaten"), which combines Spaten's beer business with Interbrew Deutschland, closes. The partnership with Spaten makes InBev's affiliate the number two brewer in Germany's domestic market, holding an 9.6% market share.

November 8, 2004 - InBev announces that it is acquiring the remaining 45% interest in Hunan Debier Brewery Company Co. Ltd., located in Hunan province, China. This transaction is part of InBev's ongoing integration process of the Lion Group Breweries, which it acquired earlier in the year.

December 31, 2004 - InBev reaches an agreement with Alfa-Eco, whereby InBev will acquire all of Alfa-Eco's holding of voting and non-voting shares in SUN Interbrew Ltd. On completion of this and the previously announced transaction with SUN Trade (International) Ltd., and taking into consideration market purchases, InBev will own a 98.5% economic interest in SUN Interbrew.

Marcel Telles and John Brock express their commitment to the creation of InBev – the coming together of Interbrew and AmBev on March 3, 2004.

“The Belgian Food Industry Federation awarded first prize to the Stella Artois and Jupiler PET bottle at the Fine Food Awards 2004”

INNOVATION

Innovation continues to play an important role for both global and local brands. The portfolio of PET packaging reached a global figure of 2.3 million hectoliters in 2004, a growth of more than 75% versus 2003, and our Innovation team continued improving our barrier-enhanced mono-layer PET technology. In Belgium, for example, Fevia, the Belgian Food Industry Federation, awarded first prize to the Stella Artois and Jupiler PET bottle at the Fine Food Awards 2004.

PET was launched in a number of Central and Eastern European countries, including Hungary, Croatia, Czech Republic, Bosnia-Herzegovina, Serbia and Montenegro. Its role was expanded in Belgium and the U.K., and in South Korea, Q Pack® built on its success in 2003.

In Russia, Sibirskaya Korona Georgievskoe was launched in the 50-centiliter Pivopack® bottle in February. Other examples of innovation in Russia include the launch of Klinskoye Arriva and Tolstiak Grechishnoe, which is brewed with buckwheat. Innovation in this market is largely responsible for the significant volume growth of our portfolio of brands. In Ukraine, Chernigivske Fitness beer was launched, which contains a vitamin complex.

We rolled out aluminum bottles in 2004, including the premium aluminum bottle for Beck’s, launched in Belgium and Croatia. Stella Artois is also now available in aluminum bottles, expanding the brand’s presence and image among core-brand consumers in targeted, high-end markets. In Germany, Hasseröder’s 500-milliliter slim can – whose unique shape allows its returnability – was launched.

The end of the year also saw the launch of PerfectDraft in Belgium and Luxembourg, in partnership with Philips. This is an exciting new system which combines a high-quality appliance and consumer-preferred beer brands in light metal kegs, delivering the great taste of draught beer in the comfort of one’s own home. Also in Belgium, the strengthening of Jupiler’s brand identity was achieved through the introduction of cans with colorful offset printing.

There was continued success for the innovative, low-carb brands, Rock Green Light in the U.S., and Labatt Sterling in Canada. In France, the Leffe 3-liter “celebration” glass bottle hit the shelves, sporting a full-shrink sleeve; the bottle was targeted specifically for special events.

In the U.S., InBev USA announced the launch of a new member of the Beck’s family, Beck’s Premier Light. This is a heavyweight champion when it comes to taste, but a featherweight in terms of calories. With just 64 calories under its belt, Beck’s Premier Light has the fewest calories of any beer in the U.S. market, and only 3.9 grams of carbohydrates.

“PerfectDraft is an exciting new system which combines a high-quality appliance and consumer-preferred beer brands in light metal kegs”

2004 Drivers of Success

The brand started shipping in January 2005, with a full national rollout in March. In the U.S., light and low-carb offerings continue to drive the beer-category growth into positive figures.

Overall, innovation is supporting the rollout of global specialty brands, Leffe and Hoegaarden. Since August 2004, Leffe has deepened its connection with consumers by launching an innovative print campaign, "Savour Life. Savour Leffe." It is running in four countries and highlights "the unique nature of the Leffe drinking occasion," as seven pub stories capture the intimacy and meaning which unfold through a chalice of Leffe.

PEOPLE

InBev changed the name of its Human Resources department in 2004 to the People department. This change is more than symbolic. It underlines the fact that people really are our most important asset, and that the company thinks of its employees not only as a resource, but also as individuals, with different needs, wants, skills and potential.

The Insight Map program, an awareness-building, interactive, communication tool developed specifically to support the company's four-pillar strategy, was rolled out across all geographies, reaching each and every employee who works for InBev.

