

# **NEWBELCO SA/NV**

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## **MERGER BETWEEN ANHEUSER-BUSCH INBEV SA/NV AND NEWBELCO SA/NV**

### **REPORT OF THE BOARD OF DIRECTORS PREPARED IN ACCORDANCE WITH ARTICLE 694 OF THE BELGIAN COMPANIES CODE**

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The board of directors of Newbelco has prepared this Report in connection with the contemplated reverse merger of AB InBev and Newbelco pursuant to which AB InBev will merge into Newbelco, implemented in accordance with the Belgian Companies Code (the *Belgian Merger*). The terms and conditions of the Belgian Merger have been presented in the Merger Terms prepared by the respective boards of directors of AB InBev and Newbelco and attached to this Report as Schedule 1.

Capitalised terms used in this Report shall have the meaning set out in the glossary attached to this Report as Schedule 6.

#### **1. OVERVIEW OF THE TRANSACTION**

##### **1.1 DESCRIPTION OF THE TRANSACTION IN THE MERGER TERMS**

The Belgian Merger is part of the proposed business combination of SABMiller and AB InBev announced on 11 November 2015 by AB InBev and SABMiller.

The Board refers to the following sections of the Merger Terms for a description of:

- the overview of the Transaction (section 1);
- the structure of the Transaction (section 2); and
- the rationale of the Transaction (section 4),

which are deemed to be incorporated in this Report as if they were reproduced herein.

##### **1.2 TIMETABLE AND POSSIBLE EXTENSIONS**

All dates given in this Report as dates on which the relevant steps of the Transaction are intended to take place are indicative. These dates may be changed and, if so, the boards of directors of AB InBev and Newbelco will inform the shareholders of AB InBev and Newbelco accordingly at, or prior to, respectively, the AB InBev General Meeting and the Newbelco General Meeting, without making an amended version of this Report available.

## **2. THE BELGIAN MERGER**

### **2.1 TERMS OF THE BELGIAN MERGER**

#### **2.1.1 Legal nature of the Belgian Merger**

The Belgian Merger constitutes a merger by absorption under articles 693 and following of the Belgian Companies Code, whereby:

- Newbelco will automatically substitute AB InBev in all its rights and obligations and all assets and liabilities of AB InBev will be transferred to Newbelco under universal succession of title; such transfer will relate to all assets and rights held by AB InBev, including any real estate and intellectual rights the transfer of which will be enforceable towards third parties upon completion of the formalities required for the transmission of such rights;
- the AB InBev Shareholders will become shareholders of Newbelco;
- AB InBev ADSs, each representing one AB InBev Share, will instead represent one New Ordinary Share, thereby becoming Newbelco ADSs; and
- AB InBev will cease to exist following its dissolution without liquidation.

#### **2.1.2 Exchange ratio**

In the context of the Belgian Merger, it is proposed that one New Ordinary Share will be issued to the AB InBev Shareholders in exchange for one AB InBev Share, without any cash compensation.

#### **2.1.3 Financial situation of the merging companies**

A description of the assets and liabilities of AB InBev can be found in the consolidated balance sheet of AB InBev as at 31 December 2015, which is attached as [Schedule 2](#) to this Report.

Given the fact that, upon completion of the Capital Increase, Newbelco's sole asset will be its holding in SABMiller, a description of the assets and liabilities of Newbelco at the time of the Belgian Merger can be derived from the consolidated balance sheet of SABMiller as at 31 March 2016, which is attached as [Schedule 3](#) to this Report.

#### **2.1.4 Report by the auditor**

Newbelco has appointed Deloitte Bedrijfsrevisoren BV CVBA – Réviseurs d'Entreprises SC SCRL, represented by Mr Joël Brehmen in its capacity of auditor of Newbelco for the purpose of drafting the report required by article 695 of the Belgian Companies Code.

#### **2.1.5 Capital increase and number of shares resulting from the Belgian Merger**

The Belgian Merger will result in (i) a capital increase of Newbelco by an amount of EUR 1,238,608,344.12 and (ii) the recordation by Newbelco of an amount of EUR 13,186,369,502.01 as issuance premium. Such capital increase shall be made through the issue of 1,608,242,156 New Ordinary Shares to the AB InBev Shareholders, in accordance with the exchange ratio retained for the Belgian Merger.<sup>1</sup>

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<sup>1</sup> The amount of the capital increase and issue premium and the number of shares to be issued by Newbelco as a result of the Belgian Merger are based on the amount of capital and issue premium and the number of shares existing at the level of AB InBev prior to the Belgian Merger.

Taking into account the treasury shares that will be retained by Newbelco, upon Completion, the outstanding share capital of Newbelco will consist of:

- 1,693,242,156 New Ordinary Shares<sup>2</sup>; and
- between 316,999,695 (assuming only Altria and BEVCO elect for the Partial Share Alternative) and 326,000,000 Restricted Newbelco Shares.

Further details relating to the level of the share capital and issue premium account of Newbelco after completion of the Belgian Merger (taking into account the reduction of the share capital and issue premium account which will take place upon Completion with a view to creating reserves in Newbelco) are provided in section 2.3.1.2.

## **2.2 BELGIAN MERGER PROCEDURE**

### **2.2.1 Conditions precedent**

The Transaction is subject to several pre-conditions and conditions that are described in detail in the Rule 2.7 Announcement. Such pre-conditions and conditions include amongst others:

- the obtaining of regulatory approvals from applicable antitrust or competition law authorities in the European Union, the United States, China, South Africa and other relevant jurisdictions; and
- the approval of the relevant aspects of the Transaction by the AB InBev Shareholders, the Newbelco Shareholders and the SABMiller Shareholders.

As at the date of this Report, the Transaction has already been approved by a number of antitrust or competition law authorities, including the European Commission, the US Federal Trade Commission, the Ministry of Commerce of the People's Republic of China and the Competition Tribunal of South Africa and the Financial Surveillance Department of the South African Reserve Bank. Accordingly, AB InBev confirmed on 29 July 2016 that all pre-conditions of the Transaction have been satisfied.

The AB InBev General Meeting, the Newbelco General Meeting and the SABMiller General Meeting are expected to be held on or around 28 September 2016 to vote on the aspects of the Transaction requiring shareholders' approval.

As described in the Merger Terms, the Transaction will be implemented by way of a three stage process involving (i) the UK Scheme, a UK scheme of arrangement under Part 26 of the UK Companies Act 2006 between SABMiller and its shareholders through which Newbelco will acquire the entire share capital of SABMiller, (ii) the Belgian Offer, a Belgian law voluntary cash takeover offer by AB InBev for all of the shares of Newbelco and (iii) the Belgian Merger, a merger of AB InBev into Newbelco pursuant to which the AB InBev Shareholders will become Newbelco Shareholders and Newbelco will be the surviving entity. Each of the Belgian Offer and the Belgian Merger is conditional on completion of the preceding step of the Transaction.

The Board refers to section 3 of the Merger Terms for a description of the outstanding conditions of the UK Scheme and the Belgian Offer.

The Belgian Merger is conditional on:

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<sup>2</sup> This number of shares results from the sum of (i) the 1,608,242,156 New Ordinary Shares that will be issued to the AB InBev Shareholders and (ii) the 85,000,000 New Ordinary Shares which will be retained by Newbelco upon Completion.

- the AB InBev Resolutions being passed by the requisite majority of AB InBev Shareholders at the AB InBev General Meeting;
- the Newbelco Resolutions being passed by the requisite majority of Newbelco Shareholders at the Newbelco General Meeting;
- the Belgian Offer completing in accordance with its terms;
- the Initial Newbelco Shares tendered in the Belgian Offer being transferred to AB InBev no later than the day before the date of passing of the Final Notarial Deed; and
- the passing of the Final Notarial Deed.

Sections 2.2.2 to 2.2.5 of this Report describe the conditions precedent to the Belgian Merger in more detail.

### **2.2.2 AB InBev Resolutions**

The Belgian Merger is conditional upon the AB InBev Resolutions being passed at the AB InBev General Meeting. The AB InBev Resolutions include the approval of the acquisition of the Initial Newbelco Shares pursuant to the Belgian Offer and the approval of the Belgian Merger.

Pursuant to article 23 of the articles of association of AB InBev, the acquisition of the Initial Newbelco Shares pursuant to the Belgian Offer requires the approval of the AB InBev Shareholders with a positive vote of 75% of the AB InBev Shares attending or represented at the AB InBev General Meeting, regardless of the number of AB InBev Shares attending.

Pursuant to article 699 of the Belgian Companies Code, the Belgian Merger requires the approval of the AB InBev Shareholders by a majority of 75% of the votes cast and the AB InBev Shareholders present at the meeting must represent at least 50% of AB InBev's share capital.

AB InBev and SABMiller have received irrevocable undertakings from the AB InBev Reference Shareholder, EPS and BRC, who collectively held approximately 51.68% of the voting rights attached to AB InBev's shares outstanding as at 31 July 2016, to vote in favour of such resolutions of AB InBev as are necessary to approve the Belgian Offer and the Belgian Merger at the AB InBev General Meeting.

AB InBev has agreed to pay or procure the payment to SABMiller of a break payment amounting to USD 3 billion if, amongst others, the AB InBev Resolutions are not passed at the AB InBev General Meeting, unless the Co-operation Agreement has already been terminated in accordance with its terms.

The AB InBev General Meeting is scheduled to take place on or around 28 September 2016.

### **2.2.3 Newbelco Resolutions**

The Belgian Merger is also conditional upon the Newbelco Resolutions being passed at the Newbelco General Meeting. The Newbelco Resolutions include the approval of the Capital Increase, the Belgian Merger, the adoption of new articles of association of Newbelco and the cancellation of the Incorporation Shares.

Pursuant to articles 699 (with respect to the Belgian Merger), 581 (with respect to the Capital Increase), 558 (with respect to the adoption of new articles of association of Newbelco) and 612 (with respect to the cancellation of the Incorporation Shares) of the Belgian Companies Code, such resolutions require the approval of Newbelco Shareholders by a majority of 75% of the votes cast and

the Newbelco Shareholders present at the meeting must represent at least 50% of Newbelco's share capital.

The Newbelco General Meeting is scheduled to take place on or around 28 September 2016.

#### **2.2.4 Closing of the Belgian Offer and transfer of the Initial Newbelco Shares**

The Belgian Merger is furthermore conditional on (i) the Belgian Offer being closed in accordance with its terms and (ii) the Initial Newbelco Shares tendered in the Belgian Offer being transferred to AB InBev no later than the day before the date of passing of the Final Notarial Deed.

It is intended that the Belgian Offer will open and close on the day following the date on which the Capital Increase occurs, i.e. on or around 7 October 2016. The transfer of the Initial Newbelco Shares tendered to AB InBev will take place by recordation in the share register of Newbelco promptly after the Belgian Offer has closed.

#### **2.2.5 Final Notarial Deed**

The Belgian Merger will take effect on the date on which the designated notary in Belgium competent to scrutinise the legality of the Belgian Merger (i) shall have received confirmation that all conditions to which the Belgian Merger is subject (except the passing of the Final Notarial Deed) have been satisfied or waived (as applicable) and (ii) further to the receipt of such confirmation, shall have certified that the Belgian Merger is completed by passing the Final Notarial Deed.

Based on the timetable contemplated at the date of this Report, the date intended for the passing of the Final Notarial Deed is on or around 10 October 2016.

### **2.3 EXCHANGE RATIO**

#### **2.3.1 Share capital of the merging companies**

##### **2.3.1.1 AB InBev**

As at the date of this Report, the share capital of AB InBev amounts to EUR 1,238,608,344.12 and the issue premium of AB InBev amounts to EUR 13,186,369,502.01.

The share capital is divided into 1,608,242,156 shares without nominal value held in registered or dematerialised form. All the shares are freely transferable and fully paid up. AB InBev has only one class of shares.

##### **2.3.1.2 Newbelco**

###### **(a) Current share capital**

As at the date of this Report, the share capital of Newbelco amounts to EUR 61,500 and is divided into 6,150,000 shares without nominal value held in registered form. All the shares are freely transferable and fully paid up.

###### **(b) Share capital following the UK Scheme and the Capital Increase**

Upon completion of the Capital Increase, the following steps will take place simultaneously:

- (i) the share capital of Newbelco will be increased by an amount in euro equal to GBP 7,540,000,000, and an issue premium will be recorded by Newbelco for an amount in

euro equal to GBP 67,860,000,000, each such amount to be multiplied by the GBP-EUR Reference Rate;<sup>3</sup>

- (ii) 165,640,400,700 Initial Newbelco Shares<sup>4</sup> will be issued to the UK Scheme Shareholders, each UK Scheme Shareholder receiving 100 Initial Newbelco Shares in respect of each UK Scheme Share; and
- (iii) the Incorporation Shares will be cancelled and the share capital of Newbelco decreased by EUR 61,500.

