

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended 31 December 2019

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission File No.: 001-37911

Anheuser-Busch InBev SA/NV

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Belgium

(Jurisdiction of incorporation or organization)

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Securities registered or to be registered pursuant to Section 12(b) of the Act.

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Ordinary shares without nominal value		New York Stock Exchange*
American Depositary Shares, each representing one ordinary share without nominal value	BUD	New York Stock Exchange
6.375% Notes due 2040 (issued January 2010)	BUD40	New York Stock Exchange
4.375% Notes due 2021 (issued January 2011)	BUD21	New York Stock Exchange
8.200% Notes due 2039 (issued March 2011)	BUD39	New York Stock Exchange

2.500% Notes due 2022 (issued July 2012)	BU22	New York Stock Exchange
3.750% Notes due 2042 (issued July 2012)	BUD42A	New York Stock Exchange
2.625% Notes due 2023 (issued January 2013)	BUD/23	New York Stock Exchange
4.000% Notes due 2043 (issued January 2013)	BUD/43	New York Stock Exchange
3.700% Notes due 2024 (issued January 2014)	BUD/24	New York Stock Exchange
4.625% Notes due 2044 (issued January 2014)	BUD/44	New York Stock Exchange
3.300% Notes due 2023 (issued January 2016)	BUD/23A	New York Stock Exchange
3.650% Notes due 2026 (issued January 2016)	BUD/26	New York Stock Exchange
4.700% Notes due 2036 (issued January 2016)	BUD/36	New York Stock Exchange
4.900% Notes due 2046 (issued January 2016)	BUD/46	New York Stock Exchange
Floating Rate Notes due 2021 (issued January 2016)	BUD/21A	New York Stock Exchange
4.950% Notes due 2042 (issued December 2016)	BUD/42	New York Stock Exchange
6.625% Notes due 2033 (issued December 2016)	BUD/33	New York Stock Exchange
5.875% Notes due 2035 (issued December 2016)	BUD/35	New York Stock Exchange
4.439% Notes due 2048 (issued August 2017)	BUD/48	New York Stock Exchange
3.500% Notes due 2024 (issued April 2018)	BUD/24B	New York Stock Exchange
4.000% Notes due 2028 (issued April 2018)	BUD/28	New York Stock Exchange
4.375% Notes due 2038 (issued April 2018)	BUD/38	New York Stock Exchange
4.600% Notes due 2048 (issued April 2018)	BUD/48A	New York Stock Exchange
4.750% Notes due 2058 (issued April 2018)	BUD/58	New York Stock Exchange
Floating Rate Notes due 2024 (issued April 2018)	BUD24A	New York Stock Exchange
4.150% Notes due 2025 (issued January 2019)	BUD/25	New York Stock Exchange
4.750% Notes due 2029 (issued January 2019)	BUD/29	New York Stock Exchange
4.900% Notes due 2031 (issued January 2019)	BUD/31	New York Stock Exchange
5.450% Notes due 2039 (issued January 2019)	BUD/39A	New York Stock Exchange
5.550% Notes due 2049 (issued January 2019)	BUD/49	New York Stock Exchange
5.800% Notes due 2059 (issued January 2019)	BUD/59	New York Stock Exchange
4.900% Notes due 2046 (issued May 2019)	BUD/46A	New York Stock Exchange
4.700% Notes due 2036 (issued May 2019)	BUD/36A	New York Stock Exchange
3.650% Notes due 2026 (issued May 2019)	BUD/26A	New York Stock Exchange

* Not for trading, but in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

1,693,242,156 ordinary shares without nominal value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐
Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act. ☐

[†] The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued
by the International Accounting Standards Board ☒

Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. N/A ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. N/A ☐ Yes ☐ No

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GENERAL INFORMATION

In this annual report on Form 20-F (“**Form 20-F**”) references to:

- “**AB InBev**,” “**we**,” “**us**” and “**our**” are, as the context requires, to Anheuser-Busch InBev SA/NV (formerly Newbelco SA/NV) or Anheuser-Busch InBev SA/NV and the group of companies owned and/or controlled by Anheuser-Busch InBev SA/NV and consolidated into our results;
- “**AB InBev Group**” are to Anheuser-Busch InBev SA/NV and the group of companies owned and/or controlled by Anheuser-Busch InBev SA/NV;
- “**Ambev**” are to Ambev S.A., a Brazilian company listed on the New York Stock Exchange and on the São Paulo Stock Exchange, and successor of Companhia de Bebidas das Américas—Ambev;
- “**Anheuser-Busch**” are to Anheuser-Busch Companies, LLC, and the group of companies owned and/or controlled by Anheuser-Busch Companies, LLC, as the context requires;
- “**Budweiser APAC**” are to Budweiser Brewing Company APAC Limited, a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange;
- “**former AB InBev**” are, as the context requires, to Anheuser-Busch InBev SA/NV or Anheuser-Busch InBev SA/NV and the group of companies owned and/or controlled by Anheuser-Busch InBev SA/NV prior to the completion of the combination with SAB on 10 October 2016;
- “**Grupo Modelo**” are to Cervecería Modelo de México, S. de R.L. de C.V., a Mexican limited liability company, and the group of companies owned and/or controlled by Cervecería Modelo de México, S. de R.L. de C.V.;
- “**Newbelco**” are to Newbelco SA/NV prior to 10 October 2016;
- “**Ordinary Shares**” are to ordinary shares without nominal value issued by Anheuser-Busch InBev SA/NV;
- “**Restricted Shares**” are to shares without nominal value issued by Anheuser-Busch InBev SA/NV to former SAB shareholders in connection with the combination with SAB, which are unlisted, not admitted to trading on any stock exchange and are subject to, among other things, restrictions on transfer until they are converted into Ordinary Shares;
- “**SAB**” are, as the context requires, to ABI SAB Group Holding Limited (formerly SABMiller Limited and prior to that SABMiller plc) or to ABI SAB Group Holding Limited and the group of companies owned and/or controlled by ABI SAB Group Holding Limited prior to the combination between AB InBev and ABI SAB Group Holding Limited on 10 October 2016; and
- “**SAB Group**” are to ABI SAB Group Holding Limited and the group of companies owned and/or controlled by ABI SAB Group Holding Limited.

When we discuss consumers of our products that contain alcohol, this is in reference to consumers of legal drinking age in their respective jurisdictions.

PRESENTATION OF FINANCIAL AND OTHER DATA

We have prepared our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and in conformity with International Financial Reporting

Standards as adopted by the European Union (“**IFRS**”). Unless otherwise specified, the financial information analysis in this Form 20-F is based on our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019. Unless otherwise specified, all financial information included in this Form 20-F has been stated in U.S. dollars.

All references in this Form 20-F to (i) “**euro**” or “**EUR**” are to the common currency of the European Union, (ii) “**U.S. dollar**,” “**\$**” or “**USD**” are to the currency of the United States of America, (iii) “**CAD**” (Canadian dollar) are to the currency of Canada, (iv) “**RS**,” “**BRL**,” “**real**” or “**reais**” are to the currency of Brazil, (v) “**GBP**” (pound sterling) are to the currency of the United Kingdom, (vi) “**AUD**” (Australian dollar) are to the currency of the Commonwealth of Australia, (vii) “**MXN**” (Mexican peso) are to the currency of Mexico, (viii) “**ZAR**” (South African rand) are to the currency of South Africa, (ix) “**COP**” (Colombian peso) are to the currency of Colombia, (x) “**PEN**” (Peruvian nuevo sol) are to the currency of Peru, (xi) “**ARS**” (Argentinean peso) are to the currency of Argentina and (xii) “**CNY**” (Chinese renminbi) are to the currency of China.

Unless otherwise specified, volumes, as used in this Form 20-F, include beer (including near beer) and non-beer (primarily carbonated soft drinks) volumes. In addition, unless otherwise specified, our volumes include not only brands that we own or license, but also third-party brands that we brew or otherwise produce as a subcontractor, and third-party products that we sell through our distribution network, particularly in Western Europe. Our volume figures in this Form 20-F reflect 100% of the volumes of entities that we fully consolidate in our financial reporting and a proportionate share of the volumes of entities that we proportionately consolidate in our financial reporting, but do not include volumes of our associates, joint ventures or non-consolidated entities.

Effective 1 January 2019, we reorganized our regional reporting structure. Our results are now reported under the following five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. We continue to separately report the results of Global Export and Holding Companies, which includes our global headquarters and the export businesses which have not been allocated to the regions. The key changes in the company’s structure are as follows: (i) the new Middle Americas region combined the former Latin America West region with the Dominican Republic, Panama, Costa Rica, Guatemala and the Caribbean, which were previously reported in Latin America North region and (ii) the new South America region combined the former Latin America South region with Brazil, which was previously reported in Latin America North region. Our five geographic regions plus our Global Export and Holding Companies comprise our six segments for all financial reporting purposes. For a list of the countries comprising our geographic reporting regions, see “Item 4. Information on the Company—B. Business Overview—3. Main Markets.”

Effective 1 January 2019, IFRS 16 *Leases* replaced the previous lease accounting requirements and introduced significant changes to lessee accounting. It requires a lessee to recognize a right-of-use asset and a lease liability at lease commencement date, together with a different recognition of lease costs. We adopted IFRS 16 on 1 January 2019 under the full retrospective application method.

Effective 30 September 2019, following the announcement on 19 July 2019 of the agreement to divest Carlton & United Breweries (“**CUB**” or “**Australian operations**”), our Australian subsidiary, to Asahi Group Holdings, Ltd. (“**Asahi**”), we classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represent a separate major line of business, these are now accounted for as discontinued operations as required by IFRS 5 and presented in a separate line in the consolidated income statement (“profit from discontinued operations”). Consequently, the 2018 and 2017 consolidated results have been restated as if the classification had been applied as of 1 January 2018 and 1 January 2017, respectively, to exclude the results of the Australian operations.

The financial information for 2018 and 2017 included in this Form 20-F has been restated to reflect the classification of the Australian operations as discontinued operations, the impact of adoption of IFRS 16 under the full retrospective application and the segment changes referenced above.

On 4 October 2017, we completed the transition of the 54.5% equity stake in Coca-Cola Beverages Africa (“**CCBA**”) and stopped consolidating CCBA in our consolidated financial statements as of that date. Furthermore, on 30 March 2018, we completed the 50:50 merger of AB InBev’s and Anadolu Efes Biracilik ve Malt Sanayii AŞ’s

(“**Anadolu Efes**”) existing Russia and Ukraine businesses. Following the closing of this transaction, the operations of AB InBev and Anadolu Efes in Russia and Ukraine are combined under AB InBev Efes (“**AB InBev Efes**”). The combined business is fully consolidated in the Anadolu Efes financial accounts. As a result of the transaction, we stopped consolidating our Russia and Ukraine businesses and account for our investment in AB InBev Efes under the equity method.

See “Item 5. Operating and Financial Review—B. Significant Accounting Policies—Summary of Changes in Accounting Policies” for further information on how our accounting policies changed in 2019.

PRESENTATION OF MARKET INFORMATION

Market information (including market share, market position and industry data for our operating activities and those of our subsidiaries or of companies acquired by us) or other statements presented in this Form 20-F regarding our position (or that of companies acquired by us) relative to our competitors largely reflect the best estimates of our management. These estimates are based upon information obtained from customers, trade or business organizations and associations, other contacts within the industries in which we operate and, in some cases, upon published statistical data or information from independent third parties. Except as otherwise stated, our market share data, as well as our management’s assessment of our comparative competitive position, has been derived by comparing our sales figures for the relevant period to our management’s estimates of our competitors’ sales figures for such period, as well as upon published statistical data and information from independent third parties, and, in particular, the reports published and the information made available by, among others, the local brewers’ associations and the national statistics bureaus in the various countries in which we sell our products. The principal sources generally used include IRI, Plato Logic Limited and AC Nielsen. You should not rely on the market share and other market information presented herein as precise measures of market share or of other actual conditions.

FORWARD-LOOKING STATEMENTS

There are statements in this Form 20-F, such as statements that include the words or phrases “*will likely result*,” “*are expected to*,” “*will continue*,” “*is anticipated*,” “*anticipate*,” “*estimate*,” “*project*,” “*may*,” “*might*,” “*could*,” “*believe*,” “*expect*,” “*plan*,” “*potential*,” “*we aim*,” “*our goal*,” “*our vision*,” “*we intend*” or similar expressions that are forward-looking statements. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those suggested by these statements due to, among others, the risks or uncertainties listed below. See also “Item 3. Key Information—D. Risk Factors” for further discussion of risks and uncertainties that could impact our business.

These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside our control and are difficult to predict, that may cause actual results or developments to differ materially from any future results or developments expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others:

- local, regional, national and international economic conditions, including the risks of a global recession or a recession in one or more of our key markets, and the impact they may have on us and our customers and our assessment of that impact;
- financial risks, such as interest rate risk, foreign exchange rate risk (in particular as against the U.S. dollar, our reporting currency), commodity risk, asset price risk, equity market risk, counterparty risk, sovereign risk, liquidity risk, inflation or deflation, including inability to achieve our optimal net debt level;
- continued geopolitical instability, which may result in, among other things, economic and political sanctions and currency exchange rate volatility, and which may have a substantial impact on the economies of one or more of our key markets;

- changes in government policies and currency controls;
- continued availability of financing and our ability to achieve our targeted coverage and debt levels and terms, including the risk of constraints on financing in the event of a credit rating downgrade;
- the monetary and interest rate policies of central banks, in particular the European Central Bank, the Board of Governors of the U.S. Federal Reserve System, the Bank of England, *Banco Central do Brasil*, *Banco Central de la República Argentina*, the Central Bank of China, the South African Reserve Bank, *Banco de la República* in Colombia, the Bank of Mexico and other central banks;
- changes in applicable laws, regulations and taxes in jurisdictions in which we operate, including the laws and regulations governing our operations and changes to tax benefit programs, as well as actions or decisions of courts and regulators;
- limitations on our ability to contain costs and expenses;
- our expectations with respect to expansion plans, premium growth, accretion to reported earnings, working capital improvements and investment income or cash flow projections;
- our ability to continue to introduce competitive new products and services on a timely, cost-effective basis;
- the effects of competition and consolidation in the markets in which we operate, which may be influenced by regulation, deregulation or enforcement policies;
- changes in consumer spending;
- changes in pricing environments;
- volatility in the prices of raw materials, commodities and energy;
- difficulties in maintaining relationships with employees;
- regional or general changes in asset valuations;
- greater than expected costs (including taxes) and expenses;
- the risk of unexpected consequences resulting from acquisitions, joint ventures, strategic alliances, corporate reorganizations or divestiture plans, and our ability to successfully and cost-effectively implement these transactions and integrate the operations of businesses or other assets we have acquired;
- the outcome of pending and future litigation, investigations and governmental proceedings;
- natural and other disasters, including widespread health emergencies, cyberattacks and military conflict and political instability;
- any inability to economically hedge certain risks;
- inadequate impairment provisions and loss reserves;
- technological changes, threats to cybersecurity and the risk of loss or misuse of personal data;
- other statements included in this annual report that are not historical; and

- our success in managing the risks involved in the foregoing.

Our statements regarding financial risks, including interest rate risk, foreign exchange rate risk, commodity risk, asset price risk, equity market risk, counterparty risk, sovereign risk, inflation and deflation, are subject to uncertainty. For example, certain market and financial risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market or financial risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated.

We caution that the forward-looking statements in this Form 20-F are further qualified by the risk factors disclosed in “Item 3. Key Information—D. Risk Factors” that could cause actual results to differ materially from those in the forward-looking statements. Subject to our obligations under Belgian and U.S. law in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. DIRECTORS AND SENIOR MANAGEMENT

Not applicable.

B. ADVISERS

Not applicable.

C. AUDITORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

A. OFFER STATISTICS

Not applicable.

B. METHOD AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The selected historical financial information presented below as of 31 December 2019, 2018, 2017, 2016 and 2015, and for the five years ended 31 December 2019, has been derived from our audited restated consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and in conformity with International Financial Reporting Standards as adopted by the European Union (“IFRS”). Our financial statements presentation and reporting currency is the U.S. dollar. Unless otherwise specified, all financial information included in this Form 20-F has been stated in U.S. dollars.

The selected historical financial information presented in the tables below should be read in conjunction with, and is qualified in its entirety by reference to, our audited restated consolidated financial statements and the accompanying notes. The audited restated consolidated financial statements and the accompanying notes as of 31 December 2019 and 2018 and for the three years ended 31 December 2019 have been included in this Form 20-F.

	2019	2018 ⁽⁷⁾⁽⁸⁾	2017 ⁽⁸⁾	2016 ⁽⁶⁾⁽⁸⁾	2015 ⁽⁸⁾
	<i>(USD millions)</i>				
Income Statement Data					
Revenue ⁽¹⁾	52,329	53,041	54,859	45,517	43,604
Profit from operations	16,098	16,414	16,460	12,882	13,904
Profit from continuing operations	9,990	5,157	8,606	2,721	9,867
Profit of the period	10,414	5,688	9,166	2,769	9,867
Profit attributable to our equity holders	9,171	4,370	7,990	1,241	8,273
Weighted average number of Ordinary and Restricted Shares (million shares) ⁽²⁾	1,984	1,975	1,971	1,717	1,638
Diluted weighted average number of Ordinary and Restricted Shares (million shares) ⁽³⁾	2,026	2,011	2,010	1,755	1,668

	2019	2018 ⁽⁷⁾⁽⁸⁾	2017 ⁽⁸⁾	2016 ⁽⁶⁾⁽⁸⁾	2015 ⁽⁸⁾
	(USD millions)				
Basic earnings per share (USD) ⁽⁴⁾	4.62	2.21	4.05	0.72	5.05
Basic earnings per share from continuing operations (USD) ⁽⁴⁾	4.41	1.94	3.77	0.69	5.05
Diluted earnings per share (USD) ⁽⁵⁾	4.53	2.17	3.98	0.71	4.96
Dividends per share (USD)	2.02	2.05	4.33	3.85	3.95
Dividends per share (EUR)	1.80	1.80	3.60	3.60	3.60

Financial Position Data

Total assets	236,648	233,868	248,208	258,381	134,635
Equity	84,553	71,889	80,200	81,425	45,719
Equity attributable to our equity holders	75,722	64,485	72,576	71,339	42,137
Issued capital	1,736	1,736	1,736	1,736	1,736

Other Data

Volumes (million hectoliters)	561	560	605	500	457
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Notes:

- (1) Turnover less excise taxes and discounts. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to our customers (see “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Excise Taxes”).
- (2) Weighted average number of Ordinary and Restricted Shares means, for any period, the number of shares outstanding at the beginning of the period, adjusted by the number of shares canceled, repurchased or issued during the period, including deferred share instruments and stock lending, multiplied by a time-weighting factor.
- (3) Diluted weighted average number of Ordinary and Restricted Shares means the weighted average number of Ordinary and Restricted Shares, adjusted by the effect of share options and restricted stock units issued.
- (4) Earnings per share means, for any period, profit attributable to our equity holders for the period divided by the weighted average number of Ordinary and Restricted Shares.
- (5) Diluted earnings per share means, for any period, profit attributable to our equity holders for the period divided by the diluted weighted average number of Ordinary and Restricted Shares.
- (6) Following the combination with SAB, we consolidated SAB and report results and volumes of the retained SAB operations as of the fourth quarter of 2016. For more information on the combination with SAB, see “Item 4. Information on the Company—A. History and Development of the Company.”
- (7) The financial information for 2018 is presented under IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, which was adopted by us with effect on 1 January 2018 in accordance with the modified retrospective application. For more information on changes in accounting policies, see “Item 5. Operating and Financial Review—B. Significant Accounting Policies.”
- (8) The financial information for 2018 and 2017 has been restated to reflect the impact of adoption of IFRS 16 *Leases* on 1 January 2019 in accordance with the full retrospective application and the classification of the Australian operations as discontinued operations. The financial information for 2016 and 2015 has not been restated to reflect these changes. For more information on changes in accounting policies, see “Item 5. Operating and Financial Review—B. Significant Accounting Policies.”

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Investing in our shares involves risk. We expect to be exposed to some or all of the risks described below in our future operations. Such risks include, but are not limited to, the risk factors described below. Any of the risk factors described below, as well as additional risks of which we are not currently aware, could also affect our business operations and have a material adverse effect on our business activities, financial condition, results of operations and prospects and cause the value of our shares to decline. Moreover, if and to the extent that any of the risks described below materialize, they may occur in combination with other risks which would compound the adverse effect of such risks on our business activities, financial condition, results of operations and prospects. Investors in our shares and American Depositary Shares (“ADSs”) could lose all or part of their investment.

You should carefully consider the following information in conjunction with the other information contained or incorporated by reference in this document. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequences.

Risks Relating to Our Business

We are exposed to the risks of an economic recession, credit and capital markets volatility and economic and financial crisis (including as a result of the COVID-19 virus pandemic), which could adversely affect the demand for our products and adversely affect the market price of our Ordinary Shares and ADSs.

We are exposed to the risk of a global recession or a recession in one or more of our key markets, credit and capital markets volatility and an economic or financial crisis, or otherwise, which could result in reduced consumption or sales prices of our products, which in turn could result in lower revenue and reduced profit. Our financial condition and results of operations, as well as our future prospects, would likely be hindered by an economic downturn in any of our key markets.

Consumption of beer and other alcohol and non-alcohol beverages in many of the jurisdictions in which we operate is closely linked to general economic conditions, with levels of consumption tending to rise during periods of rising per capita income and fall during periods of declining per capita income. Additionally, per capita consumption is inversely related to the sale price of our products.

Besides moving in concert with changes in per capita income, beer and other alcoholic beverage consumption also increases or decreases in accordance with changes in disposable income.

Currently, disposable income is low in many of the developing countries in which we operate compared to disposable income in more developed countries. Any decrease in disposable income resulting from an increase in inflation, income taxes, the cost of living, unemployment levels, political or economic instability or other factors would likely adversely affect the demand for beer. Moreover, because a relevant portion of our brand portfolio consists of premium and core beers, our volumes and revenue may be impacted to a greater degree than those of some of our competitors, as some consumers may choose to purchase value or discount brands rather than premium or core brands. For additional information on the categorization of the beer market and our positioning, see “Item 4. Information on the Company—B. Business Overview—2. Principal Activities and Products—Beer.”

Capital and credit market volatility, such as that experienced in recent years, may result in downward pressure on stock prices and the credit capacity of issuers. Potential changes in social, political, regulatory and economic conditions in the U.S. and the European Union, including as a result of the United Kingdom’s exit from the European Union and changes in policies governing foreign trade and imports, may be significant drivers of capital and credit market volatility. The COVID-19 virus pandemic has resulted in significant financial market volatility and uncertainty in recent weeks. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on our ability to access capital, on our business, results of operations and financial condition, and on the market price of our Ordinary Shares and our ADSs.

Fluctuations in foreign currency exchange rates may lead to volatility in our results of operations.

Although we report our consolidated results in U.S. dollars, in 2019, we derived 69.8% of our revenue from operating companies that have non-U.S. dollar functional currencies (in most cases, in the local currency of the respective operating company). Consequently, any change in exchange rates between our operating companies' functional currencies and the U.S. dollar will affect our consolidated income statement and balance sheet when the results of those operating companies are translated into U.S. dollars for our reporting purposes, as we cannot hedge against translational exposures. Decreases in the value of our operating companies' functional currencies against the U.S. dollar will tend to reduce those operating companies' contributions in dollar terms to our financial condition and results of operations.

During 2019, several currencies, such as the Argentinean peso, the Australian dollar, the Brazilian real, the Colombian peso, the Mexican peso and the South African rand, depreciated against the U.S. dollar, which generally strengthened during the same period. Our total consolidated revenue was USD 52.3 billion for the year ended 31 December 2019, a decrease of USD 0.7 billion compared to the year ended 31 December 2018. The negative impact of unfavorable currency translation effects on our consolidated revenue in the year ended 31 December 2019 was USD 2.7 billion, primarily as a result of the impact of the currencies listed above.

Following the categorization of Argentina as a country with a three-year cumulative inflation rate greater than 100%, the country is considered as a hyperinflationary economy in accordance with IFRS rules (IAS 29 *Financial Reporting in Hyperinflationary Economies*), requiring us to restate the results of our operations for the years ended 31 December 2019 and 2018 in hyperinflationary economies for the change in the general purchasing power of the local currency, using official indices before converting the local amounts at the closing rate of the period. If the economic or political situation in Argentina further deteriorates, our Latin America South operations may be subject to restrictions under new Argentinean foreign exchange, export repatriation or expropriation regimes that could adversely affect our liquidity and operations, and our ability to access funds from Argentina. See “—We are exposed to developing market risks, including the risks of devaluation, nationalization and inflation” and “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Foreign Currency.”

Significant changes in the value of foreign currencies relative to the U.S. dollar could adversely affect the amounts we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our results of operations and profitability. See “Item 5. Operating and Financial Review—E. Results of Operations—Year Ended 31 December 2019 Compared to the Year Ended 31 December 2018” for further details on the impact of currency translation effects on our results of operations.

In addition to currency translation risk, we incur currency transaction risks whenever one of our operating companies enters into transactions using currencies other than its respective functional currency, including purchase or sale transactions and the issuance or incurrence of debt. Although we have hedging policies in place to manage commodity price and foreign currency risks to protect our exposure to currencies other than our operating companies' functional currencies, there can be no assurance that such policies will be able to successfully hedge against the effects of such foreign exchange exposure.

Much of our debt is denominated in U.S. dollars, while a significant portion of our cash flows is denominated in currencies other than the U.S. dollar. From time to time we enter into financial instruments to mitigate currency risk, but these transactions and any other efforts taken to better match the effective currencies of our liabilities to our cash flows could result in increased costs. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Market Risk, Hedging and Financial Instruments,” note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019, for further details on our approach to hedging commodity price and foreign currency risk.

Changes in the availability or price of raw materials, commodities, energy and water, including as a result of unexpected increases in tariffs on such raw materials and commodities, like aluminum, could have an adverse effect on our results of operations.

A significant portion of our operating expenses is related to raw materials and commodities, such as malted barley, wheat, corn grits, corn syrup, rice, hops, yeast, flavored concentrate, fruit concentrate, sugar, sweetener, water, glass, polyethylene terephthalate (“PET”) and aluminum bottles, aluminum or steel cans and kegs, aluminum can stock, labels, plastic crates, metal and plastic closures, folding cartons, cardboard products and plastic films.

The supply and price of raw materials and commodities used for the production of our products can be affected by a number of factors beyond our control, including the level of crop production around the world, export demand, quality and availability of supply, speculative movements in the raw materials or commodities markets, currency fluctuations, governmental regulations and legislation affecting agriculture, trade agreements among producing and consuming nations, adverse weather conditions, natural disasters, economic factors affecting growth decisions, political developments, various plant diseases and pests.

We cannot predict future availability or prices of the raw materials or commodities required for our products. The markets in certain raw materials or commodities have experienced and may in the future experience shortages and significant price fluctuations, including as a result of unexpected increases in tariffs on such raw materials and commodities like aluminum. The foregoing may affect the price and availability of ingredients that we use to manufacture our products, as well as the cans and bottles in which our products are packaged. We may not be able to increase our prices to offset these increased costs or increase our prices without suffering reduced volume, revenue and operating income. To some extent, derivative financial instruments and the terms of supply agreements can protect against increases in materials and commodities costs in the short term. However, derivatives and supply agreements expire and upon expiry are subject to renegotiation and therefore cannot provide complete protection over the medium or longer term. To the extent we fail to adequately manage the risks inherent in such volatility, including if our hedging and derivative arrangements do not effectively or completely hedge against changes in commodity prices, our results of operations may be adversely impacted. In addition, it is possible that the hedging and derivative instruments we use to establish the purchase price for commodities in advance of the time of delivery may lock us into prices that are ultimately higher than actual market prices at the time of delivery. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Market Risk, Hedging and Financial Instruments” for further details on our approach to hedging commodity price risk.

The production and distribution of our products require material amounts of energy, including the consumption of oil-based products, natural gas, biomass, coal and electricity. Energy prices have been subject to significant price volatility in the recent past and may be again in the future. High energy prices over an extended period of time, as well as changes in energy taxation and regulation in certain geographies, may result in a negative effect on operating income and could potentially challenge our profitability in certain markets. There is no guarantee that we will be able to pass along increased energy costs to our customers in every case.

The production of our products also requires large amounts of water, including water consumption in the agricultural supply chain. Changes in precipitation patterns and the frequency of extreme weather events may affect our water supply and, as a result, our physical operations. Water may also be subject to price increases in certain areas and changes in water taxation and regulation in certain geographies may result in a negative effect on operating income which could potentially challenge our profitability in certain markets. There is no guarantee that we will be able to pass along increased water costs to our customers in every case. See “—Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, may negatively affect our business or operations, including the availability of key production inputs.”

We may not be able to obtain the necessary funding for our future capital or refinancing needs and may face financial risks due to our level of debt, uncertain market conditions and as a result of the potential downgrading of our credit ratings.

We may be required to raise additional funds for our future capital needs or to refinance our current indebtedness and future indebtedness through public or private financing, strategic relationships or other arrangements. There can be no assurance that the funding, if needed, will be available or provided on attractive terms.

Following the combination with SAB, the portion of our consolidated balance sheet represented by debt is significantly higher as compared to former AB InBev's historical position and we expect it to remain so for some time. To fund the combination with SAB, former AB InBev entered into, among others, the following transactions:

- in January 2016, our subsidiary Anheuser-Busch InBev Finance Inc. ("**ABIFI**") issued bonds in debt capital markets offerings resulting in aggregate net proceeds of approximately USD 47.0 billion; and
- in March 2016, former AB InBev issued bonds in a debt capital markets offering under our Euro Medium-Term Notes Programme ("**EMTN Programme**") resulting in aggregate net proceeds of approximately EUR 13.1 billion, to which we are the successor-in-interest.

Since the combination with SAB we have undertaken further debt issuance and debt liability management exercises; see "Item 5. Operating and Financial Review—G. Liquidity and Capital Resources—Funding Sources—Borrowings" for more information on our financing activities.

Our continued increased level of debt could have significant consequences, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to fund future working capital and capital expenditures, to engage in future acquisitions or development activities or to otherwise realize the value of our assets and opportunities fully;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- impairing our ability to obtain additional financing in the future, or requiring us to obtain financing involving restrictive covenants;
- requiring us to issue additional equity (possibly under unfavorable conditions), which could dilute our existing shareholders' equity; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

In addition, ratings agencies may downgrade our credit ratings below their current levels, including as a result of the incurrence of financial indebtedness related to the combination with SAB. In October 2018, Moody's Investors Service placed AB InBev's A3 senior unsecured ratings on review to downgrade, citing downward rating pressure due to high financial leverage and our slow path to deleveraging following the October 2016 acquisition of SAB. In December 2018, Moody's Investors Service concluded its ratings review and assigned a definitive rating of Baa1 (stable outlook) to AB InBev's long-term debt obligations. As of the date of this annual report, our credit rating from Standard & Poor's ("**S&P**") Global Ratings was A- for long-term obligations and A-2 for short-term obligations, with a stable outlook, and our credit rating from Moody's Investors Service was Baa1 for long-term obligations and P-2 for short-term obligations, with a stable outlook. Any credit rating downgrade could materially adversely affect our ability to finance our ongoing operations and our ability to refinance the debt incurred to fund the combination with SAB, including by increasing our cost of borrowing and significantly harming our financial condition, results of operations and profitability, including our ability to refinance our other existing indebtedness.

In recent years, we have given priority, among other things, to deleveraging, with surplus free cash flow being used to reduce the level of outstanding debt. In light of the increased debt we assumed in connection with the combination with SAB, deleveraging remains a priority and may restrict the amount of dividends we are able to pay.

Our ability to repay and renegotiate our outstanding indebtedness will depend upon market conditions. In recent years, the global credit markets experienced significant price volatility, dislocations and liquidity disruptions that caused the cost of debt financings to fluctuate considerably. The markets also put downward pressure on stock prices and credit capacity for certain issuers without regard to those issuers' underlying financial strength.

Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors reduced and, in some cases, ceased to provide funding to borrowers. If such uncertain conditions persist, our costs could increase beyond what is anticipated. Such costs could have a material adverse impact on our cash flows, results of operations or both. In addition, an inability to refinance all or a substantial amount of our debt obligations when they become due, or more generally a failure to raise additional equity capital or debt financing or to realize proceeds from asset sales when needed, would have a material adverse effect on our financial condition and results of operations.

Our results could be negatively affected by increasing interest rates or by the future discontinuance of certain interest rate benchmarks.

We use issuances of debt and bank borrowings as a source of funding and we carry a significant level of debt. Nevertheless, pursuant to our capital structure policy, we aim to optimize shareholder value through cash flow distribution to us from our subsidiaries, while maintaining an investment-grade rating and minimizing cash and investments with a return below our weighted average cost of capital. There can be no assurance that we will be able to pursue a similar capital structure policy in the future.

Some of the debt we have issued or incurred was issued or incurred at variable interest rates, which exposes us to changes in such interest rates. As of 31 December 2019, after certain hedging and fair value adjustments, USD 9.7 billion, or 9.4%, of our interest-bearing financial liabilities (which include loans, borrowings and bank overdrafts) bore a variable interest rate, while USD 93.4 billion, or 90.6%, bore a fixed interest rate. Moreover, a significant part of our external debt is denominated in non-U.S. dollar currencies, including the Australian dollar, the Brazilian real, the Canadian dollar, the euro, the pound sterling, the South African rand and the South Korean won. Although we enter into interest rate swap agreements to manage our interest rate risk, and also enter into cross-currency interest rate swap agreements to manage both our foreign currency risk and interest-rate risk on interest-bearing financial liabilities, there can be no assurance that such instruments will be successful in reducing the risks inherent in exposures to interest rate fluctuations. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Market Risk, Hedging and Financial Instruments,” note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for further details on our approach, currency and interest rate risk.

In addition, our variable rate indebtedness and interest rate swap agreements may use the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), or other benchmarks as a reference for establishing the interest rate. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the relevant European legislation. Such announcements indicate that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate).

At this time, it is not possible to predict the effect of any establishment of alternative reference rates or any other reforms to LIBOR and EURIBOR. Uncertainty as to the nature of such alternative reference rates or other reforms may adversely affect the trading market for LIBOR-linked securities. The potential elimination of benchmarks, such as LIBOR, the establishment of alternative reference rates or changes in the manner of administration of a benchmark could also require adjustments to the terms of our benchmark-linked securities, and may result in other consequences such as market volatility or disruption and an increase in the cost of our variable rate indebtedness.

Certain of our operations depend on independent distributors or wholesalers to sell our products, and we may be unable to replace distributors or acquire interests in wholesalers or distributors. In addition, we may be adversely impacted by the consolidation of retailers.

Certain of our operations are dependent on effective distribution networks to deliver our products to consumers, and distributors play an important role in distributing a significant proportion of beer and other beverages. Generally, distributors purchase our products from us and then on-sell them either to other distributors or points of sale. Such distributors are either government-controlled or privately owned but independent wholesale distributors for distribution of our products. See “Item 4. Information on the Company—B. Business Overview—7. Distribution of Products” and “Item 4. Information on the Company—B. Business Overview—11. Regulations Affecting Our Business” for further information in this respect. There can be no assurance as to the financial affairs of such distributors or that these distributors, who often act both for us and our competitors, will not give our competitors’ products higher priority, thereby reducing their efforts to sell our products.

In the United States, for instance, we sell the vast majority of our beer to independent wholesalers for distribution to retailers and ultimately consumers. As independent companies, wholesalers make their own business decisions that may not always align themselves with our interests. If our wholesalers do not effectively distribute our products, our financial results could be adversely affected.

In addition, contractual restrictions and the regulatory environment of many markets may make it very difficult to change distributors and, in some markets, we may be prevented from acquiring interests in wholesalers or distributors (for example, see “—Our failure to satisfy our obligations under the SAB settlement agreement could adversely affect our financial condition and results of operations.”). In certain cases, poor performance by a distributor or wholesaler is not a sufficient reason for replacement. Such distributors could engage in practices that harm our reputation as consumers look to us for the quality and availability of our products. Our consequent inability to replace unproductive or inefficient distributors could adversely impact our business, results of operations and financial condition.

Moreover, the retail industry, particularly in Europe, North America and other countries in which we operate, continues to consolidate, resulting in larger retailers with increased purchasing power, which may affect our competitiveness in these markets. Larger retailers may seek to improve their profitability and sales by asking for lower prices or increased trade spending. The efforts of retailers could result in reduced profitability for the beer industry as a whole and indirectly adversely affect our financial results.

We may be unable to influence our associates in which we have minority investments.

A portion of our global portfolio consists of associates in new or developing markets, including investments where we may have a lesser degree of control over the business operations. For example, through our investment in the beverage operations of Société des Brasseries et Glacières Internationales and B.I.H. Brasseries Internationales Holding Limited, we have exposure to a number of countries in Africa; through our investment in Anadolu Efes, we have exposure to Turkey and countries in the Commonwealth of Independent States; and through our investment in AB InBev Efes, we have exposure to Russia and Ukraine.

We face several challenges inherent to these various culturally and geographically diverse business interests. Although we work with our associates on the implementation of appropriate processes and controls, we also face additional risks and uncertainties with respect to these minority investments because we may be dependent on systems, controls and personnel that are not under our control, such as the risk that our associates may violate applicable laws and regulations, which could have an adverse effect on our business, reputation, results of operations and financial condition. For more information, see “—If we do not successfully comply with applicable anti-corruption laws, export control regulations and trade restrictions, we could become subject to fines, penalties or other regulatory sanctions, as well as to adverse press coverage, which could cause our reputation, our sales or our profitability to suffer.”

We may have a conflict of interest with our majority-owned subsidiaries and we may not be able to resolve such conflict on terms favorable to us.

Conflicts of interest may arise between us and certain of our subsidiaries in various situations due to our status as parent company of such majority-owned subsidiaries and interests that may differ from ours. Notwithstanding policies and procedures to address the possibility of such conflicts of interest, we may not be able to resolve all such conflicts on terms favorable to us.

We have entered into various agreements with our subsidiaries. Notwithstanding the influence that we have over such subsidiaries, we may not be able to use it to prevent them from bringing a legal claim against us in the event of a contractual breach. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Additionally, certain of our directors and/or our senior management may also be managers or senior officers in certain of our subsidiaries. Since our interests and the ones of the relevant subsidiaries are not necessarily always the same or wholly aligned, such dual mandates and other relationships with our subsidiaries or related parties may in the future result in conflicts of interest.

We rely on key third parties, including key suppliers, and the termination or modification of the arrangements with such third parties could negatively affect our business.

We rely on third-party suppliers for a range of raw materials for our beer and non-beer products, such as malted barley, corn grits, corn syrup, rice, hops, yeast, water, flavored concentrate, fruit concentrate, sugar and sweeteners, and for packaging material, such as glass, PET and aluminum bottles, aluminum or steel cans and kegs, labels, plastic crates, metal and plastic closures, folding cartons, cardboard products and plastic films.

We seek to limit our exposure to market fluctuations in the supply of these raw materials by entering into medium- and long-term fixed-price arrangements. We have a limited number of suppliers of aluminum cans and glass bottles. Consolidation of the aluminum can industry and glass bottle industry in certain markets in which we operate has reduced local supply alternatives and increased the risk of disruption to aluminum can and glass bottle supplies. Although we generally have other suppliers of raw materials and packaging materials, the termination of or any material change to arrangements with certain key suppliers, disagreements with suppliers as to payment or other terms, or the failure of a key supplier to meet the contractual obligations it owes to us or otherwise deliver materials consistent with current usage would or may require us to make purchases from alternative suppliers, in each case at potentially higher prices or lower quality than those agreed with that supplier. Additionally, we may be subject to potential reputational damage if one of our suppliers violates applicable laws or regulations or our internal policies, or fails to meet certain quality standards. These factors could have a material impact on our production, distribution and sale of beer, other alcoholic beverages and soft drinks and have a material adverse effect on our business, results of operations, cash flows or financial condition.

A number of our key brand names are both licensed to third-party brewers and used by companies over which we do not have control. See “Item 4. Information on the Company—B. Business Overview—8. Licensing.” If we are unable to maintain such arrangements on favorable terms, this could have a material adverse effect on our business, results of operations, cash flows or financial condition.

We monitor brewing quality to ensure our high standards, but, to the extent that one of these key licensed brand names is subject to negative publicity, it could have a material adverse effect on our business, results of operations, cash flows or financial condition.

For certain packaging supplies and raw materials, we rely on a small number of important suppliers. In addition, certain of our subsidiaries may purchase nearly all of their key packaging materials from sole suppliers under multi-year contracts. The loss of or temporary discontinuity of supply from any of these suppliers without sufficient time to develop an alternative source could cause us to spend increased amounts on such supplies in the future. If these suppliers became unable to continue to meet our requirements, and we are unable to develop alternative sources of supply, our operations and financial results could be adversely affected.

We may be unsuccessful in identifying suitable acquisition targets or business partners or implementing our acquisitions, divestitures, investments, joint ventures or alliances, which may negatively impact our growth strategy.

In the past, we have made acquisitions of, investments in and joint ventures and similar arrangements with other companies and businesses. Much of our growth in recent years is attributable to such transactions, including the combination with SAB in 2016, the combination of AB InBev and Grupo Modelo in 2013, the combination of InBev and Anheuser-Busch Companies in 2008 and the combination of Interbrew S.A. and Ambev in 2004.

We will need to identify suitable acquisition targets and agree on the terms with them if we are to make further acquisitions. Our size, contractual limitations to which we are subject and our position in the markets in which we operate may make it harder to identify suitable targets, including because it may be harder for us to obtain regulatory approval for future transactions. If appropriate opportunities do become available, we may seek to acquire or invest in other businesses; however, any future acquisition may pose regulatory, antitrust and other risks.

On 19 July 2019, we announced an agreement to divest our Australia business (Carlton & United Breweries) to Asahi Group Holdings, Ltd. (“**Asahi**”) for AUD 16.0 billion, equivalent to approximately USD 11.2 billion¹. The parties continue to cooperate with the Australian Competition and Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB) with a view to obtaining the necessary approvals and closing the transaction as soon as possible in the second quarter of 2020.

In addition, after completion of any transaction in the future, we may be required to integrate the acquired companies, businesses or operations into our existing operations. There is a risk that such integration will not be successful or will involve greater costs or result in fewer synergies than expected. Such transactions may also involve the assumption of certain actual or potential, known or unknown liabilities, which may have a potential impact on our financial risk profile. These risks and limitations may limit our ability to implement our global strategy and our ability to achieve or maintain future business growth.

The ability of our subsidiaries to distribute cash upstream may be subject to various conditions and limitations.

To a large extent, we are organized as a holding company and our operations are carried out through subsidiaries. Our domestic and foreign subsidiaries’ and affiliated companies’ ability to upstream or distribute cash (to be used, among other things, to meet our financial obligations) through dividends, intercompany advances, management fees and other payments is, to a large extent, dependent on the availability of cash flows at the level of such domestic and foreign subsidiaries and affiliated companies, and may be restricted by applicable laws and accounting principles. In particular, 25.4% (USD 13.3 billion) of our total revenue of USD 52.3 billion in 2019 came from our Brazilian listed subsidiary, Ambev, which is not wholly owned and is listed on the São Paulo Stock Exchange and the New York Stock Exchange. Furthermore, 12.4% (USD 6.5 billion) of our total revenue of USD 52.3 billion in 2019 came from our Asia Pacific listed subsidiary, Budweiser Brewing Company APAC Limited (“**Budweiser APAC**”), which, since September 2019, is not wholly owned and is listed on the Hong Kong Stock Exchange. In addition to the above, some of our subsidiaries are subject to laws restricting their ability to pay dividends or the amount of dividends they may pay. If we are not able to obtain sufficient cash flows from our domestic and foreign subsidiaries and affiliated companies, this could adversely impact our ability to pay dividends, and otherwise negatively impact our business, results of operations and financial condition. See “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources—Transfers from Subsidiaries” for further information in this respect.

An inability to reduce costs could affect our profitability.

Our future success and earnings growth depend in part on our ability to be efficient in producing, advertising and selling our products and services. A number of our subsidiaries are in the process of executing cost-saving and efficiency programs and we are pursuing a number of initiatives to improve operational efficiency.

We are party to an agreement with Altria Group, Inc. (“**Altria**”), pursuant to which we provide assistance and cooperation to and give certain representations, indemnities and undertakings to Altria in relation to certain matters relevant to Altria under U.S. tax legislation (as amended from time to time, the “**Tax Matters Agreement**”).

¹ Converted to US dollars at the December 2019 closing rate of AUD 1.423803 to USD 1.00.

