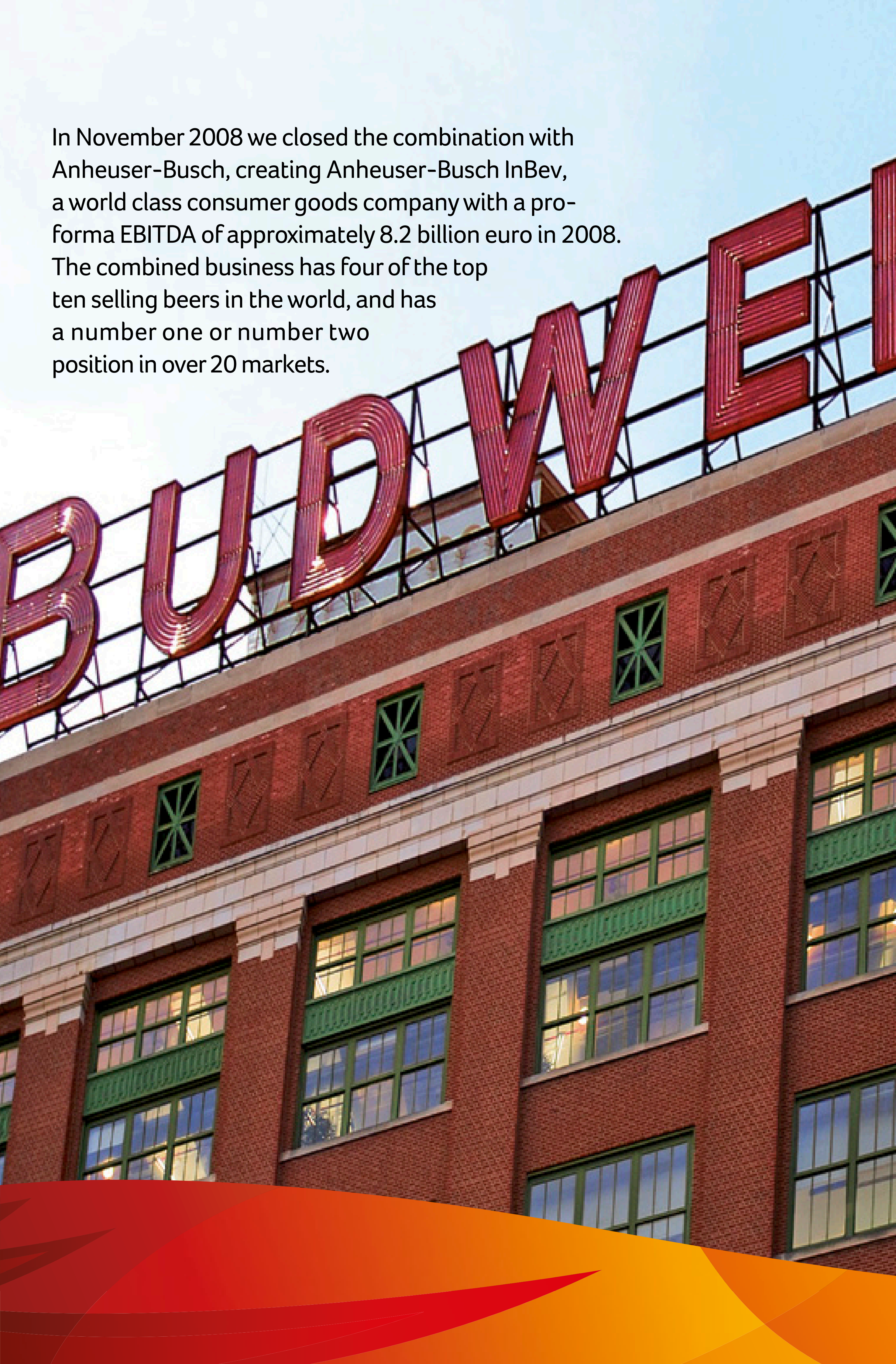
Our dream is to become

The Best Beer Company in a Better World

Annual Report 2008

Anheuser-Busch InBev

In November 2008 we closed the combination with Anheuser-Busch, creating Anheuser-Busch InBev, a world class consumer goods company with a pro-forma EBITDA of approximately 8.2 billion euro in 2008. The combined business has four of the top ten selling beers in the world, and has a number one or number two position in over 20 markets.



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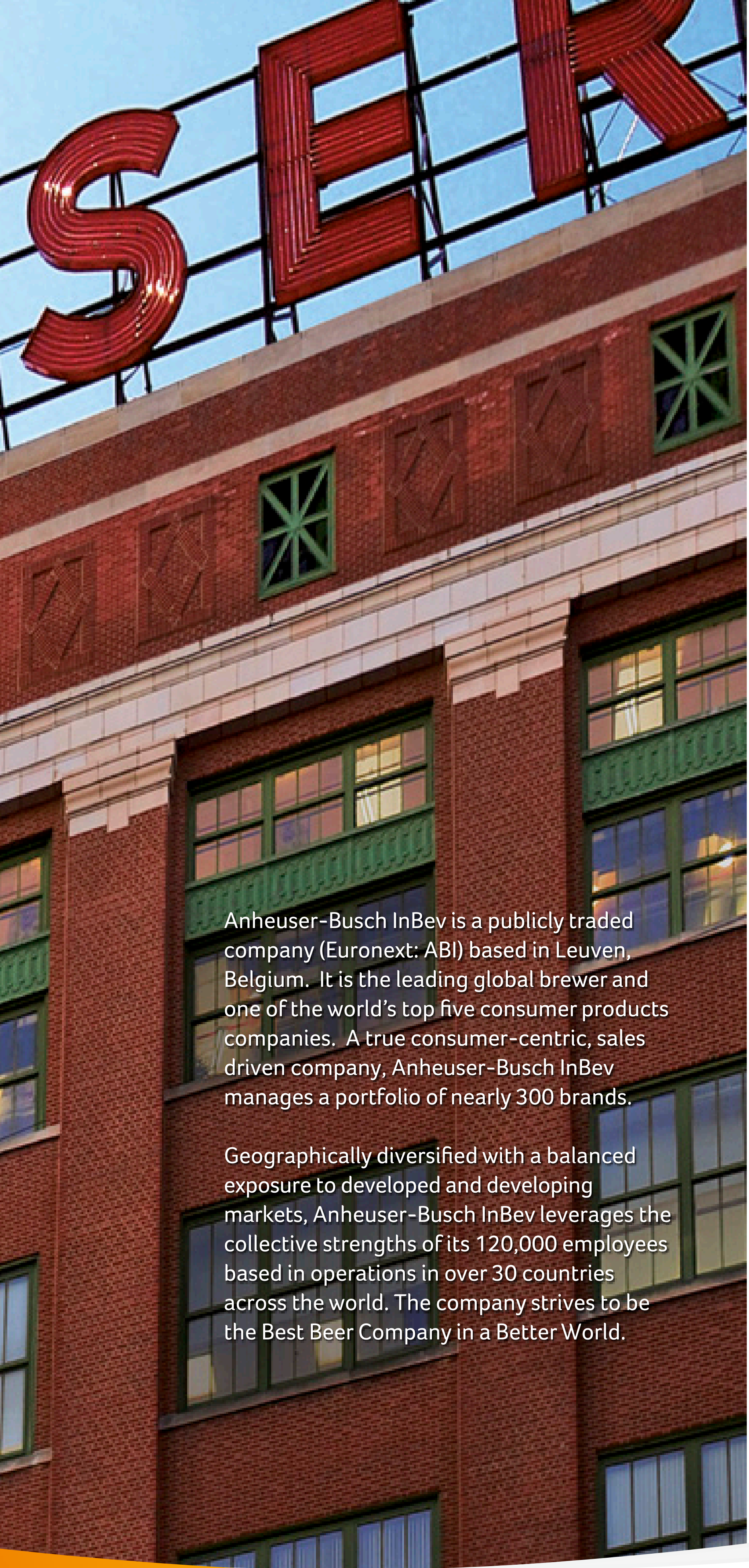


Anheuser-Busch InBev is a publicly traded company (Euronext: ABI) based in Leuven, Belgium. It is the leading global brewer and one of the world's top five consumer products companies. A true consumer-centric, sales driven company, Anheuser-Busch InBev manages a portfolio of nearly 300 brands.

Geographically diversified with a balanced exposure to developed and developing markets, Anheuser-Busch InBev leverages the collective strengths of its 120,000 employees based in operations in over 30 countries across the world. The company strives to be the Best Beer Company in a Better World.

'Anheuser-Busch and InBev both have rich brewing traditions and a commitment to quality and integrity. We will succeed by celebrating and integrating both companies' strong brands, heritages and values and by incorporating the best practices of both to create opportunities for all of our stakeholders worldwide.'

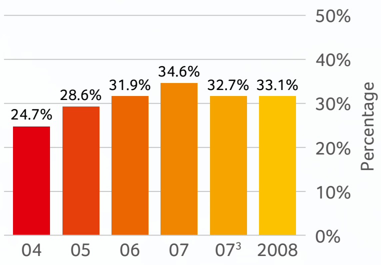
Chief Executive Officer

Key figures[1]

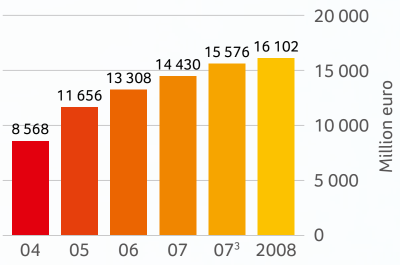
Million euro, unless stated otherwise	2004[2]	2005	2006	2007 reported	2007 restated[3]	2008
Volumes (million hls)	162	224	247	271	286	285
Revenue	8 568	11 656	13 308	14 430	15 576	16 102
Normalized EBITDA	2 116	3 339	4 239	4 992	5 091	5 334
EBITDA	2 329	3 132	4 223	5 324	5 423	4 928
Normalized profit from operations	1 255	2 439	3 223	3 920	3 933	4 022
Normalized profit attributable to equity holders of Anheuser-Busch InBev	621	1 024	1 522	1 863	1 886	1 711
Profit attributable to equity holders of Anheuser-Busch InBev	719	904	1 411	2 198	2 221	1 288
Net financial debt	3 271	4 867	5 563	5 093	n.a.	40 713
Cash flow from operating activities	1 384	2 405	3 287	4 064	n.a.	4 189
Normalized earnings per share before goodwill (euro)	1.69	1.71	2.50	3.05	1.91	1.71
Dividend per share (euro)	0.39	0.48	0.72	2.44	2.44	0.28
Pay out ratio (%)[4]	36.2	28.5	29	79	78	26.3
Weighted average number of ordinary shares (million shares)	480	600	608	610	976	999
Share price high (euro)	29.1	37.5	49.9	69.0	43.1	39.1
Share price low (euro)	20.3	24.6	35.0	47.7	29.8	10.0
Year-end share price (euro)	28.5	36.8	49.9	57.0	35.6	16.58
Market capitalization	16 442	22 355	30 611	34 770	n.a.	16 563

1 Refer to Glossary.
2 2004 as published, restated for the impact of the adoption of IFRS 2 Share-based payment (reduction of profit attributable to equity holders of Anheuser-Busch InBev by 9m euro) and for the impact of the early adoption of the IAS 19 Employee benefits option to recognize actuarial gains and losses in full in the period in which they occur in the statement of recognized gains and losses (increase of profit attributable to equity holders of Anheuser-Busch InBev by 9m euro).
3 Including pro-forma financials of Anheuser-Busch for the last 6 weeks of 2007 as the comparative basis for FY 2008.
4 Based on gross annual dividend by normalized profit attributable to equity holders of the company.

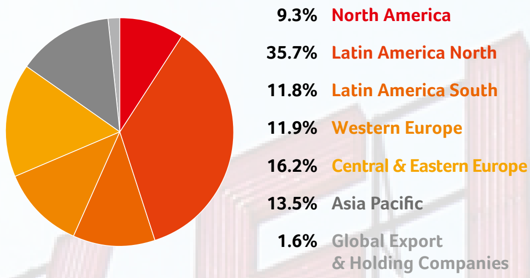
To facilitate the understanding of Anheuser-Busch InBev's underlying performance, the comments in this management report, unless otherwise indicated, are based on organic and normalized numbers. Given the transformational nature of the transaction with Anheuser-Busch we are presenting in this management report the 2007 consolidated volumes and results up to EBIT on a pro-forma basis (including pro-forma financials of Anheuser-Busch for the last 6 weeks of 2007 in the comparative base) and as such these financials are included in the organic growth calculations. The profit, cash flow and balance sheet are presented on a non pro-forma basis.



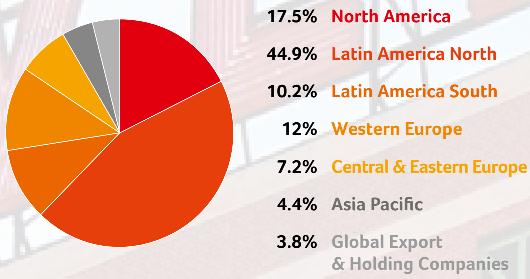
Normalized EBITDA



Revenue



2008 Volumes



2008 Normalized EBITDA

Brief overview

In 2008 we grew EBITDA* 4.6% in what was a tough year for us and for the industry as a whole, with overall volumes failing to meet forecasts in many markets and rising commodity costs and inflation for much of the year.

Our EBITDA margin decreased 15 bps, closing the year at 33.1%. Consolidated volumes were flat with our own beer volumes decreasing 0.3% and soft drinks volume growing of 4.9%.

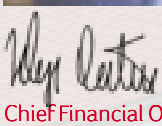
Our top line grew 5.2% compared to the previous year driven to a great extent by price and revenue management initiatives combined with high quality marketing and sales execution in the marketplace.

Our decision to focus on and invest in a smaller number of higher value, or focus brands has produced encouraging results this year with these brands delivering volume growth of 2.6%.

In November 2008 we closed the combination with Anheuser-Busch, creating Anheuser-Busch InBev, a world class consumer goods company with a pro-forma EBITDA of approximately 8.2 billion euro in 2008. The combined business has four of the top ten selling beers in the world, and a number one or number two position in over 20 markets.

Since closing the transaction on 18 November, 2008 the integration process has progressed quickly delivering 250 million USD of synergies in 2008. We now feel confident enough to increase our synergy projection from the original 1.5 billion USD to 2.25 billion USD, with approximately 1 billion USD of which can be captured in 2009 and the balance in the following two years. Our teams are highly motivated and in full delivery mode.

‘In 2008 we took great strides forward in creating significant opportunities through the combination of InBev and Anheuser-Busch. Our focus going forward is on expanding EBITDA, executing our divestiture plan and carefully managing key cash flow drivers in order to deleverage the business as quickly as possible.’



Chief Financial Officer

* Whenever used in this report, the term ‘normalized’ refers to performance measures (EBITDA, EBIT, Profit, EPS) before non-recurring items. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of the company’s performance.

Guide to our business (full year pro-forma 2008 for Anheuser-Busch and InBev)

	Volume All Products 2008 full year (Mio HL)	Market Position @ December 2008	Market Share 2008 [6]	Number of Beverage Plants	Trading Names
Global	**456.8**			**151**	
North America[10]	166.7			21	
USA[1]	128.4	N°. 1	49.9%	12	Anheuser-Busch, InBev International, Labatt USA
Mexico (Modelo)[2]	26.2	N°. 1	55.0%		Grupo Modelo
Canada	9.9	N°. 1	42.9%	8	Labatt Brewering Company
Cuba	1.1	N°. 2	45.1%	1	Bucanero
Export/Licenses handled by North America Zone [3]	1.2				Anheuser-Busch, Labatt Brewering Company
Latin America North	101.5			35	
Brazil - Beer	70.0	N°. 1	67.5%	23	Cia de Bebidas das Americas-AmBev
Brazil - Soft Drinks	25.1	N°. 2	18.0%	5	Cia de Bebidas das Americas-AmBev
Venezuela - Beer	1.0	N°. 3	4.1%	1	CACN
Venezuela - Soft Drinks	0.1	-	-	-	CACN
Peru - Beer	1.0	N°. 2	10.0%	1	Cia Cerv. AmBev Peru SA
Peru - Soft Drinks	2.2	N°. 2	13.1%	1	Cia Cerv. AmBev Peru SA
Ecuador	0.2	N°. 2	8.9%	1	Cervesur SA
Dominican Republic - Beer	0.4	N°. 2	11.3%	1	Embodom C. por A.
Dominican Republic - Soft Drinks	1.2	N°. 1	39.5%	1	Embodom C. por A.
Guatemala	0.2	N°. 2	15.7%	1	Ind.del Atlântico S.A.
Latin America South	33.7			19	
Argentina - Beer	12.9	N°. 1	74.4%	5	Cia y Malteria Quilmes SAICA y G
Argentina - Soft Drinks	12.6	N°. 2	22.0%	5	Cia y Malteria Quilmes SAICA y G
Paraguay	2.4	N°. 1	93.1%	1	Cia Paraguay SA
Bolivia	3.5	N°. 1	97.1%	5	Cia Boliviana National SA
Chile	0.8	N°. 2	13.3%	1	Cia Chile SA
Uruguay - Beer	0.9	N°. 1	97.1%	2	FNC SA
Uruguay - Soft Drinks	0.7	-	-	-	FNC SA
Western Europe	35.0			16	
Belgium	5.9	N°. 1	57.7%	4	InBev Belgium
France	2.1	N°. 3	9.7%	-	InBev France
Luxemburg	0.2	N°. 1	48.5%	1	Brasseries de Luxembourg Mousel-Diekirch S.A.
The Netherlands	2.5	N°. 3	15.7%	2	InBev Nederland
U.K. [4]	11.9	N°. 3	21.8%	4	InBev U.K.
Germany - Beer	9.0	N°. 2	9.6%	5	InBev Germany
Germany - Soft Drinks	0.6	-	-	-	InBev Germany
Italy	1.3	N°. 3	7.8%	-	InBev Italia
Export/Licenses handled by Western Europe Zone	1.5			-	
Central & Eastern Europe	46.1			24	
Bulgaria	1.5	N°. 2	26.6%	2	Kamenitza
Croatia	1.5	N°. 1	39.7%	1	Zagrebacka Pivovara
Czech Republic	2.6	N°. 2	15.6%	2	Pivovary Staropramen
Hungary	1.9	N°. 3	25.1%	1	Borsodi Sorgyar
Serbia	3.0	N°. 1	54.3%	1	Apatin
Montenegro	0.5	N°. 1	92.3%	1	Trebjesa
Romania	4.0	N°. 3	19.2%	3	InBev Romania
Russia	18.6	N°. 2	18.4%	10	SUN InBev
Ukraine	10.8	N°. 1	37.5%	3	SUN InBev
Export/Licenses handled by Central & Eastern Europe Zone	1.8	-	-	-	
Asia Pacific[10]	71.0			36	
China [5]	63.6	N°. 2	15.4%	33	Anheuser-Busch InBev China Zhujiang
South Korea[7]	7.4	N°. 2	41.1%	3	Oriental Brewery
Global Exports/Licenses	2.8	-	-	-	-

(1) Includes Anheuser-Busch and Labatt USA full year 2008 volumes.
(2) Volume represents 50.2% stake in total Modelo volumes including exports. Market share is total Modelo Market share in Mexico based on 2007 Plato Logic estimate.
(3) Includes Anheuser-Busch and Labatt exports.
(4) Includes Anheuser-Busch full year 2008 volumes. Market share based on U.K. domestic market volume defined by BBPA - Sales Volume Survey.
(5) Includes Anheuser-Busch full year 2008 volumes, a 27% pro-rata stake in Tsingtao (14,549khl) and excludes Zhujiang. Total China market share based on market volumes from Plato Logic.

Global brands			Multi-country brands	Main local brands
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden, Staropramen	Bud Light, Bud Light Lime, Bud Ice, Budweiser Select, Michelob Ultra, Busch, Busch Light, Natural Light, Rolling Rock, Bass, Boddingtons, Labatt Blue, Brahma
		Budweiser		Corona, Bud Light
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden, Staropramen	Labatt Blue, Labatt Blue Light, Labatt Lite, Kokanee, Alexander Keith's, Bud Light, Brahma
Beck's				Bucanero[8], Cristal[8], Mayabe[8]
		Budweiser		Labatt Blue
	Stella Artois	Budweiser	Leffe, Hoegaarden	Antarctica, Bohemia, Skol, Brahma
				Guaraná Antarctica, Pepsi[9]
				Brahma Light, Brahma Ice, Brahma
				Malta Caracas
				Brahma
				Concordia[9], Pepsi[9], Triple Kola[9]
		Budweiser		Brahma
		Budweiser		Brahma
				Pepsi[9], 7UP[9], Red Rock
				Brahma
	Stella Artois	Budweiser		Andes, Norte, Quilmes Cristal, Pataporia, Brahma
				7UP[9], Pepsi[9], H2Oh[9]
Beck's	Stella Artois	Budweiser		Baviera, Ouro Fino, Pilsen, Brahma
	Stella Artois			Ducal, Paceña, Taquiña
	Stella Artois	Budweiser		Baltica, Becker, Brahma
	Stella Artois	Budweiser		Norteña, Patricia, Pilsen
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden	Belle-Vue, Jupiler, Brahma
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden	Boomerang, La Bécasse, Loburg, Brahma
Beck's	Stella Artois		Leffe	Belle-Vue, Diekirch, Jupiler, Mousel, Brahma
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden	Dommelsch, Jupiler, Hertog Jan, Brahma
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden, Staropramen	Bass, Boddingtons, Castlemaine XXXX[9], Tennent's, Brahma
Beck's	Stella Artois		Leffe, Staropramen	Diebels, Franziskaner, Haake-Beck, Hasseröder, Löwenbräu
Beck's	Stella Artois	Budweiser	Leffe, Staropramen	Tennent's Super, Brahma, Löwenbräu
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden, Staropramen	Bass, Boddingtons
Beck's	Stella Artois		Leffe, Hoegaarden, Staropramen	Kamenitza
Beck's	Stella Artois		Leffe, Hoegaarden, Staropramen	Ožujsko
Beck's	Stella Artois		Leffe, Hoegaarden, Staropramen	Branik, Kelt, Měštan, Ostravar, Vratislav, Velvet
Beck's	Stella Artois		Leffe, Hoegaarden, Staropramen	Borsodi
Beck's	Stella Artois			Jelen Pivo, Apatinsko Pivo
Beck's	Stella Artois			Niksicko
Beck's	Stella Artois		Leffe, Hoegaarden	Bergenbier, Noroc, Löwenbräu
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden, Staropramen	Bagbier, Klinskoye, Sibirskaya Korona, T, Tinkoff, Tolstiak, Brahma, Löwenbräu
Beck's	Stella Artois		Leffe, Hoegaarden, Staropramen	Chernigivske, Rogan, Taller, Yantar, Brahma
			Staropramen	
Beck's		Budweiser		Harbin, Sedrin, Double Deer, Jingling, KK, Zhujiang[8], Brahma
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden	Cass, Cafri, OB, Brahma
Beck's	Stella Artois	Budweiser	Leffe, Hoegaarden, Staropramen	Brahma

(6) Domestic Own Beer Market share. Brazil, Russia, Guatemala, Ecuador, Peru and Hungary based on 3rd Party retail Audit. All others based on Industry association or Plato Logic total market volumes.

(7) Market share based on Korean Alcohol & Liquor Industry Association reporting.

(8) Registered brands owned by our partners.

(9) Brewed under license or bottled under exclusive bottling agreement.

(10) Includes the pro-rata stake in the volumes of our associates Modelo and Tsingtao which are consolidated under the equity pick up method in our financial statements.

Letter to Shareholders

Our dream is to become the Best Beer Company in a Better World.

This dream took a significant step towards becoming a reality with the creation of Anheuser-Busch InBev in November of 2008. We are now not just the largest and most profitable beer company in the world, but we are also one of the world's leading consumer goods companies with a pro forma EBITDA of approximately 8.2 billion euro in full year 2008. This accomplishment was made possible by the strengths generated from the prior combination of AmBev and Interbrew just five years ago. As we look forward to the next five years we are even more optimistic about the potential created by the combination of Anheuser-Busch and InBev. Our confidence is supported not just by the enhancement of our global position, but by our ability to attract talented people who share our dream and further enhance our unique culture. Our constant and relentless pursuit of excellence gives us confidence as we look forward during these challenging times.

On the operational side, we delivered EBITDA growth of 4.6% while our EBITDA margin decreased 15 bps, closing the year at 33.1%. Since InBev's creation in 2004, our EBITDA margin has increased as follows: 24.7% in 2004, 28.6% in 2005, 31.9% in 2006, 32.7% in 2007 including pro forma financials of Anheuser-Busch for the last six weeks of 2007, to 33.1% in 2008.

Our top line grew 5.2% compared to the previous year. This was primarily achieved through price and revenue management initiatives, as industry volumes were weak throughout our markets.

Consolidated volumes were essentially flat with own beer volumes decreasing 0.3% and soft drinks volume growing 4.9%. Importantly, our focus brands grew 2.6%. Our focus brands are those with the highest growth potential within each relevant consumer segment and where we make the greatest marketing investment.

2008 was a year in which we saw good progress in our top 10 markets and with our focus brands:

U.S.: Anheuser-Busch gained 0.5 pp of market share. Bud Light Lime was ranked as the number one product launch in the entire consumer goods industry by IRI (Information Resources, Inc.) in 2008.

Brazil: We closed the year with an average market share of 67.5%, a contraction of 0.3 pp as year-end 2008 price increases were not immediately followed by competitors.

Canada: Our business posted a share gain of 0.2 pp, after many years of share decline. Budweiser and Bud Light continued to grow and achieved record share levels.

Argentina: We had a good year of market share growth in Argentina, up 1.9 pp compared to the previous year. Stella Artois is the number one international beer brand in Argentina.

Belgium: We increased our share by 0.2 pp. The Jupiler family performed well. Jupiler Tauro was launched and achieved good acceptance by our consumers.

U.K.: Our market share grew 0.4 pp of which the Stella Artois family represented 0.2 share points. Stella Artois 4% was a very successful launch.

Russia: We lost 0.8 pp of market share as we shifted emphasis to the premium segment.

South Korea: We gained 1.2 pp of market share. Cass is the fastest growing top five beer brand in South Korea for the second year in a row.

China: In the three provinces that represent more than 80% of our business (Zhejiang, Fujian and Jiangxi) our market share fell slightly, however Harbin showed a good performance in the Northeast.

Germany: We increased our share 0.4 pp and Beck's posted another year of great performance with volume growth of 5%.

On the cost side, our operating expenses increased 3.6%, below the average inflation rate of 5-6% for 2008. Cost of Sales (CoS) per hl increased 9.1%, which is 3.1% above the upper-end of our previous expectation, which was 5-6%. This performance was primarily driven by the combined effects of lower than expected volume growth in Zones with below average CoS/hl (Latin America North and Central & Eastern Europe) and the spread of industrial fixed costs over lower than expected volumes.

As a result of missing our targets in 2008, the CEO and most members of our Executive Board of Management will not receive a bonus this year. This is a concrete example of the ownership culture that we believe in at Anheuser-Busch InBev - that management incentives must be totally aligned with shareholders' interests.

2008 was, however, also a memorable year for all of us. The combination between Anheuser-Busch and InBev was not only an unprecedented transaction that reshaped the beer industry, but it also created a world class consumer goods company that ranks in the top tier globally in terms of sales and EBITDA.

An Integration Committee was established in July 2008 following the signing of the merger agreement. The mandate of the committee was to identify prior to closing, subject to all applicable legal restrictions, best practices from InBev and Anheuser-Busch.

Since closing the transaction on 18 November 2008, the integration process has progressed quickly delivering 250 million USD of synergies in 2008. We now feel confident enough to increase our synergy projection from the original 1.5 billion USD to 2.25 billion USD with approximately 1 billion USD captured in 2009, and the balance in the following two years. Our teams are highly motivated and in full delivery mode.

At the time of the creation of InBev in 2004, EBITDA margin expansion was identified as the ultimate metric to measure the successful integration of Interbrew and AmBev.

In integrating InBev and Anheuser-Busch, the metric by which we will judge ourselves in the first five years will be the Net Debt to EBITDA ratio, which will have a significant impact on our variable pay.

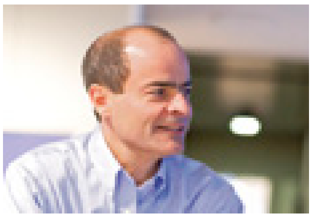
The Net Debt to EBITDA ratio not only measures EBITDA growth and EBITDA margin expansion, but also relevant drivers of cash flow generation, fully consistent with our commitment to quickly deleverage our company.

Looking out on 2009, our fundamentals remain strong, and we expect our margins to expand. Thus far, our pricing actions are holding and overall volume performance remains stable. To achieve these results, we will move with greater pace and urgency in 2009:

- Over-delivering on the synergies to be captured in 2009 as compared to our original expectations.
- Maintaining pricing discipline in relevant markets while continuing to support our focus brands.
- Continuing to execute at least 7 billion USD in divestitures.
- Reducing 2009 Capital Expenditure by at least 1 billion USD from pro forma 2008 while not compromising the quality of our products and the safety of our people.
- Continuing to strive for working capital improvements at the former InBev while releasing at least 500 million USD in working capital from the former Anheuser-Busch.
- Enhancing the maturity and currency profile of our outstanding debt.
- Optimizing the effective tax rate of the combined company towards the 25-27% range.

In 2009 we will continue to build on the platforms of our business model: our Dream/People/Culture platform, market execution capabilities, brand building skills, strict cost control and cash flow generation. While current market conditions pose significant challenges, demand for beer in our two major markets remains stable and our market share high. Moreover, we have strong market share momentum in most of our key regions, led by our focus brands and enhanced marketing efforts. Our People are our primary sustainable competitive advantage. The combination of Anheuser-Busch and InBev has significantly strengthened our talent pipeline and enriched our culture.

In summary, despite the challenging conditions in 2008, our people are energized and excited about our future and the pursuit of our dream of building the Best Beer Company in a Better World.



Carlos Brito
Chief Executive Officer

Peter Harf
Chairman of the Board

The new Anheuser-Busch InBev identity reflects the vision of our new organization. It is designed to represent drive, authenticity and friendship. It is also meant as a source of pride, which aims to motivate and inspire employees, engage with partners, and demonstrate our determination to become the Best Beer Company in a Better World.

Anheuser-Busch : The story so far

Heritage

- Anheuser-Busch traces its origins back to the Bavarian Brewery in St. Louis, which was established in 1852.
- In 1860 the struggling brewery was acquired by Eberhard Anheuser, a successful soap manufacturer, who later teamed up with his son-in-law, Adolphus Busch. The company was later renamed Anheuser-Busch .
- Through innovative marketing and new technologies - among them the introduction of pasteurization and artificial refrigeration - they transformed the local brewery into an industry leader.
- Budweiser was the brewery's first national beer brand, introduced in 1876. Twenty years later, Busch introduced Michelob, America's first specialty beer.

Operations & Investments

- By 2008 Anheuser-Busch operated 12 breweries in the U.S., 15 in China, one in India and one in the U.K.
- Budweiser is also locally brewed in nine other countries outside the U.S. under the direct supervision of Anheuser-Busch brewmasters. They are: Argentina, Canada, Ireland, Italy, Japan, Panamá, Russia, South Korea and Spain.
- Equity investments include a 50% direct and indirect interest in Mexico's Grupo Modelo, owner of the global Corona brand.

Brands

- Anheuser-Busch's passion for beer and commitment to quality have allowed the company to offer a diverse range of beers and beverages, loved by consumers in the U.S. and around the world.
- The company produces more than 100 beers including the Budweiser, Bud Light and Michelob brands, and offers a dozen non-alcoholic brews and soft drinks.
- Budweiser and Bud Light are two of the three largest-selling beers in the world.
- Budweiser, Bud Light, Michelob ULTRA, Busch, Natural Light and O'Doul's each hold the number one positions in their respective U.S. market segments.

Beer in the U.S.

- Beer is the most popular alcoholic beverage in the U.S. which has an 83% share of alcohol on a liquid basis, but a 56% share of alcohol beverage servings. The U.S. is the world's largest profit pool for beer, and in 2008, Anheuser-Busch had a market share of 49.2% of this market.
- The distribution system for beer is different from most other countries. After prohibition was repealed in 1933 a three-tier system of alcohol beverage distribution was established, in which producers sell to wholesalers, who then sell to retailers. At the same time, the ability to legislate in relation to the regulation of beer was delegated to a state level, leading to local legal variations.
- Despite being a developed market, the U.S. beer market has shown consistent growth over the past generation, with stable pricing. Over the past five years compound annual growth has been running at around 1%.

'Anheuser-Busch brewmasters have some of the highest quality standards in the industry. From selecting the finest, all-natural ingredients, to tasting the final beer, a rigorous and detailed quality assurance program is followed wherever Budweiser is brewed - to guarantee that each bottle, can or keg of Budweiser is the highest-quality beer possible, and that every Budweiser has the same refreshingly drinkable taste, wherever it is sold.'

Rick Shippey

Brewmaster, St. Louis Brewery

Success in China

China is the largest-volume and among the fastest-growing beer market in the world. Anheuser-Busch first invested in China in 1993. In 1995 the company began brewing in the Budweiser Wuhan International Brewery; in 2004 it acquired Harbin Brewery Group Ltd, China's oldest brewery, and the market share leader in the Northeast region of the country; in 2005 it increased its equity interest in Tsingtao Brewery Co. to 27% with the government retaining the majority share.

- The company's key brands in China are Budweiser, Budweiser Genuine Draft, Bud Ice, Harbin and Harbin Premium Brands. Anheuser-Busch also has exclusive import rights for Corona.
- Anheuser-Busch's key presence in China is in the Northeast of the country, whereas InBev's primary presence is in the Southeast, creating two highly complementary footprints with excellent potential for national reach and efficiencies of scale.

Citizenship and environmental performance

Anheuser-Busch is the U.S. industry leader in corporate social responsibility. The company has a longstanding commitment to ensuring its products are enjoyed responsibly by adults, including campaigns with the tagline 'Budweiser Means Moderation' that date to the early 1900s. Since 1982, the company and its nationwide network of wholesalers have invested more than three-quarters of a billion U.S. dollars in community-based programs and national advertising campaigns that promote responsible drinking and fight alcohol abuse.

Anheuser-Busch also has an exceptional tradition of environmental stewardship. More than 20 years ago, Anheuser-Busch pioneered Bio-Energy Recovery Systems (BERS) technology, a process that reclaims wastewater from the brewing process to create renewable energy that now provides up to 15 percent of the fuel for nine of its U.S. breweries, as well as its brewery in Wuhan, China.
The company recycles more than 99% of its solid waste, and has reduced U.S. brewery water usage by almost 7% over the past five years, saving more than 4.7 billion liters of water. Anheuser-Busch Recycling Corp. recycles more than 27 billion cans annually, 25% more than the company puts on the market.

Budweiser and Bud Light are the two largest-selling beers in the world. Bud Light Lime, launched in spring 2008, was ranked as the number one product launch in the entire consumer goods industry in the U.S.

The Language we speak

Cost-Connect-Win : A winning model

- The cost element challenges us to continuously **reduce our cost-base**, enabling us to stay ahead of the game in a highly competitive marketplace.
- By realizing savings, we can invest more in connecting with consumers, **turning non-working money into working money**. The key is disciplined investment behind our brands, sales, and marketing capabilities to help us create sustainable revenue growth.
- Winning for us is about achieving **long-term, profitable, growth**. But not just volume growth regardless of the margin.

People are at the center of this virtuous circle. They represent our only long-term sustainable competitive advantage.

World-class efficiency

World-class efficiency drives every part of our production, supply, planning and sales cycle, wherever we do business, and whatever the wider economic circumstances.

We are constantly sharing lessons between teams, brands and Zones, and building processes to leverage our learnings and drive continuous improvement. Many of these processes reached unprecedented levels of maturity in 2008, measurable in terms of 'depth' of hold on the business, breadth of geographical reach, and direct contribution to the bottom line.

The three long-term objectives of our business are: to deliver volume growth ahead of industry growth; to grow revenue ahead of volumes while at the same time maintaining strong financial discipline; and to ensure that costs remain below inflation. All are necessary conditions if we are to fulfill our long-term goal of becoming the best beer company in the industry measured by profitability.

Behind these long-term objectives are key focal areas, which are the hallmarks of our business model, and which unite us in working towards our dream:

- Connecting with consumers
- Execution in the marketplace
- Financial and operational efficiency

'In the face of extremely volatile market conditions and accelerating inflation, we have achieved strong revenue growth per hectoliter in 2008 while maintaining or growing share in most key markets. This is a testament to the strength of our brands and the management of our sales processes.'

Chief Strategy & Sales Officer

Connecting with consumers

Our focus brands

Anheuser-Busch InBev is a portfolio player, in the business of building high quality brands for which consumers will pay a premium. In 2008 we continued to make clear brand choices, enabling us to put the right resources behind our focus brands - the brands we believe will most effectively build deep connections with consumers. They include our global brands and some of our multi-country brands and 'local jewels' that together account for two-thirds of our total volume. In 2008 we saw a significant improvement in the performance of these focus brands.

We also work hard to understand the values, lifestyles, and preferences of today's and tomorrow's consumers, building fresh appeal and competitive advantage through innovative products and services tailored to meet those needs.

Values Based Brands: Our recipe for success

All of our brands must have clearly defined and consistently communicated values, making them Values Based Brands (VBB). The process of defining these values is a key discipline for all marketing activities in our business and is proving particularly powerful in renovating and innovating our premium brands around the real and changing habits and preferences of consumers. Every one of our brands goes through a rigorous iteration of the VBB process.

VBB drives results: Cass in South Korea

The phenomenal success of Cass in South Korea in 2008 provides a good illustration of the correct implementation of our VBB process. Our consumer-centric approach to positioning Cass on the South Korean market used the VBB positioning system - in brand and consumer character definition, in distilling the essence of the brand, and in execution and refinement.

We repositioned Cass three years ago, and we invested in the brand in accordance with the company's leading marketing processes. The brand is now in excellent health and yielding great results, particularly during 2008. Cass consumer brand preference went from being 10 points behind the market leader in December 2007 to surpassing the number one beer brand in South Korea by the end of 2008.

Execution in the marketplace

World Class Commercial Program

Anheuser-Busch InBev is a consumer-centric and sales driven company, and we are continually working towards best in class marketing and sales. We have to outpace and out-execute our competitors with a sense of urgency to win with consumers at the Point of Connection.

Our World Class Commercial Program (WCCP) is an integrated marketing and sales Excellence Program. It is designed to continuously improve the quality of our marketing capabilities and processes by ensuring they are understood and consistently followed. It also aims to help all our sales teams to implement the right processes in eight core categories to help drive volume, market share and EBITDA.

WCCP Marketing covers three main processes: defining the country brand portfolio, planning and activating connections, and renovating and innovating.

WCCP Sales covers eight core categories and the links between them; management; people; field sales management; wholesaler management; key accounts; pricing; market programs, and cost-to-serve. The program is also a best practice training and sharing platform designed to establish a cycle of continuous improvement across all markets. At the heart of its growth is Point of Connection research followed by analysis, followed by action. WCCP Sales is not just about selling; it is about selling in the right way with the right processes.

The single biggest achievement of WCCP in 2008 was effective global alignment, in which all of our top ten markets shared processes that really helped them to achieve results. If one of our marketing and sales people moves from Russia to Argentina, they recognize the WCCP marketing and sales process immediately.

World-class efficiency drives every part of our production, supply, planning, sales and marketing cycle, wherever we do business, and whatever the wider economic circumstances.

Financial and operational efficiency

Keeping a tight grip on costs enables us to be leaner and fitter to face the challenges of the marketplace, and to invest more in our focus brands.

Zero-Based Budgeting

Zero-Based Budgeting (ZBB) is the basis for our financial efficiency. It is being implemented in the U.S. after having achieved a high level of maturity in most of the other Zones in 2008, positioning us well for tough times. For our employees, ZBB has now become a way of life. Implemented correctly, the ZBB process is the perfect companion to our VBB strategy, enabling us to partly feed savings and revenue directly into the market by putting it behind our most successful focus brands.

ZBB in action: Latin America South

A number of best practice processes which were launched in Latin America South in 2007 started to have a positive impact in terms of savings and budgeting flexibility in 2008. These included a Business Service Center (BSC), a Procurement Center and the ZBB process.

These processes gave the sales and marketing team additional flexibility, which helped to turn a good year into a great one. Savings were reinvested in the marketplace and marketing to create a virtuous cycle of growth.

Investment in the sales and marketing processes increased by 20%, accelerating a raft of point of sale placements, new TV campaigns for Quilmes Red and making the Quilmes Rock event even bigger and better.

ZBB: Four years on (Canada)

Although 2008 was the fourth year of ZBB in Canada, there were still many new people given package ownership and a number of new cost-saving measures implemented. A Local Package Owners program was launched, bringing 125 people into ZBB ownership. In addition, the Business Service Center (BSC) drove new efficiencies, and monthly meetings were held to analyze results and challenge unfavorable variances.

Business Service Center Excellence Program
At the heart of our drive for world-class efficiency in financial management are the Anheuser-Busch InBev Business Service Centers (BSC), which now operate across all Zones. BSCs focus on the transactional and support activities within Anheuser-Busch InBev, allowing other parts of the company to focus on their core functions: brewing, distributing, marketing and selling beer.

Not only did the BSC network expand in 2008 with new centers in Kharkiv in the Ukraine and Putian in China, but a new KPI-driven BSC Excellence Program was rolled out globally, standardizing working practices and identifying, celebrating and disseminating best practice.

The program has already driven remarkable performance improvements.

Voyager Plant Optimization
Voyager Plant Optimization (VPO) is Anheuser-Busch InBev's program to drive greater efficiency and standardization in our brewing operations and generate cost savings, while at the same time improving quality, safety and the environment. It also entails continuous assessment of our procurement processes to maximize purchasing power, helping us achieve the best results when we are purchasing a whole range of goods and services. Every year plants compete to qualify for the program and for the honor of being the company's top performing brewery.

Each element of the VPO program is embedded in the company culture, emphasizing the importance of everyone sharing goals while respecting our standards of business integrity and the leading principles that define our company culture. Training is a key element in enshrining these principles in the daily routine.

In 2008 the VPO program went global, as it extended into the recently integrated Latin America South Zone for the first time. Our Central & Eastern Europe Zone also made notable progress. At the beginning of 2008 there were eight plants certified for VPO in this Zone. By the end of 2008, 17 out of 24 plants were certified for VPO and another five are on schedule to be certified by April 2009.

Globally, by the end of 2008, 83 of our 131 plants had completed the rigorous certification process for Voyager Plant Optimization. We are still on track to achieve total VPO certification by 2010.

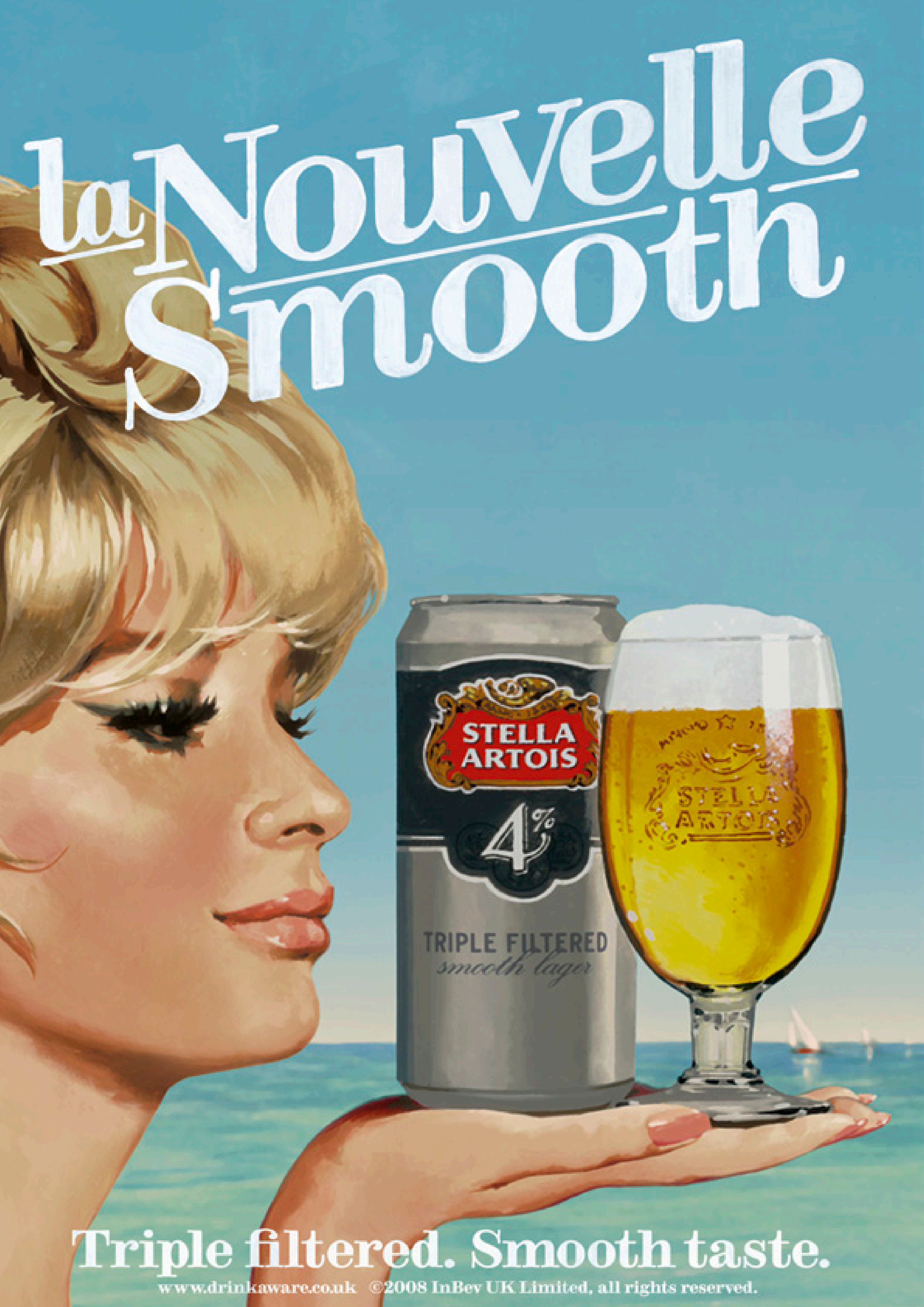
'We must do what is good for the beer industry as a whole at all the points at which it affects the world at large. We need to be fully committed to helping our industry deliver better performance, particularly in environmental areas. We should be proud of the progress we are making in areas such as water consumption and renewable energy but there is still a very long way to go.'