We have introduced several systems to help us achieve our vision of being not just the biggest, but the best, including our target-setting process, which will ensure that we are all focused on the critical factors which will drive the company's success. Since we are going after aggressive financial targets, we have introduced a new performance/compensation system. This system will closely link compensation with the successful completion of both company and individual targets.

We have undertaken several excellent initiatives, including the Global Leadership Program and Insead-Wharton, to train our most senior managers. We are also developing a program for middle-managers, and based on its success are launching a Global Training Program for university graduates who join the company. Our objective is to have the majority of top leaders in our organization recruited from within the company.

CULTURE

InBev's mission – what we stand for – is to create enduring bonds with consumers by providing the brands and experiences that bring people together.

Our vision – what we want to achieve – is to reach our "impossible dream": bringing two outstanding companies together to create the best organization in the industry – going from biggest to best.

We are proud to say that a new culture – how we achieve our mission and vision – is already emerging, and will continue to expand, as more than 77,000 employees work together in ways consistent with our four values:

Our consumers come first

That our consumers come first continues to be the focal point of our values. Consumers remain at the heart of everything we do, and we will partner with our customers to ensure that we meet this primary commitment. We continue to look for innovative opportunities and will act on them decisively. We also remain committed to establishing and delivering superior quality.

Our people make the difference

We attract the very best people, and we hold on to them. We continue to invest in their development, in order to support continuous learning, and to reward success.

We make things happen

Our success will come from a single-minded focus on achieving our targets. As demonstrated in the past, we have shown great enthusiasm for the work we do. Over the last decade we have established ourselves as an organization which thinks big and is not afraid to go the extra mile, when needed.

We lead the way

We do this by personal example, and by being where things happen. In the last ten years we have learned to appreciate the value of cultural diversity as one of the main drivers of our success. Today, this cultural diversity is well-reflected in our new organization.

The key strategic pillars we defined last year remain the drivers for reaching our vision. We now call this the InBev Way. We are definitely bigger, we will be faster, and we will be the best.

FINANCIAL DISCIPLINE

Corporate Finance's ongoing objective is to contribute to the best combination of growth, profitability, risk management, and cash generation. With that perspective, Corporate Finance monitors and challenges the company's performance through planning and controlling; provides information both internally and externally; supports local operations and other corporate functions; and optimizes the cost, source and use of funds, as well as the various risks the company is facing.

In addition to our focus on both the organic growth drivers and the cost drivers, we developed our approach of profitability based on Return On Invested Capital (ROIC) for existing assets, as well as for our targeted external-growth activities.

As an illustration of this, our acquisition methodology was refined as follows: EBITDA multiples and cost per hectoliter are benchmarking criteria, while cash accretion (Cash Earnings Per Share) and value creation (ROIC and Net Present Value) are decision criteria.

"That our consumers come first, continues to be the focal point of our values"

Corporate Responsibility

“InBev recently became a member of the United Nations Global Compact”

Corporate Responsibility at InBev is focused on areas where our business objectives intersect with societal need. We plan to find this intersection by driving our mission, vision and values into our business – globally.

Our objective in the area of Corporate Responsibility (CR) is to begin a journey to more effectively manage our risks, make our business more efficient, and create new value for the company. We will be transparent on the progress of our journey.

As we continue to integrate globally, we will report on global best practices and new learning experiences. Given that many of our operations have already established a superior track record in the area of corporate responsibility, we have a unique opportunity to develop operational synergies.

InBev recently became a member of the United Nations Global Compact, an international initiative which brings companies together with U.N. agencies and society to support ten principles in the areas of human rights, labor, the environment, and anti-corruption.

In the area of human rights, businesses should support and respect the protection of internationally proclaimed human rights, and make sure that they are not complicit in human rights abuses.

In the area of labor standards, businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

In the area of the environment, businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

And in the area of anti-corruption, businesses should work against all forms of corruption, including extortion and bribery.

Through the power of collective action, the Global Compact seeks to advance responsible corporate citizenship so that businesses can be part of the solution to the challenges of globalization. In this way, the private sector – in partnership with other social actors – can help realize a more sustainable and inclusive global economy.

We plan to share our future corporate responsibility efforts in our first Corporate Responsibility report which we will publish in the fall of 2005. We will report using globally accepted reporting guidelines which have been derived through an international multi-stakeholder collaboration process. We will also develop performance metrics to clearly show how we are addressing our key issues.
Our vision, to move from biggest to best, is linked to stakeholder trust. Trust is earned. Transparency in what we do is instrumental in developing and maintaining this trust. We know that to prosper tomorrow we need to be the kind of company with which people want to do business, repeatedly, over time. The projects we undertake will be in accordance with our general business vision.