This agreement imposes some limits on our ability to effect certain reorganizations we might otherwise consider. See “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SAB—Tax Matters Agreement” for more information.

If we fail for any reason to successfully complete our cost-saving measures and programs as planned or to derive the expected benefits from these measures and programs, there is a risk of increased costs associated with these efforts, delays in benefit realization, disruption to the business, reputational damage or a reduced competitive advantage in the medium term. Failure to generate significant cost savings and margin improvement through these initiatives could adversely affect our profitability and our ability to achieve our financial goals.

We are exposed to developing market risks, including the risks of devaluation, nationalization and inflation.

A substantial proportion of our operations are carried out in developing markets, representing approximately 58.6% of our 2019 revenue, which include Argentina, Bolivia, Brazil, China, Colombia, Dominican Republic, Ecuador, El Salvador, Honduras, India, Mexico, Mozambique, Nigeria, Panama, Paraguay, Peru, South Africa, Tanzania, Uganda, Vietnam and Zambia.

Our operations in these markets and equity investments in developing markets are subject to the customary risks of operating in developing countries, which include political instability or insurrection, human rights concerns, external interference, financial risks, changes in government policy, political and economic changes, changes in the relations between countries, actions of governmental authorities affecting trade and foreign investment, regulations on repatriation of funds, interpretation and application of local laws and regulations, enforceability of intellectual property and contract rights, local labor conditions and regulations, lack of upkeep of public infrastructure, potential political and economic uncertainty, application of exchange controls, nationalization or expropriation, empowerment legislation and policy, corrupt business environments, crime and lack of law enforcement. Such factors could affect our results by causing interruptions to our operations or by increasing the costs of operating in those countries or by limiting our ability to repatriate profits from those countries. The financial risks of operating in developing markets also include risks of illiquidity, inflation (for example, Brazil and Argentina have periodically experienced extremely high rates of inflation), devaluation (see “—Fluctuations in foreign currency exchange rates may lead to volatility in our results of operations.”) (for example, the Brazilian, Argentine, Colombian, Peruvian, Turkish and several African currencies have been devalued frequently during the last several decades), price volatility, currency convertibility and country default.

Continued deterioration of the Argentine economy, or new foreign exchange, export repatriation or expropriation regimes could adversely affect our liquidity and ability to access funds from Argentina, our financial condition and operating results. Further devaluations of the Argentine peso (or the functional currencies of other of our operations) in the future, if any, may also decrease our net assets in Argentina (and other of our operations), with a balancing entry in our equity. For further discussion of the risks imposed by hyperinflation in Argentina, see “—Fluctuations in foreign currency exchange rates may lead to volatility in our results of operations.”

These various factors could adversely impact our business, results of operations and financial condition. Moreover, the economies of developing countries are often affected by developments in other developing market countries and, accordingly, adverse changes in developing markets elsewhere in the world could have a negative impact on the markets in which we operate. For example, any adverse economic developments in China may have a significant impact on economies elsewhere in the world. Due to our geographic mix, these factors could affect us more than our competitors with less exposure to developing markets, and any general decline in developing markets as a whole could impact us disproportionately compared to our competitors.

We rely on the reputation of our brands and our marketing efforts may be restricted by regulations.

Our success depends on our ability to maintain and enhance the image and reputation of our existing products and to develop a favorable image and reputation for new products. The image and reputation of our products may be affected in the future and concerns about product quality, even when unfounded, could tarnish the image and reputation of our products. An event, or series of events, that materially damages the reputation of one or more of our brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. Restoring the image and reputation of our products may be costly and may not be possible.

Moreover, our marketing efforts are subject to restrictions on the permissible advertising style, media channels and messages used. In a number of countries, for example, television is a prohibited medium for advertising beer and other alcohol beverage products, and in other countries, television and other forms of advertising, while permitted, are carefully regulated by a number of advertising codes and applicable laws. Any additional restrictions in such countries, or the introduction of similar restrictions in other countries, may constrain our brand building potential and thus reduce the value of our brands and related revenues.

Competition and changing consumer preferences could lead to a reduction in our margins, increase costs and adversely affect our profitability.

We compete with both brewers and other drinks companies and our products compete with other beverages. Globally, brewers, as well as other players in the beverage industry, compete mainly on the basis of brand image, price, quality, distribution networks and customer service. Consolidation has significantly increased the capital base and geographic reach of our competitors in some of the markets in which we operate, and competition is expected to increase further as the trend towards consolidation among companies in the beverage industry continues.

Concurrently, competition in the beverage industry is expanding and the market is becoming more fragmented, complex and sophisticated as consumer preferences and tastes change. Such preferences can change rapidly and in unpredictable ways due to a variety of factors, including changes in prevailing economic conditions, changing social trends and attitudes regarding alcoholic beverages, changes in leisure activity patterns or negative publicity resulting from regulatory action or litigation against us or comparable companies. Furthermore, developments in the regulatory frameworks governing the usage of cannabis could result in shifts in consumer preference and the impact that cannabis legalization could have on alcohol sales remains unclear.

Competition with brewers and producers of alternative beverages in our various markets and an increase in the purchasing power of players in our distribution channels could cause us to reduce pricing, increase capital investment, increase marketing and other expenditures and/or prevent us from increasing prices to recover higher costs, thereby causing us to reduce margins or lose market share. Further, we may not be able to anticipate or respond adequately either to changes in consumer preferences and tastes or to developments in new forms of media and marketing. Innovation faces inherent risks, and the new products we introduce may not be successful, while competitors may be able to respond more quickly than we can to emerging trends, such as the increasing consumer preference for “craft beers” produced by microbreweries and the growth of the hard seltzer category. In recent years, many industries have seen disruption from non-traditional producers and distributors, in many cases, from digital-only competitors. Our business could be negatively affected if we are unable to anticipate changing consumer preference for such platforms.

Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

If any of our products is defective or found to contain contaminants, we may be subject to product recalls or other associated liabilities.

Despite the precautions we take, in the event that any failure to comply with accepted food safety and regulatory standards (such as a contamination or a defect) does occur in the future, it may lead to business interruptions, product recalls or liability, each of which could have an adverse effect on our business, reputation, prospects, financial condition and results of operations.

Although we maintain insurance against certain product liability (but not product recall) risks, we may not be able to enforce our rights in respect of these policies, and, in the event that contamination or a defect occurs, any amounts that we recover may not be sufficient to offset any damage we may suffer, which could adversely impact our business, results of operations and financial condition.

Negative publicity, perceived health risks, failure to provide safe working environments and associated government regulation may harm our business.

In recent years, there has been increased public and political attention directed at the alcoholic beverage and food and soft drinks industries. This attention is the result of a rising health and well-being trend.

The global policy framework shaping the regulatory space for our products has evolved, and will likely continue to evolve, and the expectations of our stakeholders will continue to increase. We welcome the opportunity to reduce the harmful use of alcohol. Despite the progress made on our Smart Drinking Goals, we may be criticized and experience an increase in the number of publications and studies debating our efforts to reduce the harmful consumption of alcohol, as advocates try to shape the public discussions.

We may also be subject to laws and regulations aimed at reducing the affordability or availability of beer in some of our markets. Additional regulatory restrictions on our business, such as those on the legal minimum drinking age, product labeling, opening hours or marketing activities (including the marketing or selling of beer at sporting events), may cause the social acceptability of beer to decline significantly and consumption trends to shift away from it, which would have a material adverse effect on our business, financial condition and results of operations.

Moreover, key brand names are used by us, our subsidiaries, associates and joint ventures, and are licensed to third-party brewers. To the extent we or one of our subsidiaries, associates, joint ventures or licensees are subject to negative publicity, and the negative publicity causes consumers and customers to change their purchasing patterns, it could have a material adverse effect on our business, results of operations, cash flows or financial condition. As a significant portion of our operations occur in developing and growth markets, there is a greater risk that we may be subject to negative publicity, in particular in relation to environmental issues, labor rights and local work conditions. Negative publicity that materially damages the reputation of one or more of our brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business, which could adversely impact our business, results of operations, cash flows and financial condition.

Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, may negatively affect our business or operations, including the availability of key production inputs.

There is a growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather and precipitation patterns and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain agricultural commodities necessary for our products, such as barley, hops and sugar. Climate change may also subject us to water scarcity and quality risks due to the large amounts of water required to produce our products, including water consumed in the agricultural supply chain. In the event that climate change leads to droughts or water over-exploitation or has a negative effect on water availability or quality, the price of water may increase in certain areas and certain jurisdictions may enact unfavorable changes to applicable water-related taxes and regulations. Such measures, if adopted, could lead to increased regulatory pressures, production costs or capacity constraints. In addition, public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs and may require us to make additional investments in facilities and equipment due to increased regulatory pressures. We have announced our 2025 Sustainability Goals focused on smart agriculture, water stewardship, circular packaging and climate action. If we fail to achieve these goals for any reason, there is a risk of reputational damage. As a result, the effects of climate change could have a long-term, material adverse impact on our business and results of operations.

We are required to report greenhouse gas emissions, energy data and other related information to a variety of entities, and to comply with the wider obligations of the European Union Emissions Trading Scheme. If we are unable to measure, track and disclose information accurately and in a timely manner, we could be subject to civil penalties for non-compliance in the various European Union member states in which we operate. In addition, the need for us to comply with the European Union Emissions Trading Scheme could result in increased operational costs if we are unable to meet our compliance obligations and exceed our emission allocations.

There is also a risk of new environmental regulation in many geographies where we operate, including the European Union, U.S., Mexico and China, among others.

Our operations are subject to environmental regulations by national, state and local agencies, including, in certain cases, regulations that impose liability without regard to fault. These regulations can result in liability that might adversely affect our operations. The environmental regulatory climate in the markets in which we operate is becoming stricter, with a greater emphasis on enforcement. While we have continuously invested in reducing our environmental risks and budgeted for future capital and operating expenditures to maintain compliance with environmental laws and regulations, there can be no assurance that we will not incur a substantial environmental liability or that applicable environmental laws and regulations will not change or become more stringent in the future.

We may not be able to protect our intellectual property rights, and our ability to compete effectively may be harmed if our intellectual property rights are infringed by third parties.

Our future success depends significantly on our ability to protect our current and future brands and products and to defend our intellectual property rights, including trademarks, patents, domain names, trade secrets and know-how. We have been granted numerous trademark registrations and patents covering our brands and products and have filed, and expect to continue to file, trademark and patent applications seeking to protect newly developed brands and products. We cannot be sure that trademark and patent registrations will be issued with respect to any of our applications. There is also a risk that we could, by omission, fail to renew a trademark or patent on a timely basis or that our competitors will challenge, invalidate or circumvent any existing or future trademarks and patents issued to, or licensed by, us.

Although we have endeavored to take appropriate action to protect our portfolio of intellectual property rights (including patent applications, trademark registration, domain names and ongoing enforcement actions), we cannot be certain that the steps we have taken will be sufficient or that third parties will not infringe upon or misappropriate proprietary rights. Moreover, some of the countries in which we operate offer less effective intellectual property protection than is available in Europe or the United States. If we are unable to protect our proprietary rights against infringement or misappropriation, it could have a material adverse effect on our business, results of operations, cash flows or financial condition and, in particular, on our ability to develop our business.

We could incur significant costs as a result of compliance with, and/or violations of or liabilities under, various regulations that govern our operations.

Our business is highly regulated in many of the countries in which we or our licensed third parties operate. The regulations adopted by the authorities in these countries govern many parts of our operations, including brewing, marketing and advertising (in particular to ensure our advertising is directed to individuals of legal drinking age), consumer promotions and rebates, environmental protection, workplace safety, transportation, distributor relationships, retail execution, sales and data privacy. We may be subject to claims that we have not complied with existing laws and regulations, which could result in fines and penalties or loss of operating licenses, which may have a material adverse impact on our ability to operate our businesses in these markets.

We are also routinely subject to new or modified laws and regulations with which we must comply in order to avoid claims, fines and other penalties, which could adversely impact our business, results of operations and financial condition. For example, we are subject to the General Data Protection Regulation adopted in the European Union in April 2016, which was fully implemented in all member states in May 2018. Breach of any of these laws or regulations can lead to significant fines and/or damage to our reputation, as well as significantly restrict our ability to deliver on our digital productivity and growth plans.

We may also be subject to laws and regulations aimed at reducing the availability of beer and other alcoholic beverage products in some of our markets to address alcohol abuse and other social issues. See “—Negative publicity, perceived health risks, failure to provide safe working environments and associated government regulation may harm our business.” There can be no assurance that we will not incur material costs or liabilities in connection with compliance with applicable regulatory requirements, or that such regulation will not interfere with our beer, other alcoholic beverage and soft drinks businesses.

Furthermore, the partnership between Labatt Breweries of Canada (“**Labatt**”), the Canadian subsidiary of our subsidiary Ambev, and Tilray Inc. (“**Tilray**”) to research non-alcohol beverages containing tetrahydrocannabinol (“**THC**”) and cannabidiol (“**CBD**”), both derived from cannabis, and also to commercialize a non-alcohol CBD beverage in Canada only, could lead to increased legal, reputational and financial risks, as the laws and regulations governing recreational cannabis are still developing, including in ways that we may not foresee. For instance, the involvement in the legal cannabis industry in Canada may invite new regulatory and enforcement scrutiny in other markets. Cannabis remains illegal in many markets in which we operate, and violations of law could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings or criminal charges. Furthermore, the political environment and popular support for cannabis legalization is changing quickly and remains in flux.

For further detail regarding common regulations and restrictions on us, see “Item 4. Information on the Company—B. Business Overview—11. Regulations Affecting Our Business” and “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Governmental Regulations.”

We are exposed to the risk of litigation, claims and disputes, which may cause us to pay significant damage awards and incur other costs.

We are now and may in the future be party to legal proceedings and claims and significant damages may be asserted against us. See “Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings” and “Item 5. Operating and Financial Review—H. Contractual Obligations and Contingencies—Contingencies” and note 32 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019, for a description of certain material contingencies which we believe are reasonably possible (but not probable) to be realized. Given the inherent uncertainty of litigation, it is possible that we might incur liabilities as a consequence of the proceedings and claims brought against us, including those that are not currently believed by us to be reasonably possible.

Moreover, companies in the alcoholic beverage industry and soft drink industry – including our operations – are, from time to time, exposed to collective suits (class actions) or other litigation relating to alcohol advertising, alcohol abuse problems or health consequences from the excessive consumption of beer, other alcohol beverages and soft drinks. As an illustration, we and certain other beer and other alcohol beverage producers from Brazil, Canada, Europe and the United States have been involved in class actions and other litigation seeking damages for, among other things, alleged marketing of alcohol beverages to underage consumers. If any of these types of litigation were to result in fines, damages or reputational damage to us or our brands, this could have a material adverse effect on our business, results of operations, cash flows or financial position. See “Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings.”

Our failure to satisfy our obligations under the SAB settlement agreement could adversely affect our financial condition and results of operations.

We entered into a consent decree with the U.S. Department of Justice in relation to the combination with SAB on 20 July 2016. As part of this consent decree, we agreed (i) not to acquire control of a distributor if doing so would result in more than 10% of our U.S. annual volume being distributed through majority-owned distributorships in the U.S., (ii) not to terminate any wholesalers as a result of the combination with SAB, (iii) to review and modify certain aspects of our U.S. sales programs and policies to ensure that we do not limit the ability and incentives of independent distributors to sell and promote third-party brewers’ products and (iv) to notify the U.S. Department of Justice at least 30 days prior to the consummation of any acquisition of a beer brewer, importer, distributor or brand owner deriving more than USD 7.5 million in annual gross revenue from beer sold for further resale in the United States or from license fees generated by such sales, subject to certain exceptions. The consent decree was approved and entered by the U.S. federal district court in the District of Columbia on 22 October 2018. Unless the court grants an extension, the consent decree will expire on 20 July 2026 (ten (10) years after the U.S. Department of Justice filed its complaint); however, the consent decree may be terminated at any time after 22 October 2023 upon notice by the U.S. Department of Justice to the court that continuation of the consent decree is no longer necessary or in the public interest. Our compliance with our obligations under the settlement agreement is monitored by the U.S. Department of Justice and the Monitoring Trustee appointed by it. Were we to fail to fulfill our obligations under the settlement, whether intentionally or inadvertently, we could be subject to monetary fines or other penalties. Our obligations under the settlement agreement (in particular the restrictions on our U.S. sales programs and policies) may also adversely impact our U.S. operations.

In other jurisdictions, we were required to make certain divestitures and to fulfill a number of other commitments as a condition to receiving regulatory clearance for the combination with SAB, and we are now in the process of fulfilling these commitments. For more information on commitments related to the combination with SAB, see “—We are exposed to antitrust and competition laws in certain jurisdictions and the risk of changes in such laws or in the interpretation and enforcement of existing antitrust and competition laws. In addition, in connection with our previous acquisitions, various regulatory authorities have previously imposed conditions with which we are required to comply.”

We may be subject to adverse changes in taxation and other tax-related risks.

Taxation on our products in the countries in which we operate is comprised of different taxes specific to each jurisdiction, such as excise and other indirect taxes (such as value-added tax (“VAT”)). In many jurisdictions, these taxes make up a large proportion of the cost of beer charged to consumers. Increases in excise and other indirect taxes applicable to our products either on an absolute basis or relative to the levels applicable to other beverages tend to adversely affect our revenue or margins, both by reducing overall consumption of our products and by encouraging consumers to switch to other categories of beverages, including unrecorded or informal alcohol products. These increases also adversely affect the affordability of our products and our profitability. In recent years, Australia, Brazil, South Africa, Egypt, Singapore, Peru and Argentina, among others, increased beer excise taxes. Tax increases can result in significant price increases and have a significant impact on our sales of beer. See “—Negative publicity, perceived health risks, failure to provide safe working environments and associated government regulation may harm our business.”

In addition to excise taxes, additional charges may be levied in relation to tax stamps and other forms of fiscal marking. In the last year, we have seen a strong pressure to introduce costly and ineffective fiscal marking systems in several African markets. The cost of these marking schemes could adversely affect our businesses in the relevant countries (including their profitability).

In addition to excise and other indirect duties, we are subject to income and other taxes in the countries in which we operate. There can be no assurance that the operations of our breweries and other facilities will not become subject to increased taxation by local, national or foreign authorities or that we and our subsidiaries will not become subject to higher corporate income tax rates or to new or modified taxation regulations and requirements.

For example, the work being carried out by the Organization for Economic Co-operation and Development (“OECD”) on base erosion and profit shifting and initiatives at the European Union level (including the anti-tax avoidance directive adopted by the Council of the European Union on 12 July 2016) as a response to increasing globalization of trade and business operations could result in changes in tax treaties, the introduction of new legislation, updates to existing legislation, or changes to regulatory interpretations of existing legislation, any of which could impose additional taxes on businesses. Furthermore, the U.S. tax reform legislation signed on 22 December 2017 (Public Law 115-97) (the “**Tax Act**”), known as the Tax Cuts and Jobs Act, brings major tax legislation changes into law. While the Tax Act reduces the statutory rate of U.S. federal corporate income tax to 21% and provides an exemption for certain dividends from 10%-owned foreign subsidiaries, the Tax Act expands the tax base by introducing further limitations on deductibility of interest, the imposition of a “base erosion and anti-abuse tax” and the imposition of minimum tax for “global intangible low-tax income,” among other changes which would adversely impact our results of operations. While significant regulations interpreting the changes made by the Tax Act have been implemented, additional guidance and regulations may be issued by U.S. tax authorities, and it is possible that future guidance could adversely impact us.

We are exposed to antitrust and competition laws in certain jurisdictions and the risk of changes in such laws or in the interpretation and enforcement of existing antitrust and competition laws. In addition, in connection with our previous acquisitions, various regulatory authorities have previously imposed conditions with which we are required to comply.

We are subject to antitrust and competition laws in the jurisdictions in which we operate. Consequently, we may be subject to regulatory scrutiny in certain of these jurisdictions. For instance, in June 2016, the European Commission announced an investigation into alleged abuse of a dominant position by us in Belgium, and on 13 May 2019 published a decision concluding that certain of our actions restricted competition. See “Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings—Anheuser-Busch InBev SA/NV—Antitrust Matters” for more information. In addition, our Brazilian listed subsidiary, Ambev, has been subject to monitoring by antitrust authorities in Brazil. There can be no assurance that the introduction of new competition laws in the jurisdictions in which we operate, the interpretation of existing antitrust or competition laws, the enforcement of existing antitrust or competition laws by competent authorities or civil antitrust litigation by private parties, or any agreements with competent antitrust or competition authorities, against us or our subsidiaries, including Ambev, will not affect our business or the businesses of our subsidiaries in the future or have a financial impact.

In addition, divestitures and other commitments made in order to obtain regulatory approvals, or our failure to comply with such commitments, may have an adverse effect on our business, results of operations, financial condition and prospects. These or any conditions, remedies or changes also reduce the price we are able to obtain for such disposals or imposing additional costs on or limiting our revenues, any of which might have a material adverse effect on us and our results of operations.

If we do not successfully comply with applicable anti-corruption laws, export control regulations and trade restrictions, we could become subject to fines, penalties or other regulatory sanctions, as well as to adverse press coverage, which could cause our reputation, our sales or our profitability to suffer.

We operate our business and market our products in markets that, as a result of political and economic instability, a lack of well-developed legal systems and potentially corrupt business environments, present us with political, economic and operational risks. Although we are committed to conducting business in a legal and ethical manner in compliance with local and international laws and regulations applicable to our business, there is a risk that management, employees or other representatives of our subsidiaries, affiliates, associates, joint ventures or other business interests may take actions that violate applicable anti-corruption laws and regulations, including applicable laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the U.S. Foreign Corrupt Practices Act (the “FCPA”), the U.K. Bribery Act and Brazilian Law No. 12,846/13 (an anti-bribery statute that took effect in January 2014). Such actions could expose us to potential liability and the costs associated with investigating potential misconduct. In addition, any press coverage associated with misconduct under these laws and regulations, even if unwarranted or baseless, could damage our reputation and sales.

Additionally, in the ordinary course of business, we regularly contract and deal with business partners and consulting firms. Some of these third parties have been managed or controlled by former government officials. Because Brazilian authorities are conducting ongoing investigations that target certain firms and business partners that Ambev previously engaged, Ambev has been cited as clients in connection with such investigations.

In the third quarter of 2019, there were news reports regarding alleged leaks of statements about Ambev by a former consultant, Mr. Antonio Palocci, in a legal procedure to which Ambev subsequently had access. In this regard, we have not identified evidence supporting Mr. Palocci’s claims of illegal conduct by Ambev and remain committed to monitoring this matter.

As a global brewer, we also operate our business and market our products in countries that may be subject to export control regulations, embargoes, economic sanctions and other forms of trade restrictions imposed by the United States, the European Union, the United Nations and other participants in the international community. For example, we indirectly own, through AB InBev Efes, our combined company with Anadolu Efes, subsidiaries in Russia and Ukraine. We do not sell directly into the Crimea region but are aware that indirect shipments may occur. In addition, certain of our associates also operate their business and market their products in countries subject to trade restrictions. For example, Anadolu Efes has an indirect interest in a Syrian soft drinks bottler and has limited distribution to Iran. Furthermore, our subsidiary Ambev operates a joint venture in Cuba with the Government of Cuba. See “—Our subsidiary Ambev operates a joint venture in Cuba, in which the Government of Cuba is its joint venture partner. Cuba remains subject to comprehensive economic and trade sanctions by the United States and Ambev’s operation in Cuba may adversely affect our reputation and the liquidity and value of our securities.”

New or expanded export control regulations, economic sanctions, embargoes or other forms of trade restrictions imposed on Syria, Cuba, Iran or other countries in which we or our associates do business may curtail our existing business and may result in serious economic challenges in these geographies, which could have a material adverse effect on our and our associates' operations, and may result in impairment charges on goodwill or other intangible assets.

Additionally, the global reach of our operations exposes us to risks associated with doing business globally, including changes in tariffs. The Office of the United States Trade Representative has enacted tariffs on certain imports into the United States from China. Additionally, the U.S. federal government continues to signal that it may alter trade agreements and terms between China and the United States, including limiting trade with China, imposing additional tariffs on imports from China and potentially imposing other restrictions on exports from China to the United States. Consequently, it is possible that additional or higher tariffs will be imposed on products imported from foreign countries, including China, or that our business will be adversely impacted by retaliatory trade measures taken by China or other countries in response to existing or future tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade, which in turn could have a material adverse effect on our business in one or more of our key markets and results of operations.

Our subsidiary Ambev operates a joint venture in Cuba, in which the Government of Cuba is its joint venture partner. Cuba remains subject to comprehensive economic and trade sanctions by the United States and Ambev's operations in Cuba may adversely affect our reputation and the liquidity and value of our securities.

A subsidiary of our subsidiary Ambev owns a 50% equity interest in Cervecería Bucanero S.A., a Cuban company in the business of producing and selling beer. Consequently, we indirectly own, through our subsidiary Ambev, a 50% equity interest in Cervecería Bucanero S.A. The other 50% equity interest is owned by the Government of Cuba. Cervecería Bucanero S.A. is operated as a joint venture in which Ambev appoints the general manager. Cervecería Bucanero S.A.'s main brands are Bucanero and Cristal, but it also imports and sells in Cuba other brands produced by certain of our non-U.S. subsidiaries. In 2019, Cervecería Bucanero S.A. sold 1.5 million hectoliters of beer, representing about 0.3% of our global volume of 561 million hectoliters for the year. Although Cervecería Bucanero S.A.'s production is primarily sold in Cuba, a small portion of its production is exported to and sold by certain distributors in other countries outside Cuba (but not in the United States).

The U.S. Treasury Department's Office of Foreign Assets Control and the U.S. Commerce Department together administer and enforce broad and comprehensive economic and trade sanctions based on U.S. foreign policy towards Cuba. Although our operations in Cuba through our subsidiary Ambev are quantitatively immaterial, our overall business reputation may suffer or we may face additional regulatory scrutiny as a result of our activities in Cuba based on the identification of Cuba as a target of U.S. economic and trade sanctions. In addition, Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (known as the "**Helms-Burton Act**") authorizes private lawsuits for damages against anyone who traffics in property confiscated without compensation by the Government of Cuba from persons who at the time were, or have since become, nationals of the United States. Separately, Title IV of the Helms-Burton Act authorizes the U.S. Department of State to prohibit entry into the United States of non-U.S. persons who traffic in confiscated property, and corporate officers and principals of such persons, and their families. Although Title III of the Helms-Burton Act has been suspended by discretionary presidential action since its inception in 1996, on 2 May 2019, the Trump Administration activated Title III of the Helms-Burton Act, thereby allowing nationals of the United States that hold claims under the Helms-Burton Act to file suit in U.S. federal court against all persons trafficking in property confiscated by the Cuban government. Title IV of the Helms-Burton Act has been in effect since the law was passed in 1996, but no actions have been taken under that provision since 1996. The Trump Administration has announced its intention to implement Title IV of the Helms-Burton Act by denying visas to persons who traffic in confiscated property. Since 2 May 2019, as a result of the activation of Title III of the Helms-Burton Act, we may be subject to potential U.S. litigation exposure, including claims accrued during the prior suspension of Title III of the Helms-Burton Act. Given the unprecedented activation of Title III of the Helms-Burton Act, there is substantial uncertainty as to how the statute will be interpreted by U.S. courts. In 2009, former AB InBev received notice of a claim purporting to be made under the Helms-Burton Act relating to the use of a trademark by Cervecería Bucanero S.A., which is alleged to have been confiscated by the Cuban government and trafficked by former AB InBev through its former ownership and management of Cervecería Bucanero S.A. It remains uncertain how the activation of Title III of the Helms-Burton

Act will impact our U.S. litigation exposure with respect to this notice of claim. Furthermore, in light of the aforementioned 2009 notice of a claim relating to an allegedly confiscated trademark and the Trump Administration's statements with respect to Title IV of the Helms-Burton Act, non-U.S. persons, corporate officers and principals of such persons, as well as their family members, may be subject to the denial of visas to enter the United States. Given the limited past use of this authority by the U.S. Department of State, there is substantial uncertainty as to how it will be implemented on a going-forward basis and we are unable to ascertain how more robust implementation of the provision may affect us.

We may not be able to recruit or retain key personnel.

In order to develop, support and market our products, we must hire and retain skilled employees with particular expertise. The implementation of our strategic business plans could be undermined by a failure to recruit or retain key personnel or the unexpected loss of senior employees, including in acquired companies.

We face various challenges inherent in the management of a large number of employees across diverse geographical regions. It is not certain that we will be able to attract or retain key employees and successfully manage them, which could disrupt our business and have an unfavorable material effect on our financial position, income from operations and competitive position.

We are exposed to labor strikes and disputes that could lead to a negative impact on our costs and production level.

Our success depends on maintaining good relations with our workforce. In several of our operations, a majority of our workforce is unionized. For instance, a majority of the hourly employees at our breweries in several key countries in different geographies are represented by unions. Our production may be affected by work stoppages or slowdowns as a result of disputes under existing collective labor agreements with labor unions. We may not be able to satisfactorily renegotiate our collective labor agreements when they expire and may face more difficult negotiations or higher wage and benefit demands. Furthermore, a work stoppage or slowdown at our facilities could interrupt the transport of raw materials from our suppliers or the transport of our products to our customers. Such disruptions could put a strain on our relationships with suppliers and customers and may have lasting effects on our business even after the disputes with our labor force have been resolved, including as a result of negative publicity.

Our production may also be affected by work stoppages or slowdowns that affect our suppliers, distributors and retail delivery/logistics providers as a result of disputes under existing collective labor agreements with labor unions, in connection with negotiations of new collective labor agreements, as a result of supplier financial distress or for other reasons.

A strike, work stoppage or slowdown within our operations or those of our suppliers, or an interruption or shortage of raw materials for any other reason (including, but not limited to, financial distress, natural disaster or difficulties affecting a supplier) could have a material adverse effect on our earnings, financial condition and ability to operate our business.

Our United States organization has approximately 5,100 hourly brewery workers represented by the International Brotherhood of Teamsters. Their compensation and other terms of employment are governed by collective bargaining agreements negotiated between us and the International Brotherhood of Teamsters. We recently completed negotiations of new five-year agreements with the Teamsters, which will expire on 29 February 2024.

Information technology failures, including those that affect the privacy and security of sensitive customer and business information, could damage our reputation and we could suffer a loss of revenue, incur substantial additional costs and become subject to litigation and regulatory scrutiny.

We rely on information technology systems to process, transmit and store large amounts of electronic data, including personal information. We engage in e-commerce in nearly two dozen countries, which includes direct sales to some customers. Additionally, a significant portion of the communication between our personnel, customers

and suppliers depends on information technology. As with all large systems, our information systems may be vulnerable to a variety of interruptions due to events beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers or other security issues. Unauthorized or accidental access to, or destruction, loss, alteration, disclosure, misuse, falsification or unavailability of, information could result in violations of data privacy laws and regulations, damage to our reputation or our competitive advantage, loss of opportunities to acquire or divest of businesses or brands and loss of ability to commercialize products developed through research and development efforts and, therefore, could have a negative impact on net operating revenues. More generally, technology disruptions can have a material adverse effect on our business, results of operations, cash flows or financial condition.

We depend on information technology to enable us to operate efficiently and interface with customers, as well as to maintain in-house management and control. We also collect and store non-public personal information that customers provide to purchase products or services, including personal information and payment information. We have entered into various information technology services agreements pursuant to which our information technology is partially outsourced to leading third-party vendors, and we may share information about our company, customers, operations and employees with vendors that assist with certain aspects of our business. Like us, these third parties are subject to risks imposed by data breaches and cyber-attacks and other events or actions that could damage, disrupt or close down their networks or systems. Security processes, protocols and standards that we have implemented and contractual provisions requiring security measures that we may have sought to impose on such third parties may not be sufficient or effective at preventing such events, which could result in unauthorized access to, or disruptions to, or misuse of, information or systems that are important to our business, including proprietary information, sensitive or confidential data, and other information about our operations, customers, employees and suppliers, including personal information.

In addition, the concentration of processes in shared services centers means that any technology disruption could impact a large portion of our business within the operating regions served. Any transitions of processes to, from or within shared services centers as well as other transformational projects could lead to business disruptions. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, the loss of, or failure to attract new customers, lost revenues resulting from the disruption or shutdown of computer systems, unexpected failure of devices and software in use by our IT platforms, operations or supply chain disruptions, alteration, corruption or loss of accounting financial or other data on which we rely for financial reporting and other purposes, which could cause errors or delays in our financial reporting, or the loss of or damage to intellectual property through a security breach. As with all information technology systems, our system could also be penetrated by outside parties intent on extracting information, corrupting information or disrupting business processes.

We take various actions with the aim of minimizing potential technology disruptions, such as investing in intrusion detection solutions, proceeding with internal and external security assessments, building and implementing business continuity plans and reviewing risk management processes. Regardless of such measures, we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us, our current or former employees, our customers or suppliers, or consumers or other data subjects, and may become exposed to legal action and increased regulatory oversight. We could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems.

While we continue to invest in new technology monitoring and cyberattack prevention systems, no commercial or government entity can be entirely free of vulnerability to attack or compromise given how rapidly and unpredictably techniques evolve to obtain unauthorized access or disable or degrade service. During the normal course of business, we have experienced and continue to expect to experience attempted breaches of our technology systems and networks from time to time. In 2019, as in previous years, we experienced several attempted breaches of our technology systems and networks. None of the attempted breaches of our systems (as a result of cyberattacks, security breaches or similar events) had a material impact on our business or operations or resulted in known material unauthorized access to our data or our customers' data.

If we fail to comply with personal data protection laws, we could be subject to adverse publicity, government enforcement actions and/or private litigation, which could negatively affect our business and operating results.

In the ordinary course of our business, we receive, process, transmit and store information relating to identifiable individuals (“personal data”), such as employees and consumers. As a result, we are subject to various laws and regulations relating to personal data. These laws have been subject to frequent changes, and new legislation in this area may be enacted in other jurisdictions at any time. For example, we are subject to the General Data Protection Regulation (“GDPR”), which became effective in May 2018 for all member states in the EU. GDPR, as well as any other changes to existing personal data protection laws and the introduction of such laws in other jurisdictions, have subjected and may continue in the future to subject us to, among other things, additional costs and expenses and have required and may in the future require costly changes to our business practices and security systems, policies, procedures and practices. There is no assurance that our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future will prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of GDPR and/or of other personal data protection laws could harm our reputation, subject us to government enforcement actions (including fines) or result in private litigation against us, which could negatively affect our business and operating results.

Natural and other disasters could disrupt our operations.

Our business and operating results could be negatively impacted by natural, social, technical or physical risks such as a widespread health emergency such as the COVID-19 virus pandemic (or concerns over the possibility of such an emergency), earthquakes, hurricanes, typhoons, flooding, fire, water scarcity, power loss, loss of water supply, telecommunications and information technology system failures, cyberattacks, labor disputes, political instability, military conflict and uncertainties arising from terrorist attacks, including a global economic slowdown, the economic consequences of any military action and associated political instability.

Our insurance coverage may not be sufficient.

We purchase insurance for director and officer liability and other coverage where required by law or contract or where considered to be in our best interest. Even though we maintain these insurance policies, we self-insure most of our insurable risk. Should an uninsured loss or a loss in excess of insured limits occur, this could adversely impact our business, results of operations and financial condition.

An impairment of goodwill or other intangible assets would adversely affect our financial condition and results of operations.

We have previously recognized significant goodwill on our balance sheet through acquisitions. For example, upon completion of the combination with SAB, we recognized USD 72.4 billion of incremental goodwill on our balance sheet.

Our accounting policy considers brands and distribution rights for our own products as intangible assets with indefinite useful lives, which are tested for impairment on an annual basis (or more often if an event or circumstance indicates that an impairment loss may have been incurred) and not amortized. After the completion of the combination with SAB, we recorded brands and other intangibles from the SAB business as intangible assets with indefinite useful lives, with a fair value of USD 15.0 billion.

As of 31 December 2019, our goodwill amounted to USD 128.1 billion and intangible assets with indefinite useful lives amounted to USD 40.2 billion. If the continuing integration of our businesses with SAB’s businesses meets with unexpected difficulties or if the combined business does not develop as expected, impairment charges may be incurred in the future that could be significant and that could have an adverse effect on our results of operations and financial condition.

The audit report included in this annual report is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, you may be deprived of the benefits of such inspection.

Auditors of companies that are registered with the U.S. Securities and Exchange Commission (the “SEC”) and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the U.S. Public Company Accounting Oversight Board (United States) (the “PCAOB”) and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. Because our auditors are located in Belgium, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Belgian authorities, our auditors are not currently inspected by the PCAOB.

This lack of PCAOB inspections in Belgium prevents the PCAOB from regularly evaluating audits and quality-control procedures of any auditors operating in Belgium, including our auditors. As a result, investors may be deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in Belgium makes it more difficult to evaluate the effectiveness of our auditor’s audit procedures or quality-control procedures as compared to auditors outside of Belgium that are subject to PCAOB inspections.

Risks Related to Our Ordinary Shares and American Depositary Shares

The market price of our Ordinary Shares and ADSs may be volatile.

The market price of our Ordinary Shares and ADSs may be volatile as a result of various factors, many of which are beyond our control. These factors include, but are not limited to, the following:

- market expectations for our financial performance;
- actual or anticipated fluctuations in our results of operations and financial condition;
- changes in the estimates of our results of operations by securities analysts;
- investor perception of the impact of the combination with SAB on us and our shareholders;
- the conversion of Restricted Shares into Ordinary Shares, the Restricted Shares becoming so convertible on 10 October 2021, subject to certain limited exceptions (see “Item 10—Additional Information—B. Memorandum and Articles of Association and Other Share Information—Form and Transferability of Our Shares—Restricted Shares—Conversion into Ordinary Shares”);
- potential or actual sales of blocks of our Ordinary Shares or ADSs in the market by any shareholder or short selling of our Ordinary Shares or ADSs. Any such transaction could occur at any time or from time to time, with or without notice;
- the entry of new competitors or new products in the markets in which we operate;
- volatility in the market as a whole or investor perception of the beverage industry or of our competitors; and
- the occurrence of any of the matters discussed in the risk factors mentioned in this section.

The market price of our Ordinary Shares and ADSs may be adversely affected by any of the preceding or other factors regardless of our actual results of operations and financial condition.

Furthermore, we have entered into a series of derivative contracts on our own shares to hedge (1) the risk arising from certain share-based payment programs, (2) the deferred share instrument related to the Grupo Modelo combination and (3) some share-based payments in connection with the acquisition of SAB. Most of these derivative instruments could not qualify for hedge accounting and thus changes in the fair value of the hedges are recognized in our profit or loss account for the period. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk — Market Risk, Hedging and Financial Instruments — Equity Price Risk”. As we currently hedge the exposure for an equivalent of 99.5 million of our shares, a significant change in our share price will have a significant impact on our profit or loss account.

Our largest shareholder may use its significant interest to take actions not supported by our other shareholders.

As of 31 December 2019, our largest shareholder, Stichting Anheuser-Busch InBev (the “**Stichting**”), owned 33.84% of our voting rights (and the Stichting and certain other entities acting in concert with it (within the meaning of the Belgian Law of 1 April 2007 on public takeover bids and/or the Belgian Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, implementing into Belgian law Directive 2004/109/CE (the “**Belgian Law of 2 May 2007 on the notification of significant shareholdings**”)) held, in aggregate, 43.35% of our voting rights), based on the number of shares outstanding on 31 December 2019, excluding the 59,862,847 treasury shares held by us and certain of our subsidiaries (including approximately 12.7 million² treasury shares required to settle our obligations under Zenzele schemes) (see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders” and “Item 5. Operating and Financial Review —H. Contractual Obligations and Contingencies”). In accordance with our articles of association, the Stichting has the ability to effectively control the election of a majority of our board of directors, as a result of which, under Belgian law, the Stichting has control of us. The Stichting is also able to have a significant influence on the outcome of corporate actions requiring shareholder approval, including mergers, share capital increases and other extraordinary items. See “Item 10. Additional Information—B. Memorandum and Articles of Association and Other Share Information—Description of the Rights and Benefits Attached to Our Shares” for further information in this respect.

The interests and time horizons of the Stichting may differ from those of other shareholders. As a result of its influence on our business, the Stichting could prevent us from making certain decisions or taking certain actions that would protect the interests of our other shareholders. For example, this concentration of ownership may delay or prevent a change of control of Anheuser-Busch InBev SA/NV, even in the event that this change of control may benefit other shareholders generally. Similarly, the Stichting could prevent us from taking certain actions that would dilute its percentage interest in our shares, even if such actions would generally be beneficial to us and/or to other shareholders. These and other factors related to the Stichting’s holding of a significant interest in our shares may reduce the liquidity of our shares and ADSs and their attractiveness to investors.

We may be unable to pay dividends.

As a general matter, we cannot guarantee that we will pay dividends in the future. The payment of dividends will depend on factors such as our business outlook, cash flow requirements and financial performance, the state of the market and the general economic climate (including the impact of COVID-19 virus pandemic) and other factors, including tax and other regulatory considerations. In particular, in light of the increased debt that resulted from completion of the combination with SAB, deleveraging remains a priority and may restrict the amount of dividends we are able to pay. In addition, we must, under Belgian law and our articles of association, before we proceed with any dividend payment, allocate an amount equal to 5% of our annual net profit on an unconsolidated basis to a legal reserve in our unconsolidated financial statements until the reserve reaches 10% of our share capital, in accordance with Belgian accounting principles.

² Calculated assuming our closing share price of EUR 72.71 per share and an exchange rate of ZAR 15.777300 to EUR 1.00 as at 31 December 2019.

Fluctuations in the exchange rate between the euro, the South African rand, the Mexican peso and the U.S. dollar may increase the risk of holding our ADSs and Ordinary Shares.

Our Ordinary Shares currently trade on Euronext Brussels in euro and we have secondary listings of our shares on the Johannesburg Stock Exchange in South African rand and on the Mexican Stock Exchange (*Bolsa Mexicana de Valores*) in Mexican pesos. Our ADSs trade on the New York Stock Exchange (“**NYSE**”) in U.S. dollars. Fluctuations in the exchange rate between the euro, the South African rand, the Mexican peso and the U.S. dollar may result in temporary differences between the value of our Ordinary Shares trading in different currencies and between the value of our Ordinary Shares and ADSs, which may result in heavy trading by investors seeking to exploit such differences. Similarly, uncertainty over fiscal and budgetary challenges in the United States, Mexico, South Africa and/or Europe may negatively impact global economic conditions, and could trigger sharply increased trading and consequent market fluctuations, which would increase the volatility of, and may have an adverse effect upon, the price of our Ordinary Shares or ADSs.

In addition, as a result of fluctuations in the exchange rate between the U.S. dollar, the euro, the South African rand and the Mexican peso, the U.S. dollar equivalent of the proceeds that a holder of our ADSs would receive upon the sale in Belgium, South Africa or Mexico of any shares withdrawn from the American Depositary Receipt (“**ADR**”) depositary and the U.S. dollar equivalent of any cash dividends paid in euro on our Ordinary Shares represented by the ADSs could also decline.

Future equity issuances may dilute the holdings of current shareholders or ADS holders and could materially affect the market price of our Ordinary Shares or ADSs.

We may in the future decide to offer additional equity to raise capital or for other purposes, in compliance with applicable Belgian legislation. Any such additional offering could reduce the proportionate ownership and voting interests of holders of our Ordinary Shares and ADSs, as well as our earnings per share or ADS and net asset value per share or ADS, and any offerings by us or our main shareholders could have an adverse effect on the market price of our Ordinary Shares and ADSs.

We entered into a registration rights agreement requiring us to register for resale under the Securities Act of 1933, as amended (the “**Securities Act**”), all registrable shares held by the holders of Restricted Shares (the “**Restricted Shareholders**”) no earlier than five years after completion of the combination with SAB, at which point the Restricted Shares will become eligible for conversion into Ordinary Shares at the option of the Restricted Shareholder. As of the closing of the combination with SAB, Restricted Shares represented 16.14% of our outstanding share capital. Although the Restricted Shares are generally subject to certain holdback and suspension periods until 21 October 2021, the Restricted Shares, once they are converted to Ordinary Shares, are not subject to a “lock-up” or similar restriction under the registration rights agreement. Accordingly, sales of large numbers of Ordinary Shares may be made upon registration of such shares with the SEC in accordance with the terms of the registration rights agreement. Registration and sales of our Ordinary Shares effectuated pursuant to the registration rights agreement will increase the number of shares being sold in the public market and may increase the volatility of the price of our Ordinary Shares and ADSs.

Investors may suffer dilution if they are not able to participate in equity offerings, and our ADS holders may not receive any value for rights that we may grant.