CLAUDIO BRAZ FERRO
Chief Supply Officer

Champions in supply
In 2008 the Global Supply function teamed up with Local Supply experts to launch the multidisciplinary, multi-Zone Champions Project. The project has set out to identify efficiencies across borders and capture and share best practices. Already, projects in purchasing, inventory management, supplier management and hedge and risk management have been put in motion.

'Champions can best be seen as a huge Anheuser-Busch InBev umbrella, covering direct material savings initiatives in all Zones. It is allowing us to see for the very first time ever all the actions that all the Zones are taking to reduce costs. It has grown into a global database of initiatives which are being actively used by all Zones as they drive efficiencies for the business.'

INGRID DE RYCK
Director Packaging Procurement,
Western Europe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The Brands that define us

World-class marketing capability

Our company is and always will be a **sales-driven organization**. However, in 2008, the first of many new steps were taken to ensure we become a truly **consumer-centric company**. As a relative newcomer to the world's top five consumer product companies, Anheuser-Busch InBev needs to continue to build a truly world class marketing capability, to create sustainable shareholder value.

We continuously search and reapply global best practices, both internally and externally. We adjust everything to our needs, quantify where possible to track clear progress, and implement globally with characteristic Anheuser-Busch InBev speed and discipline.

Fewer bigger bets

We know focus works. This is why we have rigorously reinforced our focus brands strategy. Focus brands are those in which we invest most of our marketing money. Out of nearly 300 brands, and following a bottom-up exercise in all key countries, we are prioritizing a small group with greater growth potential within each relevant consumer segment. These focus brands, including our three global brands, key multi-country brands, and selected 'local jewels', account for two-thirds of our total volume.

One way of marketing - globally

In 2008 we created and successfully implemented one marketing language. We have given it a comprehensive definition, including metrics within our World Class Commercial Program (WCCP), shared by both the marketing and sales functions. For each country we translated our marketing ability into an objectively quantifiable component of our target setting and performance culture, allowing for cross-country comparison, best practice sharing, and targeted training and development. This integrated way of marketing has been shared from senior management through to brand management, aligning the entire company. As we integrate Anheuser-Busch and InBev, we will further upgrade this language and its tools, leveraging the best of both.

Addressing global trends with global brands

Our global brands have had a good year. Particularly in the more developed markets this achievement was the result of the focus placed on the brands that are able to address changing tastes globally. While our 'local jewels' remain the backbone of our company and capture local needs very well, there is a growing and very vibrant group of consumers who are behaving more and more like global citizens, with shared tastes and values.

Innovation and renovation

Strong brands, whether local or global ones, depend on a constant stream of innovation. Our pipelines for new variants, new packaging, and new equipment solutions are now well filled for the future. However, equally important for strong brands is the ability to renovate their core. The core variants need to stay relevant and vibrant to remain appealing to new generations of beer lovers. Systematically, we therefore measure marketing elements like packaging and labels. As necessary, and after solid testing, we carefully evolve them.

Within the new 'one way of marketing' we have created one global way to manage our innovation and renovation pipeline. 2008 saw new brands and varieties creating a wave of success, with innovations such as Stella Artois 4% (U.K.), Stella Artois Légère (Canada), Quilmes Red (Argentina), Jupiler Tauro (Belgium), Chernigivske non-alcoholic (Ukraine) and Brahma Fresh (Brazil). By the end of 2008, in partnership with Philips, we have sold a total of about 600,000 'PerfectDraft' dispensers, in five European countries, with mini-keg sales for home use reaching a record high. Renovation examples include Skol in Brazil, Jupiler in Belgium, and Stella Artois and Beck's globally.

Responsible Cool

In our journey to achieve our dream of becoming the Best Beer Company in a Better World, we must do our utmost to encourage responsible drinking. In 2008, together with public and private partners from different backgrounds and geographies, we leveraged our leading brands to encourage the right consumption behavior; regular, but moderate and with a full understanding of the negative personal and social consequences of excessive drinking. As an industry leader, we need to convince young adults of legal drinking age that 'Responsible Cool' is the new cool.

'Anheuser-Busch InBev's unique brands are a testimony to our deep brewing heritage and global passion for beer. There is an old word that captures our passion for beer culture and friendship perfectly: Zythology. It is to beer what Oenology is to wine. What could the world look like with a bit more Zythology?'

Chief Marketing Officer

Externally, we are seeing breakthroughs, particularly in the U.S. where Stella Artois is being showcased as a perfect accompaniment to *haute cuisine* at some of the most high profile gastronomic events in the country.

I ♥ AB INBEV BEERS!

Internally, 2008 saw the launch of the 'I Love Anheuser-Busch InBev Beers' program, inspiring employees to become true *Zythologists*, or beer connoisseurs; to appreciate the fine art of brewing, to gain a better understanding of the process as well as the ingredients, food pairing and the role of beer in gastronomy and culture at large, and to understand how to enjoy beer responsibly.

Global brands

Budweiser

Budweiser was introduced in 1876 when Adolphus Busch set out to create the United States' first truly national beer brand - brewed to be universally popular and transcend regional tastes. Each batch of Budweiser stays true to the original family recipe used by five generations of Busch family brewmasters. Budweiser, the 'Great American Lager' is a medium-bodied, flavorful, crisp and pure beer with blended layers of premium American and European hop aromas, brewed for the perfect balance of flavor and refreshment.

In 2008, Budweiser continued its strong performance in our North American Zone. The Budweiser family of brands had 11.6% share of the U.S. market and remained the number one brand in Canada.

Due to the global impact of many of its marketing campaigns, Budweiser is in the exceptional position of having strong brand equity in markets where it is not currently available. This represents a major opportunity for the new combined business to leverage Anheuser-Busch InBev's broader reach.

Beck's

True to its original recipe, Beck's has been brewed in the same way using four key natural ingredients for more than 125 years. Every bottle of Beck's is brewed according to the traditional German Reinheitsgebot (Purity law). It is a tribute to Beck's strong commitment to this heritage, that the brand has had only six brewmasters in a 125 year history.

Beck's is the number one German beer in the world, present in more than 100 countries. In 2008 it achieved very strong global growth, gaining or maintaining market share in four out if its five top markets.

Germany, its largest market, grew in both volume and share, despite a general downturn in beer consumption. In the U.K., Beck's had another strong year, delivering impressive double-digit growth in both market share and volume, helped by the successful expansion of Beck's Vier. In Romania, the leading Beck's market in the Central & Eastern European Zone, the brand's volumes were also up.

Much of this international growth was due to powerful brand innovations. The brand's progressive international image was given a boost with a completely new global packaging look and feel together with the launch of a unique and effective advertising campaign, reflecting its 'Different by Choice' identity. The launch of Beck's Green Lemon in Romania and Beck's Ice in Germany helped to drive sales, and at the same time Beck's continued to successfully leverage the 'Beck'sperience' music platform, engaging hundreds of thousands of consumers in Germany, the U.K., Central & Eastern Europe and Australia.

Stella Artois

Stella Artois is the premium lager, renowned the world over for its quality, and for the rich heritage of the brand which dates back to Leuven, Belgium in 1366. Stella Artois is a brand with a well-known international profile. It is currently distributed in more than 80 countries, and it has very strong global appeal.

Stella Artois had an excellent year globally, in terms of brand health as well as volume and share performance. Particularly in the U.K., a critically important market for the brand, we grew market share for the first time in five years. Furthermore, we delivered strong double-digit growth in Canada and the brand also grew particularly well in the U.S. where it is building such a sophisticated image that it has become the only beer brand that can be displayed alongside wine in the off-trade.

2008 also saw the fruition of a perfect example of how the Values Based Brands (VBB) approach can drive the business forward. Following the full implementation of the VBB process and consistently excellent in-market execution, Stella Artois became the number one international beer brand in Argentina, only 31 months after launch.

Stella Artois Légère

In 2008, we launched Stella Artois Légère in Canada, with extensive media support and intensive brand activation. The new launch reinforced the entire Stella Artois family, driving both volumes and preference for the mother brand. In Canada, which had a remarkable year in 2008, investment in focus brands rose by over a third across the year.

Stella Artois 4%

In August 2008, Stella Artois 4% was launched in the U.K. supported by a new advertising campaign, 'La Nouvelle Smooth'. The new brand catered to growing demand in the 4% segment in the U.K. and exceeded initial volume and distribution targets. This success was achieved despite competing in parallel with Beck's Vier, another 4% beer which we launched in 2007. The success of the two brands in the same segment shows how we can position brands next to each other in a fast-growing category to build broader market share.

Stella Artois World Draught Master

In 2008, a record number of countries entered the 12th Stella Artois World Draught Master competition - a competition that rewards the world's best pourer of Belgian beers. Tommy Goukens from Belgium was the winner, making it the sixth time a Belgian has won this global event. Clair Dong from China was runner-up, an excellent performance for her, and the first ever appearance of a Draught Master from China. Volodymyr Vavryk from the Ukraine came third.

Beck's Ice

Beck's Ice is a transparent beer with a unique lime and mint flavor. In 2008 it was launched in Germany - the first time a clear beer had been launched in this market. In less than six months over 125,000 hectoliters were sold, driving Beck's market share in the beer-mix segment in Germany from 9.4% to 10.9%.

Beck's was revitalized with powerful new global packaging in 2008.

Multi-country brands

One of 2008's key innovations was Leffe Christmas; an abbey beer to be enjoyed as much before or after the meal, as an aperitif with some cheese or toast or simply while having a calm and peaceful moment.

Hoegaarden

Hoegaarden is a unique and authentic Belgian wheat (or 'white') beer. First brewed in 1445, this top fermented beer is refermented in the bottle or keg, leading to its distinctive cloudy white appearance. The unique taste of Hoegaarden delivers an appealing sweet and sour beer with a note of bitterness- slightly spicy, with a strong touch of coriander and a hint of orange.

With volume growth of over 20% in 2008 in the fast-growing white beer segment, Hoegaarden became the fastest-growing brand in the focus brand portfolio.

In 2008, considerable investments were made in the Hoegaarden brewery in Belgium to optimize production to meet the rising demand for Belgium's favorite white beer. In addition, a new Hoegaarden variety - Hoegaarden Citron was successfully launched.

We are continually innovating around our key brands to create new ways for consumers to appreciate our beers.

Leffe

Leffe makes the extraordinary just perfect, bringing people together to share and savor special moments. The Leffe family of beers are rich and full bodied. Made from only the highest quality ingredients, they provide a recipe for rich moments in life that deserve to be savored. Leffe's unique brewing heritage is now shared and enjoyed by consumers in more than 60 countries worldwide.

Overall volume increased by 5.1% compared to 2007 driven by Leffe's strong performance in France. Leffe also saw its market share increase in both France and Belgium while at the same time increasing its brand awareness among consumers in all of its major markets through the year.

For the fourth time in a row, Leffe was given the Crystal Taste Award by the International Taste and Quality Institute, a leading, independent chef and sommelier based organization dedicated to judging, honoring, and promoting superior tasting food and drinks from around the world.

Local champions

Bud Light (U.S.)

Bud Light has become the world's best-selling beer. The American-style light lager appeals to consumers who like their beer cold and refreshing and appreciate Bud Light's ability to enhance the good times and lighter side of life. In the U.S., its share of the premium-light segment is 50% (more than the combined share of the next two premium-light brands) and its volume has grown more than any other Top 10 beer brand over recent years. Since 1997 Bud Light has grown market share among adults of the legal drinking age across virtually every age, gender and demographic group in the U.S.

Skol

The leading beer brand in the Brazilian market and the world's fourth-best selling brand, Skol has always invested in pioneering and innovation. In spring and summer 2008, Skol was repackaged in unique proprietary 630 ml and 1 liter returnable glass bottles and new 269 ml aluminum cans, in a successful move to offer value and continue to move the brand forward. The new packaging also includes a cool-sensitive ink which indicates to consumers when the beer has reached the ideal temperature for consumption.

Quilmes

The Quilmes varieties Stout and Bock over-performed in volume in 2008. And Quilmes Red Lager was successfully launched in the spring of 2008.

Harbin

Brewed at Harbin Brewery Group, the oldest and largest brewers in China with a leading position in the country's Northeast region, Harbin premium brands expanded to more than 30 new cities outside the Northeast in 2008. The further growth of Harbin brands, such as Harbin Ice and Harbin 1900, will be supported by a larger, relocated brewery in Tangshan which will be finished in late 2009 and have an initial capacity of approximately 3 million hectoliters with room for expansion.

Brahma Fresh

Launched in the Northeastern region of Brazil at the beginning of 2008, Brahma Fresh was well received by consumers and captured around 1% of the total Brazilian market by year end.

Jupiler

The market leader in Belgium for the last two decades, Jupiler continues to grow both volume and market share in Belgium, and has also now become the fastest growing beer brand in the Netherlands. In 2008 the brand was renovated with new packaging and Jupiler Tauro was successfully launched.

Bud Light (Canada)

Our new 'Keep the Good Times Going' campaign helped drive Bud Light up to the number five brand spot, making it the fastest growing brand in the Canadian beer market.

Chernigivske

In the Ukraine, Chernigivske non-alcoholic beer was launched successfully in cans and returnable glass bottles.

Cass

In 2008, Cass reached new heights in the South Korean market due to the disciplined application of our Values Based Brands strategy over the past two years. Cass delivered double-digit top line growth once again and consumer brand preference went from being 10 points behind the market leader in December 2007 to surpassing the number one beer brand in South Korea by the end of 2008.

Klinskoye

In 2008, Klinskoye, the number two beer brand in the Russian market, increased its market share by 0.2 pp and grew volume by 1.1% versus 2007. Named Brand of the Year by the EFFIE Awards, Klinskoye was also recognized as one of Russia's top 100 best products of 2008.

Siberian Crown

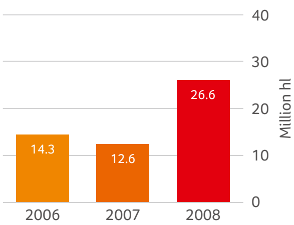
Siberian Crown (Sibirskaya Korona) has continued to grow both volume and market share, and was repackaged in 2008. Now in the top five Russian premium brands, it is on track to fulfill its potential as a powerful national brand.

The Zones that drive us

2008 - A year of mixed performances*

- In **North America**, Anheuser-Busch gained 0.5 pp of market share in the U.S. In Canada, after many years of decline, we posted a share gain of 0.2 pp. **Budweiser** and **Bud Light** continued to grow and achieved record share levels in Canada.
- In **Latin America North** we experienced a slight contraction of market share due to a difficult economic environment and price increases that were implemented towards the end of 2008.
- **Latin America South** had an exceptional year, with record market share growth in Argentina up 1.9 pp. **Stella Artois** became Argentina's number one international beer brand.
- In **Western Europe** a number of markets and brands performed well, with the **Stella Artois family** regaining share in the U.K.; **Beck's** posting strong volume growth in Germany; and **Jupiler** performing well in Benelux.
- We lost market share in Russia, but share was stable for **Central & Eastern Europe** overall.
- In **Asia Pacific** we gained 1.2 pp of market share in South Korea. **Cass** is the fastest growing top five beer brand in South Korea for the second year in a row.

* Both from an accounting and managerial perspective, Anheuser-Busch InBev is organized along seven business Zones. Upon the acquisition of Anheuser-Busch, the Anheuser-Busch businesses are reported according to their geographical presence in the following segments: the U.S. and Packaging business and Modelo are reported in Zone North America; the U.K. business is reported in Zone Western Europe; the Harbin, Budweiser China business and Tsingtao are reported in Zone Asia Pacific; and the Export and Entertainment business are reported in the Global Export and Holding Companies segment.



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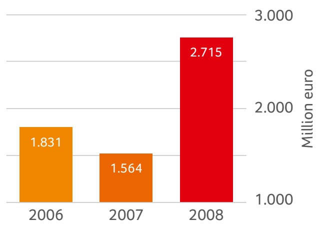
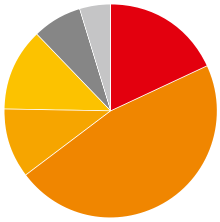


Revenue



Normalized EBITDA contribution of 17.5 %

North America

In 2008, market share grew in both the U.S. and Canada. Anheuser-Busch gained 0.5 pp of market share in the U.S. and Canada demonstrated excellent performance. Market share grew after many years of share decline and key brand preference scores continued to show strength. Organic net revenue per hectoliter gains kept ahead of inflation, despite inflationary pressure and high commodity prices. Key to our success in the Zone was the investment of people, thought and energy behind key focus brands in parallel with strong innovation, improved trade marketing execution and careful cost management.

In the U.S., Bud Light Lime was ranked the number one product launch in the entire consumer goods industry by IRI. In Canada, Budweiser remained the number one brand and performed well as did Stella Artois, Alexander Keith's and Lakeport. The Bud Light brand helped drive up our share of the light segment for the second year in a row, after years of decline, and gained 0.9 overall market share points versus 2007. It continued its sharp rise in popularity- from number 11 in 2005 to number 5 in 2008 - making it the fastest growing top 20 beer brand in Canada. Successful launches included Stella Artois Légère and Keith's Stag Head Stout.

The Zone team followed the Values Based Brands (VBB) approach closely, and transformed their trade marketing programs implementing our World Class Commercial Program (WCCP) sales methodology.

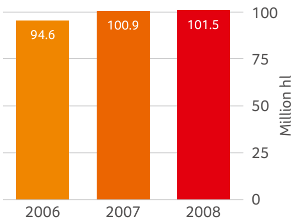
'The rigorous application of our brand marketing, people and in-market execution processes really paid off in 2008, and we raised share, net revenues and EBITDA simultaneously.'

Zone President Latin America South
Zone President North America 2008

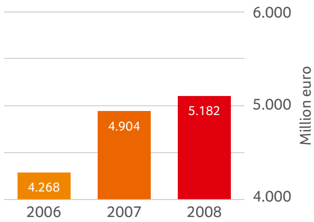
'Since Anheuser-Busch Recycling came into operation in 1978, we have recycled more than 430 billion aluminum beverage containers. Over the years, our employees have become recycling experts and enjoy working with local communities to develop creative solutions and educational programs. We try to show people that we can each make a difference to the environment by recycling, even if it is only one can at a time.'

T. Hansen
Vice President Anheuser-Busch Recycling Corporation

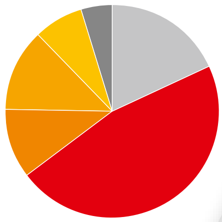
Latin America North



Volumes



Revenue



Normalized EBITDA contribution of 44.9 %

2008 was a challenging year for beer in the Latin America North (LAN) Zone, partly due to an early Carnival holiday, colder and wetter weather than normal and high food inflation which impacted consumer purchasing power. Brazil closed the year with an average market share of 67.5%, a contraction of 0.3 pp as year end 2008 price increases were not immediately followed by competitors.

However, 2008 was a strong year for innovations. We introduced successful packaging and promotional innovations around our biggest brand, Skol, which helped to maintain the brand's momentum. We also launched Brahma Fresh in the Northeast of Brazil at the beginning of the year, and by the end of the year it had already achieved a 4% share in the region and around 1% in the country as a whole. Hoegaarden, Leffe and Stella Artois were also launched to all key markets, building our strength in the premium import segment.

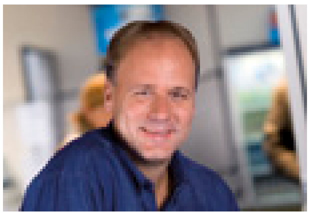
Our soft drinks operation performed well in 2008. Driven by a range of innovations it achieved 3.6% volume growth across the Zone and share growth of 0.2 pp in the key Brazilian market.

A company of owners

'Quality control is vital in producing only the highest quality beers for our consumers. As the manager of beer processes at our Rio de Janeiro plant, I am proud to say that Brahma, Skol, Bohemia, and Antarctica have all achieved a top three rating as part of our Corporate Quality brand ratings in 2008. As a whole, the Rio de Janeiro plant was rated first place along with three other plants in Brazil. In a span of 19 months, we had no product returns.'

Regional Process Manager, Brazil

'In the face of a tough market environment we have successfully focused our energy on innovation, strengthening and extending our brand portfolio and enhancing the bonds between our brands and consumers.'



Zone President North America
Zone President Latin America North 2008

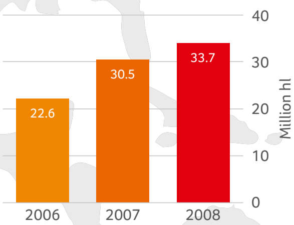
Latin America South

2008 was an exceptional year for every country in the Latin America South (LAS) Zone. EBITDA growth was in the high 30s, compared to 29.1 % normalized growth last year. At the heart of the Zone's remarkable performance was Argentina, where the portfolio of brands was expanded, creating stronger overall demand, and impressive EBITDA growth. The company was also extremely careful in managing the cost base.

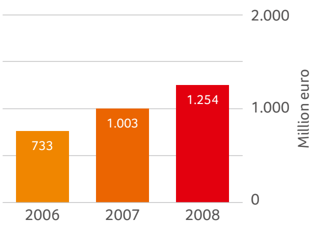
This year, for the first time in many years, the beer industry grew more than the soft drinks category. Primarily due to the effective promotion of a range of our beers - Stella Artois, Brahma, and four Quilmes varieties - market share also grew in 2008. This helped to dilute fixed costs through increased volume, positioning us well for the future. This year Stella Artois became the number one international beer brand - having grown almost every month since its launch less than three years ago. Quilmes Red was launched in Latin America South in spring 2008 supported by the first ever TV campaign for a specialty beer. Sales surpassed target volumes by a factor of four.

'We had an exceptional year in our region. In 2008, we were able to improve on our great success in 2007 by keeping costs down and transforming new revenue into focused investment in the most promising areas for future growth.'

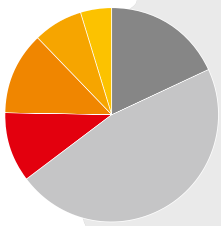
Zone President Latin America North
Zone President Latin America South 2008



Volumes



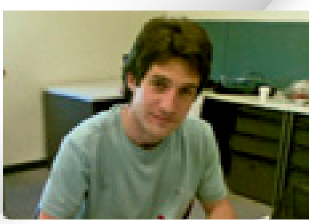
Revenue



Normalized EBITDA contribution of 10.2 %

A company of opportunities

'Anheuser-Busch InBev's Global Management Trainee Program lets you rotate through the different functional areas of the world's leading brewer. The global induction at the Global Headquarters in Belgium was a great experience. We got to know the fundamentals of Anheuser-Busch InBev's culture and 10 principles and learned how you can develop your career within the company - a company that is looking for only the very best people! I am now working back in my Zone and my assignment gives me the feeling that what I am doing is really having a positive impact on the success of our company.'



Global Management Trainee,
Latin America South

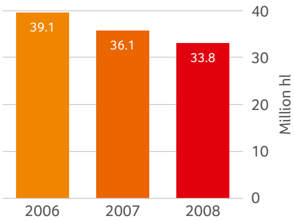
Western Europe

In 2008 we bucked the trend in Western Europe and geared the business for higher value growth, with some exceptional performances from our global and multi-country brands. In 2008, most countries increased their market share compared to last year. We continued to put our efforts behind our focus brands; building fewer stronger brands in the upper core and premium segments. In some cases this meant exiting high volume, low value private label agreements, leading to a slight decrease in volume.

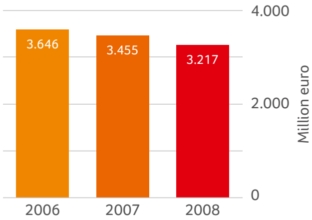
Own beer volumes grew, primarily driven by Beck's, Leffe, Hoegaarden and Jupiler. In the U.K. Stella Artois grew market share for the first time after many years of decline. The successful launch of Stella Artois 4% fueled brand equity improvement among target consumers and key stakeholders. Beck's also grew share and volume impressively. In Germany, we were the only brewer to grow volume in a declining market, with Beck's performing particularly well. In 2008, Jupiler was the fastest growing brand in the Netherlands. Multi-country brands Leffe and Hoegaarden also continued to grow both in Belgium and France.

'In 2008, we maintained or delivered market share growth in all markets, an exceptional performance and turn-around driven by our global and multi-country brands.'

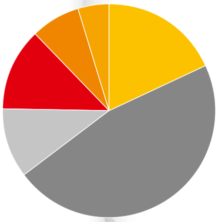
Zone President Western Europe



Volumes



Revenue



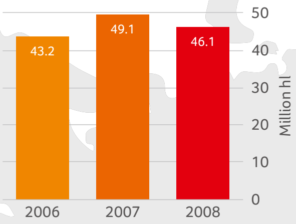
Normalized EBITDA contribution of 12.0 %

A company of owners

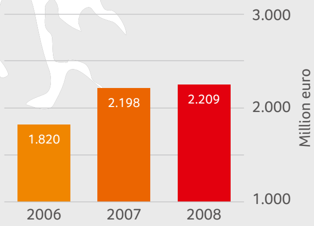
'Increasing efficiency is vital to our daily operations. I devised a color-coded pallet system for forklift drivers which makes them more efficient in implementing the FIFO (first-in first-out) system of loading trucks at the same time as decreasing the chances of loading the wrong beers.'

Warehouse Supervisor, Germany

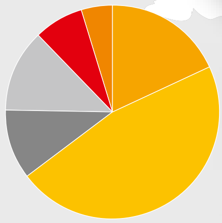
Central & Eastern Europe



Volumes



Revenue



Normalized EBITDA
contribution of 7.2 %

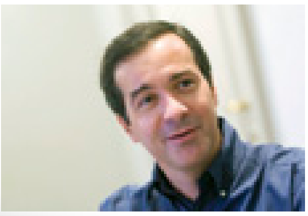
In 2008, volume decline in Central & Eastern Europe (CEE) of 6.1% is largely attributable to continued volume reductions in the less profitable brands in Russia and the Ukraine, as well as industry slowdown. The enhanced focus on growing the share of higher margin and premium brands has not yet fully offset the decline in the more affordable brands, but we are starting to see some early signs of recovery, especially in Ukraine. Overall, the industry as a whole continues to grow, but at a much slower rate than the expectations at the beginning of 2008. Market share remained stable for the Zone overall.

Serbia was the most successful market, with share growth of almost 7 points. Some excellent cost management kept logistics costs flat despite fuel increases, and Zero-Based Budgeting, now in its third year in Serbia, is on track to achieve improvements in fixed costs of over 20% since implementation.

Beck's performed well across the Zone and Beck's Green Lemon was rolled out successfully in Romania, helping to drive brand growth of 3.6% in this market. Klinskoye and Siberian Crown were repackaged. In the Ukraine, Chernigivske non-alcoholic beer was launched successfully, and the Chernigivske mother brand performed much more strongly towards the end of the year, strengthening its number one position in the market.

On the production side, the strategically located Angarsk brewery started production in March, providing around 10% of the supply for the Russian market.

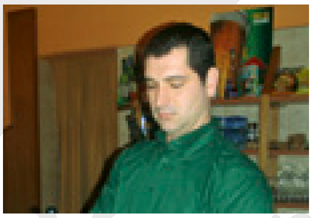
'In a tough and competitive environment, we were able to protect our market share while building a stronger base for the future.'



Zone President Central & Eastern Europe

A company of owners

'As a sales representative, it is important to understand your customers and how their business works. In an effort to really understand how my potential client's business functioned, I spent an entire day working as a waiter in his establishment and, in the end, gained a new account.'



Sales Representative, Czech Republic

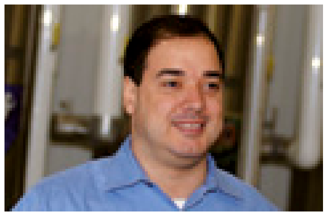
Asia Pacific

Volumes grew in Asia Pacific despite a challenging year. South Korea provided a number of highlights, increasing market share by more than a full market share point and growing volumes overall. This was mainly due to the success of the Cass brand, where consumer brand preference went from being 10 points behind the market leader in December 2007 to surpassing the number one beer brand in South Korea by the end of 2008.

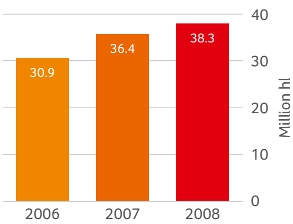
The local portfolio in South Korea was also expanded and strengthened, including Hoegaarden, Stella Artois, and Bud Ice which all experienced double digit growth. Our market share fell slightly in the three provinces that represent more than 80% of our business in China (Zhejiang, Fujian and Jiangxi), however Harbin showed a good performance in the Northeast. Global efficiency programs including Zero-Based Budgeting and the Voyager Plant Optimization program were launched and took a strong hold in the market during the year.

In China the integration with Anheuser-Busch will bring significant opportunities for scale, which is critical in such a fragmented and large market. The integration, which is already underway, will bring together a strong talent pool and two perfectly complementary footprints, creating a powerful portfolio which includes the Sedrin, Pearl River, Budweiser and Harbin brands.

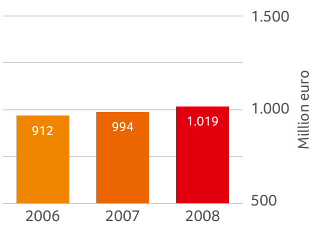
'In what was a mixed year across the Zone we saw some remarkable results from South Korea, and good systemic improvements in China.'



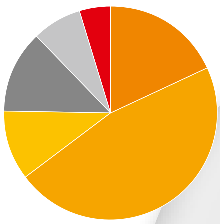
Zone President Asia Pacific



Volumes



Revenue

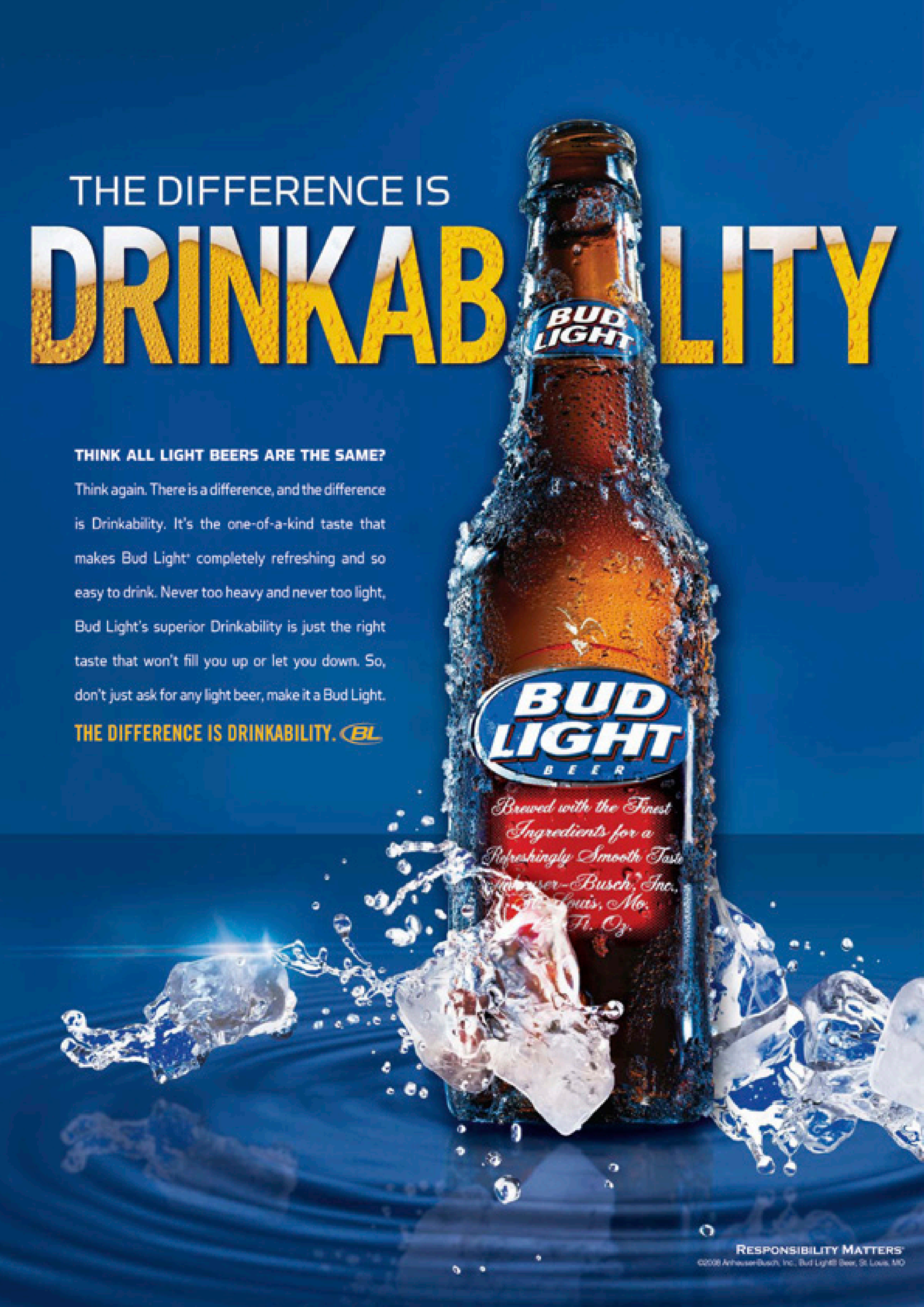


Normalized EBITDA contribution of 4.4%

A company of owners

'I took the initiative to design forms for the SAP rollout in our brewery. The systems are user-friendly and faster than any commercially available packages which will also allow for a faster rollout of SAP to other breweries in our market.'

SAP Operator, Zhejiang Brewery, China



THE DIFFERENCE IS
DRINKABILITY
BUD LIGHT
THINK ALL LIGHT BEERS ARE THE SAME?
Think again. There is a difference, and the difference is Drinkability. It's the one-of-a-kind taste that makes Bud Light® completely refreshing and so easy to drink. Never too heavy and never too light, Bud Light's superior Drinkability is just the right taste that won't fill you up or let you down. So, don't just ask for any light beer, make it a Bud Light.
THE DIFFERENCE IS DRINKABILITY.
BL
BUD LIGHT
BEER
Brewed with the Finest
Ingredients for a
RESPONSIBILITY MATTERS

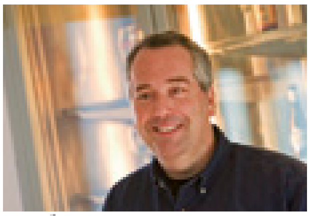
The People that make the difference

People: Our sustainable competitive advantage

We can only achieve our dream of becoming the Best Beer Company in a Better World if we have the best people. Talented people who are engaged and thrive in our culture represent our most important, and indeed only, sustainable competitive advantage.

We are united behind the same **culture** and **10 principles** wherever we do business.

'2008 proved that people are our top priority. We saw the coming of age of our key people initiatives, with increased and talented applicants, new training strands, and higher levels of ownership and engagement than ever before.'



Chief People & Technology Officer

2008 was a year in which our people programs came of age. For instance, our Global Management Trainee Program, which was launched worldwide in 2005, has reached an exceptionally high level in terms of both applicant numbers and, most importantly, applicant quality. We cast the employee engagement net more widely than ever before. And we launched a new Excellence Training Program which will have major problem-solving, team building and developmental potential for the company.

Global Management Trainees

165 Global Management Trainees have been hired and 90% retained throughout the business from recruitments we made in 2006-2007; of these more than 70% have been promoted. We hired 127 Global Management Trainees across all six Zones in 2008, who were selected from a pool of 78,000 applicants; an increase of almost 100% versus the 2007 pool.

Employee engagement

In December, 2008, we continued to expand the scope of our global engagement survey, and more than 52,000 employees participated. Engagement itself, on the basis of internationally accepted key indicators, also continued to increase, this year by more than 10% versus a year ago.

Ownership

Ownership is an important part of who we are and how we behave. It begins with the mindset of everyone who works here - our people really own this company and treat it as if it were their own. We want to attract and retain the very best, and look for owners, not just employees. We set ambitious but achievable targets so that everyone knows what their goals are. Outstanding results are well rewarded, but rewards are not an automatic entitlement - they have to be earned.

In line with our strategy of promoting, attracting and retaining top talent, we appointed 139 new 'partners' in 2008, enabling 139 new members of our top talent pool to receive shares as part of our long-term retention program.

Owners Program

Our annual Owners Program continued to enable employees throughout the company to recognize the actions of their colleagues that best represent our principles in action. The program consists of stories - of individuals and teams - which are submitted throughout the year. The best ones are selected by global function and Zone management committees for review by the CEO. Three stories from each of the Zones and Global Headquarters are then presented at the annual Senior Leaders Convention and told throughout the year, providing vivid examples of people going the extra mile to help us achieve our dream of becoming the Best Beer Company in a Better World.

New training program

White and Green Belt Training programs were launched in most Zones this year, based on the well-know Six Sigma business management strategy. The 'Belt Program' has been implemented with great success in AmBev since 1999.

The program goal is to enhance team capabilities and problem solving and analytical skills, and is an integral part of the employee development plan. In the last six months of 2008 almost 300 employees were trained and certified as 'White Belts' and around 120 as 'Green Belts.' We are committed to having 95% of our employees complete white belt training over the next three years.

In 2008, Anheuser-Busch and InBev ranked no. 1 and no. 2 respectively among beverage companies in the Fortune 500 list of the World's Most Admired Companies.

Best practice competition

The company holds several leadership conventions every year, gathering global, Zone, and country leaders together. One of the highlights of the company's Senior Leaders Convention in 2008 was Best Practice presentations from across all Zones and functions. The most relevant Best Practice came from Brazil with an example of low cost Biomass Energy use which will be implemented across the business.

Dream, People, Culture: Our 10 guiding principles

Our mission is to get the right people in the right roles at the right time, drawing on their capabilities in an engaging professional environment.
Our 'People' principles, which were reviewed and refined in 2008 as a precursor to the integration of InBev and Anheuser-Busch, underpin our entire culture.

Our dream

1. Our shared dream energizes everyone to work in the same direction: to be the Best Beer Company in a Better World.

Our people

2. Great people, allowed to grow at the pace of their talent and compensated accordingly, are the most valuable assets of our company.

3. We must select people who, with the right development, challenges and encouragement, can be better than ourselves. We will be judged by the quality of our teams.

Our culture

4. We are never completely satisfied with our results, which are the fuel of our company. Focus and zero-complacency guarantee lasting competitive advantage.

5. The consumer is the Boss. We connect with our consumers through meaningful brand experiences, balancing heritage and innovation, and always in a responsible way.

6. We are a company of owners. Owners take results personally.

7. We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.

8. We manage our costs tightly, to free up resources that will support top-line growth.

9. Leadership by personal example is the best guide to our culture. We do what we say.

10. We don't take shortcuts. Integrity, hard work, quality and consistency are keys to building our company.

1

2

3

4

L'amitié recette pour 4 pers.

1. Choisir de véritables amis pour partager un bon moment.
2. Offrir le meilleur de vous et quelques zakouskis maison.
3. Servir au choix une Leffe Blonde ou Brune dans les verres adéquats.
4. Faire que cet apéritif soit le début de grands moments à venir.

The World around us

Our vision of a Better World

Our dream is to become the **Best Beer Company in a Better World**. And we have a plan to achieve our dream.

We want to build a company for the **long-term**, with a legacy to be proud of - for the people who work for us and with us; for **future generations and the environment** in which they live; and above all for **our consumers**, who we hope will always be as proud to choose our products, as we are to create them. It is our responsibility to protect our long heritage which spans some **600 years** and ensure that it continues well into the future.

We are making a difference because of the integrity of our business conduct; our sustainable approach to the use of key natural resources; and the ways in which we engage with consumers in the promotion of responsible drinking. Our approach has three pillars, which relate to our key strategies and work alongside our continuous investment in our most valuable sustainable advantage, our people.

1. Generating economic benefits

With operations in over 30 countries the company has a far-reaching economic impact through the jobs we create, the wages and taxes we pay and the significant investments we make in the communities in which we operate. These contributions are the foundation of how we make a positive impact on society. Without a competitive well-managed company generating long-term value, all of our other activities would be impossible. During difficult economic times the real value of an employer with a sustainable approach to building the business becomes even clearer.

2. Promoting responsible drinking

Our primary responsibility to our consumers is to make sure that our products are of the highest quality. However, as a leader in the beer industry we recognize that we have additional responsibilities relating to encouraging the responsible enjoyment of our products. We take a three-pronged approach to this:

- First, we help address and prevent alcohol-related problems through targeted campaigns. In 2008 we conducted three times more campaigns than ever before.
- Second, we ensure that our own marketing and sales activities support our position on responsible drinking and do not encourage alcohol misuse.
- We also added a third focus area in 2008: the development of global standards that need to be reflected in local employee Responsible Drinking policies.

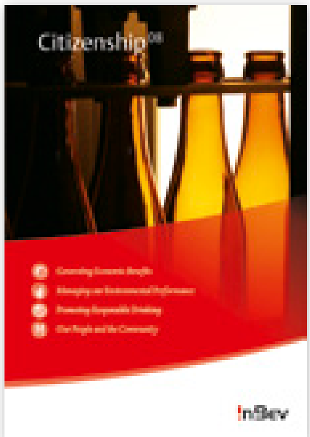
3. Improving our environmental performance

The sustainability of our business and sustainability of the environment go hand in hand. Since our products come from the earth, we understand that what's good for the environment is also good for business. In practice this means being as efficient as possible in our use of natural resources, such as the water we use to brew our beers; recycling our byproducts and waste; and taking on the shared challenges of the future, such as climate change, by reducing our carbon footprint. In 2008 we made significant progress, not just in terms of achieving environmental targets, but in embedding our environmental processes more firmly within the business.

'As part of our vision to be the Best Beer Company in a Better World, we are committed to ensuring that the responsible enjoyment of beer is an accepted part of everyday life and that we make a significant contribution to making the environment in which we operate safer and cleaner.'

Sabine Chalmers
Chief Legal & Communications Officer

Global Citizenship Report
You can find out full details of our environmental commitments and progress in our annual Citizenship Reports, available online at **www.ab-inbev.com/citizenship**



Generating economic benefits*

Wider economic impact

- In 2007, Anheuser-Busch InBev created a value added of approximately 5.7 billion euro, the leader in the European beverage industry, up from second in 2006.
- Foundations associated with Anheuser-Busch InBev invested over 37 million euro in supporting our employees, their families and the communities in which they live.
- In 2008, we invested approximately 1.8 billion euro in our operations around the globe - generating enormous economic benefits for the communities where we do business[1].

A key aim for Anheuser-Busch InBev is to create value for shareholders and stakeholders, especially our employees and the communities in which we operate. We are proud of the positive and meaningful impact our business has, in particular through our significant capital expenditures. We are improving our production facilities, modernizing logistics and commercial investments, creating jobs, as well as paying taxes and excise duties. By constantly improving our operations, we aspire to continue creating new jobs, improving economic standards and adding value to the communities where we work.

Anheuser-Busch InBev's value added

According to the U.K. Government's 2008 Value Added Scoreboard, Anheuser-Busch InBev ranked first in the European beverage industry. In 2007, our value added increased by 25%[2].

Value Added Performance for European Beverage Companies 2008			
Rank 06/07 (05/06)	Company Name	Value Added (million pounds sterling)	Change over 1 year
1 (2)	InBev, Belgium	4 554.5	25 %
2 (1)	Diageo, U.K.	3 471.0	-1 %
3 (3)	Heineken, The Netherlands	3 317.7	8 %
4 (4)	SABMiller, U.K.	3 046.8	18 %
5 (6)	Pernod Ricard, France	1 841.4	55 %

Value Added is the value of a company's sales less the cost of its bought-in goods and services, which measures the amount of wealth created by a company. It provides a broader perspective on a company's economic contribution than operating profit and is a way of understanding its wider economic benefits.