Following the Capital Increase and the cancellation of the Incorporation Shares, the UK Scheme Shareholders will be the only shareholders in Newbelco and own all outstanding shares of Newbelco.

(c) Share capital following the completion of the Belgian Offer

After completion of the Capital Increase, AB InBev will launch the Belgian Offer whereby it will offer to purchase all Initial Newbelco Shares held by the UK Scheme Shareholders. Upon completion of the Belgian Offer, AB InBev will own between 105,254,387,968 and 106,921,542,922 Initial Newbelco Shares, depending on the number of UK Scheme Shareholders having validly elected for the Partial Share Alternative.<sup>5</sup>

Upon the passing of the notarial deed acknowledging the completion of the Belgian Offer, pursuant to the Reclassification and Consolidation, the Initial Newbelco Shares will be reclassified and consolidated as follows:

- (i) all Initial Newbelco Shares retained by the UK Scheme Shareholders who validly elected (or are deemed to have elected) for the Partial Share Alternative will be reclassified and consolidated into Restricted Newbelco Shares on the basis of a ratio of one Restricted Newbelco Share for every 185.233168056448 Initial Newbelco Shares retained (and the number of Restricted Newbelco Shares resulting from such reclassification and consolidation will be rounded down to the nearest whole number);
- (ii) as a result, the UK Scheme Shareholders who validly elected (or are deemed to have elected) for the Partial Share Alternative will hold between 316,999,695 and 326,000,000 outstanding Restricted Newbelco Shares, depending on the number of UK Scheme Shareholders who elect for the Partial Share Alternative;

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<sup>3</sup> The amounts mentioned in this paragraph for the capital increase and the issue premium assume that, prior to or at the UK Scheme Record Time, there are 1,656,404,007 UK Scheme Shares in issue. This number of UK Scheme Shares is calculated on the basis of (i) SABMiller's issued share capital as at the close of business on 31 July 2016 of 1,623,481,308 (excluding 57,769,932 treasury shares); and (ii) 43,987,236 SABMiller Shares which may be issued on or after 1 August 2016 on the exercise of options or vesting of awards under the SABMiller share plans (excluding 50,645 cash settled options and stock appreciation rights), netted off against 11,064,537 SABMiller Shares held in SABMiller's Employee Benefit Trust as at the close of business on 31 July 2016. If the shares held by SABMiller's Employee Benefit Trust are not used to settle the outstanding options, an additional 11,064,537 SABMiller shares will need to be issued (or transferred out of treasury).

The amounts of the capital increase and issue premium will remain at the same level even if the number of SABMiller Shares outstanding as at the UK Scheme Record Time exceeds 1,656,404,007, provided however that such amounts will be increased if the number of SABMiller Shares outstanding as at the UK Scheme Record Time was higher than 1,666,000,000.

<sup>4</sup> This assumes that, prior to or at the UK Scheme Record Time, there are 1,656,404,007 UK Scheme Shares in issue which will be contributed to Newbelco in exchange for 100 Initial Newbelco Shares for each UK Scheme Share. See footnote 3 for the calculation of the number of 1,656,404,007 UK Scheme Shares.

<sup>5</sup> The range of 105,254,387,968 to 106,921,542,922 Initial Newbelco Shares assumes that, prior to or at the UK Scheme Record Time, there are 1,656,404,007 UK Scheme Shares in issue. See footnote 3 for the calculation of the number of 1,656,404,007 UK Scheme Shares.

- (iii) all Initial Newbelco Shares acquired by AB InBev pursuant to the Belgian Offer will be consolidated into New Ordinary Shares on the same ratio, a basis of one New Ordinary Share for every 185.233168056448 Initial Newbelco Shares held by AB InBev (and the number of New Ordinary Shares resulting from such consolidation will be rounded down to the nearest whole number); and
- (iv) as a result, AB InBev will hold between 568,226,463 and 577,226,767 New Ordinary Shares, depending on the number of UK Scheme Shareholders who elect for the Partial Share Alternative.<sup>6</sup>
- (d) Share capital, issue premium and reserves following completion of the Belgian Merger

The Belgian Merger will result in (i) a capital increase of Newbelco by an amount of EUR 1,238,608,344.12 and (ii) the recordation by Newbelco of an amount of EUR 13,186,369,502.01 as issuance premium. Such capital increase shall be made through the issue of 1,608,242,156 New Ordinary Shares to the AB InBev Shareholders.

At the same time, Newbelco's share capital and issue premium account will be reduced through the following steps decided on by the Newbelco General Meeting in the notarial deed approving the Belgian Merger, each such step to become effective simultaneously with the Belgian Merger upon Completion:

- (i) as a consequence of the Belgian Merger, Newbelco will have acquired all New Ordinary Shares held by AB InBev further to the Belgian Offer; a non-distributable reserve will be created to account for the value of all such New Ordinary Shares, in accordance with article 623, 1<sup>st</sup> indent of the Belgian Companies Code, through the reduction of Newbelco's issue premium account; the amount of the reduction of the issue premium account and the corresponding amount of the non-distributable reserve to be created will be equal to an amount in euro ranging between GBP 47,364,474,585.60 and GBP 48,114,694,314.90<sup>7</sup>, depending on the number of UK Scheme Shareholders who elect for the Partial Share Alternative;
- (ii) all such New Ordinary Shares will then be cancelled, except for 85,000,000 of such New Ordinary Shares which will be held as treasury shares by Newbelco after Completion; the cancellation of all such New Ordinary Shares except the 85,000,000 shares to be held in treasury will be imputed on the non-distributable reserve that will have been created for that purpose as set out in subparagraph (i) above, for an amount in euro ranging between GBP 40,279,305,903.87 and GBP 41,029,525,624.57<sup>8</sup>, depending on the number of UK Scheme Shareholders who elect for the Partial Share Alternative; and
- (iii) with a view to creating a distributable reserve,
  - Newbelco's share capital will be reduced by an amount in euro equal to GBP 7,540,000,000; and

<sup>6</sup> The shareholding figures included in this paragraph assume that, prior to or at the UK Scheme Record Time, there are 1,656,404,007 UK Scheme Shares in issue. See footnote 3 for the calculation of the number of 1,656,404,007 UK Scheme Shares.

<sup>7</sup> The range of GBP 47,364,474,585.60 to GBP 48,114,694,314.90 assumes AB InBev will own between 105,254,387,968 and 106,921,542,922 Initial Newbelco Shares and as a result between 568,226,463 and 577,226,767 New Ordinary Shares upon completion of the Belgian Offer. See also footnote 5.

<sup>8</sup> The range of GBP 40,279,305,903.87 and GBP 41,029,525,624.57, assumes AB InBev will own between 105,254,387,968 and 106,921,542,922 Initial Newbelco Shares and as a result between 568,226,463 and 577,226,767 New Ordinary Shares upon completion of the Belgian Offer. See also footnote 5.

- Newbelco's issue premium will be further reduced by an amount in euro ranging between GBP 19,745,305,685.10 and GBP 20,495,525,414.40<sup>9</sup>, depending on the number of UK Scheme Shareholders who elect for the Partial Share Alternative.

In each of the cases referred to in subparagraphs (i) to (iii) above, the amounts in GBP shall be converted in euro by multiplying such amounts by the GBP-EUR Reference Rate.

The decisions to reduce Newbelco's share capital and issue premium account referred to in subparagraphs (i) and (iii) above will be taken by the Newbelco General Meeting in accordance with article 612 of the Belgian Companies Code and the decision to reduce Newbelco's share capital and issue premium account referred to in subparagraph (iii) above will be taken by the Newbelco General Meeting in accordance with article 613 of the Belgian Companies Code.

As a result of the above steps, upon Completion, Newbelco's share capital and issue premium will be equal to the AB InBev's current share capital and issue premium, i.e. respectively EUR 1,238,608,344.12 and EUR 13,186,369,502.01. The share capital will be represented by 1,693,242,156 outstanding New Ordinary Shares and between 316,999,695 and 326,000,000 outstanding Restricted Newbelco Shares, depending on the number of UK Scheme Shareholders who elect for the Partial Share Alternative.

(e) Rights and form of the Newbelco Shares

Restricted Newbelco Shares will have the same rights as New Ordinary Shares except as set out in the articles of association of Newbelco. Restricted Newbelco Shares will be held in registered form only and will be unlisted, not admitted to trading on any stock exchange, not capable of being deposited in an ADR programme and will be subject to, among other things, restrictions on transfer until converted into New Ordinary Shares. The Restricted Newbelco Shares will be convertible at the election of the holder into New Ordinary Shares on a one-for-one basis with effect from the fifth anniversary of Completion. Restricted Newbelco Shares will be convertible earlier in certain specific limited circumstances. From Completion, such Restricted Newbelco Shares will rank equally with the New Ordinary Shares as regards dividends and voting rights.

### **2.3.2 Valuation of AB InBev and Newbelco and exchange ratio**

On the basis of the valuation methods described in Schedule 4 applied to the respective value of AB InBev Pre-Merger, Newbelco Pre-Merger and Newbelco Post-Merger, the boards of directors of AB InBev and Newbelco propose that one New Ordinary Share will be issued to the AB InBev Shareholders in exchange for one AB InBev Pre-Merger Share, without any cash compensation.

In order to support the proposed exchange ratio of one New Ordinary Share against one AB InBev Pre-Merger Share, the boards of directors of AB InBev and Newbelco have considered the consequences of the Belgian Merger for both the AB InBev Shareholders and the Newbelco Shareholders.

Based on the range of exchange ratios obtained using the methods set out in Schedule 4, the boards of directors of AB InBev and Newbelco consider that an exchange ratio of one Newbelco Share for one AB InBev Pre-Merger Share is reasonable.

### **2.3.3 Difficulties in determining the value of the merging companies and the exchange ratio**

No particular difficulties were encountered in the valuation of the merging companies or in determining the exchange ratio.

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<sup>9</sup> The range of GBP 19,745,305,685.10 to GBP 20,495,525,414.40 assumes the issue premium of GBP 67,860,000,000 upon Capital Increase is reduced by GBP 47,364,474,585.60 to GBP 48,114,694,314.90 upon merger per (i) above per the assumptions of footnote 7.



### **3. CONSEQUENCES OF THE BELGIAN MERGER**

#### **3.1 LEGAL CONSEQUENCES FOR AB INBEV AND NEWBELCO**

From the date the Belgian Merger is completed, the legal consequences as set out in article 682 of the Belgian Companies Code will apply. AB InBev will automatically be substituted for by Newbelco in all its rights and obligations. Upon being dissolved and without going into liquidation, all of AB InBev's assets and liabilities and all of its rights and obligations will transfer to Newbelco, including any real estate and intellectual rights the transfer of which will be enforceable towards third parties upon completion of the formalities required for the transmission of such rights.

As a consequence of the Belgian Merger, AB InBev will cease to exist.

In accordance with the Merger Terms, the Belgian Merger shall not have any retroactive effect for accounting purposes and shall be effective only as from the date of the Final Notarial Deed.

#### **3.2 LEGAL CONSEQUENCES FOR THE NEWBELCO SHAREHOLDERS**

After completion of the Belgian Offer and before Completion, all shares of Newbelco will be held by those UK Scheme Shareholders who elected for the Partial Share Alternative (between 35.45% and 36.46% of Newbelco's total share capital) and by AB InBev who will have acquired all other Initial Newbelco Shares in the Belgian Offer (between 63.54% and 64.55% of Newbelco's total share capital), depending on the number of UK Scheme Shareholders having validly elected for the Partial Share Alternative.

As a result of the Belgian Merger, all AB InBev Shareholders will receive one New Ordinary Share for each AB InBev Share they hold. Consequently, upon completion of the Belgian Merger, the share capital of Newbelco will be held by the UK Scheme Shareholders who elected for the Partial Share Alternative (between 16.47% and 16.86% of the share capital) and the AB InBev Shareholders (between 83.14% and 83.53% of the share capital), depending on the number of UK Scheme Shareholders having validly elected for the Partial Share Alternative.<sup>10</sup>

Prior to the Belgian Merger, the Initial Newbelco Shares held by the UK Scheme Shareholders will be reclassified and consolidated into Restricted Newbelco Shares, as further explained in section 2.3.1.2 of this Report. Restricted Newbelco Shares will be held in registered form only and will be unlisted, not admitted to trading on any stock exchange, not capable of being deposited in an ADR programme and will be subject to, among other things, restrictions on transfer until converted into New Ordinary Shares. The Restricted Newbelco Shares will be convertible at the election of the holder into New Ordinary Shares on a one-for-one basis with effect from the fifth anniversary of Completion. Restricted Newbelco Shares will be convertible earlier in certain specific limited circumstances. From Completion, such Restricted Newbelco Shares will rank equally with the New Ordinary Shares as regards dividends and voting rights.