InBev is a new international company which is committed to preserving its proud Belgian heritage. We are creating wealth by ensuring that our partners are part of our globally sustainable business. We are also innovating new ways of going to market. We are leaders in making our product the drink of moderation. We would rather have many moderate drinkers than a narrow base of individuals who abuse and harm our industry's reputation.

We are going to focus on our responsibility in the following areas: economic, social, environmental, product quality and safety. We take our responsibility as an engine of economic and social change seriously, and look forward to building further trust in what is already a great company.

Two Initiatives

In Brazil, we launched the "Maués" project. This is an initiative in the city of Maués, located in the Amazon region, which is the greatest source of the guaraná fruit used by AmBev. The purpose of this project is the economic, social and environmental development of the region, based on improved guaraná cultivation techniques for local farmers. Our partners include the local city government, Embrapa (Brazil's leading agricultural research center) and IDAM (the institute for the development of the Amazon region).

In the Czech Republic, "Staropramen Breweries to Cities," a new corporate program, was developed by InBev. The aim is to support the environment and green areas in Czech cities. The company addressed mayors of the 100 largest cities, which could then register their projects for environment improvement. Altogether, 71 projects were nominated. A jury consisting of company representatives and specialists (e.g., Ministry of Environment, Urban Planning Institute) selected three. Each winning city received a financial amount of almost 17,000 euro for the realization of the project.

Corporate Governance

Corporate Governance

The Corporate Governance rules established by the InBev Board of Directors ensure that the company is effectively run and properly controlled. Without limiting vision or hampering swift action, the rules establish a framework of best practices, a way of thinking and the modus operandi within and around the company to ensure clarity and proper conduct. Powers and responsibilities are divided between the Board of Directors and executive management in such a way that all key people can provide InBev with the two kinds of leadership it needs: one based on control, and one based on advancement. The essential discipline within the company provides a base on which we can build, in order to take InBev from biggest to best. The rules are tough to give us all the confidence – outsiders and insiders alike – that InBev pursues its destiny along a proper path.

InBev is committed to the highest standards of Corporate Governance. As a company incorporated under Belgian law and listed on the Primary Market of Euronext Brussels, InBev adheres to the principles and provisions of the Belgian Code on Corporate Governance which was published in December 2004, taking into account its specific situation as a multinational group. Most of the provisions of the Code are already integrated into the company's current Corporate Governance rules.

THE BOARD OF DIRECTORS

Powers and Responsibilities

The Company has historically opted for a "one-tier" governance structure. As a result, the Board is the ultimate decision-making body, except for the powers reserved to the Shareholders' Meeting by Belgian law, or by the bylaws. The Board decides the company's strategy, the long-range plan, and all major investments and divestments. It also controls the implementation of the decisions which result. As provided for by the Belgian Companies Code, the Board assumes ultimate responsibility for the oversight of the company's activities, working with the Audit Committee to ensure that the management team develops appropriate, adequate and cost-effective internal controls, reviewing and approving the annual and six-month financial statements, examining the financial position of any subsidiary of the company, and presenting to the Annual Shareholders' Meeting a clear and complete evaluation of the company's financial situation. The Board appoints the Chief Executive Officer and members of the Board Committees. Taking into consideration the CEO's recommendations, the Board also decides on the structure of the group, major or long-term transactions, the appointment or dismissal of members of the executive management, the budget, and investment plans.

Directors			Term started	Term expires
Pierre Jean Everaert	1939, American	Non-Executive Independent Director, Chairman of the Board	1997	2006
Allan Chapin	1941, American	Non-Executive Director, nominated by the holders of class A Stichting Interbrew certificates	1994	2005[1]
Carlos Alberto da Veiga Sicupira	1948, Brazilian	Non-Executive Director, nominated by the holders of class B Stichting Interbrew certificates	2004	2007
Jean-Luc Dehaene	1940, Belgian	Non-Executive Independent Director	2001	2007
Count Arnoud de Pret Roose de Calesberg	1944, Belgian	Non-Executive Director, nominated by the holders of class A Stichting Interbrew certificates	1990	2005[1]
Philippe de Spoelberch	1941, Belgian	Non-Executive Director, nominated by the holders of class A Stichting Interbrew certificates	1977	2007
Peter Harf	1946, German	Non-Executive Independent Director	2002	2005 [1]
Remmert Laan	1942, French	Non-Executive Independent Director	1998	2007 [2]
Jorge Paulo Lemann	1939, Brazilian	Non-Executive Director, nominated by the holders of class B Stichting Interbrew certificates	2004	2007
Roberto Moses Thompson Motta	1957, Brazilian	Non-Executive Director, nominated by the holders of class B Stichting Interbrew certificates	2004	2007
Kees J. Storm	1942, Dutch	Non-Executive Independent Director	2002	2005 [1]
Marcel Herrmann Telles	1950, Brazilian	Non-Executive Director, nominated by the holders of class B Stichting Interbrew certificates	2004	2007
Alexandre Van Damme	1962, Belgian	Non-Executive Director, nominated by the holders of class A Stichting Interbrew certificates	1992	2007
Mark Winkelman	1946, Dutch	Non-Executive Independent Director	2004	2007

(1) Mandate renewable on April 26, 2005.