This measurement does not account for the jobs the company creates throughout its supply chain. Research carried out in 2006 shows that for each job in the brewing sector in Europe, two jobs are created in the supply sector, two in retail and almost 12 in hospitality[3].

Winning with integrity

In 2008 we took great steps forward in integrating and reinforcing the company's Code of Business Conduct and Ethics globally. This included expansion of an online and telephone-based reporting tool from Western Europe and Asia Pacific to AmBev, North America and Latin America South. In addition we rolled out a web-based training tool to 3 000 senior employees in six languages. The 'Winning with integrity' training includes guidance on how to apply company ethics and values to the job; conflicts of interest and how to identify them; and how to handle confidential company information. The scope of all of our compliance tools will be broadened in terms of reach and language versions during 2009.

* Where 2008 data is used, this refers to 2008 InBev data, excluding Anheuser-Busch data.
1 Includes Anheuser-Busch data from 18 November 2008.
2 Source : U.K. Government Department for Innovation, Skills and Universities. The 2008 Value Added Scoreboard - The top 800 U.K. and 750 European companies by Value Added. Commentary & Analysis and Company Data documents. www.innovation.gov.uk/value_added/
3 Ernst and Young Netherlands (2006) 'The contribution made by Beer to the European Economy : Employment, Value Added and Tax.'

Promoting responsible drinking

Threefold increase inresponsible drinking initiatives

Beer is enjoyed responsibly by the vast majority of consumers, but we recognize that alcohol misuse can cause harm. As a leading brewer, we work hard to ensure that we do not encourage or condone inappropriate behavior. We also run programs which actively promote the responsible enjoyment of our products.

In 2008, as part of our Better World approach, we developed and promoted responsible drinking programs in 30 key markets in 2008, a threefold increase compared to 2007. Where possible, partnerships with public organizations were established, and to maximize focus we chose three universal themes to focus on: drinking and driving, binge drinking and underage drinking. Furthermore, in 2008 we established global employee responsible drinking standards, creating an online resource which gives our employees worldwide more information and advice on the subject.

Why we believe in responsible drinking

It is in our long-term business interest to ensure that our consumers' wellbeing is protected and we are committed to promoting responsible drinking patterns and reducing alcohol misuse. This is why responsible drinking is an area of primary focus for our Better World approach.

It is our aim to create a Better World in which our products are enjoyed responsibly :

- Not excessively,
- Not by people who are too young to drink,
- Not when driving,
- Not when pregnant, and
- Not with medication.

Our complete position, including support for legal restrictions on drinking age, and support for the enforcement of blood alcohol restrictions to prevent drinking and driving, can be found in our 2008 Global Citizenship Report.

New: Employee Responsible Drinking Policy

In early 2008 we ran an internal survey on responsible drinking. Employee responses showed that they welcomed the company providing them with more guidance and education in relation to responsible drinking, as well as providing them with more detail on our policies and consumer-facing programs. So we established a global set of responsible drinking standards for employees and set up a website where our employees can find out more about responsible drinking and why it is important.

Now that we have implemented our standards, we will roll out local programs to support them over the coming years. We will also repeat our internal responsible drinking survey in early 2009 to assess the impact of the program to date on employee awareness.

Argentina - Let's Live Responsibly

The Quilmes sales force extended their highly successful '18+ = Responsible Sales' campaign to seaside locations during the summer months of January and February, running events aimed at helping teenagers' parents to understand the issues around young people and alcohol. www.vivamosresponsablemente.com

Bulgaria - Alcohol is a Bad Driver

An anti drink driving campaign was launched in major Bulgarian cities on October 13th - the European day of road safety. This program included joint activities with the police force and simulated driving to demonstrate the effects of alcohol on concentration, with a website complete with a blood alcohol concentration (BAC) calculator. www.alcoholbaddriver.bg

China - Don't Drink and Drive

In October we launched the first 'Don't drink and drive' campaign in China, in partnership with the Shanghai Traffic Police Department. Interactive games and displays based on the Canadian Make a Plan campaign were set up to educate people on how to avoid Drunk driving. The program involved outdoor billboards and distribution of more than 100,000 road safety leaflets to drivers in Shanghai and Beijing.

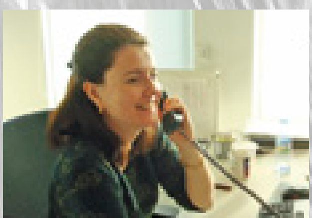
Our Commercial Communications Code

We have a single global Commercial Communications Code which ensures that commercial communications about our products do not encourage inappropriate behavior; are not directed at those under the legal drinking age; and promote drinking in moderation.

The Code covers not only advertising, but all forms of brand marketing and commercial communications, including sponsorship, outdoor events, promotions, website content, relationship marketing, consumer PR, packaging and labeling claims for all Anheuser-Busch InBev beers above 0.5% alcohol by volume (ABV) and any other alcoholic products manufactured and/or marketed by us.

The Code is the minimum standard we apply wherever we do business. If local rules are less strict than the Code, then the Code prevails. If local rules are more precise, then those are applied. In many cases our Code goes well beyond existing legal frameworks.

'After conducting surveys in our local markets, it became very clear that our employees would welcome more information about what exactly responsible drinking is. Going forward, tackling this is one of the main goals of the Corporate Affairs team. Our colleagues need to be proud of the great beers they help market or sell but at the same time, they also need to realize the importance of enjoying our beers in a way which contributes positively to their health, safety, and lifestyle.'



Director Global Corporate Affairs

Improving our environmental performance*

2010 environmental targets

- Increase our waste and byproduct recycling to 98%.
- Reduce water use for beer and soft drinks plants to an industry leading 3.75 hl/hl.
- Reduce energy use per hectoliter by 10%.
- Reduce CO_2 emissions per hectoliter by 10%.

In 2008 we shared publicly, for the first time, targets on key measures such as water and energy use, as well as carbon emission reductions. Our targeted reductions in carbon emissions alone are the equivalent of taking more than 110,000 cars off the road. For more detailed information and updates please visit www.ab-inbev.com/citizenship.

Improving environmental performance

- In 2008, we recycled 97.88% of our waste and brewing byproducts, up from 95.1% in 2005.
- We reduced water usage by 3%; a 9% improvement in the last three years.
- We reduced energy consumption per hectoliter by 1.2%.
- We cut CO_2 emissions per hectoliter of production by 1.9%.

Our beers are based on natural ingredients, we use pure water in the brewing process, and we package and distribute our products for the enjoyment of consumers around the world. In addition to being efficient and avoiding waste - which is an important part of our culture - we need to stay in tune with the world around us and play our part in tackling shared challenges such as climate change.

Environmental Key Performance Indicators (KPIs) and targets are fully integrated into Anheuser-Busch InBev's Voyager Plant Optimization (VPO) global management system which is designed to bring greater efficiency to our brewery operations and generate cost savings, while at the same time improving quality and ensuring safety. The Environment Pillar in VPO guarantees that environmental management is done in accordance with our Environmental Policy and Strategy and the ISO 14001 norms.

* Where 2008 data is used, this refers to 2008 InBev data, excluding Anheuser-Busch data.

Reducing emissions is a key focus, and in 2008 we commissioned a comprehensive carbon study to assess CO_2 emissions across Anheuser-Busch InBev's U.K. and China operations as well as a detailed analysis of the Stella Artois brand in the U.K. The study covered every aspect of our operations, from raw materials through packaging and transport to consumption and disposal and recycling. Its conclusions enabled us to identify practical measures to help us towards our global target of a 10% reduction in CO_2 emissions by 2010.

In 2008 we also implemented a step change in global Green House Gas (GHG) measurements. As of January 2009 our reporting for the measurement of kilos of CO_2 emitted per liter per plant will move from a yearly to a monthly basis.

Getting the correct energy mix is key to maximizing efficiency and minimizing the impact of our business on the environment. We continued with our plan of increasing biomass utilization in Latin America. In 2008, in our Latin America North Zone, biomass represented 34% of total heating fuel use, up from 1% in 2004. In 2009 we plan to continue rolling out this proven technology across all Zones.

Recycling the byproducts of the brewing process has a long history, and we are constantly pushing the boundaries of what and where we can recycle. Where possible we also resell these byproducts, which provides a valuable indicator of efficiency, as well as cash to the business. During 2008 our global revenues from byproducts increased by 23%, or well in excess of 11 million euro.

One Drop Foundation

In 2008 Anheuser-Busch InBev established a partnership with the One Drop Foundation, a non-profit organization to fight poverty worldwide by ensuring that everyone across the planet has access to water, now and in the future. A key element of our agreement will be the engagement of our employees as ambassadors to raise awareness in developed countries about issues surrounding access to safe water and the responsible use of this precious resource. A collaborative work plan will be developed in 2009.

Recovering energy from wastewater treatment (Western Europe)

Innovation in wastewater treatment h as been rapid over recent years and we have invested in anaerobic wastewater treatment which is more energy efficient than other techniques. Anaerobic treatment has the added advantage of producing biogas as a byproduct which can be used in on-site boilers to generate heat or electricity. In our Western European Zone, seven of our 14 plants are running anaerobic wastewater treatment. Between 2004 and 2007 the total biogas production from these sites increased by 83%. Across the globe, additional biogas energy production capacity is already planned.

Labatt leads change (Canada)

Labatt has a powerful heritage, with a 160-year tradition of supporting Canadian communities and charities, and a history of environmental innovation. Since 2002 in Canada, we have reduced Labatt's water usage by 33%, electricity usage by 15%, and fuel usage by 24%, which in turn resulted in a reduction of over 30,000 tons of Green House Gas in the form of CO_2 emissions.

We also launched The Labatt Fresh Water Alliance, a long-term effort focused on water, one of Canada's most valuable, yet fragile resources. Our initial program supports the Canadian Land Trust Alliance, a national network of lands devoted to public use that are all located within watersheds.

Biodiversity (Brazil)

Our Guarulhos brewery received an environmental award from the local government, for its project in the nearby Atlantic Forest, 'Conservation and Tracking of Wild Animals.' Developed in partnership with the Department of the Environment, the ongoing project catalogues wild animals and rehabilitates injured or sick animals in nurseries built inside the plant, before releasing them back in the forest.

There are 274 species registered, including 52 species of reptiles, 54 mammals, and 168 species of birds. In February of 2008 the plant was also approved as a 'Conservation and Wild Animal Tracking Zone' by Ibama, the National Environmental Agency.

Find out more about our global citizenship and environmental progress at **www.ab-inbev.com/citizenship**

Perfect Party Plan

Great parties include friends, fun and a designated driver to make sure everyone gets home safely. Please join the 137 million American adults who have been or used a designated driver.*

Thanks for Designating a Driver.

RESPONSIBILITY MATTERS®

* Source: TNS Custom Research, Inc. 2008

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Management report

Anheuser-Busch InBev is a publicly traded company based in Leuven, Belgium. It is the leading global brewer and one of the world's top five consumer products companies. A true consumer-centric, sales driven company, Anheuser-Busch InBev manages a portfolio of nearly 300 brands that includes global flagship brands Budweiser®, Stella Artois® and Beck's®, fast growing multi-country brands like Leffe® and Hoegaarden®, and strong 'local jewels' such as Bud Light®, Skol®, Brahma®, Quilmes®, Michelob®, Harbin®, Sedrin®, Cass®, Klinskoye®, Sibirskaya Korona®, Chernigivske®, and Jupiler®, among others. In addition, the company owns a 50 percent share in Grupo Modelo, Mexico's leading brewer and owner of the global Corona® brand. Anheuser-Busch InBev's dedication to heritage and quality is rooted in brewing traditions that originate from the Den Hoorn brewery in Leuven, Belgium, dating back to 1366 and the pioneering spirit of the Anheuser & Co brewery, established in 1860 in St. Louis, USA. Geographically diversified with a balanced exposure to developed and developing markets, Anheuser-Busch InBev leverages the collective strengths of its 120 000 employees based in operations in over 30 countries across the world. The Company strives to be the Best Beer Company in a Better World. On a pro-forma basis for 2008, the combined company would have generated revenue of 26.5 billion euro. For more information, please visit: www.ab-inbev.com.

The following management report should be read in conjunction with Anheuser-Busch InBev's audited consolidated financial statements.

A number of acquisitions, divestitures and joint ventures influenced Anheuser-Busch InBev's profit and financial profile over the past two years.

On 18 November 2008, InBev announced the completion of its acquisition of Anheuser-Busch, following approval from shareholders of both companies. Anheuser-Busch's results are included in Anheuser-Busch InBev's result as from this date. The combination creates the global leader in beer and one of the world's top five consumer products companies. InBev changed its name to Anheuser-Busch InBev to reflect the heritage and traditions of Anheuser-Busch. Starting 20 November 2008, the company trades under the new ticker symbol ABI on the Euronext Brussels stock exchange. Anheuser-Busch became a wholly owned subsidiary of Anheuser-Busch InBev and retained its headquarters in St. Louis, MO. St. Louis also became the North American headquarters for the combined company.

Further details on the acquisition of Anheuser-Busch and on the acquisitions and disposals of other subsidiaries and on the purchase of minority interests are disclosed respectively in note 6 *Acquisitions and disposals of subsidiaries* and in note 14 *Goodwill*.

In the rest of this document we refer to Anheuser-Busch InBev as 'AB InBev' or 'the company'.

Selected financial figures

The tables below set out the components of our operating income and our operating expenses, as well as our key cash flow figures.

Million euro	2008	%	2007	%
Revenue[1]	**16 102**	**100.0**	**14 430**	**100.0**
Cost of sales	(7 122)	44.2	(5 936)	41.1
Gross profit	**8 980**	**55.8**	**8 494**	**58.9**
Distribution expenses	(1 854)	11.5	(1 713)	11.9
Sales and marketing expenses	(2 396)	14.9	(2 134)	14.8
Administrative expenses	(1 006)	6.2	(990)	6.9
Other operating income/(expenses)	298	1.8	263	1.8
Normalized profit from operations (Normalized EBIT)	**4 022**	**25.0**	**3 920**	**27.2**
Non-recurring items	(405)	2.5	374	2.6
Profit from operations (EBIT)	**3 617**	**22.5**	**4 294**	**29.8**
Normalized profit attributable to equity holders of AB InBev	**1 711**	**10.6**	**1 863**	**12.9**
Profit attributable to equity holders of AB InBev	**1 288**	**8.0**	**2 198**	**15.2**
Depreciation, amortization and impairment	**(1 311)**	**8.1**	**(1 030)**	**7.1**
Normalized EBITDA	**5 334**	**33.1**	**4 992**	**34.6**
EBITDA	**4 928**	**30.6**	**5 324**	**36.9**

Whenever used in this report, the term 'normalized' refers to performance measures (EBITDA, EBIT, Profit, EPS) before non-recurring items. Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of the company's performance.

Million euro	2008	2007
Operating activities		
Profit	2 099	3 048
Interest, taxes and non cash items included in profit	3 290	2 135
Cash flow from operating activities before changes in working capital and use of provisions	**5 389**	**5 183**
Change in working capital	544	270
Pension contributions and use of provisions	(332)	(363)
Interest and taxes (paid)/received	(1 412)	(1 026)
Cash flow from operating activities	**4 189**	**4 064**
Investing activities		
Net capex	(1 640)	(1 440)
Acquisition and sale of subsidiaries and associates, net of cash acquired/disposed of, and purchase of minority interests	(40 500)	(920)
Other	(24)	2
Cash flow from investing activities	**(42 164)**	**(2 358)**
Financing activities		
Dividends paid	(2 088)	(769)
Net purchase of treasury shares	(539)	(600)
Net proceeds from borrowings	35 142	366
Net proceeds from the issue of share capital	6 337	84
Other	(431)	(51)
Cash flow from financing activities	**38 421**	**(970)**
Net increase/(decrease) in cash and cash equivalents	**446**	**736**

1 Turnover less excise taxes. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to our customers.

Financial performance

AB InBev Worldwide	Pro-forma 2007	Scope[1]	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	285 644	(1 023)	-	99	284 719	-
Revenue	15 576	(49)	(235)	810	16 102	5.2%
Cost of sales	(6 705)	19	116	(551)	(7 122)	(8.3)%
Gross profit	8 871	(31)	(119)	259	8 980	2.9%
Distribution expenses	(1 787)	2	44	(113)	(1 854)	(6.4)%
Sales & marketing expenses	(2 274)	17	48	(188)	(2 396)	(8.4)%
Administrative expenses	(1 133)	55	(2)	73	(1 006)	6.9%
Other operating income/(expenses)	255	(6)	(6)	55	298	20.2%
Normalized EBIT	3 933	38	(35)	86	4 022	2.1%
Normalized EBITDA	5 091	54	(51)	239	5 334	4.6%
Normalized EBITDA margin	32.7%				33.1%	(15) bp

To facilitate the understanding of AB InBev's underlying performance, the comments in this management report, unless otherwise indicated, are based on organic and normalized numbers. Given the transformational nature of the transaction with Anheuser-Busch we are presenting in this management report the 2007 consolidated volumes and results up to EBIT on a pro-forma basis (including pro-forma financials of Anheuser-Busch for the last 6 weeks of 2007 in the comparative base) and as such these financials are included in the organic growth calculations. The profit, cash flow and balance sheet are presented on a non pro-forma basis.

Both from an accounting and managerial perspective, AB InBev is organized along seven business zones. Upon the acquisition of Anheuser-Busch, the Anheuser-Busch businesses are reported according to their geographical presence in the following segments: the US beer business and Modelo are reported in zone North America, the UK business is reported in zone Western Europe, the Harbin, Budweiser China business and Tsingtao are reporting in zone Asia Pacific and the Export, Entertainment and Packaging businesses are reported in the Global Export and Holding Companies segment.

In 2008 we delivered EBITDA growth of 4.6%, while our EBITDA margin decreased 15 bp, closing the year at 33.1%. Since InBev's creation in 2004, our EBITDA margin evolution has been as follows: 24.7% in 2004, 28.6% in 2005, 31.9% in 2006, 32.7% in 2007, including pro-forma financials of Anheuser-Busch for the last 6 weeks of 2007, to 33.1% in 2008.

Consolidated volumes were essentially flat with own beer volumes decreasing 0.3% and soft drinks volume growing 4.9%. Importantly, our focus brands grew 2.6%. Our focus brands are those with the highest growth potential within each relevant consumer segment and where we make the greatest marketing investment.

Our top line grew by 5.2% compared to the previous year. This was primarily achieved through price and revenue management initiatives, as industry volumes were weak throughout our markets.

Our total Cost of Sales (CoS) for 2008 increased by 8.3% overall and 9.1% on a per hectoliter basis (excluding US entertainment and packaging activities) due to inflationary and commodity pressures. In 2008, we saw the combined effects of lower than expected volume growth in Zones with below average CoS/hl especially in Latin America North and Central and Eastern Europe, and the spread of industrial fixed costs over lower than expected volumes.

As a result of missing our targets in 2008, the CEO and most members of our executive board of management will not receive a bonus this year. This is a concrete example of the ownership culture that we believe in at AB InBev, that management incentives must be totally aligned with shareholders' interests.

2008 was, however, also a memorable year for all of us. The combination between Anheuser-Busch and InBev was not only an unprecedented transaction that reshaped the beer industry, but it also created a world class consumer goods company that ranks in the top tier globally in terms of sales and EBITDA.

1 See Glossary.

Volumes

The table below summarizes the volume evolution per zone and the related comments are based on organic numbers. The 2008 volumes include the Anheuser-Busch volumes for the period of 18 November 2008 to 31 December 2008. The 2007 volumes are pro-forma volumes and include the Anheuser-Busch volumes for the comparative period of 2007. Volumes include not only brands that we own or license, but also third party brands that we brew as a subcontractor and third party products that we sell through our distribution network, particularly in Western Europe. Volumes sold by the global export business are shown separately. Our pro-rata stake of volumes in Modelo and Tsingtao is not included in the reported volumes.

Thousand hectoliters	Pro-forma 2007	Scope	Organic growth	2008	Organic growth %
North America	25 734	83	788	26 605	3.1 %
Latin America North	100 877	(323)	965	101 519	1.0 %
Latin America South	30 524	-	3 174	33 698	10.4 %
Western Europe	36 308	(850)	(1 705)	33 753	(4.8) %
Central and Eastern Europe	49 137	-	(2 994)	46 142	(6.1) %
Asia Pacific	38 299	-	38	38 337	0.1 %
Global Export and Holding Companies	4 765	68	(167)	4 666	(3.4) %
Worldwide	**285 644**	**(1 023)**	**99**	**284 719**	**-**

2008 consolidated volumes were flat. AB InBev's own beer volumes decreased 0.3 %, slightly ahead of overall beer volumes, which declined by 0.8 %, as a result of the ongoing focus on growing our own branded volumes.

Our focus brands, i.e., those with greater growth potential within each relevant consumer segment, have performed well. For full year 2008, they have significantly outperformed total and own beer sales, with volume growth of 2.6 %, even in a difficult environment.

Our global brands, Stella Artois and Beck's, grew 0.3 % in 2008. Stella Artois delivered strong double digit growth in Canada, Argentina and US, offset by soft volumes in other markets. Beck's performance was positive in many countries such as the UK and Germany, but the brand experienced volume loss in the US.

We continued to invest in brand building, increasing our spending on marketing and sales, as reflected in the increase of commercial expenses of 8.4 % in 2008. We intensified our product renovation and innovation, which has further improved the performance of our focus brands. Our innovative Stella Artois 4 %, launched in the third quarter of 2008, delivered very good results in the fourth quarter and supported the Stella Artois brand's first market share gain in the UK since 2003.

2008 soft drinks volumes grew by 4.9 %.

North America : our total 2008 volumes increased 3.1 %, including the Anheuser-Busch US beer volumes as of 18 November 2008 and in the comparison base in 2007, providing a fair view of the underlying organic performance of our combined North American business. In Canada, 2008 own beer volumes grew 1.1 %, and our brands, especially Budweiser, and Bud Light, performed well. Imports to Canada have maintained their strong volumes, led by Stella Artois. The launch of the Stella Artois Légère line extension drove the double-digit growth and brand health improvement for the Stella Artois brand. In addition, we gained 0.2 market share points in the country, driven by share gains in Quebec and the Prairies. Since 18 November 2008, United States domestic beer volumes delivered organic shipment volume growth of 4.9 %, compared to the same period in 2007. In 2008, domestic US beer shipments grew 1.6 %, ahead of the industry, leading to shipment share gains of 0.5 share points. This share gain was driven by wholesaler inventory levels returning to a normal level by year-end and the successful introduction of Bud Light Lime. Domestic US beer sales-to-retailer (STR) increased 1.1 %, and STR share grew 0.2 pp, driven by strong gains in the supermarket/supercenter segments. In addition to this, share performance improved across all major retail channels in the second half of 2008. Shipment volumes of our European imports into the US declined by 1 % in 2008. However, Stella Artois shipments maintained their strong growth and delivered 17.8 % growth for 2008, while sales-to-retailer of Stella Artois were 26.7 % above last year.

Latin America North : volumes were 1.0 % higher in 2008, with beer flat and non-beer growing 3.6 %. In Brazil, 2008 beer volumes grew 0.2 % as the weather continued to be colder and more humid than the same period in 2007. In addition, food inflation increased by twice the level of general consumer inflation, putting pressure on consumer spending. In 2008, due to price increases and aggressive competitor behavior in can pricing, our full year market share was 67.5 %, a decrease of 0.3 pp from the previous year. The performance of Stella Artois indicates its potential for the country, growing by 39.8 % in 2008, on a still small base. Our Brazilian soft drinks business posted volume growth of 2.8 % for 2008, coupled with strong market share performance in Brazil throughout 2008.

Latin America South : the zone showed strong volume growth of 10.4 % in 2008, with beer contributing 11.5 % and non-beer 8.7 %. In Argentina, our 2008 beer volumes grew 11.4 %, ahead of industry growth. Our strong performance results from our focus on the premium segment, as well as successful focus brand marketing and innovation initiatives. 2008 was a good year of market share growth in Argentina up 1.9 pp compared to the previous year. Stella Artois is the number one international beer brand in Argentina, and grew by almost 60 % in 2008. Soft drink volumes for 2008 grew 8.2 % in Argentina, ahead of the industry, recording strong market share growth for 2008.

Western Europe: own beer volumes for 2008 declined 1.3 % due to industry weakness, especially in the UK and Belgium. The continuous significant decrease in lower value, non-branded products, fully consistent with our focus on deriving value from our own brand portfolio, led to a reported total 2008 volume decline of 4.8 %. In 2008, most countries increased market share compared to last year. Germany continues to be a good example of the success of our brand building strategy in Western Europe. Sales of own beer volumes grew 3.5 %, allowing us to increase market share 0.4 pp, while the industry continued to decline. This is mainly due to our decision to reduce production of third-party brands, focusing instead on our own brands. In Belgium, our own beer volumes for 2008 decreased 3.8 %, due to weak industry conditions in general. Overall, despite the industry slowdown, we gained 0.2 pp of market share in 2008. In the United Kingdom, own beer volumes declined by 2.7 % in 2008. However, we gained 0.4 market share points in 2008, of which the Stella Artois family contributed 0.2 pp, gaining market share for the first time since 2003. This demonstrates the potential of the brand and results of our focused activities. The launch of Stella Artois 4 % has added further volumes to the Stella Artois family, with marginal cannibalization of the regular Stella Artois brand. The Beck's family also presented an impressive performance, as both Beck's Pils and Beck's Vier grew by strong double digits.

Central and Eastern Europe: the 2008 decline in volumes of 6.1 % is largely attributable to continued volume reductions in the less profitable brands in Russia and Ukraine, as well as industry slowdown. The enhanced focus on growing the share of higher margin and premium brands has not yet fully offset the decline in the more affordable brands, but we are starting to see some early signs of recovery, especially in Ukraine. In Russia, 2008 beer volumes fell by 12.4 % due to weak industry volumes, and share losses in the value and price segments. However, we have maintained our focus on driving the market share of higher margin and premium brands such as Siberian Crown and Klinskoye, which showed positive volumes for 2008. In Ukraine, 2008 beer volume decreased 0.7 % also attributable to our focus on higher margin and premium brands, such as Chernigivske, which became the number one brand in the country towards the end of the year. We lost 0.4 pp of market share in Ukraine in 2008, although December 2008 already presented an improvement against December 2007 of more than one percentage point.

Asia Pacific: in 2008, volumes increased 0.1 %, as strong volume growth in Korea was offset by a slight volume decline in China. In China, volumes declined 1.2 % in 2008 and market data indicates that the industry was weak in 2008. The Harbin business contributed with an organic volume growth of 7.9 % in the six weeks since 18 November 2008 compared to the same period in 2007, which was offset by volume declines of 1.8 % in the Southeast. On a full year pro forma basis, the Harbin business delivered volume growth of 4.7 %. Our volumes in South Korea grew 6.1 % in 2008, which is about twice as fast as the industry, leading to a market share gain of 1.2 pp. The Cass brand grew 11.9 % in 2008. In the last two years, the Cass brand has gained 6.2 market share points. In addition to good volume performance, South Korea has also delivered strong profitability growth for the last two years.

Operating activities by zone

The tables below provide a summary of the performance of each geographical zone.

AB InBev Worldwide	Pro-forma 2007	Scope	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	285 644	(1 023)	-	99	284 719	-
Revenue	15 576	(49)	(235)	810	16 102	5.2 %
Cost of sales	(6 705)	19	116	(551)	(7 122)	(8.3) %
Gross profit	8 871	(31)	(119)	259	8 980	2.9 %
Distribution expenses	(1 787)	2	44	(113)	(1 854)	(6.4) %
Sales & marketing expenses	(2 274)	17	48	(188)	(2 396)	(8.4) %
Administrative expenses	(1 133)	55	(2)	73	(1 006)	6.9 %
Other operating income/(expenses)	255	(6)	(6)	55	298	20.2 %
Normalized EBIT	3 933	38	(35)	86	4 022	2.1 %
Normalized EBITDA	5 091	54	(51)	239	5 334	4.6 %
Normalized EBITDA margin	32.7 %				33.1 %	(15) bp

North America	Pro-forma 2007	Scope	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	25 734	83	-	788	26 605	3.1 %
Revenue	2 433	8	71	203	2 715	8.4 %
Cost of sales	(1 025)	4	(62)	(96)	(1 179)	(9.5) %
Gross profit	1 408	12	9	107	1 536	7.6 %
Distribution expenses	(336)	(7)	7	(12)	(348)	(3.4) %
Sales & marketing expenses	(311)	4	(7)	4	(311)	1.2 %
Administrative expenses	(216)	79	(9)	34	(112)	26.5 %
Other operating income/(expenses)	14	-	-	(16)	(3)	(120.0) %
Normalized EBIT	558	87	-	117	763	17.8 %
Normalized EBITDA	706	95	6	126	933	15.6 %
Normalized EBITDA margin	29.0 %				34.4 %	255 bp

Latin America North	Pro-forma 2007	Scope	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	100 877	(323)	-	965	101 519	1.0%
Revenue	4 904	(9)	54	234	5 182	4.8%
Cost of sales	(1 664)	(6)	(13)	(97)	(1 781)	(5.9)%
Gross profit	3 239	(15)	41	137	3 402	4.2%
Distribution expenses	(551)	-	(4)	(64)	(619)	(11.7)%
Sales & marketing expenses	(491)	-	(4)	(72)	(567)	(14.7)%
Administrative expenses	(256)	(19)	(2)	(4)	(282)	(1.6)%
Other operating income/(expenses)	121	29	2	(11)	140	(7.4)%
Normalized EBIT	2 062	(6)	33	(14)	2 074	(0.7)%
Normalized EBITDA	2 318	(6)	36	46	2 394	2.0%
Normalized EBITDA margin	47.3%				46.2%	(127) bp

Latin America South	Pro-forma 2007	Scope	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	30 524	-	-	3 174	33 698	10.4%
Revenue	1 003	-	(43)	295	1 254	29.4%
Cost of sales	(425)	-	24	(128)	(529)	(30.0)%
Gross profit	578	-	(20)	167	726	28.9%
Distribution expenses	(82)	-	5	(21)	(98)	(25.5)%
Sales & marketing expenses	(118)	-	5	(17)	(129)	(14.1)%
Administrative expenses	(44)	-	2	(6)	(49)	(14.7)%
Other operating income/(expenses)	(11)	-	-	19	8	173.6%
Normalized EBIT	323	-	(8)	142	457	44.1%
Normalized EBITDA	405	-	(11)	153	546	37.9%
Normalized EBITDA margin	40.3%				43.5%	264 bp

Western Europe	Pro-forma 2007	Scope	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	36 308	(850)	-	(1 705)	33 753	(4.8)%
Revenue	3 480	(50)	(154)	(60)	3 217	(1.7)%
Cost of sales	(1 634)	27	103	(7)	(1 511)	(0.4)%
Gross profit	1 847	(23)	(51)	(66)	1 706	(3.6)%
Distribution expenses	(406)	9	17	(20)	(401)	(5.0)%
Sales & marketing expenses	(673)	23	25	(12)	(638)	(1.9)%
Administrative expenses	(237)	(9)	4	9	(233)	3.6%
Other operating income/(expenses)	(71)	(34)	(5)	13	(98)	14.8%
Normalized EBIT	460	(35)	(10)	(77)	337	(17.3)%
Normalized EBITDA	771	(38)	(20)	(72)	642	(9.6)%
Normalized EBITDA margin	22.2%				19.9%	(172) bp

Central and Eastern Europe	Pro-forma 2007	Scope	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	49 137	-	-	(2 994)	46 142	(6.1)%
Revenue	2 198	-	(85)	96	2 209	4.3%
Cost of sales	(1 013)	-	50	(183)	(1 145)	(18.0)%
Gross profit	1 186	-	(35)	(87)	1 064	(7.3)%
Distribution expenses	(292)	-	9	6	(277)	1.9%
Sales & marketing expenses	(392)	-	13	(68)	(446)	(17.4)%
Administrative expenses	(131)	2	2	8	(119)	6.0%
Other operating income/(expenses)	(69)	-	-	(21)	(89)	(30.2)%
Normalized EBIT	302	2	(10)	(162)	132	(53.4)%
Normalized EBITDA	520	2	(17)	(119)	386	(22.7)%
Normalized EBITDA margin	23.6%				17.5%	(615) bp

Asia Pacific	Pro-forma 2007	Scope	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	38 299	-	-	38	38 337	0.1 %
Revenue	1 034	-	(99)	84	1 019	8.1 %
Cost of sales	(526)	1	35	(64)	(555)	(12.2) %
Gross profit	508	1	(64)	19	464	3.8 %
Distribution expenses	(68)	-	9	(8)	(67)	(12.2) %
Sales & marketing expenses	(218)	-	17	(27)	(227)	(12.3) %
Administrative expenses	(62)	(2)	2	(6)	(68)	(9.6) %
Other operating income/(expenses)	2	-	(2)	17	18	-
Normalized EBIT	162	(2)	(37)	(4)	119	(2.7) %
Normalized EBITDA	265	(2)	(42)	11	232	4.3 %
Normalized EBITDA margin	25.7 %				22.8 %	(90) bp

Global Export and Holding Companies	Pro-forma 2007	Scope	Currency translation	Organic growth	2008	Organic growth %
Volumes (thousand hectoliters)	4 765	68	-	(167)	4 666	(3.4) %
Revenue	524	1	21	(41)	505	(7.8) %
Cost of sales	(418)	(6)	(21)	23	(423)	5.5 %
Gross profit	105	(5)	-	(19)	82	(16.4) %
Distribution expenses	(50)	-	-	7	(44)	13.5 %
Sales & marketing expenses	(71)	(9)	(2)	3	(79)	4.2 %
Administrative expenses	(186)	5	(1)	39	(143)	21.6 %
Other operating income/(expenses)	270	-	-	53	323	19.8 %
Normalized EBIT	67	(8)	(4)	85	140	119.5 %
Normalized EBITDA	106	4	(2)	94	201	85.8 %

Revenue

Consolidated revenue grew 5.2 % for 2008, totaling 16 102 million euro. The increase in revenue per hectoliter of 5.6 % is the result of effective revenue management activities implemented across our businesses, and also reflects product mix improvements.

Cost of sales

Consolidated cost of sales increased 8.3 % for 2008, reaching 7 122 million euro. On a per hl basis, cost of sales increased 9.1 %.

Operating expenses

Operating expenses increased 3.6 % in 2008 primarily due to higher sales and marketing expenses which increased 8.4 %.

In 2008, we continued our efforts to shift 'non-working money' into 'working money'; i.e. focusing our spend on activities that directly relate to what our consumers see, touch and enjoy.

Distribution expenses for 2008 rose 6.4 % to 1 854 million euro. Administrative expenses for 2008 were reduced by 73 million euro or 6.9 %, as a result of sound fixed cost management and lower bonus accruals compared to last year. Other operating income/expenses for 2008 were 55 million euro better than last year.

Normalized profit from operations before depreciation, amortization and impairment (normalized EBITDA)

2008 normalized EBITDA of 5 334 million euro is 4.6 % above last year.

- North America EBITDA was 933 million euro, an organic increase of 15.6 %, attributable to solid revenue growth and synergy savings in the fourth quarter.
- Latin America North EBITDA rose 2 % to 2 394 million euro as revenue increases were partly offset by higher sales and marketing expenses on the back of commercial campaigns, and increased distribution expenses.
- Latin America South grew EBITDA 37.9 % to 546 million euro, mainly driven by strong volume performance and revenue management, improved product mix, as well as fixed cost management.
- Western Europe reported EBITDA declined 9.6 % to 642 million euro, as the zone was impacted by lower volume growth, and commodity cost increase.
- Central and Eastern Europe EBITDA fell 22.7 % to 386 million euro, as a result of volume decline, higher cost of sales, and higher sales and marketing expenses, driven by our continued focus on higher margin brands.
- Asia Pacific delivered an EBITDA growth of 4.3 % reaching 232 million euro, mainly due to higher volume growth and revenue management activities in South Korea, which were partly offset by higher commercial and distribution expenses in China.
- Global Export and Holding Companies, which also includes the US Entertainment and Packaging businesses, recorded an EBITDA of 201 million euro, an increase of 94 million euro, due to sound fixed cost management and lower bonus accruals compared to last year. The contribution of the US Entertainment Business to our revenue as of 18 November 2008 was 71 million euro. The Entertainment business delivered pro-forma revenue of 932 million euro and EBITDA of 258 million euro for the full year 2008. The US Packaging Business delivered a revenue contribution of 128 million euro as of 18 November 2008. The full year pro-forma revenue of the Packaging Business was 1 188 million euro in 2008 and the full year EBITDA was 184 million euro.

The consolidated normalized EBITDA margin for 2008 was basically flat on an organic basis reaching 33.1 %, compared to 32.7 % in 2007, 15 bp lower than the prior year. On an absolute basis, when including the consolidation of Anheuser-Busch and currency translation effects, the EBITDA margin increased by 40 bp.

Depreciation, amortization and impairment

Depreciation, amortization and impairment expense in 2008 amounted to 1 311 million euro versus 1 116 million euro in 2007. Both figures reflect a full-cost reallocation of (4) million euro and 1 million euro respectively from the aggregate depreciation, amortization and impairment expense to cost of goods sold.

Profit

Normalized profit attributable to equity holders of AB InBev was 1 711 million euro (normalized EPS 1.71 euro) in 2008. On a non pro-forma basis, reported profit attributable to equity holders of AB InBev for 2008 was 1 288 million euro, which included the following impacts:

- *Net financing costs*: 982 million euro (versus 598 million euro in 2007). The increase is mainly explained by the interest charges on the existing Anheuser-Busch debt, the interest charges on the senior facilities to fund the acquisition and the amortization of the arrangement fees paid on the senior facilities.
- *Non-recurring net finance cost*: 138 million euro has been recognized as a non-recurring financial expense. This expense related for 90m euro to the commitment fees for the syndicated senior loan and equity bridge facility and the underwriting and arrangement fees for the equity bridge facility. In addition a 48m euro loss was recognized for ineffectiveness of the hedging on the Anheuser-Busch financing prior to the closing of the acquisition.
- *Share of result in associates*: 47 million euro (versus 1 million euro in 2007), explained by the recognition of 6 weeks result of the investment in Modelo and Tsingtao, following the acquisition of Anheuser-Busch.
- *Income tax expense*: 445 million euro with an effective tax rate of 17.8 % (versus 17,6 % in 2007). The income tax expense is mainly impacted by the recognition of a deferred tax asset of 83 million euro following the use of tax losses not previously recognized. Furthermore, the company continues to benefit at the AmBev level from the impact of interest on equity payments and tax deductible goodwill from the merger between InBev Holding Brazil and AmBev in July 2005 and the acquisition of Quinsa in August 2006. This has been partially compensated by the recognition of a non recurring impairment on the French distribution network on which no deferred tax assets are recognized. Excluding the impact of the recognition of the deferred tax asset and the non recurring expense in France, the effective tax rate would have been 20.4 %.
- *Profit attributable to minority interests*: 811 million euro (2007 : 850 million euro).

Impact of foreign currencies

Foreign currency exchange rates have a significant impact on our financial statements. In 2008, 30.7 % (2007 – 29.8 %) of our revenue was realized in Brazilian reals, 15.6 % (2007 – 16.7 %) in euro, 9.8 % (2007 – 8.4 %) in US dollars, 8.4 % (2007 – 8.8 %) in Canadian dollars, 6.5 % (2007 – 7.2 %) in Russian ruble, 6.2 % (2007 – 7.5 %) in pound sterling, 4.9 % (2007 – 4.1 %) in Argentinean peso, 3.5 % (2007 – 3.4 %) in Chinese yuan and 3.0 % (2007 – 3.4 %) in South Korean won.

The fluctuation of the foreign currency rates had a negative translation impact on our 2008 revenue of 235 million euro (versus a negative impact in 2007 of 90 million euro), EBITDA of 49 million euro (versus a negative impact in 2007 of 18 million euro) and profit from operations of 53 million euro (versus a positive impact in 2007 of 4 million euro).

Our profit (after tax) has been negatively affected by the fluctuation of foreign currencies for 38 million euro (versus a positive impact in 2007 of 9 million euro), while the effect on our EPS base (profit attributable to equity holders of AB InBev) was (42) million euro or (0.04) per share (versus neutral in 2007).

The impact of the fluctuation of the foreign currencies on our net debt is (2 489) million euro (decrease of net debt) and on our equity (1 419) million euro (decrease of equity). In 2007 there was an impact of (107) million euro (decrease of net debt) and (60) million euro (decrease of equity), respectively.

Non-recurring items

Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature.

Details on the nature of the non-recurring items are disclosed in note 8 *Non-recurring items*.

Liquidity position and capital resources

Cash flows - Key figures

Our cash flow from operating activities increased from 4 064 million euro in 2007 to 4 189 million euro in 2008, or 3.08 %. AB InBev devotes substantial efforts to the more efficient use of its working capital, especially those elements of working capital that are perceived as ‘core’ (including trade receivables, inventories and trade payables). The changes in working capital resulted in 544 million euro cash flow impact in 2008. This improvement was impacted by an outstanding consideration payable to former Anheuser-Busch shareholders whom did not claim the proceeds by year end 2008. Excluding this payable, the change in working capital would have resulted in a 204 million euro cash impact. This improvement was partially offset by higher taxes and interest paid compared to 2007.

The evolution of the cash used in investment activities from (2 358) million euro in 2007 to (42 164) million euro in 2008 is mainly explained by the acquisition of Anheuser-Busch (39 902 million euro). Further details on the acquisition are disclosed in note 6 *Acquisitions and disposals of subsidiaries*.

The cash outflow from our financing activities went from (970) million euro in 2007 to a cash inflow of 38 421 million euro in 2008, explained by an increase in the net proceeds from the issue of share capital (6 337 million euro) and the increase in proceeds from borrowings, related to the senior facility. Both proceeds were required for the acquisition of Anheuser-Busch.

Net capital expenditures

We spent 1 640 million euro in 2008 and 1 440 million euro in 2007 on acquiring capital assets. In 2008, out of the total capital expenditures, approximately 66 % was used to improve our production facilities while 24 % was used for logistics and commercial investments. Approximately 10 % was used for improving administrative capabilities and purchase of hardware and software.

Capital resources and equity

AB InBev's net financial debt increased to 40 713 million euro as of December 2008, from 5 093 million euro as of December 2007. Apart from operating results net of capital expenditures, the net financial debt is impacted by the acquisition of Anheuser-Busch and other business combinations (39 966 million euro); the net proceeds from the issue of share capital (6 337 million euro); the AB InBev (706 million euro) and AmBev (236 million euro) share buy-back programs; the purchase of minority interests of Quinsa and Zheijang Shiliang (respectively 291 million euro and 54 million euro); dividend payments and the impact of changes in foreign exchange rates (2 489 million euro).

To finance the acquisition of Anheuser-Busch, AB InBev entered into a 45 billion US dollar senior facilities agreement and a 9.8 billion US dollar bridge facility agreement, enabling us to consummate the acquisition, including the payment of 52.5 billion US dollar to shareholders of Anheuser-Busch, refinancing certain Anheuser-Busch indebtedness, payment of all transaction charges, fees and expenses and accrued but unpaid interest to be paid on Anheuser-Busch's outstanding indebtedness. On 18 December 2008, AB InBev repaid the debt it incurred under the bridge facility with the net proceeds of the rights issue and cash proceeds received by AB InBev from pre-hedging the foreign exchange rate between the euro and the US dollar in connection with the rights issue. AB InBev intends to refinance a portion of the debt incurred under the senior credit facility with the proceeds of one or more debt capital markets offerings. In addition, AB InBev may, in the future, dispose of certain of the assets or businesses and expects to utilize proceeds from any such disposals to repay indebtedness incurred to finance the acquisition.

Consolidated equity attributable to equity holders of AB InBev as at 31 December 2008 was 16 126 million euro, compared to 13 625 million euro at the end of 2007. The movement of the foreign exchange translation adjustment of (1 335) million euro is the effect of the weakening of mainly the closing rates of the Mexican peso, the Brazilian real, the Pound sterling, the Russian ruble, the South Korean won, the Ukrainian hryvnia and the Canadian dollar, offset by a positive currency translation effect as a result of the weakening of the US dollar since 18 November 2008, as the major part of our net debt is US dollar denominated. Further details on equity movements can be found in note 23 *Changes in equity* to the consolidated financial statements.

As a result of share buy-back programs of 2008 AB InBev acquired 12.7 million AB InBev shares for an amount of 706 million euro and AmBev acquired 5 million AmBev shares for an amount of 236 million euro.

Research & development

Given its focus on innovation, AB InBev places a high value on research and development. In 2008 AB InBev expensed 52 million euro in research, mainly in its Belgian research and development centre, compared to 20 million euro in 2007. Part of this was spent in the area of market research, but the majority is related to innovation in the areas of process optimization and product development.