Our constitutional documents provide for preference rights to be granted to our existing shareholders unless such rights are disappplied by resolution of our shareholders’ meeting or the Board of Directors. Our shareholders’ meeting or our Board of Directors may disapply such rights in future equity offerings, while no preference rights apply to capital increases through contributions in kind. In addition, certain shareholders (including shareholders resident in, or citizens of, certain jurisdictions, such as the United States, Australia, Canada and Japan) may not be entitled to exercise such rights even if they are not disappplied unless the rights and related shares are registered or qualified for sale under the relevant legislative or regulatory framework. In particular, there can be no assurance that we will be able to establish an exemption from registration under the Securities Act and we are under no obligation to file a registration statement with respect to any such preferential subscription rights or underlying securities or to endeavor to have a registration statement declared effective under the Securities Act (other than as set out in the Registration Rights Agreement) (see “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SAB — Registration Rights Agreement” for more information on the Registration Rights Agreement). As a result, there is the risk that investors may suffer dilution of their shareholding should they not be permitted to participate in preference right equity or other offerings that we may conduct in the future.

If rights are granted to our shareholders, but the ADR depositary is unable to sell rights corresponding to shares represented by ADSs that are not exercised by, or distributed to, our ADS holders, or if the sale of such rights is not lawful or reasonably practicable, the ADR depositary will allow the rights to lapse, in which case ADS holders will receive no value for such rights.

ADS holders may not be able to exercise their right to vote the shares underlying our ADSs.

Holders of ADSs may be entitled to exercise voting rights with respect to the Ordinary Shares represented by our ADSs only in accordance with the provisions of the deposit agreement (as amended from time to time, the “**Deposit Agreement**”), dated 30 June 2009, as amended from time to time, among former AB InBev, The Bank of New York Mellon, as depositary, and the owners and holders of American Depositary Shares from time to time under the Deposit Agreement, to which we are successor-in-interest. The Deposit Agreement provides that, upon receipt of a notice of any meeting of holders of our Ordinary Shares, the depositary will, if we so request, distribute to the ADS holders a notice which shall contain (i) such information as is contained in the notice of the meeting sent by us, (ii) a statement that the ADS holder as of the specified record date shall be entitled to instruct the ADR depositary as to the exercise of voting rights and (iii) a statement as to the manner in which instructions may be given by the holders.

Under the Deposit Agreement, holders of ADSs may instruct the depositary to vote the shares underlying their ADSs, but they will only receive the notice described above if we ask the depositary to ask for their instructions. Otherwise, ADS holders will not be able to exercise their right to vote, unless they withdraw the Ordinary Shares underlying the ADSs they hold. However, ADS holders may not know about the meeting far enough in advance to withdraw those shares. If we ask for the instructions of ADS holders, the depositary, upon timely notice from us, will notify ADS holders of the upcoming vote and arrange to deliver our voting materials to them. We cannot guarantee ADS holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that ADS holders may not be able to exercise their right to vote, and there may be nothing they can do if the shares underlying their ADSs are not voted as requested.

ADS holders may be subject to limitations on the transfer of their ADSs or the withdrawal of the underlying Ordinary Shares from the deposit facility.

ADSs are transferable on the books of the ADR depositary. However, the ADR depositary may refuse to deliver, transfer or register transfers of ADSs generally when the books of the depositary are closed or if such action is deemed necessary or advisable by the depositary or by us because of any requirement of law or of any government or governmental body or commission or under any provision of the Deposit Agreement. Moreover, the surrender of ADSs and withdrawal of Ordinary Shares may be suspended subject to the payment of fees, taxes and similar charges or if we direct the depositary at any time to cease new issuances and withdrawals of our Ordinary Shares during periods specified by us in connection with shareholders’ meetings, the payment of dividends or as otherwise reasonably necessary for compliance with any applicable laws or government regulations.

Shareholders may not enjoy under Belgian corporate law and our articles of association certain of the rights and protections generally afforded to shareholders of U.S. companies under U.S. federal and state laws and the NYSE rules.

We are a public limited liability company incorporated under the laws of Belgium. Shareholders may not enjoy under Belgian corporate law and our articles of association certain of the rights and protections generally afforded to shareholders of U.S. companies under U.S. federal and state laws and the NYSE rules. The rights provided to our shareholders under Belgian corporate law and our articles of association differ in certain respects from the rights that you would typically enjoy as a shareholder of a U.S. company under applicable U.S. federal and/or state laws. In general, the Belgian Corporate Governance Code is a code of best practice applying to Belgian-listed companies on a non-binding basis. The Belgian Corporate Governance Code applies a “comply or explain” approach, *i.e.*, companies may depart from the Belgian Corporate Governance Code’s provisions if, as required by law, they give a reasoned explanation of the reasons for doing so.

We rely on a provision in the NYSE Listed Company Manual that allows us to follow Belgian corporate law and the Belgian Corporate Governance Code with regard to certain aspects of corporate governance. This allows us to follow certain corporate governance practices that differ in significant respects from the corporate governance requirements applicable to U.S. companies listed on the NYSE. See “Item 16G. Corporate Governance” for additional information on these differences. In particular, the NYSE rules require a majority of the directors of a U.S.-listed company to be independent while, in Belgium, only three directors need be independent. Our board currently comprises three independent directors and 12 directors not deemed to be “independent” under the NYSE listing standards. See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board of Directors.” The NYSE rules further require that each of the nomination, compensation and audit committees of a listed U.S. company be comprised entirely of independent directors. However, the Belgian Corporate Governance Code recommends only that a majority of the directors on each of these committees meet the technical requirements for independence under Belgian corporate law. All voting members of our Audit Committee are independent for purposes of Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Our Audit Committee, Nomination Committee and Remuneration Committee have members who would not be considered independent under NYSE rules, and, therefore, our Audit Committee, Nomination Committee and Remuneration Committee would not be in compliance with the NYSE Corporate Governance Standards for domestic issuers in respect of the independence of these committees. However, our Audit Committee, Nomination Committee and Remuneration Committee are composed exclusively of non-executive directors who are independent of management and whom we consider to be free of any business or other relationship which could materially interfere with the exercise of their independent judgment. See “Item 6. Directors, Senior Management and Employees—C. Board Practices—Information about Our Committees—General.”

Under Belgian corporate law, other than certain limited information that we must make public, our shareholders may not ask for an inspection of our corporate records, while under Delaware corporate law, any shareholder, irrespective of the size of his or her shareholdings, may do so. Shareholders of a Belgian corporation are also unable to initiate a derivative action, a remedy typically available to shareholders of U.S. companies, in order to enforce a right of AB InBev, in case we fail to enforce such right ourselves, other than in certain cases of director liability under limited circumstances. In addition, a majority of our shareholders may release a director from any claim of liability we may have, including if he or she has acted in bad faith or has breached his or her duty of loyalty, provided, in some cases, that the relevant acts were specifically mentioned in the convening notice to the shareholders’ meeting deliberating on the discharge. In contrast, most U.S. federal and state laws prohibit a company or its shareholders from releasing a director from liability altogether if he or she has acted in bad faith or has breached his or her duty of loyalty to the company. Finally, Belgian corporate law does not provide any form of appraisal rights in the case of a business combination.

For additional information on these and other aspects of Belgian corporate law and our articles of association, see “Item 10. Additional Information—B. Memorandum and Articles of Association and Other Share Information.” As a result of these differences between Belgian corporate law and our articles of association, on the one hand, and U.S. federal and state laws, on the other hand, in certain instances, you could receive less protection as a shareholder of our company than you would as a shareholder of a U.S. company.

As a “foreign private issuer” in the United States, we are exempt from a number of rules under U.S. securities laws and are permitted to file less information with the SEC.

As a “foreign private issuer,” we are exempt from certain rules under the Exchange Act that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions under Section 16 of the Exchange Act. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. Accordingly, there may be less publicly available information concerning us than there is for U.S. public companies.

It may be difficult for investors outside Belgium to serve process on or enforce foreign judgments against us.

We are a Belgian public limited liability company. Certain of the members of our Board of Directors and the Executive Committee and certain of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and certain of our assets are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or on us or to enforce against them or us a judgment obtained in U.S. courts. Original actions or actions for the enforcement of judgments of U.S. courts relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Belgium. The United States and Belgium do not currently have a multilateral or bilateral treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, in civil and commercial matters. In order for a final judgment for the payment of money rendered by U.S. courts based on civil liability to produce any effect on Belgian soil, it is accordingly required that this judgment be recognized or be declared enforceable by a Belgian court pursuant to the relevant provisions of the 2004 Belgian Code of Private International Law. Recognition or enforcement does not imply a review of the merits of the case and is irrespective of any reciprocity requirement. A U.S. judgment will, however, not be recognized or declared enforceable in Belgium if it infringes upon one or more of the grounds for refusal which are exhaustively listed in Article 25 of the Belgian Code of Private International Law. In addition to recognition or enforcement, a judgment by a federal or state court in the United States against us may also serve as evidence in a similar action in a Belgian court if it meets the conditions required for the authenticity of judgments according to the law of the state where it was rendered.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We are the world's largest brewer by volume and one of the world's top ten consumer products companies by revenue. As a consumer-focused, insights-driven company, we produce, market, distribute and sell a diversified portfolio of well over 500 beer and other malt beverage brands. These include brands with significant international distribution, such as Budweiser, Corona (except in the United States), Stella Artois, Beck's, Leffe, Hoegaarden and Michelob Ultra; and brands primarily distributed to local markets such as Bud Light in the United States; Corona Extra, Modelo Especial, Negra Modelo, Victoria and Pacifico in Mexico; Skol, Brahma and Antarctica in Brazil; Aguila and Poker in Colombia; Cristal and Pilsen Callao in Peru; Quilmes in Argentina; Jupiler in Belgium and the Netherlands; Franziskaner in Germany; Carling Black Label, Castle Lager, Castle Lite and Hansa Pilsener in South Africa; Hero and Trophy in Nigeria; Safari and Kilimanjaro in Tanzania; Harbin and Sedrin in China; and Cass in South Korea. We also produce and distribute soft drinks, particularly in Central and South America and Africa, and near beer products, such as the Rita family and Bon Viv Spiked Seltzer in the United States; and Palm Bay and Mike's Hard Lemonade in Canada.

Our dedication to quality goes back to a brewing tradition of more than 600 years with the Den Hoorn brewery in Leuven, Belgium, as well as the pioneering spirit of the Anheuser & Co. brewery, with origins in St. Louis, U.S.A. since 1852, and the history of the South African Breweries with its origins in Johannesburg in 1895. As of 31 December 2019, we employed more than 170,000 people based in nearly 50 countries worldwide. As a result, we have a global footprint with a balanced exposure to developed and developing markets and production facilities spread across our geographic regions. Effective 1 January 2019, we report our results under the following five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. We also report the results of Global Export and Holding Companies, which includes our global headquarters and the export businesses, which have not been allocated to the regions.

Our 2019 volumes (beer and non-beer) were 561 million hectoliters and our revenue amounted to USD 52.3 billion.

Registration and Main Corporate Details

Anheuser-Busch InBev SA/NV was incorporated on 3 March 2016 for an unlimited duration under the laws of Belgium under the original name Newbelco SA/NV, and is the successor entity to former AB InBev, which was incorporated on 2 August 1977 for an unlimited duration under the laws of Belgium under the original name BEMES. It has the legal form of a public limited liability company (*naamloze vennootschap/société anonyme*). Its registered office is located at Grand-Place/Grote Markt 1, 1000 Brussels, Belgium, and it is registered with the Register of Legal Entities of Brussels under the number 0417.497.106. Our global headquarters are located at Brouwerijplein 1, 3000 Leuven, Belgium (tel.: +32 16 27 61 11). Our agent in the United States is Anheuser-Busch InBev Services LLC, 250 Park Avenue, 2nd Floor, New York, NY 10177.

We are a publicly traded company, with our primary listing on Euronext Brussels under the symbol “ABl.” We also have secondary listings on the Johannesburg Stock Exchange under the symbol “ANH” and the Mexican Stock Exchange under the symbol “ANB.” ADSs representing rights to receive our Ordinary Shares are listed and trade on the NYSE under the symbol “BUD.”

History and Development of the Company

Our dedication to quality goes back to a brewing tradition of more than 600 years and the Den Hoorn brewery in Leuven, Belgium. In 1717, Sébastien Artois, master brewer of Den Hoorn, took over the brewery and renamed it Sébastien Artois. In 1987, the two largest breweries in Belgium merged: Brouwerijen Artois NV, located in Leuven, and Brasserie Piedboeuf SA, founded in 1853 and located in Jupille, resulting in the formation of Interbrew S.A. Interbrew operated as a family-owned business until December 2000, the time of its initial public offering on Euronext Brussels. The period since the listing of Interbrew on Euronext Brussels has been marked by increasing geographical diversification.

Since 2000, we have completed the following major combinations, acquisitions and sales:

- In 2002, Interbrew acquired Beck’s for 3.5 billion German marks.
- In 2004, Interbrew combined with Ambev, a Brazilian company originally formed by the combination of Brahma and Antarctica in 1999–2000, resulting in the creation of InBev. Ambev is listed on the New York Stock Exchange and on the São Paulo Stock Exchange. As of 31 December 2019, we had a 61.9% voting and economic interest in Ambev.
- In July 2008, InBev combined with Anheuser-Busch Companies by way of an offer for USD 54.8 billion, as a result of which we changed our name to Anheuser-Busch InBev SA/NV.
- In 2013, we announced the completion of our combination with Grupo Modelo in a transaction valued at USD 20.1 billion, following which we owned approximately 95% of Grupo Modelo’s outstanding shares. We acquired the remaining shares via a mandatory tender offer, which completed in August 2015.
- In 2013, in another transaction related to the combination with Grupo Modelo, Grupo Modelo completed the sale of its U.S. business to Constellation Brands, Inc. for approximately USD 4.75 billion, in aggregate. The transaction included the sale of Grupo Modelo’s Piedras Negras brewery, Grupo Modelo’s 50% stake in Crown Imports LLC and perpetual rights to certain of Grupo Modelo’s beer brands in the United States. As a consequence, we granted Constellation Brands, Inc. the exclusive and perpetual right to market and sell Corona and certain other Grupo Modelo beer brands in the 50 states of the United States, the District of Columbia and Guam. In December 2016, we also completed the sale of our brewery plant located in Obregón, Sonora, México to Constellation Brands, Inc. for a sale price of approximately USD 600 million.
- In October 2016, we completed our combination with SAB, valued at a gross purchase consideration of USD 114 billion. See “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Acquisitions, Divestitures and Other Structural Changes—Acquisition of SAB” for more information on the combination with SAB. In connection with the combination with SAB, we transferred SAB’s business in Panama to Ambev in exchange for Ambev’s businesses in Colombia, Peru and Ecuador. We also undertook certain divestitures, with the goal of proactively addressing potential regulatory considerations regarding the combination with SAB.

- On 30 March 2018, we combined Russia and Ukraine businesses with those of Anadolu Efes through the creation of a new company called AB InBev Efes (“**AB InBev Efes**”). Following the closing of this transaction, the newly combined business is fully consolidated into Anadolu Efes. As a result of the transaction, we have stopped consolidating these operations and account for our investment in AB InBev Efes under the equity method.
- On 19 July 2019, we announced an agreement to divest our Australia business (Carlton & United Breweries) to Asahi Group Holdings, Ltd. (“**Asahi**”) for AUD 16.0 billion, equivalent to approximately USD 11.2 billion³. As part of this transaction, we will grant Asahi rights to commercialize our portfolio of global and international brands in Australia. The parties continue to cooperate with the Australian Competition and Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB) with a view to obtaining the necessary approvals and closing the transaction as soon as possible in the second quarter of 2020.
- On 30 September 2019, we successfully completed the listing of a minority stake of our Asia Pacific subsidiary, Budweiser APAC, on the Hong Kong Stock Exchange for USD 5.75 billion (including the exercise of an over-allotment option). On 3 October 2019, the over-allotment option in connection with the initial public offering of a minority stake of Budweiser APAC was fully exercised. Following the full exercise of the over-allotment option, we control 87.22% of the issued share capital of Budweiser APAC.

Furthermore, during 2019, 2018 and 2017, we performed a series of other investments and disposals. For further details, see “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources—Investments and Disposals.”

B. BUSINESS OVERVIEW

1. STRENGTHS AND STRATEGY

Strengths

We are building a company to last, brewing beer and building brands that will continue to bring people together for the next 100 years and beyond. As a global family of local companies, we unite approximately 170,000 exceptional people in nearly 50 countries and more than 500 brands around a passion for brewing the highest quality beer. We believe that the following key strengths will drive the realization of our strategic goals and reinforce our competitive position in the marketplace:

Global platform with strong market positions in key markets to grow the category

We are a truly global brewer, positioned to serve the evolving needs of consumers worldwide. Our portfolio of well over 500 brands means we have beers for every type of occasion and our iconic brands bring people together across generations and communities.

We hold leading positions in the majority of our key markets, based on strong brands and the benefits of scale. We believe this enables us to invest significant sales and marketing resources in our brands, achieve attractive sourcing terms, generate cost savings through centralization and operate under a lean cost structure. Our global footprint provides us with a strong platform to grow our global and multi-country brands, while developing local brands tailored to regional tastes and trends. We benefit from a global distribution network which, depending on the location, is either owned by us or is based on strong partnerships with wholesalers and local distributors.

In 2019, we were one of the largest consumer products companies worldwide, measured by EBITDA, as defined, and held the number one position in terms of total market share of beer by volume in the world, according to Plato Logic Limited. We hold the number one position in terms of total market share of beer by volume, based on our estimates, in the United States, Mexico and Brazil, three of the top five most profitable beer markets in the world. We estimate that we hold the number three position in total market share of beer by volume, and the number one position by volume in the fast-growing premium beer category, in China, the world’s largest beer market by volume.

³ Converted to US dollars at the December 2019 closing rate of AUD 1.423803 to USD 1.00.

We believe that we can realize sufficient upside potential by using our strong platform to grow our global and multi-country brands while developing local brands tailored to regional tastes and trends.

Geographic diversification

Our geographically diversified platform balances the growth opportunities of developing markets with the stability and strength of developed markets. With significant operations in both the Southern and Northern Hemispheres, we benefit from a natural hedge against local or regional market, economic and seasonal volatility.

Developed markets represented approximately 41.4% of our 2019 revenue and developing markets represented 58.6% of our 2019 revenue. Our developing markets include Argentina, Bolivia, Brazil, China, Colombia, Dominican Republic, Ecuador, El Salvador, Honduras, India, Mexico, Mozambique, Nigeria, Panama, Paraguay, Peru, South Africa, Tanzania, Uganda, Vietnam and Zambia.

Strong brand portfolio with global, multi-country and local brands

Our strong brand portfolio addresses a broad range of demand for different types of beer, comprising three categories:

- *Global brands:* Capitalizing on common values and experiences which appeal to consumers across borders, our three global brands, Budweiser, Corona and Stella Artois, have recognition and appeal worldwide in a significant number of markets globally;
- *Multi-country brands:* Building from a strong consumer base in their home markets, our multi-country brands, Beck's, Hoegaarden, Leffe and Michelob Ultra, bring international flavor to selected markets, connecting with consumers across continents; and
- *Local brands:* Offering locally popular tastes, local brands such as Aguila, Bud Light, Cass, Cristal, Harbin, Poker, Skol and Victoria connect particularly well with consumers in their home markets.

With well over 500 brands, of which 19 had an estimated gross revenue of over USD 1 billion in 2019, we believe our portfolio is the strongest in the industry. Eight of our brands—Budweiser, Bud Light, Stella Artois, Corona, Skol, Brahma, Aguila and Modelo —are ranked among the Global Top Ten most valuable beer brands by BrandZ™.

Our passion for brewing was evidenced by the 498 awards we won around the world this year, making us the most awarded brewer at major international beer competitions. We continue to focus on creating the highest quality beers to meet consumer needs across a wide variety of occasions.

Our strategy is to develop a portfolio of brands that meet a wide breadth of consumer needs within the market, ranging in terms of price tier, flavor profiles, and brand meaning. As a result, we make clear brand choices and seek to invest behind brands with strong purpose in order to build deep connections with consumers. We leverage the scale of our global footprint to replicate successful brand initiatives, market programs and best practices across multiple geographic markets.

Strong consumer insights-driven brand development capabilities

As a consumer-focused, insights-driven company, we continuously strive to understand the values, lifestyles and preferences of today's consumers. We expect that this will allow us to remain relevant, as well as build fresh appeal and competitive advantage through innovative products and services tailored to meet evolving consumer needs. We believe that consumer demand can be best anticipated by a close relationship between our innovation and insight teams in which current and expected market trends trigger and drive research processes. Successful examples of recently developed products or insights deployed include Michelob Ultra Pure Gold Organic (United States), Budweiser Copper Lager (United States), Bud Light Orange (United States), Bud Light Radler (Canada), Harbin Crystal Ice (China), Beck's Ice (India), Nossa (Brazil), Skol Beats Fire (Brazil), Vickycheladatoria Fuego (Mexico), Taurino (El Salvador), Andes Origen Blonde, Red, Black and IPA (Argentina), Patagonia Porter (Argentina), Pilsen Ñande (Paraguay), Beck's Gold (Bolivia), Hertog Jan Enkel (Netherlands), Pure Blonde by Jupiler (Belgium), Leffe 0.0% (Belgium) and Michelob Ultra (UK).

We believe that our internal excellence programs are a major competitive advantage. The World Class Commercial Academy is an integrated marketing and sales execution program designed to continuously improve the quality of our sales and marketing capabilities and processes by ensuring they are fully understood by all relevant employees and consistently followed.

Strict financial discipline

World-class efficiency has been, and will remain, a long-term focus across all markets, all lines of business and under all economic circumstances. Avoiding unnecessary costs is a core competency within our culture. We aim to be efficient with our overhead expenses in order to spend more effectively to grow our company. As a result, we have implemented, and will continue to develop, programs and initiatives aimed at reducing non-commercial expenses. This strict financial discipline has allowed us to develop a "Cost—Connect—Win" model in which overhead expenses are minimized in order to maximize our sales and marketing investments designed to connect with our consumers, win market share and achieve long-term, profitable growth.

We have a number of group-wide cost efficiency programs in place, including :

- *Zero-Based Budgeting or ZBB*: Under Zero-Based Budgeting ("ZBB"), budget decisions are unrelated to the previous year's levels of expenditure and require justification starting from a zero base each year. Employee compensation is closely tied to delivering on zero-based budgets. ZBB has been successfully introduced into all of our major markets, as well as our global headquarters.
- *Voyager Plant Optimization or VPO*: Voyager Plant Optimization ("VPO") aims to bring greater efficiency and standardization to our brewing operations and to generate cost savings, while at the same time improving quality, safety and the environment. VPO also entails assessment of our procurement processes to maximize purchasing power and to help us achieve the best results when purchasing a range of goods and services. Behavioral change towards greater efficiencies is at the core of this program, and comprehensive training modules have been established to assist our employees with the implementation of VPO in their daily routines.
- *Business Shared Services Centers*: We have established a number of business shared services centers across our business segments which focus on transactional and support activities within our group. These centers help to standardize working practices and identify and disseminate best practices.

Experienced management team with a strong track record of delivering synergies through business combinations

During the last two decades, our management, including the management of our predecessor companies, has executed a number of merger and acquisition transactions of varying sizes, with acquired businesses being successfully and smoothly integrated into our operations, realizing significant synergies. Notable historical examples include the creation of Ambev in 2000 through the combination of Brahma and Antarctica, the acquisition of Beck's by Interbrew in 2002, the combination of Ambev and Quilmes in 2003, Ambev gaining control of Labatt in 2004 and the creation of InBev in 2004 from the combination of Interbrew and Ambev. More recent examples include the combination with Anheuser-Busch Companies in November 2008, the combination with Grupo Modelo in June 2013 and the combination with SAB in 2016.

Our strong track record also extends to successfully integrating brands such as Budweiser, Corona and Stella Artois into our global brand portfolio and distribution network, including leveraging Ambev's distribution channels in Latin America and Canada.

We utilized these skills and experiences and completed the integration of former AB InBev and SAB in a timely fashion. On 25 October 2019, we announced the completion of our USD 3.2 billion synergy and cost savings program on a constant currency basis as of August 2016. From this total, USD 547 million was reported by former SAB as of 31 March 2016, and USD 2,653 million was captured between 1 April 2016 and 30 September 2019.

Strategy

Delivering organic growth

We have a long-term focus on top-line growth, and delivering consistent, balanced and profitable top-line growth is our number one priority. We are building a company for the next 100 years. We have a comprehensive strategy focused on three interlocking strategic frameworks:

1. ***The market maturity model*** is a framework that classifies our markets against a maturity level and share of beer. We know that the beer category evolves as markets mature and we use the market maturity model to group markets into clusters based on maturity level. We have found that the growth opportunity for beer differs across each level of maturity. The model enables us to develop our portfolios and commercial capabilities with a future-facing mindset, so we can predict the evolution of a market and anticipate market dynamics from more mature markets, set specific priorities based on a market's cluster and optimize our portfolio of brands to address consumer occasions across clusters.
2. ***Category expansion framework*** guides us in shaping our brand portfolio to take advantage of the new occasions in evolving markets. We use this framework to identify which types of beer will best fit the adapting needs of an evolving market. This allows us to expand our offerings to anticipate and deliver the types of beer our consumers desire. Our vision is to structure the evolution of beers to be similar to other categories (to stretch the price ladder through premiumization, add lower bitterness propositions, introduce sophisticated options and extend to savorings and refinement). We believe that the insights derived from the category expansion framework will enable our company to achieve further growth across our diverse geographic footprint at different levels of maturity.
3. ***Growth champions***: We use growth champions to ensure that we expand our portfolios and related commercial practices efficiently and at the right time. This process follows one of our most successful business systems, efficiency systems, which provide a benchmark to open gaps, share best practices and then execute on them in a deliberate manner in order to deliver increasing cost-efficiency. We are now replicating this system through growth champions, benchmarking best practices for top-line growth around the world and implementing them in new markets with similar characteristics to leverage our scale.

Since the combination of SAB, we have adopted a new way of looking at the beer category that recognizes different market maturities and the role of brand portfolios in driving category health. We are excited about the growth opportunities we are seeing in more than 50 countries—in both developed and developing markets—and this positions us for sustainable and profitable long-term revenue growth, delivered with a healthy balance between volume and revenue per hectoliter. As a result of now having operations in virtually every major beer market, we have an enhanced understanding of the key moments of consumption, and to focus our sales, marketing, product development and other brand-building activities on capturing a greater share of these consumption opportunities. We believe that by understanding, embracing and enriching consumption moments and occasions, we have the opportunity to accelerate growth and deliver increased shareholder value.

Our strategy is based on our Dream of Bringing People Together for a Better World

We strive to achieve this every day. By combining scale, resources and energy with the needs of the communities we serve, we believe we have the drive and tools to help make it happen.

We are committed to driving long-term growth and creating value for our business partners and stakeholders. Through our products, brands and investment in communities, we are excited to work toward the Dream of Bringing People Together for a Better World.

With operations in virtually every major beer market and an expanded portfolio that includes global, multi-country and local brands, we are providing more choices for consumers around the world to better meet their needs and expectations. We expect that our expanded reach will help grow our global and multi-country brands, while we continue to develop local brands tailored to regional tastes and trends.

Through our reach, resources and energy, we are addressing the needs of our communities by:

- **Improving environmental and social sustainability:** We depend on natural resources to brew our beers and strive to use resources responsibly and preserve them for the future. That is why we factor sustainability into how we do business, including how we source water, energy and raw materials. We develop innovative programs across our supply chain to improve our sustainability performance with our business partners. To improve lives in the communities we are part of, we also support the farmers and small retailers in our value chain to help them be more productive. To facilitate progress, we combined our sustainability and procurement activities under a single function led by a member of our senior leadership team.
- **Promoting smart drinking:** We want every experience with beer to be a positive one. We believe that the harmful use of alcohol is bad for consumers, society and our business. We're a global company, brewing beers and building brands that will continue to bring people together for a better world for the next 100 years and beyond. This requires thriving communities across the globe where harmful use of alcohol no longer presents a social challenge. We established our Global Smart Drinking Goals in December 2015 to contribute to the World Health Organization's target of reducing the harmful use of alcohol by at least 10% in every country by 2025 and the United Nations Sustainable Development Goal of strengthening the prevention of harmful use of alcohol globally. Our Global Smart Drinking Goals are intended to serve as a laboratory to identify and test replicable programs, implement them in partnership with others and ensure they are independently and transparently evaluated.
- **Increasing workplace safety:** We are committed to doing everything possible to create a safe work environment. We encourage employees and contractors to follow safe practices and make healthy choices in our workplaces and local communities.
- **Business ethics:** Our leaders set the tone for our company. We expect them to deliver results and to inspire our colleagues through passion for brewing and a sense of ownership. Most importantly, we never take shortcuts. Integrity, hard work, quality and responsibility are essential to our growth.

For further information about our Dream of Bringing People Together for a Better World, see "—13. Social and Community Matters."

With our strong brand portfolio, we are "bringing people together" in ways that few others can. By building common ground, strengthening human connections and helping our consumers share unique experiences, we are able to achieve something together that cannot be accomplished alone.

Cost management and efficiency

We strive to continuously improve efficiency by unlocking the potential for variable and fixed-cost savings by seeking to:

- maintain long-term cost increases below inflation, benefiting from the application of cost-efficiency programs such as ZBB and VPO, internal and external benchmarking, as well as from our size;
- leverage our global procurement office to generate further cost savings, and build on our supplier relationships to bring new ideas and innovation to our business; and
- continue to share best practices across all functions, as well as benchmark performance externally against other leading companies. Cost management and efficiency will be part of an ongoing process and fueled by an ownership mindset.

2. PRINCIPAL ACTIVITIES AND PRODUCTS

We produce, market, distribute and sell a portfolio of well over 500 beer and malt beverage brands. We have a global footprint with a balanced exposure to developed and developing markets and production facilities spread across our regions.

Our production and distribution facilities and other assets are predominantly located in the same geographical areas as our consumers. We set up local production when we believe that there is substantial potential for local sales that cannot be addressed in a cost-efficient manner through exports or third-party distribution into the relevant country. Local production also helps us to reduce, although it does not eliminate, our exposure to currency movements.

The table below sets out the main brands we sell in the markets listed below as of 31 December 2019. We expect that significant growth opportunities will arise from marketing our brand portfolio through a largely complementary distribution network.

<u>Country by Region⁽¹⁾</u>	<u>Brands</u>
North America	
Canada	Beer: Alexander Keith's, Archibald, American Vintage, Bass, Beck's, Bud Light, Budweiser, Busch, Corona, Fosters, Hoegaarden, Goose Island, Kokanee, Labatt 50, Labatt Blue, Labatt Blue Light, Lakeport, Leffe, Löwenbräu, Lucky, Michelob Ultra, Mike's Hard Lemonade, Mill Street, Okanagan, Oland, Palm Bay, Rolling Rock, Rockstar, Shock Top, Bon & Viv Spiked Seltzer, Stanley Park, Spaten, Stella Artois, Tail Spin
United States	Beer: 10 Barrel, Beck's, Blue Point, Breckenridge, Bud Light, Bud Light Lime, Budweiser, Busch, Busch Light, Devil's Backbone, Elysian, Estrella Jalisco, Four Peaks, Golden Road, Goose Island, Hoegaarden, Karbach, Leffe, Rita family, Michelob Ultra, Natural Light, Platform, Rolling Rock, Shock Top, Bon & Viv Spiked Seltzer, Stella Artois, Virtue, Wicked Weed
Middle Americas	
Colombia	Beer: Bahia, Aguila family, Bogota Beer Company, Budweiser, Club Colombia family, Cola y Pola, Corona, Costeña family, Modelo Especial, Pilsen, Poker family, Redd's, Stella Artois, Azteca, Beck's, Busch Light Non-Beer: Pony Malta, Malta Leona
Dominican Republic	Beer: Bohemia, Brahma, Budweiser, Corona, Franziskaner, Goose Island, Hoegaarden, Leffe, Modelo (Especial and Negra), Presidente, Stella Artois, Shock Top, Spaten, The One

Country by Region⁽¹⁾**Brands**

	Non-Beer: 7UP, Guaraná Antarctica, Enriquillo, Coco Rico, Malta Bohemia, Malta Löwenbräu, Malta Morena, Montpellier water, Pepsi, Red Bull, Red Rock, 911, VitaMalt
Ecuador	Beer: Budweiser, Club family, Pilsener family, Corona, Stella Artois, Beck's, Suprema Non-Beer: Manantial water, Pony Malta
El Salvador	Beer: Golden, Pilsener, Corona, Taurino, Modelo, Stella Artois, Budweiser, Corona Cero, Michelob Ultra, Santa Cruz Non-Beer: Coca-Cola, Fanta, Sprite, Tropical, Ades, Cristal (Water), Del Valle, Monster, Powerade, Oasis (Water), Fuze Tea
Guatemala	Beer: Beck's Blue, Brahva, Bud Light, Budweiser, Busch Light, Corona, Goose Island, Hoegaarden, Leffe, Modelo (Especial and Negra), Shock Top, Stella Artois
Honduras	Beer: Barena, Corona, Imperial, Port Royal, SalvaVida, Michelob Ultra, Legacy, Barena Lime, Stella Artois Non-Beer: Coca-Cola, Fanta, Sprite, Tropical, Fresca, Ades, Dasani (Water), Del Valle, Monster, Powerade, Vital (Water), Acti Malta, Fuze Tea
Mexico	Beer: Barrilito, Bocanegra, Bud Light, Budweiser, Corona Extra, Corona Cero (non-alcoholic), Corona Light, Cucapá, Estrella, Goose Island, Guinness, Hoegaarden, Leon, Mexicali, Michelob Ultra, Modelo Ambar, Modelo Especial, Modelo Trigo, Montejo, Negra Modelo, Pacifico, Stella Artois, Tijuana, Tropical Light, Victoria, Busch Light. Non-Beer: Nestlé Pureza Vital, Perrier, Sn. Pellegrino, Sta. María, Red Bull.
Panama	Beer: Atlas, Atlas Golden Light, Balboa family, Budweiser, Corona, Presidente, Becks, Michelob Ultra, Modelo Especial, Stella Artois Non-Beer: 7UP, Agua Brisa, Malta Vigor, Mirinda, Pepsi family, Pony Malta, H2O, Schweppes, Canada Dry, Orange Crush, Squirt
Peru	Beer: Arequipeña, Brahma, Budweiser, Corona, Cristal, Cusqueña family, Michelob Ultra, Pilsen Callao, Pilsen Trujillo, San Juan, Stella Artois Non-Beer: Agua Tónica Backus, Guaraná Backus family, Maltin Power, San Mateo water, Viva Backus, Malta Cusqueña, Mike's Hard
South America	
Argentina	Beer: Andes, Budweiser, Brahma, Corona, Franziskaner, Hoegaarden, Leffe, Löwenbräu, Negra Modelo, Patagonia, Quilmes, Stella Artois Non-Beer: 7UP, Gatorade, H2OH!, Mirinda, Paso de los Toros, Pepsi, Red Bull, Tropicana, Antártica Guaraná, Awafut, Glaciar, Nestle Pureza Vital, Eco de los Andes
Bolivia	Beer: Báltica, Brahma, Corona, Ducal, Huari, Imperial, Maltín, Paceña, Stella Artois, Taquiña, Non-Beer: 7UP, Pepsi, Mirinda, Antártica Guaraná, Gatorade, H2OH!
Brazil	Beer: Antarctica, Bohemia, Brahma, Budweiser, Colorado, Corona, Hoegaarden, Leffe, Original, Nossa, Serramalte, Skol, Skol Beats, Stella Artois

Country by Region⁽¹⁾**Brands**

	Non-Beer: Guaraná Antarctica, Do Bem, Fusion, Gatorade, Lipton, Pepsi, Redbull, Água Tônica, Sukita, Soda Antarctica, Baré, H2OH!, AMA (“Água Mineral Ambev”)
Chile	Beer: Baltica, Beck’s, Becker, Budweiser, Busch, Corona, Cusqueña, Goose Island, Leffe, Hoegaarden, Stella Artois, Negra Modelo, Quilmes, Malta del Sur, Modelo Especial, Paceña
Paraguay	Beer: Baviera, Brahma, Budweiser, Corona, Franziskaner, Hoegaarden, Leffe, Löwenbräu, Norte, Ouro Fino, Patagonia, Pilsen, Stella Artois, Bud 66
Uruguay	Beer: Beck’s, Brahma, Budweiser, Corona, Franziskaner, Hoegaarden, Leffe, Löwenbräu, Negra Modelo, Norteña, Patagonia, Patricia, Pilsen, Quilmes, Stella Artois, Zillertal
	Non-Beer: 7UP, Gatorade, H2OH!, Mirinda, Paso de los Toros, Pepsi, Teem
EMEA	
Belgium	Beer: Beck’s, Belle-Vue, Budweiser, Corona, Cubanisto, Ginette family, Hoegaarden, Jupiler, Kwak, Leffe, Stella Artois, Tripel Karmeliet, Vieux Temps
France	Beer: Beck’s, Bud, Camden, Corona, Cubanisto, Ginette, Goose Island, Hoegaarden, Jupiler, Kwak, Leffe, Loburg, Stella Artois, Triple Karmeliet
Germany	Beer: Beck’s, Corona, Diebels, Franziskaner, Haake-Beck, Hasseröder, Löwenbräu, Spaten
Italy	Beer: Beck’s, Birra Del Borgo family, Bud, Corona, Franziskaner, Hoegaarden, Leffe, Löwenbräu, Spaten, Stella Artois
Luxembourg	Beer: Beck’s, Diekirch, Hoegaarden, Jupiler, Leffe, Mousel, Stella Artois
Netherlands	Beer: Beck’s, Corona, Dommelsch, Hertog Jan, Hoegaarden, Jupiler, Leffe, Stella Artois
Spain	Beer: Beck’s, Budweiser, Cervezas La Virgen, Corona Cerveza, Dorada family, Franziskaner, Kelson, Leffe, Saturday, Stella Artois, Tropical family
United Kingdom	Beer: Bass, Beck’s, Beck’s Blue, Belle Vue, Blue Point Toasted lager, Boddingtons, Brahma, Budweiser, Budweiser Prohibition, Bud Light, Camden Town, Corona, Cubanisto, Flowers, Franziskaner, Goose Island, Hoegaarden, Leffe, Löwenbräu, Mackeson, Michelob Ultra, Modelo Especial, Old Blue Last, Pacifico, Spaten, Stella Artois, Whitbread, Cidre, Magners
Botswana	Beer: Carling Black Label, Carling Blue Label, Castle Lager, Castle Lite, Castle Free, Castle Milk Stout, Core Original, Flying Fish, Hansa Pilsener, Lion Lager, Redd’s, Stella Artois, St. Louis family
	Non-Beer: Bonaqua, Chibuku, Keone Mooka Mague
eSwatini	Beer: Budweiser, Carling Black Label, Castle Lager, Castle Lite, Castle Milk Stout, Corona, Eagle Lager, Flying Fish, Hansa Pilsener, Lion Lager, Redd’s, Sibebe, Stella Artois
	Non-Beer: Bonaqua water, Imvelo, Megeu
Ghana	Beer: Castle Milk Stout, Chairman, Club Premium Lager, Club Shandy, Eagle, Stella Artois
	Non-Beer: Beta Malt

<u>Country by Region⁽¹⁾</u>	<u>Brands</u>
Lesotho	Beer: Budweiser, Carling Black Label, Castle Lager, Castle Lite, Castle Milk Stout, Corona, Flying Fish, Hansa Pilsener, Maluti Premium Lager, Redd's, Stella Artois
Malawi	Beer: Carling Black Label, Castle Lager, Castle Lite, Mageu Non-Beer: Chibuku, Chibuku Super, Chibuku Super Chocolate, Maheu
Mozambique	Beer: 2M, Budweiser, Carling Black Label, Castle Lite, Dourada, Flying Fish, Hansa Pilsener, Impala, Laurentina family, Manica, Redd's, Stella Artois Non-Beer: Chibuku, Chibuku Super
Namibia	Beer: Budweiser, Carling Black Label, Castle Lager, Castle Lite, Corona, Eagle Lager, Flying Fish, Redd's, Stella Artois
Nigeria	Beer: Budweiser, Castle Lite, Eagle, Hero, Redd's, Stella Artois, Trophy Non-Beer: Rootz, Beta Malt, Grand Malt
South Africa	Beer: Beck's, Beck's Blue, Budweiser, Brutal Fruit, Carling Black Label, Castle Lager, Castle Free, Castle Lite, Castle Milk Stout, Castle Milk Stout Chocolate, Corona, Flying Fish family, Guinness, Hansa Pilsener, Hoegaarden, Lion Lager, No 3 Fransen Street, Leffe, Newlands Spring, Redd's family, Stella Artois Non-Beer: Smirnoff
Tanzania	Beer: Balimi, Budweiser, Castle Lager, Castle Lite, Castle Milk Stout, Eagle, Kilimanjaro, Redd's, Safari Non-Beer: Bia Bingwa, Chibuku, Chibuku Super, Grand Malt, Konyagi, Nzagamba, Ndovu Special Malt
Uganda	Beer: Budweiser, Chairman's ESB, Castle Lite, Castle Milk Stout, Club Pilsener, Eagle family, Nile family, Redd's Non-Beer: Chibuku Extra, Shibuku Super
Zambia	Beer: Budweiser, Carling Black Label, Carling Blue Label, Castle Lager, Castle Lite Eagle, Flying Fish, Mosi, Redd's, Stella Artois Non-Beer: Chibiku, Chibuku Super, Mageu
Asia Pacific⁽²⁾	
China	Beer: Beck's, Boxing Cat, Budweiser, Corona, Franziskaner, Ginsber, Goose Island, Harbin family, Hoegaarden, Sedrin, Stella Artois
India	Beer: Beck's Ice, Budweiser, Bud 0.0%, Foster's, Haywards 2000, Haywards 5000, Knock Out, Royal Challenge
South Korea	Beer: Budweiser, Cass, Corona, Hoegaarden, Stella Artois, Victoria Bitter, Cafri, Suntory, OB Lager
Vietnam	Beer: Budweiser, Beck's family, Hoegaarden, Leffe, Corona, Stella Artois, Zorok

Notes:

- (1) Effective 1 January 2019, we reorganized our regional reporting structure. See "Item 5. Operating and Financial Review—C. Business Segments".
- (2) As announced on 19 July 2019, we have entered into an agreement to divest our Australia business (Carlton & United Breweries) to Asahi for AUD 16.0 billion, equivalent to approximately USD 11.2 billion. The parties continue to cooperate with the Australian Competition and Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB) with a view to obtaining the necessary approvals and closing the transaction as soon as possible in the second quarter of 2020.

The table below sets out our sales broken down by business segment for the periods shown:

Market	2019		2018 ⁽²⁾⁽³⁾		2017 ⁽²⁾⁽³⁾	
	Revenue ⁽¹⁾ (USD million)	Revenue (% of total)	Revenue ⁽¹⁾ (USD million)	Revenue (% of total)	Revenue ⁽¹⁾ (USD million)	Revenue (% of total)
North America	15,488	29.6%	15,504	29.2%	15,588	28.4%
Middle Americas	11,912	22.8%	11,614	21.9%	10,780	19.7%
South America	9,790	18.7%	10,238	19.3%	11,596	21.1%
EMEA	7,911	15.1%	8,368	15.8%	10,344	18.9%
Asia Pacific	6,544	12.5%	6,735	12.7%	6,094	11.1%
Global Export and Holding Companies	685	1.3%	582	1.1%	457	0.8%
Total	52,329	100.0%	53,041	100.0%	54,859	100.0%

Notes:

- (1) Revenue is turnover less excise taxes and discounts. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to our customers (see “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Excise Taxes”).
- (2) Effective 1 January 2019, our business segments changed to be as follows: North America, Middle Americas, South America, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this allocation.
- (3) Effective 30 September 2019, the Australian operations were classified as a disposal group held for sale, and accounted for as discontinued operations. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this change.

For a discussion of changes in revenue, see “Item 5. Operating and Financial Review—E. Results of Operations—Year Ended 31 December 2019 Compared to the Year Ended 31 December 2018—Revenue” and “Item 5. Operating and Financial Review—E. Results of Operations—Year Ended 31 December 2018 Compared to the Year Ended 31 December 2017—Revenue.”

The table below sets out the breakdown between our beer and non-beer volumes and revenue. Based on our actual historical financial information for these periods, our non-beer activities accounted for 11.8% of consolidated volumes in 2019, 11.8% of consolidated volumes in 2018 and 17.2% of consolidated volumes in 2017. In terms of revenue, our non-beer activities generated 8.3% of consolidated revenue in 2019 compared to 8.4% in 2018 and 7.6% in 2017, based on our actual historical financial information for these periods.