The holders of Restricted Newbelco Shares will be entitled, in the same way as the former AB InBev Shareholders, to participate in the profits of Newbelco for each financial year, including the year ending on 31 December 2016.

#### **3.3 CONSEQUENCES FOR THE EMPLOYEES OF NEWBELCO**

Newbelco does not have any employees.

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<sup>10</sup> These percentages exclude the treasury shares that will be retained by Newbelco upon Completion.

### **3.4 CONSEQUENCES FOR THE CREDITORS OF THE MERGING COMPANIES**

Upon the Belgian Merger taking effect, the creditors of AB InBev will, as a result of the universal transfer of title, become direct creditors of Newbelco.

Pursuant to article 684 of the Belgian Companies Code, creditors of AB InBev and creditors of Newbelco can request additional security in relation to outstanding claims that existed prior to the publication in the Annexes to the Belgian State Gazette of the deed establishing completion of the Belgian Merger but have not yet matured or are subject to litigation or arbitration. Such additional securities may be requested within two months from such publication in the Belgian State Gazette.

Newbelco can set aside any request by settling the claim at its fair value after deduction of a discount. In the absence of an agreement or if the creditors remain unpaid, the request is referred to the president of the commercial court in the judicial district of the debtor's registered office who will determine if a security is to be provided and the time limit within which such security must be set as the case may be. If the security is not provided within the set timeframe, the claim shall immediately become due and payable.

### **3.5 SYNERGIES AND CREATION OF SHAREHOLDER'S VALUE AS A RESULT OF THE TRANSACTION**

AB InBev believes that the Combined Group will generate attractive synergies and create additional shareholder value. The constituent elements of synergies, which are expected to originate from the cost bases of both the AB InBev Group and the SABMiller Group and are in addition to savings initiatives already underway at the SABMiller Group, will comprise:

- procurement and engineering savings expected to be generated from third party cost efficiencies as a result of economies of scale through combined sourcing of raw materials and packaging and re-engineering of associated processes across the Combined Group's cost base;
- brewery and distribution efficiency gains expected to be generated from the alignment of brewery, bottling and shipping productivity including: reduced water, energy usage, and extract losses, as well as optimisation of other brewery and distribution processes across geographies;
- sharing best practices relating to cost management, efficiency improvements and productivity enhancements across the Combined Group's administrative operations; and
- administrative costs savings expected to be generated from the realignment of corporate headquarters and overlapping regional headquarters across the Combined Group.

AB InBev also believes that significant further value could be created through the utilisation of the combined global distribution network in order to expand brand portfolio sales worldwide and by leveraging the innovation successes of both the AB InBev Group and the SABMiller Group.

## **4. GOVERNANCE OF NEWBELCO UPON COMPLETION OF THE TRANSACTION**

Pursuant to the Newbelco Resolutions and with effect from completion of the Belgian Offer, new articles of association of Newbelco will be adopted and a new governance structure will be put in place. Amongst others, the principles set out below will apply. For more detail, please refer to the draft articles of association of Newbelco that will be available on the website of AB InBev in due course.

### **4.1 CORPORATE PURPOSE**

The corporate purpose of Newbelco reads as follows:

*“The company’s corporate purpose is:*

- a) to produce and deal in all kinds of beers, drinks, foodstuffs and ancillary products, process and deal in all by-products and accessories, of whatsoever origin or form, of its industry and trade, and to design, construct or produce part or all of the facilities for the manufacture of the aforementioned products;*
- b) to purchase, construct, convert, sell, let and sublet, lease, license and operate in any form whatsoever all real property and real property rights and all businesses, movable property and movable property rights connected with its activities;*
- c) to acquire and manage participating interests and shares in companies or undertakings having a corporate purpose similar or related to, or likely to promote the attainment of, any of the foregoing corporate purposes, and in financial companies; to finance such companies or undertakings by means of loans, guarantees or in any other manner whatsoever; and to take part in the management of the aforesaid companies through membership of its board of directors or the like governing body; and*
- d) to carry out all administrative, technical, commercial and financial work and studies for the account of undertakings in which it holds an interest or on behalf of third parties.*

*It may, within the scope of its corporate purpose, engage in all civil, commercial, industrial and financial transactions either within or outside Belgium.*

*It may take interests by way of asset contribution, merger, subscription, equity investment, financial support or otherwise in all undertakings, companies or associations having a corporate purpose similar or related to or likely to promote the furtherance of its corporate purpose.”*

Such corporate purpose will remain unchanged after the Belgian Merger.

## **4.2 CATEGORIES OF NEWBELCO SHARES**

The capital of Newbelco will be divided in two categories of Newbelco Shares: New Ordinary Shares and Restricted Newbelco Shares.

## **4.3 TRANSFER AND CONVERSION OF NEWBELCO SHARES**

### **4.3.1 New Ordinary Shares**

New Ordinary Shares will be freely transferable.

### **4.3.2 Restricted Newbelco Shares – Transfer**

No Restricted Newbelco Shareholder will be able, in each case directly or indirectly, to transfer, sell, contribute, offer, grant any option on, otherwise dispose of, pledge, charge, assign, mortgage, grant any lien or any security interest on, enter into any certification or depository arrangement or enter into any form of hedging arrangement with respect to, any of its Restricted Newbelco Shares or any interests therein or any rights relating thereto, or enter into any contract or other agreement to do any of the foregoing, for a period of five years from Completion, save as provided in this section 4.3.2.

As an exception to this rule, any Restricted Newbelco Shareholder may, in each case directly or indirectly, transfer, sell, contribute, offer, grant any option on, otherwise dispose of, pledge, charge, assign, mortgage, grant a lien or any security interest on, or enter into any form of hedging arrangement with respect to, its Restricted Newbelco Shares or any interests therein or any rights relating thereto, or enter into any contract or other agreement to do any of the foregoing, to or for the benefit of any person that is an Affiliate, a Successor and/or a Successor’s Affiliate, provided that if

any such transferee ceases to be a member of the Restricted Shareholder Group (as defined in the Newbelco Articles) of the Restricted Newbelco Shareholder that initially made the transfer (or of its Successor), all such Restricted Newbelco Shares which such transferee owns or in which it holds an interest shall be automatically transferred to such Restricted Newbelco Shareholder (or to a person which, at the time of such transfer, is its Affiliate or its Successor) and shall therefore remain Restricted Newbelco Shares.

#### **4.3.3 Restricted Newbelco Shares – Conversion**

Each Restricted Newbelco Shareholder will have the right to convert all or part of its holding of Restricted Newbelco Shares into New Ordinary Shares at its election (i) at any time after the fifth anniversary of Completion, and (ii) in some limited other instances, including immediately prior to or at any time after entering into an agreement or arrangement to effect any permitted transfer, as set out in section 4.3.4 below.

The Restricted Newbelco Shares shall automatically convert into New Ordinary Shares (i) upon any transfer, sale, contribution or other disposal, except in the case of permitted transfers as set out in section 4.3.4 below, provided that, in such cases, the Restricted Newbelco Shares shall automatically be converted into New Ordinary Shares upon any subsequent transfer, sale, contribution or disposal to any party which is not an Affiliate, a Successor or a Successor's Affiliate of the Restricted Newbelco Shareholder (ii) immediately prior to the closing of a successful public takeover bid for all Newbelco Shares or the completion of a merger of Newbelco as acquiring or disappearing company, in circumstances where the shareholders directly or indirectly, controlling or exercising directly or indirectly joint control over Newbelco immediately prior to such takeover bid or merger will not directly or indirectly control, or exercise joint control over, Newbelco or the surviving entity following such takeover bid or merger, or (iii) upon the announcement of a squeeze-out bid for the outstanding Newbelco Shares, in accordance with article 513 of the Companies Code.

In the event that all the shares in Newbelco are acquired by a company which the shareholders of Newbelco, immediately prior to such acquisition, control or exercise joint control over, Restricted Newbelco Shareholders shall be treated in an equivalent manner to holders of New Ordinary Shares, save that there shall be equivalent differences between the rights and restrictions attaching to the shares to be issued to holders of the New Ordinary Shares and the shares to be issued to holders of Restricted Newbelco Shares to reflect the differences in rights and restrictions between the New Ordinary Shares and the Restricted Newbelco Shares.

Upon conversion, each Restricted Newbelco Share will be re-classified as one New Ordinary Share.

If at any time the New Ordinary Shares shall be changed into a different number of Newbelco Shares or a different class of Newbelco Shares by reason of any share dividend, subdivision, reorganisation, reclassification, recapitalisation, stock split, reverse stock split, combination or exchange of shares, or any similar event shall have occurred, there will be an equivalent share dividend, subdivision, reorganisation, reclassification, recapitalisation, stock split, reverse stock split, combination or exchange of shares or similar event with respect to the Restricted Newbelco Shares (such shares being *Revised Restricted Newbelco Shares*), provided that (i) nothing shall be deemed to permit Newbelco (including the Newbelco Board) to take any action with respect to its share capital that is otherwise prohibited by the Newbelco Articles, and (ii) if any such event would otherwise cause any Restricted Newbelco Shareholder to cease to hold at least one Revised Restricted Newbelco Share (by virtue of its entitlement, following such event, being to a fraction of less than one Revised Restricted Newbelco Share) its entitlement shall be rounded up to one Revised Restricted Newbelco Share.

#### **4.3.4 Restricted Newbelco Shares – Pledge**

Notwithstanding any restrictions on transfer in the Newbelco Articles or any provision herein to the contrary, any Restricted Newbelco Shareholder will be able:

- (a) with the prior written consent granted by the Newbelco Board (a "Pledge Consent"), to pledge, charge, assign, mortgage, or otherwise grant a lien over or grant any security interest

on its Restricted Newbelco Shares or any interests therein and any rights relating thereto as security (in each case, a *Pledge*) in respect of any bona fide loans, credit facilities, notes, surety bonds (or other arrangements to secure a stay of execution on or the satisfaction of a judgment or order), letters of credit or any similar extensions of credit to such Restricted Newbelco Shareholder or any of its Affiliates, hedging, derivative or other financing transactions to which such Restricted Newbelco Shareholder or any of its Affiliates is a party or, in each case, in respect of which such Restricted Newbelco Shareholder or any of its Affiliates is a guarantor or security provider, or a guaranty of any of the foregoing;

- (b) to transfer, sell, contribute, offer, grant any option on, or otherwise dispose of, in each case directly or indirectly, or enter into any contract or other agreement to do any of the foregoing in respect of all or part of (or any interest in) its holding of Restricted Newbelco Shares that are the subject of a Pledge (to which a Pledge Consent has been given):
  - (i) to, or as directed by or with the written consent of, the relevant pledgee, chargee, assignee, mortgagee, or other security interest holder (a *Pledgee*) or to, or as directed by or with the written consent of, a receiver, administrator or other similar official appointed in connection with an enforcement of a Pledge (a "Receiver"), simultaneously with, or at any time after, such Restricted Newbelco Shareholder, Pledgee or Receiver notifying Newbelco that such Pledgee or Receiver has enforced or commenced enforcement action with respect to such Pledge; or
  - (ii) to the extent the Restricted Newbelco Shareholder determines in good faith that such transfer is the only commercially reasonable alternative available to prevent an imminent enforcement by a Pledgee or a Receiver in respect of such Restricted Newbelco Shares (and the proceeds of the transfer are used to satisfy the underlying obligation secured by the Pledge) and has given written notice to the Newbelco Board in which the Restricted Newbelco Shareholder confirms that it has determined in good faith that such transfer is the only commercially reasonable alternative available to prevent an imminent enforcement by the relevant Pledgee or Receiver in respect of such Restricted Newbelco Shares.

Save where a Pledge Consent has previously been given (which is the case for the consent letters entered into by AB InBev with Altria and BEVCO on 11 November 2015 which constitute Pledge Consents), the Newbelco Board shall have absolute discretion as to whether to grant a Pledge Consent. The Newbelco Board shall adopt shortly after Completion a pledging policy that will set out the circumstances in which the Board of Directors will grant a Pledge Consent. Such pledging policy can be amended by the Newbelco Board from time to time.