(2) Mr.R. Laan has until recently represented certain shareholders in the company. Since he has ceased to do so, he is to be considered as an independent Director. Nevertheless, Mr. Laan does not qualify as "independent" within the meaning of Article 524 of the Belgian Companies Code, since he does not meet the following condition provided for by Article 524, § 4 of the Belgian Companies Code : "1° during a period of two years preceding his appointment, the independent Director may not have held a position as Director, manager or member of the management committee in the company ...."

Corporate Governance

Structure

Board members are appointed by the shareholders at the Shareholders' Meeting upon proposal by the Board of Directors. Pursuant to the Interbrew Shareholders' Agreement, dated March 2, 2004, the holder of the class B Stichting Interbrew Certificates and the holder of the class A Stichting Interbrew Certificates each have the right to nominate four Directors. The Stichting Interbrew Board (which consists of eight Directors, four of whom are appointed by the holder of class B Certificates and four of whom are appointed by the holder of class A Certificates) nominates 4 to 6 independent Directors. Independent Directors shall be independent of shareholders exercising a decisive or significant influence on InBev's policy. They shall be specifically chosen for their particular professional expertise and, to the extent possible, comply with the criteria for independence set forth in Article 524 of the Belgian Companies Code.

The Chairman is appointed by the Board from among its independent members. Directors are appointed for three years, and must retire after the Shareholders' Meeting following their 70th birthday. Current members are listed on the previous page.

By virtue of the Interbrew Shareholders' Agreement, dated March 2, 2004, the Board of Directors of InBev was expanded to 14 members: during the Extraordinary Shareholders' Meeting of August 27, 2004, Messrs. Marcel Herrmann Telles, Roberto Moses Thompson Motta, Jorge Paulo Lemann and Carlos Alberto da Veiga Sicupira were appointed as new Directors and Messrs. Frédéric de Mevius and Charles Adriaenssen resigned as Directors. Moreover, Mr. Bernard Hanon resigned as from October 7, 2004, given his age (71). The Board decided to replace him by Mr. Mark Winkelman.

Functioning

The Board meets regularly and as frequently as is required by the company's interests. If an urgent issue arises between meetings, it can be dealt with immediately by a conference call. In 2004, the Board held nine ordinary and eight special meetings. These were held several times in countries where InBev has subsidiaries, to allow the Directors to learn more about the local situation, issues, and activities.

Major issues on the agenda of the Board in 2004 were the long-range plan; the sales figures; reporting and budget; follow-up of the subsidiaries; consolidated results; strategic decisions; new and ongoing investment; discussion and analysis of acquisitions.

The Board is a collegial body. It can only deliberate if a majority of its members are present or represented. Each Director can appoint another member of the Board to represent her or him and vote in her or his name. A Director can represent only one other Director. The average attendance rate at Board meetings in 2004 was 96.5% for the ordinary meetings and 96% for the special meetings. Decisions are made by a simple majority of the votes cast. Any Director with a conflicting financial interest must bring this to the notice of both the statutory auditors and fellow Directors, and take no part in related deliberations.

Certain Directors also serve on the Board Committees – the Audit Committee, the Finance Committee, the Compensation and Nominating Committee and the Convergence Committee.

CHIEF EXECUTIVE OFFICER AND EXECUTIVE BOARD OF MANAGEMENT

The Chief Executive Officer (CEO) is entrusted by the Board with InBev's day-to-day management, and has direct operational responsibility for the entire company.

He oversees the organization and efficient day-to-day management of subsidiaries, affiliates and joint ventures. The CEO reports directly to the Board of Directors, and keeps the Board informed of significant operational activities.

The Executive Board of Management is the management structure that reports to the CEO and enables the CEO to properly perform his duties. The Chairman is the CEO, members are the Chief Financial Officer, the Chief Commercial Officer, the Chief Technical Officer, the Chief People Officer, the Chief Information & Services Officer, the Chief Strategy & Business Development Officer, the Chief Legal Officer and the Zone Presidents of the five principal geographic zones in which the company operates.