	Beer ⁽¹⁾⁽³⁾⁽⁵⁾			Non-Beer ⁽⁴⁾⁽⁵⁾			Consolidated ⁽⁵⁾		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Volume (million hectoliters)	495	494	501	66	66	104	561	560	605
Revenue ⁽²⁾ (USD million)	47,984	48,602	50,703	4,345	4,439	4,156	52,329	53,041	54,859

Notes:

- (1) Beer volumes and revenue include not only brands that we own or license, but also third-party brands that we brew or otherwise produce as a subcontractor and third-party products that we sell through our distribution network, particularly in Western Europe.
- (2) Revenue is turnover less excise taxes and discounts. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to our customers (see “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Excise Taxes”).
- (3) The beer category includes near beer beverages, such as the Rita family and Bon & Viv Spiked Seltzer.
- (4) The non-beer category includes soft drinks and certain other beverages.
- (5) Effective 30 September 2019, the Australian operations were classified as a disposal group held for sale, and accounted for as discontinued operations. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this change.

Beer

Our brands are the foundation and the cornerstone of our relationships with consumers. We invest in our brands to create long-term and sustainable competitive advantages by meeting the various needs and expectations of consumers and by developing leading brand positions around the globe.

On the basis of quality and price, beer can be differentiated into the following categories:

- Premium or high-end brands;
- Core brands; and
- Value, discount or sub-premium brands.

Our brands are positioned across all of these categories. For example, a brand like Stella Artois generally targets the premium category across the globe, while a brand like Skol targets the core segment in Brazil and Natural Light targets the sub-premium category in the United States. We have a particular focus on core-to-premium categories but are also present in the value category where the market structure in a particular country necessitates its presence.

Our portfolio includes:

International Distribution

- Beck's, the world's number one German beer, is renowned for uncompromising quality. It is brewed today, just as it was in 1873, with a rigorous brewing process and a recipe using only four natural ingredients. Beck's adheres to the strictest quality standards of the German Reinheitsgebot (Purity Law). Beck's is brewed in various countries, including the United States.
- Budweiser is one of the top-selling beers in the United States. Globally, Budweiser volumes have grown every year since 2010, including growth of 0.5% in 2019. Budweiser sales outside the United States represented over 72.3% of global Budweiser volume in 2019, driven by strong growth in Brazil, Colombia, India and the United Kingdom. Budweiser was a sponsor of the 2018 FIFA World Cup™ and achieved the number 1 position in share of conversation, reaching 1.2 billion video views throughout the tournament period. Budweiser will continue this sponsorship for the 2022 FIFA World Cup™ and continues to support International Football year-round as the sponsor of the English Premier League and La Liga
- Corona is the best-selling Mexican beer in the world and the leading beer brand in Mexico. Corona is available in more than 180 countries. In 2019, it was ranked number five in the BrandZ™ list of most valuable beer brands worldwide. We granted Constellation Brands, Inc. the exclusive right to market and sell Corona and certain other Grupo Modelo beer brands in the 50 states of the United States, the District of Columbia and Guam, including Victoria, Modelo Especial, Pacifico and Negra Modelo.
- Hoegaarden is a high-end Belgian wheat (or "white") beer. Based on its brewing tradition dating back to 1445, Hoegaarden is top fermented and then refermented in the bottle or keg, leading to its distinctive cloudy white appearance.
- Leffe, a rich, full-bodied beer that hails from Belgium, has the longest heritage in our beer portfolio and is available in over 90 countries worldwide.
- Michelob Ultra was rolled out nationally in the United States in 2002 and grew to become the second largest beer brand In the US in 2019, behind only Bud Light. As a low calorie, low carb beer associated with an active lifestyle, Michelob Ultra was the fastest-growing beer brand in the United States between 2015 and 2018, according to IRI (based on volume share gains). This strong history of success has now been replicated in multiple international markets. In Canada and Mexico, Michelob Ultra has seen 3 consecutive years of double digit growth. Michelob Ultra is also available to consumers in China, Honduras, El Salvador, Peru, and the United Kingdom.

- Stella Artois is the number one Belgian beer in the world according to Plato Logic Limited, it is the world's fourth most valuable beer brand according to Kantar's BrandZ™ study and it is distributed in over 90 countries worldwide. As a premium lager with roots tracing back to 1366 in the town of Leuven, Belgium, its legacy of quality and elegance is reflected in its iconic chalice and nine-step pouring ritual. The top three markets in terms of revenue for Stella Artois as of 2019 are the United States, the United Kingdom and Brazil with expansion plans well under way in several new growth markets, including South Africa and Mexico.

North America

- Bud Light is the best-selling beer in the United States and the leader in the premium light category. It is the official sponsor of the NFL (National Football League), with a sponsorship agreement most recently extended to 2022.

Middle Americas

- Modelo Especial is a full-flavored pilsner beer brewed with premium two-row barley malt for a slightly sweet, well-balanced taste with a light hop character and crisp finish. Brewed since 1925, it was created to be a "model" beer for all of Mexico and stands for pride and authenticity.
- Victoria is a Vienna-style lager and one of Mexico's most popular beers. Victoria was produced for the first time in 1865, making Victoria Mexico's oldest beer brand.
- Aguila is a classic Colombian lager beer with a balanced and refreshing flavor that was first brewed in 1913.
- Cristal is Peru's leading beer, brewed since 1922. With a crisp taste and dedication to quality, Cerveza Cristal is a favorite among Peruvians.
- Pilsen Callao, first brewed 150 years ago in Peru, offers the clean and simple taste of a true Pilsner.
- Poker is a Pilsner lager that has been enjoyed by Colombians for its traditional, bittersweet taste since 1929.
- Antarctica is the fourth-most consumed beer in Brazil, according to Plato Logic Limited.
- Brahma is the second-most consumed beer in Brazil, according to Plato Logic Limited. It was one of the Brazilian official sponsors of the 2018 FIFA World Cup™.
- Skol is the leading beer brand in the Brazilian market, according to Plato Logic Limited. Skol has been a pioneer and innovator in the beer category, engaging with consumers and creating new market trends, especially with regional festivals such as Carnival and new products such as Skol beats and Skol hops.

South America

- Quilmes is one of the leading beers in Argentina, according to AC Nielsen, and a national icon with its striped light blue and white label linked to the colors of the Argentine national flag and football team.

EMEA

- Jupiler is the market leader in Belgium and the official sponsor of the most important Belgian professional football league, the Jupiler Pro League. It is also the sponsor of the Belgian national football team.

Africa

- Carling Black Label is the biggest brand in South Africa and the most awarded beer in the South Africa portfolio. It is brewed to provide consumers with distinctly aromatic, truly rewarding, full-flavored refreshment.
- Castle Lager is popularly described as South Africa's national beer, first brewed in Johannesburg in 1895, using local hops, creating a somewhat dry taste with bitterness and undertones of malt. Castle Lager is the official sponsor of several South African sporting associations, including the national football and cricket teams.
- Castle Lite was first brewed in South Africa in 1994 with a mission to provide the coldest and most refreshing beer on the South African market. Today, it is an Africa-wide premium brand enjoyed in 14 countries and continues to innovate to keep its beer "extra cold."
- Flying Fish Premium Flavored Beer combines the pure refreshment of beer with added flavors: pressed lemon and green apple. With an easy drinking taste, Flying Fish offers something different for consumers looking to share new experiences, new flavors and new tastes at any occasion.
- Hero is a Nigerian beer brewed using local sorghum and malted barley.
- Hansa Pilsener is brewed in true pilsener style, using Saaz hops, which are responsible for the brand's unique hoppy aroma.
- Kilimanjaro Premium Lager is named after Tanzania's iconic Mount Kilimanjaro, the highest mountain in Africa. Launched in 1996, it boasts an easy drinking taste made from ingredients grown on the slopes of Mount Kilimanjaro and nourished by the pure waters that flow from its ice-capped peak. It is light in color with 4.5% alcohol by volume ("**ABV**") and a crisp refreshing taste.
- Safari, first brewed in Tanzania in 1977, is a full-flavored, full-bodied beer with a rich golden color and taste that gave rise to a new era of beer brewing in Tanzania. Today it is still the mainstream category leader inspiring young Tanzanian consumers to follow their paths.
- Trophy Lager beer is one of the top selling beers in Nigeria. Originated in 1978, Trophy has grown from a small core brand in the west of Nigeria to a strong lovemark (a brand that commands both high respect and "love" from consumers) and now expanding nationally. Sales has grown double digits over the years and Trophy now contributes 40% of AB InBev's Beer business in Nigeria. Trophy is known as the honorable beer that accords respect to Nigerian consumers and Nigeria.

Asia Pacific

- Cass is the market leader in South Korea.
- Harbin is a national brand with its roots in the northeast of China.
- Sedrin is a strong regional brand that originated in China's Fujian province.

- Haywards was originally launched in India in 1974, and is one of the biggest core lager brands in India with two variants (Haywards 5000 and Haywards 2000). It is a full bodied, strong beer (~7% ABV) that caters to the 80% strong beer segment in the country with a brand positioning that supports and encourages the strength of resolve of hard working consumers.

In certain markets, we also distribute products of other brewers under licenses, such as Kirin in the United States. Within Europe, Compañía Cervecería de Canarias (in the Canary Islands) has an agreement in force to distribute Guinness in the Canary Islands.

Following the 50:50 merger of our businesses in Russia and Ukraine with Anadolu Efes, we granted the right to brew and/or distribute several of our brands including Bud, Stella Artois and Corona to AB InBev Efes, our combined business with Anadolu Efes.

Non-Alcoholic Malt Beverages

We take pride in empowering consumers to make smart drinking choices. As part of our 2025 Global Smart Drinking Goals, we are committed to ensuring that 20% of our global beer volume will be dedicated to no- and lower-alcohol products by the end of 2025. This commitment ensures that consumers have ample choice when making their responsible drinking decisions.

We have continued to expand our global portfolio of non-alcoholic beverages, which currently houses over 30 brands. As of 2019, six of our markets—China, Colombia, Costa Rica, Panama, Barbados and Ecuador—already have no- and low-alcohol beer representing more than 20% of their beer volumes. Additionally, Brahma 0.0% is the number one non-alcoholic beer in Brazil, reaching over 84.5% market share in the non-alcoholic beer category in 2019, according to AC Nielsen. Our additional non-alcohol beverage brands include Bud Prohibition in Canada and the UK, Beck's NA in the United States, Canada, the UK and Germany, Jupiler 00 in Belgium and Castle Free in South Africa. See “—Beer” above for more information.

Near Beer

Some of our other malt beverages have stretched beyond typical beer occasions, such as the Rita family, Naturdays, Natural Light Seltzer and Bon Viv Spiked Seltzer in the United States and Palm Bay and Mike's Hard Lemonade in Canada. These brands are designed to grow the near beer category and improve our market share of alcoholic beverage categories other than beer by addressing changing consumer trends and preferences.

Non-Beer

Non-Alcohol Beverages

While our core business is beer, we also have an important presence in the Non-Alcohol Beverages (“**NAB**”) market. We have NAB operations in Latin America and Africa, and our subsidiary Ambev has NAB operations in South America and the Caribbean. The NAB market includes both carbonated and non-carbonated soft drinks.

Our NAB business includes both our own brands and agreements with PepsiCo, Inc. (“**PepsiCo**”) related to bottling and distribution of PepsiCo brands. Ambev has a long-term agreement with PepsiCo whereby it has been granted the exclusive right to bottle, sell and distribute certain PepsiCo brands in Brazil, including Pepsi-Cola, Gatorade, H2OH!, and Lipton Ice Tea. Through our Latin America South operations, Ambev is also PepsiCo's bottler for Argentina, Uruguay and Bolivia, as well as in the Dominican Republic and Panama. In Panama, we also produce and bottle other third-party soft drink brands, such as Canada Dry Ginger Ale, Squirt and Crush.

Apart from the bottling and distribution agreements with PepsiCo, Ambev also produces, sells and distributes its own soft drinks. Its main carbonated soft drinks brand is Guaraná Antarctica.

In 2018, we completed the sale of our carbonated soft drink businesses in Zambia and Botswana to The Coca-Cola Company. In 2019, we completed the sale of all of our carbonated soft drink business in eSwatini (Swaziland) and certain non-alcoholic beverage brands in El Salvador and Honduras. In El Salvador and Honduras, we have executed long-term bottling agreements which became effective in 2019 upon the closing of the El Salvador and Honduras brand divestitures.

Together with The Coca-Cola Company, we continue to work towards finalizing the terms and conditions of the agreement for The Coca-Cola Company to acquire our interest in, or the bottling operations of, our business in Lesotho. This transaction is subject to the relevant regulatory and shareholder approvals.

We also have interests in certain water-bottling and distribution businesses in Argentina, Brazil, Colombia, Ecuador, El Salvador, Honduras, Mexico, Panama, Peru and throughout Africa, as well as agreements with Red Bull to distribute their portfolio in a few limited markets.

In the United States, we sell Teavana in partnership with Starbucks and an energy drink called Hiball.

Labatt, the Canadian subsidiary of our subsidiary Ambev, has entered into a joint venture with Tilray, a global player in cannabis production and distribution, to research non-alcohol beverages containing THC and CBD, and also to commercialize a non-alcohol CBD beverage in Canada only.

Other Alcoholic Beverages

We also have operations throughout Africa that produce relatively short-life traditional beer, brewed using sorghum under various brand names, including Chibuku, Chibuku Super, Invelo and Nzagamba.

We have further interests in wines and spirits operations and distribution businesses in certain markets, including Tanzania, Uganda and the Dominican Republic.

ZX Ventures

ZX Ventures is our global growth and innovation group whose mandate is to invest in and develop new products and businesses that address emerging consumer needs. We seed, launch and even scale new products that deliver customer experiences, from services that step-change convenience to rethinking delivery and more.

ZX Ventures operates multiple global business units of varying adjacency to our core beer business, including e-Commerce, craft and specialties, brand experience and our incubator and investment arm, Explore.

Z-Tech

Z-Tech is our global innovation group whose mission is to catalyze the growth of small and medium businesses worldwide through technology, creating an environment where those businesses and their families can thrive for the long term. Z-Tech teams make use of an agile methodology as they define small and medium businesses' needs, explore marketplace and financial technology solutions, validate through proof-of-concept and pilot before scaling across the globe.

Z-Tech was created in 2019 and is currently active in Brazil, Colombia and Mexico, with plans to expand to other markets in 2020.

3. MAIN MARKETS

We are a global brewer, with sales in over 150 countries across the globe.

The last two decades have been characterized by rapid growth in fast-growing developing markets, notably in certain regions of Africa, Asia and Central and South America, where we have significant sales.

Each market in which we operate has its own dynamics and consumer preferences and trends. Given the breadth of our brand portfolio, we believe we are well-placed to address changing consumer needs in the various categories (premium, core and value) within any given market.

Effective 1 January 2019, we have been organized into six business segments.

The business segments and their corresponding countries are:

- *North America*: the United States and Canada;
- *Middle Americas*: the Caribbean, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama and Peru;
- *South America*: Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay;
- *EMEA*: Austria, Belgium, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Spain, Switzerland, the United Kingdom, African Islands, Botswana, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda and Zambia and export activities in Europe and Middle East;
- *Asia Pacific*: China, India, Japan, New Zealand, South Korea, Vietnam and other South Asian and Southeast Asian countries; and
- *Global Export and Holdings Companies*.

The table below sets out our total volumes broken down by business segment for the periods shown:

Market	2019		2018 ⁽¹⁾⁽²⁾		2017 ⁽¹⁾⁽²⁾	
	Volumes (million hectoliters)	Volumes (% of total)	Volumes (million hectoliters)	Volumes (% of total)	Volumes (million hectoliters)	Volumes (% of total)
North America	108	19.3%	111	19.8%	114	18.8%
Middle Americas	134	23.9%	129	23.0%	124	20.5%
South America	140	25.0%	136	24.3%	140	23.1%
EMEA	86	15.3%	87	15.5%	132	21.8%
Asia Pacific	93	16.6%	96	17.1%	94	15.5%
Global Export and Holding Companies	1	0.2%	1	0.2%	2	0.3%
Total	561	100.0%	560	100.0%	605	100.0%

Notes:

- (1) Effective 1 January 2019, our business segments changed to be as follows: North America, Middle Americas, South America, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this allocation.
- (2) Effective 30 September 2019, the Australian operations were classified as a disposal group held for sale, and accounted for as discontinued operations. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this change.

On an individual country basis, our largest markets by volume listed, during the year ended 31 December 2019, in alphabetical order, Argentina, Belgium, Brazil, Canada, China, Colombia, Dominican Republic, El Salvador, Honduras, Mexico, Peru, South Africa, South Korea, the United Kingdom and the United States, with each market having its own dynamics and consumer preferences and trends. Given the breadth of our brand portfolio, we believe we are well-placed to address changing consumer needs in the various categories (premium, core and value) within any given market.

4. COMPETITION

We believe our largest competitors are Heineken, Carlsberg, CR Snow and Molson Coors Brewing Company based on information from the Plato Logic Limited report for the calendar year 2018 (published in October 2019).

Historically, brewing was a local industry with only a few players having a substantial international presence. Larger brewing companies often obtained an international footprint through direct exports, licensing agreements and joint venture arrangements. However, the last several decades have seen a transformation of the industry, with a prolonged period of consolidation. This trend started within the more established beer markets of Western Europe and North America and took the form of larger businesses being formed through merger and acquisition activity within national markets. More recently, consolidation has also taken place within developing markets. Over the last decade, the global consolidation process has accelerated, with brewing groups making significant acquisitions outside of their domestic markets and increasingly looking to purchase other regional brewing organizations. As a result of this consolidation process, the absolute and relative size of the world's largest brewers has substantially increased. Therefore, today's leading international brewers have significantly more diversified operations and have established leading positions in a number of international markets.

We have participated in this consolidation trend and grown our international footprint through a series of mergers and acquisitions, described in “—A. History and Development of the Company,” which include:

- the acquisition of Beck's in 2002;
- the creation of InBev in 2004, through the combination of Interbrew and Ambev;
- the acquisition of Anheuser-Busch Companies in November 2008;
- the combination with Grupo Modelo in June 2013; and
- the combination with SAB in October 2016.

The 10 largest brewers in the world in 2018 in terms of volume are as set out in the table below.

Rank	Name	Volume (million hectoliters) ⁽¹⁾
1	AB InBev	506.5
2	Heineken	244.4
3	Carlsberg	123.1
4	CR Snow	112.9
5	Molson Coors Brewing Company	92.2
6	Tsingtao (Group)	80.3
7	Asahi	67.8
8	Beijing Yanjing	39.2
9	Castel/BGI	34.4
10	EFES	33.5

Note:

- (1) Source: Plato Logic Limited report for the calendar year 2018 (published in October 2019). Volumes are based on calculations on total volumes of majority-owned subsidiaries, also licensed brewing. Our own beer volumes for the year ended 31 December 2019 were 495 million hectoliters and 494 million hectoliters for the year ended 31 December 2018.

In each of our regional markets, we compete against a mixture of national, regional, local and imported beer brands. In North America, Brazil and other selected countries in Latin America, Europe and Asia Pacific, we compete primarily with large leading international or regional brewers and international or regional brands.

5. WEATHER AND SEASONALITY

For information on how weather affects consumption of our products and the seasonality of our business, see “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Weather and Seasonality.”

6. BREWING PROCESS; RAW MATERIALS AND PACKAGING; PRODUCTION FACILITIES; LOGISTICS

Brewing Process

The basic brewing process for most beers is straightforward, but significant know-how is involved in quality and cost control. The most important stages are brewing and fermentation, followed by maturation, filtering and packaging. Although malted barley (malt) is the primary ingredient, other grains such as unmalted barley, rice or wheat are sometimes added to produce different beer styles. The proportion and choice of other raw materials varies according to regional taste preferences and the type of beer.

The first step in the brewing process is making wort by mixing malt with warm water and then gradually heating it to around 75°C in large mash tuns to dissolve the starch and transform it into a mixture, called “mash,” of maltose and other sugars. The spent grains are filtered out and the liquid, now called “wort,” is boiled. Hops are added at this point to give a special bitter taste and aroma to the beer. The wort is boiled for one to two hours to sterilize and concentrate it, and extract the desired flavor and bitterness from the hops. Cooling follows, using a heat exchanger. The hopped wort is saturated with air, or oxygen, essential for the growth of the yeast in the next stage.

Yeast is a micro-organism that turns the sugar in the wort into alcohol and carbon dioxide. This process of fermentation takes five to 11 days, after which the wort finally becomes beer. Different types of beer are made using different strains of yeast and wort compositions. In some yeast varieties, the yeast cells rise to the top of the liquid at the end of fermentation. Ales and wheat beers are brewed with these “top-fermenting” yeast strains. Lagers are made using yeast strains that settle to the bottom of the liquid. Some special Belgian beers, called lambic or gueuze, use yet another method, where fermentation relies on spontaneous action by airborne yeasts.

During the maturation process, the liquid clarifies as yeast and other particles settle. Further filtering gives the beer more clarity. Maturation varies by type of beer and can take as long as three weeks, and then the beer is ready for packaging in kegs, cans or bottles.

Raw Materials and Packaging

The main raw materials used in our beer and other alcoholic malt beverage production are barley, corn grits, corn syrup, hops, yeast and water. In some of our regions, such as in Africa, locally sourced agricultural products such as sorghum or cassava are used in place of malted barley. For non-beer production (mainly carbonated soft drinks) the main ingredients are flavored concentrate, fruit concentrate, sugar, sweetener and water. In addition to these inputs into our products, delivery of our products to consumers requires extensive use of packaging materials such as glass, PET and aluminum bottles, aluminum or steel cans and kegs, aluminum can stock, labels, plastic crates, metal and plastic closures, folding cartons, cardboard products and plastic films.

We use only our own proprietary yeast, which we grow in our facilities. In some regions, we import hops to obtain adequate quality and appropriate variety for flavor and aroma. We purchase these ingredients through the open market and through contracts with suppliers. We also purchase barley and process it to meet our malt requirements at our malting plants.

Prices and sources of raw materials are determined by, among other factors:

- the level of crop production;
- weather conditions;

- export demand; and
- governmental taxes and regulations.

We hedge some of our commodities contracts on the financial markets and some of our malt requirements are purchased on the spot market. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Market Risk, Hedging and Financial Instruments” and note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019, for further details on commodities hedging.

We have supply contracts with respect to most packaging materials as well as our own production capacity as outlined below in “—Production Facilities.” The choice of packaging materials varies by cost and availability in different regions, as well as consumer preferences and the image of each brand. We also use aluminum cansheet for the production of beverage cans and lids.

Hops, PET resin and, to some extent, cans are mainly sourced globally. Malt, adjuncts (such as unmalted grains or fruit), sugar, steel, cans, labels, metal closures, soda ash for our glass plants, plastic closures, preforms and folding cartons are sourced regionally. Electricity is sourced nationally, while water is sourced locally, for example, from municipal water systems and private wells.

We use natural gas as the primary fuel for our plants, and diesel as the primary fuel for freight. We believe adequate supplies of fuel and electricity are available for the conduct of our business. The energy commodity markets have experienced, and can be expected to continue to experience, significant price volatility. We manage our energy costs using various methods including supply contracts, hedging techniques and fuel-switching.

Production Facilities

Our production facilities are spread across our regions, giving us a balanced geographical footprint in terms of production and allowing us to efficiently meet consumer demand across the globe. We manage our production capacity across our regions, countries and plants. We typically own our production facilities free of any major encumbrances. We also lease a number of warehouses and other commercial buildings from third parties. See “—11. Regulations Affecting Our Business” for a description of the environmental and other regulations that affect our production facilities.

Beverage Production Facilities

Our beverage production facilities comprised 229 breweries and/or non-beer plants as of 31 December 2019 spread across our regions. Of these 229 plants, 184 produced only beer and other alcoholic malt beverages, 13 produced only soft drinks and 32 produced beer, other alcoholic beverages and soft drinks. Except in limited cases (for example, our Hoegaarden brewery in Belgium), our breweries are not dedicated to one single brand of beer. This allows us to allocate production capacity efficiently within our group.

The table below sets out, for each of our business segments (excluding Global Export and Holdings Companies) in 2019, the number of our beverage production plants (breweries and/or non-beer drink plants) as well as the plants’ overall capacity.

Business Segment	Number of plants as of 31 December 2019 ⁽⁴⁾	2019 volumes ⁽¹⁾⁽⁴⁾		Annual engineering capacity as of 31 December 2019 ⁽⁴⁾	
		Beer (khl) ⁽²⁾	Non-Beer (khl) ⁽³⁾	Beer (khl) ⁽²⁾	Non-Beer (khl) ⁽³⁾
North America	34	107,045	1,088	129,267	28,069
Middle Americas	39	110,160	23,377	149,674	83,595
South America	50	103,576	36,089	151,932	482
EMEA	51	81,592	4,297	116,563	42
Asia Pacific	55	92,018	1,150	173,156	28,069
Total⁽⁵⁾	229	494,391	66,001	720,591	112,188

Notes:

- (1) Reported volumes.
- (2) For purposes of this table, the beer category includes near beer beverages, such as the Rita family and Bon & Viv Spiked Seltzer.
- (3) The non-beer category includes soft drinks and certain other beverages, such as Stella Artois Cidre.
- (4) Excludes our joint ventures and assets where we are not the majority owner.
- (5) Excludes Global Export and Holding Companies with 2019 beer volumes of 0.7 million hectoliters.

Non-Beverage Production Facilities

Our beverage production plants are supplemented and supported by a number of plants and other facilities that produce raw materials and packaging materials for our beverages. The table below provides additional detail on these facilities as of 31 December 2019.

Type of plant / facility	Number of plants / facilities ⁽¹⁾	Countries in which plants / facilities are located ⁽¹⁾
Malt plants	21	Argentina, Brazil, Colombia, Ecuador, Mexico, Peru, South Africa, South Korea, Uganda, United States, Uruguay, Zambia
Rice and corn grits mill	6	Argentina, Bolivia, Peru, United States
Farm and agriculture	7	Argentina, Brazil, China, Germany, United States, South Africa
Hop pellet plant	1	Argentina
Glass bottle plants	6	Brazil, Mexico, Paraguay, United States
Bottle cap plants	6	Argentina, Brazil, Colombia, Honduras, Mexico, South Africa
Label plants	3	Brazil, Colombia
Can plants	7	Bolivia, Mexico, United States
Can lid manufacturing plants	2	United States
Crown and closure liner material plant	1	United States
Soft drink concentrate plants	2	Brazil
Sand quarries	1	Mexico
Yeast plants	1	Brazil
Plastic crates plants	1	Honduras
Other	1	United States
Total	66	—

Notes:

- (1) Excludes plants and facilities owned by joint ventures and assets where we are not the majority owner.

In addition to production facilities, we also maintain a geographical footprint in key markets through sales offices and distribution centers. Such offices and centers are opened as needs in the various markets arise.

Capacity Expansion

We continually assess whether our production footprint is optimized to support future customer demand. Through footprint optimization, adding new capabilities (such as plants, packaging lines or distribution centers) to our footprint not only allows us to boost production capacity, but the strategic location often also reduces distribution time and costs so that our products reach consumers rapidly, efficiently and at a lower total cost. Conversely, footprint optimization can lead to divesting of some assets, such as reducing some production and distribution capabilities as needed to maintain the most optimal operational network.

For example, in 2019, we invested in additional brewing, packaging and distribution capacities in multiple countries including China, Korea, Argentina, Ghana, Mozambique, Nigeria, South Africa, Zambia, Tanzania, Belgium and others to meet our future demand expectations in these countries or for export volumes.

Our capital expenditures are primarily funded through cash from operating activities and are for production facilities, logistics, administrative capabilities improvements, hardware and software.

We may also outsource, to a limited extent, the production of items that we are either unable to produce in our own production network (for example, due to a lack of capacity during seasonal peaks) or for which we do not yet want to invest in new production facilities (for example, to launch a new product without incurring the full associated start-up costs). Such outsourcing mainly relates to secondary repackaging materials that we cannot practicably produce on our own, in which case our products are sent to external companies for repackaging (for example, gift packs with different types of beers).

Logistics

Our logistics organization is composed of (i) a first tier, which comprises all inbound flows into the plants of raw materials and packaging materials and all outbound flows from the plants into the second drop point in the chain (for example, distribution centers, warehouses, wholesalers or key accounts) and (ii) a second tier, which comprises all distribution flows from the second drop point into the customer delivery tier (for example, pubs or retailers).

Our transportation mechanics vary by market depending on economic and strategic considerations. We may outsource transportation to third-party contractors, retain such capability in-house or implement owner-driver programs, among other options.

Some of our breweries have warehouses that are attached to their production facilities. In places where our warehouse capacity is limited, external warehouses are rented. We strive to centralize fixed costs, which has resulted in some plants sharing warehouse and other facilities with each other.

Where it has been implemented, the VPO program has had a direct impact on our logistics organization, for example, in respect of safety, quality, environment, scheduling, warehouse productivity and loss-prevention actions.

7. DISTRIBUTION OF PRODUCTS

We depend on effective distribution networks to deliver products to our customers. We review our focus markets for distribution and licensing agreements on an annual basis. The focus markets will typically be markets with an interesting premium category and with reliable and strong partners (brewers and/or importers). Based on these criteria, focus markets are then chosen.

The distribution of beer, other alcoholic beverages and non-beer drinks varies from country to country and from region to region. The nature of distribution reflects consumption patterns and market structure, geographical density of customers, local regulation, the structure of the local retail sector, scale considerations, market share, expected added-value and capital returns, and the existence of third-party wholesalers or distributors. In some markets, brewers distribute directly to customers (for example, in Belgium). In other markets, wholesalers may play an important role in distributing a significant proportion of beer to consumers, either in part for legal reasons (for example, in certain U.S. states and Canada where there may be legal constraints on the ability of a beer manufacturer to own a wholesaler), because of historical market practice (for example, in China and Argentina) or because we have determined that third-party wholesalers provide the most effective route of distribution (which is generally the case in the United States). In some instances, we have acquired third-party distributors to help us self-distribute our products, as we have done in Brazil and Mexico.

The products we brew in the United States are sold to 423 wholesalers with the exclusive right to carry our products within a designated territory, for resale to retailers, with some entities owning more than one wholesaler. As of the end of 2019, we owned 16 of these wholesalers and have an ownership stake in another one of them. The remaining wholesalers are independent businesses. In certain countries, we enter into exclusive importer arrangements and depend on our counterparties to these arrangements to market and distribute our products to points of sale. In certain markets, we also distribute the products of other brewers.

We generally distribute our products through (i) our own distribution, in which we deliver to points of sale directly, and (ii) third-party distribution networks, in which delivery to points of sale occurs through wholesalers and independent distributors. In certain cases, we may own or have an ownership stake in a wholesaler. Third-party distribution networks may be exclusive or non-exclusive.

See “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Distribution Arrangements” for a discussion of the effect of the choice of distribution arrangements on our results of operations.

As a customer-driven organization, we have programs for professional relationship building with our customers in all markets regardless of the chosen distribution method. This happens directly, for example, by way of key customer account management, and indirectly, by way of wholesaler excellence programs.

We seek to provide media advertising, point-of-sale advertising and sales promotion programs to promote our brands. Where relevant, we complement national brand strategies with geographic marketing teams focused on delivering relevant programming addressing local interests and opportunities.

8. LICENSING

In some markets, we may enter into license agreements or, alternatively, international distribution and/or importation agreements, depending on the best strategic fit for each particular market. License agreements entered into by us grant the right to third-party licensees to manufacture, package, sell and market one or several of our brands in a particular assigned territory under strict rules and technical requirements. In the case of international distribution and/or importation agreements, we produce and package the products ourselves while the third party distributes, markets and sells the brands in the local market.

We have entered into a number of licensing, distribution and importation agreements relating to our brands, including the following:

- Stella Artois is licensed to third parties in various countries including Algeria, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Israel, Kosovo, Montenegro, New Zealand, Romania, Serbia and Slovakia, while Beck's is licensed to third parties in Algeria, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Kosovo, Montenegro, New Zealand, Romania, Serbia, Slovakia, Tunisia and Turkey.
- A licensing agreement allows Diageo Ireland to brew and sell Budweiser and Bud Light in the Republic of Ireland, and Diageo Northern Ireland has the right to sell Budweiser in Northern Ireland. Anadolu Efes has the right to brew and sell Bud in Turkey. For more information, see “Item 5. Operating and Financial Review—H. Contractual Obligations and Contingencies—Contractual Obligations.” We also sell various brands, including Budweiser, by exporting from our license partners' breweries to other countries.
- The Corona beer brand is perpetually licensed to a subsidiary of Constellation Brands, Inc. for production in Mexico and marketing and sales in 50 states of the United States, the District of Columbia and Guam.

- Aguila, Castle Lager, Sheaf Stout, Victoria Bitter, Crown Lager, Pure Blonde, Carlton Draught, Carlton Dry, Cusqueña, Cristal, Foster's, Redd's, Cascade Brewery Company products, Matilda Bay Brewing Company products and certain other brands are perpetually licensed to Molson Coors Brewing Company in the 50 states of the United States, the District of Columbia and Puerto Rico. We have retained rights to brew and distribute these beers outside of the United States, the District of Columbia and Puerto Rico.
- On 30 March 2018, following the merger of our businesses in Russia and Ukraine with Anadolu Efes, we granted the right to brew and/or distribute several of our brands including Bud, Stella Artois and Corona to AB InBev Efes, our combined business with Anadolu Efes.
- In connection with the listing of a minority stake of Budweiser APAC on the Hong Kong Stock Exchange, we have entered into a number of framework agreements granting Budweiser APAC (i) exclusive licenses to import for sale, manufacture, sell and distribute and (ii) non-exclusive licenses to advertise and promote our brands in APAC territories.
- Molson Coors Brewing Company has rights to brew and/or distribute, under license, Beck's, Löwenbräu, Spaten and Stella Artois, in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Kosovo, Macedonia, Moldova, Montenegro, Romania, Serbia, Slovakia and Slovenia.

We also manufacture and distribute Brahma, a brand owned by our Brazilian listed subsidiary, Ambev, in Peru and other third-party brands, such as Kirin in the United States. Ambev and some of our other subsidiaries have entered into manufacturing and distribution agreements with PepsiCo. Major brands that are distributed under this agreement are Pepsi-Cola, Lipton Ice Tea, H2OH! and Gatorade. See “—2. Principal Activities and Products—Non-Beer—Non-Alcohol Beverages” for further information in this respect. Ambev and some of our other subsidiaries also have license agreements with us which allow them to exclusively produce, distribute and market Beck's and Stella Artois in Brazil, Panama, Costa Rica, Puerto Rico, Chile, Guatemala, Dominican Republic, Argentina, Uruguay, Paraguay, Antigua, Bolivia, Dominica and Saint Vincent, and Budweiser in Brazil, Argentina and Canada. Ambev also distributes Budweiser in Bolivia, Paraguay, Guatemala, the Dominican Republic, Panama, Uruguay and Chile and Corona in Argentina, Bolivia, Paraguay, Uruguay, Chile, Guatemala, Panama and Canada.

9. BRANDING AND MARKETING

Our brands are the foundation and cornerstone of our relationships with consumers and the key to our long-term success. Our brand portfolio, its enduring bonds with consumers and its partnerships with customers are our most important assets. We invest in our brands to create long-term sustainable competitive advantage by seeking to meet the beverage needs of consumers around the world and to develop leading brand positions in every market in which we operate.

Our brand portfolio consists of three global brands (Budweiser®, Corona® and Stella Artois®), our multi-country brands (Beck's®, Hoegaarden®, Leffe® and Michelob Ultra®), and many “local champions” (Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Castle®, Castle Lite®, Cristal®, Harbin®, Jupiler®, Modelo Especial®, Quilmes®, Victoria®, Sedrin® and Skol®). We believe this robust brand portfolio provides us with strong growth and revenue opportunities and, coupled with a powerful range of premium brands, positions us well to meet the needs of consumers in each of the markets in which we compete. For further information about our brands, see “—2. Principal Activities and Products—Beer.”

We seek to constantly strengthen and develop our brand portfolio through enhancement of brand quality, marketing and product innovation. Our marketing team therefore works together closely with our research and development team (see “—10. Intellectual Property; Innovation; Research and Development” for further information).

We continually assess consumer needs and values in each geographic market in which we operate with a view to identifying the key characteristics of consumers in each beer category (that is, premium, core and value). This allows us to position our existing brands (or to introduce new brands) in order to address the characteristics of each category.

Our marketing approach is based on a “value-based brands” proposition, a single, clear, compelling values-based reason for consumer preference. The value-based brands approach involves, firstly, the determination of consumer portraits; secondly, brand attributes (that is, tangible characteristics of the brand that support the brand’s positioning) and brand personality (*i.e.*, the way the brand would behave as a person) are defined; and, finally, a purpose statement that clearly articulates the role the brand will play in the lives of consumers. Once this link has been established, a particular brand can either be developed (brand innovation) or relaunched (brand renovation or line extension from the existing brand portfolio) to meet the customers’ needs. We apply zero-based planning principles to yearly budget decisions and for ongoing investment reviews and reallocations. We invest in each brand in line with its local or global strategic priority and, taking into account its local circumstances, seek to maximize profitable and sustainable growth.

For example, we focus our growth strategy for each of our brands based on a portfolio approach, which depends on the occasion in which our products are consumed (*e.g.*, relaxing at home with friends; or socializing in a bar). Our portfolio of brands will vary by market, but each leverage our global platforms and initiatives, incorporating the whole organization from supply, to operations, to sales and marketing, and then bringing our teams together to deliver end-to-end integrated consumer experiences.

We own the rights to our principal brand names and trademarks in perpetuity for the main countries where these brands are currently commercialized (with the exception of the Modelo beer brands and certain former SAB brands licensed in the United States as described under “—8. Licensing” above).

10. INTELLECTUAL PROPERTY; INNOVATION; RESEARCH AND DEVELOPMENT

Innovation is one of the key factors enabling us to achieve our strategy. We seek to combine technological know-how with market understanding to develop a healthy innovation pipeline in terms of production process, product and packaging features as well as branding strategy. In addition, as beer markets mature, innovation plays an increasingly important role by providing differentiated products with increased value to consumers.

Intellectual Property

Our intellectual property portfolio mainly consists of trademarks, patents, registered designs, copyrights, know-how and domain names. This intellectual property portfolio is managed by our internal legal department, in collaboration with a selected network of external intellectual property advisers. We place importance on achieving close cooperation between our intellectual property team and our marketing and research and development teams. An internal stage gate process promotes the protection of our intellectual property rights, the swift progress of our innovation projects and the development of products that can be launched and marketed without infringing any third party’s intellectual property rights. A project can only move on to the next step of its development after the necessary verifications (*e.g.*, availability of trademark, existence of prior technology/earlier patents and freedom to market) have been carried out. This internal process is designed to ensure that financial and other resources are not lost due to oversights in relation to intellectual property protection during the development process.

Our patent portfolio is carefully built to gain a competitive advantage and support our innovation and other intellectual assets. We currently have more than 220 pending and granted patent families, each of which covers one or more technological inventions. The extent of the protection differs between technologies, as some patents are protected in many jurisdictions, while others are only protected in one or a few jurisdictions. Our patents may relate, for example, to brewing processes, improvements in production of fermented malt-based beverages, treatments for improved beer flavor stability, non-alcoholic beer development, filtration processes, beverage-dispensing systems and devices, can manufacturing processes, beer packaging or novel uses for brewing materials and disruptive technologies.

We license in limited technology from third parties. We also license out certain of our intellectual property to third parties, for which we receive royalties.

Innovation, Research and Development

Given our focus on innovation, we place a high value on research and development (“**R&D**”). Our innovation strategy is translated into our R&D priorities, which consist of breakthrough innovation, incremental innovation and renovation (that is, updates and enhancements of existing products and packages). The main goal for the innovation process is to provide consumers with better products and experiences. This includes launching new liquids, new packaging and new dispensing systems that deliver better performance, both for the consumer and in terms of financial results, by increasing our competitiveness in the relevant markets. With consumers comparing products and experiences offered across very different beverage categories and the choice of beverages increasing, our R&D efforts also require an understanding of the strengths and weaknesses of other beverage categories, spotting opportunities for beer and malt beverages and developing consumer solutions (products) that better address consumer needs and deliver better experiences. This requires understanding consumer emotions and expectations. Sensory experience, premiumization, convenience, sustainability and design are all central to our R&D efforts.

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

Knowledge management and learning also make up an integral part of research and development. We seek to continuously increase our knowledge through collaborations with universities and other industries.

Our R&D team is regularly briefed (on at least an annual basis) on our priorities and our business regions’ priorities and approves concepts and technologies which are subsequently prioritized for development. The R&D teams invest in both short- and long-term strategic projects for future growth, with the launch time depending on complexity and prioritization.

The Global Innovation and Technology Center, located in Leuven, Belgium, accommodates the Product, Packaging, Raw Material, Process and Dispense Development teams and has facilities such as Labs, Experimental Brewery and Sensory Analysis. In addition to the Global Innovation and Technology Center, we also have Product, Packaging and Process development teams located in each of our geographic regions focusing on the short- and medium-term development and implementation needs of such regions.

11. REGULATIONS AFFECTING OUR BUSINESS

Our worldwide operations are subject to extensive regulatory requirements regarding, among other things, production, distribution, importation, marketing, promotion, labeling, advertising, labor, pensions and public health, consumer protection and environmental issues. For example, in the United States, federal and state laws regulate most aspects of the brewing, sale, marketing, labeling and wholesaling of our products. At the federal level, the Alcohol and Tobacco Tax and Trade Bureau of the U.S. Treasury Department oversees the industry, and each state in which we sell or produce products, and some local authorities in jurisdictions in which we sell products, also have regulations that affect the business conducted by us and other brewers and wholesalers. It is our policy to abide by the laws and regulations around the world that apply to us or to our business. We rely on legal and operational compliance programs, as well as local in-house and external counsel, to guide our businesses in complying with applicable laws and regulations of the countries in which we operate.

See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Certain of our operations depend on independent distributors or wholesalers to sell our products, and we may be unable to replace distributors or acquire interests in wholesalers or distributors. In addition, we may be adversely impacted by the consolidation of retailers,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Negative publicity, perceived health risks, failure to provide safe working environments and associated government regulation may harm our business,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We could

incur significant costs as a result of compliance with, and/or violations of or liabilities under, various regulations that govern our operations,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, may negatively affect our business or operations, including the availability of key production inputs,” “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Our subsidiary Ambev operates a joint venture in Cuba, in which the Government of Cuba is its joint venture partner. Cuba remains subject to comprehensive economic and trade sanctions by the United States and Ambev’s operations in Cuba may adversely affect our reputation and the liquidity and value of our securities” and “Item 5. Operating and Financial Review—A. Key Factors Affecting Results of Operations—Governmental Regulations.”

Production, advertising, marketing and sales of alcoholic beverages are subject to various restrictions around the world, often based on health considerations related to the misuse or harmful use of alcohol. These range from a complete prohibition of alcohol in certain countries and cultures through the prohibition of the import of alcohol, to restrictions on the advertising style, media and messages used. In a number of countries, television is a prohibited medium for advertising alcohol products, and in other countries, television advertising, while permitted, is carefully regulated. Media restrictions may constrain our brand-building and innovation potential. Labeling of our products is also regulated in certain markets, varying from health warning labels to importer identification, alcohol strength and other consumer information. Specific warning statements related to the risks of misusing alcohol products, including beer, have also become prevalent in recent years. Introduction of smoking bans in pubs and restaurants may have negative effects on on-trade consumption (that is, beer purchased for consumption in a pub or restaurant or similar retail establishment), as opposed to off-trade consumption (*i.e.*, beer purchased at a retail outlet for consumption at home or another location). We believe that the regulatory environment in most countries in which we operate is becoming increasingly stringent with respect to health issues and expect this trend to continue in the future.

The distribution of our beer and other alcoholic beverage products may also be regulated. In certain markets, alcohol may only be sold through licensed outlets, varying from government- or state-operated monopoly outlets (*e.g.*, in the off-trade channel of certain Canadian provinces) to the common system of licensed on-trade outlets (*e.g.*, licensed bars and restaurants) which prevails in many countries (*e.g.*, in much of the European Union). In the United States, states operate under a three-tier system of regulation for beer products from brewer to wholesaler to retailer, meaning that we usually work with licensed third-party distributors to distribute our products to the points of sale.