Research and development in process optimization is primarily aimed at capacity increase (plant debottlenecking and addressing volume issues, while minimizing capital expenditure), quality improvement and cost management. Newly developed processes, materials and/or equipment are documented in best practices and shared across business zones. Current projects range from malting to bottling of finished products.

Research and development in product innovation covers liquid, packaging and draft innovation. Product innovation consists of breakthrough innovation, incremental innovation and renovation (that is, implementation of existing technology). The main goal for the innovation process is to provide consumers with better products and experiences. This implies launching new liquid, new packaging and new draught products that deliver better performance both for the consumer and in terms of financial results, by increasing AB InBev's competitiveness in the relevant markets. With consumers comparing products and experiences offered across very different drink categories and the offering of beverages increasing, AB InBev's research and development efforts also require an understanding of the strengths and weaknesses of other drink categories, spotting opportunities for beer and developing consumer solutions (products) that better address consumer need and deliver better experience. This requires understanding consumer emotions and expectations. Sensory experience, premiumization, convenience, sustainability and design are all central to AB InBev's research and development efforts.

Knowledge management and learning is also an integral part of research and development. AB InBev seeks to continuously increase its knowledge through collaborations with universities and other industries.

AB InBev's research and development team is briefed annually on the company's and the business zones' priorities and approves concepts which are subsequently prioritized for development. Launch time, depending on complexity and prioritization, usually falls within the next calendar year.

The Global Innovation and Technology Center ('GITeC'), located in Leuven, accommodates the Packaging, Product, Process Development teams and facilities such as Labs, Experimental Brewery and the European Central Lab, which also includes Sensory Analysis. In addition to GITeC, AB InBev also has Product, Packaging and Process development teams located in each of the six AB InBev geographic regions focusing on the short-term needs of such regions.

Risks and uncertainties

Under the explicit understanding that this is not an exhaustive list, AB InBev's major risk factors and uncertainties are listed below. There may be additional risks which AB InBev is unaware of. There may also be risks AB InBev now believes to be immaterial, but which could turn out to have a material adverse effect. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequence.

Risks relating to AB InBev and the beer and beverage industry

AB InBev relies on the reputation of its brands and its success depends on its ability to maintain and enhance the image and reputation of its existing products and to develop a favourable image and reputation for new products. An event, or series of events, that materially damages the reputation of one or more of AB InBev's brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. In addition, AB InBev may not be able to protect its current and future brands and products and defend its intellectual property rights, including trademarks, patents, domain names, trade secrets and know-how.

Certain of AB InBev's operations depend on independent distributors' efforts to sell AB InBev's products and there can be no assurance that such distributors will not give priority to AB InBev's competitors. Further, any inability of AB InBev to replace unproductive or inefficient distributors could adversely impact AB InBev's business, results of operations and financial condition.

Changes in the availability or price of raw materials, commodities and energy could have an adverse effect on AB InBev's results of operations.

AB InBev relies on key third parties, including key suppliers for a range of raw materials for beer and soft drinks, and for packaging material. The termination of or material change to arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations could have a material impact on AB InBev's production, distribution and sale of beer and have a material adverse effect on AB InBev's business, results of operations, cash flows or financial condition.

Competition in its various markets could cause AB InBev to reduce pricing, increase capital investment, marketing and other expenditure or lose market share, any of which could have a material adverse effect on AB InBev's business, financial condition and results of operations.

AB InBev could incur significant costs as a result of compliance with, and violations or liabilities under, various regulations that govern AB InBev's operations.

AB InBev's operations are subject to environmental regulations, which could expose it to significant compliance costs and litigation relating to environmental issues.

Antitrust and competition laws and changes in such laws, or in the interpretation and enforcement thereof, could have a material adverse effect on AB InBev's business.

Negative publicity regarding AB InBev's products (e.g. because of concerns over alcoholism, under age drinking or obesity) could result in sales of AB InBev's products decreasing materially.

Demand for AB InBev's products may be adversely affected by changes in consumer preferences and tastes. Consumer preferences and tastes can change in unpredictable ways. Failure by AB InBev to anticipate or respond adequately to changes in consumer preferences and tastes could adversely impact AB InBev's business, results of operations and financial condition.

The beer and beverage industry may be subject to changes in taxation, which makes up a large proportion of the cost of beer charged to consumers in many jurisdictions. Increases in taxation tend to reduce overall consumption and encourage consumers to switch to lower-taxed categories of beverages. An increase in beer excise taxes or other taxes could adversely affect the financial results of Anheuser-Busch.

Seasonal consumption cycles and adverse weather conditions in the markets in which AB InBev operates may result in fluctuations in demand for AB InBev's products and therefore may have an impact on AB InBev's operations.

AB InBev is exposed to emerging market risks as a proportion of AB InBev's operations are carried out in emerging European and Latin American markets.

AB InBev is exposed to the risk of a global recession or a recession in one or more of its key markets, and to credit and capital market volatility and economic and financial crisis, which could result in a deterioration in the results of AB InBev's operations, as beer consumption in many of the jurisdictions in which AB InBev operates is closely linked to general economic conditions, and could adversely affect the market price of the shares.

AB InBev is now, and may in the future be, a party to legal proceedings and claims, and significant damages may be asserted against it. Given the inherent uncertainty of litigation, it is possible that AB InBev might incur liabilities as a consequence of the proceedings and claims brought against it. Important contingencies are disclosed in note 33 *Contingencies* of the consolidated financial statements.

Risks relating to the acquisition of Anheuser-Busch Companies Inc

AB InBev has financed the acquisition with debt under its senior facility and available cash and intends to refinance a portion of this debt with the proceeds of one or more debt capital markets offerings. Even after such refinancing, however, AB InBev will have an increased level of debt. Because of the need to dedicate a substantial portion of its cash flow from operations to payments of interest and principal on such debt, AB InBev's increased level of debt after the acquisition could have significant adverse consequences on AB InBev, including increasing its vulnerability to general adverse economic and industry conditions and limiting its ability to fund future working capital and capital expenditure. AB InBev could also be at a competitive disadvantage compared to its competitors that have less debt. AB InBev's ability to repay its outstanding indebtedness will depend upon market conditions; unfavourable conditions could increase costs beyond what is currently anticipated. Further, AB InBev expects to reduce the amount of dividends it will pay in the first two to three years after the closing of the acquisition, and may have to make further reductions or reduce dividends for a longer period as a result of management's strategy to reduce the leverage of AB InBev and its increased level of debt and the effect of the financial covenants in its debt facilities entered into to fund the acquisition.

Ratings agencies may downgrade AB InBev's or Anheuser-Busch's credit ratings below their current levels as a result of the merger and the incurrence of the related financial indebtedness, and this would adversely affect AB InBev's refinancing capacity and business.

AB InBev and Anheuser-Busch may not be able to retain their senior managers or employees. The key employees of either AB InBev or Anheuser-Busch could leave their employment because of the uncertainties about their roles in AB InBev, difficulties related to the combination, or because of a general desire not to remain with AB InBev for other reasons.

The integration process resulting from the acquisition involves inherent costs and uncertainties, and there is no assurance that the acquisition will achieve the business growth opportunities, cost savings, increased profits, synergies and other benefits that AB InBev currently anticipates.

If the combination of the businesses meets with unexpected difficulties, or if the business of AB InBev does not develop as expected, impairment charges on goodwill or other intangible assets may be incurred in the future which could be significant and which could have an adverse effect on AB InBev's results of operations and financial condition.

AB InBev may not be able to complete any restructuring or divestitures in connection with the acquisition promptly, or at all, and may not be able to utilise proceeds from any such disposals to repay indebtedness incurred to finance the acquisition.

Risks arising from financial instruments

Note 30 *Risks arising from financial instruments* of the consolidated financial statements contains detailed information on the company's exposures to risk and its risk management policies.

Events after the balance sheet date

Please refer to note 35 *Events after the balance sheet date* of the consolidated financial statements.

Statement of the Board of Directors

The board of directors of AB InBev SA/NV certifies, on behalf and for the account of the company, that, to their knowledge, (a) the financial statements which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the entities included in the consolidation as a whole and (b) the management report on the consolidated financial statements includes a fair review of the development and performance of the business and the position of the company and the entities included in the consolidation as a whole, together with a description of the principal risks and uncertainties they face.

Independent auditors' report

KPMG

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STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF ANHEUSER-BUSCH INBEV NV/SA ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements of Anheuser-Busch InBev NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2008 and the consolidated statements of income, recognized income and expenses and cash flows for the year then ended, as well as the summary of significant accounting policies and the other explanatory notes. The total of the consolidated balance sheet amounts to EUR (million) 81 313 and the consolidated income statement shows a profit for the year of EUR (million) 2 099.

The Board of Directors of the company is responsible for the preparation of these consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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KPMG Bedrijfsrevisoren -
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handelsvorm - Société civile à
forme commerciale
RPR - RPM 0419122548
Rechtsgebied Brussel - Ressort
judiciaire Bruxelles

KPMG

Statutory auditor's report to the general meeting of shareholders of Anheuser-Busch InBev NV/SA on the consolidated financial statements or the year ended December 31, 2008

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have also evaluated the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole.

Finally, we have obtained from management and responsible officers of the company the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's net worth and financial position as of 31 December 2008 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation of the management report and its content are the responsibility of the Board of Directors of the company.

Our responsibility is to supplement our report with the following additional comment which does not modify our audit opinion on the consolidated financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 4 March 2009

KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises
Statutory auditor
represented by

Jos Briers
Réviseur d'Entreprises/Bedrijfsrevisor

Consolidated financial statements

Consolidated income statement

For the year ended 31 December Million euro	Notes	2008	2007
Revenue		**16 102**	**14 430**
Cost of sales		(7 122)	(5 936)
Gross profit		**8 980**	**8 494**
Distribution expenses		(1 854)	(1 713)
Sales and marketing expenses		(2 396)	(2 134)
Administrative expenses		(1 006)	(990)
Other operating income/(expenses)	7	298	263
Profit from operations before non-recurring items		**4 022**	**3 920**
Restructuring (including impairment losses)	8	(331)	(43)
Fair value adjustments	8	(34)	-
Business and asset disposal	8	(26)	393
Disputes	8	(14)	24
Profit from operations		**3 617**	**4 294**
Finance cost	11	(1 177)	(713)
Finance income	11	195	115
Non-recurring finance cost	8	(138)	-
Net finance cost		**(1 120)**	**(598)**
Share of result of associates		47	1
Profit before tax		**2 544**	**3 697**
Income tax expense	12	(445)	(649)
Profit		**2 099**	**3 048**
Attributable to:			
Equity holders of AB InBev		1 288	2 198
Minority interests		811	850
Basic earnings per share[1]	24	1.29	2.25
Diluted earnings per share[1]	24	1.29	2.24

Consolidated statement of recognized income and expenses

For the year ended 31 December Million euro	Notes	2008	2007
Exchange differences on translation of foreign operations (gains/(losses))	11	(1 419)	(60)
Full recognition of actuarial gains and (losses)		(287)	33
Cash flow hedges	11	(1 562)	17
Net result recognized directly in equity		**(3 268)**	**(10)**
Profit		2 099	3 048
Total recognized income and expenses		**(1 169)**	**3 038**
Attributable to:			
Equity holders of AB InBev		**(1 907)**	**2 247**
Minority interests		**738**	**791**

1 2007 Basic and diluted earnings per share restated in accordance with IAS33 (refer note 24 *Earnings per share*).

Consolidated balance sheet

As at 31 December Million euro	Notes	2008	2007
Assets			
Non-current assets			
Property, plant and equipment	13	14 137	6 629
Goodwill	14	35 608	13 834
Intangible assets	15	17 010	1 250
Investments in associates	16	4 935	31
Investment securities	17	172	163
Deferred tax assets	18	670	663
Employee benefits	26	6	7
Trade and other receivables	20	611	583
		73 149	**23 160**
Current assets			
Investment securities	17	194	179
Inventories	19	2 086	1 119
Income tax receivable		417	306
Trade and other receivables	20	3 320	2 570
Cash and cash equivalents	21	2 110	1 324
Assets held for sale	22	37	41
		8 164	**5 539**
Total assets		**81 313**	**28 699**
Equity and liabilities			
Equity			
Issued capital	23	1 234	474
Share premium	23	13 080	7 450
Reserves	23	(3 383)	292
Retained earnings	23	5 195	5 409
Equity attributable to equity holders of AB InBev		**16 126**	**13 625**
Minority interests	23	1 429	1 285
		17 555	**14 910**
Non-current liabilities			
Interest-bearing loans and borrowings	25	34 508	5 185
Employee benefits	26	2 162	624
Deferred tax liabilities	18	8 677	468
Trade and other payables	29	289	315
Provisions	28	572	512
		46 208	**7 104**
Current liabilities			
Bank overdrafts	21	550	80
Interest-bearing loans and borrowings	25	8 120	1 438
Income tax payable		291	570
Trade and other payables	29	8 260	4 410
Provisions	28	329	187
		17 550	**6 685**
Total equity and liabilities		**81 313**	**28 699**

Consolidated cash flow statement

For the year ended 31 December Million euro	2008	2007
Operating activities		
Profit	2 099	3 048
Depreciation, amortization and impairment	1 311	1 030
Impairment losses on receivables, inventories and assets held for sale	101	49
Additions/(reversals) in provisions and employee benefits	387	136
Net finance cost	1 120	598
Loss/(gain) on sale of property, plant and equipment and intangible assets	(39)	(43)
Loss/(gain) on sale of subsidiaries and associates	(3)	(354)
Loss/(gain) on sale of assets held for sale	(19)	(12)
Equity-settled share-based payment expense	42	53
Income tax expense	445	649
Other non-cash items included in the profit	(8)	30
Share of result of associates	(47)	(1)
Cash flow from operating activities before changes in working capital and use of provisions	**5 389**	**5 183**
Decrease/(increase) in trade and other receivables	136	(17)
Decrease/(increase) in inventories	(263)	(69)
Increase/(decrease) in trade and other payables	671	356
Pension contributions and use of provisions	(332)	(363)
Cash generated from operations	**5 601**	**5 090**
Interest paid	(660)	(623)
Interest received	86	44
Dividends received	1	1
Income tax paid	(839)	(448)
Cash flow from operating activities	**4 189**	**4 064**
Investing activities		
Proceeds from sale of property, plant and equipment and of intangible assets	154	141
Proceeds from sale of associates	9	-
Sale of subsidiaries, net of cash disposed of	32	422
Acquisition of subsidiaries, net of cash acquired	(39 966)	(190)
Purchase of minority interests	(575)	(1 152)
Acquisition of property, plant and equipment and of intangible assets	(1 794)	(1 581)
Net proceeds/(acquisition) of other assets	(26)	3
Net repayments/(payments) of loans granted	2	(1)
Cash flow from investing activities	**(42 164)**	**(2 358)**
Financing activities		
Net proceeds from the issue of share capital	6 337	84
Net purchase of treasury shares	(539)	(600)
Net proceeds from borrowings	35 142	366
Cash net finance costs other than interests	(427)	(44)
Payment of finance lease liabilities	(4)	(7)
Dividends paid	(2 088)	(769)
Cash flow from financing activities	**38 421**	**(970)**
Net increase/(decrease) in cash and cash equivalents	**446**	**736**
Cash and cash equivalents less bank overdrafts at beginning of year	1 244	536
Effect of exchange rate fluctuations	(130)	(28)
Cash and cash equivalents less bank overdrafts at end of year	**1 560**	**1 244**

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1. Corporate information

AB InBev is a publicly traded company based in Leuven, Belgium. It is the leading global brewer and one of the world's top five consumer products companies. A true consumer-centric, sales driven company, AB InBev manages a portfolio of nearly 300 brands that includes global flagship brands Budweiser®, Stella Artois® and Beck's®, fast growing multi-country brands like Leffe® and Hoegaarden®, and strong 'local jewels' such as Bud Light®, Skol®, Brahma®, Quilmes®, Michelob®, Harbin®, Sedrin®, Cass®, Klinskoye®, Sibirskaya Korona®, Chernigivske®, and Jupiler®, among others. In addition, the company owns a 50 percent share in Grupo Modelo, Mexico's leading brewer and owner of the global Corona® brand. AB InBev's dedication to heritage and quality is rooted in brewing traditions that originate from the Den Hoorn brewery in Leuven, Belgium, dating back to 1366 and the pioneering spirit of the Anheuser & Co brewery, established in 1860 in St. Louis, USA. Geographically diversified with a balanced exposure to developed and developing markets, AB InBev leverages the collective strengths of its 120 000 employees based in operations in over 30 countries across the world. The Company strives to be the Best Beer Company in a Better World. On a pro-forma basis for 2008, the combined company would have generated revenue of 26.5b euro. For more information, please visit: www.ab-inbev.com.

The consolidated financial statements of the company for the year ended 31 December 2008 comprise the company and its subsidiaries (together referred to as 'AB InBev' or the 'company') and the company's interest in associates and jointly controlled entities.

The financial statements were authorized for issue by the board of directors on 4 March 2009.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to 31 December 2008. AB InBev did not apply any European carve-outs from IFRS meaning that our financials fully comply with IFRS. AB InBev has not applied early any new IFRS requirements that are not yet effective in 2008. Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

3. Summary of significant accounting policies

(A) Basis of preparation

The financial statements are presented in euro, rounded to the nearest million. Depending on the applicable IFRS requirements, the measurement basis used in preparing the financial statements is cost, net realizable value, fair value or recoverable amount. Whenever IFRS provides an option between cost and another measurement basis (e.g. systematic re-measurement), the cost approach is applied.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes hereafter.

(B) Principles of consolidation

Subsidiaries are those companies in which AB InBev, directly or indirectly, has an interest of more than half of the voting rights or, otherwise, has control, directly or indirectly, over the operations so as to obtain benefits from the companies' activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Jointly controlled entities are consolidated using the proportionate method of consolidation.

Associates are undertakings in which AB InBev has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20 % and 50 % of the voting rights. Associates are accounted for by the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. When AB InBev's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that AB InBev has incurred obligations in respect of the associate.

The financial statements of our subsidiaries, jointly controlled entities and associates are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated.

Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of AB InBev's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

A listing of the company's most important subsidiaries and associates is set out in note 36 *AB InBev companies*.

(C) Summary of changes in accounting policies

The accounting policies applied are consistent with those of the previous financial year.

(D) Foreign currencies

Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Translation of the results and financial position of foreign operations

Assets and liabilities of foreign operations are translated to euro at foreign exchange rates prevailing at the balance sheet date. Income statements of foreign operations, excluding foreign entities in hyperinflationary economies, are translated to euro at exchange rates for the year approximating the foreign exchange rates prevailing at the dates of the transactions. The components of shareholders' equity are translated at historical rates. Exchange differences arising from the translation of shareholders' equity to euro at year-end exchange rates are taken to equity (translation reserves).

In hyperinflationary economies, re-measurement of the local currency denominated non-monetary assets, liabilities, income statement accounts as well as equity accounts is made by applying a general price index. These re-measured accounts are used for conversion into euro at the closing exchange rate. For subsidiaries and associated companies in countries with hyperinflation where a general price index method is not yet stabilized and does not provide reliable results, the balance sheet and income statement are re-measured into euro as if it was the operation's functional currency. In 2008 and 2007, AB InBev had no operations in hyperinflationary economies.

Exchange rates

The most important exchange rates that have been used in preparing the financial statements are:

1 euro equals:	Closing rate		Average rate	
	2008	2007	2008	2007
Argentinean peso	4.801091	4.638585	4.609697	4.270985
Brazilian real	3.252403	2.607528	2.630984	2.666233
Canadian dollar	1.699799	1.444901	1.549131	1.465551
Chinese yuan	9.495594	10.752457	10.363124	10.394794
Pound sterling	0.952500	0.733350	0.788463	0.684171
Russian ruble	41.440471	35.933738	36.420585	34.989503
South Korean won	1 838.235294	1 377.410468	1 584.786054	1 265.822785
Ukrainian hryvnia	10.855406	7.419443	7.629162	6.886768
US dollar	1.391699	1.472099	1.478933	1.367635

(E) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible, future economic benefits are probable and the company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization (see below) and impairment losses (refer accounting policy M).

Supply and distribution rights

A supply right is the right for AB InBev to supply a customer and the commitment by the customer to purchase from AB InBev. A distribution right is the right to sell specified products in a certain territory.

Acquired customer relationships in a business combination are initially recognized at fair value as supply rights to the extent that they arise from contractual rights. If the IFRS recognition criteria are not met, these relationships are subsumed under goodwill.

Acquired distribution rights are measured initially at cost or fair value when obtained through a business combination.

Brands

If part of the consideration paid in a business combination relates to trademarks, trade names, formulas, recipes or technological expertise these intangible assets are considered as a group of complementary assets that is referred to as a brand for which one fair value is determined. Expenditure on internally generated brands is expensed as incurred.

Other intangible assets

Other intangible assets, acquired by the company, are stated at cost less accumulated amortization (see below) and impairment losses (refer accounting policy M).

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization

Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. Licenses, brewing, supply and distribution rights are amortized over the period in which the rights exist. Brands are considered to have an indefinite life unless plans exist to discontinue the brand. Discontinuance of a brand can be either through sale or termination of marketing support. When AB InBev buys back distribution rights for its own products the life of these rights is considered indefinite, unless the company has a plan to discontinue the related brand or distribution.

(F) Goodwill

Goodwill is determined as the excess of the cost of an acquisition over AB InBev's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, jointly controlled entity or associate recognized at the date of acquisition. All business combinations are accounted for by applying the purchase method. Business combinations entered into before 31 March 2004, were accounted for in accordance with the old IAS 22 *Business Combinations* standard. This means that acquired intangibles such as brands were subsumed under goodwill for those transactions. When AB InBev acquires minority interests any difference between the cost of acquisition and the minority interest's share of net assets acquired is taken to goodwill.

In conformity with IFRS 3 *Business Combinations*, goodwill is stated at cost and not amortized but tested for impairment on an annual basis and whenever there is an indicator that the cash generating unit to which the goodwill has been allocated, may be impaired (refer accounting policy M).

Goodwill is expressed in the currency of the subsidiary or jointly controlled entity to which it relates (except for subsidiaries operating in highly inflationary economies) and is translated to euro using the year-end exchange rate.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

If AB InBev's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination such excess is recognized immediately in the income statement as required by IFRS 3.

Expenditure on internally generated goodwill is expensed as incurred.

(G) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses (refer accounting policy M). Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. non refundable tax, transport and the costs of dismantling and removing the items and restoring the site on witch they are located, if applicable). The cost of a self-constructed asset is determined using the same principles as for an acquired asset.

Subsequent expenditure

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. All other costs are expensed as incurred.

Depreciation

The depreciable amount is the cost of an asset less its residual value. Residual values, if not insignificant, are reassessed annually. Depreciation is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Estimated useful lives	
Industrial buildings	20 years
Other real estate properties	33 years
Production plant and equipment:	
Production equipment	15 years
Storage and packaging equipment	7 years
Duo tanks	7 years
Handling and other equipment	5 years
Returnable packaging:	
Kegs	10 years
Crates	10 years
Bottles	5 years
Point of sale furniture and equipment	5 years
Vehicles	5 years
Information processing equipment	3 or 5 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Land is not depreciated as it is deemed to have an indefinite life.

(H) Accounting for leases

Leases of property, plant and equipment where the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized as assets and liabilities (interest-bearing loans and borrowings) at amounts equal to the lower of the fair value of the leased property and the present value of the minimum lease payments at inception of the lease. Amortization and impairment testing for depreciable leased assets, is the same as for depreciable assets that are owned (refer accounting policy G and M).

Lease payments are apportioned between the outstanding liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Leases of assets under which all the risks and rewards of ownership are substantially retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

(I) Investments

All investments are accounted for at trade date.

Investments in equity securities

Investments in equity securities are undertakings in which AB InBev does not have significant influence or control. This is generally evidenced by ownership of less than 20% of the voting rights. Such investments are designated as available-for-sale financial assets which are at initial recognition measured at fair value unless the fair value cannot be reliably determined in which case they are measured at cost. Subsequent changes in fair value, except those related to impairment losses which are recognized in the income statement, are recognized directly in equity. On disposal of an investment, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

Investments in debt securities

Investments in debt securities classified as trading or as being available-for-sale are carried at fair value, with any resulting gain or loss respectively recognized in the income statement or directly in equity. Fair value of these investments is determined as the quoted bid price at the balance sheet date. Impairment charges and foreign exchange gains and losses are recognized in the income statement.

Investments in debt securities classified as held to maturity are measured at amortized cost.

Other investments

Other investments held by the company are classified as available-for-sale and are carried at fair value, with any resulting gain or loss recognized directly in equity. Impairment charges are recognized in the income statement.

(J) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The weighted average method is used in assigning the cost of inventories.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labor, other direct cost and an allocation of fixed and variable overhead based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling costs.

(K) Trade and other receivables

Trade and other receivables are carried at amortized cost less impairment losses. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. An impairment loss is recognized in the income statement for the difference between the carrying amount of the receivables and the present value of the estimated future cash flows.

(L) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demandable deposits. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(M) Impairment

The carrying amounts of financial assets, property, plant and equipment, goodwill and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In addition, goodwill, intangible assets that are not yet available for use and intangibles with an indefinite life are tested for impairment annually. An impairment loss is recognized whenever the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

The recoverable amount of the company's investments in unquoted debt securities is calculated as the present value of expected future cash flows, discounted at the debt securities' original effective interest rate. For equity and quoted debt securities the recoverable amount is their fair value.

The recoverable amount of other assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Impairment testing of intangible assets with an indefinite useful life is primarily based on a fair value approach applying multiples that reflect current market transactions to indicators that drive the profitability of the asset or the royalty stream that could be obtained from licensing the intangible asset to another party in an arm's length transaction.

For goodwill, the recoverable amount of the cash generating units to which the goodwill belongs is based on a fair value approach. More specifically, a discounted free cash flow approach, based on current acquisition valuation models, is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. As regards the level of goodwill impairment testing, AB InBev's overall approach is to test goodwill for impairment at the business unit level (i.e. one level below the segments).

Reversal of impairment losses

An impairment loss in respect of goodwill or investments in equity securities is not reversed. Impairment losses on other assets are reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(N) Share capital

Repurchase of share capital

When AB InBev buys back its own shares, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from equity under treasury shares.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

(O) Provisions

Provisions are recognized when (i) the company has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Restructuring

A provision for restructuring is recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Such provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(P) Employee benefits

Post-employment benefits

Post-employment benefits include pensions, post-employment life insurance and medical care benefits. The company operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and the company, taking account of the recommendations of independent actuaries. AB InBev maintains funded and unfunded pension plans.

a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the income statement when incurred.

b) Defined benefit plans

For defined benefit plans, the pension expenses are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on any plan assets, past service costs and the effect of any curtailments or settlements. The pension obligations recognized in the balance sheet are measured at the present value of the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability, less any past service costs not yet recognized and the fair value of any plan assets. Past service costs result from the introduction of, or changes to, post-employment benefits. They are recognized as an expense over the average period that the benefits vest. Actuarial gains and losses comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of recognized income and expenses.

Where the calculated amount of a defined benefit liability is negative (an asset), AB InBev recognizes such pension asset to the extent of any cumulative unrecognized past service costs plus any economic benefits available to AB InBev either from refunds or reductions in future contributions.

Other post-employment obligations

Some AB InBev companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans.

Termination benefits

Termination benefits are recognized as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Bonuses

Bonuses received by company employees and management are based on financial key indicators. The estimated amount of the bonus is recognized as an expense in the period the bonus is earned. To the extent that bonuses are settled in shares of the company, they are accounted for as share-based payments.

(Q) Share-based payments

Different share and share option programs allow company senior management and members of the board to acquire shares of the company and some of its affiliates. AB InBev adopted IFRS 2 *Share-based Payment* on 1 January 2005 to all awards granted after 7 November 2002 that had not yet vested at 1 January 2005. The fair value of the share options is estimated at grant date, using an option pricing model that is most appropriate for the respective option. Based on the expected number of options that will vest, the fair value of the options granted is expensed over the vesting period. When the options are exercised, equity is increased by the amount of the proceeds received.

(R) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in the income statement (in accretion expense) over the expected life of the instrument on an effective interest rate basis.

(S) Trade and other payables

Trade and other payables are stated at amortized cost.

(T) Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

In accordance with IAS 12 *Income Taxes* deferred taxes are provided using the so-called balance sheet liability method. This means that, taking into account the IAS 12 requirements, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet a deferred tax liability or asset is recognized. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognized (i) on initial recognition of goodwill, (ii) at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and (iii) on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(U) Income recognition

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the income can be measured reliably.

Goods sold

In relation to the sale of goods, revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of goods, and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and discounts for cash payments.

Rental and royalty income

Rental income is recognized under other operating income on a straight-line basis over the term of the lease. Royalties arising from the use by others of the company's resources are recognized in other operating income on an accrual basis in accordance with the substance of the relevant agreement.

Government grants

A government grant is recognized in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are recognized as other operating income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the company for the acquisition of an asset are presented by deducting them from the acquisition cost of the related asset in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

Finance income

Finance income comprises interest received or receivable on funds invested, dividend income, foreign exchange gains, losses on currency hedging instruments offsetting currency gains, gains on hedging instruments that are not part of a hedge accounting relationship, gains on financial assets classified as trading as well as any gains from hedge ineffectiveness (refer accounting policy W).

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt. Dividend income is recognized in the income statement on the date that the dividend is declared.

(V) Expenses

Finance costs

Finance costs comprise interest payable on borrowings, calculated using the effective interest rate method, foreign exchange losses, gains on currency hedging instruments offsetting currency losses, results on interest rate hedging instruments, losses on hedging instruments that are not part of a hedge accounting relationship, losses on financial assets classified as trading, impairment losses on available-for-sale financial assets as well as any losses from hedge ineffectiveness (refer accounting policy W).

All interest costs incurred in connection with borrowings or financial transactions are expensed as incurred as part of finance costs. Any difference between the initial amount and the maturity amount of interest bearing loans and borrowings, such as transaction costs and fair value adjustments, are being recognized in the income statement (in accretion expense) over the expected life of the instrument on an effective interest rate basis (refer accounting policy R). The interest expense component of finance lease payments is also recognized in the income statement using the effective interest rate method.

Research and development, advertising and promotional costs and systems development costs

Research, advertising and promotional costs are expensed in the year in which these costs are incurred. Development costs and systems development costs are expensed in the year in which these costs are incurred if they do not meet the criteria for capitalization (refer accounting policy E).

(W) Derivative financial instruments

AB InBev uses derivative financial instruments to mitigate the transactional impact of foreign currencies, interest rates and commodity prices on the company's performance. AB InBev's financial risk management policy prohibits the use of derivative financial instruments for trading purposes and the company does therefore not hold or issue any such instruments for such purposes. Derivative financial instruments that are economic hedges but that do not meet the strict IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting rules, however, are accounted for as financial assets or liabilities at fair value through profit or loss.

Derivative financial instruments are recognized initially at fair value. Fair value is the amount for which the asset could be exchanged or the liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates. These pricing models also take into account the current creditworthiness of the counterparties.

Subsequent to initial recognition, derivative financial instruments are re-measured to their fair value at balance sheet date. Depending on whether cash flow or net investment hedge accounting is applied or not, any gain or loss is either recognized directly in equity or in the income statement.

Cash flow, fair value or net investment hedge accounting is applied to all hedges that qualify for hedge accounting when the required hedge documentation is in place and when the hedge relation is determined to be effective.

Cash flow hedge accounting
When a derivative financial instrument hedges the variability in cash flows of a recognized asset or liability, the foreign currency risk of a firm commitment or a highly probable forecasted transaction, the effective part of any resulting gain or loss on the derivative financial instrument is recognized directly in equity (hedging reserves). When the firm commitment in foreign currency or the forecasted transaction results in the recognition of a non financial asset or a non financial liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. When the hedge relates to financial assets or liabilities, the cumulative gain or loss on the hedging instrument is reclassified from equity into the income statement in the same period during which the hedged risk affects the income statement (e.g. when the variable interest expense is recognized). The ineffective part of any gain or loss is recognized immediately in the income statement.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss (at that point) remains in equity and is reclassified in accordance with the above policy when the hedged transaction occurs. If the hedged transaction is no longer probable, the cumulative gain or loss recognized in equity is reclassified into the income statement immediately.

Fair value hedge accounting
When a derivative financial instrument hedges the variability in fair value of a recognized asset or liability, any resulting gain or loss on the hedging instrument is recognized in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in the income statement.

Net investment hedge accounting
When a foreign currency liability hedges a net investment in a foreign operation, exchange differences arising on the translation of the liability to the functional currency are recognized directly in equity (translation reserves).

When a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity (translation reserves), while the ineffective portion is reported in the income statement.

Investments in equity instruments or derivatives linked to and to be settled by delivery of an equity instrument are stated at cost when such equity instrument does not have a quoted market price in an active market and for which other methods of reasonably estimating fair value are clearly inappropriate or unworkable.

(X) Segment reporting
AB InBev's primary segment reporting format is geographical because our risks and rates of return are affected predominantly by the fact that we operate in different geographical areas. The company's management structure and internal reporting system to the board of directors is set up accordingly. A geographical segment is a distinguishable component of the company that is engaged in providing products or services within a particular economic environment, which is subject to risks and returns that are different from those of other segments. In accordance with IAS 14 *Segment Reporting* AB InBev's reportable geographical segments were determined as North America, Latin America North, Latin America South, Western Europe, Central and Eastern Europe, Asia Pacific and Global Export and Holding Companies. The company's assets are predominantly located in the same geographical areas as its customers.

Throughout the world, AB InBev is chiefly active in the malt-based beverages business. The non-beer segment consists of AB InBev owned non-beer, soft drinks produced, all other beverages sold by AB InBev under licensing or distribution agreements and the entertainment and packaging business.

(Y) Discontinued operations and non-current assets held for sale
A discontinued operation is a component of the company that either has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations and is part of a single co-coordinated plan to dispose of or is a subsidiary acquired exclusively with a view to resale.

AB InBev classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use if the conditions of IFRS 5 are met. A disposal group is defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred. Immediately before classification as held for sale, the company measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognized at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent re-measurement. Non-current assets classified as held for sale are no longer depreciated or amortized.

(Z) Recently issued IFRS

To the extent that new IFRS requirements are expected to be applicable in the future, they have been summarized hereafter. For the year ended 31 December 2008, they have not been applied in preparing these consolidated financial statements.

IFRS 8 *Operating Segments*

IFRS 8 *Operating Segments* (endorsed by the European Union) introduces the 'management approach' to segment reporting. IFRS 8, which becomes mandatory for AB InBev's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by AB InBev's Chief Operating Decision Makers in order to assess each segment's performance and to allocate resources to them. Currently AB InBev presents segment information in respect of its geographical and business segments. We do not expect that IFRS 8 will trigger a material change to our current segment reporting.

Revised IAS 23 *Borrowing Costs*

Revised IAS 23 *Borrowing Costs* (endorsed by the European Union) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for AB InBev's 2009 financial statements and will constitute a change in accounting policy for AB InBev. In accordance with the transitional provisions AB InBev will apply the revised IAS 23 to qualifying assets for which capitalization of borrowing costs commences on or after the effective date of the standard. We do not expect any material impact on our consolidated financial statements.

IFRIC 13 *Customer Loyalty Programs*

IFRIC 13 *Customer Loyalty Programs* (endorsed by the European Union) addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programs for their customers. It relates to customer loyalty programs under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13, which becomes mandatory for AB InBev's 2009 financial statements, is not expected to have any material impact on our consolidated financial statements.

Revised IAS 1 *Presentation of Financial Statements (2007)*

Revised IAS 1 *Presentation of Financial Statements (2007)* (endorsed by the European Union) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for AB InBev's 2009 consolidated financial statements, is not expected to have an impact on the presentation of the consolidated financial statements. AB InBev plans to continue to provide total comprehensive income in an income statement and a separate single statement of other comprehensive income for its 2009 consolidated financial statements.

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* (endorsed by the European Union) requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for AB InBev's 2009 consolidated financial statements, with retrospective application required, are not expected to have any material impact on our consolidated financial statements.

Revised IFRS 3 *Business Combinations (2008)*

Revised IFRS 3 *Business Combinations (2008)* incorporates the following changes that are likely to be relevant to AB InBev's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss.
- Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for AB InBev's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in AB InBev's 2010 consolidated financial statements.

Amended IAS 27 *Consolidated and Separate Financial Statements (2008)*

Amended IAS 27 *Consolidated and Separate Financial Statements (2008)* requires accounting for changes in ownership interests by AB InBev in a subsidiary, while maintaining control, to be recognized as an equity transaction. When AB InBev loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in profit or loss. The amendments to IAS 27, which become mandatory for AB InBev's 2010 consolidated financial statements, are not expected to have any material impact on our consolidated financial statements.

Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*

Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations* (endorsed by the European Union) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2, that will become mandatory for AB InBev's 2009 consolidated financial statements, with retrospective application, are not expected to have any material impact on our consolidated financial statements.

IFRIC 15 *Agreements for the Construction of Real Estate*

IFRIC 15 *Agreements for the Construction of Real Estate* concludes that revenues for real estate construction projects will have to be recognized using the completed contract method in many cases, except for specific situations where the percentage of completion method of revenue recognition can be applied. This is the case when a contract relates to the sale of assets, but during the construction of these assets revenue recognition criteria are met on a continuous basis (in relation to the completed part of the project). IFRIC 15, which becomes mandatory for AB InBev's 2009 consolidated financial statements, with retrospective application, is not expected to have any material impact on our consolidated financial statements.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* discusses a number of issues in relation to hedging currency risks on foreign operations (net investment hedges). IFRIC 16 specifically confirms only the risk from differences between the functional currencies of the parent and the subsidiary can be hedged. Additionally, currency risks can only be hedged by every (direct or indirect) parent company, as long as the risk is only hedged once in the consolidated financial statements. IFRIC 16 also determines the hedge instrument of a net investment hedge can be held by every group company, except for foreign operation itself. IFRIC 16, which becomes mandatory for AB InBev's 2009 consolidated financial statements, with prospective application, is not expected to have any material impact on our consolidated financial statements.

IFRIC 17 *Distributions of Non-cash Assets to Owners*

IFRIC 17 *Distributions of Non-cash Assets to Owners* addresses the treatment of distributions in kind to shareholders. Outside the scope of IFRIC 17 are distributions in which the assets being distributed are ultimately controlled by the same party or parties before and after the distribution (common control transactions). A liability has to be recognized when the dividend has been appropriately authorized and is no longer at the discretion of the entity, to be measured at the fair value of the non-cash assets to be distributed. IFRIC 17, which becomes mandatory for AB InBev's 2010 consolidated financial statements, with prospective application, is not expected to have any material impact on our consolidated financial statements.

IFRIC 18 *Transfers of Assets from Customers*

IFRIC 18 *Transfers of Assets from Customers* addresses the accounting by access providers for property, plant and equipment contributed to them by customers. Recognition of the assets depends on who controls it. When the asset is recognized by the access provider, it is measured at fair value upon initial recognition. The timing of the recognition of the corresponding revenue depends on the facts and circumstances. IFRIC 18, which becomes mandatory for AB InBev's 2010 consolidated financial statements, with prospective application, is not expected to have any material impact on our consolidated financial statements.

Amendments to IFRS 1 *First-time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate*

Amendments to IFRS 1 *First-time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate* (endorsed by the European Union) revises, amongst others, the accounting for 'pre-acquisition dividends' received from participating interests. Those dividends should be recognized as revenue, but such dividends may imply an indicator for the impairment of the participating interest. The amendment, which becomes mandatory for AB InBev's 2009 consolidated financial statements, with prospective application, is not expected to have any material impact on our consolidated financial statements.

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* provides additional guidance concerning specific positions that qualify for hedging ('eligible hedged items'). The amendment to IAS 39, which becomes mandatory for AB InBev's 2010 consolidated financial statements, with retrospective application, is not expected to have any material impact our consolidated financial statements.

Improvements to IFRSs (2008)

Improvements to IFRSs (2008) (endorsed by the European Union) is a collection of minor improvements to existing standards. This collection, which becomes mandatory for AB InBev's 2009 consolidated financial statements, is not expected to have any material impact on our consolidated financial statements.

4. Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Although each of its significant accounting policies reflects judgments, assessments or estimates, AB InBev believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and the understanding of its results: intangible assets, goodwill, property, plant and equipment, inventories, trade and other receivables, impairment, provisions, share-based payments, employee benefits and income tax.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes hereafter.

5. Segment reporting

Primary segments

Million euro, except volume (million hl) and full time equivalents (FTE in units)	North America		Latin America North		Latin America South		Western Europe		Central and Eastern Europe		Asia Pacific		Global Export and Holding Companies		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Volume	**27**	**13**	**101**	**101**	**34**	**31**	**34**	**36**	**46**	**49**	**38**	**36**	**5**	**5**	**285**	**271**
Revenue	**2 715**	**1 564**	**5 182**	**4 904**	**1 254**	**1 003**	**3 217**	**3 455**	**2 209**	**2 198**	**1 019**	**994**	**505**	**312**	**16 102**	**14 430**
Cost of goods sold	(1 179)	(491)	(1 781)	(1 664)	(529)	(425)	(1 511)	(1 616)	(1 145)	(1 013)	(555)	(495)	(423)	(233)	(7 122)	(5 936)
Distribution expenses	(348)	(275)	(619)	(551)	(98)	(82)	(401)	(403)	(277)	(292)	(67)	(68)	(44)	(41)	(1 854)	(1 713)
Sales and marketing expenses	(311)	(206)	(567)	(491)	(129)	(118)	(638)	(668)	(446)	(392)	(227)	(207)	(79)	(52)	(2 396)	(2 134)
Administrative expenses	(112)	(83)	(282)	(256)	(49)	(44)	(233)	(235)	(119)	(131)	(68)	(61)	(143)	(179)	(1 006)	(990)
Other operating income/(expenses)	(3)	3	140	121	8	(11)	(98)	(70)	(89)	(69)	18	-	323	289	298	263
Normalized profit from operations (EBIT)	**763**	**512**	**2 074**	**2 062**	**457**	**323**	**337**	**462**	**132**	**302**	**119**	**163**	**140**	**96**	**4 022**	**3 920**
Non-recurring items	(174)	14	(18)	14	(3)	(2)	(187)	347	(7)	(15)	(16)	3	-	12	(405)	374
Profit from operations (EBIT)	**589**	**526**	**2 056**	**2 076**	**454**	**320**	**150**	**809**	**126**	**287**	**103**	**167**	**139**	**108**	**3 617**	**4 294**
Net finance cost	(91)	(48)	(399)	(370)	(29)	(19)	(341)	(287)	(66)	(44)	(6)	(4)	(188)	173	(1 120)	(598)
Share of result of associates	45	-	-	-	1	1	-	(1)	-	-	-	-	-	-	47	1
Profit before tax	**543**	**479**	**1 657**	**1 706**	**426**	**303**	**(191)**	**521**	**60**	**244**	**97**	**163**	**(48)**	**282**	**2 544**	**3 697**
Income tax expense	(92)	(126)	(207)	(195)	(127)	(91)	88	(86)	(29)	(62)	(48)	(38)	(31)	(51)	(445)	(649)
Profit	**451**	**353**	**1 450**	**1 510**	**299**	**212**	**(103)**	**436**	**32**	**182**	**49**	**124**	**(79)**	**231**	**2 099**	**3 048**
Normalized profit	551	343	1 463	1 504	301	212	55	109	38	195	63	125	59	219	2 529	2 709
Normalized EBITDA	933	597	2 394	2 318	546	405	642	771	386	520	232	263	201	118	5 334	4 992
Normalized EBITDA margin in %	34.4	38.2	46.2	47.3	43.5	40.3	19.9	22.3	17.5	23.6	22.8	26.5	-	-	33.1	34.6
Segment assets	50 037	2 271	8 660	10 059	2 760	2 388	4 433	4 602	2 733	3 058	3 840	2 664	5 899	1 497	78 363	26 540
Intersegment elimination															(940)	(668)
Non-segmented assets															3 891	2 827
Total assets															**81 313**	**28 699**
Segment liabilities	4 365	739	1 775	2 138	548	379	1 852	1 884	519	529	796	519	998	571	10 853	6 759
Intersegment elimination															(940)	(668)
Non-segmented liabilities															71 401	22 608
Total liabilities															**81 313**	**28 699**
Gross capex	214	74	416	367	193	132	364	367	340	415	191	158	53	58	1 771	1 571
Impairment losses/(reversals)	1	(12)	37	3	-	-	6	(27)	11	4	1	1	-	-	55	(31)
Depreciation & amortization	170	86	283	253	89	82	299	307	245	211	113	100	61	22	1 260	1 061
Additions to/(reversals of) provisions	123	1	59	30	4	12	97	23	13	14	16	10	22	14	334	105
FTE	22 892	5 662	28 517	25 999	7 554	7 290	10 298	11 481	16 054	13 509	22 509	24 056	12 050	694	119 874	88 690

Secondary segments

Million euro, except volume (million hl)	Beer		Non-beer		Consolidated	
	2008	2007	2008	2007	2008	2007
Volume	242	230	43	41	285	271
Revenue	14 767	13 237	1 335	1 193	16 102	14 430
Total assets	67 764	19 662	13 549	9 037	81 313	28 699
Gross capex	1 383	1 343	388	228	1 771	1 571

6. Acquisitions and disposals of subsidiaries

The table below summarizes the impact of the acquisitions and disposals on the financial position of AB InBev:

Million euro	2008 Acquisitions	2008 Disposals	2007 Acquisitions	2007 Disposals
Non-current assets				
Property, plant and equipment	8 525	(2)	117	(63)
Intangible assets	16 735	(1)	27	-
Investment in associates	5 413	-	-	-
Deferred tax assets	-	-	30	-
Trade and other receivables	150	-	1	(2)
Current assets				
Income tax receivable	245	-	-	-
Investment securities	-	-	6	(1)
Inventories	941	(1)	16	(4)
Trade and other receivables	967	(2)	4	(26)
Cash and cash equivalents	378	-	4	(134)
Assets held for sale	16	-	-	(56)
Minority interests	(37)	-	-	-
Non-current liabilities				
Interest-bearing loans and borrowings	(4 800)	-	(46)	-
Employee benefits	(1 316)	-	-	-
Trade and other payables	-	-	(56)	-
Provisions	(112)	-	(92)	-
Deferred tax liabilities	(9 057)	-	(6)	16
Current liabilities				
Bank overdrafts	-	-	(1)	-
Interest-bearing loans and borrowings	-	-	(23)	-
Income tax payable	-	-	(1)	-
Trade and other payables	(2 423)	2	(53)	-
Liabilities held for sale	-	-	-	35
Net identifiable assets and liabilities	**15 625**	**(4)**	**(73)**	**(235)**
Goodwill on acquisition	24 719	-	266	-
Loss/(gain) on disposal	-	3	-	(354)
Net cash received from last years' disposal	-	(31)	-	33
Consideration paid/(received), satisfied in cash	**40 344**	**(32)**	**193**	**(556)**
Cash (acquired)/disposed of	(378)	-	(3)	134
Net cash outflow/(inflow)	**39 966**	**(32)**	**190**	**(422)**

The following transactions took place in 2008 :

Acquisition of Anheuser-Busch

On 18 November, InBev has completed the acquisition of Anheuser-Busch, following approval from shareholders of both companies. Anheuser-Busch's results are included within the company's results from 18 November 2008. The combination creates the global leader in beer and one of the world's top five consumer products companies. Effective the date of the closing, InBev has changed its name to AB InBev to reflect the heritage and traditions of Anheuser-Busch. Under the terms of the merger agreement, all shares of Anheuser-Busch were acquired for 70 US dollar per share in cash for an aggregate amount of approximately 52.5b US dollar or 40.3b euro. AB InBev financed the merger with funds drawn under the new senior and equity bridge facilities (see note 25 *Interest bearing loans and borrowings*). On 18 December the 9.8b US dollar equity bridge facility was reimbursed with the proceeds of the issuance of 986 109 272 new AB InBev shares (6.36b euro). In line with the company's risk management policy, AB InBev has matched sources (share issuance in euro) and uses of proceeds (reimbursement of 9.8b US dollar equity bridge facility) by pre-hedging its exposure to the foreign exchange rate between the euro and the US dollar at an average all-in-rate of 1.5409 US dollar per euro. The cost of the transaction reaches approximately 0.9b euro (1.2b US dollar) of which 0.2b euro are allocated to goodwill, 0.1b euro relates to the capital increase, 0.1b euro relates to the senior and equity bridge facilities commitment fees and equity bridge facility arrangement fees and are reported in the 2008 income statement and 0.5b euro relates to the senior facility arrangement fees and will be taken in the income statement as an accretion expense over the remaining life time of the financing using the effective interest rate method. Furthermore, as per the terms set in the merger agreement, AB InBev will assume some 2008 pre-merger obligations. These obligations are estimated at 52m euro (68m US dollar) of which 8m euro are accrued in the opening balance sheet and will be settled in cash and of which 44m euro will be settled in AB InBev options. The grant is subject to the approval of the AB InBev shareholders at the shareholders' meeting of 28 April 2009 without any future accounting impact, if approved. Should the grant not be approved, the entire obligation would have to be settled in cash and would result in an adjustment to the opening balance sheet of 44m euro. The company is in the process of finalizing the allocation of the purchase price to the individual assets acquired and liabilities assumed in compliance with IFRS 3. The provisional allocation of the purchase price included in the 2008 balance sheet and detailed in the table below is based on the current best estimates of AB InBev's management and is based principally on valuations prepared by independent valuation specialists. The completion of the purchase price allocation may result in further adjustment to the carrying value of Anheuser-Busch's recorded assets and liabilities and the determination of any residual amount that will be allocated to goodwill.