The CEO makes recommendations to the Board on the appointment of the executive management. Normally, executives retire at the end of the year following their 65th birthday. Details of InBev's Executive Board of Management are provided on pages 36 and 37.

BOARD COMMITTEES

Until the closing of the combination with AmBev, the Board of Directors was assisted by three formal Committees: the Strategy & Business Development Committee, the Human Resources & Nominating Committee and the Audit & Finance Committee. The terms of reference and composition of the various Board Committees have been revisited following the closing of the combination with AmBev, in accordance with the guidelines and best practices recently published by various authorities with respect to Corporate Governance.

The Board Committees of InBev were realigned as follows.

The activities of the Strategy & Business Development Committee which advised the Board on strategy, partnerships, acquisitions and divestments, were stopped. These subjects have now become a matter for the Board as a whole.

The Human Resources & Nominating Committee was renamed the Compensation and Nominating Committee to be consistent with international standards. The role of the Committee remains unchanged. It monitors the trainee program results in terms of recruiting during the year, career progress of trainees recruited in previous years and overall assessment of the program results vs. stated objectives. It also advises the Board on the management of people, particularly in relation to performance monitoring, management-succession planning and remuneration. Details of the role which this Committee plays with respect to the compensation of the Board and the executive management are given in the section on remuneration on pages 33 through 35. It met eight times in 2004.

Corporate Governance

	Audit Committee	Compensation and Nominating Committee	Finance Committee	Convergence Committee
Pierre Jean Everaert	Member	Member	Member	
John Brock (CEO)				Member
Allan Chapin			Member	
Carlos Alberto da Veiga Sicupira		Member		
Jean-Luc Dehaene	Member			
Count Arnoud de Pret Roose de Calesberg	Member [1]		Chairman	
Philippe de Spoelberch		Member		
Peter Harf		Member		Member
Remmert Laan			Member	
Jorge Paulo Lemann			Member	
Roberto Moses Thompson Motta			Member	
Kees J. Storm	Chairman			
Marcel Herrmann Telles		Chairman		Chairman
Alexandre Van Damme		Member		
Mark Winkelman	Member			

(1) Starting February 2005.

	Number of subscription rights offered	Issuance date	Offer date	Exercise price
Directors*	48,600	13 June 02	2002	32.70
	77,112	10 December 02	2002	21.83
	66,096	29 April 03	2003	19.51
	143,208	27 April 04	2004	23.02
Executive Board of Management*	35,000	13 June 02	2002	32.70
	600,000	10 December 02	2002	21.83
	473,025	10 December 02	2003	21.83
	847,678	27 April 04	2004	23.02
Managers & others	52,760	14 March 02	2002	28.87
	149,025	13 June 02	2002	32.70
	2,010,815	10 December 02	2002	21.83
	140,354	10 December 02	2003	21.83
	2,426,450	27 April 04	2004	23.02

* Based on membership on the offer date.

The Audit & Finance Committee was split into two separate Committees, the Audit Committee and the Finance Committee. The Chairman of the Audit Committee is appointed from among the independent directors except the Chairman of the Board. The CEO and the CFO are invited to the meetings of the Committee. Periodically, the Committee meets separately with InBev's statutory auditors, the Vice-President Corporate Audit and the management to discuss matters that the Committee or any of these persons believe should be discussed privately.

The Committee assists the Board in its oversight responsibility, particularly in relation to the integrity of the company's financial statements, the company's compliance with legal and regulatory requirements, the statutory auditor's qualification and independence and the performance of the statutory auditor and the company's internal audit function. InBev's management prepares, presents and ensures the integrity of the company's financial statements. It is also responsible for the principles which govern the company's accounting and financial reporting, as well as for internal controls and procedures designed to assure compliance with accounting standards, the law, and regulations. The statutory auditors are responsible for auditing the company's financial statements, and expressing an opinion as to their conformity with the International Financial Reporting Standards (formerly named IAS).

The Audit Committee oversees management as it carries out these responsibilities. Accordingly, it considers the audited financial statements, and discusses them with management and the statutory auditors before it submits them to the Board for final determination. The Committee also evaluates the statutory auditors' independence by discussing with them their written statement delineating all relationships with the company. In accordance with its terms of reference, the Audit Committee meets at least four times per year.