In the United States, both federal and state laws generally prohibit us from providing anything of value to retailers, including paying slotting fees or (subject to exceptions) holding ownership interests in retailers. Some states prohibit us from being licensed as a wholesaler for our products. State laws also regulate the interactions among us, our wholesalers and consumers by, for example, limiting merchandise that can be provided to consumers or limiting promotional activities that can be held at retail premises. If we violate applicable federal or state alcoholic beverage laws, we could be subject to a variety of sanctions, including fines, equitable relief and suspension or permanent revocation of our licenses to brew or sell our products.

Governments in most of the countries in which we operate also establish minimum legal drinking ages, which generally vary from 16 to 21 years of age or impose other restrictions on sales. Some governments have imposed or are considering imposing minimum pricing on alcohol products. Moreover, governments may seek to address harmful use of alcohol by raising the legal drinking age, further limiting the number, type or operating hours of retail outlets or expanding retail licensing requirements. We work both independently and together with other brewers and alcoholic beverage companies to tackle the harmful use of alcohol products and actively promote responsible sales and consumption.

Growing concern over the rise of obesity and obesity-related diseases, such as Type 2 diabetes, are accelerating global policy debates on reducing consumption of sugar in beverages and foods. This may have an impact on our soft drink business.

We are subject to antitrust and competition laws in the jurisdictions in which we operate and may be subject to regulatory scrutiny in certain of these jurisdictions. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We are exposed to antitrust and competition laws in certain jurisdictions and the risk of changes in such laws or in the interpretation and enforcement of existing antitrust and competition laws. In addition, in connection with our previous acquisitions, various regulatory authorities have previously imposed conditions with which we are required to comply.”

In many jurisdictions, excise and other indirect duties, including legislation regarding minimum alcohol pricing, make up a large proportion of the cost of beer charged to customers. In the United States, for example, the brewing industry is subject to significant taxation. The United States federal government currently levies an excise tax of USD 6 per barrel (equivalent to approximately 117 liters) for the first 6 million barrels of beer sold for consumption in the United States and then USD 18 per barrel for every barrel thereafter. All states also levy excise taxes on alcoholic beverages. Proposals have been made to increase excise taxes in some states. In recent years, a number of countries have adopted proposals to increase beer excise taxes. Rising excise duties can drive up our pricing to the consumer, which in turn could have a negative impact on our results of operations. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We may be subject to adverse changes in taxation and other tax-related risks.”

Our products are generally sold in glass or PET bottles or aluminum or steel cans. Legal requirements apply in various jurisdictions in which we operate, requiring that deposits or certain eco-taxes or fees are charged for the sale, marketing and use of certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other types of beverage-container-related deposit, recycling, eco-tax and/or extended producer responsibility statutes and regulations also apply in various jurisdictions in which we operate.

We are subject to different environmental legislation and controls in each of the countries in which we operate. Environmental laws in the countries in which we operate mostly relate to (i) the conformity of our operating procedures with environmental standards regarding, among other things, the emission of gas and liquid effluents, (ii) the disposal of one-way (that is, non-returnable) packaging and (iii) noise levels. We believe that the regulatory climate in most countries in which we operate is becoming increasingly strict with respect to environmental issues and expect this trend to continue in the future. Achieving compliance with applicable environmental standards and legislation may require plant modifications and capital expenditures. Laws and regulations may also limit noise levels and the disposal of waste, as well as impose waste treatment and disposal requirements. Some of the jurisdictions in which we operate have laws and regulations that require polluters or site owners or occupants to clean up contamination.

The amount of dividends payable to us by our operating subsidiaries is, in certain countries, subject to exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. See also “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources—Transfers from Subsidiaries” and “Item 3. Key Information—D. Risk Factors—We are exposed to developing market risks, including the risks of devaluation, nationalization and inflation.”

Iran-Related Required Disclosure

The Iran Threat Reduction and Syria Human Rights Act of 2012 requires disclosure of certain activities relating to Iran by AB InBev or its affiliates that occurred during our 2019 fiscal year. Anadolu Efes, our affiliate, has a licensing agreement with an Iranian company for the production of non-alcoholic beer in Iran. Pursuant to that licensing agreement, Anadolu Efes will receive EUR 80,343 (USD 95,002) in gross revenue for 2019, from which it expects to record no net profit. Anadolu Efes plans to continue its licensing arrangement.

12. INSURANCE

We self-insure most of our insurable risk. However, we do purchase insurance for directors’ and officers’ liability and other coverage where required by law or contract or where considered to be in our best interest. Under the Co-operation Agreement (as defined herein), we have procured the provision of directors’ and officers’ liability insurance for former directors and officers of SAB for a period of six years following the completion of the combination with SAB. We maintain a comprehensive approach to insurable risk, which is mainly divided in two general categories:

- **Assets:** a combination of self-insurance and insurance is used to cover our physical properties and business interruption; and
- **Liabilities:** a combination of self-insurance and insurance is used to cover losses due to damages caused to third parties; for executive risks (risks related to our board and management); and automobile insurance (which is required by law in most jurisdictions).

We believe we have an adequate approach to insurable risk based on our market capitalization and our worldwide presence. We further believe that the types and level of insurance we maintain are appropriate for the risks of our business.

13. SOCIAL AND COMMUNITY MATTERS

Our Dream is Bringing People Together for a Better World. In all we do, we strive to ensure that we produce the highest-quality products, provide the best consumer experience, and maximize shareholder value by building the strongest competitive and financial position.

Through our reach, resources and energy, we are addressing the needs of our communities through:

- Improving environmental and social sustainability;
- Promoting smart drinking;
- Increasing workplace safety; and
- Business ethics.

Improving environmental and social sustainability

We depend on natural resources to brew our beers and strive to use resources responsibly and preserve them for the future. That is why we factor sustainability into how we do business, including how we source water, energy and raw materials. We develop innovative programs across our supply chain to improve our sustainability performance with our business partners. To improve lives in the communities we are part of, we also support the farmers and small retailers in our value chain to help them be more productive. To facilitate progress, we combined our sustainability and procurement activities under a single function led by a member of our senior leadership team.

2025 Sustainability Goals

We are contributing to the United Nations Sustainable Development Goals and broader global sustainable development agenda while building resilient supply chains, productive communities and a healthier environment. In March 2018, following the achievement of our 2017 Environmental Goals, we have announced 2025 Sustainability Goals, our most ambitious set of public commitments yet, which focus on four areas: smart agriculture, water stewardship, circular packaging and climate action.

- **Smart agriculture:** 100 percent of the company's direct farmers will be skilled, connected and financially empowered;
- **Water stewardship:** 100 percent of communities in high-stress areas will have improved water availability and quality;
- **Circular packaging:** 100 percent of products will be in packaging that is returnable or made from mostly recyclable content; and
- **Climate action:** 100 percent of purchased electricity will be from renewable sources as well as a goal of 25 percent reduction in carbon dioxide emissions across our value chain.

In addition, we have launched the 100+ Sustainability Accelerator in August 2018 to identify and scale up innovative solutions to some of the world's most pressing sustainability challenges. Through the 100+ Accelerator, we continue to identify partners who can deliver breakthrough advancements in water stewardship, farmer productivity, product upcycling, responsible sourcing, green logistics and more.

Helping entrepreneurial small businesses grow and thrive

As part of our commitment to help communities thrive, we have a responsibility to help the small businesses in our supply chain. From the suppliers that help power our production to the retailers that connect with our consumers every day, small businesses play a vital role as an engine of economic growth and employment. They are critical to the success of our business operations.

We value our relationships with our small business partners and recognize the challenges many face in sustaining and growing their operations, such as limited business skills and the need for affordable financial services and infrastructure. As their business partner, we believe we can help them address these barriers to unlock their entrepreneurial potential and enable us to grow together.

Our Creciendo por un Sueño (“Growing for a Dream”) program aims to empower 80,000 women-run small retailers in Colombia, Peru and Ecuador by providing access to tools like business skills training and affordable financial services that aim to help improve their livelihoods and business operations.

Our business in South Africa has an ambitious goal to create 10,000 jobs. Working in partnership with non-governmental organizations (“NGOs”), the South African government and the private sector, the program supports entrepreneurs to develop and grow their businesses, and offers opportunities for them to become part of the South African Breweries’ supply chain. The initiative aims to contribute to South Africa’s national agenda of growing the economy through the provision of jobs and offers tailored support for youth and women.

Creating resilient agricultural supply chains

About half of our malt barley is locally sourced to reduce the risk of supply chain disruption and exposure to currency volatility, while boosting rural economies and strengthening agriculture. In 2019 we continued to build resilient agricultural systems, by working with over 20,000 farmers across 13 countries to support the growth of our six priority crops (barley, cassava, hops, maize, rice and sorghum). We have put in place programs and partnerships to ensure that our farmers have access to good seed varieties and technical training (skilled), improved insights and data (connected), and the ability to invest in and grow their business (financially empowered). SmartBarley has been our primary agricultural development program since 2013, currently live in 12 countries. In 2019, we partnered with Sentra to pair field-level data from SmartBarley with weather and imagery analytics to improve yield and reduce impact of climate change.

Supporting Smallholder Farmers

Agriculture is a critical source of income and livelihoods in a number of markets in Africa, where we have pioneered the use of under-commercialized local crops to create new affordable beer brands – like Eagle Lager, made with local sorghum in Uganda, and Impala, made with local cassava in Mozambique. This strategy allows us to reach new consumers while increasing incomes for local smallholder farmers. After an initial pilot in Zambia with positive results in 2018, in 2019 we partnered with a startup called BanQu to employ an SMS-based service backed by blockchain to record purchasing and sales data of our supply chain offering farmers a digital financial identity as well as sending digital payments and reducing cash transactions, and thereby lowering risk to our farmers.

Buy A Lady A Drink

The Stella Artois Buy A Lady A Drink initiative, launched in 2015 in partnership with Water.org, challenges consumers to be the generation that ends the global water crisis. Each purchase of a limited-edition Stella Artois chalice helps provide one woman in the developing world with five years of clean water. To date, Stella Artois has helped Water.org provide more than one million people in the developing world with access to clean water through the sale of more than 500,000 Limited-Edition Chalice and by directly donating more than USD 8 million to Water.org. In 2019, the partnership provided clean water access to 300,000 people in the developing world.

Watershed Protection

We continue to scale our water stewardship efforts by engaging in watershed protection measures, in partnership with local stakeholders, in high-stress areas across Argentina, Bolivia, Brazil, China, Colombia, Dominican Republic, El Salvador, India, Mexico, Mozambique, Namibia, Peru, South Africa, Tanzania, Uganda, the United States and Zambia. Together with local authorities, other water users, and non-governmental organizations like the World Wildlife Fund and The Nature Conservancy, we have devoted financial and technical resources to green infrastructure initiatives, conservation and reforestation projects, habitat restoration efforts, and soil conservation techniques. To date we have invested in long-term solutions across 24 communities where we seek to increase water security and improve water quality and availability for our communities and operations.

Renewable Energy

We are one of the world's largest corporate buyers of electricity, a member of the RE100 and we are committed to a plan to significantly increase our use of renewable energy in our breweries and vertical operations to reduce our carbon emissions and long-term energy cost, improve air quality and create jobs in the renewable energy industry. In 2016, we signed a contract to acquire 100% of our purchased electricity needs from wind power in our Mexico breweries and vertical operations by the second half of 2019. In September 2017, we announced an agreement with Enel Green Power in the United States where we committed to purchasing as much renewable electricity as is used to brew more than 20 billion 12-ounce servings of beer. In December 2018, we signed a 100MW solar power purchase agreement with Lightsource BP to secure renewable electricity for our U.K. operations, representing the largest unsubsidized solar energy deal in the United Kingdom to date. In 2019 we signed new renewable electricity contracts in Brazil, Colombia, Dominican Republic, South Africa, Vietnam and the UK. Today, 20% of our global purchased electricity comes from renewable sources and another 41% is already under contract.

Recycling

We are driving and protecting the circular economy of our industry by increasing the amount of reused or recycled materials in our packaging and recovering more post-consumer waste. We aim to work with partners, suppliers and retailers across our value chain in this effort. Packaging, such as returnable glass bottles, is an important component of this effort, and increasing recycling, recovery and reuse also helps avoid loss of value.

Other Initiatives

We are also engaged with the international community and local groups to support key environmental initiatives. We recognize the critical role that companies can play in addressing some of the world's most pressing environmental challenges, such as water scarcity and climate change. We are a signatory to the CEO Water Mandate, a public/private initiative of the United Nations Global Compact, which focuses on developing corporate strategies to address global water issues. We actively work to better understand and manage climate change and water risks across our supply chain and publicly report our risks and opportunities to the Carbon Disclosure Project.

We take a multifaceted approach that includes applying a mix of operational changes and technological solutions, building effective partnerships and having a sustainability-focused mindset, underscored by strong teamwork, in order to help reduce the use of water in our direct operations, protect watersheds that serve our breweries and local communities and improve water management in our barley supply chain.

We are members of the Beverage Industry Environmental Roundtable, a technical coalition of leading global beverage companies working together to advance environmental sustainability within the beverage sector. We are members of the Sustainable Agriculture Initiative, a global food industry organization that supports the development of sustainable agriculture through the involvement of food chain stakeholders. In addition, we are active participants in the United Nations Environment Program's annual World Environment Day, through which we engage annually with many community stakeholders around the world.

Energy conservation has been a strategic focus for us for many years, especially with the unpredictable cost of energy and evolving climate change regulations. Our continued progress is based on the importance we place on sharing best technical and management practices across our operations. We publicly report our risks and opportunities related to climate change to the Carbon Disclosure Project.

Promoting smart drinking

We want every experience with beer to be a positive one. We believe that the harmful use of alcohol is bad for consumers, society and our business. We established our Global Smart Drinking Goals in December 2015 to contribute to the World Health Organization's target of reducing the harmful use of alcohol by at least 10% in every country by 2025 and the United Nations Sustainable Development Goal of strengthening the prevention of harmful use of alcohol globally.

Smart Drinking

We are a global company, brewing beers and building brands that will continue to bring people together for a better world for the next 100 years and beyond. This requires thriving communities across the globe where harmful use of alcohol no longer presents a social challenge. Our Smart Drinking commitments, and the beliefs that underpin them, will help make this vision a reality.

In 2014, we successfully met or exceeded all six of the original Global Responsible Drinking Goals we set for ourselves in 2011. This set of goals included collaborations with a wide range of partners, public education initiatives, retailer training and other activities that reinforced responsible drinking.

Our current Global Smart Drinking Goals are intended to serve as a laboratory to identify and test replicable programs, implement them in partnership with others and ensure they are independently and transparently evaluated. Our goals are also designed to be collaborative and evolving. Working in partnership with public health bodies, civil society and governments, we aim to implement evidence-based approaches, uncover new ways to reduce the harmful use of alcohol, and act upon them. Our intent is not only to use the knowledge generated by this work to improve our own efforts and business practices, but also to share what we learn with others.

Our four Global Smart Drinking Goals are:

- **City Pilots:** reduce the harmful use of alcohol by at least 10% in six cities by the end of 2020 and implement best practices globally by the end of 2025;
- **Social Norms:** influence social norms and individual behaviors to reduce harmful alcohol use by investing at least USD 1 billion across our markets in dedicated social marketing campaigns and related programs by the end of 2025;
- **No- and Low-Alcohol Beer:** ensure no-alcohol (by which we mean ABV 0.0%–0.5%) and low-alcohol (by which we mean ABV 0.51%–3.5%) beer products represent at least 20% of our global beer volume by the end of 2025; and
- **Alcohol Health Literacy:** place a guidance label on all of our beer products in all of our markets by the end of 2020 and increase alcohol health literacy by the end of 2025.

Our **City Pilots** initiative is the cornerstone of our efforts to identify, test and independently and rigorously measure and evaluate replicable evidence-based interventions that are implemented in partnership with others, to reduce harmful use of alcohol. The City Pilots serve as laboratories for identifying evidence-based initiatives worth scaling. The six City Pilots are: Brasilia, Brazil; Zacatecas, Mexico; Johannesburg, South Africa; Jiangshan, China; Leuven, Belgium and Columbus, Ohio. Local knowledge and leadership are critical to the City Pilot approach. In each region, a Steering Committee was formed with local community members, including government, universities, NGOs and other community-based organizations.

Our **Social Norms** initiative is not just about spending a specified amount, but rather spending with impact, which requires the development and implementation of campaigns and programs grounded in social norms and social marketing theory. We have partnered with experts in this field to gather and consolidate the latest social marketing knowledge and best practices and apply them to the promotion of smart drinking. In 2018 we produced a Social Marketing Toolkit for our marketing teams around the world, working in close collaboration with public health and behavior change experts. This Toolkit is a practical guide that collates and distills information about our Global Smart Drinking Goals, behavior change theory, social norms and social marketing principles and includes a comprehensive library of AB InBev harmful consumption of alcohol prevention initiatives to date, so that all our business units can replicate best practices easily. In 2019, we launched the 2nd edition of our Global Smart Drinking Campaign Competition. This competition challenges all our brand teams across the world to develop innovative ideas for social marketing campaigns that contribute for positive behavioral change. In 2019, 45 brand teams from 23 countries competed. The winners of each business unit get the opportunity to use a percentage of the Marketing Media Budget towards the campaign.

Through our **No- and Low-Alcohol Beer** initiative, we are offering consumers more choice, which we believe can be an important way to help reduce harmful use of alcohol. Our ambition is for existing drinkers to integrate no-alcohol beers and beer with 3.5% ABV or lower into their current drink choices, reducing their total alcohol intake. To make this ambition a reality, we are investing to make our no- and low-alcohol products an available and appealing choice for current consumers of beverage alcohol. We have applied the same robust sales tracking tools to our no- and low-alcohol beers to identify opportunities for growth and help us get closer to achieving our volume goal. In 2019, we launched 14 new No- and Low-Alcohol Beer brands for a total of 86 brands in our portfolio. In 2019, No- and Low-Alcohol Beer brands accounted for 7% of our global beer volume.

Our **Alcohol Health Literacy** initiative exemplifies our belief in helping consumers understand why and how alcohol should be consumed within limits. We are collaborating with partners to identify and implement evidence-based means of increasing alcohol literacy among consumers. The AB InBev Foundation is supporting public health researchers at Tufts University School of Medicine to develop a consumer guidance labelling strategy for beer that will promote alcohol health literacy and reflect the current evidence base for consumer labelling.

To further advance our Global Smart Drinking Goals, we established the AB InBev Foundation in 2017. The Foundation's mission is to reduce harmful drinking globally by identifying effective programs and policies for public-private partnerships to advance positive social and behavior change. The Foundation has established the following guiding principles: transparency—sharing what the Foundation does and what it learns with others; local leadership—demonstrating multi-sectorial, community collaborations, empowered by evidence-based interventions and external experts and academic integrity—advancing the knowledge base by supporting independent, technical experts to implement and evaluate programs and publish their own work and conclusions. In 2019, the Foundation made significant progress towards the mission of accelerating the reduction of harmful drinking: work the Foundation supported was represented at 15 conferences or panel events and 8 academic articles were published about projects funded by the Foundation.

Investing in road safety

As a major user of roads around the world and its largest brewer, we are committed to delivering safer roads for all. Around the world, we invest in innovative programs to improve road safety and reduce injuries and fatalities from traffic collisions. This work is aligned with United Nations Sustainable Development Goal 3 (Good Health and Well-Being) and the ambitious target of halving the global number of deaths and injuries from road traffic crashes by 2020.

Safe roads are also a high priority for governments and advocacy groups, and we are strengthening the impact of our efforts through partnerships. These include our leadership in Together for Safer Roads (“TSR”), a private-sector coalition focused on improving road safety by facilitating innovation in safer fleets, data collection and modern management. Also, our partnership with the United Nations Institute for Training and Research (UNITAR) that continued across 2019 and led to the launch of the Management Practices for Safer Roads Toolkit.

Internally in our business, we dedicate significant time and resources to researching, testing and implementing road safety technology and innovative techniques to increase the road safety of our fleet, which in turn improves community safety. Some of the techniques we have implemented are: monitoring the location and performance of vehicles, crash and near-miss analysis, and addressing and avoiding driver fatigue using tools like telemetry and artificial intelligence.

Increasing workplace safety

We are committed to doing everything possible to create a safe work environment. We encourage employees and contractors to follow safe practices and make healthy choices in our workplaces and local communities.

Business ethics

Our leaders set the tone for our company. We expect them to deliver results and to inspire our colleagues through passion for brewing and a sense of ownership. Most importantly, we never take shortcuts. Integrity, hard work, quality and responsibility are essential to our growth.

Human Rights

Respecting human rights is a non-negotiable commitment for our business. We have been a signatory to the United Nations Global Compact since 2005 and are committed to the principles and guidance contained in the UN Guiding Principles on Business and Human Rights. In 2019, we refreshed our Global Human Rights Policy and we continue to participate in industry and NGO initiatives that seek to improve business' approach to respecting human rights.

Our People

It takes great people to build a great company. That is why we focus on attracting and retaining the best talent. Our approach is to enhance our people's skills and potential through education and training, competitive compensation and a culture of ownership that rewards people for taking responsibility and producing results. Our ownership culture unites our people, providing the necessary energy, commitment and alignment needed to pursue our Dream of Bringing People Together for a Better World.

Having the right people in the right roles at the right time—aligned through a clear goal-setting and rewards process—improves productivity and enables us to continue to invest in our business and strengthen our social responsibility initiatives.

Acting in our communities

Volunteering is one of the best ways to bring people together for a better world. In communities around the world—both large and small—our people are passionate about empowering communities. We encourage these efforts through regional and global volunteering initiatives that are often also open to our families, friends, partners and consumers.

One key global program is Global Be(er) Responsible Day, which in 2018 engaged more than 62,000 colleagues worldwide to promote awareness about smart drinking. Together, we spread smart drinking messages to more than 3.6 million consumers on one day through direct interactions, generating over 215 million social media impressions. We also engaged with more than 1.1 million points of consumption, retailers and wholesalers throughout the month of September.

Our local teams also organized their own volunteering efforts. In Mexico, our volunteering program *Voluntarios Modelo* engaged more than 180,000 people in volunteering activities in their communities, including many of our colleagues. In Brazil, our Volunteering Program VOA provided management training to 115 NGOs leveraging the management expertise of 554 of our colleagues, impacting over 5 million people indirectly. In Colombia, Peru and Ecuador, our volunteering program #MeUno engaged more than 67,000 volunteers in environmental and educational activities. In the United States, South Africa and Colombia, our Pro Bono Marathon leveraged the skills of 194 colleagues to help 13 non-profit partners solve organizational challenges.

Supporting disaster response

In 2019, hurricanes, floods, earthquakes, wildfires and other natural disasters struck with great force and frequency in many communities. We supported disaster relief and recovery efforts, mainly through emergency drinking water donations and provision of funds. In the United States, we donated over 1.4 million cans of emergency drinking water, leveraging a long-standing partnership with the American Red Cross, and added the necessary equipment to produce canned drinking water out of our brewery in Fort Collins, Colorado, in September 2018. In South Africa, we provided emergency drinking water to people affected by the drought in Cape Town. In Brazil, we provided funds and in-kind donations to hundreds of people who were displaced by the urban fire that affected the city of Manaus. In India, after floods hit the state of Kerala, 1,500 volunteers dedicated 6,000 hours to supply 185,000 bottles of drinking water to 20,000 families in areas of need. We also developed a Global Disaster Preparedness Toolkit so more of our Business Units can play a role in improving the resilience of communities to prepare, respond to and recover from disasters.

C. ORGANIZATIONAL STRUCTURE

Anheuser-Busch InBev SA/NV is the parent company of the AB InBev Group. Our most significant subsidiaries (as of 31 December 2019) are:

<u>Subsidiary Name</u>	<u>Jurisdiction of incorporation or residence</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting rights held</u>
Anheuser-Busch Companies, LLC One Busch Place St. Louis, MO 63118	Delaware, U.S.A.	100%	100%
Ambev S.A. Rua Dr. Renato Paes de Barros 1017 3° Andar Itaim Bibi São Paulo, Brazil	Brazil	61.9%	61.9%
Budweiser Brewing Company APAC Limited 1823, 18/F Soundwill Plaza II – Mid Town 1-29 Tang Lung Street, Causeway Bay Hong Kong	Cayman Islands	87.22%	87.22%
Cervecería Modelo de México, S. de R.L. de C.V. Cerrada de Palomas 22, 6th Floor, Reforma Social Miguel Hidalgo 1650 Mexico City, Mexico	Mexico	100%	100%
ABI SAB Group Holding Limited Bureau, 90 Fetter Lane London EC4A 1EN, United Kingdom	United Kingdom	100%	100%

For a more comprehensive list of our most important financing and operating subsidiaries, see note 37 of our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

D. PROPERTY, PLANTS AND EQUIPMENT

For a further discussion of property, plants and equipment, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business — Climate change or other environmental concerns, or legal, regulatory or market measures to address climate change or other environmental concerns, may negatively affect our business or operations, including the availability of key production inputs,” “—B. Business Overview—6. Brewing Process; Raw Materials and Packaging; Production Facilities; Logistics—Capacity Expansion,” “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources—Capital Expenditures” and “Item 5. Operating and Financial Review—J. Outlook and Trend Information.”

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW

The following is a review of our financial condition and results of operations as of 31 December 2019 and 2018, and for the three years ended 31 December 2019, and of the key factors that have affected or are expected to be likely to affect our ongoing and future operations. You should read the following discussion and analysis in conjunction with our audited restated consolidated financial statements and the accompanying notes included elsewhere in this Form 20-F.

Some of the information contained in this discussion, including information with respect to our plans and strategies for our business and our expected sources of financing, contain forward-looking statements that involve risk and uncertainties. You should read “Forward-Looking Statements” for a discussion of the risks related to those statements. You should also read “Item 3. Key Information—D. Risk Factors” for a discussion of certain factors that may affect our business, financial condition and results of operations.

We have prepared our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and in conformity with International Financial Reporting Standards as adopted by the European Union (“IFRS”). The financial information and related discussion and analysis contained in this item are presented in U.S. dollars except as otherwise specified. Unless otherwise specified, the financial information analysis in this Form 20-F is based on our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

See “Presentation of Financial and Other Data” for further information on our presentation of financial information.

A. KEY FACTORS AFFECTING RESULTS OF OPERATIONS

We consider acquisitions, divestitures and other structural changes, economic conditions and pricing, consumer preferences, our product mix, raw material and transport prices, the effect of our distribution arrangements, excise taxes, the effect of governmental regulations, foreign currency effects, weather and seasonality and widespread health emergencies to be the key factors influencing the results of our operations. The following sections discuss these key factors.

Acquisitions, Divestitures and Other Structural Changes

We regularly engage in acquisitions, divestitures and investments. We also engage in the start-up or termination of activities and may transfer activities between business segments. Such events have had and are expected to continue to have a significant effect on our results of operations and the comparability of period-to-period results. Significant acquisitions, divestitures, investments, transfers of activities between business segments and other structural changes in the years ended 31 December 2019, 2018 and 2017 are described below. See also note 6 and note 8 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F.

SAB-related divestitures

On 31 March 2017, in connection with the combination with SAB, we completed the sale of SAB's assets in Central and Eastern Europe (Hungary, Romania, the Czech Republic, Slovakia and Poland) to Asahi Group Holdings, Ltd. for EUR 7.3 billion.

On 12 April 2017, we completed the sale of our interests in Distell Group Limited ("**Distell**") (comprised of 58,674,000 ordinary shares or approximately 26.4% of Distell's issued share capital) to the Public Investment Corporation (SOC) Limited, acting on behalf of the Government Employees Pension Fund.

In 2017, we completed the purchase price allocation to the individual assets acquired and liabilities assumed as part of the combination with SAB, including the allocation of goodwill to the different business units, in compliance with IFRS 3 *Business Combinations*. The combination with SAB resulted in the recognition of USD 72.4 billion of goodwill allocated primarily to the businesses in Colombia, the rest of Middle Americas, Australia, South Africa and the rest of Africa. The valuation of the property, plant and equipment, intangible assets, investment in associates, interest bearing loans and borrowings, employee benefits, other assets and liabilities and non-controlling interests was based on our best estimate of fair value with input from independent third parties.

The factors that contributed to the recognition of goodwill include the acquisition of an assembled workforce and the premiums paid for cost synergies expected to be achieved in SAB. Our assessment of the future economic benefits supporting recognition of this goodwill is in part based on expected savings through the implementation of best practices such as, among others, a zero-based budgeting program and initiatives that are expected to bring greater efficiency and standardization, generate cost savings and maximize purchasing power. Goodwill also arises due to the recognition of deferred tax liabilities in relation to the fair value adjustments on acquired intangible assets for which the amortization does not qualify as a tax deductible expense. None of the goodwill recognized is deductible for tax purposes.

Completion of the disposal of CCBA

On 4 October 2017, we announced the completion of the transition of our 54.5% equity stake in CCBA for USD 3.15 billion, after customary adjustments. We stopped consolidating CCBA in our consolidated financial statements as of that date.

CCBA, the largest Coca-Cola bottler in Africa, was formed in 2016 through the combination of the African non-alcohol ready-to-drink bottling interests of SAB, The Coca-Cola Company and Gutsche Family Investments. It includes the countries of South Africa, Namibia, Kenya, Uganda, Tanzania, Ethiopia, Mozambique, Ghana, Mayotte and Comoros. Following completion, CCBA will remain subject to the agreement reached with the South African government and the South African Competition Authorities on several conditions, all of which were previously announced.

In 2018, we completed the sale of our carbonated soft drink businesses in Zambia and Botswana to The Coca-Cola Company. In 2019, we completed the sale of all of our carbonated soft drink business in eSwatini (Swaziland) and certain non-alcoholic beverage brands in El Salvador and Honduras. In El Salvador and Honduras, we have executed long-term bottling agreements which became effective in 2019 upon the closing of the El Salvador and Honduras brand divestitures.

Together with The Coca-Cola Company, we continue to work towards finalizing the terms and conditions of the agreement for The Coca-Cola Company to acquire our interest in, or the bottling operations of, our business in Lesotho. This transaction is subject to the relevant regulatory and shareholder approvals.

Merger of Businesses in Russia and Ukraine with Anadolu Efes

On 30 March 2018, we announced the completion of the 50:50 merger of our Russia and Ukraine businesses with those of Anadolu Efes. Following completion, our operations in Russia and Ukraine and those of Anadolu Efes are fully combined under a new company called AB InBev Efes.

The combined business is fully consolidated into Anadolu Efes financial accounts. We have stopped consolidating the results of these operations as of the second quarter 2018 and account for our investment in AB InBev Efes under the equity method.

Announced Divestiture of Australia Business to Asahi

On 19 July 2019, we announced an agreement to divest our Australia business (Carlton & United Breweries) to Asahi for AUD 16.0 billion, equivalent to approximately USD 11.2 billion⁴. As part of this transaction, we will grant Asahi rights to commercialize our portfolio of global and international brands in Australia. The parties continue to cooperate with the Australian Competition and Consumer Commission (ACCC) and Foreign Investment Review Board (FIRB) with a view to obtaining the necessary approvals and closing the transaction as soon as possible in the second quarter of 2020.

Effective 30 September 2019, we classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represent a separate major line of business, these are now accounted for as discontinued operations as required by IFRS 5 and presented in a separate line in the consolidated income statement (“profit from discontinued operations”).

Listing of Budweiser APAC on the Hong Kong Stock Exchange

On 30 September 2019, we successfully completed the listing of a minority stake of our Asia Pacific subsidiary, Budweiser APAC, on the Hong Kong Stock Exchange for USD 5.0 billion. On 3 October 2019, an over-allotment option in connection with the initial public offering of a minority stake of Budweiser APAC was fully exercised, resulting in additional gross proceeds of USD 750 million. Following the full exercise of the over-allotment option, we control 87.22% of the issued share capital of Budweiser APAC.

Other Acquisitions, Divestitures and Structural Changes

On 2 May 2018, we recovered the Budweiser distribution rights in Argentina from Compañía Industrial Cervecería S.A (“CCU”). The transaction involved the transfer of the Isenbeck, Iguana, Diosa, Norte and Baltica brands and other commitments to CCU Argentina.

On 5 June 2018, we delivered 23,076,922 shares under deferred share instruments with former Grupo Modelo shareholders. The delivery obligation was through the use of part of our outstanding treasury shares.

Upon the combination with SAB, we maintained South African Breweries’ Zenzele share-scheme which supports broad-based black economic empowerment (B-BBEE) and provides opportunities for black South Africans (including employees and SAB retailers) to participate as shareholders. The Zenzele share-scheme originally implemented by SAB in 2010, was amended at the time of the SAB combination and will expire in April 2020. We will settle the obligations that arise under the Zenzele share-scheme upon its expiration using our treasury shares.

⁴ Converted at the December 2019 closing rate.

The obligation is estimated to be approximately ZAR 9.8 billion (USD 0.7 billion⁵). The number of our shares required to settle the obligation will depend on our share price and ZAR to Euro exchange rate at the time of the settlement. The settlement would be equivalent to 8.5 million of our shares assuming our share price and the ZAR Euro exchange rate as at 31 December 2019⁷.

As part of the SAB transaction, we made a commitment to the South African Government and Competition Authorities to create a new B-BBEE scheme upon maturity in 2020 of SAB's current Zenzele Scheme. In order to create the new B-BBEE scheme the following steps will be undertaken:

- The new scheme will be implemented through the listing of a NewCo (which will be called Zenzele Kabili) on the Johannesburg Stock Exchange B-BBEE Exchange;
- The NewCo will hold unencumbered our shares;
- Existing Zenzele participants (employees, retailers and the SAB Foundation) will be given an option to reinvest a portion of their Zenzele payout into the Newco;
- A new Employee Share Plan, funded by AB InBev, will subscribe for NewCo shares.

The new scheme is estimated to require ZAR 4.4 billion ZAR (USD 0.3 billion⁶) in facilitation and notional vendor funding. The settlement would be equivalent to 3.8 million of our shares assuming the share price and the ZAR Euro exchange rate as at 31 December 2019⁷ and it will be funded with our treasury shares. This scheme arrangement meets the criteria under IFRS 2 to be classified as equity settled.

During 2017, 2018 and 2019, we undertook a series of additional acquisitions and disposals with no significant impact to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F.

In addition to the acquisitions and divestitures described above, we may acquire, purchase or dispose of further assets or businesses in our normal course of operations. Accordingly, the financial information presented in this Form 20-F may not reflect the scope of our business as it will be conducted in the future.

Economic Conditions and Pricing

General economic conditions in the geographic regions in which we sell our products, such as the level of disposable income, the level of inflation, the rate of economic growth, the rate of unemployment, exchange rates and currency devaluation or revaluation, influence consumer confidence and consumer purchasing power. These factors, in turn, influence the demand for our products in terms of total volumes sold and the price that can be charged. This is particularly true for developing countries in our Middle Americas, South America and Asia Pacific regions, as well as certain countries in our EMEA region, which tend to have lower disposable income per capita and may be subject to greater economic volatility than our markets in North America and developed countries in EMEA. The level of inflation has been particularly significant in our South America region and in certain countries within the EMEA region. In May 2018, the Argentinean peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina to exceed 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies* as of 1 January 2018 (see "—Foreign Currency"). As measured by the Instituto Nacional de Estadística y Censos, Argentine inflation was approximately 53.8% in 2019. Consequently, a central element of our strategy for achieving sustained profitable volume growth is our ability to anticipate changes in local economic conditions and their impact on consumer demand in order to achieve the optimal combination of pricing and sales volume.

⁵ Converted at the December 2019 closing rate.

⁶ Converted at the December 2019 closing rate.

⁷ Assuming the December 2019 closing share price of 72.71 euro per share and 31 December 2019 ZAR per Euro exchange rate of 15.777300.

In addition to affecting demand for our products, the general economic conditions described above may cause consumer preferences to shift between on-trade consumption channels, such as restaurants and caf  s, bars, sports and leisure venues and hotels, and off-trade consumption channels, such as traditional grocery stores, supermarkets, hypermarkets and discount stores. Products sold in off-trade consumption channels typically generate higher volumes and lower margins per retail outlet than those sold in on-trade consumption channels, although on-trade consumption channels typically require higher levels of investment. The relative profitability of on-trade and off-trade consumption channels varies depending on various factors, including costs of invested capital and the distribution arrangements in the different countries in which we operate. A shift in consumer preferences towards lower-margin products may adversely affect our price realization and profit margins.

Consumer Preferences

We are a consumer products company, and our results of operations largely depend on our ability to respond effectively to shifting consumer preferences. Consumer preferences may shift due to a variety of factors, including changes in demographics, changes in social trends, such as consumer health concerns, product attributes and ingredients, changes in travel, vacation or leisure activity patterns, weather or negative publicity resulting from regulatory action or litigation.

Product Mix

The results of our operations are substantially affected by our ability to build on our strong family of brands by relaunching or reinvigorating existing brands in current markets, launching existing brands in new markets and introducing brand extensions and packaging alternatives for our existing brands, as well as our ability to both acquire and develop innovative local products to respond to changing consumer preferences. Strong, well-recognized brands that attract and retain consumers, for which consumers are willing to pay a premium, are critical to our efforts to maintain and increase market share and benefit from high margins. See “Item 4. Information on the Company—B. Business Overview—2. Principal Activities and Products—Beer” for further information regarding our brands.

Raw Material and Transport Prices

We have significant exposure to fluctuations in the prices of raw materials, packaging materials, energy and transport services, each of which may significantly impact our cost of sales or distribution expenses. Increased costs or distribution expenses will reduce our profit margins if we are unable to recover these additional costs from our customers through higher prices (see “—Economic Conditions and Pricing” above).

The main raw materials used in our beer and other alcoholic malt beverage production are malted barley, corn grits, corn syrup, rice, hops, yeast and water, while those used in our non-beer production are flavored concentrate, fruit concentrate, sugar, sweetener and water. In some of our regions, such as in Africa, locally-sourced agricultural products, such as sorghum or cassava, are used in place of malted barley. In addition to these inputs into our products, delivery of our products to consumers requires extensive use of packaging materials, such as glass, PET and aluminum bottles, aluminum or steel cans and kegs, labels, plastic crates, metal and plastic closures, folding cartons, cardboard products and plastic films.

The price of the raw and packaging materials that we use in our operations is determined by, among other factors, the level of crop production (both in the countries in which we are active and elsewhere in the world), weather conditions, supplier’s capacity utilization, end-user demand, governmental regulations including tariffs, and legislation affecting agriculture and trade. We are also exposed to increases in fuel and other energy prices through our own and third-party distribution networks and production operations. Furthermore, we are exposed to increases in raw material transport costs charged by suppliers. Increases in the prices of our products could affect demand among consumers, and, thus, our sales volumes and revenue. Even though we seek to minimize the impact of such fluctuations through financial and physical hedging, the results of our hedging activities may vary across time.

As further discussed under “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Market Risk, Hedging and Financial Instruments,” we use both fixed-price purchasing contracts and commodity derivatives to minimize our exposure to commodity price volatility when practicable. Fixed-price contracts generally have a term of one to two years, although a small number of contracts have a term up to five years. See “Item 4. Information on the Company—B. Business Overview—6. Brewing Process; Raw Materials and Packaging; Production Facilities; Logistics—Raw Materials and Packaging” for further details regarding our arrangements for sourcing of raw and packaging materials.

Distribution Arrangements

We depend on effective distribution networks to deliver our products to our customers. Generally, we distribute our products through (i) our own distribution, in which we deliver to points of sale directly, and (ii) third-party distribution networks, in which delivery to points of sale occurs through wholesalers and independent distributors. Third-party distribution networks may be exclusive or non-exclusive and may, in certain business segments, involve use of third-party distribution while we retain the sales function through an agency framework. We use different distribution networks in the markets in which we operate, as appropriate, based on the structure of the local retail sectors, local geographic considerations, scale considerations, regulatory requirements, market share and the expected added-value and capital returns.

Although specific results may vary depending on the relevant distribution arrangement and market, in general, the use of own distribution or third-party distribution networks will have the following effects on our results of operations:

- **Revenue.** Revenue per hectoliter derived from sales through own distribution tends to be higher than revenue derived from sales through third parties. In general, under own distribution, we receive a higher price for our products since we are selling directly to points of sale, capturing the margin that would otherwise be retained by intermediaries;
- **Transportation costs.** In our own distribution networks, we sell our products to the point of sale and incur additional freight costs in transporting those products between our plant and such points of sale. Such costs are included in our distribution expenses under IFRS. In most of our own distribution networks, we use third-party transporters and incur costs through payments to these transporters, which are also included in our distribution expenses under IFRS. In third-party distribution networks, our distribution expenses are generally limited to expenses incurred in delivering our products to relevant wholesalers or independent distributors in those circumstances in which we make deliveries; and
- **Sales expenses.** Under fully third-party distribution systems, the salesperson is generally an employee of the distributor, while under our own distribution and indirect agency networks, the salesperson is generally our employee. To the extent that we deliver our products to points of sale through direct or indirect agency distribution networks, we will incur additional sales expenses from the hiring of additional employees (which may offset to a certain extent increased revenue gained as a result of own distribution).

In addition, in certain countries, we enter into exclusive importer arrangements and depend on our counterparties to these arrangements to market and distribute our products to points of sale. To the extent that we rely on counterparties to distribution agreements to distribute our products in particular countries or regions, the results of our operations in those countries and regions will, in turn, be substantially dependent on our counterparties’ own distribution networks operating effectively.

Excise Taxes

Taxation on our beer, other alcoholic beverage and non-beer products in the countries in which we operate is comprised of different taxes specific to each jurisdiction, such as excise and other indirect taxes. In many jurisdictions, excise and other indirect duties, including legislation regarding minimum alcohol pricing, make up a large proportion of the cost of beer charged to customers. Increases in excise and other indirect taxes applicable to our products either on an absolute basis or relative to the levels applicable to other beverages tend to adversely affect our revenue or margins, both by reducing overall consumption and by encouraging consumers to switch to lower-taxed categories of beverages. These increases also adversely affect the affordability of our products and our ability to raise prices. For example, see the discussion of taxes in the United States in “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We may be subject to adverse changes in taxation and other tax-related risks.”

Governmental Regulations

Governmental restrictions on beer consumption in the markets in which we operate vary from one country to another, and, in some instances, within countries. The most relevant restrictions are:

- Legal drinking ages;
- Global and national alcohol policy reviews and the implementation of policies aimed at preventing the harmful effects of alcohol misuse (including, among others, relating to underage drinking, drunk driving, drinking while pregnant and excessive or abusive drinking);
- Restrictions on sales of alcohol generally or beer specifically, including restrictions on distribution networks, restrictions on certain retail venues, requirements that retail stores hold special licenses for the sale of alcohol, restrictions on times or days of sale and minimum alcohol pricing requirements;
- Advertising restrictions, which affect, among other things, the media channels employed, the content of advertising campaigns for our products and the times and places where our products can be advertised, including, in some instances, sporting events;
- Restrictions imposed by antitrust or competition laws;
- Deposit laws (including those for bottles, crates and kegs);
- Heightened environmental regulations and standards, including regulations addressing emissions of gas and liquid effluents and the disposal of waste and one-way packaging, compliance with which imposes costs; and
- Litigation associated with any of the above.

Please refer to “Item 4. Information on the Company—B. Business Overview—11. Regulations Affecting Our Business” for a fuller description of the key laws and regulations to which our operations are subject.

Foreign Currency

Our financial statements presentation and reporting currency is the U.S. dollar. A number of our operating companies have functional currencies (that is, in most cases, the local currency of the respective operating company) other than our reporting currency. Consequently, foreign currency exchange rates have a significant impact on our consolidated financial statements. In particular:

- Changes in the value of our operating companies’ functional currencies against other currencies in which their costs and expenses are priced may affect those operating companies’ cost of sales and operating expenses, and, thus, negatively impact their operating margins in functional currency terms. Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions, while monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date. Except for exchange differences on transactions entered into in order to hedge certain foreign currency risk and exchange rate differences on monetary items that form part of the net investment in the foreign operations, gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities in currencies other than an operating company’s functional currency are recognized in the income statement. Historically, we have been able to raise prices and implement cost-saving initiatives to partly offset cost and expense

increases due to exchange rate volatility. We also have hedge policies designed to manage commodity price and foreign currency risks to protect our exposure to currencies other than our operating companies' respective functional currencies. Please refer to "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Market Risk, Hedging and Financial Instruments" for further detail on our approach to hedging commodity price and foreign currency risk.