The following table presents the provisional allocation of purchase price to the Anheuser-Busch business as of 18 November 2008 :

Million euro	Before Purchase Price Allocation	Purchase Price Allocation	After Purchase Price Allocation
Non-current assets			
Property, plant and equipment	6 742	1 783	8 525
Goodwill	926	(926)	-
Intangible assets	487	16 242	16 729
Investment in associates	3 163	2 250	5 413
Trade and other receivables	165	(15)	150
Current assets			
Income tax receivable	274	(29)	245
Inventories	855	86	941
Trade and other receivables	958	9	967
Assets held for sale	16	-	16
Cash and cash equivalents	378	-	378
Minority interests	(37)	-	(37)
Non-current liabilities			
Interest-bearing loans and borrowings	(5 810)	1 010	(4 800)
Employee benefits	(1 316)	-	(1 316)
Provisions	(90)	(23)	(112)
Deferred tax liabilities	(973)	(8 083)	(9 057)
Current liabilities			
Trade and other payables	(2 258)	(166)	(2 423)
Net identified assets and liabilities	**3 481**	**12 138**	**15 619**
Goodwill on acquisition			24 661
Consideration paid in cash			**40 280**

The transaction resulted in 24.7b euro goodwill provisionally allocated primarily to the US business on the basis of expected synergies.

The valuation of the property, plant and equipment, intangible assets, investment in associates, interest bearing loans and borrowings and employee benefits is based on the valuation performed by independent valuation specialist. The other assets and liabilities are based on the current best estimates of AB InBev's management.

The majority of the intangible asset valuation relates to brands with indefinite life. The valuation of the brands with indefinite life is based on a series of factors, including the brand history, the operating plan and the countries in which the brands are sold. The brands with indefinite life include the Budweiser family (including Bud and Bud Light), the Michelob brand family, the Busch brand family and the Natural brand family and have been fair valued for a total amount of 16 473m euro. Distribution agreements and favorable contracts have been fair valued for a total amount of 256m euro. These are being amortized over the term of the associated contracts ranging from 3 to 18 years.

The valuation of the investment in associates (including Modelo) was performed considering the share price and exchange rate prevailing on the 18th of November. For the investment in Tsingtao, the valuation was adjusted considering the expected consideration on the disposal of the 19.9 % stake in Tsingtao announced on 23 January 2009.

A deferred tax liability has been accrued on most fair value adjustments considering a tax rate of 39 %.

As of the completion date of the acquisition, Anheuser-Busch contributed 1.46b euro to the revenue and 45m euro to the profit of AB InBev. If the acquisition date had been 1 January 2008 it is estimated that AB InBev's revenue and normalized profit from operations[1] would have been higher by 10.4b euro and 2.1b euro, respectively. The pro-forma data include certain purchase accounting adjustments such as the estimated changes in depreciations and amortization expenses on acquired tangible and intangible assets. However the pro-forma results do not include any anticipated cost savings or other effects of the planned integration of Anheuser-Busch. Accordingly, such amounts are not necessarily indicative of the results if the combination had occurred on 1 January 2008 or that may result in the future.

As a result of the United States of America ('US') antitrust review of the transaction AB InBev's subsidiary InBev USA, LLC will cease to act as the exclusive importer of Labatt branded beer (which includes primarily Labatt Blue and Labatt Blue Light) ('Labatt Beer') in the US for Labatt Brewing Company Limited, a wholly owned subsidiary of AmBev. Accordingly, a consent final judgment filed in the US District Court for the District of Columbia sets forth that LBCL will grant to an independent third-party ('Licensee') a perpetual and exclusive license to: (i) market, distribute and sell Labatt Beer for consumption in the US, (ii) brew such Labatt Beer in the US or Canada solely for sale for consumption in the US, and (iii) to use the relevant trademarks and intellectual property in connection therewith; and LBCL will brew and supply to Licensee the Labatt Beer for an interim period not to exceed three years. The specific terms and conditions of the license agreement and the supply agreement will be negotiated with the Licensee and approved by the US Department of Justice (see note 35 *Events after the balance sheet date*). Separately, in order to ensure that AmBev is adequately compensated, AB InBev has also agreed to indemnify AmBev in connection with certain events related to the implementation of the consent final judgment. In 2007 approximately 1.7m hectoliters of Labatt Beer were sold in the US. The impact of such transactions on earnings is not material to AB InBev's overall business.

Other transactions

- The company acquired several local distributors throughout the world. As these distributors are immediately integrated in the AB InBev operations, no separate reporting is maintained on their contributions to the AB InBev profit. Goodwill recognized on these transactions amounted to 58m euro.
- In January 2008, AmBev reached an agreement for the purchase of the Cintra brands. The finalization of the purchase accounting for the 2007 business combination with Cintra resulted in the recognition of intangible assets for an amount of 6m euro. In May 2008, the Cintra brands were sold.
- The 32m euro cash inflow from disposals results from the sale of two wholesalers in Western Europe and from the partial collection of the remaining receivable from the sale of Immobrew in 2007.

1 Disclosure of profit for 2008 on a pro-forma basis has not been deemed practical given that significant judgment would have been required in connection with non-recurring items and finance cost incurred by both AB InBev and the acquiree.

7. Other operating income/(expenses)

Million euro	2008	2007
Government grants	96	95
License income	28	32
(Additions to)/reversals of provisions	28	25
Net gain on disposal of property, plant and equipment and intangible assets	67	40
Net rental and other operating income	79	71
	298	**263**
Research expenses as incurred	52	20

The government grants relate primarily to fiscal incentives given by certain Brazilian states based on the company's operations and investments in those states.

In 2008, we expensed 52m euro in research, mainly in our Belgian research center, compared to 20m euro in 2007. Part of this was expensed in the area of market research, but the majority is related to innovation in the areas of process optimization especially as it pertains to capacity, new product developments and packaging initiatives.

8. Non-recurring items

To better reflect the underlying performance of our business, Profit from operations and Profit, as reported in accordance with IFRS, is adjusted for certain non-recurring items because of their importance, as detailed below.

The non-recurring items included in the income statement are as follows:

Million euro	2008	2007
Profit from operations before non-recurring items	**4 022**	**3 920**
Restructuring (including impairment losses)	(331)	(43)
Fair value adjustments	(34)	-
Business and asset disposal	(26)	393
Disputes	(14)	24
Profit from operations	**3 617**	**4 294**
Non-recurring finance cost	(138)	-

As parts of its plans to effectively integrate Anheuser-Busch, AB InBev communicated on 8 December plans to cut approximately 1 400 US salaried positions in the US beer-related divisions. The company estimates that the aggregate pre-tax expense associated with the reduction will be approximately 154m euro. These costs have been accrued at the time of the announcement in accordance with IAS 37.

The 2008 non-recurring restructuring charges further include 123m euro cost which mainly result of organizational alignments and outsourcing of activities in Western Europe, the global headquarters and Asia Pacific. These changes aim to eliminate overlap or duplicated processes and activities across functions and zones taking into account the right match of employee profiles with the new organizational requirements. The one time expenses as a result of the series of decisions will provide us with a lower cost base besides a stronger focus on AB InBev's core activities, quicker decision-making and improvements to efficiency, service and quality.

The 2008 restructuring charges also include an impairment loss of 54m euro related to AB InBev's plans to implement a new distribution model in France, involving the transfer of a controlling interest in its current integrated distribution network (CaféIn) and entry into a partnership for the distribution of AB InBevs' beverages. In connection with this reorganization, CaféIn was recognized as an asset held for sale and an impairment loss of 54m euro was recognized per end of December 2008.

Fair value adjustments, recognized in the 2008 non-recurring items for a total of (34)m euro, relate to the non-recurring impact of revaluing the inventories of Anheuser-Busch in line with IFRS 3.

Business and asset disposal in 2008 resulted in a net loss of 26m euro and is partly related to losses recognized in connection with the above mentioned reorganization in France (7m euro). Next to that, additional losses related to business and asset disposals of previous years were booked in 2008.

Profit from operations as at 31 December 2008 was negatively affected by provisions for disputes of 14m euro.

In connection with the combination with Anheuser-Busch, the company recognized a non recurring financial expense of 138m euro per end of 2008. This expense related for 90m euro to the commitment fees for the syndicated senior loan and equity bridge facility and the underwriting and arrangement fees for the equity bridge facility. In addition a 48m euro loss was recognized for ineffectiveness of the hedging on the Anheuser-Busch financing prior to the closing of the acquisition.

The sale of Immobrew to Cofinimmo and the disposal of some dormant companies and assets held for sale resulted in a gain before taxes of 393m euro as at December 2007.

Further, profit from operations as at 31 December 2007 was positively affected by a net reversal of provisions for disputes of 24m euro.

All the above amounts are before income taxes. The 2008 non-recurring items as at 31 December decreased income taxes by (112)m euro, whereas the 2007 non-recurring items as at 31 December increased income taxes by 35m euro.

9. Payroll and related benefits

Million euro	2008	2007
Wages and salaries	(1 689)	(1 432)
Social security contributions	(325)	(320)
Other personnel cost	(273)	(235)
Pension expense for defined benefit plans	(85)	(62)
Share-based payment expense	(42)	(53)
Contributions to defined contribution plans	(12)	(5)
	(2 426)	**(2 107)**
Average number of full time equivalents (FTE)	90 949	88 690
Inclusion of Anheuser-Busch average number of full time equivalents (FTE) (on a full year basis)	28 925	-
Total average number of full time equivalents (FTE)	**119 874**	**88 690**

The average number of full time equivalents can be split as follows:

	2008	2007
AB InBev NV (parent company)	209	375
Anheuser-Busch subsidiaries	28 925	-
Other subsidiaries	88 903	86 441
Proportionally consolidated entities	1 837	1 874
	119 874	**88 690**

Note 5 *Segment reporting* contains the split of the FTE by geographical segment.

10. Additional information on operating expenses by nature

Depreciation, amortization and impairment charges are included in the following line items of the 2008 income statement:

Million euro	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Impairment of goodwill
Cost of sales	841	2	-
Distribution expenses	84	-	-
Sales and marketing expenses	195	46	-
Administrative expenses	79	60	-
Other operating (income)/expenses	-	-	5
Non-recurring items	(1)	-	-
	1 198	**108**	**5**

The depreciation, amortization and impairment of property, plant and equipment includes a full-cost reallocation of (4)m euro from the aggregate depreciation, amortization and impairment expense to cost of goods sold.

11. Finance cost and income

Recognized in profit or loss

Finance costs

Million euro	2008	2007
Interest expense	(909)	(549)
Accretion expense	(95)	(36)
Losses on hedging instruments that are not part of a hedge accounting relationship	(25)	(20)
Losses from hedge ineffectiveness	(20)	(6)
Taxes on financial transactions	(26)	(48)
Other financial costs, including bank fees	(102)	(54)
	(1 177)	**(713)**

The interest expense increased by 360m euro compared to 2007. 194m euro of this increase stems from the interest on the existing loans of Anheuser-Busch and the financing of the transaction since 18 November 2008. The remainder of the interest expense increase results from higher net debt positions in the parent companies and AmBev Brazil, mainly as a result of dividend payments and share buy back programs.

The increase in the accretion expense by 59m euro as compared to 2007 results from the amortization of the arrangement fees paid on the senior facilities and the amortization of the fair value adjustment on the Anheuser-Busch debt (see also note 6 – *Acquisition and disposal of subsidiaries*). The increase of the other financial costs is mainly explained by unrealized foreign exchange losses, mainly on outstanding US dollar denominated assets.

Interest expense is presented net of the effect of interest rate derivative instruments hedging AB InBev's interest rate risk – see also note 30 *Risks arising from financial instruments*. As required by IFRS 7 *Financial Instruments: Disclosures* the interest expense recognized on unhedged and hedged financial liabilities and the net interest expense from the related hedging derivative instruments is split as follows:

Million euro	2008	2007
Financial liabilities measured at amortized cost – not hedged	(555)	(247)
Fair value hedges – hedged items	(82)	(103)
Fair value hedges – hedging instruments	(95)	(68)
Cash flow hedges – hedged items	(105)	(134)
Cash flow hedges – hedging instruments (reclassified from equity)	36	34
Net investment hedges - hedging instruments (interest component)	(30)	-
Hedged items not part of a hedge accounting relationship – economic hedges	(69)	(8)
Hedging instruments not part of a hedge accounting relationship – economic hedges	(9)	(23)
	(909)	**(549)**

Interest expense recognized on fair value hedged debt and hedging instruments mainly relates to the hedging of the 850m US dollar portion of our Private Placements and the 500m US dollar AmBev bond maturing in 2011, 500m US dollar AmBev bond maturing in 2013 and the 300m Brazilian real bond maturing 2017. Interest expense in relation to cash flow hedges is mainly related to the hedging of the 2 695m euro credit facility in AB InBev and to the 680m credit facilities in Canada. Interest expense on net investment hedges is related to the 500m euro hedge of the net investment in AmBev Brazil. The increase of the interest expense on the hedged items not part of a hedge accounting relationship is mainly explained by the 1.5b Brazilian real issue of promissory notes in AmBev Brazil during 2008.

Finance income

Million euro	2008	2007
Interest income	84	54
Dividend income, non-consolidated companies	1	1
Gains on hedging instruments that are not part of a hedge accounting relationship	85	22
Gains on non-derivative financial instruments at fair value through profit or loss	1	2
Other financial income	24	36
	195	**115**

The increase in interest income is explained by higher cash and cash equivalent positions in AmBev Brazil and in the parent companies.

The increase in gains on hedging instruments not part of a hedge accounting relationship by 63m euro as compared to 2007 is mainly explained by the positive market gains on the freestanding cross currency swaps in Korea and Russia.

The 2008 interest income stems from the following financial assets:

Million euro	2008	2007
Cash and cash equivalents	48	25
Investment securities held for trading	16	15
Loans to customers	9	10
Other loans and receivables	11	4
	84	**54**

No interest income was recognized on impaired financial assets.

Foreign exchange gains and losses are presented net of the effect of foreign exchange derivative instruments designated for hedge accounting. As required by IFRS 7 *Financial Instruments: Disclosures* the split between results from foreign currency hedged items and results on the related hedging instruments can be summarized per type of hedging relationship as follows:

Million euro	2008	2007
Fair value hedges – hedged items	(250)	219
Fair value hedges – hedging instruments	250	(219)
Cash flow hedges – hedged items	11	(3)
Cash flow hedges – hedging instruments (reclassified from equity)	(11)	3
Hedged items not part of a hedge accounting relationship – economic hedges	(4)	28
Hedging instruments not part of a hedge accounting relationship – economic hedges	3	(28)
Other	1	-
	-	**-**

Foreign exchange results from fair value hedges mainly relate to the private placements and AmBev bond 2011 and 2013 hedges. The results with regard to cash flow hedges primarily relate to the hedge of a Brazilian real loan in Canada. The increased foreign exchange result on the cash flow hedges is explained by the devaluation of the Brazilian real during 2008.

Recognized directly in equity

Million euro	2008	2007
Hedging reserve		
Recognized in equity during the period on cash flow hedges	(1 564)	(51)
Removed from equity and included in profit or loss	(15)	(2)
Removed from equity and included in the initial cost of inventories	17	70
	(1 562)	**17**
Translation reserve		
Recognized in equity during the period on net investment hedges	(1 191)	17
Foreign currency translation differences for foreign operations	(228)	(77)
	(1 419)	**(60)**

The hedging reserve recognized in equity on cash flow hedges is mainly related to the fair value revaluation of the US dollar interest rate swaps entered into in 2008 to cover for the interest rate risk on the senior facility, see also note 30 *Risks arising from financial instruments*. The movement of the foreign exchange translation adjustment of (1 419)m euro is the effect of the weakening of mainly the closing rates of the Mexican peso, the Brazilian real, the Pound sterling, the Russian ruble, the South Korean won, the Ukrainian hryvnia and the Canadian dollar, offset by a positive currency translation effect as a result of the weakening of the US dollar since 18 November 2008, as the major part of our net debt is US dollar denominated.

12. Income taxes

Income taxes recognized in the income statement can be detailed as follows:

Million euro	2008	2007
Current tax expense		
Current year	(699)	(584)
(Underprovided)/overprovided in prior years	(5)	(13)
	(704)	**(597)**
Deferred tax (expense)/income		
Overprovided in previous years	5	-
Origination and reversal of temporary differences	156	(9)
Utilization of deferred tax assets on prior years' losses	(19)	(76)
Origination of deferred tax assets on current year's losses	103	1
Origination of deferred tax assets on previous year's losses	14	32
	259	**(52)**
Total income tax expense in the income statement	**(445)**	**(649)**

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarized as follows:

Million euro	2008	2007
Profit before tax	2 544	3 697
Deduct share of result of associates	47	1
Profit before tax and before share of result of associates	**2 497**	**3 696**
Adjustments on taxable basis		
Non-deductible impairment of goodwill and intangible assets	5	-
Expenses not deductible for tax purposes	154	127
Taxable intercompany dividends	31	220
Non-taxable financial and other income	(433)	(400)
	2 254	**3 643**
Aggregated weighted nominal tax rate	31.1 %	32.1 %
Tax at aggregated weighted nominal tax rate	(702)	(1 168)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	16	25
Recognition of deferred tax assets on previous years' tax losses	13	32
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(52)	(28)
(Underprovided)/overprovided in prior years	(5)	(13)
Tax savings from tax credits	305	463
Tax savings from special tax status	112	98
Change in tax rate	(1)	14
Withholding taxes	(59)	(64)
Other tax adjustments	(72)	(8)
	(445)	**(649)**
Effective tax rate	**17.8 %**	**17.6 %**

The total income tax expense amounts to 445m euro with an effective tax rate of 17.8 % (versus 17.6 % in 2007). The income tax expense is mainly impacted by the recognition of a deferred tax asset of 83m euro following the use of tax losses not previously recognized. Furthermore, the company continues to benefit at the AmBev level from the impact of interest on equity payments and tax deductible goodwill from the merger between InBev Holding Brazil and AmBev in July 2005 and the acquisition of Quinsa in August 2006. This has been partially compensated by the recognition of a non recurring impairment on the French distribution network on which no deferred tax assets are recognized. Excluding the impact of the recognition of the deferred tax asset and the non recurring expense in France, the effective tax rate would have been 20.4 %.

Income taxes were directly recognized in equity as follows:

Million euro	2008	2007
Income tax (losses)/gains		
Actuarial gains and losses on pensions	200	(24)
Cash flow hedges	(8)	(11)

13. Property, plant and equipment

Million euro	2008					2007
	Land and buildings	Plant and equipment	Fixtures and fittings	Under construction	Total	Total
Acquisition cost						
Balance at end of previous year	**3 167**	**8 729**	**2 261**	**672**	**14 829**	**14 286**
Effect of movements in foreign exchange	(586)	(1 211)	(252)	(80)	(2 129)	(70)
Acquisitions	50	446	206	908	1 610	1 496
Acquisitions through business combinations	3 739	4 028	451	307	8 525	117
Disposals	(47)	(244)	(152)	-	(443)	(705)
Disposals through the sale of subsidiaries	-	-	(2)	-	(2)	(152)
Transfer to other asset categories	161	548	30	(944)	(205)	(136)
Other movements	1	7	7	-	15	(7)
Balance at end of year	**6 485**	**12 303**	**2 549**	**863**	**22 200**	**14 829**
Depreciation and impairment losses						
Balance at end of previous year	**(1 353)**	**(5 252)**	**(1 595)**	**-**	**(8 200)**	**(7 985)**
Effect of movements in foreign exchange	135	581	142	-	858	(14)
Disposals	22	204	133	-	359	586
Disposals through the sale of subsidiaries	-	-	1	-	1	89
Depreciation	(154)	(740)	(258)	-	(1 152)	(974)
Impairment losses	(1)	(48)	(1)	-	(50)	10
Transfer to other asset categories	19	57	61	-	137	78
Other movements	1	(14)	(3)	-	(16)	10
Balance at end of year	**(1 331)**	**(5 212)**	**(1 520)**	**-**	**(8 063)**	**(8 200)**
Carrying amount						
at 31 December 2007	**1 814**	**3 477**	**666**	**672**	**6 629**	**6 629**
at 31 December 2008	**5 154**	**7 091**	**1 029**	**863**	**14 137**	**-**

The transfer to other asset categories mainly relates to the separate presentation in the balance sheet of property, plant and equipment held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations.*

The carrying amount of property, plant and equipment subject to restrictions on title amounts to 164m euro.

Leased assets

The company leases land and buildings as well as equipment under a number of finance lease agreements. The carrying amount of leased land and buildings was 90m euro (2007: 6m euro) and leased plant and equipment was 12m euro (2007: 17m euro). For an overview of the operating lease agreements, please refer to note 31 *Operating leases*.

14. Goodwill

Million euro	2008	2007
Acquisition cost		
Balance at end of previous year	**13 834**	**12 305**
Effect of movements in foreign exchange	(3 414)	165
Acquisitions through business combinations	24 719	266
Purchases of minority interests	479	1 097
Other movements	(5)	1
Balance at end of year	**35 613**	**13 834**
Impairment losses		
Balance at end of previous year	-	-
Impairment losses	(5)	-
Balance at end of year	**(5)**	**-**
Carrying amount		
at 31 December 2007	**13 834**	**13 834**
at 31 December 2008	**35 608**	**-**

Current year acquisitions through business combinations primarily reflect the Anheuser-Busch acquisition. This transaction resulted in the recognition of goodwill of 24 661m euro. The other business combinations that took place during 2008 are the acquisitions of several local distributors throughout the world – see note 6 *Acquisitions and disposals of subsidiaries*. These transactions resulted in recognition of goodwill of 58m euro.

As a result of a share buy-back program of AmBev shares in 2008, AB InBev increased its interest percentage in AmBev from 61.01 % to 61.75 %. Other purchases of minority interests relate to the buy out of AB InBev Shiliang (Zhejiang) Brewery and to the closing of AmBev's tender offer for Quinsa shares resulting in an increase of AmBev's economic interest in Quinsa to 99.83 %. The increase of goodwill by 479m euro stems from these transactions for which the total cash consideration amounted to 575m euro. As the related subsidiaries were already fully consolidated, the purchases did not impact AB InBev's profit, but reduced the minority interests and thus impacted the profit attributable to equity holders of AB InBev.

Impairment losses of 5m euro were incurred following indications of impairments of local businesses in Italy and France.

The most relevant business combinations that took place during 2007 are the acquisition of all of the outstanding units of 'Lakeport' and the acquisition of 100 % of Goldensand Comercio e Serviços Lda, the controlling shareholder of 'Cintra'. These transactions resulted in recognition of goodwill of 118m euro and 109m euro respectively. The company also acquired several local distributors throughout the world. Goodwill recognized on these transactions amounted to 39m euro.

As a result of a share buy-back program of AmBev shares in 2007, AB InBev increased its interest percentage in AmBev from 58.36 % to 61.01 %. As AmBev was already fully consolidated, the purchases did not impact AB InBev's profit, but reduced the minority interests and thus impacted the profit attributable to equity holders of AB InBev. As a result of this program, AmBev acquired 25.6m AmBev shares for an amount of 1 129m euro. The goodwill increase by 1 097m euro stems from this share buy back program (1 095m euro) and the buy out of the remaining part of minority interests of Nanjing InBev Jinling Brewery.

The carrying amount of goodwill was allocated to the different business unit levels as follows:

Million euro - Business unit	2008	2007
Anheuser-Busch US	23 161	-
Brazil	5 416	6 522
Canada	1 207	1 373
Hispanic Latin America	1 042	890
Russia/Ukraine	813	879
Germany	868	868
South Korea	574	767
Global export	774	760
China	822	673
UK/Ireland	496	644
France/Italy/Spain	266	275
Romania/Montenegro/Serbia	114	128
Belgium/Luxemburg	54	54
Other	1	1
	35 608	**13 834**

In the fourth quarter of 2008, AB InBev completed its annual impairment test for goodwill and concluded, based on the assumptions described below, that no impairment charge was warranted. The company cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. AB InBev believes that all of its estimates are reasonable: they are consistent with the internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the company is not aware of any reasonably possible change in a key assumption used that would cause a business unit's carrying amount to exceed its recoverable amount.

Goodwill, which accounted for approximately 44 % of AB InBev's total assets as at 31 December 2008, impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill is tested for impairment at the business unit level (that is, one level below the segments) based on a fair-value-less-cost-to-sell approach using a discounted free cash flow approach based on current acquisition valuation models. The key judgments, estimates and assumptions used in the fair-value-less-cost-to-sell calculations are as follows:

- The first year of the model is based on management's best estimate of the free cash flow outlook for the current year.
- In the second to fourth years of the model, free cash flows are based on AB InBev's strategic plan as approved by key management. AB InBev's strategic plan is prepared per country and is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions.
- For the subsequent six years of the model, data from the strategic plan is extrapolated using simplified assumptions such as constant volumes and variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources.
- Cash flows after the first ten-year period are extrapolated using expected annual long-term consumer price indices, based on external sources, in order to calculate the terminal value.
- Projections are made in the functional currency of the business unit and discounted at the unit's weighted average cost of capital. The latter ranged primarily between 7.6 % and 25.5 % in euro nominal terms for goodwill impairment testing conducted for 2008.
- Cost to sell is assumed to reach 2 % of the entity value based on historical precedents.

The above calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators.

Although AB InBev believes that its judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or conditions.

15. Intangible assets

Million euro	2008				2007
	Useful life		Advance payments	Total	Total
	Indefinite	Finite			
Acquisition cost					
Balance at end of previous year	**938**	**734**	**16**	**1 688**	**1 628**
Effect of movements in foreign exchange	(1 001)	(42)	(1)	(1 044)	(89)
Acquisitions through business combinations	16 473	262	-	16 735	27
Acquisitions and expenditures	10	133	18	161	75
Disposals	-	(46)	-	(46)	(22)
Transfer to other asset categories	-	39	(21)	18	62
Other movements	(10)	5	1	(4)	7
Balance at end of year	**16 410**	**1 085**	**13**	**17 508**	**1 688**
Amortization and impairment losses					
Balance at end of previous year	**(32)**	**(406)**	**-**	**(438)**	**(363)**
Effect of movements in foreign exchange	(2)	19	-	17	3
Amortization	-	(108)	-	(108)	(87)
Disposals	-	15	-	15	19
Transfer to other asset categories	-	10	-	10	(4)
Other movements	-	6	-	6	(6)
Balance at end of year	**(34)**	**(464)**	**-**	**(498)**	**(438)**
Carrying value					
at 31 December 2007	**906**	**328**	**16**	**1 250**	**1 250**
at 31 December 2008	**16 376**	**621**	**13**	**17 010**	**-**

Current year acquisitions through business combinations primarily reflect the Anheuser-Busch transaction which resulted in the recognition of brands with an indefinite life of 16 473m euro and intangible assets with a finite life of 256m euro, which primarily consists of distribution agreements and favorable contracts. These are being amortized over the term of the associated contracts ranging from 3 to 18 years.

AB InBev is the owner of some of the world's most valuable brands in the beer industry. As a result, certain brands and distribution rights are expected to generate positive cash flows for as long as the company owns the brands and distribution rights. Given AB InBev's more than 600-year history, certain brands and their distribution rights have been assigned indefinite lives.

Intangible assets with indefinite useful lives have been tested for impairment at a country cash-generating unit level (i.e. at or one level below the business unit level) based on the same impairment testing approach as for goodwill – see note 14 *Goodwill* above. The royalty stream that could be obtained from licensing the intangible asset to a third party in an arm's length transaction is also used as an indicator of fair value.

The carrying amount of intangible assets with indefinite useful lives was allocated to the different countries as follows:

Million euro - Country	2008	2007
USA	15 515	41
Argentina	292	302
China	166	147
Bolivia	120	105
Paraguay	111	106
UK	70	91
Uruguay	30	33
Canada	24	27
Russia	20	23
Chile	14	17
Germany	14	14
	16 376	**906**

16. Investment in associates

The business combination with Anheuser-Busch increased the investment in associates by 5.4b euro. This amount includes a fair value adjustment of 2.3b euro as part of the purchase price allocation. Please refer to note 6 *Acquisitions and disposals of subsidiaries* for more detailed information. The balance at 31 December 2008 amounted to 4.9b euro and is mainly impacted by the weakening of the Mexican peso.

Main investments in associates comprise Grupo Modelo in Mexico and Tsingtao Brewery Company Limited in China. Through the acquisition of Anheuser-Busch, AB InBev acquired a 35.12 % direct interest in Grupo Modelo, Mexico's largest brewer, and a 23.25 % direct interest in Diblo S.A. de C.V., Grupo Modelo's operating subsidiary, providing AB InBev with, directly and indirectly, a 50.2 % interest in Modelo. However, AB InBev does not have voting or other control of either Grupo Modelo or Diblo. Through this acquisition, AB InBev also acquired Tsingtao Brewery Company Limited, the second largest brewer in China, and producer of the Tsingtao brand. AB InBev has a 27 % economic stake in Tsingtao. On 23 January 2009, AB InBev announced the disposal of 19.9 % of Tsingtao. Please refer to note 35 *Events after the balance sheet date* for more detailed information.

17. Investment securities

Million euro	2008	2007
Non-current investments		
Equity securities available-for-sale	81	77
Debt securities held-to-maturity	91	86
	172	**163**
Current investments		
Financial assets at fair value through profit or loss - held for trading	194	178
Debt securities held-to-maturity	-	1
	194	**179**

AB InBev's exposure to equity price risk is disclosed in note 30 *Risks arising from financial instruments*. The equity securities available-for-sale consist of investments in unquoted companies and are measured at cost as their fair value can not be reliably determined.

18. Deferred tax assets and liabilities

The amount of deferred tax assets and liabilities by type of temporary difference can be detailed as follows:

Million euro	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Property, plant and equipment	51	36	(3 222)	(425)	(3 171)	(389)
Intangible assets	108	9	(6 424)	(234)	(6 316)	(225)
Goodwill	84	96	(6)	(6)	78	90
Inventories	14	-	(213)	-	(199)	-
Investment securities	5	54	-	(6)	5	48
Investment in associates	-	-	(2 269)	-	(2 269)	-
Trade and other receivables	9	11	(296)	(1)	(287)	10
Interest-bearing loans and borrowings	2 524	8	(86)	(49)	2 438	(41)
Employee benefits	687	197	(9)	(2)	678	195
Provisions	199	181	(1)	-	199	181
Derivatives	139	59	(21)	-	118	59
Other items	447	26	(128)	(95)	318	(69)
Loss carry forwards	401	336	-	-	401	336
Gross deferred tax assets/(liabilities)	**4 668**	**1 013**	**(12 675)**	**(818)**	**(8 007)**	**195**
Netting by taxable entity	**(3 998)**	**(350)**	**3 998**	**350**	**-**	**-**
Net deferred tax assets/(liabilities)	**670**	**663**	**(8 677)**	**(468)**	**(8 007)**	**195**

The deferred tax liabilities increased in 2008 mainly as result of the business combination with Anheuser-Busch – see note 6 *Acquisition and disposal of subsidiaries.*

On 31 December 2008, a deferred tax liability of 28m euro (2007 : 34m euro) relating to investments in subsidiaries has not been recognized because management believes that this liability will not be incurred in the foreseeable future.

Tax losses carried forward and deductible temporary differences on which no deferred tax asset is recognized amount to 1 034m euro (2007 : 679m euro). 658m euro of these tax losses do not have an expiration date, 92m euro, 50m euro and 39m euro expire within respectively 1, 2 and 3 years, while 195m euro has an expiration date of more than 3 years. Deferred tax assets have not been recognized on these items because it is not probable that future taxable profits will be available against which the unused tax losses can be utilized.

When reconciling the 2008 deferred tax income of 259m euro with the movement from a net deferred tax asset in 2007 to a net deferred tax liability in 2008, it should be noted that this movement is mainly impacted by the acquisition of Anheuser-Busch (9 057m euro – see note 6 *Acquisitions and disposals of subsidiaries*).

19. Inventories

Million euro	2008	2007
Prepayments	67	56
Raw materials and consumables	1 228	664
Work in progress	241	108
Finished goods	477	210
Goods purchased for resale	73	81
	2 086	**1 119**
Inventories stated at net realizable value	6	5

The cost of inventories recognized as an expense in 2008, amounted to 7 122m euro, included in cost of sales. Last year, this expense amounted to 5 936m euro.

Impairment losses on inventories recognized in 2008, amount to 9m euro.

20. Trade and other receivables

Non-current trade and other receivables

Million euro	2008	2007
Trade receivables	25	35
Cash deposits for guarantees	186	233
Loans to customers	141	178
Other receivables	259	137
	611	**583**

For the nature of cash deposits for guarantees see note 32 *Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other.*

Current trade and other receivables

Million euro	2008	2007
Trade receivables	1 996	1 680
Interest receivable	15	16
Tax receivable, other than income tax	151	166
Derivative financial instruments with positive fair values	711	235
Loans to customers	59	76
Prepaid expenses	324	255
Accrued income	20	12
Other receivables	44	130
	3 320	**2 570**

The ageing of our current trade receivables, interest receivable, other receivables and accrued income and of our loans to customers can be detailed as follows:

	Net carrying amount as of December 31, 2008	Of which: neither impaired nor past due on the reporting date	Of which: not impaired as of the reporting date and past due					
			Past due - less than 30 days	Past due - between 30 and 59 days	Past due - between 60 and 89 days	Past due - between 90 and 179 days	Past due - between 180 and 359 days	Past due - more than 359 days
Trade receivables	1 996	1 792	81	21	36	8	56	2
Loans to customers	200	178	-	2	1	1	2	16
Interest receivable	15	13	-	-	-	-	-	2
Other receivables and accrued income	64	64	-	-	-	-	-	-
	2 275	**2 047**	**81**	**23**	**37**	**9**	**58**	**20**

In accordance with the IFRS 7 *Financial Instruments: Disclosures* the above analysis of the age of financial assets that are past due as at the reporting date but not impaired also includes the non-current part of loans to customers. Past due amounts were not impaired when collection is still considered likely, for instance because the amounts can be recovered from the tax authorities or AB InBev has sufficient collateral. Impairment losses on trade and other receivables recognized in 2008 amount to 37m euro.

AB InBev's exposure to credit, currency and interest rate risks is disclosed in note 30 *Risks arising from financial instruments*.

21. Cash and cash equivalents

Million euro	2008	2007
Short term bank deposits	726	517
Current bank accounts	1 374	801
Cash	10	6
Cash and cash equivalents	**2 110**	**1 324**
Bank overdrafts	**(550)**	**(80)**
	1 560	**1 244**

The cash outstanding per 31 December 2008 includes restricted cash for an amount of 359m euro. This restricted cash mainly reflects the outstanding consideration payable to former Anheuser-Busch shareholders whom did not yet claim the proceeds. The related payable is recognized as a deferred consideration on acquisitions – see also note 29 *Trade and other payables*.

22. Assets and liabilities held for sale

Million euro	2008	2007
Assets held for sale	37	41
Liabilities held for sale	-	-
	37	**41**

Assets held for sale at 31 December 2008 include 37m euro land and buildings, mainly in Brazil and in the US. The disposal of these assets is expected in 2009. No gain or loss with respect to these assets was recognized in 2008.

The 2008 assets held for sale were mainly presented in the following geographical segments: Latin America 22m euro and North America 15m euro.

2007 assets held for sale included 41m euro land and buildings, mainly in Canada and in Brazil. These assets were sold in 2008.

23. Changes in equity

The table below summarizes the changes in equity that took place during the years 2007 and 2008:

Million euro	Attributable to equity holders of AB InBev										Minority interest	Total equity
	Issued capital	Share premium	Treasury shares	Share-based payment reserves	Trans-lation reserves	Hedging reserves	Actuarial gains/ losses	Other reserves	Retained earnings	Total		
As per 1 January 2007	**473**	**7 412**	**(39)**	**72**	**930**	**50**	**(289)**	**(9)**	**3 662**	**12 262**	**880**	**13 142**
Total recognized income and expenses	-	-	-	-	(6)	20	35	-	2 198	2 247	791	3 038
Shares issued	1	38	-	-	-	-	-	-	-	39	-	39
Dividends	-	-	-	-	-	-	-	-	(455)	(455)	(319)	(774)
Share-based payments	-	-	-	23	-	-	-	-	-	23	3	26
Treasury shares	-	-	(482)	-	-	-	-	(5)	-	(487)	(2)	(489)
Other	-	-	-	-	(3)	(1)	-	(4)	7	(1)	(16)	(17)
Scope changes	-	-	-	-	-	-	-	-	(3)	(3)	(52)	(55)
As per 31 December 2007	**474**	**7 450**	**(521)**	**95**	**921**	**69**	**(254)**	**(18)**	**5 409**	**13 625**	**1 285**	**14 910**

Million euro	Attributable to equity holders of AB InBev										Minority interest	Total equity
	Issued capital	Share premium	Treasury shares	Share-based payment reserves	Trans-lation reserves	Hedging reserves	Actuarial gains/ losses	Other reserves	Retained earnings	Total		
As per 1 January 2008	**474**	**7 450**	**(521)**	**95**	**921**	**69**	**(254)**	**(18)**	**5 409**	**13 625**	**1 285**	**14 910**
Total recognized income and expenses	-	-	-	-	(1 335)	(1 576)	(284)	-	1 288	(1 907)	738	(1 169)
Shares issued	760	5 630	-	-	-	-	-	-	-	6 390	-	6 390
Transaction costs capital increase	-	-	-	-	-	-	-	-	(76)	(76)	-	(76)
Dividends	-	-	-	-	-	-	-	-	(1 470)	(1 470)	(452)	(1 922)
Share-based payments	-	-	-	4	-	-	-	-	-	4	4	8
Treasury shares	-	-	(199)	-	-	-	-	(285)	-	(484)	(1)	(485)
Scope changes	-	-	-	-	-	-	-	-	44	44	(145)	(101)
As per 31 December 2008	**1 234**	**13 080**	**(720)**	**99**	**(414)**	**(1 507)**	**(538)**	**(303)**	**5 195**	**16 126**	**1 429**	**17 555**

Statement of capital

Capital	Million euro	Million shares
Issued capital		
At the end of the previous year	474	615
Changes during the year	760	987
	1 234	**1 602**

Treasury shares	Million euro	Million shares
At the end of the previous year	521	9.2
Changes during the year	199	11.4
	720	**20.6**

On 24 November 2008, AB InBev commenced an offering to existing shareholders of new AB InBev shares without nominal value, each with an AB InBev VVPR strip. The purpose of this share capital increase and offering of new AB InBev shares was to refinance part of the bridge facility agreement upon which InBev drew in order to finance part of the consideration paid to shareholders of Anheuser-Busch in connection with the acquisition. The offering was initially made to shareholders who were able to lawfully subscribe for new AB InBev shares pro rata to their shareholdings at a subscription price per new share of 6.45 euro. All AB InBev shareholders were granted one preference right per existing share held. The rights entitled the holders thereof to subscribe for new AB InBev shares at the subscription price at the ratio of 8 new AB InBev shares for 5 rights.

Holders of AB InBev shares being granted rights (or subsequent transferees of rights) were entitled to subscribe for new AB InBev shares at the subscription price and in accordance with the ratio described above from 25 November 2008 until 9 December 2008. As of 11 December 2008 approximately 99.58 % of the total number of new AB InBev shares offered pursuant to the rights issue, were subscribed for at the subscription price. In addition, on 11 December 2008, 2 614 025 remaining preference rights that were not exercised during the subscription period were placed by a group of underwriters in an institutional offering in the form of scripts. As a result of the placement of the remaining preference rights, an additional 4 182 440 new AB InBev shares were subscribed for at the subscription price. The rights, the new shares and the scripts were all being offered pursuant to exemptions from registration under the securities act of 1933. Settlement of the rights issue occurred on 16 December 2008, with 986 109 272 new AB InBev shares issued in exchange for an aggregate consideration of 6.36b euro.

The new AB InBev shares are of the same class as the previously existing shares and started trading on the regulated market of Euronext Brussels on 16 December 2008. As of 16 December 2008, the total number of outstanding AB InBev shares was 1 602 427 569 and AB InBev increased its share capital by 760m euro.

As at 31 December 2008, the total issued capital of 1 234m euro is represented by 1 602 427 569 shares without par value, of which 24 428 160 registered shares, 14 165 542 bearer shares and 1 563 833 867 dematerialized shares. For a total amount of capital of 4m euro there are still 5 180 210 of subscription rights outstanding corresponding with a maximum of 5 180 210 shares to be issued. The total of authorized, unissued capital amounts to 12.8m euro.