The Finance Committee assists the Board in its oversight responsibility, particularly in the area of corporate finance; e.g., aiming at maintaining the optimal capital structure and reviewing the budget, long-range plans and capital expenditures. The Committee also reviews and monitors the financial risk-management policy (e.g., leverage and liquidity levels), as well as the financial impact analyses of mergers and acquisitions brought to the attention of the Board. The Committee periodically evaluates the company's legal and tax structure and supervises its insurance policies. Finally, the Committee assists the Board in assuring the adequacy of the financial communication and the compliance with stock market rules and regulations. In accordance with its terms of reference, the Finance Committee meets at least four times per year.

The announcement of the combination with AmBev on March 3, 2004, referred to the creation of a Convergence Committee which is composed of Board members and the CEO. This Committee is a temporary ad hoc Committee which is expected to be dissolved in December 2005 at the request of the Committee Chairman, once the integration of InBev and AmBev is deemed completed. The Committee is responsible for the formation of a unified culture, the dissemination of best practices, designation of key appointments, establishment of an appropriate compensation scheme and the capture of synergies.

REMUNERATION

For 2004, our philosophy on remuneration has been to fix rewards competitively and equitably to motivate and develop our people, and support the growth of our worldwide business. We asked for performance in terms of superior profit, continued personal growth and respect for those we serve. Rewards were differentiated over time, based on results and competencies achieved.

The level of rewards has been attuned to the markets in which InBev operates. Total compensation (including base pay and variable pay) linked performance to the current practice of comparable companies for similar positions – with average performance matched to the market median, and superior results matched to the top quartile. Benefits, including pension programs, as well as health and welfare schemes, are benchmarked against the median of local reference markets.

Corporate Governance

	Number of subscription rights outstanding	Voting power attached to subscription rights
Directors*	350,920	0.06%
Executive Board of Management*	2,454,200	0.43%
Managers & others	8,646,181	1.50%
	11,451,301	

* Based on membership on December 31st, 2004.

Going forward, as of 2005, a new compensation system has been designed and will be submitted for approval to the shareholders. To help drive the desired high performance culture, there will be greater focus on annual and long-term incentives than on salary. Base salaries will be aligned to mid-market levels. Stretched but achievable performance targets will be linked to both short- and long-term incentives, but there will also be exceptional levels of reward for achieving these “Biggest to Best” targets.

Personal financial commitment to the company will be rewarded with the potential for significantly higher long-term compensation. To work most effectively, the compensation system will require a personal investment of an employee’s bonus in InBev (or AmBev) shares.

Our compensation and reward programs are overseen by the Compensation and Nominating Committee (C&NC).

Board remuneration

The C&NC benchmarks Directors’ compensation against peer companies to ensure that it is competitive. Compensation is linked to the time committed to the Board and its various Committees and is submitted to shareholders’ approval. For 2004, a fixed annual fee of 67,000 euro is based on ten Board meetings and the normal number of Committee meetings a year. The fee is supplemented with an amount of 1,500 euro for each additional meeting, or reduced each time a meeting is not attended. The Chairman’s fee is double that of other Directors.

In addition, Board members are granted a limited number of stock options under the long-term incentive plan. The remuneration of the Board members is composed of a fixed fee and a fixed number of options, which insures the independence of the Board members in their role of guidance and control of the Company, as well as aligning the Directors’ interests with those of the shareholders.

InBev's registered office is located at Grand'Place 1, Brussels, Belgium...

Executive remuneration

The C&NC oversees executive remuneration. It submits to the Board for approval recommendations on the compensation of the CEO and, upon recommendation of the CEO, of the executive management. It submits to the Board for approval the annual bonus plan for the management and the company's long-term incentive plan and approves the individual level of participation in the long-term incentive plan.

In order to ensure that executive compensation is in line with InBev's philosophy on competitive rewards, once a year information on current remuneration levels in relevant industries and geographies is received from independent industry experts.

The goal at InBev is to deliver market-leading compensation, driven by both company and individual performance, encouraging executive ownership and therefore aligned with shareholders' interests. To achieve this aim, we have created a common incentive structure for a number of executives already participating in the new target-setting program:

- A base salary, which is benchmarked at mid-market for relevant local or regional markets
- Annual incentives based on (but not limited to):
  - Upper quartile levels for the appropriate market
  - Business unit and individual targets based on cascading group targets
  - Awards determined by achievement against individual objectives, and partially delivered in shares
- Longer-term incentives which include awards of InBev options dependent on sustained performance of ROIC against WACC.

Remuneration in 2004

In 2004, the total fees earned by Board members amounted to 1.41 million euro. The fixed salary earned by members of the Executive Board of Management was 16.1 million euro, while they also earned a bonus of 6.2 million euro.