Any change in the exchange rates between our operating companies' functional currencies and our reporting currency affects our consolidated income statement and consolidated statement of financial position when the results of those operating companies are translated into the reporting currency for reporting purposes as translational exposures are not hedged. Assets and liabilities of foreign operations are translated to the reporting currency at foreign exchange rates prevailing at the balance sheet date. Income statements of foreign operations, excluding foreign entities in hyperinflation economies, are translated to the reporting currency at exchange rates for the year approximating the foreign exchange rates prevailing at the dates of transactions. The components of shareholders' equity are translated at historical rates. Exchange differences arising from the translation of shareholders' equity into the reporting currency at year-end are taken to other comprehensive income (that is, in a translation reserve). In May 2018, the Argentinean peso underwent a severe devaluation resulting in Argentina's three-year cumulative inflation exceeding 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies* as of 1 January 2018. Under IAS 29, the non-monetary assets and liabilities are stated at historical cost and the equity and income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into U.S. dollars at the period closing exchange rate. As a result, the balance sheet and net results of subsidiaries operating in hyperinflationary economies are stated in terms of the measuring unit current at the end of the reporting period.

Decreases in the value of our operating companies' functional currencies against the reporting currency tend to reduce their contribution to, among other things, our consolidated revenue and profit. During 2019, several currencies, such as the Argentinean peso, the Australian dollar, the Brazilian real, the Colombian peso and the South African rand, depreciated against the U.S. dollar. Our total consolidated revenue was USD 52.3 billion for the year ended 31 December 2019, a decrease of USD 0.7 billion compared to the year ended 31 December 2018. The negative impact of unfavorable currency translation effects, including hyperinflation accounting impact, on our consolidated revenue in the year ended 31 December 2019 was USD 2.7 billion, primarily as a result of the impact of the currencies listed above.

For further details regarding the currencies in which our revenue is realized and the effect of foreign currency fluctuations on our results of operations, see "—F. Impact of Changes in Foreign Exchange Rates" below.

See also "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Fluctuations in foreign currency exchange rates may lead to volatility in our results of operations." and "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We are exposed to developing market risks, including the risks of devaluation, nationalization and inflation."

Weather and Seasonality

Weather conditions directly affect consumption of our products. High temperatures and prolonged periods of warm weather favor increased consumption of our products, while unseasonably cool or wet weather, especially during the spring and summer months, adversely affects our sales volumes and, consequently, our revenue. Accordingly, product sales in all of our business segments are generally higher during the warmer months of the year (which also tend to be periods of increased tourist activity) as well as during major holiday periods.

Consequently, for many countries in EMEA and most countries in the South America region (particularly Argentina and most of Brazil), volumes are usually stronger in the first and fourth quarters due to year-end festivities and the summer season in the Southern Hemisphere, while for some countries in Middle Americas and EMEA and the countries in the North America and Asia Pacific regions, volumes tend to be stronger during the spring and summer seasons in the second and third quarters of each year.

Based on 2019 information, for example, we realized 51% of our total 2019 volumes in EMEA in the second and third quarters, compared to 49% in the first and fourth quarters of the year, whereas in South America, we realized 45% of our sales volume in the second and third quarters, compared to 55% in the first and fourth quarters.

Although such sales volume figures are the result of a range of factors in addition to weather and seasonality, they are nevertheless broadly illustrative of the historical trend described above.

Widespread Health Emergencies

Our results of operations may be negatively impacted by widespread health emergencies (or concerns over the possibility of such an emergency), such as the COVID-19 virus pandemic and the actions taken in response to it, which can cause a decline in consumer demand for our products. See “Item 5. Results of Operations—J. Outlook and Trend Information” for further details regarding the effects of the COVID-19 virus pandemic on our business.

B. SIGNIFICANT ACCOUNTING POLICIES

For a summary of all of our significant accounting policies, see note 3 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F.

We believe that the following are our critical accounting policies. We consider an accounting policy to be critical if it is important to our financial condition and results of operations and requires significant or complex judgments and estimates on the part of our management. Although each of our significant accounting policies reflects judgments, assessments or estimates, we believe that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to our business operations and the understanding of its results: revenue recognition; accounting for business combinations and impairment of goodwill and intangible assets; pension and other post-retirement benefits; share-based compensation; contingencies; deferred and current income taxes; and accounting for derivatives. Although we believe that our judgments, assumptions and estimates are appropriate, actual results, under different assumptions or conditions, may differ from these estimates.

Summary of Changes in Accounting Policies

Effective 1 January 2019, we reorganized our regional reporting structure. As of that date, our results are reported under the following five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. We continue to separately report the results of Global Export and Holding Companies. The key changes in the company’s structure are as follows: (i) the new Middle Americas region combines the former Latin America West region and the Dominican Republic, Panama, Costa Rica, Guatemala and the Caribbean, which were previously reported in Latin America North region and (ii) the new South America region combines the former Latin America South region and Brazil, which was previously reported in Latin America North region. The financial information presented in this Form 20-F for 2018 and 2017 has been restated to reflect those segment changes.

Effective 30 September 2019, following the announcement on 19 July 2019 of the agreement to divest CUB, our Australian subsidiary, to Asahi, we classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represent a separate major line of business, these are now accounted for as discontinued operations as required by IFRS 5 and presented in a separate line in the consolidated income statement (“profit from discontinued operations”). Consequently, the 2018 and 2017 consolidated income statements have been restated as if the classification had been applied as of 1 January 2018 and 1 January 2017, respectively, to exclude the results of the Australian operations.

The results of the Central and Eastern European businesses, acquired through the SAB combination exclusively with a view to resale, qualify as discontinued operations and have been presented as such, until the successful completion of the divestiture on 31 March 2017, in our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F.

We stopped consolidating the results of our Russia and Ukraine businesses following the completion of their merger into AB InBev Efes on 30 March 2018. The results of AB InBev Efes are fully consolidated into Anadolu Efes. We account for our investment in AB InBev Efes under the equity method.

In May 2018, the Argentinean peso underwent a severe devaluation resulting in Argentina's three-year cumulative inflation exceeding 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies* as of 1 January 2018. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, the non-monetary assets and liabilities are stated at historical cost and the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into U.S. dollars at the period closing exchange rate.

Consequently, we applied hyperinflation accounting for our Argentinean subsidiaries with effect as of 1 January 2018:

- Non-monetary assets and liabilities were stated at historical cost (e.g., property, plant and equipment, intangible assets, goodwill, etc.) and equity was restated using an inflation index. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2017 were reported in retained earnings and the impacts of changes in the general purchasing power from 1 January 2018 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line.
- The income statement is adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year-to-date average rate for non-hyperinflationary economies), thereby restating the year-to-date income statement account for both the inflation index and currency conversion.

The following standards issued by the International Accounting Standards Board became effective for annual periods beginning on 1 January 2018:

- IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and Measurement* and contains three main topics: classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The new hedge accounting model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities. IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. We have applied IFRS 9 as of the effective date of 1 January 2018, without restatement of the comparative information for the period beginning 1 January 2017. Consequently, the disclosures for the comparative figures in our audited restated consolidated financial statements follow the classification and measurement requirements under IAS 39. We performed an impact assessment and concluded that IFRS 9 does not impact materially our financial position, financial performance or risk management activities. Under IFRS 9, the carrying amount of a debt should be adjusted when a modification does not result in the derecognition of the financial instrument. Consequently, we adjusted the carrying amount of our debt against retained earnings. This resulted in a decrease of the carrying amount of the debt by USD 77 million.
- IFRS 15 *Revenue from Contracts with Customers*. The core principle of the new standard is to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which we expect to be entitled in exchange for those goods or services. The new standard also results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively (for example, service revenue and

contract modifications) and improves guidance for multiple-element arrangements. We have applied IFRS 15 as of the effective date of 1 January 2018 in accordance with the modified retrospective application. Under this approach, the cumulative effect of initially applying IFRS 15 must be recognized as an adjustment to the opening balance of equity at the date of initial application and comparative figures in our audited restated consolidated financial statements are not restated. On the implementation date, the adjustment to the opening balance of equity resulted in a decrease of the retained earnings by USD 123 million, to reflect the changes in accounting policies related to performance that, in accordance with IFRS 15, should be related to the transaction price underlying 2017 revenue.

The following standards and interpretations issued by the International Accounting Standards Board became effective for annual periods beginning on 1 January 2019:

- IFRS 16 *Leases* replaces the prior lease accounting requirements and introduces significant changes to lessee accounting as it removes the distinction between operating and finance leases under IAS 17 *Leases* and related interpretations and requires a lessee to recognize a right-of-use asset and a lease liability at lease commencement date. IFRS 16 also requires to recognize a depreciation charge related to the right-of-use assets and an interest expense on the lease liabilities, as compared to the recognition of operating lease expense or rental cost on a straight-line basis over the lease term under prior requirements. In addition, we have amended the consolidated cash flow statement presentation in order to segregate the payment of leases into a principal portion presented within financing activities and an interest component presented within operating activities. For short-term leases and leases of low value assets, we continue to recognize a lease expense on a straight-line basis as permitted by IFRS 16. Where we are the lessor, we continue to classify leases as either finance leases or operating leases and account for those two types of leases differently. In addition, we have applied the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease under IAS 17 and related interpretations will continue to apply to the leases entered or modified before 1 January 2019. Upon transition to IFRS 16, lease liabilities are measured at the present value of future lease payments discounted using the incremental borrowing rates at the date of initial application. We have chosen the full retrospective application of IFRS 16 and, consequently, we have restated the financial information for 2018 and 2017 included in this Form 20-F.
- Effective 1 January 2019, we adopted IFRIC 23 *Uncertainty over Income Tax Treatments* and have elected to apply IFRIC 23 retrospectively. The cumulative effect of the interpretation was recognized at the date of initial application and we have not restated comparative periods in the year of initial application. We reviewed the income tax treatments in order to determine whether the interpretation could have an impact on our consolidated financial statements. In that respect, as of 31 December 2019, we reclassified USD 573 million of our existing income tax provisions into income tax liabilities, consistent with the current discussions held at the IFRS Interpretation Committee, which concluded that an entity is required to present assets and liabilities for uncertain tax treatments as current tax assets/liabilities or deferred tax assets/liabilities.

For additional information, see note 3 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

Revenue Recognition

Revenue is measured based on the consideration to which we expect to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. We recognize revenue when performance obligations are satisfied, meaning when we transfer control of a product to a customer.

Specifically, revenue recognition follows the following five-step approach:

- Identification of the contracts with a customer;

- Identification of the performance obligations in the contracts;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contracts; and
- Revenue recognition when performance obligations are satisfied.

Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to be received in exchange for those goods. Contracts can include significant variable elements, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses and penalties. Such trade incentives are treated as variable consideration. If the consideration includes a variable amount, we estimate the amount of consideration to which we will be entitled in exchange for transferring the promised goods or services to the customer. Variable consideration is only included in the transaction price if it is highly probable that the amount of revenue recognized would not be subject to significant future reversals when the uncertainty is resolved.

In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to our customers. The aggregate deduction from revenue recorded by us in relation to these taxes was approximately USD 13.4 billion, USD 13.9 billion and USD 14.5 billion for the years ended 31 December 2019, 2018 and 2017, respectively.

Accounting for Business Combinations and Impairment of Goodwill and Intangible Assets

We have made acquisitions that include a significant amount of goodwill and other intangible assets, including the acquisitions of Anheuser-Busch Companies, Grupo Modelo and SAB.

As of 31 December 2019, our total goodwill amounted to USD 128.1 billion, and our intangible assets with indefinite useful lives amounted to USD 40.2 billion.

In 2017, we completed the purchase price allocation to the individual assets acquired and liabilities assumed as part of the combination with SAB, including the allocation of goodwill to the different business units, in compliance with IFRS 3 *Business Combinations*. The combination with SAB resulted in the recognition of USD 72.4 billion of goodwill allocated primarily to the businesses in Colombia, the rest of Middle Americas, South Africa and the rest of the African countries. The valuation of the property, plant and equipment, intangible assets, investment in associates, interest bearing loans and borrowings, employee benefits, other assets and liabilities and non-controlling interests was based on our best estimate of fair value with input from independent third parties.

We apply the acquisition method of accounting to account for acquisition of businesses. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred and equity instruments issued. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over our interest in the fair value of the identifiable net assets acquired is recorded as goodwill. If the business combination is achieved in stages, the acquisition date carrying value of our previously held interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in profit or loss. We exercise significant judgment in the process of identifying tangible and intangible assets and liabilities, valuing such assets and liabilities and in determining their remaining useful lives. We generally engage third-party valuation firms to assist in valuing the acquired assets and liabilities. The valuation of these assets and liabilities is based on assumptions and criteria that include, in some cases, estimates of future cash flows discounted at the appropriate rates. The use of different assumptions used for valuation purposes, including estimates of future cash flows or discount rates, may have resulted in different estimates of value of assets acquired and liabilities assumed. Although we believe that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts, and the difference could be material.

We test our goodwill and other long-lived assets for impairment annually in the fourth quarter or whenever events and circumstances indicate that the recoverable amount, determined as the higher of the asset's fair value less cost to sell and value in use, of those assets is less than their carrying amount. The testing methodology consists of applying a discounted free cash flow approach based on acquisition valuation models for the cash-generating units showing an invested capital to EBITDA, as defined, multiple above 9x, and valuation multiples for our other cash-generating units. Our cash flow estimates are based on historical results adjusted to reflect our best estimate of future market and operating conditions. Our estimates of fair values used to determine the resulting impairment loss, if any, represent our best estimate based on forecasted cash flows, industry trends and reference to market rates and transactions. If our current assumptions and estimates, including projected revenues growth rates, competitive and consumer trends, weighted average cost of capital, terminal growth rates, and other market factors, are not met, or if valuation factors outside of our control, change unfavorably, the estimated fair value of the goodwill could be adversely affected, leading to a potential impairment in the future. Impairments can also occur when we decide to dispose of assets.

The key judgments, estimates and assumptions used in the discounted free cash flow calculations are generally as follows:

- In the first three years of the model, free cash flows are based on our strategic plan as approved by key management. Our strategic plan is prepared per cash-generating unit and is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;
- For the subsequent seven years of the model, data from the strategic plan is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions, variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources;
- Cash flows after the first 10-year period are extrapolated generally using expected annual long-term gross domestic product, growth rates, based on external sources, in order to calculate the terminal value, considering sensitivities on this metric;
- Projections are discounted at the cash-generating unit's weighted average cost of capital ("WACC"), considering sensitivities on this metric; and
- Cost to sell is assumed to reach 2% of the entity value based on historical precedents.

For the main cash generating units, the terminal growth rate applied generally ranged between between 3% and 5%.

For the cash generating units subject to a discounted free cash flow approach, the WACC applied in US dollar nominal terms were as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
Colombia	6%	7%
Rest of Middle Americas	9%	9%
South Africa	7%	8%
Rest of Africa	10%	11%

In the sensitivity analysis performed by management, an adverse change of 1% in WACC would not cause a cash-generating unit's carrying amount to exceed its recoverable amount.

The above calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators (*i.e.*, recent market transactions from peers).

Impairment testing of intangible assets with an indefinite useful life is based on the same methodology and assumptions as described above.

For additional information on goodwill, intangible assets, tangible assets and impairments, see notes 8, 13, 14 and 15 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

Pension and Other Post-Retirement Benefits

We sponsor various post-employment benefit plans worldwide. These include pension plans, both defined contribution plans and defined benefit plans, and other post-employment benefits. Usually, pension plans are funded by payments made both by us and our employees, taking into account the recommendations of independent actuaries. We maintain funded and unfunded plans.

Defined Contribution Plans

Contributions to these plans are recognized as expenses in the period in which they are incurred.

Defined Benefit Plans

For defined benefit plans, liabilities and expenses are assessed separately for each plan using the projected unit credit method. The projected unit credit method takes into account each period of service as giving rise to an additional unit of benefit to measure each unit separately. Under this method, the cost of providing pensions is charged to the income statement during the period of service of the employee. The amounts charged to the income statement consist of current service cost, net interest cost/(income), past service costs and the effect of any settlements and curtailments. Past service costs are recognized at the earlier of when the amendment/curtailment occurs or when we recognize related restructuring or termination costs.

The net defined benefit plan liability recognized in the statement of financial position is measured as the current value of the estimated future cash outflows using a discount rate equivalent to high-quality corporate bond yields with maturity terms similar to those of the obligation, less the fair value of any plan assets. Where the calculated amount of a defined benefit plan liability is negative (an asset), we recognize such asset to the extent that economic benefits are available to us either from refunds or reductions in future contributions.

Assumptions used to value defined benefit liabilities are based on actual historical experience, plan demographics, external data regarding compensation and economic trends. While we believe that our assumptions are appropriate, significant differences in our actual experience or significant changes in our assumptions may materially affect our pension obligation and our future expense. Remeasurements, comprising actuarial gains and losses, the effect of asset ceilings (excluding net interest) and the return on plan assets (excluding net interest) are recognized in full in the period in which they occur in the statement of comprehensive income. For further information on how changes in these assumptions could change the amounts recognized, see the sensitivity analysis within note 25 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

A significant portion of our plan assets is invested in equity and debt securities. The equity and debt markets have experienced volatility in the recent past, which has affected the value of our pension plan assets. This volatility may impact the long-term rate of return on plan assets. Actual asset returns that differ from the interest income recognized in our income statement are fully recognized in other comprehensive income.

Other Post-Employment Obligations

We and our subsidiaries provide health care benefits and other benefits to certain retirees. The expected costs of these benefits are recognized over the period of employment, using an accounting methodology similar to that used for defined benefit plans.

Share-Based Compensation

We have various types of equity-settled share-based compensation schemes for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments as of the date of grant. Fair value of stock options is estimated by using the binomial Hull model on the date of grant based on certain assumptions. Those assumptions are described in note 26 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F and include, among others, the dividend yield, expected volatility and expected life of the stock options. The binomial Hull model assumes that all employees would immediately exercise their options if our share price were 2.5 times above the option exercise price. As a consequence, no single expected option life applies, whereas the assumption of the expected volatility has been set by reference to the implied volatility of our shares in the open market and in light of historical patterns of volatility. Expected volatility is based on historical volatility calculated over a 10-year period.

Contingencies

The preparation of our financial statements requires management to make estimates and assumptions regarding contingencies which affect the valuation of assets and liabilities at the date of the financial statements and the revenue and expenses during the reported period.

We disclose material contingent liabilities unless the possibility of any loss arising is considered remote, and material contingent assets where the inflow of economic benefits is probable. We discuss our material contingencies in note 32 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

Under IFRS, we record a provision for a loss contingency when it is probable that a future event will confirm that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur, and typically those events will occur over a number of years in the future. The valuations of the provisions are adjusted as further information becomes available.

As discussed in “Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings” and in note 32 to our audited restated consolidated financial statements as of 31 December 2019 and 2018 and for the three years ended 31 December 2019, legal proceedings covering a wide range of matters are pending or threatened in various jurisdictions against us. We record provisions for pending litigation when we determine that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Due to the inherent uncertain nature of litigation, the ultimate outcome or actual cost of settlement may materially vary from estimates.

Deferred and Current Income Taxes

We recognize deferred tax effects of tax loss carry-forwards and temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities. We estimate our income taxes based on regulations in the various jurisdictions where we conduct business. This requires us to estimate our actual current tax exposure and to assess temporary differences that result from different treatment of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which we record on our consolidated balance sheet. We regularly review the deferred tax assets for recoverability and will only recognize these if we believe that it is probable that there will be sufficient taxable profit against any temporary differences that can be utilized, based on historical taxable income, projected future taxable income, and the expected timing of the reversals of existing temporary differences.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. We reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available. If the final outcome of these matters differs from the amounts initially recorded, differences may positively or negatively impact the income tax and deferred tax provisions in the period in which such determination is made.

We are subject to income tax in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. Some of our subsidiaries are involved in tax audits and local enquiries, usually in relation to prior years. Investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the balance sheet date and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the financial statements, estimation is made of the expected successful settlement of these matters. Estimates of interest and penalties on tax liabilities are also recorded. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period such determination is made.

Accounting for Derivatives

Our risk management strategy includes the use of derivatives. The main derivative instruments we use are foreign currency rate agreements, exchange-traded foreign currency futures, interest rate swaps and options, cross-currency interest rate swaps and forwards, exchange-traded interest rate futures, commodity swaps, exchange-traded commodity futures and equity swaps. Our policy prohibits the use of derivatives in the context of speculative trading.

Derivative financial instruments are recognized initially at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent to initial recognition, derivative financial instruments are remeasured to fair value at the balance sheet date. For derivative financial instruments that qualify for hedge accounting, we apply the following policy: for fair value hedges, changes in fair value are recorded in the income statement and for cash flow and net investment hedges, changes in fair value are recognized in the other comprehensive income and/or in the income statement for the effective and/or ineffective portion of the hedge relationship, respectively.

The estimated fair value amounts have been determined by us using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. The fair values of financial instruments that are not traded in an active market (for example, unlisted equities, currency options, embedded derivatives and over-the-counter derivatives) are determined using valuation techniques. We use judgment to select an appropriate valuation methodology and underlying assumptions based principally on existing market conditions. Changes in these assumptions may cause us to recognize impairments or losses in future periods.

Although our intention is to maintain these instruments through maturity, they may be realized at our discretion. Should these instruments be settled only on their respective maturity dates, any effect between the market value and estimated yield curve of the instruments would be eliminated.

C. BUSINESS SEGMENTS

Both from an accounting and managerial perspective, we are organized according to business segments, which, with the exception of Global Export and Holding Companies, correspond to a combination of geographic regions in which our operations are based. The Global Export and Holding Companies segment includes our headquarters and the countries in which our products are sold only on an export basis and in which we generally do not otherwise have any operations or production activities.

Effective 1 January 2019, we reorganized our regional reporting structure. As of that date, our results are reported under the following five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. We continue to separately report the results of Global Export and Holding Companies. The key changes in the company's structure are as follows: (i) the new Middle Americas region combines the former Latin America

West region and the Dominican Republic, Panama, Costa Rica, Guatemala and the Caribbean, which were previously reported in Latin America North region and (ii) the new South America region combines the former Latin America South region and Brazil, which was previously reported in Latin America North region. The financial information for 2018 and 2017 included in this Form 20-F has been restated to reflect those segment changes.

Following the transition of CCBA to The Coca-Cola Company, we no longer consolidate and report results and volumes for CCBA as of the fourth quarter of 2017.

Following the completion of the merger of our Russia and Ukraine businesses into AB InBev Efes, we no longer consolidate or report results and volumes of our Russia and Ukraine businesses as of the second quarter 2018.

Following the announcement on 19 July 2019 of the agreement to divest CUB to Asahi, we classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represent a separate major line of business, these are now accounted for as discontinued operations as required by IFRS 5 and presented in a separate line in the consolidated income statement (“profit from discontinued operations”). Consequently, the 2018 and 2017 consolidated results have been restated as if the classification had been applied as of 1 January 2017 to exclude the results of the Australian operations.

The financial performance of each business segment, including its sales volume and revenue, is measured based on our product sales within the countries that comprise that business segment rather than based on products manufactured within that business segment but sold elsewhere.

In 2019, Middle Americas accounted for 23.9% of our consolidated volumes; North America for 19.3%; Asia Pacific for 16.6%; EMEA for 15.3%; South America for 25.0%; and Global Export and Holding Companies for 0.2%. A substantial portion of our operations is carried out through our four largest subsidiaries: Anheuser-Busch Companies (wholly owned); Ambev (61.9% owned as of 31 December 2019); Grupo Modelo (wholly owned); Budweiser APAC (87.22% owned as of 31 December 2019); and their respective subsidiaries.

Throughout the world, we are primarily active in the beer business. However, during 2019, we also had non-beer activities (primarily consisting of soft drinks) within Middle Americas, particularly in the Dominican Republic, El Salvador, Honduras, Colombia and Peru; within South America, particularly in Argentina, Brazil, Bolivia and Uruguay; and in North America, particularly with the Hiball and Teavana business in the United States. Both the beer and non-beer volumes comprise sales of brands that we own or license, third-party brands that we brew or otherwise produce as a subcontractor and third-party products that we sell through our distribution network. “Our continued commitment to non-beer activities in 2019 was also evidenced by our creation of a new senior leadership position, Chief Non-Alcohol Beverages Officer, focused on accelerating growth in our existing non-alcohol business.

D. EQUITY INVESTMENTS

Following the completion of the merger of our Russia and Ukraine businesses into AB InBev Efes, we no longer consolidate our Russia and Ukraine businesses as of the second quarter 2018 and account for our investment in AB InBev Efes under the equity method. Upon the merger, we recognized interest in associated with a fair value of USD 1.15 billion.

See note 16 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for more information.

E. RESULTS OF OPERATIONS

Year Ended 31 December 2019 Compared to the Year Ended 31 December 2018

The table below presents our condensed consolidated results of operations for the years ended 31 December 2019 and 2018.

	Year ended 31 December 2019 (USD million, except volumes)	Year ended 31 December 2018 ⁽³⁾	Change (%) ⁽¹⁾
Volumes (thousand hectoliters)	561,427	559,819	0.3
Revenue	52,329	53,041	(1.3)
Cost of sales	(20,362)	(19,933)	(2.2)
Gross profit	31,967	33,108	(3.4)
Selling, General and Administrative expenses	(16,421)	(16,807)	2.3
Other operating income/(expenses)	875	805	8.7
Exceptional items	(323)	(692)	53.3
Profit from operations	16,098	16,414	(1.9)
EBITDA, as defined ⁽²⁾	20,755	21,038	(1.3)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) For a discussion of how we use EBITDA, as defined, and its limitations, and a table showing the calculation of our EBITDA, as defined, for the periods shown, see “—EBITDA, as defined” below.
- (3) Our condensed consolidated results of operations for 2018 have been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Volumes

Our reported volumes include both beer (including near-beer) and non-beer (primarily carbonated soft drinks) volumes. In addition, volumes include not only brands that we own or license, but also third-party brands that we brew or otherwise produce as a subcontractor and third-party products that we sell through our distribution network, particularly in Europe. Volumes sold by the Global Export and Holding Companies businesses are shown separately.

The table below summarizes the volume evolution by business segment.

	Year ended 31 December 2019 (thousand hectoliters)	Year ended 31 December 2018 ⁽²⁾⁽³⁾	Change (%) ⁽¹⁾
North America	108,133	110,726	(2.3)
Middle Americas	133,538	128,803	3.7
South America	139,664	135,618	3.0
EMEA	85,888	87,135	(1.4)
Asia Pacific	93,168	96,116	(3.1)
Global Export and Holding Companies	1,036	1,422	(27.1)
Total	561,427	559,819	0.3

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) Effective 1 January 2019, our business segments changed to be as follows: North America, Middle Americas, South America, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2019 and 2018 have been restated to reflect this allocation.

- (3) Effective 30 September 2019, the Australian operations were classified as a disposal group held for sale, and accounted for as discontinued operations and are not included in the figures reported above. The figures for the year ended 31 December 2018 have been restated to reflect this change.

Our consolidated volumes were 561.4 million hectoliters for the year ended 31 December 2019. This represented an increase of 1.6 million hectoliters, or 0.3%, as compared to our consolidated volumes for the year ended 31 December 2018. The results for the year ended 31 December 2019 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2018 and 2019.

- During 2019 we undertook a series of acquisitions and disposals with no significant individual impact in our consolidated financial statements (the “**2019 acquisitions and disposals**”).
- On 30 March 2018, we completed the 50:50 merger of our and Anadolu Efes’ existing Russia and Ukraine businesses. The combined business is fully consolidated in the Anadolu Efes financial accounts. As a result of the transaction, we stopped consolidating our Russia and Ukraine businesses and account for our investment in AB InBev Efes under the equity method as of that date. Additionally, on 2 May 2018, we recovered the Budweiser distribution rights in Argentina from CCU. The transaction involved the transfer of the Isenbeck, Iguana, Diosa, Norte and Baltica brands and other commitments to CCU Argentina. The other 2018 acquisitions and disposals mainly included the acquisition of certain craft breweries in Europe, Australia and South Korea and the sale of the carbonated soft drink businesses in Zambia and Botswana to The Coca-Cola Company (collectively the “**2018 acquisitions and disposals**” and, together with the 2019 acquisitions and disposals, the “**2018 and 2019 acquisitions and disposals**”). The 2018 and 2019 acquisitions and disposals negatively impacted our consolidated volumes by 4.6 million hectoliters for the year ended 31 December 2019 compared to the year ended 31 December 2018.

For further details of these acquisitions and disposals, see “—A. Key Factors Affecting Results of Operations—Acquisitions, Divestitures and Other Structural Changes.” See also note 6 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F.

Excluding volume changes attributable to the 2018 and 2019 acquisitions and disposals described above, total volumes increased 1.1% in the year ended 31 December 2019 compared to our volumes for the year ended 31 December 2018.

North America

In the year ended 31 December 2019, our volumes in North America decreased by 2.6 million hectoliters, or 2.3%, compared to the year ended 31 December 2018.

Excluding volume changes attributable to the 2018 and 2019 acquisitions and disposals described above, our total volumes decreased by 2.4% compared to the year ended 31 December 2018.

In the United States, we continued to focus on our commercial strategy, putting consumers first and rebalancing our portfolio through innovation and premiumization. We estimate that the United States industry beer sales-to-retailers declined by 1.4% in 2019. Our own sales-to-retailers were down by 2.4% in 2019, while our sales-to-wholesalers were down by 2.3%. Our total market share declined an estimated 50 bps in 2019, predominantly driven by mix due to the growth of hard seltzer within the flavored malt beverage category, in which we currently under-index. The hard seltzer segment is drawing new consumers to the malt beverage category and we are increasing investment behind our brands to accelerate our growth in the segment. Bon Viv and Natural Light Seltzer are growing at a strong rate. We are confident that we can leverage our strong portfolio, coupled with our best-in-class brewing capabilities and distribution network, to accelerate our momentum in this fast-growing segment. In 2019, our market share excluding the flavored malt beverage category declined by an estimated 10 bps, an improvement in trend of approximately 20 bps from 2018. Our above core portfolio gained an estimated 90 bps of total share in 2019, due to strong performances from Michelob Ultra, Michelob Ultra Pure Gold, our craft portfolio

and our innovation pipeline. Michelob Ultra continues to grow by double-digits and is now the second largest brand in the country by retail sales, according to IRI. Michelob Ultra Pure Gold grew by triple-digits in 2019, while our craft portfolio grew by more than 20%, gaining share within the craft segment according to IRI. We estimate our innovations contributed approximately half of the total innovation volume in the industry once again this year, led by Naturdays, Michelob Ultra Infusions and Natural Light Seltzer. Our mainstream brands lost an estimated 140 bps of market share in 2019, as consumers continue to trade-up to higher price tiers. Within the mainstream segment, our market share declined by an estimated 15 bps in 2019, which compares to an estimated 35 bps decline in 2018, a trend improvement of approximately 20 bps. Share declines of Bud Light and Budweiser were partially offset by share gains of our value portfolio, led by the Natural Light family (excluding Natural Light Seltzer, which is not included in the mainstream segment).

In Canada, our volumes declined primarily due to a weak beer industry. Our High End Company continues to gain share of the premium segment, led by share gains from our premium import brands, including Corona and Hoegaarden, and strong volume growth from our craft portfolio. In the core segment, Bud Light grew share for the 24th consecutive year in 2019, and in the core plus segment, Michelob Ultra continued to be the fastest growing beer brand in the country.

Middle Americas

In the year ended 31 December 2019, our volumes in Middle Americas increased by 4.7 million hectoliters, or 3.7%, compared to the year ended 31 December 2018.

Excluding volume changes attributable to the 2018 and 2019 acquisitions and disposals described above, our total volumes increased by 3.8% in the year ended 31 December 2019 compared to the year ended 31 December 2018.

In Mexico, we grew volumes by mid-single digit, ahead of the industry, resulting in continued market share gains. We delivered growth across our brand portfolio, with a particularly strong performance in the above core segment. We remain focused on developing our portfolio in line with the category expansion framework to clearly differentiate our brands. Our core brands continue to grow supported by a strong innovation pipeline, consistent brand messaging and entrance into new occasions. Our premium portfolio also contributed meaningfully to top-line growth, with double-digit volume growth of the Modelo family, Michelob Ultra, Stella Artois and our local craft brand, Cucapá. In early 2019, we signed a contract with OXXO, the largest c-store chain in Mexico, to begin selling our portfolio of beers in their 17 000+ stores in order to reach more consumers in more occasions. We expanded in the regions of Guadalajara and Mexico City in 2019, with our portfolio quickly reaching fair share in the 4 000+ stores in which we are now present. While the majority of our growth was driven by existing channels, our entrance into OXXO also made a meaningful contribution.

In Colombia, we had a very strong year with a healthy balance between volume and revenue per hectoliter growth, even in the context of a more competitive environment. In 2019, our total volumes grew by mid-single digits, with consistent growth in both our beer and non-beer portfolios, leading to our highest annual volume growth in Colombia since the SAB combination. We continue to successfully expand the premium segment, led by our global brand portfolio, which grew by more than 50% in 2019. At the other end of the price spectrum, we are bringing new consumers into the category through smart affordability initiatives, such as the expansion of our 1-liter returnable glass bottle sharing pack. Our local core portfolio delivered consistently strong results throughout the year, led by Aguila, which grew by double-digits and ended the year with a powerful campaign focused on responsible drinking. Our non-beer portfolio delivered mid-single digit volume growth for 2019, led by the expansion of Malta Leona and the launch of our new purpose-driven water brand, Zalva, from which the profits will contribute to the recovery of Colombian wetlands.

In Peru, our volumes declined by low single digits. In light of the challenging consumer environment, we launched a new brand called Golden, as part of our affordability strategy. Golden is brewed using ingredients with strong cultural relevance to strengthen our ties to local farming and is off to a very strong start.

In Ecuador, our volumes declined by low single digits. While our global brands continued to perform well with double-digit volume growth, a softer consumer environment impacted the beer category throughout the year. In response, we are enhancing our core offerings across a variety of price points to ensure consumers have accessible options within the beer category.

South America

In the year ended 31 December 2019, our volumes in South America increased by 4.0 million hectoliters, or 3.0%, compared to the year ended 31 December 2018, with our beer volumes increasing 1.5% and soft drinks increasing 7.0%.

Excluding volume changes attributable to the 2018 and 2019 acquisitions and disposals described above, our volumes increased by 2.8%.

In Brazil, our total volumes grew by 5.0%. Our beer volumes grew by 3.0% while our non-beer volumes grew by 11.2%. According to Nielsen, the beer industry grew by 2.4% and the non-beer industry grew by 2.7%. We continue to utilize a portfolio approach to win in the premium category as we can reach more consumers on more occasions through our complementary brand portfolio. In 2019, our premium portfolio grew by double-digits, led by our global brands and local premium offerings, such as Original and our craft brands. Our global brand portfolio grew by double-digits off a meaningful base, with strong performances from all three brands. Beck's, our premium German pure malt brand, was also recently added to our portfolio. It is off to a very strong start in the regions where it has been launched. In the core plus segment, Bohemia is accelerating its momentum, delivering four consecutive quarters of triple-digit growth. Our Skol Puro Malte innovation, which was rolled out nationally in the second quarter of 2019, continues to grow at rapid pace, enabling the Skol family volumes to stabilize in the full year. Our smart affordability strategy continues to gain traction, with our regional brands Nossa, Magnifica and Legitima performing very well. Each has delivered meaningful share gains in the states in which it was launched, and Magnifica is now the leading brand in the value segment in the state of Maranhão. These brands, offered at an accessible price point and brewed with local crops, deliver incremental volume and profitability by increasing our presence in relevant states.

In Argentina, volumes declined by mid-single digits in 2019, as we faced consumption contraction resulting from ongoing challenging macroeconomic conditions. Our premium brands performed well and gained share within the segment, led by our global brands and our local premium brand, Patagonia. Our local champion in the core plus segment, Andes Origen, grew by double-digits. Our smart affordability initiatives continue to gain traction, led by packaging innovations such as the 340ml returnable glass bottle.

EMEA

In EMEA, our volumes, including subcontracted volumes, for the year ended 31 December 2019 decreased by 1.2 million hectoliters, or 1.4%, compared to the year ended 31 December 2018.

Excluding volume changes attributable to the 2018 and 2019 acquisitions and disposals described above, our beer volumes for the year ended 31 December 2019 increased by 3.4% compared to the year ended 31 December 2018.

Our business in South Africa delivered a mid-single digit volume growth. We continue to focus on growing the beer category and estimate we gained more than 200 bps of share of total alcohol. The premium segment, where we under-index, continues to grow faster than the total industry. We achieved our estimated highest ever market share in this segment in 2019 as our premium brands continue to outperform, led by Corona. Our flavored malt beverages also performed very well this year, growing by double-digits, led by Brutal Fruit and Flying Fish. We have enhanced our smart affordability strategy in South Africa to ensure our portfolio includes accessible offerings for more consumers in light of the challenging macroeconomic environment.

In Europe, our volumes grew in 2019, and we estimate we gained market share on a full year basis in all of our markets, with particularly strong gains in France and the Netherlands after successful Budweiser launches. Budweiser is now our fastest growing brand in Europe. The UK continues to deliver volume-led revenue growth fueled by the continued growth of our global brands, particularly the double-digit growth of Corona.

In Africa excluding South Africa, volumes were lower in Tanzania and Mozambique in 2019. In Zambia and Uganda, we delivered strong volume growth. In Nigeria, we grew volumes by double-digits in 2019 as we continued to gain market share.

Asia Pacific

For the year ended 31 December 2019, our volumes decreased by 2.9 million hectoliters, or 3.1%, compared to the year ended 31 December 2018.

Excluding volume changes attributable to the 2018 and 2019 acquisitions and disposals described above, our beer volumes for the year ended 31 December 2019 decreased by 2.9% compared to the year ended 31 December 2018.

In China, our volume declined by 3.0% in 2019. During 2019, we estimate we gained market share in every channel. However, our overall market share declined by approximately 50 bps, resulting from channel mix shift given our position in the nightlife channel. Our super premium brands continued to grow by strong double-digits in 2019, led by Corona, Blue Girl and Hoegaarden. We estimate that Corona is the number one brand in the super premium segment. Blue Girl, which joined our portfolio in May 2019, is one of the fastest growing super premium brands with a meaningful base. Hoegaarden grew volumes significantly in 2019, as the leading and fastest growing wheat beer in China. We also continue to lead the beer category in the e-commerce channel, which grew by strong double-digits in 2019. During the Double-11 e-commerce campaign in November 2019, the largest e-commerce sales event in China, Budweiser was the number one brand and Corona, Hoegaarden and Harbin were also among the top five beer brands by retail sales value on both the Tmall and JD platforms. Budweiser declined by mid-single digits in 2019, driven by the softness in the nightlife channel in the second half of the year, as Budweiser is well-established as the leading brand of the nightlife occasion. Nevertheless, Budweiser remains the number one brand in the premium segment and we have made additional commercial investments to accelerate the brand's expansion into other channels.

Our business in South Korea had a challenging year with declines in volume. This performance was primarily the result of an overall industry decline in light of weaker consumer sentiment. In late October 2019, we rolled back our price increase previously implemented in April 2019 to revitalize the beer industry during the economic downturn. Our premium portfolio continued to grow throughout the year, led by Stella Artois and Budweiser.

Global Export and Holding Companies

For the year ended 31 December 2019, Global Export and Holding Companies volumes decreased by 0.4 million hectoliters. The change in volume performance mainly resulted from the reallocation of export volumes to South America.

Revenue

Revenue refers to turnover less excise taxes and discounts. See “—A. Key Factors Affecting Results of Operations—Excise Taxes.” In accordance with IFRS rules, we are required to apply hyperinflation accounting in Argentina as of 1 January 2018. See “—A. Key Factors Affecting Results of Operations—Foreign Currency” for more information.

The following table reflects changes in revenue across our business segments for the year ended 31 December 2019, as compared to our revenue for the year ended 31 December 2018.

	Year ended 31 December 2019	Year ended 31 December 2018 ⁽²⁾⁽³⁾	Change (%) ⁽¹⁾
	(USD millions)		
North America	15,488	15,504	(0.1)
Middle Americas	11,912	11,614	2.6
South America	9,790	10,238	(4.4)
EMEA	7,911	8,368	(5.5)
Asia Pacific	6,544	6,735	(2.8)
Global Export and Holding Companies	685	582	17.7
Total	52,329	53,041	(1.3)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) Effective 1 January 2019, our business segments changed to be as follows: North America, Middle Americas, South America, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2019 and 2018 have been restated to reflect this allocation.
- (3) Effective 30 September 2019, the Australian operations were classified as a disposal group held for sale, and accounted for as discontinued operations and are not included in the figures reported above. The figures for the year ended 31 December 2018 has been restated to reflect this change.

Our consolidated revenue was USD 52,329 million for the year ended 31 December 2019. This represented a decrease of USD 0.7 million, or 1.3%, as compared to our consolidated revenue for the year ended 31 December 2018. The results for the year ended 31 December 2019 reflect (i) the performance of our business after the 2018 and 2019 acquisitions and disposals, (ii) currency translation effects and (iii) changes in presentation of commercial investments (primarily related to the IFRS 15 adjustments).

- The 2018 and 2019 acquisitions and disposals and changes in presentation of commercial investments negatively impacted our consolidated revenue by USD 316 million (net) for the year ended 31 December 2019 compared to the year ended 31 December 2018.
- Our consolidated revenue for the year ended 31 December 2019 also reflects an unfavorable currency translation impact of USD 2,664 million mainly arising from currency translation effects in South America.

Excluding the effects of the 2018 and 2019 acquisitions and disposals and changes in presentation of commercial investments described above and currency translation effects, our revenue increased 4.3% and increased by 3.1% on a per hectoliter basis, in the year ended 31 December 2019 compared to the year ended 31 December 2018. Our consolidated revenue for the year ended 31 December 2019 was partly impacted by the developments in volumes discussed above. On the same basis, our revenue per hectoliter for the year ended 31 December 2019 increased compared to the year ended 31 December 2018, driven by global premiumization and revenue management initiatives, although revenue per hectoliter growth decelerated as a result of advances in our smart affordability strategy. This increase was most significant in South America, where revenue per hectoliter increased by mid-single digit, primarily driven by our ongoing premiumization and a price increase in our beer business, partially offset by geographic mix and the increased relevance of our smart affordability strategy, as well as the impact by category mix from the rapid growth of our non-beer business, which has a lower average revenue per hectoliter than our beer business, and double-digit revenue per hectoliter growth in Argentina in line with inflation. In Asia Pacific, our revenue per hectoliter increased by more than 5% as a result of ongoing premiumization.

Combined revenues of our three global brands grew by 5.2% in 2019, with global revenues for Budweiser growing by 0.2%, for Stella Artois by 6.8% and for Corona by 13.3%.

Cost of Sales

The following table reflects changes in the cost of sales across our business segments for the year ended 31 December 2019 as compared to the year ended 31 December 2018:

	Year ended 31 December 2019	Year ended 31 December 2018 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
North America	(5,789)	(5,765)	(0.4)
Middle Americas	(3,549)	(3,336)	(6.4)
South America	(4,009)	(3,842)	(4.3)
EMEA	(3,506)	(3,473)	(1.0)
Asia Pacific	(2,919)	(3,098)	5.8
Global Export and Holding Companies	(590)	(418)	(41.1)
Total	(20,362)	(19,933)	(2.2)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Our consolidated cost of sales was USD 20,362 million for the year ended 31 December 2019. This represented an increase of USD 430 million, or 2.2%, as compared to our consolidated cost of sales for the year ended 31 December 2018. The results for the year ended 31 December 2019 reflect (i) the performance of our business after certain acquisitions and disposals we undertook in 2018 and 2019 and (ii) currency translation effects.

- The 2018 and 2019 acquisitions and disposals positively impacted our consolidated cost of sales by USD 14 million for the year ended 31 December 2019 compared to the year ended 31 December 2018.
- Our consolidated cost of sales for the year ended 31 December 2019 also reflects a positive currency translation impact of USD 1,030 million mainly arising from currency translation effects in South America.

Excluding the effects of the 2018 and 2019 acquisitions and disposals described above and currency translation effects, our consolidated cost of sales increased by 7.4%, primarily driven by significant commodity and transactional currency headwinds. Our consolidated cost of sales for the year ended 31 December 2019 was partly impacted by the developments in volumes discussed above. On the same basis, our consolidated cost of sales per hectoliter increased by 5.9%. The increase was most significant in South America, in particular in Brazil and Argentina where cost of sales per hectoliter increased by double-digits, mainly driven by commodity prices and the devaluation of transactional currency, and the increased weight of one-way bottles and aluminum cans in our package mix as we aim to meet consumer needs across increasingly diversified and more premium occasions.

Operating Expenses

The discussion below relates to our operating expenses, which equal the sum of our distribution expenses, sales and marketing expenses, administrative expenses and other operating income and expenses (net), for the year ended 31 December 2019 as compared to the year ended 31 December 2018. Our operating expenses do not include exceptional charges, which are reported separately.

Our operating expenses for the year ended 31 December 2019 were USD 15,546 million, representing a decrease of USD 456 million, or 2.8% compared to our operating expenses for 2018.