The pledging policy to be adopted by the Newbelco Board (a copy of which is available on AB InBev's website) provides that the Newbelco Board will grant such a Pledge Consent if a Restricted Newbelco Shareholder provides to Newbelco (i) a request for a Pledge Consent containing certain specified information in relation to any proposed Pledge, and (ii) certain specified representations and warranties, including, amongst others, that the Pledge and the underlying arrangements which it secures are bona fide and are not being entered in order (whether in whole or in part) to circumvent the restrictions on transfer of the Restricted Newbelco Shares. The pledging policy available on AB InBev's website provides further details of the process for requesting a Pledge Consent, including the information and representations and warranties to be provided, as well as a copy of a Pledge Consent request form.

In the event that Restricted Newbelco Shares are converted (whether at the option of its holder after 10 October 2021 or in the other instances provided for in the Newbelco Articles), provided that the conditions set out in the Newbelco Articles are met, Newbelco will record the conversion of the Restricted Newbelco Shares into New Ordinary Shares and, if relevant, the transfer of the New Ordinary Shares resulting from the conversion of the Restricted Newbelco Shares, in Newbelco's share register on the same Business Day (if the notice relating to this conversion or transfer is received by Newbelco before 1.00 p.m. Brussels time) or the next Business Day (if the notice

relating to this conversion or transfer is received by Newbelco after 1.00 p.m. Brussels time or on a day that is not a Business Day).

From the time of conversion, the New Ordinary Shares will be freely and unconditionally transferable by (or as directed by) the Restricted Newbelco Shareholder or Restricted Transferee or any transferee or transferees of such shares, free of any lock-up or other restriction.

On the same day as the recordation of the conversion, Newbelco will send to Euronext Brussels a request for admission to listing of such New Ordinary Shares and take all such steps that are within Newbelco's control to ensure that admission to listing occurs promptly thereafter. Neither the Restricted Newbelco Shareholder, the Restricted Transferee nor any other transferee shall be liable for any cost or expense of Newbelco or its registrar in connection with such conversion or transfer and Newbelco shall not be liable for any delay in conversion or transfer or admission to listing provided it complies with this paragraph.

#### **4.4 MANAGEMENT STRUCTURE**

The management structure of Newbelco will be a "one-tier" governance structure comprised of the Newbelco Board. The Newbelco Board will be in charge of approving the company's strategy, overseeing the company's principal objectives, and assuming ultimate responsibility for the oversight of the company's activities. The executive management will be entrusted with the CEO who will be assisted by the Newbelco EBM and be responsible for the day-to-day management. The Newbelco Board will be assisted by four committees: the Audit Committee, the Finance Committee, the Remuneration Committee, and the Nomination Committee.

##### **4.4.1 The Newbelco Board**

###### **4.4.1.1 Composition of the Newbelco Board**

Pursuant to article 19.1 of the Newbelco Articles, Newbelco will be managed by a board of directors comprising a minimum of three and a maximum of fifteen directors. The appointment and renewal of all directors will be subject to approval by Newbelco's shareholders' meeting. Pursuant to the Newbelco Articles, the directors may be natural persons or legal entities who may but need not be shareholders and are appointed by the shareholders' meeting and are dismissible by it at any time. The corporate governance charter of Newbelco will provide that members of the Newbelco Board will be expected to be natural persons.

Except in cases of resignation, dismissal, revocation or other vacancy, it is expected that the Newbelco Board will be comprised of fifteen directors. When comprising fifteen directors, the Newbelco Board will be composed as follows:

- three independent directors will be appointed by the shareholders' meeting of Newbelco upon proposal by the Newbelco Board; and
- so long as the AB InBev Reference Shareholder and/or any of its Affiliates, any of their respective Successors or Successors' Affiliates own in aggregate more than 30% of the shares with voting rights in the share capital of Newbelco, nine directors will be appointed by the shareholders' meeting of Newbelco upon proposal by the AB InBev Reference Shareholder (and/or any of its Affiliates, any of their respective Successors or Successors' Affiliates); and
- so long as the holders of Restricted Newbelco Shares together with their Affiliates and/or any of their Successors and/or Successor's Affiliates, own in aggregate:
  - o more than 13.5% of the shares with voting rights in the share capital of Newbelco, three Restricted Newbelco Share Directors will be appointed by the shareholders' meeting of Newbelco upon proposal by the Restricted Newbelco Shareholders;
  - o more than 9% but not more than 13.5% of the shares with voting rights in the share capital of Newbelco, two Restricted Newbelco Share Directors will be appointed by

the shareholders' meeting of Newbelco upon proposal by the Restricted Newbelco Shareholders;

- more than 4.5% but not more than 9% of the shares with voting rights in the share capital of Newbelco, one Restricted Newbelco Share Director will be appointed by the shareholders' meeting of Newbelco upon proposal by the Restricted Newbelco Shareholders; and
- 4.5% or less than 4.5% of the shares with voting rights in the share capital of Newbelco, they will no longer have the right to propose any candidate for appointment as a member of the Newbelco Board and no Restricted Newbelco Share Directors will be appointed.

Please refer to articles 19.3, 20 and 21 of the Newbelco Articles for details of the mechanisms for calculating the number of Newbelco directors to be proposed by the AB InBev Reference Shareholder and/or the Restricted Newbelco Shareholders, the nomination of candidates for Restricted Newbelco Share Directors and voting on Restricted Newbelco Share Director candidates.

As an exception to the above, the composition of the first Newbelco Board that will be in place immediately following the closing of the Belgian Offer will be comprised of the following twelve members:

- nine directors proposed by the AB InBev Reference Shareholder (all of which are existing members of the AB InBev Board); and
- three independent directors (all of which are existing independent directors of the AB InBev Board).

With respect to the appointment of the Restricted Newbelco Share Directors, given the irrevocable undertakings of Altria and BEVCO to elect for the Partial Share Alternative, it is certain that, upon Completion, the holders of the Restricted Newbelco Shares will hold more than 13.5% of the shares with voting rights in the share capital of Newbelco, thereby allowing such holders to propose three directors for appointment to the Newbelco Board. Assuming Altria and BEVCO elect for the Partial Share Alternative for the entire share capital of SABMiller beneficially owned by them in accordance with their irrevocable undertakings and that all other UK Scheme Shareholders elect for the Cash Consideration, Altria and BEVCO will be able to effectively control the nomination of these three Restricted Newbelco Share Directors. Conversely, if all UK Scheme Shareholders, including Altria and BEVCO, elect for the Partial Share Alternative, Altria and BEVCO will hold only 40.38% of the Restricted Newbelco Shares following Completion and will not be able to effectively control the nomination of the three Restricted Newbelco Share Directors. On the date of the Newbelco General Meeting, the results of the Belgian Offer (and hence the number and identity of the holders of Restricted Newbelco Shares) will not yet be known. The Newbelco Shareholders will therefore not be in a position to appoint such remaining three directors on the date of the Newbelco General Meeting.

Provided all resolutions submitted to the Newbelco General Meeting, the AB InBev General Meeting and the SABMiller Meetings in connection with the Transaction are approved with the required quorum and majority, it is expected that SABMiller will cause the three initial Newbelco Directors to resign shortly after the date of the Newbelco General Meeting, subject to and with effect from closing of the Belgian Offer, creating three vacant seats on the Newbelco Board. Once the results of the Belgian Offer and the identities of the holders of the Restricted Newbelco Shares are known, such holders will be able to nominate three candidate directors. If all three candidate directors are nominated by such holders on the day following the Belgian Offer, it is expected that all three candidates will be appointed on such day by co-optation by the Newbelco Board (which, at that point in time, will be comprised of the twelve individuals described above) to fill those vacancies. If less than three candidate directors are nominated by the holders of the Restricted Newbelco Shares on such day, it is expected that the Newbelco Board will proceed to the co-optation of such candidate directors on such day and organise a meeting of the holders of Restricted Newbelco Shares in order to seek the nomination of the other candidate directors by the holders of the Restricted Newbelco Shares

so that all three Restricted Newbelco Share Directors are appointed as soon as possible after Completion.

Under Belgian law and pursuant to the Newbelco Articles, the appointment of the three Restricted Newbelco Share Directors by way of co-optation will (i) be subject to confirmation at the next shareholders' meeting of Newbelco unless the holders of Restricted Newbelco Shares propose alternative candidates for appointment at such shareholders' meeting, and (ii) assuming their appointment is confirmed at the next shareholders' meeting of Newbelco, be for a term equal to the remainder of the original term of the three initial Newbelco Directors (i.e. expiring at the ordinary shareholders' meeting of Newbelco to be held in 2017).

#### 4.4.1.2 Term of office

As a general principle, the term of office of all directors of Newbelco, except the Restricted Newbelco Share Directors, will be four years and terminate immediately after the closing of the fourth ordinary shareholders meeting following the date of their appointment, unless the shareholders meeting sets a shorter term. As an exception to this general principle, it is expected that the nine directors proposed by the AB InBev Reference Shareholder will be appointed by the Newbelco General Meeting for a period of slightly less than two years expiring at the ordinary shareholders' meeting of Newbelco to be held in 2018.

As far as the Restricted Newbelco Share Directors are concerned, their term of office will be one year and terminate immediately after the closing of the next ordinary shareholders meeting following the date of their appointment.

All directors will be eligible for re-election.

#### 4.4.1.3 Vacancy during a director's term

When a position on the Newbelco Board becomes vacant, the remaining directors shall have the right to temporarily fill the vacancy by appointing a candidate proposed by (i) the Newbelco Board in the case of a vacancy relating to an independent director, (ii) the AB InBev Reference Shareholder in the case of a vacancy relating to a director appointed upon proposal of the AB InBev Reference Shareholder, or (iii) in the case of a vacancy relating to a Restricted Newbelco Share Director, the Proposing Holder (if such Proposing Holder then holds a Sufficient Restricted Shareholding), a Requisite Majority of Restricted Shareholders acting by written resolutions, or a Restricted Shareholders' Meeting, as further set out in the Newbelco Articles.

Any such temporary appointment shall (i) be subject to confirmation at the next shareholders' meeting unless the Newbelco Board, the AB InBev Reference Shareholder or the Restricted Shareholders' Meeting (or a Requisite Majority of Restricted Shareholders) propose an alternative candidate, and (ii) subject to such confirmation, be for a term equal to the remainder of the original term of the director who held office prior to such vacancy arising.

The following capitalised terms used in this section 4.4.1.3 have the meanings given to them in the Newbelco Articles: "Proposing Holder", "Requisite Majority of Restricted Shareholders", "Restricted Shareholders' Meeting" and "Sufficient Restricted Shareholding".

#### 4.4.1.4 Chairman of the Newbelco Board

The Newbelco Board will elect the Chairman from amongst its members who meet the criteria for an independent director.

The Chairman will be responsible for the proper and efficient functioning of the Newbelco Board. He will determine the calendar of the Newbelco Board and committee meetings and the agenda of the Newbelco Board after consultation with the CEO and will chair the meetings of the Newbelco Board. The Chairman will represent the Newbelco Board from a public relations standpoint to shareholders



and the public at large and will chair the shareholders' meetings. The Chairman will also serve as interface between the Newbelco Board and major shareholders of Newbelco on matters of corporate governance.

#### 4.4.1.5 Independent directors

Independent directors on the Newbelco Board will be required to meet specific requirements of independence that will be set out in the corporate governance charter of Newbelco. Such requirements are derived from but not fully identical to the requirements set out in the Belgian Companies Code and the Belgian Corporate Governance Code of March 2009 (when legally required, the criteria of independence provided by Belgian company law shall be applied by Newbelco). The requirements of independence contained in the corporate governance charter of Newbelco will be similar to the requirements currently included in the corporate governance charter of AB InBev.

### 4.4.2 Executive Management

#### 4.4.2.1 CEO

The Newbelco Board will appoint and remove the CEO.

The CEO will be responsible for the day-to-day management of Newbelco and will oversee the organisation and efficient day-to-day management of subsidiaries, affiliates and joint ventures. The CEO will report to the Newbelco Board. The CEO will be responsible for the execution and management of all Newbelco Board decisions.

#### 4.4.2.2 Executive Board of Management

The CEO will be supported by the Newbelco EBM which will report to the CEO. The Newbelco EBM will be comprised of the CEO, functional heads (or 'chiefs') and zone presidents. The Newbelco EBM will perform such duties as may be assigned to it from time to time by the CEO or the Newbelco Board.