In 2004, a total of 3,417,336 subscription rights were offered under the long-term incentive plan. The long-term incentive plan was adopted in June 1999. The plan entails a yearly issue of registered subscription rights principally to executive officers and managers and secondarily to InBev's Directors. Each issue is subject to shareholders' approval and must satisfy conditions relating to limitation or cancellation of shareholders' preferential rights. Each subscription right entitles the holder to subscribe for one share, paying the average price over the 30 trading days before it was offered. Subscription rights have a term of maximum ten years, and become exercisable over a three-year period.

Dividends

Our policy is to retain the majority of our earnings to finance future growth. We intend to use between 25% and 33% of our net profit from ordinary activities to pay dividends. Any change in this policy requires shareholders' approval with a qualified majority of 75 % of the votes cast.

... and InBev's Corporate Headquarters are located in Leuven, Belgium.

Who's Who

John Brock
CHIEF EXECUTIVE OFFICER

Born in 1948, John joined InBev in February 2003, bringing to the company almost 25 years of experience in the global beverage industry. An American citizen, John holds a Master of Science degree in Chemical Engineering from the Georgia Institute of Technology in Atlanta. John started his professional career at Procter & Gamble, before joining Cadbury Schweppes in 1983. He held a number of senior positions in various geographies, was appointed to the Cadbury Schweppes Board in 1996, and became Chief Operations Officer in 2000.

Carlos Brito
ZONE PRESIDENT NORTH AMERICA

Born in 1960, Carlos joined AmBev in 1990. Prior to this he worked for Shell Oil and Daimler Benz. A Brazilian citizen, Carlos holds a degree in Mechanical Engineering from the Federal University of Rio de Janeiro and an M.B.A. from Stanford University. At AmBev, he held various positions in Finance, Operations, and Sales, before being appointed Chief Executive Officer in January 2004.

Sabine Chalmers
CHIEF LEGAL OFFICER

Born in 1965, Sabine joined InBev from Diageo plc, where she has held a number of senior legal positions in various geographies since 1993. These include, most recently, General Counsel for Diageo, North America. Prior to Diageo, Sabine was an associate at the law firm of Lovells in London. A German citizen, Sabine holds an LL.B (Bachelor of Law) from the London School of Economics. She is qualified as a solicitor in England and is a member of the New York State Bar.

Stéfan Descheemaeker
ZONE PRESIDENT
CENTRAL & EASTERN EUROPE

Born in 1960, Stéfan joined InBev in 1996 after starting his professional career with the Belgian Ministry of Finance, moving on to Banque Paribas. A Belgian citizen, Stéfan holds a degree in Commercial Engineering from Solvay Business School in Brussels. At InBev, he held various positions in Business Development and External Growth Strategy, and was appointed Zone President U.S. & Latin America in September 2003.

Felipe Dutra
CHIEF FINANCIAL OFFICER

Born in 1965, Felipe joined AmBev in 1990 from Aracruz Cellulose. A Brazilian citizen, Felipe holds a Major in Economics from Candido Mendes and an M.B.A. in Controlling from the University of Sao Paulo. At AmBev, he held various positions in Trading and Treasury before being appointed Chief Financial Officer in 2000.

Luiz Fernando Edmond
ZONE PRESIDENT
CENTRAL & SOUTH AMERICA

Born in 1966, Luiz joined AmBev in 1991 after starting his professional career with Banco Nacional in Brazil. A Brazilian citizen, Luiz holds a degree in Production Engineering from the Federal University of Rio de Janeiro. At AmBev, he held various positions in Operations, Distribution and the Commercial area. He was appointed Sales & Distribution Director in 2002.

Claudio Garcia
CHIEF INFORMATION & SERVICES OFFICER

Born in 1968, Claudio joined AmBev as a trainee in 1991, after receiving a degree in Economics from the Federal University of Rio de Janeiro. A Brazilian citizen, Claudio held various positions in Finance and Operations before being appointed IT and Shared Services Director in 2002.

Stewart Gilliland
ZONE PRESIDENT WESTERN EUROPE

Born in 1957, Stewart joined Whitbread in 1984 from Pedigree pet foods (Mars Group). A British citizen, Stewart holds a B.A. (Hons) in Business Studies. He held various positions in Marketing and Sales at Whitbread and Interbrew UK, where he became Chief Executive in 2001. In September 2003, he was appointed Zone President Canada.

Patrice J. Thys
ZONE PRESIDENT ASIA PACIFIC

Born in 1955, Patrice joined InBev as General Counsel in 1989. He started his professional career with F.N. Manufacturing (South Carolina), and then moved on to a Washington, D.C.-based law firm. He continued his corporate career at Alsthom and later at Vivendi. A Belgian citizen, Patrice holds a law degree from the University of Louvain-la-Neuve (UCL), a certificate in International and European Law from the University of Leiden, and an LL.M (Master of Law) from the University of Chicago. Prior to being appointed Zone President Asia Pacific in September 2003, his position at InBev was Executive Vice President Legal & Corporate Affairs and President China.