	Year ended 31 December 2019	Year ended 31 December 2018 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
Distribution Expenses	(5,525)	(5,612)	1.6
Sales and Marketing Expenses	(7,348)	(7,774)	5.5
Administrative Expenses	(3,548)	(3,421)	(3.7)
Other Operating Income/(Expenses)	875	805	8.7
Total Operating Expenses	(15,546)	(16,002)	2.8

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Selling, General and Administrative Expenses

The following table reflects changes in our distribution expenses, sales and marketing expenses and administrative expenses (our “**selling, general and administrative expenses**”) across our business segments for the year ended 31 December 2019 as compared to the year ended 31 December 2018:

	Year ended 31 December 2019	Year ended 31 December 2018 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
North America	(4,372)	(4,413)	0.9
Middle Americas	(3,049)	(3,176)	4.0
South America	(2,791)	(2,976)	6.2
EMEA	(2,862)	(2,878)	0.6
Asia Pacific	(2,216)	(2,347)	5.6
Global Export and Holding Companies	(1,131)	(1,016)	(11.3)
Total	(16,421)	(16,807)	2.3

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Our consolidated selling, general and administrative expenses were USD 16,421 million for the year ended 31 December 2019. This represented a decrease of USD 386 million, or 2.3%, as compared to the year ended 31 December 2018. The results for the year ended 31 December 2019 reflect (i) the performance of our business after the completion of certain acquisitions and disposals we undertook in 2018 and 2019, (ii) currency translation effects and (iii) changes in presentation of commercial investments (primarily related to IFRS 15 adjustments).

- The 2018 and 2019 acquisitions and disposals described above and changes in presentation of commercial investments positively impacted our consolidated selling, general and administrative expenses by USD 157 million for the year ended 31 December 2019 compared to the year ended 31 December 2018.

- Our consolidated selling, general and administrative expenses for the year ended 31 December 2019 also reflect a positive currency translation impact of USD 829 million.

Excluding the effects of the business acquisitions and disposals and changes in presentation of commercial investments described above and currency translation effects, our consolidated selling, general and administrative expenses in the year ended 31 December 2019 decreased by 3.6% compared to the year ended 31 December 2018 in line with our revenue growth but slightly below inflation.

Other Operating Income/(Expenses)

The following table reflects changes in other operating income and expenses across our business segments for the year ended 31 December 2019 as compared to the year ended 31 December 2018:

	Year ended 31 December 2019	Year ended 31 December 2018 ⁽²⁾	Change (%) ⁽¹⁾
	<i>(USD millions)</i>		
North America	26	40	(35.0)
Middle Americas	121	88	37.5
South America	201	267	(24.7)
EMEA	264	232	13.8
Asia Pacific	230	154	49.4
Global Export and Holding Companies	35	25	40.0
Total	875	805	8.7

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

The net positive effect of our other operating income and expenses for the year ended 31 December 2019 was USD 875 million. This represented an increase of USD 70 million, or 8.7%, compared to the year ended 31 December 2018. The results for the year ended 31 December 2019 reflect (i) the performance of our business after the completion of certain acquisitions and disposals we undertook in 2018 and 2019 and (ii) currency translation effects.

- The 2018 and 2019 acquisitions and disposals described above positively impacted our net consolidated other operating income and expenses by USD 8 million for the year ended 31 December 2019 compared to the year ended 31 December 2018.
- Our net consolidated other operating income and expenses for the year ended 31 December 2019 also reflect a negative currency translation impact of USD 37 million.

Excluding the effects of the business acquisitions and disposals and currency translation effects described above, our net consolidated other operating income and expenses would have increased by 12.2% for the year ended 31 December 2019 as compared to the year ended 31 December 2018, driven by the higher gains on disposal of property, plant and equipment and intangible assets.

Exceptional Items

Exceptional items are items which, in our management's judgment, need to be disclosed separately by virtue of their size and incidence in order to obtain a proper understanding of our financial information. We consider these items to be significant in nature, and, accordingly, our management has excluded these items from their segment measure of performance.

For the year ended 31 December 2019, exceptional items included in profit from operations consisted of restructuring charges, acquisition costs of business combinations, business and asset disposal, Brazil State Tax Regularization Program (as discussed below) and cost related to the public offering of minority stake in Budweiser APAC. Exceptional items were as follows for the years ended 31 December 2019 and 2018:

	Year ended 31 December 2019	Year ended 31 December 2018
	<i>(USD millions)</i>	
Restructuring	(170)	(363)
Acquisition costs of business combination	(23)	(73)
Business and asset disposal	(50)	(26)
Brazil State tax regularization program	(74)	—
Cost related to public offering of minority stake in Budweiser APAC	(6)	—
Provision for EU investigation	—	(230)
Total	(323)	(692)

Restructuring

Exceptional restructuring charges amounted to a net cost of USD 170 million for the year ended 31 December 2019 as compared to a net cost of USD 363 million for the year ended 31 December 2018. These charges primarily relate to organizational alignments. These changes aim to eliminate overlap or duplicated processes, taking into account the right match of employee profiles with new organizational requirements. These one-time expenses, as a result of the series of decisions, provide us with a lower cost base in addition to a stronger focus on our core activities, quicker decision-making and improvements to efficiency, service and quality.

Acquisition Costs of Business Combinations

Acquisition costs of USD 23 million for the year ended 31 December 2019 as compared to a net cost of USD 73 million for the year ended 31 December 2018. These charges primarily relate to cost incurred to facilitate the combination with SAB.

Business and Asset Disposal

Business and asset disposals amounted to a net cost of USD 50 million for the year ended 31 December 2019, mainly comprising of costs incurred in relation to the announced divestiture of the Australia business. Business and asset disposals amounted to a net cost of USD 26 million in 2018, mainly related to the costs incurred related to the IFRS treatment of the 50:50 merger of AB InBev's and Anadolu Efes' Russia and Ukraine businesses and the related transaction costs. See also note 6 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F.

Brazil State Tax Regularization Program

In 2019, Ambev made a payment of USD 74 million to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization Program.

Cost related to public offering of minority stake in Budweiser APAC

In 2019, we incurred USD 117 million of fees in relation to the initial public offering of a minority stake of Budweiser APAC, our Asia Pacific subsidiary, of which USD 6 million were reported in the income statement and USD 111 million were capitalized in equity. In addition, we have reported USD 58 million of stamp duties in equity that are directly attributable to the public offering of Budweiser APAC.

Provision for EU investigation

In 2016, the European Commission announced an investigation into alleged abuse of a dominant position by us in Belgium through certain practices aimed at restricting trade from other European Union member states to Belgium. In connection with these ongoing proceedings, we recognized a provision of USD 230 million during the year ended 31 December 2018 and settled it during the year ended 31 December 2019. See “Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings—Anheuser-Busch InBev SA/NV—Antitrust Matters— European Commission Antitrust Investigation” for more information.

Profit from Operations

The following table reflects changes in profit from operations across our business segments for the year ended 31 December 2019 as compared to the year ended 31 December 2018:

	Year ended 31 December 2019	Year ended 31 December 2018 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
North America	5,341	5,355	(0.3)
Middle Americas	5,384	5,038	6.9
South America	3,094	3,689	(16.1)
EMEA	1,746	1,878	(7.0)
Asia Pacific	1,598	1,401	14.1
Global Export and Holding Companies	(1,064)	(946)	(12.5)
Total	16,098	16,414	(1.9)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Our profit from operations amounted to USD 16,098 million for the year ended 31 December 2019. This represented a decrease of USD 316 million, or 1.9%, as compared to our profit from operations for the year ended 31 December 2018. The results for the year ended 31 December 2019 reflect (i) the performance of our business after the completion of certain acquisitions and disposals we undertook in 2018 and 2019, (ii) currency translation effects and (iii) the effects of certain exceptional items as described above.

- The 2018 and 2019 acquisitions and disposals described above negatively impacted our consolidated profit from operations by USD 137 million for the year ended 31 December 2019 compared to the year ended 31 December 2018.
- Our consolidated profit from operations for the year ended 31 December 2019 also reflects a negative currency translation impact of USD 820 million.
- Our profit from operations for the year ended 31 December 2019 was negatively impacted by USD 323 million of certain exceptional items, as compared to a negative impact of USD 692 million for the year ended 31 December 2018. See “—Exceptional Items” above for a description of the exceptional items during the years ended 31 December 2019 and 2018.

Excluding the effects of the business acquisitions and disposals described above and currency translation effects, our profit from operations increased by 3.9%. This increase was most significant in Asia Pacific and Middle Americas, due to revenue growth.

EBITDA, as defined

The following table reflects changes in our EBITDA, as defined, for the year ended 31 December 2019 as compared to the year ended 31 December 2018:

	Year ended 31 December 2019	Year ended 31 December 2018 ⁽²⁾	Change (%)(⁽¹⁾)
	(USD millions)		
Profit of the year	10,414	5,688	83.1
Profit from discontinued operations	(424)	(531)	(20.2)
Net finance cost	3,473	8,826	60.7
Income tax expense	2,786	2,585	(7.8)
Share of result of associates and joint ventures	(152)	(153)	(0.7)
Profit from operations	16,098	16,414	(1.9)
Depreciation, amortization and impairment	4,657	4,624	(0.7)
EBITDA, as defined	20,755	21,038	(1.3)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

A performance measure such as EBITDA, as defined, is a non-IFRS measure. The financial measure most directly comparable to EBITDA, as defined, and presented in accordance with IFRS in our consolidated financial statements, is profit of the year. EBITDA, as defined, is a measure used by our management to evaluate our business performance and is defined as profit from operations before depreciation, amortization and impairment. EBITDA, as defined, is a key component of the measures that are provided to senior management on a monthly basis at the group level, the business segment level and lower levels. We believe EBITDA, as defined, is useful to investors for the following reasons.

We believe EBITDA, as defined, facilitates comparisons of our operating performance across our business segments from period to period. In comparison to profit of the year, EBITDA, as defined, excludes items which do not impact the day-to-day operation of our primary business (that is, the selling of beer and other operational businesses) and over which management has little control. Items excluded from EBITDA, as defined, are our share of results of associates and joint ventures, profit from discontinued operations, depreciation and amortization, impairment, financial charges and corporate income taxes, which management does not consider to be items that drive our underlying business performance. Because EBITDA, as defined, includes only items management can directly control or influence, it forms part of the basis for many of our performance targets. For example, certain options under our share-based compensation plan were granted such that they vest only when certain targets derived from EBITDA, as defined, were met.

We further believe that EBITDA, as defined, and measures derived from it, are frequently used by securities analysts, investors and other interested parties in their evaluation of us and in comparison to other companies, many of which present an EBITDA performance measure when reporting their results.

EBITDA, as defined, does, however, have limitations as an analytical tool. It is not a recognized term under IFRS and does not purport to be an alternative to profit as a measure of operating performance, or to cash flows from operating activities as a measure of liquidity. As a result, you should not consider EBITDA, as defined, in isolation from, or as a substitute analysis for, our results of operations. Some limitations of EBITDA, as defined, are:

- EBITDA, as defined, does not reflect the impact of financing costs on our operating performance. Such costs are significant in light of our increased debt subsequent to the combination with SAB;
- EBITDA, as defined, does not reflect depreciation and amortization, but the assets being depreciated and amortized will often have to be replaced in the future;
- EBITDA, as defined, does not reflect the impact of charges for existing capital assets or their replacements;
- EBITDA, as defined, does not reflect our tax expense; and
- EBITDA, as defined, may not be comparable to other similarly titled measures of other companies because not all companies use identical calculations.

Additionally, EBITDA, as defined, is not intended to be a measure of free cash flow for management's discretionary use, as it is not adjusted for all non-cash income or expense items that are reflected in our consolidated statement of cash flows.

We compensate for these limitations, in addition to using EBITDA, as defined, by relying on our results calculated in accordance with IFRS.

Our EBITDA, as defined, amounted to USD 20,755 million for the year ended 31 December 2019. This represented a decrease of USD 283 million, or 1.3%, as compared to our EBITDA, as defined, for the year ended 31 December 2018. The results for the year ended 31 December 2019 reflect (i) the performance of our business after the completion of the acquisitions and disposals we undertook in 2018 and 2019 discussed above and (ii) currency translation effects. Furthermore, our EBITDA, as defined, was negatively impacted by USD 332 million (before impairment losses) of certain exceptional items in the year ended 31 December 2019, as compared to a negative impact of USD 692 million (before impairment losses) during the year ended 31 December 2018. See "—Exceptional Items" above for a description of the exceptional items during the years ended 31 December 2019 and 2018.

Net Finance Cost

Our net finance cost items were as follows for the years ended 31 December 2019 and 2018:

	Year ended 31 December 2019	Year ended 31 December 2018⁽¹⁾	Change (%)⁽¹⁾
	<i>(USD millions)</i>		
Net interest expense	(3,739)	(3,785)	1.2
Net interest on net defined benefit liabilities	(95)	(94)	(1.1)
Accretion expense	(650)	(511)	(27.2)
Mark-to-market (hedging of our share-based payment programs)	898	(1,774)	—
Other financial results	(769)	(680)	(13.1)
Net finance cost before exceptional finance results	(4,355)	(6,844)	36.4
Mark-to-market (Grupo Modelo deferred share instrument)	445	(873)	—
Other mark-to-market	433	(849)	—
Other	4	(260)	—
Exceptional net finance income/(cost)	882	(1,982)	—
Net finance income/(cost)	(3,473)	(8,826)	60.7

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.

- (2) The financial information for 2018 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Our net finance cost for the year ended 31 December 2019 was USD 3,473 million, as compared to USD 8,826 million for the year ended 31 December 2018, representing a cost decrease of USD 5,353 million.

The decrease in net finance costs before exceptional financial items is driven primarily by a positive mark-to-market adjustment of USD 898 million in 2019, linked to the hedging of our share-based payment program, compared to a negative mark-to-market adjustment of USD 1,774 million for the period ended 31 December 2018.

The number of shares covered by the hedging of our share-based payment programs, and the opening and closing share prices are as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
Share price at the start of the period (<i>in euro</i>)	57.70	93.13
Share price at the end of the period (<i>in euro</i>)	72.71	57.70
Number of derivative equity instruments at the end of the period (<i>in millions</i>)	54.0	46.9

Exceptional net finance costs of USD 882 million include a positive mark-to-market adjustment of USD 878 million on derivative instruments entered into to hedge the shares issued in relation to the combination with Grupo Modelo and SAB, compared to a total negative mark-to-market adjustment of USD 1,722 million for the period ended 31 December 2018. The number of shares covered by the hedging of the deferred share instrument and the Restricted Shares, together with the opening and closing share prices, are shown below:

	Year ended 31 December 2019	Year ended 31 December 2018
Share price at the start of the period (<i>in euro</i>)	57.70	93.13
Share price at the end of the period (<i>in euro</i>)	72.71	57.70
Number of derivative equity instruments at the end of the period (<i>in millions</i>)	45.5	45.5

Other exceptional net finance were further impacted by results from gains made on the early termination of certain bonds, income related to the reduction of deferred considerations on acquisitions and foreign exchange translation gains on intragroup loans that were historically reported in equity and were recycled to profit and loss account upon the reimbursement of these loans. This impact was partially offset by an exceptional finance cost in relation to the write-off on our investment in Delta Corporation Ltd following the entry of Zimbabwe into a hyperinflation economy and interest paid to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization.

Share of Results of Associates and Joint Ventures

Our share of results of associates and joint ventures for the year ended 31 December 2019 was USD 152 million as compared to USD 153 million for the year ended 31 December 2018.

Income Tax Expense

Our total income tax expense for the year ended 31 December 2019 amounted to USD 2,786 million, with an effective tax rate of 22.1%, as compared to an income tax expense of USD 2,585 million and an effective tax rate of 34.1% for the year ended 31 December 2018.

The 2019 effective tax rate was positively impacted by non-taxable gains from derivatives related to the hedging of share-based payment programs and the hedging of the shares issued in a transaction related to the combination with Grupo Modelo and SAB. The 2018 effective tax rate was negatively impacted by non-deductible losses from these derivatives.

We benefit from tax-exempted income and tax credits which are expected to continue in the future. We do not have significant benefits coming from low tax rates in any particular jurisdiction.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests was USD 1,243 million for the year ended 31 December 2019, a decrease of USD 75 million from USD 1,318 million for the year ended 31 December 2018.

Profit Attributable to Our Equity Holders

Profit attributable to our equity holders for the year ended 31 December 2019 was USD 9,171 million compared to USD 4,370 million for the year ended 31 December 2018, with basic earnings per share of USD 4.62, based on 1,984 million shares outstanding, representing the weighted average number of ordinary and Restricted Shares outstanding during the year ended 31 December 2019. For the definition of the weighted average number of shares outstanding, see footnote 2 of the table in “Item 3. Key Information—A. Selected Financial Data.”

Excluding the after-tax impact of exceptional items discussed above and the impact of discontinued operations, profit attributable to our equity holders for the year ended 31 December 2019 would have been USD 8,086 million, and basic earnings per share would have been USD 4.08.

Underlying EPS for the year ended 31 December 2019 was USD 3.63 compared to USD 4.10 in the same period last year. Underlying EPS is basic earnings per share excluding the after-tax exceptional items discussed above, the impact of discontinued operations, the mark-to-market of the hedging of our share-based payment programs and the impacts of hyperinflation.

The increase in profit attributable to our equity holders in the year ended 31 December 2019 was primarily due to a positive mark-to-market adjustment linked to the hedging of our share-based payment programs and gains on the hedging of the shares issued in transactions related to the combination with Grupo Modelo and SAB, compared to a negative mark-to-market adjustment linked to these hedges for the year ended 31 December 2018.

	Year ended 31 December 2019	Year ended 31 December 2018
	<i>(USD per share)</i>	
Profit from operations excluding exceptional items and hyperinflation impacts	8.34	8.78
Hyperinflation impacts	(0.06)	(0.11)
Profit from operations excluding exceptional items	8.28	8.66
Mark-to-market (hedging of our share-based payment programs)	0.45	(0.90)
Net finance cost (excluding mark-to-market related to the hedging of our share-based payment programs)	(2.65)	(2.57)
Income tax expense	(1.40)	(1.43)
Associates & non-controlling interest	(0.60)	(0.61)
Earnings per share excluding exceptional items and discontinued operations	4.08	3.16
Mark-to-market (hedging of our share-based payment programs)	(0.45)	0.90
Hyperinflation impacts in earnings per share	—	0.04
Underlying EPS	3.63	4.10
Earnings per share excluding exceptional items and discontinued operations	4.08	3.16
Exceptional items, before taxes	(0.16)	(0.35)
Exceptional net finance cost, before taxes	0.44	(1.00)
Exceptional taxes	—	0.12
Exceptional items attributable to non-controlling interest	0.05	0.02
Profit from discontinued operations	0.21	0.27
Basic earnings per share	4.62	2.21

A performance measure such as Underlying EPS is a non-IFRS measure. The measure most directly comparable to Underlying EPS and presented in accordance with IFRS in our consolidated financial statements is basic earnings per share. We believe Underlying EPS is useful to investors because it facilitates comparisons of our earnings per share from period to period. In comparison with basic earnings per share, Underlying EPS excludes items which are exceptional and over which management has no control, such as the effects of hyperinflation of Argentina. Items excluded from Underlying EPS are the after-tax exceptional items discussed above, the impact of discontinued operations, the mark-to-market of the hedging of our share-based payment programs and the impacts of hyperinflation.

Underlying EPS, however, has limitations as an analytical tool. It is not a recognized term under IFRS and does not purport to be an alternative to earnings per share as a measure of operating performance on a per share basis. As a result, you should not consider Underlying EPS in isolation from, or as a substitute analysis for, our basic and diluted earnings per share. Some limitations of Underlying EPS are:

- Underlying EPS does not reflect items which are exceptional and over which management has no control, such as the effects of hyperinflation in Argentina;
- Underlying EPS does not reflect the impact of discontinued operations;
- Underlying EPS does not reflect the mark-to-market adjustment of the hedging of our share-based payment programs;
- Underlying EPS may not be comparable to other similarly titled measures of other companies because not all companies use identical calculations; and
- the adjustments made in calculating Underlying EPS are those that management consider are not representative of the underlying operations of the company and therefore are subjective in nature.

We compensate for these limitations, in addition to using Underlying EPS, by relying on our measures of earnings per share calculated in accordance with IFRS.

Adoption of hyperinflation accounting in Argentina

In May 2018, the Argentinean peso underwent a severe devaluation resulting in the three-year cumulative inflation of Argentina exceeding 100% in 2018, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies* as of 1 January 2018. Consequently, we have applied hyperinflation accounting for our Argentinean subsidiaries with effect as of 1 January 2018.

IAS 29 requires us to report the results of our operations in hyperinflationary economies as if these were highly inflationary as of 1 January 2018, and to restate the results for the twelve-month period ended 31 December 2018 for the change in the general purchasing power of the local currency, using official indices before converting the local amounts at the closing rate of the period, namely 31 December closing rate for our results in the twelve-month period ended 31 December 2018.

In the twelve-month period ended 31 December 2019, we reported USD 73 million negative impact of hyperinflation accounting on our consolidated revenue and USD 43 million negative impact on our EBITDA, as defined, before exceptional items. The hyperinflation accounting in the twelve-month period ended 31 December 2019 results from the combined effect of the indexation to reflect changes in purchasing power on the results for the twelve-month period ended 31 December 2019 and the translation of those results at the closing rate of the period, rather than the average year-to-date rate applied to the results of the full year 2019.

In the twelve-month period ended 31 December 2018, we reported USD 310 million negative impact of hyperinflation accounting on our consolidated revenue and USD 164 million negative impact on our EBITDA, as defined, before exceptional items. The hyperinflation accounting adjustment in the twelve-month period ended 31 December 2018 results from the combined effect of the indexation to reflect changes in purchasing power on the results for the twelve-month period ended 31 December 2018 and the translation of those results at the closing rate of the period, rather than the average year-to-date rate applied both to the results previously disclosed and the results of the full year 2018.

The hyperinflation accounting adjustments on our consolidated revenue are as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
	(USD million)	
Indexation	211	258
Closing rate	(284)	(568)
Total	(73)	(310)

The hyperinflation accounting adjustments on our EBITDA, as defined, before exceptional items, are as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
	(USD million)	
Indexation	89	108
Closing rate	(131)	(272)
Total	(43)	(164)

Non-monetary assets and liabilities stated at historical cost (e.g. property, plant and equipment, intangible assets, goodwill, etc.) and equity of Argentina were restated using an inflation index. The impacts of changes in the general purchasing power from 1 January 2018 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line. See also note 11 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F.

Our income statement is also adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year-to-date average rate for non-hyperinflationary economies), thereby restating the year-to-date income statement account both for inflation index and currency conversion.

In the year ended 31 December 2019, the hyperinflation accounting in accordance with IFRS rules resulted in a positive USD 86 million monetary adjustment reported in the finance line compared to a positive USD 46 million monetary adjustment for the year ended 31 December 2018, and a negative impact on the Profit attributable to our equity holders of USD 11 million compared to a negative impact of USD 77 million for the year ended 31 December 2018.

Year Ended 31 December 2018 Compared to the Year Ended 31 December 2017

The table below presents our condensed consolidated results of operations for the years ended 31 December 2018 and 2017.

	Year ended 31 December 2018 ⁽³⁾	Year ended 31 December 2017 ⁽³⁾	Change (%) ⁽¹⁾
	<i>(USD million, except volumes)</i>		
Volumes (thousand hectoliters)	559,819	605,363	(7.5)
Revenue	53,041	54,859	(3.3)
Cost of sales	(19,933)	(20,975)	5.0
Gross profit	33,108	33,883	(2.3)
Selling, General and Administrative expenses	(16,807)	(17,760)	5.4
Other operating income/(expenses)	805	946	(14.9)
Exceptional items	(692)	(609)	(13.6)
Profit from operations	16,414	16,460	(0.3)
EBITDA, as defined ⁽²⁾	21,038	21,085	(0.3)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) For a discussion of how we use EBITDA, as defined, and its limitations, and a table showing the calculation of our EBITDA, as defined, for the periods shown, see “—EBITDA, as defined” below.
- (3) Our condensed consolidated results of operations for 2018 and 2017 have been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Volumes

Our reported volumes include both beer (including near-beer) and non-beer (primarily carbonated soft drinks) volumes. In addition, volumes include not only brands that we own or license, but also third-party brands that we brew or otherwise produce as a subcontractor and third-party products that we sell through our distribution network, particularly in Europe. Volumes sold by the Global Export and Holding Companies businesses are shown separately.

The table below summarizes the volume evolution by business segment.

	Year ended 31 December 2018 ⁽²⁾⁽³⁾	Year ended 31 December 2017 ⁽²⁾⁽³⁾	Change (%) ⁽¹⁾
	<i>(thousand hectoliters)</i>		
North America	110,726	113,496	(2.4)
Middle Americas	128,803	123,639	4.2
South America	135,618	140,422	(3.4)
EMEA	87,135	131,692	(33.8)
Asia Pacific	96,116	93,833	2.4
Global Export and Holding Companies	1,422	2,281	(37.7)
Total	559,819	605,363	(7.5)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) Effective 1 January 2019, our business segments changed to be as follows: North America, Middle Americas, South America, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this allocation.

- (3) Effective 30 September 2019, the Australian operations were classified as a disposal group held for sale, and accounted for as discontinued operations. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this change. The Australian discontinued operations are not included in the figures reported above.

Our consolidated volumes were 559.8 million hectoliters for the year ended 31 December 2018. This represented a decrease of 45.5 million hectoliters, or 7.5%, as compared to our consolidated volumes for the year ended 31 December 2017. The results for the year ended 31 December 2018 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2017 and 2018.

- On 30 March 2018, we completed the 50:50 merger of our and Anadolu Efes' existing Russia and Ukraine businesses. The combined business is fully consolidated in the Anadolu Efes financial accounts. As a result of the transaction, we stopped consolidating our Russia and Ukraine businesses and account for our investment in AB InBev Efes under the equity method as of that date. Additionally, on 2 May 2018, we recovered the Budweiser distribution rights in Argentina from CCU. The transaction involved the transfer of the Isenbeck, Iguana, Diosa, Norte and Baltica brands and other commitments to CCU Argentina. The other 2018 acquisitions and disposals mainly included the acquisition of certain craft breweries in Europe, Australia and South Korea and the sale of the carbonated soft drink businesses in Zambia and Botswana to The Coca-Cola Company (collectively, the **"2018 acquisitions and disposals"**).
- The 2017 acquisitions and disposals mainly include the completion of the transition of CCBA in South Africa and the acquisition of certain craft breweries in the United States, China, Australia and Europe (collectively, the **"2017 acquisitions and disposals"**) and, together with the 2018 acquisitions and disposals, the **"2017 and 2018 acquisitions and disposals"**). The 2017 and 2018 acquisitions and disposals negatively impacted our consolidated volumes by 47.2 million hectoliters for the year ended 31 December 2018 compared to the year ended 31 December 2017.

For further details of these acquisitions and disposals, see "—A. Key Factors Affecting Results of Operations—Acquisitions, Divestitures and Other Structural Changes." See also note 6 to our audited restated consolidated financial statements as of 31 December 2018 and 2017, and for the three years ended 31 December 2018 included in this Form 20-F.

Excluding volume changes attributable to the 2017 and 2018 acquisitions and disposals described above, total volumes increased 0.3% in the year ended 31 December 2018 compared to our volumes for the year ended 31 December 2017.

North America

In the year ended 31 December 2018, our volumes in North America decreased by 2.8 million hectoliters, or 2.4%, compared to the year ended 31 December 2017.

Excluding volume changes attributable to the 2017 and 2018 acquisitions and disposals described above, our total volumes decreased by 2.5% compared to the year ended 31 December 2017.

On the same basis, we estimate that the United States industry's beer sales-to-retailers, adjusted for the number of selling days, declined by 1.8% in the year ended 31 December 2018 compared to the year ended 31 December 2017. We estimate that our shipment volumes in the United States and our beer sales-to-retailers, adjusted for the number of selling days, declined by 2.6% and 2.7%, respectively, in line with our expectations that beer sales-to-retailers and sales-to-wholesalers converge over time.

On the same basis, overall, we continue to see the progress of our commercial strategy, with an estimated decline in total market share of 40 bps in the year ended 31 December 2018 and an estimated decline of 20 bps during the last quarter.

On the same basis, our above core portfolio continues to outperform the industry and accelerated share gains to 90 bps in the year ended 31 December 2018, as compared to 50 bps in the year ended 31 December 2017, based on our estimates, driven by Michelob Ultra, our regional craft portfolio, the recently rebranded Bon & Viv Spiked Seltzer and our innovations in the segment. Michelob Ultra accelerated its growth during the last quarter, solidifying its position as the top share gainer in the United States for the past 4 years, based on our estimates. Our 2018 innovation pipeline contributed an estimated 50% of total industry innovation volume, up from 10% as compared to the year ended 31 December 2017, and included Michelob Ultra Pure Gold, Bud Light Orange and the Budweiser Reserve series. These innovations performed well in the year ended 31 December 2018 and continue to gain share, based on our estimates, enhancing the premiumization of our portfolio.

On the same basis, Budweiser and Bud Light are performing better than prior year trends within their segments, based on our estimates. However, the core and core light segments remain under pressure, as consumers trade up to higher price tiers, contributing to Budweiser and Bud Light losing 35 bps and 80 bps of estimated total market share, respectively. Our Super Bowl advertising was in line with our strategy to strengthen the beer category. We drove stronger consumer awareness of our premium brands and innovations including Stella Artois, Bon & Viv Spiked Seltzer, Michelob Ultra and Michelob Ultra Pure Gold. Budweiser led the conversation on sustainability and renewable energy, and Bud Light highlighted the brand's commitment to quality and transparency for consumers, following our announcement in January 2018 that it would be the first brand in the United States to add a comprehensive on-pack serving facts and ingredient label.

On the same basis, in Canada, our volumes decreased by low single digits in the year ended 31 December 2018 compared to the year ended 31 December 2017, driven primarily by a weaker beer industry and our share performance within the value segment, partially offset by the continued success of our trade-up strategy. Our high end company (a business unit made up of a portfolio of global, specialty and craft brands across 22 countries) is growing ahead of the industry, as Corona and Stella Artois continue to gain share, based on our estimates, and our local craft brands grew by double digits. Our focus core and core plus brands also continue to deliver solid results, with Michelob Ultra finishing 2018 as the fastest-growing brand in Canada, and with Bud Light growing estimated share for the 23rd consecutive year.

Middle Americas

In the year ended 31 December 2018, our volumes in Middle Americas increased by 5.2 million hectoliters, or 4.2%, compared to the year ended 31 December 2017.

Excluding volume changes attributable to the 2017 and 2018 acquisitions and disposals described above, our total volumes increased by mid-single digits in the year ended 31 December 2018 compared to the year ended 31 December 2017.

On the same basis, our business in Mexico performed well in the year ended 31 December 2018 compared to the year ended 31 December 2017, with volumes up by high single digits. We grew volumes in every major brand and every region in Mexico, resulting in an estimated market share gain of 60 bps. Throughout the year, we have focused on developing our portfolio in line with the category expansion framework to clearly differentiate our brands. This strategy has enabled all of our brands to reach record levels across the country. Our core brands are leading the way for growth with different regional approaches, enabling Corona to grow at an accelerated pace in the Northern region and Victoria to deliver its best performance ever in the Central region. Our premium portfolio contributed meaningfully to growth as well, led by Michelob Ultra and Stella Artois which grew by double digits.

On the same basis, our business in Colombia saw volume growth of 3.2%, led by beer growth of 3.6% and our non-beer volumes improved by 0.2% in the year ended 31 December 2018 compared to the year ended 31 December 2017. The beer category continues to expand, as we gained an estimated 150 bps of share of total alcohol in the year ended 31 December 2018. We continue to drive premiumization within the category, supported by our global brand portfolio which grew by more than 75% in 2018, led by a strong performance from Budweiser. Our local brand portfolio also performed well, led by Aguila's country-wide expansion focused on promoting its national identity.

On the same basis, beer volumes in Peru decreased by low single digits and non-beer volumes decreased by high single digits in a challenging macroeconomic environment, though the brand mix of all three global brands delivered solid growth. Ecuador volumes increased by mid-single digits and we estimate we gained share of total alcohol as a result of successful initiatives across the beer category, led by Pilsener and Club Premium and continued growth of the global brands.

South America

In the year ended 31 December 2018, our volumes in South America decreased by 4.8 million hectoliters, or 3.4%, compared to the year ended 31 December 2017, with our beer volumes decreasing 2.1% and soft drinks decreasing 7.2%.

Excluding volume changes attributable to the 2017 and 2018 acquisitions and disposals described above, our volumes decreased by 3.6%.

On the same basis, our Brazil business saw total volumes decreasing by 4.4% in the year ended 31 December 2018 compared to the year ended 31 December 2017, with beer volumes decreasing by 3.1% and non-beer volumes decreasing by 8.7%.

On the same basis, we estimate we lost 40 bps of market share in the year ended 31 December 2018 after gaining approximately 60 bps market share in the year ended 31 December 2017. During the last quarter of 2018, we estimate that we outperformed the beer industry although our beer volumes decreased by low single digits as compared to the same period in the prior year.

On the same basis, based on our estimates, we gained share in the premium segment in the year ended 31 December 2018, driven by our global brand portfolio which grew by more than 30%. Budweiser grew volumes by more than 25%, Stella Artois was up by more than 40% and Corona led the way as one of the fastest growing brands in the country, up by more than 75% in the year ended 31 December 2018 compared to the year ended 31 December 2017. Our core plus portfolio also delivered strong double digit growth, with Bohemia, Brahma Extra and Skol Hops performing very well.

On the same basis, we successfully launched two brands in 2018 brewed with cassava grown by local farmers, which offer consumers an accessible price point while delivering comparable margins to our core portfolio. Nossa was launched in the third quarter of 2018 in Pernambuco and we estimated it gained 5 percentage points of market share in the state by the end of the year ended 31 December 2018. Applying the lesson from this early success, we launched Magnífica in the state of Maranhão in December, and we continue to explore additional opportunities to scale this initiative throughout relevant states for the segment.

On the same basis, in Argentina, volumes declined by low single digits in the year ended 31 December 2018 compared to the year ended 31 December 2017, due largely to the consumption contraction resulting from challenging macroeconomic conditions. Despite the tough operating environment, we saw some encouraging trends in the industry and our portfolio. The beer category continued to gain share of throat from other alcoholic beverages, gaining over 3 percentage points in the year ended 31 December 2018, based on our estimates. Our premium brands did well, gaining an estimated share in a growing segment of the industry, driven by Patagonia and Corona, and we continued to scale up Budweiser after reacquiring the rights to the brand in the first half of 2018. We also successfully repositioned our two largest brands in the country, Quilmes Clásica and Brahma, leading to an improved performance of our core portfolio.

EMEA

In EMEA, our volumes, including subcontracted volumes, for the year ended 31 December 2018 decreased by 44.6 million hectoliters, or 33.8%, compared to the year ended 31 December 2017.

Excluding volume changes attributable to the 2017 and 2018 acquisitions and disposals described above, our beer volumes for the year ended 31 December 2018 increased by low single digits compared to the year ended 31 December 2017.

On the same basis, our beer volumes in South Africa declined by mid-single digits in the year ended 31 December 2018 compared to the year ended 31 December 2017. The macroeconomic and consumer environment in South Africa was challenging in 2018. The VAT increase as of 1 April 2018, numerous petrol price increases and rising unemployment levels continued to have a negative impact on consumer disposable income, which put disproportionate pressure on the core segment where our portfolio is over-indexed. Despite the challenging environment in the country, our premium portfolio grew by triple digits, and we estimate we gained 10 percentage points of market share in the high end segment, benefitting from the launch of the Budweiser 660ml pack and a very strong 2018 FIFA World Cup Russia™ execution. During the last quarter of 2018, Castle Lite returned to growth following the resolution of the out of stock challenge, posting volumes increase of mid-single digits. In the core segment, which still accounts for the vast majority of our volumes and was held back by a challenging macroeconomic environment, our share remained broadly unchanged, and toward the end of 2018 we saw an improved performance in volume.

On the same basis, beer volumes in Africa, excluding South Africa, grew by low single digits, with significant volume growth in Zambia and Mozambique, where we achieved record high market share in the last quarter of 2018, based on our estimates. Our growth in Nigeria accelerated in the year ended 31 December 2018 following the introduction of our new brewery mid-year to meet demand, with double digit volume growth and continued market share gains, based on our estimates. Additionally, we saw early signs of success of our introduction into the premium segment, led by Budweiser. However, beer volumes remained flat in Tanzania and were down by mid-single digits in Uganda, as a result of capacity constraints and a challenging macroeconomic environment.

On the same basis, Western Europe grew volumes by low-single digits, with strong execution associated with the 2018 FIFA World Cup Russia™. Global brands performed well, and Budweiser's growth was supported by tournament activations. Corona's growth was supported by Casa Corona in France and Spain, as well as the Corona Sunset Festivals in the United Kingdom and Italy. The United Kingdom and Spain led the way with market share growth across the region, based on our estimates.

Asia Pacific

For the year ended 31 December 2018, our volumes increased by 2.3 million hectoliters, or 2.4%, compared to the year ended 31 December 2017.

Excluding volume changes attributable to the 2017 and 2018 acquisitions and disposals described above, our beer volumes for the year ended 31 December 2018 increased by 2.4% compared to the year ended 31 December 2017.

On the same basis, our volumes in China grew by 2.5% in the year ended 31 December 2018 compared to the year ended 31 December 2017. Our super premium brands continued to grow significantly, supported by a strong overall performance of our e-commerce business. Budweiser also grew by mid-single digits supported by premiumization efforts which expanded beyond the music platform into fashion and broader lifestyle activations.

Global Export and Holding Companies

For the year ended 31 December 2018, Global Export and Holding Companies volumes decreased by 0.9 million hectoliters. The change in volume performance mainly resulted from the reallocation of export volumes to South America.

Revenue

Revenue refers to turnover less excise taxes and discounts. See “—A. Key Factors Affecting Results of Operations—Excise Taxes.” In accordance with IFRS rules, we are required to apply hyperinflation accounting in Argentina as of 1 January 2018. See “—A. Key Factors Affecting Results of Operations—Foreign Currency” for more information.

The following table reflects changes in revenue across our business segments for the year ended 31 December 2018, as compared to our revenue for the year ended 31 December 2017.

	Year ended 31 December 2018 ⁽²⁾⁽³⁾	Year ended 31 December 2017 ⁽²⁾⁽³⁾	Change (%)(¹)
	(USD millions)		
North America	15,504	15,588	(0.5)
Middle Americas	11,614	10,780	7.7
South America	10,238	11,596	(11.7)
EMEA	8,368	10,344	(19.1)
Asia Pacific	6,735	6,094	10.5
Global Export and Holding Companies	582	457	27.4
Total	53,041	54,859	(3.3)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) Effective 1 January 2019, our business segments changed to be as follows: North America, Middle Americas, South America, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this allocation.
- (3) Effective 30 September 2019, the Australian operations were classified as a disposal group held for sale, and accounted for as discontinued operations. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this change. The Australian discontinued operations are not included in the figures reported above.

Our consolidated revenue was USD 53,041 million for the year ended 31 December 2018. This represented a decrease of USD 1,818 million, or 3.3%, as compared to our consolidated revenue for the year ended 31 December 2017. The results for the year ended 31 December 2018 reflect (i) the performance of our business after the 2017 and 2018 acquisitions and disposals, (ii) currency translation effects and (iii) the adoption of hyperinflation accounting in our Argentinean operations.

- The 2017 and 2018 acquisitions and disposals and the adoption of hyperinflation accounting in our Argentinean operations negatively impacted our consolidated revenue by USD 2,638 million (net) for the year ended 31 December 2018 compared to the year ended 31 December 2017.
- Our consolidated revenue for the year ended 31 December 2018 also reflects an unfavorable currency translation impact of USD 1,823 million mainly arising from currency translation effects in Middle Americas and South America.

Excluding the effects of the 2017 and 2018 acquisitions and disposals described above, the adoption of hyperinflation accounting in our Argentinean operations and currency translation effects, our revenue increased 5.1% and increased by 4.7% on a per hectoliter basis, in the year ended 31 December 2018 compared to the year ended 31 December 2017, driven by our revenue management initiatives and brand mix, as we continue to implement our premiumization strategies around the world. Our consolidated revenue for the year ended 31 December 2018 was partly impacted by the developments in volumes discussed above.

On the same basis, the main business segments contributing to growth in our consolidated revenues were: (i) Middle Americas, driven by the good performance of our brand portfolio, (ii) South America, as a result of high inflation and (iii) Asia Pacific, driven by continued premiumization.

Combined revenues of our three global brands grew by 8.9% in 2018, with global revenues for Budweiser growing by 5.0%, for Stella Artois by 4.7% and for Corona by 18.3%.

Cost of Sales

The following table reflects changes in the cost of sales across our business segments for the year ended 31 December 2018 as compared to the year ended 31 December 2017:

	Year ended 31 December 2018 ⁽²⁾	Year ended 31 December 2017 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
North America	(5,765)	(5,757)	(0.1)
Middle Americas	(3,336)	(3,154)	(5.8)
South America	(3,842)	(4,346)	11.6
EMEA	(3,473)	(4,603)	24.5
Asia Pacific	(3,098)	(2,788)	(11.1)
Global Export and Holding Companies	(418)	(327)	(27.8)
Total	(19,933)	(20,975)	5.0

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 and 2017 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Our consolidated cost of sales was USD 19,933 million for the year ended 31 December 2018. This represented a decrease of USD 1,042 million, or 5%, as compared to our consolidated cost of sales for the year ended 31 December 2017. The results for the year ended 31 December 2018 reflect (i) the performance of our business after certain acquisitions and disposals we undertook in 2017 and 2018, (ii) currency translation effects and (iii) the adoption of hyperinflation accounting in our Argentinean operations.

- The 2017 and 2018 acquisitions and disposals and the adoption of hyperinflation accounting in our Argentinean operations positively impacted our consolidated cost of sales by USD 1,395 million for the year ended 31 December 2018 compared to the year ended 31 December 2017.
- Our consolidated cost of sales for the year ended 31 December 2018 also reflects a positive currency translation impact of USD 615 million mainly arising from currency translation effects in Middle Americas.

Excluding the effects of the 2017 and 2018 acquisitions and disposals described above, the adoption of hyperinflation accounting in our Argentinean operations and currency translation effects, our consolidated cost of sales increased by 5.0%, primarily driven by an increase in commodity prices, partially offset by synergy delivery. Our consolidated cost of sales for the year ended 31 December 2018 was partly impacted by the developments in volumes discussed above. On the same basis, our consolidated cost of sales per hectoliter increased by 4.6% on a global basis. This increase was most significant in South America, where cost of sales per hectoliter increased by more than 10% mainly due to higher inflation in Argentina in 2018 and higher commodities prices, especially aluminum.

Operating Expenses

The discussion below relates to our operating expenses, which equal the sum of our distribution expenses, sales and marketing expenses, administrative expenses and other operating income and expenses (net), for the year ended 31 December 2018 as compared to the year ended 31 December 2017. Our operating expenses do not include exceptional charges, which are reported separately.

Our operating expenses for the year ended 31 December 2018 were USD 16,002 million, representing a decrease of USD 812 million, or 4.8% compared to our operating expenses for 2017.

	Year ended 31 December 2018 ⁽²⁾	Year ended 31 December 2017 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
Distribution Expenses	(5,612)	(5,716)	1.8
Sales and Marketing Expenses	(7,774)	(8,265)	5.9
Administrative Expenses	(3,421)	(3,779)	9.5
Other Operating Income/(Expenses)	805	946	(14.9)
Total Operating Expenses	(16,002)	(16,814)	4.8

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 and 2017 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Selling, General and Administrative Expenses

The following table reflects changes in our distribution expenses, sales and marketing expenses and administrative expenses (our “selling, general and administrative expenses”) across our business segments for the year ended 31 December 2018 as compared to the year ended 31 December 2017:

	Year ended 31 December 2018 ⁽²⁾	Year ended 31 December 2017 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
North America	(4,413)	(4,376)	(0.8)
Middle Americas	(3,176)	(3,232)	1.7
South America	(2,976)	(3,445)	13.6
EMEA	(2,878)	(3,452)	16.6
Asia Pacific	(2,347)	(2,284)	(2.8)
Global Export and Holding Companies	(1,016)	(971)	(4.6)
Total	(16,807)	(17,760)	5.4

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 and 2017 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Our consolidated selling, general and administrative expenses were USD 16,807 million for the year ended 31 December 2018. This represented a decrease of USD 953 million, or 5.4%, as compared to the year ended 31 December 2017. The results for the year ended 31 December 2018 reflect (i) the performance of our business after the completion of certain acquisitions and disposals we undertook in 2017 and 2018, (ii) currency translation effects and (iii) the adoption of hyperinflation accounting in our Argentinean operations.