Directors may not hold executive roles in Newbelco (be it as members of the Newbelco EBM or otherwise) or be employees of Newbelco.

### 4.5 DECISIONS OF THE SHAREHOLDERS' MEETING

Each Newbelco Share will be entitled to one vote except for shares owned by Newbelco, or by any of its subsidiaries, the voting rights of which will be suspended. The shares held by Newbelco's principal shareholders will not entitle such shareholders to different voting rights.

Save as provided in the Belgian Companies Code or the Newbelco Articles, there will be no quorum requirement at Newbelco shareholders' meetings and decisions will be taken by a simple majority vote.

Resolutions relating to amendments of the Newbelco Articles or the merger or split of Newbelco will be subject to special quorum and majority requirements. Specifically, any resolution on these matters will require the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the issued share capital of Newbelco, and the approval of at least 75% of the votes cast at the meeting. If there is no quorum, a second meeting must be convened. At the second meeting, the quorum requirement will not apply. However, the special majority requirement will continue to apply.

Resolutions relating to the modification of the rights attached to a particular class of Newbelco Shares will be subject to special quorum and majority requirements. Specifically, any resolution on these matters will require the presence in person or by proxy of shareholders holding an aggregate of at least 50% of the issued share capital in each class of Newbelco Shares and the approval of at least 75% of the votes cast at the meeting in each class of Newbelco Shares. If there is no quorum, a second

meeting must be convened. At the second meeting, the quorum requirement will not apply. However, the special majority requirement will continue to apply.

Any modification of Newbelco's corporate purpose or legal form or any authorisation to repurchase shares will require a quorum of shareholders holding an aggregate of at least 50% of the share capital and approval by a qualified majority of at least 80% of the votes cast at the meeting. If there is no quorum, a second meeting must be convened. At the second meeting, no quorum will be required, but the relevant resolution must be approved by a qualified majority of at least 80% of the votes cast at the meeting.

Pursuant to article 40 of the Newbelco Articles, any acquisition or disposal of tangible assets by Newbelco for an amount higher than the value of one-third of Newbelco's consolidated total assets as reported in Newbelco's most recent audited consolidated financial statements shall be within the exclusive jurisdiction of Newbelco's shareholders' meeting and shall be adopted with a positive vote of 75% of the votes cast at the meeting, regardless of the number of shares attending or represented.

#### **4.6 TRANSACTIONS WITH A MAJOR SHAREHOLDER**

Pursuant to article 41 of the Newbelco Articles, in the event of (i) a contribution in kind to Newbelco with assets owned by any person or entity which is required to file a transparency declaration pursuant to applicable Belgian law or a subsidiary of such person or entity, or (ii) a merger of Newbelco with such a person or entity or a subsidiary of such person or entity, then such person or entity and its subsidiaries shall not be entitled to vote on the resolution submitted to the shareholders' meeting of Newbelco to approve such contribution in kind or merger.

### **5. TAX TREATMENT OF THE BELGIAN MERGER**

A Belgian advance decision pursuant to article 20 of the law of 24 December 2002 amending the BITC has been obtained with respect to amongst others the Belgian tax treatment of the Belgian Merger (cf. advance decision no. P2016.0133 issued on 12 July 2016).

The Belgian Merger will not have Belgian tax evasion or tax avoidance as one of its principal objectives conform article 183bis of the BITC and will be performed tax-neutral in accordance with article 211, §1 BITC.

The cancellation of the own shares acquired by Newbelco as a result of the Belgian Merger in the merger deed will entirely be allocated to the issue premium of Newbelco qualifying as fiscal paid-up capital pursuant to article 184 BITC and will qualify as a reduction of the issue premium as a result of a genuine decision in conformity with the Belgian Companies Code in accordance with article 18, 2°bis BITC. As a result, no dividend will be deemed to be distributed by Newbelco in accordance with article 18, 2°ter BITC as the tax consequences of article 186 juncto 188 BITC will not apply. In addition, no fairness tax consequences will be triggered in accordance with article 219ter BITC.

To the extent that own shares are not cancelled as part of the merger process but would be maintained as treasury shares, an unavailable reserve will feature on Newbelco's opening balance sheet after the Belgian Merger. Such reserve will also be created through a reduction of the issue premium qualifying as fiscal paid-up capital pursuant to article 184 BITC and therefore no dividend distribution would be triggered. The creation of such reserve will not trigger any increase of the taxable reserves.

An additional reduction of Newbelco's capital or issue premium to create distributable reserves would result in an increase of the taxable reserves. Such increase of the reserves will not lead to taxable income as referred to in articles 183 and 185 BITC as it does not constitute an effective increase of Newbelco's equity and therefore would not trigger taxation.

The transfer of AB InBev's tax losses carried forward and dividend received deduction carried forward upon the Belgian Merger will be limited pursuant to article 206, §2 BITC proportionate to the

net fiscal values of AB InBev and Newbelco determined in accordance with article 184ter, §3 BITC. This will result in a forfeiture of tax losses carried forward and dividend received deduction carried forward of AB InBev upon the Belgian Merger. Based on the estimated tax position of AB InBev per 10 October 2016 and Newbelco's tax attributes at the time of the merger, AB InBev's available tax losses carried forward of approximately EUR 1.0 billion and excess dividend received deduction of approximately EUR 0.5 billion would transfer for approximately 30% to Newbelco. The available tax losses and excess dividend received deduction carried forward of AB InBev which remain available for Newbelco after the reverse merger can therefore be estimated at approximately EUR 0.3 billion and approximately EUR 0.15 billion respectively.

The Belgian Merger will be tax-neutral for VAT and registration duty purposes since the Belgian Merger will be carried out in accordance with article 11 and 18, §3 of the Belgian Value Added Tax Code and article 117, §1 of the Federal Registration Duties Code.

## **6. RESPONSIBILITY STATEMENT**

The directors of Newbelco, whose names are set out in Schedule 5 to this Report, accept responsibility for the information contained in this Report, except for the information relating to AB InBev for which the directors of AB InBev accept responsibility in accordance with their responsibility statement included in the report of the AB InBev Board drafted in accordance with article 694 of the Belgian Companies Code.

To the best of the knowledge of the directors of Newbelco (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

## **7. RIGHT TO CONSULT THIS REPORT**

In accordance with article 697, §2 of the Belgian Companies Code, the shareholders of AB InBev and Newbelco have the right to consult this Report at the registered office of AB InBev and of Newbelco, at least one month before the date of the AB InBev General Meeting.

The report of the auditor referred to in Section 3 of Part 2 of this Report will be made available to the shareholders in the same way as this Report.

## **8. LANGUAGES**

This Report has been drawn up in French, Dutch and English. The contents of this Report have been discussed and agreed by Newbelco in the English language. In case of differences between the French, Dutch and English versions of this Report, the English version will prevail.

*[signature page follows]*

This Report has been executed on 22 August 2016 in two original copies.

**For the board of directors of Newbelco SA/NV,**

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Christophe Tans

Director

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Wouter Vanmechelen

Director

***Schedules:***

1. *Common draft terms relating to the Belgian Merger*
2. *Consolidated balance sheet of AB InBev as at 31 December 2015*
3. *Consolidated balance sheet of SABMiller as at 31 March 2016*
4. *Methods used for the valuation of the merging companies and the determination of the exchange ratio*
5. *Directors of Newbelco*
6. *Definitions*

**Schedule 1**  
**Common draft merger terms**

*[please see separate document]*

**Schedule 2**  
**Consolidated balance sheet of AB InBev as at 31 December 2015**

As at Million US dollar	Notes	31 December 2015
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment .....	13	18 952
Goodwill .....	14	65 061
Intangible assets .....	15	29 677
Investments in associates and joint ventures .....		212
Investment securities .....	16	48
Deferred tax assets .....	17	1 181
Employee benefits .....	23	2
Derivatives .....	27H	295
Trade and other receivables .....	19	913
		116 341
Current assets		
Investment securities .....	16	55
Inventories .....	18	2 862
Income tax receivable .....		687
Derivatives .....	27H	3 268
Trade and other receivables .....	19	4 451
Cash and cash equivalents .....	20	6 923
Assets held for sale .....		48
		18 294
<b>Total assets .....</b>		<b>134 635</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
Issued capital .....	21	1 736
Share premium .....		17 620
Reserves .....		(13 168)
Retained earnings .....		35 949
Equity attributable to equity holders of AB InBev .....		42 137
Non-controlling interest .....		3 582
		45 719
Non-current liabilities		
Interest-bearing loans and borrowings .....	22	43 541
Employee benefits .....	23	2 725
Deferred tax liabilities .....	17	11 961
Derivatives .....	27H	315
Trade and other payables .....	26	1 241
Provisions .....	25	677
		60 460
Current liabilities		
Bank overdrafts .....	20	13
Interest-bearing loans and borrowings .....	22	5 912
Income tax payable .....		669
Derivatives .....	27H	3 980
Trade and other payables .....	26	17 662
Provisions .....	25	220
		28 456
<b>Total equity and liabilities .....</b>		<b>134 635</b>

The notes included in AB InBev Annual Report 2015 are an integral part of this balance sheet.

**Schedule 3**  
**Consolidated balance sheet of SABMiller as at 31 March 2016**

As at Million US dollar	Notes	2016
<b>ASSETS</b>		
Non-current assets		
Goodwill .....	10	14 268
Intangible assets .....	11	6 526
Property, plant and equipment .....	12	7 750
Investments in joint ventures .....	13	5 512
Investments in associates .....	14	4 114
Available for sale investments .....		19
Derivative financial instruments .....	22	565
Trade and other receivables .....	16	121
Deferred tax assets .....	19	209
		39 084
Current assets		
Inventories .....	15	993
Trade and other receivables .....	16	1 742
Current tax assets .....		59
Derivative financial instruments .....	22	281
Cash and cash equivalents .....	17	1 430
		4 505
Total assets .....		43 589
<b>LIABILITIES</b>		
Current liabilities		
Derivative financial instruments .....	22	(213)
Borrowings .....	20	(2 926)
Trade and other payables .....	18	(3 870)
Current tax liabilities .....		(830)
Provisions .....	24	(270)
		(8 109)
Non-current liabilities		
Derivative financial instruments .....	22	(26)
Borrowings .....	20	(8,814)
Trade and other payables .....	18	(28)
Deferred tax liabilities .....	19	(2,250)
Provisions .....	24	(274)
		(11 392)
Total liabilities .....		(19 501)
Net assets .....		24 088
Equity		
Share capital .....	25	168
Share premium .....		6 849
Merger relief reserve .....		3 628
Other reserves .....	26b	(6 758)
Retained earnings .....	26a	19 005
Total shareholders' equity .....		22 892
Non-controlling interests .....		1 196
Total equity .....		24 088

The notes included in SAB Miller Annual Report 2016 are an integral part of this balance sheet.

## Schedule 4

### Methods used for the valuation of the merging companies and the determination of the exchange ratio

In order to support the proposed exchange ratio of one New Ordinary Share against one AB InBev Pre-Merger Share, the boards of directors of AB InBev and Newbelco have considered the consequences of the Belgian Merger for both the AB InBev Shareholders (section 1) and the Newbelco Shareholders (section 2).

For AB InBev Shareholders, the value per share of AB InBev Pre-Merger was calculated and compared with the value per share of Newbelco Post-Merger, whilst for Newbelco Shares, the value per share of Newbelco Pre-Merger was compared to the value per share of Newbelco Post-Merger, in order to support the proposed exchange ratio.

#### 1. AB InBev Shareholders' perspective

##### 1.1 Valuation methodology

The Board used a number of generally accepted valuation methods including: (i) the discounted cash flow analysis based on projections with regard to the future performance of AB InBev, including Ambev SA, SABMiller and Newbelco; and (ii) the selected public companies analysis.

The different valuation methodologies include a cost savings potential in excess of current SABMiller initiatives. The different valuation methodologies reflect the quantified financial benefits referred to in the UK Scheme Document.