Report according to article 624 of the Belgian Companies Code - Purchase of own shares

Using the powers granted during the Extraordinary Shareholders Meeting of 24 April 2007, the board of directors has executed in 2008 two share buy-back programs of AB InBev shares for a total amount of 706m euro.

The aim of the programs was at enhancing shareholder value by combining the strong cash-flow generation of the company with the right capital structure. In addition, the programs would allow the company to satisfy its obligations under the new incentive programs for the management.

During the year 2008, AB InBev repurchased, directly or indirectly through an indirect subsidiary, 12 708 793 own shares on the Euronext Brussels Stock Exchange. The Shares were redeemed at the stock price of the day. 932 889 shares were sold to members of the AmBev senior management who were transferred to AB InBev. The sale occurred according to a share exchange program at a price reduced with 16.66 % compared to the market price, in order to encourage management mobility. In addition, 424 933 shares were granted to executives of the group according to the new executive remuneration policy which was approved by the shareholders' meeting of 25 April 2006. Finally, 3 998 were granted for free to executives according to a matching shares plan of 2005.

At the end of the period, the company still owned 20 563 003 own shares.

The par value of the shares is 0.77 euro. As a consequence, the shares that were repurchased during the year represent 9 785 770.61 euro of the subscribed capital, the shares that were sold during the year 2008 represent 1 048 601.40 euro of the subscribed capital and the shares that the company still owned at the end of 2008 represent 15 833 512.31 euro of the subscribed capital.

Dividends

On 4 March 2009, a dividend of 0.28 euro per share or, approximately 450m euro, is proposed by the board of directors. In accordance with IAS 10 *Events after the balance sheet date*, the dividend has not been recorded in the 2008 financial statements.

Translation reserves

The translation reserves comprise all foreign currency exchange differences arising from the translation of the financial statements of foreign operations. The translation reserves also comprise the portion of the gain or loss on the foreign currency liabilities and on the derivative financial instruments determined to be effective net investment hedges in conformity with the IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting rules.

Hedging reserves

The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent the hedged risk has not yet impacted profit or loss – see also note 30 *Risks arising from financial instruments*.

24. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of AB InBev of 1 288m euro (2007: 2 198m euro) and a weighted average number of ordinary shares outstanding during the year, calculated as follows:

Million shares	2008	2007 restated[1]	2007
Issued ordinary shares at 1 January, net of treasury shares	969	979	612
Effect of shares issued / share buy-back programs	30	(3)	(2)
Weighted average number of ordinary shares at 31 December	**999**	**976**	**610**

The calculation of diluted earnings per share is based on the profit attributable to equity holders of AB InBev of 1 288m euro (2007: 2 198m euro) and a weighted average number of ordinary shares (diluted) outstanding during the year, calculated as follows:

Million shares	2008	2007 restated[1]	2007
Weighted average number of ordinary shares at 31 December	999	976	610
Effect of share options and warrants	1	5	3
Weighted average number of ordinary shares (diluted) at 31 December	**1 000**	**981**	**613**

The calculation of earnings per share before non-recurring items is based on the profit before non-recurring items, attributable to equity holders of AB InBev, calculated as follows:

Million euro	2008	2007
Profit attributable to equity holders of AB InBev	1 288	2 198
Non-recurring items, after taxes, attributable to equity holders of AB InBev	423	(335)
Profit before non-recurring items, attributable to equity holders of AB InBev	**1 711**	**1 863**

1 In accordance with IAS33, historical data per share have been adjusted by an adjustment ratio of 0.6252 (refer calculation under shareholders information) following the capital increase in December 2008.

The table below sets out our EPS calculation :

Million euro	2008	2007 restated[1]	2007
Profit attributable to equity holders of AB InBev	1 288	2 198	2 198
Weighted average number of ordinary shares	999	976	610
Basic EPS	**1.29**	**2.25**	**3.60**
Profit before non-recurring items, attributable to equity holders of AB InBev	1 711	1 863	1 863
Weighted average number of ordinary shares	999	976	610
EPS before non-recurring items	**1.71**	**1.91**	**3.05**
Profit attributable to equity holders of AB InBev	1 288	2 198	2 198
Weighted average number of ordinary shares (diluted)	1 000	981	613
Diluted EPS	**1.29**	**2.24**	**3.59**
Profit before non-recurring items, attributable to equity holders of AB InBev	1 711	1 863	1 863
Weighted average number of ordinary shares (diluted)	1 000	981	613
Diluted EPS before non-recurring items	**1.71**	**1.90**	**3.04**

The average market value of the company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding. 4m share options were anti-dilutive and not included in the calculation of the dilutive effect.

25. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings. For more information about the company's exposure to interest rate and foreign currency risk, refer to note 30 *Risks arising from financial instruments.*

Non-current liabilities

Million euro	2008	2007
Secured bank loans	41	275
Unsecured bank loans	28 620	2 968
Unsecured bond issues	5 685	1 787
Secured other loans	5	-
Unsecured other loans	122	143
Finance lease liabilities	35	12
	34 508	**5 185**

Current liabilities

Million euro	2008	2007
Secured bank loans	35	96
Unsecured bank loans	7 705	1 151
Unsecured bond issues	374	166
Unsecured other loans	3	18
Secured bank facilities	-	4
Finance lease liabilities	3	3
	8 120	**1 438**

1 In accordance with IAS33, historical data per share have been adjusted by an adjustment ratio of 0.6252 (refer calculation under shareholders information) following the capital increase in December 2008.

Terms and debt repayment schedule

Million euro	Total	1 year or less	1-2 years	2-5 years	More than 5 years
Secured bank loans	76	35	8	33	-
Unsecured bank loans	36 325	7 705	8 221	20 309	90
Unsecured bond issues	6 059	374	434	1 684	3 567
Secured other loans	5	-	-	4	1
Unsecured other loans	125	3	24	69	29
Finance lease liabilities	38	3	6	4	25
	42 628	**8 120**	**8 693**	**22 103**	**3 712**

Finance lease liabilities

Million euro	Payments 2008	Interest 2008	Principal 2008	Payments 2007	Interest 2007	Principal 2007
Less than one year	6	3	3	3	-	3
Between one and five years	18	8	10	6	1	5
More than five years	71	46	25	9	2	7
	95	**57**	**38**	**18**	**3**	**15**

To finance the acquisition of Anheuser-Busch, AB InBev entered into a 45 billion US dollar senior facilities agreement and a 9.8 billion US dollar bridge facility agreement, enabling us to consummate the acquisition, including the payment of 52.5 billion US dollar to shareholders of Anheuser-Busch, refinancing certain Anheuser-Busch indebtedness, payment of all transaction charges, fees and expenses and accrued but unpaid interest to be paid on Anheuser-Busch's outstanding indebtedness. On 18 December 2008, AB InBev repaid the debt it incurred under the bridge facility with the net proceeds of the rights issue and cash proceeds received by AB InBev from pre-hedging the foreign exchange rate between the euro and the US dollar in connection with the rights issue. AB InBev intends to refinance a portion of the debt incurred under the senior credit facility with the proceeds of one or more debt capital markets offerings. In addition, AB InBev may, in the future, dispose of certain of the assets or businesses and expects to utilize proceeds from any such disposals to repay indebtedness incurred to finance the acquisition.

AB InBev's net financial debt increased to 40 713m euro as of December 2008, from 5 093m euro as of December 2007.

26. Employee benefits

AB InBev sponsors various post-employment benefit plans world-wide. These include pension plans, both defined contribution plans, and defined benefit plans, and other post-employment benefits (OPEB). In accordance with IAS 19 *Employee Benefits* post-employment benefit plans are classified as either defined contribution plans or defined benefit plans.

Defined contribution plans

For defined contribution plans, AB InBev pays contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the group has no further payment obligation. The regular contribution expenses constitute an expense for the year in which they are due. For 2008, the defined contribution expenses for the company amounted to 12m euro compared to 5m euro for 2007.

Defined benefit plans

The company contributes to 72 defined benefit plans, of which 57 are retirement plans, 15 are medical cost plans. Most plans provide benefits related to pay and years of service. The German, French, Luxemburg and part of the Belgian, Brazilian, Canadian, UK and US plans are unfunded. The assets of the other plans are held in legally separate funds set up in accordance with applicable legal requirements and common practice in each country. The medical cost plans in Canada, US, Belgium and Brazil provide medical benefits to employees and their families during the service period and after retirement in some cases.

The OPEB plans (including the medical cost plans) have a present value of an unfunded obligation of 628m euro.

The present value of funded obligations includes a 102m euro liability related to two medical plans, for which the benefits are provided through the Fundação Antonio Helena Zerrenner ('FAHZ'). The FAHZ is a legally distinct entity which provides medical, dental, educational and social assistance to current and retired employees of AmBev. On 31 December 2008, the actuarial liabilities related to the benefits provided by the FAHZ are fully offset by an equivalent amount of assets existing in the fund. The net liability recognized in the balance sheet is nil.

Employee benefit net liability has increased by 1 539m euro, as compared to 31 December 2007. The principal factor being the introduction of Anheuser-Busch benefit plans (1 567m euro net liability as at 31 December 2008).

The company's net liability for post-employment and long-term employee benefit plans comprises the following at 31 December:

Million euro	2008	2007
Present value of funded obligations	(3 848)	(2 241)
Fair value of plan assets	2 783	2 256
Present value of net obligations for funded plans	**(1 065)**	**15**
Present value of unfunded obligations	(888)	(400)
Present value of net obligations	**(1 953)**	**(385)**
Unrecognized past service cost	2	3
Unrecognized asset	(148)	(217)
Net liability	**(2 099)**	**(599)**
Other long-term employee benefits	(57)	(18)
Total employee benefits	**(2 156)**	**(617)**
Employee benefits amounts in the balance sheet:		
Liabilities	(2 162)	(624)
Assets	6	7
Net liability	**(2 156)**	**(617)**

The changes in the present value of the defined benefit obligations are as follows:

Million euro	2008	2007
Defined benefit obligation at 1 January	**(2 641)**	**(2 701)**
Current service costs	(64)	(69)
Acquisitions through business combinations	(2 869)	-
New unvested past service cost	(1)	-
Interest cost	(172)	(150)
Actuarial gains and (losses)	(127)	134
(Losses)/gains on curtailments	(14)	1
Reclassifications from provisions	21	4
Exchange differences	687	(17)
Benefits paid	444	157
Defined benefit obligation at 31 December	**(4 736)**	**(2 641)**

The changes in the fair value of plan assets are as follows:

Million euro	2008	2007
Fair value of plan assets at 1 January	**2 256**	**2 129**
Acquisitions through business combinations	1 553	-
Expected return	177	177
Actuarial gains and (losses)	(410)	(57)
Contributions by AB InBev	140	128
Contributions by plan participants	9	11
Exchange differences	(529)	25
Other	11	-
Benefits paid	(424)	(157)
Fair value of plan assets at 31 December	**2 783**	**2 256**

The acquisition through business combinations stems from the acquisition of Anheuser-Busch.

The actual return on plan assets in 2008 and 2007 was 233m euro loss and 120m euro gain respectively. This is mostly driven by actuarial losses calculated in the UK, US, Belgium and Canada.

The increase in contributions by AB InBev (140m euro in 2008 versus 128m euro in 2007) is primarily explained by the acquisition of Anheuser-Busch (55m euro), although lower contributions occurred in Canada and Korea.

The expense recognized in the income statement with regard to defined benefit plans can be detailed as follows:

Million euro	2008	2007
Current service costs	(47)	(50)
Interest cost	(172)	(150)
Expected return on plan assets	177	177
Amortized past service cost	-	(6)
New vested past service cost	(7)	(7)
Recognized past service cost	(1)	-
(Losses)/gains on settlements or curtailments	(17)	1
Asset limitation	(18)	(27)
	(85)	**(62)**

The employee benefit expense is included in the following line items of the income statement:

Million euro	2008	2007
Cost of sales	(22)	(15)
Distribution expenses	(14)	(13)
Sales and marketing expenses	(7)	(8)
Administrative expenses	(23)	(21)
Non-recurring items	(19)	(5)
	(85)	**(62)**

Weighted average assumptions used in computing the benefit obligations at the balance sheet date are as follows[1]:

	2008	2007
Discount rate	6.5 %	4.9 %
Future salary increases	3.3 %	3.1 %
Future pension increases	2.2 %	1.8 %
Medical cost trend rate	8.95 % p.a. reducing to 6.63 %	6.5 % p.a. reducing to 3.8 %
Dental claims trend rate	4.0 %	4.1 %
Life expectation for a 40 year old male	81	81
Life expectation for a 40 year old female	85	85

1 Since the assumptions are nominal rates in different currencies we have converted the foreign rates into euro equivalents based on the 5 year forward currency exchange rates. The weighted average assumptions are calculated based on these euro equivalents.

Weighted average assumptions used in computing the net periodic pension cost for the year are as follows[1]:

	2008	2007
Discount rate	4.9 %	4.3 %
Expected return on plan assets	4.2 %	6.6 %
Future salary increases	3.1 %	2.4 %
Future pension increases	1.8 %	1.1 %
Medical cost trend rate	6.5 % p.a. reducing to 3.8 %	6.5 % p.a. reducing to 3.1 %
Dental claims trend rate	4.1 %	3.9 %

Assumed medical cost trend rates have a significant effect on the amounts recognized in profit or loss. A one percentage point change in the assumed medical cost trend rates would have the following effects (note that a positive amount refers to a decrease in the obligations or cost while a negative amount refers to an increase in the obligations or cost):

Million euro	2008		2007	
Medical cost trend rate	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
Effect on the aggregate of the service cost and interest cost of medical plans	(3)	3	(4)	3
Effect on the defined benefit obligation for medical cost	(27)	23	(38)	33

To meet the IAS 1 *Presentation of Financial Statements* disclosure requirements on key sources of estimation uncertainty we have included the results of our sensitivity analysis with regard to the discount rate, the future salary increase and the longevity assumptions.

Million euro	2008		2007	
Discount rate	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
Effect on the aggregate of the service cost and interest cost of defined benefit plans	2	(2)	3	(3)
Effect on the defined benefit obligation	112	(124)	176	(192)

Million euro	2008		2007	
Future salary increase	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
Effect on the aggregate of the service cost and interest cost of defined benefit plans	(3)	2	(3)	3
Effect on the defined benefit obligation	(18)	16	(23)	21

Million euro	2008		2007	
Longevity	One year increase	One year decrease	One year increase	One year decrease
Effect on the aggregate of the service cost and interest cost of defined benefit plans	(5)	5	(5)	5
Effect on the defined benefit obligation	(47)	46	(71)	70

The above are purely hypothetical changes in individual assumptions holding all other assumptions constant: economic conditions and changes therein will often affect multiple assumptions at the same time and the effects of changes in key assumptions are not linear. Therefore, the above information is not necessarily a reasonable representation of future results.

1 Since the assumptions are nominal rates in different currencies we have converted the foreign rates into euro equivalents based on the 5 year forward currency exchange rates. The weighted average assumptions are calculated based on these euro equivalents.

The fair value of plan assets at 31 December consists of the following:

	2008	2007
Government bonds	15 %	35 %
Corporate bonds	18 %	11 %
Equity instruments	60 %	51 %
Property	4 %	1 %
Cash	2 %	1 %
Insurance contracts	1 %	1 %
	100 %	100 %

The changed allocation of the fair value of plan assets is mainly as a result of the acquisition of Anheuser-Busch plans.

The plan assets include indirect investments in ordinary shares issued by the company for a total fair value of 1m euro. The expected rates of return on individual categories of plan assets are determined by reference to relevant indices based on advice of external valuation experts. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated share in the total investment portfolio.

The five year history of the present value of the defined benefit obligations, the fair value of the plan assets and the deficit in the plans is as follows:

Million euro	2008	2007	2006	2005	2004
Present value of the defined benefit obligations	(4 736)	(2 641)	(2 701)	(2 829)	(2 167)
Fair value of plan assets	2 783	2 256	2 129	2 005	1 514
Deficit	(1 953)	(385)	(572)	(824)	(653)
Experience adjustments: (increase)/decrease plan liabilities	208	22	(6)	(33)	-
Experience adjustments: increase/(decrease) plan assets	(410)	(57)	69	133	108

The deficit has increased to 1 953m euro with the Anheuser-Busch benefit plans contributing a deficit of 1 567m euro.

AB InBev expects to contribute approximately 196m euro to its defined benefit plans in 2009.

27. Share-based payments

Different share option programs allow company senior management and members of the board of directors to acquire shares of AB InBev or AmBev. The fair value of these share-based payment compensations is estimated at grant date, using the binomial Hull model, modified to reflect the IFRS 2 *Share-based Payment* requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of the option.

The fair value of options granted is expensed over the vesting period. The options granted under the bonus plan and issued during the second quarter of 2008 cliff vest after 5 years. AB InBev issued a total of 1m of such options representing a fair value of approximately 26m euro. In addition 0.1m options were granted to members of the board of directors. These options gradually vest over a period of 3 years (one third on 1 January of 2010, one third on 1 January 2011 and one third on 1 January 2012) and represent a fair value of approximately 2m euro.

The company offered additional stock options to a small group of senior executives on 25 November 2008. AB InBev believes that the selected executives will help implement a successful integration of Anheuser-Busch Companies, Inc. and AB InBev, which will underpin AB InBev's ability to quickly deleverage. The number of options offered was 28.9m, with an estimated fair value of 165m euro.

The weighted average fair value of the options and assumptions used in applying the AB InBev option pricing model for the 2008 grants are as follows:

Amounts in euro unless otherwise indicated	2008	2007	2006[1]
Fair value of options granted	24.39	23.05	13.00
Share price	57.88	57.42	37.73
Exercise price	54.92	53.92	39.29
Expected volatility	24 %	20 %	23 %
Expected dividends	0.16 %	0.16 %	0.58 %
Risk-free interest rate	4.47 %	4.47 %	4.21 %

1 Changes in 2006 assumptions are the result of change in volatility approach and dividend protection.

Since the acceptance period of the options is 2 months, the fair value was determined as the average of the fair values calculated on a weekly basis during the two months offer period.

Expected volatility is based on historical volatility calculated using 1 068 days of historical data. The Hull binomial model assumes that all employees would immediately exercise their options if the AB InBev share price is 2.5 times above the exercise price. As a result, no single expected option life applies.

The total number of outstanding options developed as follows:

Million options	2008	2007	2006
Options outstanding at 1 January	6.3	7.6	10.9
Options issued during the year	1.1	1.0	1.2
Options exercised during the year	(1.2)	(1.6)	(3.4)
Options forfeited during the year	(0.4)	(0.7)	(1.1)
Additional options granted as a result of the rights issue	3.0	-	-
Options outstanding at 31 December	**8.8**	**6.3**	**7.6**

As a consequence of the rights issue that took place in November 2008, the exercise price and the number of options were adjusted according to the ratio method proposed by Euronext-Liffe in order to compensate for the dilutive effect of the rights issue. The adjustment ratio is 0.6252. The adjusted exercise price of the subscription rights equals the original exercise price multiplied by the adjustment ratio. The adjusted number of subscription rights equals the original number of subscription rights divided by the adjustment ratio. As a result during the fourth quarter of 2008, 3m additional options were granted to employees in order to compensate for the dilutive effect of the rights issue.

The range of exercise prices of the outstanding options is between 7.28 euro and 58.31 euro while the weighted average remaining contractual life is 6.2 years.

Of the 8.8m outstanding options 4.1m options are vested at 31 December 2008.

The weighted average exercise price of the options is as follows:

Amounts in euro	2008	2007	2006
Options outstanding at 1 January	31.59	26.94	24.24
Granted during the period (pre rights issue)	55.27	53.92	39.29
Granted during the period (adjustment factor)	23.62	-	-
Forfeited during the period	40.69	30.57	23.63
Exercised during the period	23.54	24.13	23.70
Outstanding at the end of the period	24.73	31.59	26.94
Exercisable at the end of the period	17.00	24.72	24.92

For share options exercised during 2008 the weighted average share price at the date of exercise was 31.49 euro.

Under an equivalent 5 year cliff vesting plan, AmBev has issued during the second quarter of 2008 0.8m options for which the fair value amounts to approximately 25m euro. The fair value of the options and assumptions used in applying a binomial option pricing model for the 2008 AmBev grant are as follows:

Amounts in euro unless otherwise indicated	2008	2007	2006
Fair value of options granted	31.98	17.00	16.00
Share price	51.36	42.00	37.00
Exercise price	51.36	42.00	37.00
Expected volatility	33%	26%	30%
Risk-free interest rate	12.50%	10.60%	14.47%

As the AmBev options are dividend protected, the dividend yield used for the fair value calculation was 0%.

During the second half of 2007, AmBev performed a reverse stock split in the ratio of 100:1. Consequently the 2007 and 2006 figures have been restated to consider the impact of this adjustment.

The total number of outstanding AmBev options developed as follows:

Million options	2008	2007	2006
Options outstanding at 1 January	2.2	2.4	3.5
Options issued during the year	0.8	0.8	0.8
Options exercised during the year	(0.1)	(0.6)	(1.5)
Options forfeited during the year	(0.1)	(0.4)	(0.4)
Options outstanding at 31 December	**2.8**	**2.2**	**2.4**

The range of exercise prices of the outstanding options is between 16.64 euro and 41.26 euro while the weighted average remaining contractual life is 3.7 years.

Of the 2.8m outstanding options 0.5m options are vested at 31 December 2008.

The weighted average exercise price of the options is as follows:

Amounts in euro	2008	2007	2006
Options outstanding at 1 January	33.43	23.19	18.10
Granted during the period	41.26	41.74	36.01
Forfeited during the period	24.21	21.89	17.92
Exercised during the period	29.19	24.42	19.34
Outstanding at the end of the period	30.23	33.43	23.19
Exercisable at the end of the period	16.97	19.43	17.54

During the fourth quarter of 2008, a limited number of AmBev shareholders who are part of the senior management of AB InBev were given the opportunity to exchange AmBev shares against a total of 0.9m AB InBev shares (2007: 1.8m – 2006: 1.5m) at a discount of 16.7% provided that they stay in service for another five years. The fair value of this transaction amounts to approximately 8m euro (2007: 17m euro – 2006: 10m euro) and is expensed over the five years service period. The fair values of the AmBev and AB InBev shares were determined based on the market price.

Since 2005, bonuses granted to company employees and management are partially settled in shares.

The above described share-based payment transactions resulted in a total expense of 42m euro for the year 2008 and 53m euro for the year 2007.

28. Provisions

Million euro	Restructuring	Disputes	Other	Total
Balance at 1 January	**201**	**442**	**56**	**699**
Effect of changes in foreign exchange rates	2	(68)	(12)	(78)
Changes through business combinations	15	97	-	112
Provisions made	252	146	30	428
Provisions used	(103)	(69)	(7)	(179)
Provisions reversed	(24)	(61)	(9)	(94)
Other movements	(12)	(25)	50	13
Balance at 31 December	**331**	**462**	**108**	**901**

The restructuring provisions are primarily explained by the organizational alignments in the US, Western Europe, the global headquarters and Asia Pacific as explained in note 8 *Non-recurring items*. Provisions for disputes mainly relate to various disputed direct and indirect taxes and to claims from former employees.

The provisions are expected to be settled within the following time windows:

Million euro	Total	< 1 year	1-2 years	2-5 years	> 5 years
Restructuring					
Reorganization	**331**	**263**	**31**	**25**	**12**
Disputes					
Excise duties	14	-	2	12	-
Income taxes	171	1	170	-	-
Labor	82	11	66	4	1
Indirect taxes	123	9	114	-	-
Commercial	30	13	8	6	3
Other disputes	42	13	24	5	-
	462	**47**	**384**	**27**	**4**
Other contingencies					
Guarantees given	19	1	7	11	-
Onerous contracts	17	5	3	5	4
Other contingencies	72	13	3	4	52
	108	**19**	**13**	**20**	**56**
	901	**329**	**428**	**72**	**72**

Since 1 January 2005 AB InBev is subject to the greenhouse gas emission allowance trading scheme in force in the European Union. Acquired emission allowances are recognized at cost as intangible assets. To the extent that it is expected that the number of allowances needed to settle the CO_2 emissions exceeds the number of emission allowances owned, a provision is recognized. Such a provision is measured at the estimated amount of the expenditure required to settle the obligation. At 31 December 2008, the emission allowances owned fully covered the expected CO_2 emissions. As such no provision needed to be recognized.

29. Trade and other payables

Non-current trade and other payables

Million euro	2008	2007
Indirect taxes payable	179	237
Trade payables	5	1
Cash guarantees	10	6
Deferred consideration on acquisitions	81	16
Other payables	14	55
	289	**315**

Current trade and other payables

Million euro	2008	2007
Trade payables and accrued expenses	3 450	2 180
Payroll and social security payables	462	351
Indirect taxes payable	788	822
Interest payable	343	88
Consigned packaging	396	340
Cash guarantees	18	20
Derivative financial instruments with negative fair values	2 246	481
Dividends payable	45	31
Deferred income	109	10
Deferred consideration on acquisitions	375	27
Other payables	28	60
	8 260	**4 410**

The increase in derivative financial instruments with negative fair values is explained by the fair value revaluation of US dollar interest rate swaps and commodity hedges. The interest rate swaps cover the interest rate risk on the senior facilities agreement to finance the acquisition of Anheuser-Busch.

Deferred consideration on acquisitions mainly reflects the outstanding consideration payable to former Anheuser-Busch shareholders whom did not yet claim the proceeds.

30. Risks arising from financial instruments

(A) Terms, conditions and risk management policies

Exposure to foreign currency, interest rate, commodity prices, liquidity and credit risk arises in the normal course of AB InBev's business. The company analyses each of these risks individually as well as on an interconnected basis, and defines strategies to manage the economic impact on the company's performance in line with its financial risk management policy. The risk management committee meets on a frequent basis and is responsible for reviewing the results of the risk assessment, approving recommended risk management strategies, monitoring compliance with the financial risk management policy and reporting to the finance committee of the board of directors.

Some of our risk management strategies include the usage of derivatives. Derivative instruments used by the company mainly include forward exchange contracts, exchange traded foreign currency futures, interest rate swaps, cross currency interest rate swaps ('CCIRS'), forward rate agreements, exchange traded interest rate futures, aluminum swaps and forwards, exchange traded sugar futures and exchange traded wheat futures. AB InBev's policy prohibits the use of derivatives in the context of speculative trading.

The following table provides an overview of the derivative financial instruments outstanding at year-end by maturity bucket. The amounts included in this table are the notional amounts.

Million euro Derivatives	2008			2007		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Foreign currency						
Forward exchange contracts	1 396	559	-	885	409	-
Foreign currency futures	(155)	15	-	383	-	-
Interest rate						
Interest rate swaps	1 282	29 494	3 271	-	1 514	138
Cross currency interest rate swaps	194	1 875	81	559	2 403	65
Forward rate agreements	2 200	-	-	69	-	-
Interest rate futures	(68)	(85)	(6)	299	136	40
Commodities						
Aluminum swaps	250	4	-	182	-	-
Sugar futures	37	12	-	41	-	-
Wheat futures	17	-	-	12	-	-
Credit						
Credit default swaps	-	60	-	-	60	-

Forward exchange contracts include the series of contracts used to hedge the Brazilian real borrowings in Canada (see *Interest rate risk* section below).

The significant increase in the interest rate swaps is explained by the new swap contracts used to hedge the interest rate risk on the senior facilities to acquire Anheuser-Busch.

The forward rate agreement is related to a hedge on a credit facility in the parent companies.

(B) Foreign currency risk

AB InBev incurs foreign currency risk on borrowings, investments, (forecasted) sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income whenever they are denominated in a currency other than the functional currency of the subsidiary. The main derivative financial instruments used to manage foreign currency risk are forward exchange contracts, exchange traded foreign currency futures and cross currency interest rate swaps.

Foreign exchange risk on operating activities

As far as foreign currency risk on firm commitments and forecasted transactions is concerned, AB InBev's policy is to hedge operational transactions which are reasonably expected to occur (e.g. cost of goods sold and selling, general & administrative expenses) within a maximum of 15 months. Operational transactions that are certain (e.g. capital expenditure) are hedged without any limitation in time.

The table below provides an indication of the company's main net foreign currency positions as regards firm commitments and forecasted transactions per 31 December 2008 and for a period of 1 year for the most important currency pairs. The open positions are the result of the application of AB InBev's risk management policy. Positive amounts indicate that the company is long (net future cash inflows) in the first currency of the currency pair while negative amounts indicate that the company is short (net future cash outflows) in the first currency of the currency pair. The second currency of the currency pairs listed is the functional currency of the related subsidiary.

Million euro	2008			2007		
	Total exposure	Total derivatives	Open position	Total exposure	Total derivatives	Open position
Canadian dollar / US dollar	(15)	15	-	-	-	-
Euro / Argentinean peso	(43)	43	-	-	-	-
Euro / Brazilian real	(2)	2	-	7	(7)	-
Euro / Canadian dollar	(2)	7	5	(19)	19	-
Euro / Czech koruna	10	(10)	-	11	(11)	-
Euro / Hungarian forint	(31)	29	(2)	(19)	19	-
Euro / Pound sterling	(20)	20	-	(28)	28	-
Euro / Romanian lei	(94)	82	(12)	-	-	-
Euro / Russian ruble	(212)	133	(79)	(130)	-	(130)
Euro / Serbian dinar	(13)	-	(13)	-	-	-
Euro / Ukrainian hryvnia	(97)	28	(69)	(42)	-	(42)
Euro / US dollar	(200)	194	(6)	-	-	-
US dollar / Argentinean peso	(177)	177	-	(100)	100	-
US dollar / Bolivian boliviano	-	-	-	(20)	20	-
US dollar / Brazilian real	290	(290)	-	106	(106)	-
US dollar / Canadian dollar	(5)	5	-	(46)	46	-
US dollar / Chilean peso	(8)	8	-	(9)	9	-
US dollar / Euro	335	(335)	-	110	(110)	-
US dollar / Paraguayan guarani	(23)	23	-	-	-	-
US dollar / Peruvian nuevo sol	-	-	-	(7)	7	-
US dollar / Pound sterling	(22)	22	-	(4)	4	-
US dollar / Russian ruble	(225)	105	(120)	(96)	-	(96)
US dollar / South Korean won	-	-	-	(3)	3	-
US dollar / Ukrainian hryvnia	(49)	31	(18)	(4)	-	(4)
US dollar / Uruguayan peso	(12)	12	-	(15)	15	-

The rationale behind the open currency exposures primarily reported in Russia, Ukraine and Romania is further explained in the *Currency sensitivity analysis* below.

In conformity with the IAS 39 hedge accounting rules, these hedges of firm commitments and highly probable forecasted transactions denominated in foreign currency are designated as cash flow hedges.

Foreign exchange risk on intragroup loans

A series of foreign exchange swaps were contracted in 2008 to hedge the foreign currency risk from intercompany loans transacted between group entities that have different functional currencies. Intercompany loans with Hungary, Russia and UK were hedged against euro for respectively 12 000m Hungarian forint, 3 700m Russian ruble and 17m pound sterling.

In conformity with IAS 39, except for the Russian ruble cross currency interest rate swap, these swaps were designated as cash flow hedges of intragroup monetary items.

Foreign exchange risk on net investments in foreign operations

The company used euro/pound sterling cross currency interest rate swaps (notional amount of 180m pound sterling) to hedge the foreign currency risk from the net investment in the UK subsidiary Nimbuspath.

In conformity with IAS 39, these CCIRS's were designated as net investment hedges.

In January 2008, the company entered into a euro floating/Brazilian real floating cross currency interest rate swap for a notional amount of 256m Brazilian real maturing in 2012 to hedge the foreign currency risk from AB InBev's net investment in AmBev Brazil. This cross currency interest rate swap comes in addition to the cross currency interest rate swaps entered in 2007 for an amount of 1 035m Brazilian real.

In conformity with IAS 39, these derivative instruments were designated as net investment hedges.

In November 2008, the parent company borrowed 18b US dollar under the senior facility. This loan is considered to be the hedging instrument in a hedging relationship where the investment in the net equity of Anheuser-Busch is considered to be the hedged item.

In conformity with IAS 39, this loan was designated as a net investment hedge.

Foreign exchange risk on foreign currency denominated debt

As far as foreign currency risk on borrowings is concerned, it is AB InBev's policy to have the debt in the subsidiaries as much as possible in the functional currency of the subsidiary. To the extent this is not the case, hedging is put in place unless the cost to hedge outweighs the benefits. A description of the foreign currency risk hedging related to the debt instruments issued in a currency other than the functional currency of the subsidiary (including the private placements, the US dollar bonds and the Brazilian real borrowing) is further detailed in the *Interest rate risk* section below.

Currency sensitivity analysis

Currency translational risk

Around 85 % of AB InBev's revenue is generated by subsidiaries, referred to as foreign operations, of which the activities are conducted in a currency other than the euro. A currency translation risk arises when the financial data of these foreign operations are converted in AB InBev's presentation currency, the euro. On the basis of the volatility of these currencies against the euro in 2008, we estimated the reasonably possible change of the exchange rate of these currencies against the euro as follows[1]:

	2008					2007
1 euro equals:	**Closing rate 31 December 2008**	**Average rate 2008**	**Possible closing rate 31 December 2008**	**Possible average rate 2008**	**Possible volatility of rates in %**	**Possible volatility of rates in %**
Argentinean peso	4.80	4.61	3.69 - 5.92	3.54 - 5.68	23.25%	10.92%
Bolivian boliviano	9.84	10.55	7.40 - 12.28	7.93 - 13.17	24.80%	28.47%
Brazilian real	3.25	2.63	1.84 - 4.66	1.49 - 3.77	43.36%	22.81%
Canadian dollar	1.70	1.55	1.33 - 2.07	1.21 - 1.89	21.91%	14.69%
Chinese yuan	9.50	10.36	7.34 - 11.65	8.01 - 12.71	22.68%	9.87%
Paraguayan guarani	6 849	6 369	4 733 - 8 964	4 402 - 8 336	30.88%	14.07%
Pound sterling	0.95	0.79	0.77 - 1.13	0.64 - 0.94	18.74%	8.31%
Romanian lei	4.02	3.66	3.23 - 4.82	2.93 - 4.38	19.77%	12.03%
Russian ruble	41.44	36.42	35.47 - 47.41	31.17 - 41.67	14.41%	5.28%
Serbian dinar	1 838	1 584	942 - 2 733	812 - 2 356	48.71%	10.27%
South Korean won	88.60	80.76	83.00 - 94.19	75.66 - 85.86	6.31%	4.05%
Ukrainian hryvnia	10.86	7.63	3.74 - 17.97	2.63 - 12.63	65.51%	11.30%
US dollar	1.39	1.47	1.07 - 1.71	1.13 - 1.81	22.93%	10.02%

If the euro had weakened/strengthened during 2008 by the above estimated possible changes against the above listed currencies with all other variables held constant, the 2008 profit would have been 1 395m euro (66.4 %) higher/lower while the translation reserves in equity would have been 10 500m euro higher/lower. In 2007, we estimated this impact to 590m euro on profit and 940m euro on the translation reserves.

1 The estimate is based on the standard deviation of daily volatilities of the foreign exchange rates during the past 250 days at 31 December 2008 and using a 95% confidence interval.

Currency transactional risk
Most of AB InBev's non-derivative monetary financial instruments are either denominated in the functional currency of the subsidiary or are converted into the functional currency through the use of derivatives. However, the company has open positions in Central and Eastern European countries for which no hedging is performed because the illiquidity of the local foreign exchange market prevents us from hedging at a reasonable cost. The transactional foreign currency risk mainly arises from open positions in Russia, Ukraine, Serbia and Romania against the euro and the US dollar. On the basis of the average volatility of the Ukrainian hryvnia, the Russian ruble, the Serbian dinar and the Romanian lei against the euro and the US dollar during the year, we estimated the reasonably possible change of exchange rate of these currencies as follows:

	2008			2007
	Closing rate 31 December 2008	Possible closing rate 31 December 2008	Possible volatility of rates in %	Possible volatility of rates in %
Euro / Russian ruble	41.44	35.47 - 47.41	14.41 %	5.64 %
Euro / Serbian dinar	88.60	83.00 - 94.19	6.31 %	4.05 %
Euro / Ukrainian hryvnia	10.86	3.74 - 17.97	65.51 %	11.30 %
Euro / Romanian lei	4.02	3.23 - 4.82	19.77 %	12.03 %
US dollar / Russian ruble	29.78	25.5 - 34.05	14.35 %	5.28 %
US dollar / Ukrainian hryvnia	7.80	3.43 - 12.17	56.05 %	5.91 %

If the Ukrainian hryvnia, the Russian ruble, the Serbian dinar and the Romanian lei had weakened/strengthened during 2008 by the above estimated changes against the euro or the US dollar, with all other variables held constant, the 2008 profit would have been 143m euro lower/ higher (as compared to a potential lower/higher impact of 14m on profit estimated in 2007).

(C) Interest rate risk
The company applies a dynamic interest rate hedging approach whereby the target mix between fixed and floating rate debt is reviewed periodically. The purpose of our policy is to achieve an optimal balance between cost of funding and volatility of financial results, while taking into account market conditions as well as our overall business strategy.

Floating interest rate risk on borrowings in euro
The company entered into several interest rate swaps and forward rate agreements to hedge the floating interest rate risk on 1 395m euro (last year 1 135m euro) out of the sum of credit facility agreements and commercial papers of 2 695m euro outstanding at 31 December 2008 (last year 1 734m euro).

In conformity with the IAS 39 hedge accounting rules, 1 085m euro of these hedges were designated as cash flow hedges. A remaining 310m euro hedge was not designated for hedge accounting.

Floating interest rate risk on borrowings in US dollar
The company borrowed an amount of 44b US dollar to acquire Anheuser-Busch and entered into a series of forward starting US dollar interest rate swaps in order to provide a higher predictability of cash flows. As a result, the interest rates for up to an amount of US dollar 34.5 billion, under the US dollar 45 billion senior facility agreement, have effectively been fixed at 3.875 % per annum plus applicable spreads, for the period of 2009-2011. From this 34.5b US dollar hedging, 25b US dollar hedge was designated to the senior facility, 5b US dollar is designated to a pre-hedging of the bond issuance in January 2009 and 4.5b US dollar is designated to a pre-hedging of future bonds issuance.

In conformity with the IAS 39 hedge accounting rules, these 34.5b US dollar hedges were designated as cash flow hedges.

Floating interest rate risk on borrowings in Canadian dollar
The company borrowed an additional amount of 198m Canadian dollar (last year 180m Canadian dollar) out of a total credit facility agreement of 680m Canadian dollar at 31 December 2008 (last year 680m Canadian dollar).

The company entered into a series of interest rate swaps to hedge the interest rate risk of the floating rate debt in Canada; the first two issued in September 2007 for 325m Canadian dollar and a third one issued in September 2008 for 168m Canadian dollar. The maturity dates of these swaps are October 2010 for the first two swaps and September 2011 for the third swap.

In conformity with the IAS 39 hedge accounting rules, these hedges were designated as cash flow hedges.

A description of the interest rate risk hedging related to the private placements and the US dollar bonds is given below.

Private placement hedges (foreign currency risk + interest rate risk on borrowings in US dollar)
Private placement of 850m US dollar of which:
- 300m US dollar matures in 2009;
- 475m US dollar matures in 2010;
- 75m US dollar matures in 2013.

The company hedged the foreign currency and fixed interest rate risk of 730m US dollar of the private placement (180m US dollar of tranche 2009, full tranche 2010 and full tranche 2013) by entering into US dollar fixed/euro floating cross currency interest rate swaps for a total amount of 730m US dollar expiring in 2009, 2010 and 2013.

In conformity with the IAS 39, these hedges were designated as fair value hedges.

In addition, two US dollar fixed/euro fixed CCIRS's (nominal amount of 120m US dollar) were entered into to convert for an amount of 120m US dollar (piece of tranche 2009) the fixed US dollar interest rate exposure into a fixed euro interest rate.

In conformity with IAS 39 these hedges are designated as cash flow hedges.

AmBev bond hedges (foreign currency risk + interest rate risk on borrowings in US dollar)
In December 2001, AmBev issued 500m US dollar in foreign securities (bond 2011). This bond bears interest at 10.7 % and is repayable semi-annually as from July 2002 with final maturity in December 2011. In September 2003 AmBev issued another 500m US dollar in foreign securities (bond 2013). This bond bears interest at 8.75 % and is repayable semi-annually since March 2004 with final maturity in September 2013. In July 2007 AmBev issued a Brazilian real bond (bond 2017), which bears interest at 9.5 % and is repayable semi-annually with final maturity date in July 2017.

AmBev entered into several US dollar fixed/Brazilian real floating cross currency interest rate swaps to manage and reduce the impact of changes in the US dollar exchange rate and interest rate on these bonds. In addition to this, AmBev entered into a fixed/floating interest rate swap to hedge the interest rate risk on the bond 2017. These derivative instruments, in conformity with the IAS 39 hedge accounting rules, have been designated as fair value hedges.

Canada bond hedges (foreign currency risk + interest rate risk on borrowings in Brazilian real)
The company entered into a series of forward exchange contracts to hedge the Brazilian real and fixed interest rate risk from two bank loans; the first one issued in June 2006 for 717m Brazilian real issued and the second one in January 2007 for 474m Brazilian real. The unwinding of the forward exchange contracts acts like a receive Brazilian real fixed/pay Canadian dollar fixed cross currency interest rate swap. The maturity dates of these foreign exchange forwards are identical to the maturity dates of the interest flows and the maturity date of the principal, being 20 June 2011 for the first loan and 18 January 2012 for the second loan.

In conformity with IAS 39, these hedges were designated as cash flow hedges. In conformity with the company's hedge accounting policy, the impact of the interest differential fixed at inception on the exchange of principal amounts in Canadian dollar and Brazilian real is amortized over the life of the transaction.

Argentina bond hedges (foreign currency risk + interest rate risk on borrowings in US dollar)
To hedge the US dollar and fixed interest rate risk from a 150m US dollar bond issued in Argentina, the company entered into two US dollar fixed/Argentinean peso cross currency interest rate swaps for the total exposure. The maturity date of the cross currency interest rate swaps is identical to the maturity date of the hedged bond, being 22 March 2012. A portion of the bond's principal amount is reimbursed annually until maturity.

In conformity with IAS 39, these hedges were designated as cash flow hedges.

Interest rate sensitivity analysis

In respect of interest-bearing financial liabilities, the table below indicates their effective interest rates at balance sheet date as well as split per currency in which the debt is denominated.

31 December 2008 Interest-bearing financial liabilities Million euro	Before hedging		After hedging	
	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Brazilian real	13.17%	1 372	15.82%	2 203
Bulgarian lev	7.67%	8	7.67%	8
Canadian dollar	2.56%	222	2.56%	222
Chinese yuan	5.92%	48	4.79%	49
Euro	3.07%	2 957	3.54%	2 268
Hungarian forint	8.07%	11	8.07%	11
Pound sterling	4.02%	190	4.99%	303
Russian ruble	15.98%	89	15.98%	89
South Korean won	4.79%	31	4.79%	31
US dollar	3.70%	31 181	5.44%	6 752
Other	14.00%	9	14.00%	9
		36 118		**11 945**
Fixed rate				
Argentinean peso	20.55%	36	20.55%	36
Bolivian boliviano	7.95%	11	7.95%	11
Brazilian real	13.40%	457	6.64%	27
Canadian dollar	7.50%	52	5.51%	417
Chinese yuan	4.76%	67	4.76%	67
Dominican peso	16.18%	8	16.18%	8
Euro	4.12%	9	3.56%	1 134
Guatemalan quetzal	8.68%	17	8.68%	17
Paraguay guarani	8.29%	25	8.29%	25
Peruvian nuevo sol	7.90%	51	7.90%	51
Pound sterling	-	-	4.87%	76
Russian ruble	8.00%	96	8.00%	96
South Korean won	5.22%	22	5.22%	22
Ukrainian hryvnia	13.49%	57	13.49%	57
Uruguayan peso	10.49%	6	10.49%	6
US dollar	6.17%	6 076	5.10%	29 124
Venezuelan bolivar	24.96%	59	24.96%	59
		7 049		**31 233**

31 December 2007 Interest-bearing financial liabilities Million euro	Before hedging		After hedging	
	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Brazilian real	10.38%	1 218	12.65%	2 318
Canadian dollar	5.13%	125	4.73%	435
Chinese yuan	6.01%	29	6.01%	29
Euro	4.66%	1 734	4.88%	1 085
Hungarian forint	7.95%	9	7.95%	9
Pound sterling	5.00%	132	6.26%	280
Russian ruble	13.97%	149	7.70%	149
South Korean won	5.59%	4	5.59%	4
Ukrainian hryvnia	9.71%	63	9.71%	63
US dollar	9.90%	16	-	-
Other	5.91%	6	5.90%	6
		3 485		**4 378**
Fixed rate				
Argentinean peso	10.79%	55	14.93%	55
Brazilian real	13.41%	572	8.93%	160
Canadian dollar	6.98%	96	5.62%	354
Dominican peso	9.86%	59	9.86%	59
Euro	5.92%	179	3.48%	987
Guatemalan quetzal	6.82%	20	6.82%	20
Japanese yen	2.18%	145	-	-
Peruvian nuevo sol	6.56%	83	6.56%	83
Pound sterling	-	-	4.87%	99
Russian ruble	16.00%	111	8.00%	111
South Korean won	5.04%	51	5.04%	51
US dollar	6.88%	1 665	6.66%	217
Chinese yuan	5.46%	43	5.47%	43
Paraguay guarani	5.14%	19	5.14%	19
Venezuelan bolivar	15.49%	45	15.41%	45
Other	9.04%	22	9.04%	22
		3 165		**2 325**

At 31 December 2008, the total carrying amount of the floating and fixed rate interest-bearing financial liabilities before hedging listed above includes bank overdrafts of 550m euro (last year 80m euro) but does not include the interest rate fair value component of 11m euro (last year 53m euro) of debt instruments designated in a fair value hedge.