Jo Van Biesbroeck
CHIEF STRATEGY & BUSINESS DEVELOPMENT OFFICER

Born in 1956, Jo joined InBev in 1978 after receiving a degree in Economics from the University of Leuven. A Belgian citizen, Jo's career at InBev has included various positions in Controlling and Finance. He became Senior Vice President Corporate Strategy in 2003.

Peter Vrijsen
CHIEF PEOPLE OFFICER

Born in 1954, Peter joined InBev as Chief Human Resources Officer in 2003. A Dutch citizen, he holds a Masters degree in Organizational Development from the University of Tilburg. Prior to InBev, Peter held several international positions in Human Resources with General Electric, Royal Packaging van Leer, and Metro Cash and Carry.

Andre Weckx
CHIEF TECHNICAL OFFICER

Born in 1953, André joined InBev in 1982 as a Plant Manager, Diamond Breweries, Nigeria. He started his professional career with Beltex Corp., Texas. A Belgian citizen, André holds a degree in Chemical Engineering and Agricultural Industries from the University of Leuven. At InBev, he worked as a plant manager in different international locations and in senior Operations positions before being appointed Chief Technical Officer in September 2003.

Brent Willis
CHIEF COMMERCIAL OFFICER

Born in 1960, Brent joined InBev in 2002 as Chief Marketing and Sales Officer. His prior companies were Kraft and Coca-Cola, where he held various senior commercial positions in a number of international locations. An American citizen, Brent holds a Bachelor of Science degree in Engineering from the U.S. Military Academy at West Point and an M.B.A. from the University of Chicago. He was appointed Chief Commercial Officer in September 2003.

CHANGES

François Jaclot served as Chief Financial Officer and member of the EBM until February 28, 2005.

Jerry Fowden served as Zone President Europe and member of the EBM until December 31, 2004.

Glossary

Aggregated weighted tax rate
Calculated by applying the statutory tax rate of each country on the profit before tax and any extraordinary items of each entity and by dividing the resulting tax charge by the total profit before tax and extraordinary items of the company.

Cash interest coverage
EBITDA minus gross capex, divided by net interest expenses.

Debt/equity ratio
Net debt divided by capital and reserves.

Diluted EPS before goodwill
Net profit, plus amortization of goodwill, divided by the fully diluted weighted average number of ordinary shares.

EBIT
Profit from operations.

EBITDA
Profit from operations plus depreciation and amortization.

EPS before goodwill
Net profit, plus amortization of goodwill, divided by the weighted average number of ordinary shares.

Fully diluted weighted average number of ordinary shares
Weighted average number of ordinary shares, adjusted by the effect of share options on issue.

Marketing expenses
Include all costs relating to the support and promotion of the brands. They include among others operating costs (payroll, office costs, etc.) of the marketing department, advertising costs (agency costs, media costs, etc.), sponsoring and events, and surveys and market research.

Net CAPEX
Acquisitions of property, plant and equipment and of intangible assets, minus proceeds from sale.

Net debt
Non-current and current interest-bearing loans and borrowings and bank overdrafts, minus debt securities and cash.

Net turnover
Turnover less excise taxes and discounts.

Normalized diluted earnings per share before goodwill
Diluted EPS before goodwill, adjusted for non-recurring items.

Normalized EBIT
Profit from operations adjusted for non-recurring items.

Normalized EBITDA
Profit from operations adjusted for non-recurring items, plus depreciation and amortization.

Normalized EPS before goodwill
EPS before goodwill, adjusted for non-recurring items.

Normalized net profit
Net profit adjusted for non-recurring items.

Normalized profit from operations
Profit from operations adjusted for non-recurring items.

Normalized return on invested capital (normalized ROIC)
Return on invested capital (ROIC), adjusted for non-recurring items.

Non-recurring items
Items of income or costs which do not occur regularly as part of the normal activities of the company, and which amount to minimum 5m euro before tax.

Pay out ratio
Gross dividend per share multiplied by the number of outstanding ordinary shares at year-end, divided by net profit from ordinary activities.

Return on invested capital (ROIC)
Net operating profit after tax, plus income from associates and dividend income from non consolidated companies, divided by the invested capital, prorated for acquisitions done during the year.

Sales expenses
Include all costs relating to the selling of the products. They include among others the operating costs (payroll, office costs, etc.) of the sales department and the sales force.

Weighted average number of ordinary shares
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

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