The valuation methodologies have been applied on the following basis:

- given that SABMiller has a fiscal year-end on 31 March, SABMiller's financials have been calendarised to 31 December (in-line with AB InBev's fiscal year-end);
- the valuation of the merging companies and the determination of the exchange ratio have been carried out by the Board with the assistance of the management and the financial advisors of AB InBev;
- Altria and BEVCO elect for the Partial Share Alternative in respect of their entire beneficial holdings of 430,000,000 and 225,000,000 SABMiller Shares in accordance with the terms of the irrevocable undertakings they have given to AB InBev and all other UK Scheme Shareholders elect for the Cash Consideration;
- SABMiller's number of fully diluted shares outstanding of 1,656,404,007 as of 31 July 2016 is comprised of: (i) 1,612,416,771 basic shares (1,623,481,308 shares net of 11,064,537 shares held in SABMiller's Employee Benefit Trust); and (ii) 43,987,236 of other dilutive instruments (44,037,881 dilutive instruments net of 50,645 cash-settled shares). The valuation is not based on the Treasury Stock Method: the proceeds from the exercise of dilutive instruments are not assumed to be used to buy-back shares but are assumed to increase the cash balance instead; and
- exchange rates are based on spot rates as of 17 August 2016 (dollars to euros of 0.8873 and dollars to pounds sterling of 0.7688).



## **1.2 AB InBev Pre-Merger**

### **1.2.1 Basis of valuation exercise**

The valuation of AB InBev Pre-Merger reflects the value of AB InBev following completion of the Belgian Offer.

The Enterprise Value of AB InBev Pre-Merger is defined as the cumulative Enterprise Values of AB InBev (pre-Transaction) and SABMiller Retained (based on the valuation methodologies outlined below). AB InBev and SABMiller Retained Enterprise Values both include the share of synergies that are related to them. The different valuation methodologies reflect the quantified financial benefits referred to in the UK Scheme Document.

The equity value of AB InBev Pre-Merger is obtained by taking the aggregate Enterprise Value of AB InBev and SABMiller Retained and adding the following items:

- the value of the disposal proceeds net of estimated tax payments; and
- the value of AB InBev's associates and joint-ventures,

and deducting the following items:

- AB InBev's standalone net debt as of 30 June 2016;
- AB InBev's standalone pensions as of 30 June 2016;
- AB InBev's new acquisition debt;
- the non-controlling interests in Ambev SA not held by AB InBev;
- the non-controlling interests in SABMiller Retained's controlled businesses not held (directly or indirectly) by SABMiller;
- SABMiller's rolled-over standalone net debt as of 31 March 2016 adjusted for the payment of the August 2016 dividend;
- SABMiller's standalone pensions as of 31 March 2016; and
- the non-controlling interests in SABMiller Retained not held by AB InBev after completion of the Belgian Offer.

The Board notes that SABMiller Retained's Enterprise Value and multiples are presented as "group multiples", which means that they include the value of associates. On the other hand, AB InBev's Enterprise Value and multiples are presented as "controlled multiples", which means that they exclude the value of associates and joint-ventures given non-significant amount of investments in associates and joint-ventures.

### **1.2.2 Discounted cash flow analysis**

A discounted cash flow analysis aims at determining the Enterprise Value of a company by discounting the future free cash flows of that company. From the Enterprise Value, the net financial debt and debt-like items are deducted and cash-like items are added to obtain the Equity Value. This valuation metric is strongly influenced by (i) the projections with regard to performance of the companies, (ii) the WACC used to discount the future cash flows and terminal values, and (iii) the Terminal Growth Rate used to compute the terminal value.

The discounted cash flow analysis of AB InBev, SABMiller Retained and Ambev SA was performed by the Board using information contained in public filings and internal business plans. AB InBev, Ambev SA and SABMiller Retained forecasts are based on internal models and business plans developed by AB InBev.

In performing the discounted cash flow analysis, the Board applied a range of discount rates of 7.19% - 7.69%, 8.73% - 9.23% and 9.49% - 9.99% for AB InBev, Ambev SA and SABMiller Retained, respectively to (i) after-tax unlevered free cash flows expected to be generated during the calendar years 2016 through 2024 and (ii) estimated terminal values using a range of Terminal Growth Rates of 1.75% - 2.25%, 2.75% - 3.25% and 3.00% - 3.50% for AB InBev, Ambev SA and SABMiller Retained, respectively.

This discounted cash flow analysis resulted in a range of implied Equity Value of approximately EUR 87.46 - EUR 113.97 per AB InBev Pre-Merger Share.

### 1.2.3 Selected public companies analysis

The selected public companies analysis aims at measuring the relative value of a company based on the market value of publicly trading peers.

The Board applied an Enterprise Value/EBITDA multiple based on the Enterprise Value/EBITDA multiple of a selected peer group to AB InBev and SABMiller Retained's 2016E EBITDA, as follows:

- The Enterprise value/EBITDA multiples were calculated by dividing (i) the Enterprise Value of the selected peer group companies; by(ii) the EBITDA of such selected peer group companies; and
- a multiple based on the Enterprise Value/EBITDA multiples of the selected peer group companies was then applied to AB InBev and SABMiller Retained's previously estimated 2016E EBITDA.

The selected public company analysis is focused on Enterprise Value/EBITDA multiples. The reference to sales multiples was disregarded for the purpose of this valuation as they do not take into account differences in profitability levels of the companies. Multiples based on operating income were also omitted due to the discrepancies in the depreciation and amortization policies.

The Board reviewed and compared certain financial information and commonly used valuation measurements for AB InBev and SABMiller Retained with corresponding financial information and valuation measurements for the following companies operating in the global consumer products industry:

- Coca-Cola Co.;
- Colgate-Palmolive Co.;
- Diageo Plc.;
- Heineken N.V.;
- Kraft Heinz Co.;
- L'Oréal SA;
- Mondelez International, Inc.;
- Nestlé S.A.;
- PepsiCo, Inc.;
- Procter & Gamble Co.;
- Reckitt Benckiser Group Plc.; and
- Unilever Plc.

Although none of these selected companies are directly comparable to AB InBev and SABMiller Retained, the companies included were selected because they are publicly traded companies with financial and operating characteristics that, for the purposes of analysis, may be considered similar to those of AB InBev and SABMiller Retained. Accordingly, the analysis of publicly traded companies was not purely mathematical. Rather, it involved complex considerations and qualitative judgments concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of such companies.

The value of the non-controlling interests in Ambev SA not held by AB InBev and the non-controlling interests in SABMiller Retained's controlled businesses not held (directly or indirectly) by SABMiller are also based on the selected public companies analysis methodology.

Based upon EV/EBITDA multiples of the selected companies, ranges of estimated implied value per AB InBev Pre-Merger Share were calculated by applying relevant multiples of Enterprise Value to AB InBev, Ambev SA and SABMiller Retained's 2016 estimated EBITDA.

It resulted in ranges of implied value of approximately EUR 69.47 - EUR 88.68 per AB InBev Pre-Merger Share.

### **1.3 Newbelco Post-Merger**

#### **1.3.1 Basis of valuation exercise**

The valuation of Newbelco Post-Merger reflects the value of the pro forma equity of Newbelco after completion of the Belgian Merger.

The equity value of Newbelco Post-Merger is obtained by taking the Enterprise Value of Newbelco Post-Merger and adding the following items:

- the value of the disposal proceeds net of estimated tax payments; and
- the value of AB InBev's associates and joint-ventures,

and deducting the following items:

- AB InBev's standalone net debt as of 30 June 2016;
- AB InBev's standalone pensions as of 30 June 2016;
- AB InBev's new acquisition debt;
- the non-controlling interests in Ambev SA not held by AB InBev;
- the non-controlling interests in SABMiller Retained's controlled businesses not held (directly or indirectly) by SABMiller;
- SABMiller's rolled-over standalone net debt as of 31 March 2016 adjusted for the payment of the August 2016 dividend; and
- SABMiller's standalone pensions as of 31 March 2016.

#### **1.3.2 Discounted cash flow analysis**

The discounted cash flow analysis of Newbelco Post-Merger, Ambev SA and SABMiller Retained non-controlling interests was performed using information contained in public filings and internal business plans. Newbelco Post-Merger, Ambev SA and SABMiller Retained non-controlling interests forecasts are based on internal models and business plans developed by AB InBev.

In performing the discounted cash flow analysis, the Board applied a range of discount rates of 7.36% - 7.86%, 8.73% - 9.23% and 9.49% - 9.99% for Newbelco Post-Merger, Ambev and SABMiller

Retained non-controlling interests, respectively to (i) after-tax unlevered free cash flows expected to be generated during the calendar years 2016 through 2024 and (ii) estimated terminal values using a range of Terminal Growth Rates of 2.25% - 2.75%, 2.75% - 3.25% and 3.00% - 3.50% for Newbelco Post-Merger, Ambev and SABMiller Retained non-controlling interests, respectively. The ranges of discount and Terminal Growth Rates applied to Newbelco Post-Merger reflect the expected geographic scope of Newbelco's business after Completion.

This analysis resulted in a range of implied value of approximately EUR 100.74 - EUR 130.88 per Newbelco Post-Merger Share.

### **1.3.3 Selected public companies analysis**

The Board reviewed and compared certain financial information and commonly used valuation measurements for Newbelco Post-Merger with corresponding financial information and valuation measurements for companies with global operations in the consumer products industry. The companies used for this purpose and the reasons for which they were selected are the same as mentioned under section 1.2.3 of this Schedule 4.

On this basis, the Board calculated ranges of estimated implied value per Newbelco Post-Merger Share by applying relevant multiples of Enterprise Value to Newbelco Post-Merger, Ambev SA and SABMiller Retained's 2016 estimated EBITDA.

It resulted in ranges of implied value of approximately EUR 73.80 - EUR 92.08 per Newbelco Post-Merger Share.

## **1.4 Range of exchange ratios**

Based on the valuation methods described above, the Board obtained the following ranges of exchange ratios, reflecting the situation for the AB InBev Shareholders after the Belgian Merger compared with the situation before the Belgian Merger.

### **1.4.1 Discounted cash flow analysis**

- The low-end of the exchange ratio range of 0.67x was obtained by dividing the lowest value per AB InBev Pre-Merger Share implied in the discounted cash flow analysis of EUR 87.46 by the highest value per Newbelco Post-Merger Share implied in the discounted cash flow analysis of EUR 130.88; and
- the high-end of the exchange ratio range of 1.13x was obtained by dividing the highest value per AB InBev Pre-Merger Share implied in the discounted cash flow analysis of EUR 113.97 by the lowest value per Newbelco Post-Merger Share implied in the discounted cash flow analysis of EUR 100.74.

### **1.4.2 Selected public companies analysis**

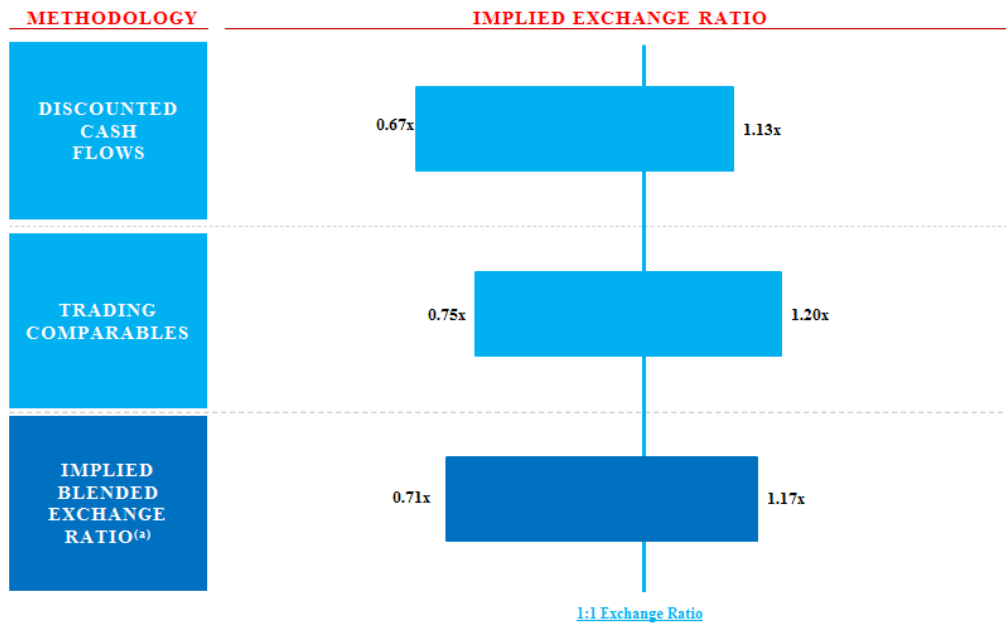
- The low-end of the exchange ratio range of 0.75x was obtained by dividing the lowest value per AB InBev Pre-Merger Share implied in the selected public companies analysis of EUR 69.47 by the highest value per Newbelco Post-Merger Share implied in the selected public companies analysis of EUR 92.08; and
- the high-end of the exchange ratio range of 1.20x was obtained by dividing the highest value per AB InBev Pre-Merger Share implied in the selected public companies analysis of EUR 88.68 by the lowest value per Newbelco Post-Merger Share implied in the selected public companies analysis of EUR 73.80.