As disclosed in the above table, 11 945m euro or 28% of the company's interest bearing financial liabilities bear a variable interest rate. The company estimated that the reasonably possible change of the market interest rates applicable to its floating rate debt after hedging is as follows[1]:

	2008			2007
	Interest rate 31 December 2008	Possible interest rate 31 December 2008	Possible volatility of rates in %	Possible volatility of rates in %
Brazilian real	13.10%	10.74% - 15.46%	18.01%	11.57%
Canadian dollar	1.57%	0.95% - 2.2%	39.62%	14.18%
Chinese yuan	2.08%	1.26% - 2.90%	39.34%	10.57%
Euro	2.89%	2.40% - 3.38%	16.90%	8.18%
Hungarian forint	10.00%	4.40% - 15.60%	55.96%	6.89%
Pound sterling	2.77%	1.63% - 3.91%	41.08%	13.45%
Russian ruble	18.00%	0.00% - 78.71%	337.30%	161.46%
South Korean won	3.30%	2.00% - 4.6%	39.30%	16.53%
Ukrainian hryvnia	23.58%	0.00% - 57.57%	144.13%	169.60%
US dollar	1.43%	0.56% - 2.29%	60.80%	14.02%

1 The estimate is based on the standard deviation of daily volatilities of the benchmark interest rates during the past 250 days at 31 December 2008 and using a 95% confidence interval. For the Brazilian real floating rate debt, the estimated market interest rate is composed of the InterBank Deposit Certificate ('CDI') and the Long-Term Interest Rate ('TJLP'). With regard to other market interest rates, our analysis is based on the 3-month InterBank Offered Rates applicable for the currencies concerned (e.g. Euribor 3M, Libor 3M, Bubor 3M).

When we apply the reasonably possible increase/decrease in the market interest rates mentioned above on our floating rate debt at 31 December 2008, with all other variables held constant, 2008 profit would have been 107m euro lower/higher. In addition, this effect will be partly compensated by 3m euro higher/lower interest income on our interest-bearing financial assets.

(D) Commodity risk

The commodity markets have experienced and are expected to continue to experience price fluctuations. AB InBev therefore uses both fixed price purchasing contracts and commodity derivatives to minimize exposure to commodity price volatility. The company has important exposures to the following commodities: aluminum, corn grits, corn syrup, corrugated, crowns, glass, hops, labels, malt, fuel oil, natural gas, rice and wheat. On 31 December 2008, the company has the following commodity derivatives outstanding: aluminum swaps for 254m euro notional amount (last year 182m euro), exchange traded sugar futures for 49m euro notional amount (last year 41m euro) and exchange traded wheat futures for 17m euro notional amount (last year 12m euro).

In conformity with the IAS 39 hedge accounting rules these hedges are designated as cash flow hedges.

(E) Equity price risk

During 2008, AB InBev has not held any material equity investments classified as available-for-sale. In addition, marketable securities classified as held for trading mainly consist of debt securities not exposed to variation in equity prices or indexes. As a result, AB InBev was not exposed to any material equity price risks.

(F) Credit risk

Credit risk encompasses all forms of counterparty exposure, i.e. where counterparties may default on their obligations to AB InBev in relation to lending, hedging, settlement and other financial activities. The company has a credit policy in place and the exposure to counterparty credit risk is monitored.

AB InBev mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties, working within agreed counterparty limits and through setting limits on the maturity of financial assets. The company has furthermore master netting agreements with most of the financial institutions that are counterparties to the derivative financial instruments. These agreements allow for the net settlement of assets and liabilities arising from different transactions with the same counterparty. Based on these factors, AB InBev considers the risk of counterparty default per 31 December 2008 to be limited.

AB InBev has established minimum counterparty credit ratings and enters into transactions only with financial institutions of investment grade or better. The company monitors counterparty credit exposures closely and reviews any downgrade in credit rating immediately. To mitigate pre-settlement risk, minimum counterparty credit standards become more stringent as the duration of the derivative financial instruments increases. To minimize the concentration of counterparty credit risk, the company enters into derivative transactions with a portfolio of financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure of the Group. The carrying amount is presented net of the impairment losses recognized. The maximum exposure to credit risk at the reporting date was:

Million euro	2008			2007		
	Gross	Impairment	Net carrying amount	Gross	Impairment	Net carrying amount
Financial assets at fair value through profit or loss	194	-	194	178	-	178
Available-for-sale financial assets	97	(16)	81	94	(17)	77
Held-to-maturity investments	91	-	91	87	-	87
Trade receivables	2 211	(190)	2 021	1 919	(204)	1 715
Cash deposits for guarantees	186	-	186	233	-	233
Loans to customers	252	(52)	200	311	(57)	254
Other receivables	873	(60)	813	783	(68)	715
Derivative financial assets	711	-	711	235	-	235
Cash and cash equivalents	2 110	-	2 110	1 324	-	1 324
	6 725	**(318)**	**6 407**	**5 164**	**(346)**	**4 818**

There was no significant concentration of credit risks with any single counterparty per 31 December 2008.

The increase of the derivative financial assets is mainly explained by the interest rate swaps contracted to cover for the interest rate risk on the senior facility.

Impairment losses

The allowance for impairment recognized during the period per classes of financial assets was as follows:

Million euro	2008				
	Available-for-sale financial assets	Trade receivables	Loans to customers	Other receivables	Total
Balance at 1 January	(17)	(204)	(57)	(68)	(346)
Impairment losses	(1)	(29)	(4)	(3)	(37)
Derecognition	-	13	6	1	20
Currency translation	2	30	3	10	45
Balance at 31 December	**(16)**	**(190)**	**(52)**	**(60)**	**(318)**

Million euro	2007				
	Available-for-sale financial assets	Trade receivables	Loans to customers	Other receivables	Total
Balance at 1 January	(18)	(204)	(70)	(71)	(363)
Impairment losses	1	(18)	(9)	(4)	(30)
Derecognition	1	18	20	9	48
Currency translation	(1)	-	2	(2)	(1)
Balance at 31 December	**(17)**	**(204)**	**(57)**	**(68)**	**(346)**

(G) Liquidity risk

The following are the contractual maturities of non-derivative financial liabilities including interest payments and derivative financial assets and liabilities:

Million euro	2008					
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Secured bank loans	76	(99)	(39)	(12)	(48)	-
Unsecured bank loans	36 325	(40 459)	(9 222)	(9 773)	(21 359)	(105)
Unsecured bond issues	6 059	(11 794)	(949)	(971)	(2 880)	(6 994)
Secured other loans	5	(7)	-	(1)	(5)	(1)
Unsecured other loans	125	(166)	(14)	(36)	(79)	(37)
Finance lease liabilities	38	(95)	(6)	(8)	(10)	(71)
Bank overdraft	550	(550)	(550)	-	-	-
Trade & other payables	6 303	(6 303)	(6 014)	(209)	(27)	(53)
	49 481	**(59 473)**	**(16 794)**	**(11 010)**	**(24 408)**	**(7 261)**
Derivative financial liabilities						
Interest rate derivatives	1 603	(1 467)	(110)	(579)	(745)	(33)
Foreign exchange derivatives	(235)	142	99	40	3	-
Interest rate and foreign exchange derivatives	(114)	(357)	41	(98)	(300)	-
Commodity derivatives	279	(139)	(128)	(11)	-	-
Other derivatives	(7)	7	5	2	-	-
	1 526	**(1 814)**	**(93)**	**(646)**	**(1 042)**	**(33)**
Of which: directly related to cash flow hedges	1 691	(1 433)	(145)	(547)	(720)	(21)

Million euro	2007					
	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Secured bank loans	371	(435)	(113)	(305)	(17)	-
Unsecured bank loans	4 119	(4 583)	(1 253)	(599)	(1 927)	(804)
Unsecured bond issues	1 953	(2 752)	(353)	(828)	(1 072)	(499)
Unsecured other loans	161	(184)	(25)	(33)	(82)	(44)
Finance lease liabilities	15	(18)	(4)	(2)	(12)	-
Secured bank facilities	4	(4)	(4)	-	-	-
Bank overdraft	80	(80)	(80)	-	-	-
Trade & other payables	4 244	(4 247)	(3 929)	(284)	(4)	(30)
	10 947	**(12 303)**	**(5 761)**	**(2 051)**	**(3 114)**	**(1 377)**
Derivative financial liabilities						
Interest rate derivatives	(34)	14	2	2	22	(12)
Foreign exchange derivatives	(128)	72	2	13	57	
Interest rate and foreign exchange derivatives	400	(669)	(264)	(64)	(157)	(184)
Commodity derivatives	8	(8)	(8)	-	-	-
Other derivatives	(1)	1	1	-	-	-
	(245)	**(590)**	**(267)**	**(49)**	**(78)**	**(196)**
Of which : directly related to cash flow hedges	(142)	113	(2)	22	86	7

(H) Capital management

AB InBev is continuously optimizing its capital structure targeting to maximize shareholder value while keeping the desired financial flexibility to execute the strategic projects. Besides the statutory minimum equity funding requirements that apply to our subsidiaries in the different countries, AB InBev is not subject to any externally imposed capital requirements. When analyzing our capital structure we use the same debt/equity classifications as applied in our IFRS reporting.

(I) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In conformity with IAS 39 all derivatives are recognized at fair value in the balance sheet.

The fair value of derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates. These pricing models also take into account the current creditworthiness of the counterparties.

The fair value of these instruments generally reflects the estimated amount that AB InBev would receive on the settlement of favorable contracts or be required to pay to terminate unfavorable contracts at the balance sheet date, and thereby takes into account any unrealized gains or losses on open contracts.

The following table summarizes for each type of derivative the fair values recognized as assets or liabilities in the balance sheet:

Million euro	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Foreign currency						
Forward exchange contracts	259	143	(37)	(15)	222	128
Foreign currency futures	17	4	(11)	(4)	6	-
Other foreign currency derivatives	7	-	-	-	7	-
Interest rate						
Interest rate swaps	83	58	(1 685)	(23)	(1 602)	35
Cross currency interest rate swaps	295	27	(181)	(426)	114	(399)
Interest rate futures	-	-	-	(1)	-	(1)
Commodities						
Aluminum swaps	-	1	(120)	(13)	(120)	(12)
Sugar futures	-	-	(5)	3	(5)	3
Wheat futures	-	-	(9)	(1)	(9)	(1)
Other commodity derivatives	56	-	(201)	-	(145)	-
Credit						
Credit default swaps	7	1	-	-	7	1
	724	**234**	**(2 249)**	**(480)**	**(1 525)**	**(246)**

The following table compares the carrying amounts of the fixed rate interest-bearing financial liabilities with their fair values at 31 December 2008:

Interest-bearing financial liabilities Million euro	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Fixed rate				
Argentinean peso	(36)	(36)	(55)	(55)
Brazilian real	(457)	(518)	(572)	(605)
Canadian dollar	(52)	(52)	(96)	(101)
Chinese yuan	(67)	(67)	(43)	(43)
Dominican peso	(8)	(8)	(59)	(59)
Euro	(9)	(9)	(179)	(168)
Guatemalan quetzal	(17)	(17)	(20)	(20)
Japanese yen	-	-	(145)	(145)
Peruvian nuevo sol	(51)	(51)	(83)	(76)
Russian ruble	(97)	(97)	(111)	(111)
South Korean won	(22)	(22)	(51)	(50)
Ukrainian hryvnia	(57)	(57)	-	-
US dollar	(6 076)	(6 590)	(1 665)	(1 636)
Venezuelan bolivar	(59)	(59)	(45)	(45)
Other	(41)	(42)	(41)	(41)
	(7 049)	**(7 625)**	**(3 165)**	**(3 155)**

The following summarizes the methods and assumptions used in estimating the fair value of financial instruments recognized at their fair value in the balance sheet and reflected in this note.

Derivative instruments

The fair value of exchange traded derivatives (e.g. exchange traded foreign currency futures) is determined by reference to the official prices published by the respective exchanges (e.g. the New York Board of Trade). The fair value of over-the-counter derivatives is determined by commonly used valuation techniques. These are based on market inputs from reliable financial information providers.

Investment debt securities

The fair value of investment debt securities at fair value through profit or loss is based on their quoted price as published by exchanges or provided by reliable financial information providers.

Non-derivative financial liabilities

The fair value of non-derivate financial liabilities is calculated based on commonly-used valuation techniques (i.e. net present value of future principal and interest cash flows discounted at market rate). These are based on market inputs from reliable financial information providers.

Fair values determined by reference to prices provided by reliable financial information providers are periodically checked for consistency against other pricing sources.

(J) Significance of financial instruments for financial performance

The note at hand discloses the different elements composing AB InBev's position towards financial risk and instruments. The effect of AB InBev's financial risk management on performance mainly materializes in the items of income, expense, gains or losses recognized in the income statement or in the gains and losses directly recognized in equity (see note 11 *Finance costs and income*).

31. Operating leases

Leases as lessee

Non-cancelable operating leases are payable as follows:

Million euro	2008	2007
Less than one year	156	151
Between one and five years	575	533
More than five years	893	825
	1 624	**1 509**

At 31 December 2008, 157m euro was recognized as an expense in the income statement in respect of operating leases as lessee (2007: 132m euro).

The company leases a number of warehouses, factory facilities and other commercial buildings under operating leases. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. Lease payments are increased annually to reflect market rentals. None of the leases include contingent rentals.

Subleases

AB InBev has sublet some of the leased properties. Non-cancelable operating subleases are receivable as follows:

Million euro	2008	2007
Less than one year	85	82
Between one and five years	265	319
More than five years	142	158
	492	**559**

At 31 December 2008, 100m euro was recognized as an income in the income statement in respect of subleases (2007: 77m euro).

Leases as lessor

The company leases out part of its property under operating leases. Non-cancelable operating leases are receivable as follows:

Million euro	2008	2007
Less than one year	8	14
Between one and five years	26	47
More than five years	11	22
	45	**83**

At 31 December 2008, 13m euro was recognized as an income in the income statement in respect of operating leases as lessor (2007: 47m euro).

32. Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other

Million euro	2008	2007
Collateral given for own liabilities	403	436
Collateral and financial guarantees received for own receivables and loans to customers	130	199
Contractual commitments to purchase property, plant and equipment	141	237
Contractual commitments to acquire loans to customers	165	182
Other commitments	321	313

The collateral given for own liabilities of 403m euro at 31 December 2008 contains 173m euro cash guarantees. Such cash deposits are a customary feature associated with litigations in Brazil : in accordance with Brazilian laws and regulations a company may or must (depending on the circumstances) place a deposit with a bank designated by the court or provide other security such as collateral on property, plant and equipment. With regard to judicial cases, AB InBev has made the appropriate provisions in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – see also note 28 *Provisions*. In our balance sheet the cash guarantees are presented as part of other receivables – see note 20 *Trade and other receivables*. The remaining part of collateral given for own liabilities (230m euro) contains collateral on AB InBev's property in favor of the excise tax authorities, the amount of which is determined by the level of the monthly excise taxes due, inventory levels and transportation risk, and collateral on its property, plant and equipment with regard to outstanding loans. To the extent that AB InBev would not respect its obligations under the related outstanding contracts or would loose the pending judicial cases the collateralized assets would be used to settle AB InBev's obligations.

To keep AB InBev's credit risk with regard to receivables and loans to customers as low as possible collateral and other credit enhancements were obtained for a total amount of 130m euro at 31 December 2008. Collateral is held on both real estate and debt securities while financial guarantees are obtained from banks and other third parties.

In a limited number of countries AB InBev has committed itself to acquire loans to customers from banks at their notional amount if the customers do not respect their reimbursement commitments towards the banks. The total outstanding amount of such loans is 165m euro.

Other commitments amount to 321m euro at 31 December 2008 and mainly cover guarantees given to pension funds, rental and other guarantees.

33. Contingencies

Certain subsidiaries of AmBev have received tax assessments totaling 4 804m real including accrued interest and penalties, related to corporate Brazilian taxation of income generated outside Brazil. In 2005 and 2008, AmBev was officially notified of administrative Lower Court decisions, recognizing that a substantial portion of the amount of the tax assessment mentioned above was incorrect. These decisions, of which some were appealed, reduced the amount of such tax assessments to 2 019m real (approximately 621m euro). AmBev disputes the validity of these tax assessments and intends to vigorously defend its case. No provision has been recorded related to these tax assessments.

Certain holders of warrants issued by AmBev in 1996 for exercise in 2003 proposed lawsuits to subscribe correspondent shares for an amount lower than AmBev considers as established upon the warrant issuance. In case AmBev loses the totality of these lawsuits, the issuance of 5 536 919 preferred shares and 1 376 344 common shares would be necessary. AmBev would receive in counterpart funds that are materially lower than the current market value. This could result in a dilution of about 1 % to all AmBev shareholders. Furthermore, the holders of these warrants claim to receive the dividends relative to these shares since 2003 (approximately 95m real excluding legal fees). AmBev disputes these claims and intends to vigorously defend its case.

AmBev, together with other Brazilian brewers, is party to a lawsuit whereby the Federal Public Prosecutor's office: (i) claims collective damages of approximately 2.8b real (out of which 2.1b allocated to AmBev); and (ii) requests that the defendants are ordered to allocate to treatment of the harms caused by alcohol the same amounts invested in advertisement in the future. Plaintiff argues that advertising campaigns of defendants increase total consumption of alcohol and, as a result, public health and social security costs, traffic accidents, criminality and underage consumption. AmBev believes that the claim is without merit, will vigorously defend this litigation and has classified the chances of loss as being remote, in accordance with IFRS.

Shortly after the above lawsuit was filed, a consumer-protection association applied to be admitted as a joint-plaintiff. The association has made further requests in addition to the ones made by Public Prosecutor. They include: (i) claim for 'collective moral damages' in an amount to be ascertained by the court; however, it suggests that it should be equal to the initial request of 2.8b Brazilian real (therefore, it doubles the initial amount involved); (ii) destination of the amounts to specific public accounts; (iii) obligation to defendants to give full publicity of the future court decision; (iv) as a subsidiary claim, direct indemnification to public entities in charge of public health system and social security; (v) interest and monetary adjustment on amounts due; (vi) defendants to pay court and attorney fees; (vii) burden of proof to lie on defendants; and (viii) exemption of court fees to the association. The court has admitted the association as joint-plaintiff and has agreed to hear the new claims. Process has not been served so far. AmBev intends to vigorously defend this litigation.

On 16 October 2008, Grupo Modelo S.A.B, de C.V., Diblo S.A. de C.V. and the Grupo Modelo Series A shareholders filed an arbitration against Anheuser-Busch, Anheuser-Busch International, Inc., and Anheuser-Busch International Holdings, Inc. pursuant to the dispute resolution procedure set forth in the 1993 investment agreement among Grupo Modelo, Diblo and certain shareholders thereof, and Anheuser-Busch, Anheuser-Busch International, Inc. and ABIH. The notice of arbitration claims the transaction between Anheuser-Busch and InBev violates provisions of the investment agreement. The post-closing relief sought by Grupo Modelo includes permanently barring Anheuser-Busch and its successors from exercising corporate governance rights under the investment agreement and from exercising any right of first refusal to purchase the stock of Grupo Modelo held by the Series A Shareholders. Grupo Modelo and Diblo allege that the transaction constituted a prohibited transfer of the Series B shares in Grupo Modelo and Diblo held by ABIH. The Series A Shareholders allege that the merger transaction constituted a transfer of the Series B shares of Grupo Modelo and Diblo in violation of their right of first refusal to purchase. The respondents believe that there is no change of control clause in the investment agreement, and that since no direct transfer of the shares of Grupo Modelo and Diblo held by ABIH occurred, the claims of the claimants are without merit. However, the relief sought by Grupo Modelo, Diblo and its Series A Shareholders in the arbitral proceeding or any other equitable or other relief they may seek could have a material adverse effect on Anheuser-Busch or AB InBev, including by limiting the ability to exercise corporate governance rights under the investment agreement with Grupo Modelo after the closing of the merger.

As a result of the US antitrust review of the transaction AB InBev's subsidiary InBev USA, LLC will cease to act as the exclusive importer of Labatt branded beer (which includes primarily Labatt Blue and Labatt Blue Light) in the US for Labatt Brewing Company Limited, a wholly owned subsidiary of AmBev. AB InBev has agreed to indemnify AmBev and its subsidiary Labatt Brewing Company Limited against certain losses, claims and damages that would result from the divestiture of the assets required to be disposed of based on a fair market valuation of such assets. The impact on earnings of the foregoing actions is not expected to be material to AB InBev.

On September 10, 2008, an action brought under Section 16 of the Clayton Antitrust Act styled Ginsburg et al. v. InBev NV/SA et al., C.A. No. 08-1375, was filed against Anheuser-Busch in the United States District Court for the Eastern District of Missouri. The plaintiffs in the Ginsburg action allege that the proposed merger between Anheuser-Busch and InBev will have certain anticompetitive effects and consequences on the beer industry and will create a monopoly in the production and sale of beer in the United States. The plaintiffs generally seek declaratory relief that the proposed merger violates Section 7 of the Clayton Antitrust Act, injunctive relief to prevent consummation of the merger and fees and expenses. Plaintiffs' request for injunctive relief was denied, and they filed an appeal with the 8th Circuit Court of Appeals. We will continue to vigorously defend against these claims.

34. Related parties

Transactions with directors and executive board management members (key management personnel)

In addition to short-term employee benefits (primarily salaries) AB InBev's executive board management members are entitled to post-employment benefits. More particular, members of the executive board management participate in the pension plan of their respective country – see also note 26 *Employee Benefits*. Finally, key management personnel are eligible for the company's share option and/or share swap program (refer note 27 *Share-based Payments*). Total directors and executive board management compensation included in the income statement can be detailed as follows:

Million euro	2008		2007	
	Directors	Executive board management	Directors	Executive board management
Short-term employee benefits	9	15	1	32
Post-employment benefits	-	2	-	1
Termination benefits	-	-	-	6
Share-based payments	1	10	1	17
	10	**27**	**2**	**56**

Directors' compensations consist mainly of directors' fees (tantièmes). Key management personnel was not engaged in any transactions with AB InBev and did not have any significant outstanding balances with the company, with the exception of a consultancy agreement entered into between AB InBev and Mr. Busch IV in connection with the merger and which will continue until 31 December 2013. Under the terms of the consultancy agreement Mr. Busch IV received a lump sum cash payment of 10.3m US dollar (approximately 7m euro). During the consultancy period Mr. Busch IV will be paid a fee of approximately 120 000 US dollar per month and Mr. Busch IV will be provided with an appropriate office in St Louis, Missouri, administrative support and certain employee benefits that are materially similar to those provided to full-time salaried employees of Anheuser-Busch.

Jointly controlled entities

AB InBev reports its interest in jointly controlled entities using the line-by-line reporting format for proportionate consolidation. Aggregate amounts of AB InBev's interest are as follows:

Million euro	2008	2007
Non-current assets	49	60
Current assets	22	20
Non-current liabilities	61	70
Current liabilities	20	20
Result from operations	8	4
Profit attributable to equity holders	2	-

Transactions with associates

AB InBev's transactions with associates were as follows:

Million euro	2008	2007
Revenue	8	9
Non-current assets	22	-
Current assets	10	35
Current liabilities	10	8

Revenue from associates primarily consists of sales to distributors in which AB InBev has a non-controlling interest.

35. Events after the balance sheet date

On 9 January 2009, AB InBev announced that it has completed the pricing of 5b US dollar notes, consisting of 1.25b US dollar notes due 2014, 2.5b US dollar notes due 2019 and 1.25b US dollar notes due 2039. The notes will bear interest at an annual rate of 7.20% for the 5 year notes, 7.75% for the 10 year notes and 8.20% for the 30 year notes, respectively. The notes were issued by AB InBev Worldwide Inc., a wholly owned subsidiary of AB InBev, and are unconditionally and irrevocably guaranteed by its parent company, AB InBev NV/SA, which is currently rated Baa2 (Moody's) and BBB+ (Standard and Poor's). Certain subsidiaries of AB InBev NV/SA also provide guarantees in respect of the notes. The notes were being offered and sold to institutional investors in the US pursuant to Rule 144A and outside the US pursuant to Regulation S under the US Securities Act 1933, as amended. The net proceeds from the sale of the notes will be used to repay a portion of the outstanding indebtedness incurred for the purpose of financing the acquisition of Anheuser-Busch Companies Inc.

On 22 January 2009, AB InBev announced that it has completed the pricing of 0.75b euro notes due 2013 (the '2013 Notes'), 0.6b euro notes due 2017 (the '2017 Notes') and 0.55b pound sterling notes due 2024 (the '2024 Notes'). The notes bear interest at an annual rate of 7.375% for the 2013 notes, 8.625% for the 2017 notes and 9.75% for the 2024 notes. The notes are issued by AB InBev NV/SA, which is currently rated Baa2 (Moody's) and BBB+ (Standard and Poor's), under its Euro Medium Term Note program. Certain subsidiaries of AB InBev NV/SA provide guarantees in respect of the notes. The notes are being offered and sold to non-US persons outside the US pursuant to Regulation S under the US Securities Act 1933, as amended. The net proceeds from the sale of the notes will be used to repay short term debt and a portion of the outstanding indebtedness incurred for the purpose of financing the acquisition of Anheuser-Busch Companies Inc.

On 23 January 2009, AB InBev announced that it entered into an agreement with Asahi Breweries, Ltd., whereby Asahi acquired 19.9% of Tsingtao Brewery Co., Ltd. from AB InBev for 667m US dollar. The divestiture of this stake in Tsingtao is part of AB InBev's ongoing deleveraging program and allows the company to unlock shareholder value, generating proceeds that will be used to repay debt incurred as a result of the acquisition of Anheuser-Busch. Under the agreement, AB InBev sells 261 577 836 H-shares of Tsingtao to Asahi at a price of 19.78 HK dollar per share as of 22 January 2009 implying an EBITDA 08 estimate multiple of 14.2x. This price represents a premium of 38% against the closing price of H-shares as of 22 January 2009. As a result of the transaction, Asahi became Tsingtao's second largest shareholder. Tsingtao Brewery Group remains the largest shareholder in Tsingtao, holding a 31% stake as of 23 January 2009. AB InBev retains a minority share in Tsingtao of approximately 7%. AB InBev has no current plans to sell any additional shares and will review its strategic options as appropriate.

On 19 February 2009, AB InBev announced that it closed its retail public offering in Belgium, The Netherlands and Luxembourg early. It successfully placed an aggregate nominal amount of 750m euro of notes due 2014 (the 'Notes'). The Notes, which will settle on 27 February 2009 and mature on 27 February 2014, will bear interest at an annual rate of 6.57%. The Notes will be issued by AB InBev SA/NV, which is currently rated Baa2 (Moody's) and BBB+ (Standard and Poor's), under its Euro Medium Term Note Program. Certain subsidiaries of AB InBev SA/NV will provide guarantees in respect of the Notes. The net proceeds from the sale of the Notes will be used to repay short term debt and a portion of the outstanding indebtedness incurred for the purpose of financing the acquisition of Anheuser-Busch Companies Inc. The Notes are expected to be listed on Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext Amsterdam NV and on the London Stock Exchange's Regulated Market.

On 23 February 2009, AB InBev entered into an agreement with an affiliate of KPS Capital Partners, LP to sell InBev USA LLC (also doing business under the name Labatt USA), headquartered in Buffalo, New York, which has been the exclusive importer in the United States of Labatt branded beer brewed by Labatt Brewing Company Limited, an indirect subsidiary of AB InBev headquartered in Canada. KPS Capital Partners is a private equity firm with over 1.8b US dollar of committed capital. The terms of the transaction were not disclosed. In addition to the acquisition of Labatt USA, the transaction includes the grant by Labatt Brewing Corporation Limited of an exclusive license to brew Labatt branded beer in the US or Canada solely for sale for consumption in the US, to distribute, market and sell Labatt branded beer for consumption in the US, and to use the relevant trademarks and intellectual property to do so. Labatt Brewing Corporation Limited is also entering into a transitional supply agreement to brew and supply Labatt branded beer to Labatt USA for up to three years after which the purchaser will be responsible for production. This transaction is being undertaken to satisfy requirements imposed by the United States Department of Justice in connection with its clearance of InBev's acquisition of Anheuser-Busch Companies, Inc. in November 2008. This transaction does not affect Labatt branded beer in Canada or anywhere else outside the US and also does not impact Kokanee, Alexander Keith's, Brahma or any other brands except for Labatt branded beer. The transaction is subject to approval by the Department of Justice and customary closing conditions and the parties expect the transaction to close soon after the Department of Justice approval is received.

36. AB InBev companies

Listed below are the most important AB InBev companies. A complete list of the company's investments is available at AB InBev NV, Brouwerijplein 1, B-3000 Leuven, Belgium. The total number of companies consolidated (fully, proportional and equity method) is 397.

List of most important fully consolidated companies

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2008
Argentina	
CERVECERIA Y MALTERIA QUILMES SAICA Y G - Charcas 5160 - Buenos Aires	61.64
Belgium	
AB INBEV NV - Grote Markt 1 - 1000 - Brussel	Consolidating company
BRASSERIE DE L'ABBAYE DE LEFFE SA - Place de l'Abbaye 1 - 5500 - Dinant	98.52
BROUWERIJ VAN HOEGAARDEN NV - Stoopkensstraat 46 - 3320 - Hoegaarden	99.98
COBREW NV - Brouwerijplein 1 - 3000 - Leuven	99.99
INBEV BELGIUM NV - Industrielaan 21 - 1070 - Brussel	99.98
Bolivia	
CERVECERIA BOLIVIANA NACIONAL SA - Av. Montes 400 and Chuquisaca Street - La Paz	61.64
Brazil	
CIA DE BEBIDAS DAS AMERICAS - AMBEV BRASIL - Rua Dr. Renato Paes de Barros, 1017, 4° Andar (parte), cj. 44 e 42 - Itaim Bibi, São Paulo	61.75
Bulgaria	
KAMENITZA AD - Kapitan Raitcho Street 95 - Plovdiv	85.12
Canada	
LABATT BREWING COMPANY LIMITED - 207 Queen's Quay West, Suite 299 - M5J 1A7 - Toronto	61.75
Chile	
CERVECERIA CHILE SA - Av. Presidente Eduado Frei Montalva 9600 - Quilicura	61.64
China	
BUDWEISER WUHAN INTERNATIONAL BREWING COMPANY LIMITED - Qingduankou Shang Shou - Hanyang District - Wuhan City - Hubei 430051	97.06
HARBIN BREWING COMPANY LIMITED - 20 Youfang Street - Xiangfang District - Harbin, Heilongjiang Province	100.00
INBEV (ZHOUSHAN) BREWERY CO LTD - No.1 Zizhulin Road, Dinghai District - Zhou Shan	99.98
INBEV BAISHA (HUNAN) BREWERY CO LTD - No. 304 Shao Shan Zhong Lu - Changsha	99.98
INBEV DOUBLE DEER GROUP CO LTD - 234 Wu Tian Street - Wenzhou	54.99
INBEV JINLONGQUAN (HUBEI) BREWERY CO LTD - 89 Chang Ning Street - Jingmen	59.99
INBEV JINLONGQUAN (XIAOGAN) BREWERY CO LTD - No. 198 Chengzhan Street - Xiaogan	59.99
INBEV KK (NINGBO) BREWERY CO LTD - 2 Ling Qiao Road. No.5 Building of Nanyuan Hotel - 315000 - Ningbo	99.98
INBEV SEDRIN BREWERY CO LTD - 660 Gong Ye Road, Putian Hanjiang District - Fujiang	99.99
INBEV SHILIANG (ZHEJIANG) BREWERY CO LTD - 159, Qi Xia Dong Road - Cheng Guan, Tiantai County	99.98
INBEV ZHEDONG (ZHEHIANG) BREWERY CO LTD - Yizhou Town, Yinzhou District - Ningbo	99.98
NANJING INBEV JINLING BREWERY CO LTD - 408 Long Pan Zhong Lu - Nanjing	99.98
Croatia	
ZAGREBACKA PIVOVARA D.D. - Ilica 224 - 10000 - Zagreb	71.91
Czech Republic	
INBEV S.R.O. - Nadrazni 84 - CZ - 150 54 - Praha 4	99.56
PIVOVARY STAROPRAMEN A.S. - Nadrazni 84 - CZ - 150 54 - Praha 4	99.56
Dominican Republic	
EMBODOM - EMBOTELLADORA DOMENICANA CXA - Av. San Martin, 279 - Apartado Postal 723 - Santo Domingo	40.63
Ecuador	
CERVESURSA CERVECERIA SURAMERICANA SA - Av. Amazonas E4-69 y Av. Patria - Quito	61.75
France	
INBEV FRANCE SA - Avenue Pierre Brossolette 14 BP 9 - 59280 - Armentières	99.98
Germany	
BRAUEREI BECK GMBH & CO. KG - Am Deich 18/19 - 28199 - Bremen	99.98
BRAUEREI DIEBELS GMBH & CO.KG - Brauerei-Diebels-Strasse 1 - 47661 - Issum	99.98
BRAUERGILDE HANNOVER AG - Hildesheimer Strasse 132 - 30173 - Hannover	99.98
HAAKE-BECK BRAUEREI GmbH & Co. KG - Am Deich 18/19 - 28199 - Bremen	99.92

HASSERÖDER BRAUEREI GMBH - Auerhahnring 1 - 38855 - Wernigerode	99.98
INBEV GERMANY HOLDING GMBH - Am Deich 18/19 - 28199 - Bremen	99.98
SPATEN - FRANZISKANER - BRÄU GMBH - Marsstrasse 46 + 48 - 80335 - München	99.98
Grand Duchy of Luxemburg	
BRASSERIE DE LUXEMBOURG MOUSEL - DIEKIRCH - 1, Rue de la Brasserie - L-9214 - Diekirch	95.54
Guatemala	
INDUSTRIAS DEL ATLANTICO - 43 Calle 1-10 CLzd.Aguilar Batres Zona 12, Edificio Mariposa, nivel 4 - 01012 - Zacapa	30.87
Hungary	
BORSODI SORGYAR ZRt. - Rackoczi UT 81 - 3574 - Böcs	98.62
Montenegro	
PIVARA 'TREBJESA' A.D. – Njegoseva 18 – 81400 - Niksic	72.69
Paraguay	
CERVECERIA PARAGUAYA SA - Ruta Villeta KM 30 - Ypané	61.64
Peru	
COMPANIA CERVECERA AMBEV PERU SAC - Av. Los Laureles Mz. A Lt. 4 del Centro Poblado Menor Santa Maria de s/n Huachipa - Lurigancho, Chosica City Lima 15	52.87
Romania	
INBEV ROMANIA SA - B-dul Dimitrie Pompei 9-9A - Cladirea 20 - etaj1, sector 2, cod 020335 - Sector 2 - Bucharest	99.94
Russia	
OAO SUN INBEV - 28 Moscovskaya Street, Moscow region - 141600 - Klin	99.77
Serbia	
AD APATINSKA PIVARA APATIN - Trg Oslobodjenja 5 - CS-25260 - Apatin	98.99
South Korea	
ORIENTAL BREWERY CO LTD - 52, Jungsam-ri, Hyeondo-myeon, Cheongwon-gun, Chungbuk - Korea	99.98
The Netherlands	
INBEV NEDERLAND NV - Ceresstraat 1 - 4811 CA - Breda	99.99
INTERBREW INTERNATIONAL B.V. - Ceresstraat 1 - 4811 CA - Breda	99.99
US	
ANHEUSER-BUSCH COMPANIES, INC. - One Busch Place - St. Louis, MO 63118	100.00
ANHEUSER-BUSCH INTERNATIONAL, INC. - One Busch Place - St. Louis, MO 63118	100.00
ANHEUSER-BUSCH PACKAGING GROUP, INC. - 3636 S. Geyer Road - Sunset Hills, MO 63127	100.00
BUSCH ENTERNTAINMENT CORPORATION - 9205 South Park Center Loop, Suite 400 - Orlando, FL 32819	100.00
Ukraine	
SUN INBEV UKRAINE - Bozhenko 87 - 03150 - Kyiv	99.77
United Kingdom	
BASS BEERS WORLDWIDE LIMITED - Porter Tun House, 500 Capability Green - LU1 3LS - Luton	99.98
INBEV UK LTD - Porter Tun House, 500 Capability Green - LU1 3LS - Luton	99.98
STAG BREWING COMPANY LIMITED - The Stag Brewery - Lower Richmond Road - SW14 7ET - Mortlake, London	100.00
Uruguay	
CERVECERIA Y MALTERIA PAYSSANDU SA - Rambla Baltasar Brum, 2933 - 11800 - Payssandu	61.64
Venezuela	
C. A. CERVECERIA NACIONAL - Av. Principal Boleita Norte, Edif. Draza, Piso 2 - Caracas	31.47

List of most important associated companies

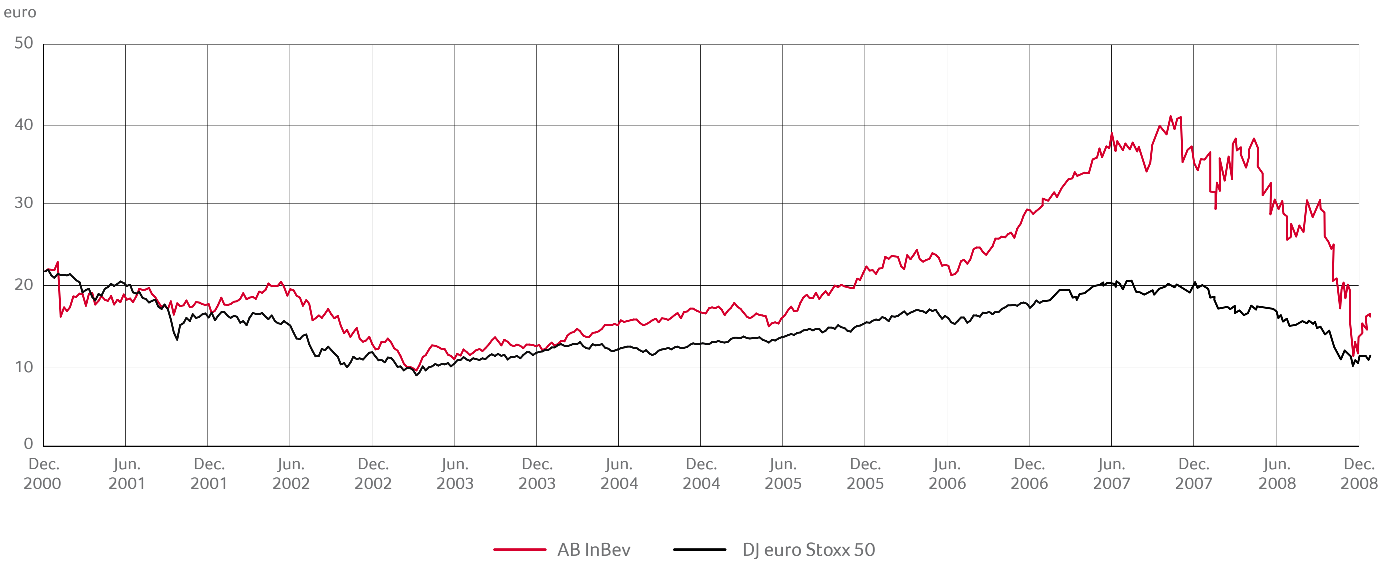
Name and registered office of associates	% of economic interest as at 31 December 2008
China	
TSINGTAO BREWERY COMPANY LIMITED - Tsingtao Beer Tower - May Fourth Square - Hong Kong Road Central - Qingdao, Shandong - 26607	27.00
Mexico	
GRUPO MODELO S.A.B. DE C.V. - Torre Acuario - Javier Barros Sierra No 555 - Piso 6 - Colonia Zedec Santa Fe - Delagacion Alvaro Obregon - 01210 México, D.F.	50.20

Information to our shareholders

Earnings, dividends, share and share price

Euro per share unless stated otherwise	2008	2007 restated[1]	2007	2006	2005	2004
Cash flow from operating activities	4.19	4.16	6.66	5.41	4.01	2.40
Normalized earnings per share before goodwill	1.71	1.91	3.05	2.50	1.71	1.69
Dividend	0.28	-	2.44	0.72	0.48	0.39
Share price high	39.1	43.1	69.0	49.9	37.5	29.1
Share price low	10.0	29.8	47.7	35.0	24.6	20.3
Year-end share price	16.6	35.6	57.0	49.9	36.8	28.5
Weighted average number of ordinary shares (million shares)	999	976	610	608	600	480
Diluted weighted average number of ordinary shares (million shares)	1 000	981	613	613	603	483
Volume of shares traded (million shares)	825	453	283	220	213	147

AB InBev share price evolution compared to Dow Jones euro Stoxx 50



1 In accordance with IAS33, historical data per share have been adjusted by an adjustment ratio of 0.6252 (refer calculation under shareholders information) following the capital increase in December 2008.

Shareholders

Report according to article 14 of the Law of 2 May 2007 - Shareholders' structure of AB InBev

The most recent notification of major shareholdings as per 16 December 2008, indicates that nine organizations acting in concert hold 907 784 533 ordinary shares of the company as shown below.

		% of voting rights attached to equity instruments[1]
Stichting InBev, Stichting Administratiekantoor under Dutch law		
Number of shares	736 902 400	45.99 %
Fonds InBev-Baillet Latour SPRL with a social purpose under Belgian law		
Number of shares	5 485 415	0.34 %
Fonds Voorzitter Verhelst SPRL with a social purpose under Belgian law		
Number of shares	7 147 665	0.45 %
Eugénie Patri Sébastien (EPS) SA under Luxembourg law affiliated to Stichting InBev that it jointly controls with BRC Sàrl under Luxembourg law		
Number of shares	116 160 336	7.25 %
Rayvax Société d'investissements SA under Belgian law		
Number of shares	13 734 410	0.86 %
Sébastien Holding SA under Belgian law, affiliated to Rayvax Société d'Investissements, its parent company		
Number of shares	484 794	0.03 %
BRC Sàrl under Luxembourg law affiliated to Stichting AB InBev that it jointly controls with EPS SA under Luxembourg law		
Number of shares	7 306 510	0.46 %
AB InBev SA/NV under Belgian law		
Number of shares	11 815 726	0.74 %
Brandbrew SA, under Luxembourg law, affiliated to AB InBev SA/NV that indirectly controls it		
Number of shares	8 747 277	0.54 %
Total number of shares	**907 784 533**	**56.65 %**

Shareholders' arrangements

In connection with the combination of Interbrew with AmBev, BRC, EPS, Rayvax and Stichting InBev entered into a shareholders' agreement on 2 March 2004 which provides for BRC and EPS to hold their interests in AB InBev through Stichting InBev (except for approximately 116m shares that are held by EPS and except for approximately 7m shares that are held by BRC) and addresses, among other things, certain matters relating to the governance and management of Stichting InBev and AB InBev as well as the transfer of the Stichting InBev certificates. BRC currently holds 368 451 200 class B Stichting InBev certificates (indirectly representing 368 451 200 shares) and EPS currently holds 368 451 200 class A Stichting InBev certificates (indirectly representing 368 451 200 shares). The shareholders agreement has been amended on 14 November 2008 to facilitate the participation by EPS and BRC to the rights offering consisting of 986 109 272 new AB InBev shares on the basis of 8 new shares for every 5 outstanding shares and that took place between 25 November and 9 December 2008.

Pursuant to the terms of the shareholders' agreement, BRC and EPS jointly and equally exercise control over Stichting InBev and the shares held by Stichting InBev. Among other things, BRC and EPS have agreed that Stichting InBev will be managed by an eight member board of directors and that each of BRC and EPS will have the right to appoint four directors to the Stichting InBev board. At least seven of the eight Stichting InBev directors must be present in order to constitute a quorum, and any action to be taken by the Stichting InBev board will, subject to certain qualified majority conditions, require the approval of a majority of the directors present, including at least two directors appointed by BRC and two appointed by EPS. Subject to certain exceptions, all decisions of Stichting InBev with respect to the shares it holds, including how Stichting InBev's shares will be voted at all shareholders' meetings of AB InBev will be made by the Stichting InBev board.

1 Based on the number of shares outstanding on 31 December 2008 (1 602 427 569).

The shareholders' agreement requires the Stichting InBev Board to meet prior to each shareholders' meeting of Anheuser Busch AB InBev to determine how Stichting InBev's shares will be voted.