### **1.4.3 Weighting**

In arriving at its valuation and the determination of the exchange ratio, the Board did not assign specific weights to each valuation method. Blended exchange ratios were obtained by applying an equal weight to the exchange ratios obtained in the relevant methodologies.

The exchange ratio range of 0.71x - 1.17x is based on the equally-weighted exchange ratio ranges of 0.67x - 1.13x and 0.75x - 1.20x obtained in the discounted cash flow analysis and selected public companies analysis, respectively.

The range of exchange ratios obtained as per the various valuation methods used by the Board is summarised in the table below.



(a) Equal weight given to both methodologies.

## 2. Newbelco Shareholders' perspective

### 2.1 Valuation methodology

The valuation methodologies have been applied on the same basis as set out in section 1 of this Schedule 4.

### 2.2 Newbelco Pre-Merger

The valuation of Newbelco Pre-Merger is based on the valuation of the UK Scheme Shares in the contribution in kind that will occur just prior to the Belgian Merger, considering that the UK Scheme Shares represent all of Newbelco's net assets at that time. The value at which the UK Scheme Shares will be contributed has been determined by the Board at an amount in euros obtained by converting GBP 75.4bn to EUR at the EUR to GBP reference rate. For purposes of this valuation, the Board has considered a spot rate of 0.8664 as of 17 August 2016 resulting in a valuation of EUR 87.0bn.

The value of GBP 75.4bn is supported by the valuation exercise performed for purpose of the contribution in kind of the UK Scheme Shares. As further detailed in the report of the Newbelco Board on the contribution in kind, the contribution value was determined based on a blended value of the Cash Consideration and the Partial Share Alternative.

The Cash Consideration of GBP 45 has been valued based on the Belgian Offer price of GBP 0.45 per Newbelco share. The value of the Partial Share Alternative is the result of a combination of discounted cash flow analysis and a selected public companies analysis. The blended value of the Cash Consideration and the Partial Share Alternative, weighted by the number of SABMiller shares that will be satisfied with the Cash Consideration and with the Partial Share Alternative, based on the assumptions referred to in section 2.1 of this Schedule 4, is referred to as the “*Blended Offer Price*”. The resulting Blended Offer Price range is between GBP 43.52 and GBP 47.53 and has led the Board to determine the value of the contribution in kind at GBP 75.4bn.

The Board has calculated an implied value per Newbelco Pre-Merger Share of EUR 97.32 by dividing the value of the contribution by the number of Newbelco Shares that will exist following the Reclassification and Consolidation and before the Belgian Merger of 894,226,462. This is calculated based on the multiplication of SABMiller’s number of fully diluted shares outstanding of 1,656,404,007 by 100 and the division of the result by the Consolidation Factor.

## **2.3 Newbelco Post-Merger**

### **2.3.1 Basis of valuation exercise**

The valuation of Newbelco Post-Merger reflects the value of the pro forma equity of Newbelco after completion of the Belgian Merger. The methodology is set out in section 1.3.1 of this Schedule 4.

### **2.3.2 Discounted cash flow analysis**

As noted above, the methodology set out in section 1.3.2 of this Schedule 4 resulted in a range of implied value of approximately EUR 100.74 - EUR 130.88 per Newbelco Post-Merger Share.

### **2.3.3 Selected public companies analysis**

As noted above, the methodology set out in section 1.3.3 of this Schedule 4 resulted in ranges of implied value of approximately EUR 73.80 - EUR 92.08 per Newbelco Post-Merger Share.

## **2.4 Range of exchange ratios**

Based on the valuation methods described above, the Board obtained the following ranges of exchange ratios.

### **2.4.1 Discounted cash flow analysis**

- The low-end of the exchange ratio range of 0.74x was obtained by dividing the value of Newbelco Pre-Merger Share of EUR 97.32 by the highest value per Newbelco Post-Merger Share implied in the discounted cash flow analysis of EUR 130.88; and
- the high-end of the exchange ratio range of 0.97x was obtained by dividing the value of Newbelco Pre-Merger Share of EUR 97.32 by the lowest value per Newbelco Post-Merger Share implied in the discounted cash flow analysis of EUR 100.74.

### **2.4.2 Selected public companies analysis**

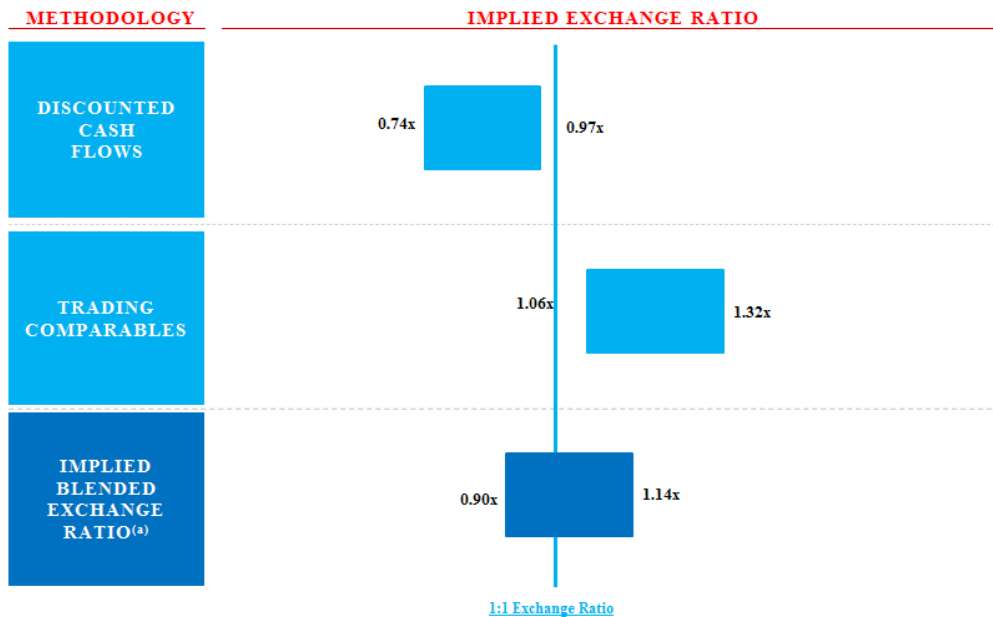
- The low-end of the exchange ratio range of 1.06x was obtained by dividing the value of Newbelco Pre-Merger Share of EUR 97.32 by the highest value per Newbelco Post-Merger Share implied in the selected public companies analysis of EUR 92.08; and
- The high-end of the exchange ratio range of 1.32x was obtained by dividing the value of Newbelco Pre-Merger Share of EUR 97.32 by the lowest value per Newbelco Post-Merger Share implied in the selected public companies analysis of EUR 73.80.

### 2.4.3 Weighting

In arriving at its valuation and the determination of the exchange ratio, the Board did not assign specific weights to each valuation method. Blended exchange ratios were obtained by applying an equal weight to the exchange ratios obtained in the relevant methodologies.

The exchange ratio range of 0.90x - 1.14x is based on the equally-weighted exchange ratio ranges of 0.74x – 0.97x and 1.06x - 1.32x obtained in the discounted cash flow analysis and selected public companies analysis, respectively.

The range of exchange ratios obtained as per the various valuation methods used by the Board is summarised in the table below.



(a) Equal weight given to both methodologies.

### 3. Conclusion on the exchange ratio

On the basis of the range of exchange ratios obtained, the Board considers that an exchange ratio of one Newbelco Share for one AB InBev Pre-Merger Share is reasonable.

**Schedule 5**  
**Directors of Newbelco**

Irene FLORESCU

Christophe TANS

Wouter VANMECHELEN



## Schedule 6 Definitions

<b><i>2016E EBITDA</i></b>	estimated EBITDA for the 2016 calendar year
<b><i>AB InBev</i></b>	Anheuser-Busch InBev SA/NV, a limited liability company ( <i>société anonyme / naamloze vennootschap</i> ) incorporated in Belgium, with its registered address at Grand'Place/Grote Markt 1, 1000 Brussels, Belgium and administrative office at Brouwerijplein 1, 3000 Leuven, Belgium and registered with the Crossroads Bank of Enterprises under number 0417.497.106 RPM/RPR (Brussels)
<b><i>AB InBev ADSs</i></b>	American Depositary Shares of AB InBev
<b><i>AB InBev Board</i></b>	the board of directors of AB InBev
<b><i>AB InBev General Meeting</i></b>	the general meeting of AB InBev Shareholders (and any adjournment thereof) to be convened in connection with the Belgian Offer, the Belgian Merger and the Transaction for the purpose of considering, and, if thought fit, approving, the AB InBev Resolutions
<b><i>AB InBev Group</i></b>	AB InBev and the group of companies owned and/or controlled by AB InBev
<b><i>AB InBev Pre-Merger</i></b>	AB InBev following closing of the Belgian Offer, but prior to the Belgian Merger
<b><i>AB InBev Pre-Merger Share</i></b>	a share in AB InBev Pre-Merger
<b><i>AB InBev Reference Shareholder</i></b>	Stichting Anheuser-Busch InBev or any successor thereof
<b><i>AB InBev Resolutions</i></b>	any resolutions to be taken by the AB InBev General Meeting as are necessary or useful to approve, implement and effect: (i) the Belgian Offer; (ii) the Belgian Merger; and (iii) any other step of the Transaction
<b><i>AB InBev Shareholders</i></b>	holders of AB InBev Shares and/or AB InBev ADSs from time to time
<b><i>AB InBev Shares</i></b>	AB InBev ordinary shares
<b><i>ADR</i></b>	American Depositary Receipt
<b><i>ADS</i></b>	American Depositary Share
<b><i>Affiliate</i></b>	an affiliate within the meaning of Article 11 of the Belgian Companies Code
<b><i>Altria</i></b>	Altria Group, Inc.
<b><i>Ambev Business Exchange</i></b>	the transfer of SABMiller's Panamanian business from AB InBev to Ambev, and the transfer of Ambev's business in Colombia, Peru and Ecuador to AB InBev

<b><i>Belgian Companies Code</i></b>	the Belgian law of 7 May 1999, setting out the Companies Code, as amended from time to time
<b><i>Belgian Merger</i></b>	the merger of AB InBev into Newbelco through a merger by absorption of AB InBev under the Belgian Companies Code, pursuant to which the AB InBev Shareholders will become Newbelco Shareholders and Newbelco will be the surviving entity and the holding company for the Combined Group
<b><i>Belgian Offer</i></b>	the voluntary cash takeover offer to be made by AB InBev for all of the Initial Newbelco Shares pursuant to the Takeover Law and the Takeover Royal Decree
<b><i>BEVCO</i></b>	BEVCO Ltd.
<b><i>BITC</i></b>	Belgian income tax code
<b><i>Board</i></b>	the board of directors of Newbelco
<b><i>BRC</i></b>	BRC S.à.r.l.
<b><i>Capital Increase</i></b>	the capital increase of Newbelco against the contribution in kind by the UK Scheme Shareholders of their UK Scheme Shares and the issue of Initial Newbelco Shares to such UK Scheme Shareholders in exchange for such contribution to be approved by the Newbelco General Meeting in connection with the implementation of the UK Scheme
<b><i>Cash Consideration</i></b>	the cash proceeds to be received by the UK Scheme Shareholders who do not elect (or are deemed not to elect) for the Partial Share Alternative under and subject to the terms of the Transaction
<b><i>CEO</i></b>	the Chief Executive Officer of Newbelco upon Completion
<b><i>Combined Group</i></b>	the enlarged group following the Transaction, comprising the AB InBev Group, the SABMiller Group and Newbelco
<b><i>Completion</i></b>	completion of the Belgian Merger (which will not occur until after (i) the UK Scheme has become effective; and (ii) the subsequent closing of the Belgian Offer)
<b><i>Consolidation Factor</i></b>	185.233168056448
<b><i>Co-operation Agreement</i></b>	the agreement dated 11 November 2015 between AB InBev and SABMiller and relating, among other things, to the implementation of the Transaction, as amended from time to time
<b><i>CREST</i></b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the UK Uncertificated Securities Regulations 2001 (as amended)

<b><i>CR Snow Divestiture</i></b>	the sale of SABMiller's 49% interest in CR Snow to China Resources Beer (Holdings) Co. Ltd., which currently owns 51% of CR Snow
<b><i>EBITDA</i></b>	Profit from operations plus depreciation, amortisation and impairment, normalised to exclude exceptional items
<b><i>EPS</i></b>	EPS Participations S.à.r.l.
<b><i>Equity Value</i></b>	the value determined as the product of the share price and the diluted number of shares outstanding at the relevant time
<b><i>Euroclear</i></b>	CIK SA/NV (Euroclear Belgium)
<b><i>European Divestitures</i></b>	the following divestitures: <ul style="list-style-type: none"> <li>- the sale of SABMiller's Peroni, Grolsch and Meantime brand families and their associated businesses in Italy, the Netherlands, the UK and internationally, to Asahi; and</li> <li>- the envisaged sale of the entirety of assets of SABMiller in Central and Eastern Europe (Hungary, Romania, Czech Republic, Slovakia and Poland)</li> </ul>
<b><i>Final Notarial Deed</i></b>	the notarial deed acknowledging completion of the Belgian Merger
<b><i>GBP – EUR Reference Rate</i></b>	the European Central Bank's euro foreign exchange reference rate GBP – EUR which will be published on the European Central Bank's website at around 16:00 CET on the business day prior to the date on which the Capital Increase will be effective
<b><i>Incorporation Shares</i></b>	the 6,150,000 registered shares without nominal value issued by Newbelco on 3 March 2016 and outstanding as at the date of this Report, which will be cancelled with effect simultaneously with the completion of the Capital Increase
<b><i>Initial Newbelco Shares</i></b>	the ordinary shares in the capital of Newbelco to be issued to UK Scheme Shareholders pursuant to the terms of the UK Scheme
<b><i>Johannesburg Stock Exchange</i></b>	the securities exchange operated by the JSE under the South African Financial Markets Act, 19 of 2012 (as amended)
<b><i>JSE</i></b>	JSE Limited, a public company incorporated in accordance with the laws of South Africa under registration number 2005/022939/06 and licensed to operate an exchange under the South African Financial Markets Act, 19 of 2012 (as amended)
<b><i>Merger Terms</i></b>	the common draft terms of merger dated 1 August 2016 as prepared by the respective boards of directors of AB InBev and Newbelco in relation to the Belgian Merger

	in accordance with Article 693 of the Belgian Companies Code
<b><i>MillerCoors Divestiture</i></b>	the sale of SABMiller's interest in MillerCoors and SABMiller's portfolio of Miller brands outside the U.S. to Molson Coors
<b><i>Newbelco</i></b>	Newbelco SA/NV, a limited liability company ( <i>société anonyme / naamloze vennootschap</i> ) incorporated in Belgium, with its registered address at Rue Royale/Koningsstraat 97, 4 <sup>th</sup> floor, 1000 Brussels, Belgium and registered with the Crossroads Bank of Enterprises under number 0649.641.563 RPM/RPR (Brussels)
<b><i>Newbelco ADS</i></b>	an ADS of Newbelco, represented by an ADR
<b><i>Newbelco Articles</i></b>	the articles of association of Newbelco, to be adopted by the Newbelco General Meeting expected to be held on or around 28 September 2016 and which will be effective upon closing of the Belgian Offer, save for certain specific provisions that will only become effective upon the admission to listing and trading of the New Ordinary Shares on Euronext Brussels becoming effective
<b><i>Newbelco EBM</i></b>	the executive board of management of Newbelco upon Completion
<b><i>Newbelco 2016E EBITDA</i></b>	the sum of AB InBev estimated EBITDA for the 2016 calendar year, SABMiller Retained estimated EBITDA for the 2016 calendar year and the estimated run-rate impact of the synergies on the EBITDA for 2016 calendar year
<b><i>Newbelco General Meeting</i></b>	the general meeting of the Newbelco Shareholders (and any adjournment thereof) to be convened in connection with the Transaction for the purpose of considering, and, if thought fit, approving, the Newbelco Resolutions
<b><i>Newbelco Pre-Merger</i></b>	Newbelco following the Capital Increase and completion of the Reclassification and Consolidation, but prior to the Belgian Merger
<b><i>Newbelco Pre-Merger Share</i></b>	a share in Newbelco Pre-Merger
<b><i>Newbelco Post-Merger</i></b>	Newbelco immediately following Completion
<b><i>Newbelco Post-Merger Share</i></b>	a share in Newbelco Post-Merger
<b><i>Newbelco Resolutions</i></b>	any resolutions to be taken by the Newbelco General Meeting (composed at the moment such resolutions are adopted of the holders of the Incorporation Shares) as are necessary or useful to approve, implement and effect (i) the Capital Increase; (ii) the Belgian Merger; (iii) the adoption of new articles of association of Newbelco with effect from completion of the Belgian Offer; (iv) the appointment of new board members of Newbelco

nominated by AB InBev with effect from completion of the Belgian Offer; (v) the cancellation of the Newbelco Shares held by the incorporators of Newbelco; and (vi) any other step of the Transaction

***Newbelco Shareholders***

holders of Newbelco Shares and/or Newbelco ADSs from time to time

***Newbelco Shares***

the Incorporation Shares, the Initial Newbelco Shares, the Restricted Newbelco Shares or the New Ordinary Shares, as applicable

***New Ordinary Shares***

the ordinary shares in Newbelco (i) resulting from the consolidation of the Initial Newbelco Shares acquired by AB InBev in the context of the Belgian Offer, (ii) to be issued to AB InBev Shareholders pursuant to the Belgian Merger upon Completion, and (iii) to be issued from time to time following Completion and into which the Restricted Newbelco Shares can be converted in accordance with their terms

***Partial Share Alternative***

the alternative whereby UK Scheme Shareholders (other than Restricted Overseas Shareholders) may elect to receive Restricted Newbelco Shares and cash instead of the Cash Consideration under and subject to the terms of the Transaction

***Proposed Structure***

the proposed structure of the Transaction, as set out in section 2 of the Merger Terms

***Report***

this report, prepared by the board of directors of Newbelco in relation to the Belgian Merger in accordance with Article 694 of the Belgian Companies Code

***Reclassification and Consolidation***

- (a) the automatic reclassification and consolidation of any Initial Newbelco Shares which are retained after closing of the Belgian Offer by UK Scheme Shareholders who validly elected (or are deemed to have elected) for the Partial Share Alternative on the basis of one Restricted Newbelco Share for every 185.233168056448 Initial Newbelco Shares held (rounded down to the nearest whole number of Restricted Newbelco Shares) and;
- (b) the automatic consolidation of any Initial Newbelco Shares which are acquired by AB InBev in the context of the Belgian Offer on the basis of one New Ordinary Share for every 185.233168056448 Initial Newbelco Shares held (rounded down to the nearest whole number of New Ordinary Shares),

in each case, upon the passing of the notarial deed acknowledging the completion of the Belgian Offer.

<b><i>Restricted Newbelco Share Directors</i></b>	a director of Newbelco appointed upon proposal by the Restricted Newbelco Shareholders
<b><i>Restricted Newbelco Shareholders</i></b>	the holders of Restricted Newbelco Shares
<b><i>Restricted Newbelco Shares</i></b>	restricted shares in the capital of Newbelco, which will come into existence as a result of the Reclassification and Consolidation
<b><i>Restricted Overseas Shareholders</i></b>	a UK Scheme Shareholder whom AB InBev requires SABMiller to treat as a Restricted Overseas Shareholder pursuant to the terms of the UK Scheme
<b><i>Rule 2.7 Announcement</i></b>	the joint announcement made by SABMiller and AB InBev dated 11 November 2015 in relation to the Transaction made pursuant to Rule 2.7 of the UK City Code on Takeovers and Mergers
<b><i>SABMiller</i></b>	SABMiller plc, a public limited company incorporated in England and Wales with its registered address at SABMiller House, Church Street West, Woking, Surrey GU21 6HS and company number 03528416
<b><i>SABMiller General Meeting</i></b>	the general meeting of SABMiller Shareholders (and any adjournment thereof) to be convened in connection with the Transaction for the purpose of considering and, if thought fit, approving, the SABMiller Resolutions
<b><i>SABMiller Group</i></b>	SABMiller and the group of companies owned and/or controlled by SABMiller
<b><i>SABMiller Resolutions</i></b>	such shareholder resolutions of SABMiller as are necessary to approve, implement and effect the UK Scheme, the Belgian Merger, changes to SABMiller's articles of association, and the buy-back of the deferred shares of GBP1 each in the capital of SABMiller
<b><i>SABMiller Retained</i></b>	entity which parameter represents SABMiller pro forma for the Transaction-related Divestitures except for the Ambev Business Exchange which is being ignored for immateriality reasons
<b><i>SABMiller Shareholders</i></b>	the holders of SABMiller Shares from time to time
<b><i>SABMiller Shares</i></b>	the ordinary shares of US\$0.10 each in the capital of SABMiller
<b><i>South Africa</i></b>	the Republic of South Africa
<b><i>Successor</i></b>	(i) in respect of any legal entity, any entity (x) to which such person transfers all of its assets and (y) which is (and continues to be) directly or indirectly controlled solely or jointly (within the meaning of articles 5, 8 and 9 of the Belgian Companies Code) by the same entities (or their Successors) or individuals (or any heirs of such individuals) that exercised directly or indirectly sole or joint control over, such shareholder immediately prior to such transfer; or (ii) in respect of any individual, any

	heir of that individual following his or her death or any individual to whom the assets of such individual are required to be transferred by virtue of applicable law
<b><i>Takeover Law</i></b>	the Belgian law of 1 April 2007 on public takeover bids
<b><i>Takeover Royal Decree</i></b>	the Belgian Royal Decree of 27 April 2007 on public takeover bids
<b><i>Terminal Growth Rate</i></b>	the constant rate at which the free cash flows of a company are expected to grow in perpetuity beyond the final year of the projection period
<b><i>Transaction</i></b>	the proposed business combination between SABMiller and AB InBev, to be effected by the Proposed Structure
<b><i>Transaction-related Divestitures</i></b>	the MillerCoors Divestiture, the CR Snow Divestiture, the European Divestitures, and the Ambev Business Exchange (it being understood that the analysis disregards the Ambev Business Exchange as the delta of the marginal impact on AB InBev's minority leakage is not material)
<b><i>Treasury Stock Method</i></b>	the method assuming that the proceeds that a company receives from an in-the-money option exercise are used to repurchase common shares in the market
<b><i>UK or United Kingdom</i></b>	the United Kingdom of Great Britain and Northern Ireland
<b><i>UK Court</i></b>	the High Court of Justice in England and Wales
<b><i>UK Scheme</i></b>	the proposed scheme of arrangement under Part 26 of the UK Companies Act 2006 between SABMiller and UK Scheme Shareholders to implement the acquisition of SABMiller by Newbelco with or subject to any modification, addition or condition approved or imposed by the UK Court (and agreed to by AB InBev and SABMiller)
<b><i>UK Scheme Court Meeting</i></b>	the meeting (or meetings) of holders of UK Scheme Shares (or any class or classes thereof) convened pursuant to section 896 of the UK Companies Act 2006 to consider and, if thought fit, approve the UK Scheme, including any adjournment thereof
<b><i>UK Scheme Document</i></b>	the document to be dispatched to SABMiller Shareholders, including the particulars required by section 897 of the UK Companies Act 2006 and incorporating the notice of the SABMiller General Meeting
<b><i>UK Scheme Record Time</i></b>	the time and date specified as such in the UK Scheme
<b><i>UK Scheme Shareholders</i></b>	holders of UK Scheme Shares as at the UK Scheme Record Time
<b><i>UK Scheme Shares</i></b>	(a) the SABMiller Shares in issue at the date of the UK Scheme Document;

- (b) any SABMiller Shares issued after the date of the UK Scheme Document and prior to the Voting Record Time; and
- (c) any SABMiller Shares issued at or after the Voting Record Time and at or prior to the UK Scheme Record Time on terms that the holder thereof shall be bound by the UK Scheme, or in respect of which the original or any subsequent holders thereof shall have agreed in writing to be bound by the UK Scheme,

in each case remaining in issue at the UK Scheme Record Time, but excluding any SABMiller Shares held by SABMiller in treasury

***US***

the United States of America

***Voting Record Time***

6.30 p.m. London time on the day which is two days prior to the date of the UK Scheme Court Meeting or, if the UK Scheme Court Meeting is adjourned, 6.30 p.m. on the day which is two days before the date of such adjourned meeting

***WACC***

the Weighted Average Cost of Capital which is the average rate of return a company expects to compensate all its different investors (the weights being the fraction of each financing source in the company's target capital structure)