The shareholders' agreement as amended, provides for restrictions on the ability of BRC and EPS to transfer their Stichting InBev certificates (and consequently their shares held through Stichting InBev). Subject to certain limitations, each of EPS and BRC have agreed that each of them will at all times hold, directly or indirectly, no less than a number of Stichting InBev certificates (relating to an equal number of shares) equal to 15 % of the shares outstanding at such time.

In addition, the shareholders' agreement requires EPS and BRC and their permitted transferees under the shareholders' agreement whose shares are not held through Stichting InBev to vote their shares in the same manner as the shares held by Stichting InBev and to effect any transfers of their shares in an orderly manner of disposal that does not disrupt the market for the shares and in accordance with any conditions established by AB InBev to ensure such orderly disposal. In addition, under the shareholders' agreement, EPS and BRC agree not to acquire any shares of capital stock of AmBev, subject to limited exceptions.

Pursuant to the shareholders' agreement, the Stichting InBev board proposes the nomination of eight directors to the AB InBev shareholders' meeting, among which each of BRC and EPS have the right to nominate four directors. In addition, the Stichting InBev board proposes the nomination of four to six independent directors who are independent of shareholders exercising a decisive or significant influence over AB InBev's policy and are specifically chosen for their particular professional expertise.

The shareholders' agreement will remain in effect for an initial term of 20 years starting from 27 August 2004. Thereafter it will be automatically renewed for successive terms of 10 years each unless, not later than two years prior to the expiration of the initial or any successive 10-year term, either BRC or EPS notifies the other of its intention to terminate the shareholders' agreement.

In addition, Stichting InBev has entered into voting agreements with Fonds InBev-Baillet Latour SPRL and Fonds Voorzitter Verhelst SPRL. These agreements provide for consultations between the three bodies before any shareholders' meeting to decide how they will exercise the voting rights attached to the shares. These agreements will expire on 16 October 2016, but are renewable.

Report according to article 34 of the Royal Decree of 14 November 2007 - Defensive structures

According to article 34 of the Royal Decree of 14 November 2007, AB InBev hereby discloses the following defensive structures and mechanisms:

1. Shareholders' agreements: Please refer to the section on the Shareholders' structure and arrangements above.

2. The board of directors of AB InBev is expressly authorized, in case of public take-over bids on securities of the company, to increase the capital, under the conditions set out in Article 607 of the Companies Code. This authorization is granted for a period of 3 years as from the 24th of April 2007 and can be renewed. If the board of directors decides upon an increase of authorized capital pursuant to this authorization, this increase will be deducted from the remaining part of the authorized capital (3 % of the outstanding capital on 26 April 2005).

3. AB InBev is a party to the following significant agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid:

   - Since 1999, AB InBev has issued on a regular basis, warrants under its long-term incentive program for the benefit of its executives and, accessorily, its Board members (the 'LTI'). Pursuant to the terms and conditions of the LTI, in the event of a modification, as a result of a public bid or otherwise, of the (direct or indirect) control (as defined under Belgian law) exercised over AB InBev SA/NV, the holders of warrants shall have the right to exercise them within one month of the date of change of control, irrespective of exercise periods/ limitations provided by the plan. Subscription rights not exercised within such time period shall again be fully governed by the normal exercise periods/limitations provided by the plan.

   - In accordance with Article 556 of the Companies Code, the Extraordinary Shareholders meeting of AB InBev approved on 29 September 2008, (i) Clause 11.2 (Change of Control or Sale) of the 45 billion US dollar Senior Facilities Agreement dated 12 July 2008 entered into by the company and AB InBev Worldwide SARL as original borrowers and guarantors and arranged by Banco Santander, S.A., Barclays Capital, BNP Paribas, Deutsche Bank AG, London Branch, Fortis Bank SA/NV, ING Bank NV, J.P. Morgan plc, Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., and The Royal Bank of Scotland plc as mandated lead arrangers and bookrunners (as supplemented and amended by a letter dated 23 July 2008, and as may be further supplemented and/or amended and/or amended and restated from time to time) (the 'Senior Facilities Agreement'), and (ii) any other provision in the Senior Facilities Agreement granting rights to third parties which could affect the company's assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on the occurrence of a public take-over bid or a 'Change of Control' (as defined in the Senior Facilities Agreement) over the company. Pursuant to the Senior Facilities Agreement, (a) *'Change of Control'* means *'any person or group* *of persons acting in concert (in each case other than Stichting InBev or any existing direct or indirect certificate holder or certificate holders of Stichting InBev) gaining Control of the company'*, (b) *'acting in concert'* means *'a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company'*, and (c) *'Control'* means the *'direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise'.* Clause 11.2 of the Senior Facilities Agreement grants, to any lender under the Senior Facilities Agreement, upon (among others) a Change of Control over the company, in essence, the right (i) not to fund any loan or letter of credit (other than a rollover loan meeting certain conditions) and (ii) (by not less than 30 days written notice) to cancel its undrawn commitments and require repayment of its participations in the loans or letters of credit together with accrued interest thereon and all other amounts owed to such lender under the Senior Facilities Agreement (and certain related documents).

- AB InBev's soft drinks business consists of both own production and agreements with PepsiCo related to bottling and distribution arrangements between various AB InBev subsidiaries and PepsiCo. AmBev, which is a subsidiary of AB InBev, is one of PepsiCo's largest bottlers in the world. Major brands that are distributed under these agreements are Pepsi, 7UP and Gatorade. AmBev has long-term agreements with PepsiCo whereby AmBev was granted the exclusive right to bottle, sell and distribute certain brands of PepsiCo's portfolio of CSDs in Brazil. The agreements will expire on 31 December 2017 and are automatically extended for additional ten-year terms, unless terminated prior to the expiration date by written notice by either party at least two years prior to the expiration of their term or on account of other events, such as a change of control or insolvency of, or failure to comply with material terms or meet material commitments by, the relevant AB InBev subsidiary.

Report according to article 608 of the Belgian Companies Code - Use of authorized capital

Pursuant to the authorization given by the annual shareholders' meeting of 26 April 2005, the board of directors decided on 17 December 2008 to issue 1 615 543 subscription rights (*droits de souscription / warrants*) in the framework of the authorised capital for the benefit of holders of existing subscription rights ('LTI participants') already issued by AB InBev SA/NV, as part of its long-term incentive plan.

Pursuant to Article A.11 of the terms and conditions of the existing subscription rights, the exercise price of the existing subscription rights and/or the number of AB InBev shares to which the existing subscription rights give right, needs to be adjusted to compensate for the unfavourable effect of the Rights Issue, which took place between 25 November and 9 December 2008, as determined at the sole discretion of the board of directors of AB InBev.

The Board has decided that only the existing subscription rights of LTI participants who were employees of AB InBev or its subsidiaries at the time that the existing subscription rights were granted (the 'Beneficiaries') would be adjusted through the transactions described below.

The Board has determined that the most appropriate manner to take into account the impact of the Rights Issue on the existing subscription rights of the Beneficiaries is to apply the 'ratio method' as set out in the NYSE Euronext *'Liffe's Harmonised Corporate Actions Policy'* pursuant to which both the number of existing subscription rights of the Beneficiaries and their exercise price must be adjusted on the basis of the following adjustment ratio:

$$\text{Adjustment Ratio} = \frac{P - E}{P} = 0.6252$$

where:	E	=	theoretical value of the preference right under the Rights Issue	=	6.1846 euro
	P	=	official closing price of the AB InBev shares on the day immediately preceding the opening of the Rights Issue	=	16.50 euro

The theoretical value of the preference right under the Rights Issue (E) has been calculated on the basis of the following formula:

$$E = \frac{P - S}{(n + x)} = 6.1846 \text{ euro}$$

where:	S	=	issue price of the AB InBev shares in the Rights Issue	=	6.45 euro
	n	=	number of preference rights required for one new AB InBev share	=	0.625
	x	=	number of preference rights received for one existing AB InBev share	=	1

The adjusted exercise price of the existing subscription rights of the Beneficiaries is obtained by multiplying the adjustment ratio by the current exercise price of the existing subscription rights of the Beneficiaries, rounded to the closest second decimal.

The adjusted number of subscription rights is obtained by dividing the number of existing subscription rights of the Beneficiaries by the adjustment ratio, rounded to the closest unit, per Beneficiary and per LTI tranche. The difference between the number of existing subscription rights and the number of adjusted subscription rights represents the number of new subscription rights to be issued by AB InBev.

In order to get to the required number of adjusted subscription rights, a total of 1 615 543 new subscription rights had to be issued by AB InBev in the framework of the authorized capital.

In accordance with Article 596 of the Companies Code, the Board has excluded the preference right of the existing shareholders in relation to the issue of the new subscription rights, for the benefit of the Beneficiaries.

As explained above and in accordance with the NYSE Euronext 'ratio method', the new subscription rights were granted to the Beneficiaries with a view to compensating the unfavourable effect of the Rights Issue on the existing subscription rights, without conferring any additional economic benefits on them.

Each new subscription right will entitle its holder to subscribe for one new ordinary AB InBev share. The exercise price of the new subscription rights will be the same as the adjusted exercise price of the existing subscription rights to which they relate.

The terms and conditions of the new subscription rights are the same as the terms and conditions of the existing subscription rights to which they relate. For vesting purposes, they will be treated as if they had been issued at the same time as the existing subscription rights to which they relate. They will be exercisable in the same manner and under the same conditions.

In comparison with the total number of shares representing the capital of AB InBev, the transaction is relatively limited and will only entail, even in the event that all the new subscription rights are exercised, a limited dilution of the shareholding of the existing shareholders. Indeed, if all new subscription rights were to be exercised, the new shares resulting from that exercise would only represent 0.10 % of the 1 602 427 569 shares outstanding as at 31 December 2008.

Report according to article 523 of the Belgian Companies Code - Conflicts of interests

Pursuant to the Companies Code, a director having a conflicting interest in a decision of the board of directors, is not allowed to attend the discussions and deliberations preceding the Board's decision, nor is he allowed to participate to the vote. Moreover he must inform the auditor of the company about his conflicting interest.

During the year 2008, this procedure has been applied once. On the occasion of the decision of the board of directors of 17 December 2008 to issue 1 615 543 subscription rights (droits de souscription/warrants) in the framework of the authorized capital for the benefit of holders of existing subscription rights already issued by AB InBev SA/NV, as part of its long-term incentive plan, Mr. Stéfan Descheemaeker declared, as beneficiary of the new subscription rights, that he had a conflicting interest. Consequently he did not participate in the deliberation of the Board, nor in the vote. It should be noted that Mr. Stéfan Descheemaeker has been granted his existing subscription rights at a time when he was an employee of AB InBev.

Please refer to the report according to article 608 of the Belgian Companies Code on the use of authorized capital in 2008, which contains full details on the content and the nature of the decision, its justification and its patrimonial consequences for the company.

Information on the auditors' assignments and related fees

Our Statutory auditor is KPMG Bedrijfsrevisoren cvba, represented by Jos Briers, engagement partner.

Base fees for auditing the annual financial statements of AB InBev and its subsidiaries are determined by the general meeting of shareholders after review and approval by the company's audit committee and board of directors. Audit and audit related fees for 2008 in relation to services provided by KPMG Bedrijfsrevisoren amounted to 1 939k euro (2007 : 405k euro), which was composed of audit services for the annual financial statements of 521k euro (2007 : 405k euro) and audit related services of 1 418k euro (2007 : 0 euro). Audit related services mainly relate to services incurred in connection with the rights issue, all of which have been pre-approved by the company's audit committee.

Audit and other fees for 2008 in relation to services provided by other offices in the KPMG network amounted to 6 444k euro (2007 : 5 357k euro), which was composed of audit services for the annual financial statements of 5 145k euro (2007 : 4 737k euro), tax services of 200k euro (2007 : 368k euro) and audit related services of 1 099k euro (2007 : 252k euro).

Financial calendar

Publication of 2008 results	5 March 2009
Annual report 2008 available on www.ab-inbev.com	5 March 2009
General shareholders meeting	28 April 2009
Dividend : ex-coupon date	29 April 2009
Publication of first quarter results	7 May 2009
Publication of half year results	13 August 2009
Publication of third quarter results	12 November 2009

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Excerpt from the AB InBev NV separate (non-consolidated) financial statements prepared in accordance with Belgian GAAP

The following information is extracted from the separate Belgian GAAP financial statements of AB InBev NV. These separate financial statements, together with the management report of the board of directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request from: AB InBev NV, Brouwerijplein 1, 3000 Leuven.

It should be noted that only the consolidated financial statements as set forth above present a true and fair view of the financial position and performance of the AB InBev group.

Since AB InBev NV is essentially a holding company, which recognizes its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of AB InBev NV. For this reason, the board of directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at and for the year ended 31 December 2008.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of AB InBev NV prepared in accordance with Belgian GAAP for the year ended 31 December 2008 give a true and fair view of the financial position and results of AB InBev NV in accordance with all legal and regulatory dispositions.

Abbreviated non-consolidated balance sheet

Million euro	2008	2007
Assets		
Non-current assets		
Intangible assets	557	49
Property, plant and equipment	73	80
Financial assets	30 755	9 732
	31 385	**9 861**
Current assets	**1 441**	**2 309**
Total assets	**32 826**	**12 170**
Equity and liabilities		
Equity		
Issued capital	1 234	474
Share premium	13 080	7 450
Legal reserve	86	47
Reserves not available for distribution	196	521
Reserves available for distribution	325	-
Profit carried forward	1 278	987
	16 199	**9 479**
Provisions and deferred taxes	23	37
Non-current liabilities	11 173	726
Current liabilities	5 431	1 928
Total equity and liabilities	**32 826**	**12 170**

Abbreviated non-consolidated income statement

Million euro	2008	2007
Operating income	586	270
Operating expenses	(503)	(382)
Operating result	**83**	**(112)**
Financial result	699	2 232
Extraordinary result	(1)	4
Result for the year available for appropriation	**781**	**2 124**

Glossary

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

Debt equity ratio
Net debt divided by equity attributable to equity holders of AB InBev.

Diluted EPS
Profit attributable to equity holders of AB InBev divided by the fully diluted weighted average number of ordinary shares.

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

EBIT
Profit from operations.

EBITDA
Profit from operations plus depreciation, amortization and impairment.

EPS
Profit attributable to equity holders of AB InBev divided by the weighted average number of ordinary shares.

Invested capital
Includes property, plant and equipment, goodwill and intangible assets, investments in associates and equity securities, working capital, provisions, employee benefits and deferred taxes.

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.

Non-recurring items
Items of income or expense which do not occur regularly as part of the normal activities of the company.

Normalized
The term 'normalized' refers to performance measures (EBITDA, EBIT, Profit, EPS) before non-recurring items. Non-recurring items are items of income or expense which do not occur regularly as part of the normal activities of the company and which warrant separate disclosure because they are important for the understanding of the underlying results of the company due to their size or nature. AB InBev believes that the communication and explanation of normalized measures is essential for readers of its financial statements to understand fully the sustainable performance of the company. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of the company's performance.

Normalized diluted EPS
Diluted EPS 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, amortization and impairment.

Normalized EPS
EPS adjusted for non-recurring items.

Normalized profit
Profit adjusted for non-recurring items.

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

Pay out ratio
Gross dividend per share multiplied by the number of outstanding ordinary shares at year-end, divided by profit attributable to equity holders of AB InBev.

Revenue
Gross revenue less excise taxes and discounts.

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.

Scope
Financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scopes. A scope represents the impact of acquisitions and divestitures, the start up or termination of activities, or the transfer of activities between segments.

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-weighing factor.

Working capital
Includes inventories, trade and other receivables and trade and other payables, both current and non-current.

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Corporate Governance

Fostering ethical conduct

The Board encourages management to promote and maintain an ethical culture. This fosters responsible business conduct by all employees.

The company's Code of Business Conduct sets out the ethical standards to which all employees are expected to adhere. It requires employees to comply with all laws, to disclose any relevant conflicts of interests, to act at all times in the best interests of the group and to conduct all their dealings in an honest and ethical manner. The Code also covers the confidentiality of information, limits on the acceptance of gifts or entertainment, and the appropriate use of the company's property.

In line with this commitment to integrity, Anheuser-Busch InBev has implemented a whistle-blowing scheme that provides employees with simple and secure ways to confidentially, and if so desired, also anonymously, report activities in violation of the Code of Conduct within the framework of a clear whistle-blowing policy and applicable legislation.

Demonstrating Anheuser-Busch InBev's commitment to shareholder communication

Anheuser-Busch InBev is committed to creating value for its shareholders. The company encourages its shareholders to take an active interest in the company. In support of this objective, it provides quality information, in a timely fashion, through a variety of communication tools. These include Annual Reports, the Global Citizenship Report, financial results announcements, briefings, and a section on the Anheuser-Busch InBev website which is dedicated to investors.

Anheuser-Busch InBev recognizes that high-quality disclosure builds trust and confidence with shareholders and the public in general. The company adopted a Disclosure Manual to demonstrate its commitment to best practices in transparency. This manual is designed to ensure that there is full, consistent and timely disclosure of company activities.

Upholding shareholder rights

Prior to the annual shareholders' meeting, shareholders are invited to submit any questions they have for the Chairman or the CEO for discussion during the meeting.

The agenda for the shareholders' meeting and all related documents are also posted on the Anheuser-Busch InBev website at least 24 days in advance of any shareholders' meeting. Shareholders have the right to vote on various resolutions related to company matters. If they are unable to attend a meeting, they can submit their votes by mail or appoint a proxy. Minutes of the meetings and results of the votes are posted on the Anheuser-Busch InBev website immediately after the meeting.

Preventing the abuse of inside information

The company's Code of Dealing is applicable to all employees and Directors of the group. The Code aims to prevent the abuse of inside information, especially leading up to an announcement of financial results; or leading up to price-sensitive events or decisions.

The Code prohibits dealing in any shares during a closed period, i.e., a period of 15 days preceding any results announcement of the company. In addition, before dealing in any shares of the company, Directors and Executives must obtain clearance from a Clearance Committee and report back to the Committee once the transaction has taken place.

Compliance with the Code is reinforced and monitored through the company's Compliance Program.

In accordance with the Belgian regulation on the prevention of market abuse, the company establishes lists of insiders. In addition, members of the Executive Board of Management and of the Board of Directors notify all their trades to the Banking, Finance & Insurance Commission, which publishes these notifications on its website.

1. The Belgian Corporate Governance Code

As a company incorporated under Belgian law and listed on Euronext Brussels, Anheuser-Busch InBev adheres to the principles and provisions of the Belgian Corporate Governance Code, published in December 2004.

The majority of the Code is reflected in Anheuser-Busch InBev's Corporate Governance rules. The complete set of these Corporate Governance rules is posted on the website of Anheuser-Busch InBev under the Corporate Governance Statement. The rules are regularly updated.

In order to reflect the company's specific shareholding structure and the global nature of its operations, the Board of Directors has adopted the following rules:

Principle 5.3./1 (Appendix D) of the Belgian Code: 'The Board should set up a nomination committee composed of a majority of independent non-executive Directors': The Board of Directors appoints the chairman and members of the Compensation & Nominating Committee from among the Directors, including at least one member from among the independent Directors. As the Committee is composed exclusively of non-executive Directors who are independent of management and free from any business relationship which could materially interfere with the exercise of their independent judgment, the Board considers that the composition of this Committee achieves the Code's aim of avoiding potential conflicts of interest.

Principle 7.4. of the Belgian Code: 'Non-executive Directors should not be entitled to performance-related remuneration such as bonuses, stock-related, long-term incentive schemes, fringe benefits or pension benefits': The remuneration of the Board members is composed of a fixed fee and a limited, pre-determined number of options, which ensures the independence of the Board members as well as aligning the Directors' interests with those of the shareholders. The Board of Directors considers it very unlikely that the granting of options could affect their judgement as Board members. As a consequence, the Board considers the company's principles of remuneration compatible with the recommendations of the Belgian Code on Corporate Governance.

Finally, it should be noted that options may only be granted upon the recommendation of the Compensation & Nominating Committee. Any such recommendation must be subsequently approved by the Board and the shareholders in a general meeting.

Principle 8.9 of the Belgian Code: 'The level of shareholding for the submission of proposals by a shareholder to the general shareholders' meeting should not exceed 5 % of the share capital': As provided for by the Belgian Companies Code, shareholders representing one-fifth of the company's capital may ask the Board to convene a shareholders' meeting and table resolutions. The Board believes that the company's Corporate Governance framework ensures equitable treatment of all shareholders, including minority and foreign shareholders. Anheuser-Busch InBev encourages participation at shareholders' meetings and promotes proxy voting and voting by mail. Time is always allocated for questions during the shareholders' meetings and shareholders are invited to send the company written questions in advance of the meeting. In addition, Anheuser-Busch InBev is committed to maintaining a strong line of communication with its shareholders at all times. It is especially respectful of the rights of its minority shareholders. The Board does not believe that lowering the shareholder requirement to table resolutions at a shareholders' meeting, would substantially contribute to achieving this aim.

2. The Board of Directors

Structure

The Board of Directors currently consists of thirteen members, all of whom are non-executives. The roles and responsibilities of the Board, its composition, structure and organization are described in detail in Anheuser-Busch InBev's Corporate Governance Statement. This Statement includes the criteria for independence, which applies to independent Directors.

At the annual meeting held on 29 April 2008, the shareholders acknowledged the end of the mandate as director of Mr. Allan Chapin. Mr. Stéfan Descheemaeker was appointed as a new Board member for a period of three years, succeeding Mr. Chapin.

At the same meeting, the shareholders also renewed the mandate as director of Mr. Arnoud de Pret and of the independent directors, Mr. Peter Harf and Mr. Kees Storm, for a period of three years.

At the extraordinary shareholders' meeting on 29 September 2008, Mr. August Busch IV, was appointed as a new director of the company. Prior to the acquisition of Anheuser-Busch Companies Inc., Mr. Busch was President and CEO of Anheuser-Busch. He was born in 1964 and is a US citizen. He holds a master's degree in business administration from St. Louis University, a brewmaster's degree from the International Brewing Institute in Berlin and graduated magna cum laude with a bachelor's degree in finance from St. Louis University. He holds an honorary doctorate of business administration from Webster University.

Directors			Term started	Term expires
August A. Busch IV	°1964, American	Non-Executive Director	2008	2011
Carlos Alberto da Veiga Sicupira	°1948, Brazilian	Non-Executive Director, nominated by the holders of class B Stichting InBev certificates	2004	2010
Jean-Luc Dehaene	°1940, Belgian	Non-Executive Independent Director	2001	2010
Arnoud de Pret Roose de Calesberg	°1944, Belgian	Non-Executive Director, nominated by the holders of class A Stichting InBev certificates	1990	2011
Stéfan Descheemaeker	°1960, Belgian	Non-Executive Director, nominated by the holders of class A Stichting InBev certificates	2008	2011
Grégoire de Spoelberch	°1966, Belgian	Non-Executive Director, nominated by the holders of class A Stichting InBev certificates	2007	2010
Peter Harf	°1946, German	Non-Executive Independent Director, Chairman of the Board	2002	2011
Jorge Paulo Lemann	°1939, Brazilian	Non-Executive Director, nominated by the holders of class B Stichting InBev certificates	2004	2010
Roberto Moses Thompson Motta	°1957, Brazilian	Non-Executive Director, nominated by the holders of class B Stichting InBev certificates	2004	2010
Kees J. Storm	°1942, Dutch	Non-Executive Independent Director	2002	2011
Marcel Herrmann Telles	°1950, Brazilian	Non-Executive Director, nominated by the holders of class B Stichting InBev certificates	2004	2010
Alexandre Van Damme	°1962, Belgian	Non-Executive Director, nominated by the holders of class A Stichting InBev certificates	1992	2010
Mark Winkelman	°1946, Dutch	Non-Executive Independent Director	2004	2010

	Audit Committee	Compensation and Nominating Committee	Finance Committee
Carlos Alberto da Veiga Sicupira		Member	
Jean-Luc Dehaene	Member		
Arnoud de Pret Roose de Calesberg	Member		Chairman
Stéfan Descheemaeker			Member
Grégoire de Spoelberch		Member	
Peter Harf	Member	Member	
Jorge Paulo Lemann			Member
Roberto Moses Thompson Motta			Member
Kees J. Storm	Chairman		
Marcel Herrmann Telles		Chairman	
Alexandre Van Damme		Member	
Mark Winkelman			Member

Functioning

In 2008, the Board held 9 regular meetings and 13 extraordinary telephonic meetings. Several of the regular meetings, by design, were held in the Zones in which the company has operations. On these occasions, the Board was provided with a comprehensive briefing of the Zone or relevant market. These briefings included an overview of performance, key challenges facing the market, and the steps being taken to address the challenges. Several of these visits also provided the Board with the opportunity to meet with employees and customers.

Major Board agenda items in 2008 included the acquisition of Anheuser-Busch Companies Inc.; the 9,8 billion USD Rights Issue of the company; the long-range plan; achievement of targets; sales figures and brand health; reporting and budget; consolidated results; strategic direction; culture and people, including succession planning; new and ongoing investment; as well as discussions and analysis of acquisitions, divestitures and governance.

The average attendance rate at Board meetings in 2008 was 86 %. The Board is assisted by three Committees: the Audit Committee, the Finance Committee and the Compensation and Nominating Committee. The Convergence Committee which was created at the announcement of the combination with AmBev in March 2004, will no longer continue to operate as a formal Board Committee in 2009 with the Interbrew-AmBev integration now completed.

In accordance with the requirements of the Belgian Companies Code, the Audit Committee is composed exclusively of non-executive Board members. The Chairman of the Committee, Mr. Storm, qualifies as an independent director within the meaning of article 526ter of the Belgian Companies Code. Born in 1942, he has extensive experience in accounting and audit: he is the retired Chairman of the Executive Board of Directors of AEGON, one of the world's largest insurance groups. He is also Chairman of the Supervisory Board of KLM, Vice-Chairman of the Supervisory Board of PON Holdings, a member of the Supervisory Board of Aegon and a member of the Boards and Audit Committees of Baxter Intl and Unilever, where he is also the Chairman of the Audit Committee. In 2008, the Audit Committee met 8 times. During its meetings, the Committee reviewed the financial statements of the company, the annual, half yearly as well as quarterly statements. The Committee also considered significant issues arising from internal audits conducted by the group's Internal Audit department and the implementation of the company's Compliance Program. The group's subsidiaries' obligations under Sarbanes Oxley and material litigation and results announcements were some of the other important topics on the agenda of the Committee. The average attendance rate at the Committee meetings was 94 %.

The Finance Committee met 5 times in 2008. Committee discussions included the budget, the debt profile and capital structure of the group, the risk management strategy, the share buy back program, the tax planning and the disclosure policy of the company. The average attendance rate at the Committee meetings was 100 %.

The Compensation and Nominating Committee met 6 times in 2008 and, in accordance with its charter, the Committee discussed target setting, management bonuses and Executive shares and options schemes, contracts with the members of the Executive Board of Management, the rules for internal promotion to senior executive functions and succession planning for key executive functions. The average attendance rate at the Committee meetings was 97 %.

Certain transactions and other contractual relationships

One decision of the Board relating to the issue of new subscription rights granted to take into account the impact of the Rights Issue in November 2008 on the existing subscription rights of the beneficiaries, gave rise to a conflicting interest as defined in the Belgian Companies code. See page 122 (Financial Report) for the report on this conflict of interests as required by article 523 of the Belgian Companies code.

The company is prohibited from making loans to Directors, whether for the purpose of exercising options or for any other purpose.

3. Chief Executive Officer and Executive Board of Management

The Chief Executive Officer (CEO) is entrusted by the Board with responsibility for the day-to-day management of the company. The CEO has direct operational responsibility for the entire company. The CEO leads an Executive Board of Management which comprises six global functional heads and six Zone presidents including the two Co-Chief Executive Officers of AmBev, who report to the Board of Directors of AmBev.

Effective as of January 2008, Miguel Patricio succeeded Dirk Moens as Zone President Asia Pacific.

Stéfan Descheemaeker, Chief Strategy Officer, left the Executive Board of Management and was appointed as non-executive director on 29 April 2008.

Upon close of the acquisition of Anheuser-Busch Companies Inc. on 18 November 2008, Luiz Fernando Edmond has become Zone President North America. As Zone President North America, he oversees all of Anheuser-Busch InBev's operations in the United States and Canada. Since joining AmBev in 1990 as a trainee, Luiz Fernando has held various positions in the distribution, commercial and supply departments. Prior to his current role, he was Zone President Latin America North and AmBev's Chief Executive Officer. He has an engineering degree from Universidade Federal do Rio de Janeiro.

Luiz Fernando Edmond's position at AmBev has been filled by João Castro Neves, who previously served as Zone President Latin America South. Bernardo Pinto Paiva, who served as Zone President North America, moved from Canada to Argentina to become Zone President Latin America South, replacing João Castro Neves.

4. Remuneration Report 2008 [1]

Board Remuneration

During the year 2008, Board members earned a fixed annual fee of 67 000 euro, based on attendance at ten Board meetings. The fee was supplemented with an amount of 1 500 euro for each additional physical Board meeting or for each Committee meeting. The Chairman's fee was double that of other Directors. The Chairman of the Audit Committee was granted a fee which is 30 % higher than the fee of the other Directors.

The company does not provide pensions, medical benefits or other benefit programs to Directors.

	Number of Board meetings attended	Annual fee for Board meetings	Fees for Committee meetings	Total fee	Number of share options granted in 2008 [2]
August Busch IV (as of 18 November 2008)	3	5 583	0	5 583	0
Allan Chapin (until 29 April 2008)	3	22 333	3 000	25 333	9 000
Carlos Alberto da Veiga Sicupira	18	67 000	9 000	76 000	9000
Jean-Luc Dehaene	20	67 000	12 000	79 000	9000
Arnoud de Pret Roose de Calesberg	21	67 000	27 000	94 000	9000
Stéfan Descheemaeker (as of 29 April 2008)	18	44 667	4 500	49 167	0
Grégoire de Spoelberch	22	67 000	9 000	76 000	9 000
Peter Harf	21	134 000	22 500	156 500	18000
Jorge Paulo Lemann	21	67 000	7 500	74 500	9000
Roberto Moses Thompson Motta	20	67 000	7 500	74 500	9000
Kees J. Storm	18	87 100	24 000	111 100	11700
Marcel Herrmann Telles	21	67 000	30 000	97 000	9000
Alexandre Van Damme	22	67 000	9 000	76 000	9000
Mark Winkelman	20	67 000	7 500	74 500	9000
All Directors as a group		**896 683**	**172 500**	**1 069 183**	**119 700**

1 All remuneration figures in this report are gross figures.

2 Share options were granted under the long-term incentive plan. Options have an exercise price of 58.31 euro per share, have a term of 5 years and vest over a 3 year period.

The following table sets forth information regarding the number of share options granted to the Board as a group during the past three years.[3]

No. of options offered	Issuance date	Offer date	Exercise price in euro
124 035	25 April 06	2006	38.70
119 700	24 April 07	2007	55.41
119 700	29 April 08	2008	58.31

In addition, in connection with the acquisition of Anheuser-Busch Companies Inc., the company and Mr. August Busch IV entered into a consulting agreement which became effective as of the closing of the acquisition and will continue until 31 December 2013 substantially on the terms described below. In his role as consultant, Mr. Busch will, at the request of the CEO of the company, provide advice on Anheuser-Busch new products and new business opportunities; review Anheuser-Busch marketing programs; meet with retailers, wholesalers and key advertisers of Anheuser-Busch; attend North American media events; provide advice with respect to Anheuser-Busch's relationship with charitable organisations and the communities in which it operates; and provide advice on the taste, profile, and characteristics of the Anheuser-Busch malt-beverage products.

Under the terms of the consulting agreement, Mr. Busch received a lump sum gross cash payment equal to USD 10 350 000, less any applicable withholding upon termination of his employment relationship with Anheuser-Busch companies Inc. During the consulting period, he will be paid a fee of approximately USD 120 000 per month. In addition, Mr. Busch will be provided with an appropriate office in St. Louis, Missouri, administrative support and certain employee benefits that are materially similar to those provided to full-time salaried employees of Anheuser-Busch. He will also be provided with personal security services through 31 December 2011 (in St. Louis, Missouri) in accordance with Anheuser-Busch's past practices including an income tax gross-up and with complimentary tickets to Anheuser-Busch sponsored events. Mr. Busch will also be eligible for a gross-up payment under Section 280G of the US Internal Revenue Code of 1986, as amended (estimated to be approximately USD 11.1 million) on various change in control payments and benefits to which he is entitled to in connection with the merger. Such Code Section 280G gross-up payments are payments which, after the imposition of certain taxes, will equal the excise tax imposed on such change of control payments and benefits to which Mr. Busch is entitled.

Mr. Busch will be subject to restrictive covenants relating to non-competition and non-solicitation of employees and customers which will be in effect for the consulting period and a confidentiality covenant.

If terminated by reason of a notice given by Mr. Busch , he would no longer be entitled to any rights, payments or benefits under the consulting agreement (with the exception of accrued but unpaid consulting fees, business expense reimbursements, any Code Section 280G gross-up payment, indemnification by the company, and continued office and administrative support for 90 days following termination of the agreement) and the non-compete and non-solicitation restrictive covenants would survive for two years following termination of the consulting agreement (but not beyond 31 December 2013). If terminated by reason of a notice given by the company for any reason other than for 'cause', Mr. Busch IV would continue to have all rights (including the right to payments and benefits) provided for in the consulting agreement and will continue to be bound by the non-compete and non-solicitation restrictive covenants through 31 December 2013.

Executive Remuneration in 2008

The company's Executive remuneration policy, applicable since 2005, has been designed to help drive the high-performance culture at Anheuser-Busch InBev. The goal is to deliver market-leading compensation, driven by both company and individual performance, and ensure alignment with shareholders' interests by encouraging Executive ownership of company shares. Focus is on annual and long-term variable pay, rather than on base salary.

The full Executive remuneration policy of the company is disclosed in its Corporate Governance Statement which is available on the Anheuser-Busch InBev website.

Base salary

In 2008, the CEO earned a fixed salary of 1.02 million euro, while the other members of the Executive Board of Management earned an aggregate base salary of 5.7 million euro.

3 Based on membership on the offer date.

Annual incentive

For 2008, since the targeted global EBITDA organic growth was not achieved, the CEO earned no bonus. The other members of the Executive Board of Management earned an aggregate bonus of 1.85 million euro. The bonus was based on the company performance in 2008 compared to the EBITDA growth, volume growth, market share growth and cost savings targets set for the year 2008 and the performance of the Executives compared to their individual targets. The bonus will be payable in or around April 2009.

In accordance with the Executive remuneration policy of the company, half of the bonus is settled in shares to be held for three years, the shares being valued at their market price at the time of grant. With respect to the other half of their bonus, Executives may elect to receive cash or to invest all or half of the remaining part of their bonus in shares to be held for five years. Such voluntary deferral leads to a company option match, which will be vested after five years, provided that predefined financial targets are met or exceeded. In case the remaining part of the bonus is completely invested in shares, the number of matching options granted will be equal to 4.6 times the number of shares corresponding to the gross amount of the bonus invested. In case the remaining part of the bonus is invested as to 50% in shares, the number of matching options granted will be equal to 2.3 times the number of shares corresponding to the gross amount of the bonus invested.

Shares have the following features:

1. Shares are existing ordinary shares;
2. Shares are entitled to dividends paid as from the date of granting; and
3. Shares are granted at market price at the time of grant. The Board of Directors may nevertheless, at its entire discretion, grant a discount on the market price.

Options have the following features:

1. An exercise price that is equal to the market price of the share at the time of granting;
2. A maximum life of 10 years and an exercise period that starts after five years, subject to financial performance conditions to be met at the end of the third, fourth or fifth year following the granting;
3. Upon exercise, each option entitles the option holder to one share;
4. Upon exercise, the options attract a cash payment equal to the dividends which were declared as from the date of granting of the options; and
5. Specific restrictions or forfeiture provisions apply in case of termination of service.

In total 424 933 shares and 1 043 242 matching options were granted to employees in 2008 (bonus 2007) according to the executive remuneration policy.

The following table sets forth information regarding the number of shares and matching options granted in 2008 (bonus 2007) to the Chief Executive Officer and the other members of the Executive Board of Management. The options become exercisable after five years, subject to financial performance conditions to be met at the end of the third, fourth or fifth year following the granting.

	Anheuser-Busch InBev Shares acquired in 2008	Matching options granted in 2008 (1)	Offer date	Adjusted Exercise price in euro (1)
Carlos Brito – CEO	47 683	229 219	3 March 2008	34.34
Alain Beyens	15 831	0	–	–
Chris Burggraeve	6 549	24 099	3 March 2008	34.34
Sabine Chalmers	11 763	68 790	3 March 2008	34.34
Stéfan Descheemaeker (2)	743	0	–	–
Felipe Dutra	18 312	88 031	3 March 2008	34.34
Claudio Braz Ferro	15 186	73 025	3 March 2008	34.34
Claudio Garcia	16 972	81 589	3 March 2008	34.34
Miguel Patricio	12 892	61 973	3 March 2008	34.34
Jo Van Biesbroeck	8 954	0	–	–
Francisco Sá	1 525	7 337	3 March 2008	34.34
João Castro Neves	–	–	–	–
Luiz Fernando Edmond	–	–	–	–
Bernardo Pinto Paiva	–	–	–	–

1 As a consequence of the Rights Issue that took place in November 2008, the exercise price and the number of the options were adjusted according to the ratio method proposed by Euronext-Liffe in order to compensate for the dilutive effect of the Rights Issue. The adjusted ratio is 0.6252. The adjusted Exercise price of the subscription rights equals the original Exercise price multiplied by the adjustment ratio. The adjusted number of subscription rights mentioned in this table equals the original number of subscription rights divided by the adjustment ratio.

2 Stéfan Descheemaeker left the Executive Board of Management and was appointed as non-executive director on 29 April 2008.

Exchange of share-ownership program

The combination with AmBev provides a unique opportunity to share AmBev's best practices within the Anheuser-Busch InBev group and therefore necessitates from time to time the transfer of certain members of AmBev's senior management to Anheuser-Busch InBev. In order to encourage management mobility and ensure that the interests of these managers are fully aligned with Anheuser-Busch InBev's interest, the Board approved a program that aims at facilitating the exchange by these managers of their AmBev shares into Anheuser-Busch InBev shares. Under the program, the AmBev shares can be exchanged into Anheuser-Busch InBev shares based on the average share price of both the AmBev and the Anheuser-Busch InBev shares on the date the exchange is requested. A discount of 16.66 % is granted in exchange for a 5 year lock-up period for the shares and provided that the manager remains in service during this period.

Under the program, the members of the Executive Board of Management exchanged 531 649 Anheuser-Busch InBev shares in 2008.

Exceptional option grant at closing of the Anheuser-Busch acquisition

The company granted, on 25 November 2008, approximately 28 000 000 options to approximately 40 Executives of Anheuser-Busch InBev, Anheuser-Busch and AmBev. Anheuser-Busch InBev believes that the selected Executives will help implement a successful integration of Anheuser-Busch Companies, Inc. and Anheuser-Busch InBev, which will underpin Anheuser-Busch InBev's ability to quickly deleverage.

The CEO was granted 3 253 358 options and the other members of the Executive Board of Management were granted an aggregate number of 9 326 286 options.

This grant will be subject to the confirmation of the annual shareholders' meeting of Anheuser-Busch InBev in accordance with the principles and provisions of the Belgian Corporate Governance Code.

Each option gives the grantee the right to purchase one existing share. The exercise price of the options is 10,32 euro which corresponds to the fair market value of the shares at the time of granting of the options, as adjusted as a consequence of the Rights Issue that took place in November 2008. The adjustment was made according to the ratio method proposed by Euronext-Liffe in order to compensate for the dilutive effect of the Rights Issue. The adjustment ratio is 0.6252. The adjusted exercise price of the options equals the original exercise price multiplied by the adjustment ratio.

One half of the options have a duration of 10 years as from granting and vest on 1 January 2014. The other half of the options have a duration of 15 years as from granting and vest on 1 January 2019. The exercise of the options is subject, among other things, to the condition that a performance test is met by Anheuser-Busch InBev. This performance test will be met if Anheuser-Busch InBev's net debt/EBITDA ratio falls below 2.5 before 31 December 2013. Except as a result of death of the holder, the stock options may not be transferred.

Other compensation

We also provide Executives with life and medical insurance and perquisites and other benefits that are competitive with market practices.

In addition, the CEO also enjoys the usual expatriate perquisites such as a housing allowance in accordance with local market practice.

Post-employment benefits

Executives also participate in the company's pension plans in either Belgium or their home country. The group operates a number of defined benefit and defined contribution plans in line with market practices.

Carlos Brito participates in a defined contribution plan. The annual contribution that is paid to his plan amounts to approximately 36 000 euro.

Employment agreements and termination arrangements

Carlos Brito was appointed to serve as the Chief Executive Officer starting as of March 1, 2006. Carlos Brito earns an annual base salary of 1.02 million euro. As of 2006, he also participates in the regular Executive compensation programs of the company. In the event of termination of his employment other than on the grounds of serious cause, Carlos Brito is entitled to a termination indemnity of 12 months of remuneration and, provided he is eligible for it, a pro-rated performance bonus for the year of termination.

The termination arrangements for the other members of the Executive Board of Management typically provide for a termination indemnity of 12 months of remuneration and, provided they are eligible for it, a pro-rated performance bonus for the year of termination.

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Registered trademarks

1. **The following brands are registered trademarks of Anheuser-Busch InBev SA/NV or one of its affiliated companies:**

Global brands:
- Budweiser, Stella Artois and Beck's.

Multi-country brands:
- Leffe, Staropramen and Hoegaarden.

Local brands:
- Alexander Keith's, Alexander Keith's Stag's Head Stout , Andes, Andes Red Lager, Antarctica, Apatinsko Pívo, Astika, Bagbier, Baltica, Bass, Baviera Helles/Dortmund/Marzen, Beck's Green Lemon, Beck's Ice, Beck's Vier, Becker, Belle-Vue, Belgian Beer Café, Bergenbier, Boddingtons, Bohemia, Bohemia Oaken, Boomerang, Borostyán, Borsodi Barna, Borsodi Bivaly, Borsodi Póló, Borsodi Sör, Brahma, Brahma Ice, Brahma Light, Brahma Extra Light, Brahma Bock, Brahma Fresh, Braník, Bud Ice, Bud Light, Bud Light Lime, Bud Select, Budweiser American Ale, Budweiser Genuine Draft, Burgasko, Busch, Busch Light, Cafri, Caracu, Cass, Cass Lemon, Chernigivske, Chernigivske non-alcoholic, Diebels Alt, Diebels Light, Diekirch, Dimix, Dommelsch, Double Deer, Ducal, Eiken Artois, Franziskaner, Guaraná Antarctica, Haake-Beck, Harbin, Hasseröder, Hertog Jan, Hertog Jan Weizener, Hoegaarden Citron, Iguana, Jelen Pívo, Jinling, John Labatt Summer Cream Ale, Jupiler Tauro, Kamenitza Lev, Kelt, KK, Klinskoye, Kokanee, Kronenbier, Labatt Blue, Labatt Blue Light, Labatt Ice, Labatt Sterling, Labatt Wildcat, La Bécasse, Lakeport, Leffe Christmas, Leffe Ruby, Loburg, Löwenbräu, Malta Caracas, Měšt'an, Michelob, Michelob Ultra, Michelob Irish Red, Mousel, Natural Light, Nik Cool, Nik Gold, Niksicko Pivo, Niksicko Tamno, Noroc, Norte, Norteña, OB, Ostravar, Ouro Fino, Ožujsko, Paceña, Patricia, Pikur, Pilsen, Pleven, Polar, Premier, Pure Light, Quilmes Chopp, Quilmes Cristal, Quilmes Red Lager, Rolling Rock, Rifey, Rogan, Sedrin Golden, Serramalte, Sibirskaya Korona 'Life', Skol, Slavena, Spaten, St. Pauli Girl, Staropramen Chill, Stella Artois Légère, Stella Artois 4%, T, Taller, Taquiña, Tennent's, Tennent's 1885, Tennent's Super, Tinkoff, Tolstiak, Velvet, Volzhanin, Vratislav, Whitbread, Yantar, Zolotaya Angara, Zulia.

2. **The following brands are registered trademarks:**
- Bucanero, Bucanero Malta, Bucanero Fuerte, (Palma)Cristal, Mayabe: joint-venture with Cerveceria Bucanero SA.
- Corona of Grupo Modelo S.A.B. de C.V.
- Tsingtao of Tsingtao Brewery Co., Ltd.
- Pearl River and Zhujiang of the partnership with Zhujiang Beer Group Company.
- PerfectDraft, co-owned with Koninklijke Philips Electronics NV.

3. **The following brands are registered brands under license:**
- Pepsi, H2OH!, Triple Kola are registered trademarks of Pepsico, Incorporated.
- 7UP is a registered trademark licensed by Seven Up International.
- Castlemaine XXXX is a registered trademark of Castlemaine Perkins Pty Limited.
- Murphy's is a registered trademark of Heineken Ireland Limited.
- Oranjeboom is a registered trademark of United Dutch Breweries BV.

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