- The 2017 and 2018 acquisitions and disposals described above and the adoption of hyperinflation accounting in our Argentinean operations positively impacted our consolidated selling, general and administrative expenses by USD 623 million for the year ended 31 December 2018 compared to the year ended 31 December 2017.
- Our consolidated selling, general and administrative expenses for the year ended 31 December 2018 also reflect a positive currency translation impact of USD 448 million.

Excluding the effects of the business acquisitions and disposals described above, currency translation effects and the adoption of hyperinflation accounting in our Argentinean operations, our consolidated selling, general and administrative expenses in the year ended 31 December 2018 remained in line compared to the year ended 31 December 2017.

Other Operating Income/(Expenses)

The following table reflects changes in other operating income and expenses across our business segments for the year ended 31 December 2018 as compared to the year ended 31 December 2017:

	Year ended 31 December 2018 ⁽²⁾	Year ended 31 December 2017 ⁽²⁾	Change (%) ⁽¹⁾
	<i>(USD millions)</i>		
North America	40	33	21.2
Middle Americas	88	89	(1.1)
South America	267	373	(28.4)
EMEA	232	235	(1.3)
Asia Pacific	154	132	(16.7)
Global Export and Holding Companies	25	83	(69.9)
Total	805	946	(14.9)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 and 2017 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

The net positive effect of our other operating income and expenses for the year ended 31 December 2018 was USD 805 million. This represented a decrease of USD 141 million, or 14.9%, compared to the year ended 31 December 2017. The results for the year ended 31 December 2018 reflect (i) the performance of our business after the completion of certain acquisitions and disposals we undertook in 2017 and 2018, (iii) currency translation effects and (iii) the adoption of hyperinflation accounting in our Argentinean operations.

- The 2017 and 2018 acquisitions and disposals described above and the adoption of hyperinflation accounting in our Argentinean operations negatively impacted our net consolidated other operating income and expenses by USD 84 million for the year ended 31 December 2018 compared to the year ended 31 December 2017.
- Our net consolidated other operating income and expenses for the year ended 31 December 2018 also reflect a negative currency translation impact of USD 33 million.

Excluding the effects of the business acquisitions and disposals, currency translation effects and the adoption of hyperinflation accounting in our Argentinean operations described above, our net consolidated other operating income and expenses would have decreased by 2.6% for the year ended 31 December 2018 as compared to the year ended 31 December 2017, driven primarily by lower gains on disposals.

Exceptional Items

Exceptional items are items which, in our management's judgment, need to be disclosed separately by virtue of their size and incidence in order to obtain a proper understanding of our financial information. We consider these items to be significant in nature, and, accordingly, our management has excluded these items from their segment measure of performance.

For the year ended 31 December 2018, exceptional items included in profit from operations consisted of restructuring charges, acquisition costs of business combinations and business and asset disposal. Exceptional items were as follows for the years ended 31 December 2018 and 2017:

	Year ended 31 December 2018	Year ended 31 December 2017
	<i>(USD millions)</i>	
Restructuring	(363)	(447)
Acquisition costs of business combination	(73)	(123)
Business and asset disposal	(26)	(39)
Provision for EU investigation	(230)	—
Total	(692)	(609)

Restructuring

Exceptional restructuring charges amounted to a net cost of USD 363 million for the year ended 31 December 2018 as compared to a net cost of USD 447 million for the year ended 31 December 2017. These charges primarily relate to the SAB integration. These changes aim to eliminate overlap or duplicated processes, taking into account the right match of employee profiles with new organizational requirements. These one-time expenses, as a result of the series of decisions, provide us with a lower cost base in addition to a stronger focus on our core activities, quicker decision-making and improvements to efficiency, service and quality.

Acquisition Costs of Business Combinations

Acquisition costs of USD 73 million for the year ended 31 December 2018 as compared to a net cost of USD 123 million for the year ended 31 December 2017. These charges primarily relate to costs incurred to facilitate the combination with SAB and costs incurred to recover the Budweiser distribution rights in Argentina from CCU. See also note 15 to our audited restated consolidated financial statements as of 31 December 2018 and 2017, and for the three years ended 31 December 2018 included in this Form 20-F.

Business and Asset Disposal

Business and asset disposals amounted to a net cost of USD 26 million for the year ended 31 December 2018 as compared to a net cost of USD 39 million for the year ended 31 December 2017. The 2018 charges are mainly attributable to the IFRS treatment of the 50:50 merger of AB InBev and Anadolu Efes' Russia and Ukraine businesses and related transaction cost. See also note 6 to our audited restated consolidated financial statements as of 31 December 2018 and 2017, and for the three years ended 31 December 2018 included in this Form 20-F.

Provision for EU investigation

In 2016, the European Commission announced an investigation into alleged abuse of a dominant position by us in Belgium through certain practices aimed at restricting trade from other European Union member states to Belgium. In connection with these ongoing proceedings, we recognized a provision of USD 230 million during the year ended 31 December 2018. See "Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings—Anheuser-Busch InBev SA/NV—Antitrust Matters—European Commission Antitrust Investigation" for more information.

Profit from Operations

The following table reflects changes in profit from operations across our business segments for the year ended 31 December 2018 as compared to the year ended 31 December 2017:

	Year ended 31 December 2018⁽²⁾	Year ended 31 December 2017⁽²⁾	Change (%)⁽¹⁾
	<i>(USD millions)</i>		
North America	5,355	5,495	(2.5)
Middle Americas	5,038	4,325	16.5
South America	3,689	4,153	(11.2)
EMEA	1,878	2,381	(21.1)
Asia Pacific	1,401	1,110	26.2
Global Export and Holding Companies	(946)	(1,004)	5.8
Total	16,414	16,460	(0.3)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 and 2017 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Our profit from operations amounted to USD 16,414 million for the year ended 31 December 2018. This represented a decrease of USD 46 million, or 0.3%, as compared to our profit from operations for the year ended 31 December 2017. The results for the year ended 31 December 2018 reflect (i) the performance of our business after the completion of certain acquisitions and disposals we undertook in 2017 and 2018, (ii) currency translation effects and (iii) the effects of certain exceptional items as described above.

- The 2017 and 2018 acquisitions and disposals described above and the adoption of hyperinflation accounting in our Argentinean operations negatively impacted our consolidated profit from operations by USD 480 million for the year ended 31 December 2018 compared to the year ended 31 December 2017.
- Our consolidated profit from operations for the year ended 31 December 2018 also reflects a negative currency translation impact of USD 1,033 million.
- Our profit from operations for the year ended 31 December 2018 was negatively impacted by USD 692 million of certain exceptional items, as compared to a negative impact of USD 609 million for the year ended 31 December 2017. See “—Exceptional Items” above for a description of the exceptional items during the years ended 31 December 2018 and 2017.

Excluding the effects of the business acquisitions and disposals described above, currency translation effects and the adoption of hyperinflation accounting in our Argentinean operations, our profit from operations increased by 9.1%.

EBITDA, as defined

The following table reflects changes in our EBITDA, as defined, for the year ended 31 December 2018 as compared to the year ended 31 December 2017:

	Year ended 31 December 2018 ⁽²⁾	Year ended 31 December 2017 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
Profit of the year	5,688	9,166	(37.9)
Profit from discontinued operations	(531)	(560)	(5.2)
Net finance cost	8,826	6,626	(33.2)
Income tax expense	2,585	1,658	(55.9)
Share of result of associates and joint ventures	(153)	(430)	(64.4)
Profit from operations	16,414	16,460	(0.3)
Depreciation, amortization and impairment	4,624	4,625	—
EBITDA, as defined	21,038	21,085	(0.2)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 and 2017 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

A performance measure such as EBITDA, as defined, is a non-IFRS measure. The financial measure most directly comparable to EBITDA, as defined, and presented in accordance with IFRS in our consolidated financial statements, is profit of the year. EBITDA, as defined, is a measure used by our management to evaluate our business performance and is defined as profit from operations before depreciation, amortization and impairment. EBITDA, as defined, is a key component of the measures that are provided to senior management on a monthly basis at the group level, the business segment level and lower levels. See “—Year Ended 31 December 2019 Compared to the Year Ended 31 December 2018—EBITDA, as defined.

Our EBITDA, as defined, amounted to USD 21,038 million for the year ended 31 December 2018. This represented a decrease of USD 47 million, or 0.2%, as compared to our EBITDA, as defined, for the year ended 31 December 2017. The results for the year ended 31 December 2018 reflect (i) the performance of our business after the completion of the acquisitions and disposals we undertook in 2017 and 2018 discussed above, (ii) currency translation effects and (iii) the adoption of hyperinflation accounting in our Argentinean operations. Furthermore, our EBITDA, as defined, was negatively impacted by USD 692 million (before impairment losses) of certain exceptional items in the year ended 31 December 2018, as compared to a negative impact of USD 609 million (before impairment losses) during the year ended 31 December 2017. See “—Exceptional Items” above for a description of the exceptional items during the years ended 31 December 2018 and 2017.

Net Finance Cost

Our net finance cost items were as follows for the years ended 31 December 2018 and 2017:

	Year ended 31 December 2018 ⁽²⁾	Year ended 31 December 2017 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
Net interest expense	(3,785)	(4,003)	5.4
Net interest on net defined benefit liabilities	(94)	(102)	7.8
Accretion expense	(511)	(736)	30.6
Mark-to-market (hedging of our share-based payment programs)	(1,774)	(291)	—
Other financial results	(680)	(801)	15.1
Net finance cost before exceptional finance results	(6,844)	(5,933)	15.4

	Year ended 31 December 2018 ⁽²⁾	Year ended 31 December 2017 ⁽²⁾	Change (%) ⁽¹⁾
	(USD millions)		
Mark-to-market (Grupo Modelo deferred share instrument)	(873)	(146)	—
Other mark-to-market	(849)	(142)	—
Other	(260)	(404)	35.6
Exceptional net finance income/(cost)	(1,982)	(692)	—
Net finance income/(cost)	(8,826)	(6,626)	(33.2)

Note:

- (1) The percentage change reflects the improvement (or worsening) of results for the period as a result of the change in each item.
- (2) The financial information for 2018 and 2017 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations. The Australian discontinued operations are not included in the figures reported above.

Our net finance cost for the year ended 31 December 2018 was USD 8,826 million, as compared to USD 6,626 million for the year ended 31 December 2017, representing a cost increase of USD 2,200 million.

The increase in net finance costs before exceptional financial items is driven primarily by a negative mark-to-market adjustment of USD 1,774 million in 2018, linked to the hedging of our share-based payment program, compared to a negative mark-to-market adjustment of USD 291 million for the period ended 31 December 2017.

The number of shares covered by the hedging of our share-based payment programs, and the opening and closing share prices are as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
Share price at the start of the period (<i>in euro</i>)	93.13	100.55
Share price at the end of the period (<i>in euro</i>)	57.70	93.13
Number of derivative equity instruments at the end of the period (<i>in millions</i>)	46.9	46.9

Exceptional net finance costs of USD 1,982 million include a negative mark-to-market adjustment of USD 1,722 million on derivative instruments entered into to hedge the shares issued in relation to the combination with Grupo Modelo and SAB, compared to a total negative mark-to-market adjustment of USD 288 million for the period ended 31 December 2017. The number of shares covered by the hedging of the deferred share instrument and the Restricted Shares, together with the opening and closing share prices, are shown below:

	Year ended 31 December 2018	Year ended 31 December 2017
Share price at the start of the period (<i>in euro</i>)	93.13	100.55
Share price at the end of the period (<i>in euro</i>)	57.70	93.13
Number of derivative equity instruments at the end of the period (<i>in millions</i>)	45.5	45.5

Other exceptional net finance costs of USD 260 million in 2018 mainly result from premiums paid on the early termination of certain bonds and to non-cash foreign exchange losses on intragroup loans that were historically reported in equity and were recycled from equity to profit and loss account upon reimbursement of these loans.

Share of Results of Associates and Joint Ventures

Our share of results of associates and joint ventures for the year ended 31 December 2018 was USD 153 million as compared to USD 430 million for the year ended 31 December 2017. The share of results reported for our associate Castel in the year ended 31 December 2017 included the revision of the 2016 finalized results. In the year ended 31 December 2018, the share of results reported for Castel was negatively impacted by a currency devaluation in Angola.

Income Tax Expense

Our total income tax expense for the year ended 31 December 2018 amounted to USD 2,585 million, with an effective tax rate of 34.1%, as compared to an income tax expense of USD 1,658 million and an effective tax rate of 16.9% for the year ended 31 December 2017.

The 2018 taxes were negatively impacted by losses from certain derivatives related to hedging of share-based payment programs and the hedging of the shares issued in a transaction related to the combination with Grupo Modelo and SAB, as well as changes in tax legislation in some countries resulting in additional non-deductible expenses in 2018.

The 2017 taxes were positively impacted by a USD 1.8 billion adjustment recognized as an exceptional gain following the U.S. tax reform enacted on 22 December 2017. This USD 1.8 billion adjustment resulted mainly from the remeasurement of the deferred tax liabilities set up in 2008 in line with IFRS as part of the purchase price accounting of the combination with Anheuser Busch and certain deferred tax assets following the change in federal tax rate from 35% to 21%.

This impact was partially offset by Ambev and certain of its subsidiaries joining the Brazilian Federal Tax Regularization Program in September 2017 whereby Ambev committed to pay some tax contingencies that were under dispute, totaling BRL 3.5 billion (USD 1.1 billion), with BRL 1.0 billion (USD 0.3 billion) paid in 2017 and the remaining amount payable in 145 monthly installments starting January 2018, plus interest. Within these contingencies, a dispute related to presumed taxation at Ambev's subsidiary CRBS was not provided for until September 2017 as the loss was assessed as possible. The total amount recognized in 2017 as exceptional is BRL 2.9 billion (USD 0.9 billion) of which BRL 2.8 billion (USD 0.9 billion) is reported as exceptional income tax cost and BRL 141 million (USD 44 million) is reported as exceptional financial cost.

In 2018, we finalized the remeasurement of current and deferred taxes resulting from the U.S. tax reform enacted on 22 December 2017, based on published regulation and guidance. Such remeasurement resulted in an adjustment of USD 0.1 billion recognized as an exceptional income tax gain for the year ended 31 December 2018. For additional information, see notes 12 and 18 to our audited restated consolidated financial statements as of 31 December 2018 and 2017, and for the three years ended 31 December 2018.

The merger of Beverage Associates Holding Limited into Ambev in August 2006 generated benefits related to goodwill amortization. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Ambev Special Goodwill Reserve." The impact of the tax deductible goodwill resulting from the merger of Beverage Associates Holding Limited into Ambev in August 2006 and other mergers was to reduce income tax expense for the year ended 31 December 2017 by USD 53 million. In October 2013 and June 2016, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited into Ambev. See "Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings—Ambev and Its Subsidiaries—Tax Matters—Special Goodwill Reserve" for further information.

We benefit from tax-exempted income and tax credits which are expected to continue in the future. We do not have significant benefits coming from low tax rates in any particular jurisdiction.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests was USD 1,318 million for the year ended 31 December 2018, an increase of USD 142 million from USD 1,176 million for the year ended 31 December 2017.

Profit Attributable to Our Equity Holders

Profit attributable to our equity holders for the year ended 31 December 2018 was USD 4,370 million compared to USD 7,990 million for the year ended 31 December 2017, with basic earnings per share of USD 2.21, based on 1,975 million shares outstanding, representing the weighted average number of ordinary and Restricted Shares outstanding during the year ended 31 December 2018. For the definition of the weighted average number of shares outstanding, see footnote 2 of the table in “Item 3. Key Information—A. Selected Financial Data.”

Excluding the after-tax impact of exceptional items discussed above and the impact of discontinued operations, profit attributable to our equity holders for the year ended 31 December 2018 would have been USD 6,248 million, and basic earnings per share would have been USD 3.16.

Underlying EPS for the year ended 31 December 2018 was USD 4.10 compared to USD 3.90 in the same period last year. Underlying EPS is basic earnings per share excluding the after-tax exceptional items discussed above, the impact of discontinued operations, the mark-to-market of the hedging of our share-based payment programs and the impacts of hyperinflation.

The decrease in profit attributable to our equity holders in the year ended 31 December 2018 was primarily due to a higher negative mark-to-market adjustment linked to the hedging of our share-based payment programs and higher exceptional net finance cost in the year ended 31 December 2018 compared to the year ended 31 December 2017.

	Year ended 31 December 2018	Year ended 31 December 2017
	<i>(USD per share)</i>	
Profit from operations excluding exceptional items and hyperinflation impacts	8.78	8.66
Hyperinflation impacts	(0.11)	—
Profit from operations excluding exceptional items	8.66	8.66
Mark-to-market (hedging of our share-based payment programs)	(0.90)	(0.15)
Net finance cost excluding mark-to-market related to the hedging of our share-based payment programs	(2.57)	(2.86)
Income tax expense	(1.43)	(1.25)
Associates & non-controlling interest	(0.61)	(0.65)
Earnings per share excluding exceptional items and discontinued operations	3.16	3.75
Mark-to-market (hedging of our share-based payment programs)	0.90	0.15
Hyperinflation impacts in earnings per share	0.04	—
Underlying EPS	4.10	3.90
Earnings per share excluding exceptional items and discontinued operations	3.16	3.75
Exceptional items, before taxes	(0.35)	(0.31)
Exceptional net finance cost, before taxes	(1.00)	(0.35)
Exceptional taxes	0.12	0.41
Exceptional items attributable to non-controlling interest	0.02	0.27
Profit from discontinued operations	0.27	0.28
Basic earnings per share	2.21	4.05

A performance measure such as Underlying EPS is a non-IFRS measure. The measure most directly comparable to Underlying EPS and presented in accordance with IFRS in our consolidated financial statements is basic earnings per share. See “Year Ended 31 December 2019 Compared to the Year Ended 31 December 2018—Profit Attributable to Equity Holders” above for more information about our definition of Underlying EPS.

Adoption of hyperinflation accounting in Argentina

Following the categorization of Argentina as a country with a three-year cumulative inflation rate greater than 100%, the country is considered as a hyperinflationary economy in accordance with IFRS rules (IAS 29).

IAS 29 requires us to report the results of our operations in hyperinflationary economies as if these were highly inflationary as of 1 January 2018, and to restate the results for the twelve-month period ended 31 December 2018 for the change in the general purchasing power of the local currency, using official indices before converting the local amounts at the closing rate of the period, namely 31 December closing rate for our results in the twelve-month period ended 31 December 2018.

In the twelve-month period ended 31 December 2018, we are reporting USD 310 million negative impact of hyperinflation accounting on our consolidated revenue and USD 164 million negative impact on our EBITDA, as defined, before exceptional items. The hyperinflation accounting adjustment in the twelve-month period ended 31 December 2018 results from the combined effect of the indexation to reflect changes in purchasing power on the results for the twelve-month period ended 31 December 2018 and the translation of those results at the closing rate of the period, rather than the average year-to-date rate applied both to the results previously disclosed and the results of the full year 2018.

The hyperinflation accounting adjustments on our consolidated revenue are as follows:

	Year ended 31 December 2018 (USD million)
Indexation	258
Closing rate	(568)
Total	(310)

The hyperinflation accounting adjustments on our EBITDA, as defined, before exceptional items, are as follows:

	Year ended 31 December 2018 (USD million)
Indexation	108
Closing rate	(272)
Total	(164)

Non-monetary assets and liabilities stated at historical cost (*e.g.*, property, plant and equipment, intangible assets, goodwill, etc.) and equity of Argentina were restated using an inflation index. The impacts of changes in the general purchasing power from 1 January 2018 are reported through the income statement on a dedicated account for hyperinflation monetary adjustments in the finance line. See also note 11 to our audited restated consolidated financial statements as of 31 December 2018 and 2017, and for the three years ended 31 December 2018.

Our income statement is also adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year-to-date average rate for non-hyperinflationary economies), thereby restating the year-to-date income statement account both for inflation index and currency conversion.

In the year ended 31 December 2018, the transition to hyperinflation accounting in accordance with IFRS rules resulted in a positive USD 46 million monetary adjustment reported in the finance line, a negative impact on the Profit attributable to our equity holders of USD 77 million and a negative impact on Earnings per share excluding exceptional items and discontinued operations of USD 0.04.

F. IMPACT OF CHANGES IN FOREIGN EXCHANGE RATES

Foreign exchange rates have a significant impact on our consolidated financial statements. The following table sets forth the percentage of our revenue realized by currency for the years ended 31 December 2019, 2018 and 2017:

	Year ended 31 December,		
	2019	2018	2017
U.S. dollar	30.2%	29.7%	28.5%
Brazilian real	14.1%	14.0%	15.0%
Chinese yuan	9.1%	8.9%	7.7%
Mexican peso	9.0%	8.3%	7.3%
Euro	6.1%	6.2%	5.7%
Colombian peso	4.2%	4.4%	3.9%
South African rand	4.1%	4.2%	6.5%
Canadian dollar	3.4%	3.5%	3.4%
Peruvian peso	3.1%	3.0%	2.7%
South Korean won	2.5%	3.0%	2.7%
Argentinean peso ⁽¹⁾	2.3%	2.7%	3.7%
Pound sterling	2.3%	2.2%	1.8%
Dominican peso	1.9%	1.7%	1.6%
Other	7.7%	8.2%	9.5%

Note:

- (1) Hyperinflation accounting was adopted in 2018 to report the company's Argentinean operations. In line with IFRS, the 2017 Argentinean operations were not restated for hyperinflation accounting.

As a result of the fluctuation of foreign exchange rates for the years ended 31 December 2019, 2018 and 2017:

- We recorded a negative translation impact, including hyperinflation accounting impact of USD 2,664 million on our revenue for the year ended 31 December 2019 (as compared to a negative translation impact of USD 1,823 million in 2018 and a positive impact of USD 347 million in 2017) and a negative translation impact, including hyperinflation accounting impact, of USD 820 million on our profit from operations for the year ended 31 December 2019 (as compared to a negative translation impact of USD 1,033 million on our profit from operations in 2018 and a positive impact of USD 112 million in 2017).
- Our reported profit of the year was negatively affected by a USD 632 million translation impact, including hyperinflation accounting impact, for the year ended 31 December 2019 (as compared to a negative translation of USD 766 million in 2018 and a positive translation impact of USD 126 million in 2017), while the negative translation impact, including hyperinflation accounting impact, on our basic earnings per share base for the year ended 31 December 2019 was USD 527 million, or USD 0.27 per share (as compared to a negative impact of USD 505 million, or USD 0.26 per share, in 2018 and a positive impact of USD 100 million, or USD 0.05 per share, in 2017).
- Our net debt decreased by USD 444 million in the year ended 31 December 2019 as a result of translation impacts (as compared to a decrease of USD 932 million in 2018 and an increase of USD 4,184 million in 2017).
- Equity attributable to our equity holders increased by USD 1,143 million in the year ended 31 December 2019 as a result of translation impacts (as compared to a decrease of USD 7,374 million in 2018 and an increase of USD 1,053 million in 2017).

See note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for details of the above sensitivity analyses, a fuller quantitative and qualitative discussion on the foreign currency risks to which we are subject and our policies with respect to managing those risks.

G. LIQUIDITY AND CAPITAL RESOURCES

General

Our primary sources of cash flow have historically been cash flows from operating activities, the issuance of debt, bank borrowings and the issuance of equity securities. Our material cash requirements have included the following:

- Debt service;
- Capital expenditures;
- Investments in companies participating in the brewing, carbonated soft drink and malting industries;
- Increases in ownership of our subsidiaries or companies in which we hold equity investments;
- Share buyback programs; and
- Payments of dividends and interest on shareholders' equity.

We are of the opinion that our working capital, as an indicator of our ability to satisfy our short-term liabilities is, based on our expected cash flow from operations for the coming 12 months, sufficient for the 12 months following the date of this Form 20-F. Over the longer term, we believe that our cash flows from operating activities, available cash and cash equivalents and short-term investments, along with our derivative instruments and our access to borrowing facilities, will be sufficient to fund our capital expenditures, debt service and dividend payments going forward. As part of our cash flow management, we manage capital expenditures by optimizing use of our existing brewery capacity and standardizing operational processes to make our capital investments more efficient. We are also attempting to improve operating cash flow through procurement initiatives designed to leverage economies of scale and improve terms of payment to suppliers.

Equity attributable to our equity holders and non-controlling interests amounted to USD 84.6 billion as of 31 December 2019 (USD 71.9 billion as of 31 December 2018 and USD 80.2 billion as of 31 December 2017) and our net debt amounted to USD 95.5 billion as of 31 December 2019 (USD 104.2 billion as of 31 December 2018 and USD 106.5 billion as of 31 December 2017). Our overriding objectives when managing capital resources are to safeguard the business as a going concern and to optimize our capital structure so as to maximize shareholder value while keeping the desired financial flexibility to execute strategic projects.

We expect the portion of our consolidated balance sheet represented by debt to remain significantly higher as compared to former AB InBev's historical position. Our level of debt could have significant consequences, including:

- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to fund future working capital and capital expenditures, to engage in future acquisitions or development activities or to otherwise realize the value of our assets and opportunities fully;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- impairing our ability to obtain additional financing in the future, or requiring us to obtain financing involving restrictive covenants;
- requiring us to issue additional equity (possibly under unfavorable conditions), which could dilute our existing shareholders' equity; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

We also have a revolving facility under our 2010 Senior Facilities Agreement, with a total commitment of USD 9.0 billion, maturing in August 2022. As of 31 December 2019, the revolving facility was fully undrawn. In March 2020, we drew the full USD 9.0 billion commitment under our Revolving Facility, in order to proactively safeguard our liquidity position by holding cash on our balance sheet through the period of significant financial market volatility and uncertainty as a result of the COVID-19 virus pandemic.

Our ability to manage the maturity profile of our debt and repay our outstanding indebtedness in line with management plans will nevertheless depend upon market conditions. If such uncertain market conditions as experienced in the period between late 2007 and early 2009 and again in 2011 continue in the future, our financing costs could increase beyond what is currently anticipated. Such costs could have a material adverse impact on our cash flows, results of operations or both. In addition, an inability to refinance all or a substantial amount of our debt obligations when they become due would have a material adverse effect on our financial condition and results of operations. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We may not be able to obtain the necessary funding for our future capital or refinancing needs and may face financial risks due to our level of debt, uncertain market conditions and as a result of the potential downgrading of our credit ratings."

Our cash, cash equivalents and short-term investments in debt securities, less bank overdrafts, as of 31 December 2019 amounted to USD 7.3 billion.

As of 31 December 2019, we had total liquidity of USD 16.3 billion, which consisted of USD 9.0 billion available under committed long-term credit facilities and USD 7.3 billion of cash, cash equivalents and short-term investments in debt securities, less bank overdrafts. Although we may borrow such amounts to meet our liquidity needs, we principally rely on cash flows from operating activities to fund our continuing operations.

Cash Flow

The following table sets forth our consolidated cash flows for the years ended 31 December 2019, 2018 and 2017:

	Year ended 31 December (audited)		
	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
	(USD millions)		
Cash flow from operating activities	13,396	14,181	14,920
Cash flow from (used in) investing activities	(5,073)	(3,857)	7,865
Cash flow from (used in) financing activities	(8,512)	(14,327)	(21,334)
Net increase/(decrease) in cash and cash equivalents on continuing operations	(189)	(4,003)	1,451
Net increase/(decrease) in cash and cash equivalents on discontinued operations	539	755	827

Note:

- (1) The financial information for 2018 and 2017 has been restated to reflect the changes in segment reporting, the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations.

Cash Flow from Operating Activities

Our cash flows from operating activities for the years ended 31 December 2019, 2018 and 2017 were as follows:

	Year ended 31 December (audited)		
	2019	2018 ⁽²⁾	2017 ⁽²⁾
	(USD millions)		
Profit from continuing operations of the year	9,990	5,157	8,606
Interest, taxes and non-cash items included in profit	11,029	16,070	12,720
Cash flow from operating activities before changes in working capital and provisions	21,019	21,227	21,326
Change in working capital ⁽¹⁾	(5)	477	135
Pension contributions and use of provisions	(715)	(487)	(576)
Interest and taxes (paid)/received	(7,063)	(7,177)	(6,106)
Dividends received	160	141	142
Cash flow from operating activities	13,396	14,181	14,920

Note:

- (1) For purposes of the table above, working capital includes inventories, trade and other receivables and trade and other payables, both current and non-current.
- (2) The financial information for 2018 and 2017 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations.

Non-cash items included in profit of the year include: depreciation, amortization and impairments, including impairment losses on receivables and inventories; additions and reversals in provisions and employee benefits; losses and gains on sales of property, plant and equipment, intangible assets, subsidiaries and assets held for sale; equity share-based payment expenses; share of results of associates and joint ventures; net finance cost; income tax expense and other non-cash items included in profit. Please refer to our consolidated cash flow statement in our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for a more comprehensive overview of our cash flow from operating activities.

Our primary source of cash flow for our ongoing activities and operations is our cash flow from operating activities. For extraordinary transactions (such as the 2008 Anheuser-Busch Companies acquisition, the 2013 Grupo Modelo combination and the combination with SAB), we may, from time to time, also rely on cash flows from other sources. See “—Cash Flow used in Investing Activities” and “—Cash Flow from/(used in) Financing Activities” below.

Cash flow from operating activities in 2019 decreased by USD 785 million, or 5.5%, from USD 14,181 million in 2018 to USD 13,396 million in 2019, mainly explained by lower changes in working capital and higher use of provisions in 2019 compared to 2018. The increased use of provisions was mainly driven by 226m US dollar payment in 2019 in relation to the European Commission investigation announced in 2018.

We devote substantial efforts to the efficient use of our working capital, especially those elements of working capital that are perceived as “core” (including trade receivables, inventories and trade payables). The initiatives to improve our working capital include the implementation of best practices on collection of receivables and inventory management, such as optimizing our inventory levels per stock taking unit, improving the batch sizes in our production process and optimizing the duration of overhauls. Similarly, we aim to efficiently manage our payables by reviewing our standard terms and conditions on payments and resolving, where appropriate, the terms of payment within 120 days upon receipt of invoice. Changes in working capital reduced our operational cash flow in 2019 by USD 5 million. This decrease includes USD 76 million cash inflow from derivatives.

Cash flow from operating activities in 2018 decreased by USD 739 million, or 5.0%, from USD 14,920 million in 2017 to USD 14,181 million in 2018, mainly explained by higher taxes paid in 2018 compared to 2017, including the payment of taxes related to prior periods.

Cash Flow used in Investing Activities

Our cash flows used in investing activities for the years ended 31 December 2019, 2018 and 2017 were as follows:

	Year ended 31 December		
	(audited)		
	2019	2018 ⁽²⁾	2017 ⁽²⁾
	(USD millions)		
Net capital expenditure ⁽¹⁾	(4,854)	(4,568)	(4,142)
Net of tax proceeds from SAB transaction-related divestitures	—	(430)	8,248
Acquisition and sale of subsidiaries and associates, net of cash acquired / disposed of	(252)	173	(529)
Proceeds from the sale of / (investment in) short-term debt securities	(9)	1,296	4,337
Other	42	(328)	(47)
Cash flow from (used in) investing activities	(5,073)	(3,857)	7,865

Note:

- (1) Net capital expenditure consists of acquisitions of plant, property and equipment and of intangible assets, minus proceeds from sale.
- (2) The financial information for 2018 and 2017 has been restated to reflect the classification of the Australian operations as discontinued operations.

Cash flow used in investing activities was USD 5,073 million in 2019 as compared to USD 3,857 million cash flow from investing activities in 2018. The cash flow from investing activities in 2019 mainly reflected lower proceeds from the sale of short-term debt securities. The 2018 cash flow used in investing activities was negatively impacted by the payments related to the recovery of the Budweiser distribution rights in Argentina as well as payments on SAB-related divestitures which were not repeated in 2019.

Our net capital expenditures amounted to USD 4,854 million in 2019 and USD 4,568 million in 2018. Out of the total 2019 capital expenditures approximately 42% was used to improve the company's production facilities while 43% was used for logistics and commercial investments and 15% was used for improving administrative capabilities and for the purchase of hardware and software.

Cash flow used in investing activities was USD 3,857 million in 2018 as compared to cash inflow of USD 7,865 million for 2017. The cash inflow from investing activities in 2017 mainly reflected the proceeds from the announced SAB-related divestitures completed during 2017, net of taxes paid in 2017 on prior year divestitures, which were not repeated in 2018.

Cash Flow from/(used in) Financing Activities

Our cash flows from/(used in) financing activities for the years ended 31 December 2019, 2018 and 2017 were as follows:

	Year ended 31 December (audited)		
	2019	2018 ⁽²⁾	2017 ⁽²⁾
	(USD millions)		
Dividends paid ⁽¹⁾	(5,015)	(7,761)	(9,275)
Net (payments on) / proceeds from borrowings	(8,008)	(4,707)	(9,981)
Proceeds from public offering of minority stake in Budweiser APAC	5,575	—	—
Payments of lease liabilities	(441)	(423)	(372)
Other (including net financing costs other than interest)	(623)	(1,436)	(1,705)
Cash flow from (used in) financing activities	(8,512)	(14,327)	(21,333)

Note:

- (1) Dividends paid in 2019 consisted primarily of USD 4.0 billion paid by Anheuser-Busch InBev SA/NV and USD 0.7 billion paid by Ambev. Dividends paid in 2018 consisted primarily of USD 6.5 billion paid by Anheuser-Busch InBev SA/NV and USD 0.9 billion paid by Ambev. Dividends paid in 2017 consisted primarily of USD 8.0 billion paid by Anheuser-Busch InBev SA/NV and USD 1.1 billion paid by Ambev.
- (2) The financial information for 2018 and 2017 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations.

Cash flow used in financing activities amounted to USD 8,512 million in 2019, as compared to a cash flow used in financing activities of USD 14,327 million in 2018. The cash flow used in financing activities in 2018 reflects dividends paid and payments on borrowings.

Cash flow used in financing activities amounted to USD 14,327 million in 2018, as compared to a cash flow used in financing activities of USD 21,333 million in 2017. The cash flow used in financing activities in 2018 reflects dividends paid and payments on borrowings.

For more information on the financing activities related to long-term debt issuances in 2018 and 2019, see “—Funding Sources—Borrowings” below. Please also refer to note 24 of our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

Transfers from Subsidiaries

The amount of dividends payable by our operating subsidiaries to us is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. For example, in Brazil, which accounted for 13.5% of our profit from operations for the year ended 31 December 2019, current legislation permits the Brazilian government to impose temporary restrictions on remittances of foreign capital abroad in the event of a serious imbalance or an anticipated serious imbalance in Brazil’s balance of payments. For approximately six months in 1989 and early 1990, the Brazilian government froze all dividend and capital repatriations held by the Brazilian Central Bank that were owed to foreign equity investors in order to conserve Brazil’s foreign currency reserves. Capital transfer restrictions are also common in certain developing countries, and may affect our flexibility in implementing a capital structure we believe to be efficient. For example, China has very specific approval regulations for all capital transfers to or from the country. As at 31 December 2019, the restrictions above mentioned were not deemed significant on the company’s ability to access or use the assets or settle the liabilities of the operating subsidiaries.

Dividends paid to us by certain of our subsidiaries are also subject to withholding taxes. Withholding tax, if applicable, generally does not exceed 15%.

Funding Sources

Funding Policies

We aim to secure committed credit lines with financial institutions to cover our liquidity risk on a 12-month and 24-month basis. Liquidity risk is identified using both the budget and strategic planning process input of the group on a consolidated basis. Depending on market circumstances and the availability of local debt capital markets, we may decide, based on liquidity forecasts, to secure funding on a medium- and long-term basis.

We also seek to continuously optimize our capital structure targeting to maximizing shareholder value while keeping desired financial flexibility to execute strategic projects. Our capital structure policy and framework aims to optimize shareholder value through cash flow distribution to us from our subsidiaries, while maintaining an investment-grade rating and minimizing investments with returns below our weighted average cost of capital.

Cash and Cash Equivalents and Short-Term Investments

Our cash and cash equivalents and short-term investments, less bank overdrafts, at each of 31 December 2019, 2018 and 2017 were as follows:

	Year ended 31 December (derived from audited financial statements)		
	2019	2018 (USD millions)	2017
Cash and cash equivalents	5,002	4,841	6,576
Bank overdrafts	(68)	(114)	(117)
Investment in short-term debt securities	2,236	2,233	3,896
Cash and Cash Equivalents and Short-Term Investments	7,169	6,960	10,355

Borrowings

During 2019, Anheuser-Busch InBev Worldwide Inc. (“ABIWW”) and Anheuser-Busch InBev SA/NV (“ABISA”) completed the issuance of the following series of bonds:

Issue date	Issuer (Abbreviated)	Maturity Date	Currency	Aggregate principal amount (in USD millions)	Interest rate
23 Jan 2019	ABIWW	23 Jan 2025	USD	2,500	4.150%
23 Jan 2019	ABIWW	23 Jan 2029	USD	4,250	4.750%
23 Jan 2019	ABIWW	23 Jan 2031	USD	750	4.900%
23 Jan 2019	ABIWW	23 Jan 2039	USD	2,000	5.450%
23 Jan 2019	ABIWW	23 Jan 2049	USD	4,000	5.550%
23 Jan 2019	ABIWW	23 Jan 2059	USD	2,000	5.800%
29 Mar 2019	ABISA	1 Jul 2027	EUR	1,250	1.125%
29 Mar 2019	ABISA	28 Mar 2031	EUR	1,000	1.650%

On 11 February 2019, we completed the tender offers of twelve series of notes issued by Anheuser-Busch InBev Finance Inc. (“ABIFI”), ABIWW and Anheuser-Busch Companies, LLC (“ABC”) and repurchased USD 16.3 billion aggregate principal amount of these notes. The total principal amount accepted in the tender offers is set out in the table below.

Date of redemption	Issuer (abbreviated)	Title of series of notes issued/exchanged	Currency	Original principal amount outstanding (in USD millions)	Principal amount redeemed (in USD millions)
11 Feb 2019	ABIFI	2.650% Notes due 2021	USD	4,968	2,519
11 Feb 2019	ABIFI	Floating Rate Notes due 2021	USD	500	189
11 Feb 2019	ABIWW	4.375% Notes due 2021	USD	500	215

Date of redemption	Issuer (abbreviated)	Title of series of notes issued exchanged	Currency	Original principal amount outstanding (in USD millions)	Principal amount redeemed (in USD millions)
11 Feb 2019	ABIWW	3.750% Notes due 2022	USD	2,350	1,101
11 Feb 2019	ABIWW	2.500% Notes due 2022	USD	3,000	1,296
11 Feb 2019	ABIFI	2.625% Notes due 2023	USD	1,250	607
11 Feb 2019	ABIFI	3.300% Notes due 2023	USD	6,000	2,886
11 Feb 2019	ABIWW	Floating Rate Notes due 2024	USD	500	271
11 Feb 2019	ABIWW	3.500% Notes due 2024	USD	1,500	846
11 Feb 2019	ABIFI	3.700% Notes due 2024	USD	1,400	535
11 Feb 2019	ABIFI	3.650% Notes due 2026	USD	2,445	812
11 Feb 2019	ABC	3.650% Notes due 2026	USD	8,555	5,064

Furthermore, in 2019, we redeemed the outstanding principal amounts indicated in the table below of the following series of notes issued by ABISA, ABIFI and ABIWW:

Date of redemption	Issuer (abbreviated)	Title of series of notes issued exchanged	Currency	Aggregate principal amount outstanding (in USD millions)	Principal amount redeemed (in USD millions)
25 Apr 2019	ABISA	2.25% Notes due 2020	EUR	750	750
25 Apr 2019	ABIWW	3.750% Notes due 2022	USD	1,249	1 249
25 Apr 2019	ABIFI	3.300% Notes due 2023	USD	3,114	315
29 Oct 2019	ABISA	0.625% Notes due 2020	EUR	1,750	1,750
29 Oct 2019	ABIFI	2.650% Notes due 2021	USD	2,449	2,449
29 Oct 2019	ABIWW	2.500% Notes due 2022	USD	1,704	525
12 Nov 2019	ABIWW	2.500% Notes due 2022	USD	1,179	725

On 15 May 2019, we completed United States SEC-registered exchange offers for the outstanding unregistered notes issued by ABC and ABIWW listed below in exchange for new SEC-registered notes on substantially identical terms issued by ABC and ABIWW, for a total principal amount of notes exchanged of USD 18.2 billion:

Title of series of notes issued exchanged	Original principal amount outstanding (in USD millions)	Principal amount outstanding exchanged ⁽¹⁾ (in USD millions)	Principal amount not exchanged (in USD millions)
4.900% Notes due 2046	9,543	9,519	24
4.700% Notes due 2036	5,385	5,342	44
3.650% Notes due 2026	3,491	3,336	155

In 2010, we entered into a senior facilities agreement (the “**2010 Senior Facilities Agreement**”). The 2010 Senior Facilities Agreement comprised a USD 5.0 billion term loan maturing in 2013, which was fully prepaid and terminated in April 2013, and a USD 8.0 billion multi-currency revolving credit facility maturing in 2015 (the “**Revolving Facility**”). In 2013, we amended the terms of the Revolving Facility, extending the provision of USD 7.2 billion to a revised maturity of July 2018. On 28 August 2015, we further amended the terms of the Revolving Facility to increase the total commitment to USD 9.0 billion and to extend the maturity to August 2020. Effective 3 October 2017, we further amended the Revolving Facility to extend the maturity by two years to August 2022.

The terms of the Revolving Facility are described under “Item 10. Additional Information—C. Material Contracts.”

We expect the portion of our consolidated balance sheet represented by debt to remain significantly higher as compared to former AB InBev's historical position. Our continued increased level of debt could have significant consequences, as described under "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We may not be able to obtain the necessary funding for our future capital or refinancing needs and may face financial risks due to our level of debt, uncertain market conditions and as a result of the potential downgrading of our credit ratings."

Most of our other interest-bearing loans and borrowings are for general corporate purposes, based upon strategic capital structure concerns, although certain borrowings are incurred to fund significant acquisitions of subsidiaries, such as the borrowings to fund the combination with Grupo Modelo. Although seasonal factors affect the business, they have little effect on our borrowing requirements.

We have a Euro Medium-Term Note Programme under which Anheuser-Busch InBev SA/NV may periodically issue and have outstanding debt denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, outside the U.S. to non-U.S. persons in reliance on Regulation S. The guarantors of payments of all amounts due in respect of notes issued under the EMTN Programme are Cobre NV, Brandbrew SA, Brandbev S.à.R.L., Anheuser-Busch InBev Worldwide Inc., ABIFI and Anheuser-Busch Companies, LLC (subject to certain terms and conditions). Under the EMTN Programme, we may issue notes on a continuing basis up to a maximum aggregate principal amount of EUR 40 billion (USD 45 billion) or its equivalent in other currencies. Such notes may be fixed, floating, zero coupon or a combination of these. The proceeds from the issuance of any such notes may be used to repay short-term and/or long-term debt and to fund general corporate purposes of the AB InBev Group. If in respect of any particular issue of notes there is a particular identified use of proceeds, this will be stated in the applicable final terms relating to the notes. As of 31 December 2019, the total outstanding debt under the EMTN Programme amounted to EUR 29 billion (USD 32 billion). Our ability to issue additional notes under the EMTN Programme is subject to market conditions.

We have a Belgian commercial paper program under which Anheuser-Busch InBev SA/NV and Cobre NV may issue and have outstanding at any time commercial paper notes up to a maximum aggregate amount of EUR 3 billion (USD 3.4 billion) or its equivalent in alternative currencies. The proceeds from the issuance of any such notes may be used for general corporate purposes. The notes may be issued in two tranches: Tranche A has a maturity of not less than seven and not more than 364 days from and including the day of issue; Tranche B has a maturity of not less than one year. We also have established a U.S. commercial paper program for an aggregate outstanding amount not exceeding USD 5.0 billion. As of 31 December 2019, the total outstanding commercial paper under these programs amounted to USD 1.6 billion. Our ability to borrow additional amounts under the programs is subject to investor demand. If we are ever unable to refinance under these commercial programs as they become due, we have access to funding through the use of our committed lines of credit.

Our borrowings are linked to different interest rates, both variable and fixed. As of 31 December 2019, after certain hedging and fair value adjustments, USD 9.7 billion, or 9.4%, of our interest-bearing financial liabilities (which include loans, borrowings and bank overdrafts) bore a variable interest rate, while USD 93.4 billion, or 90.6%, bore a fixed interest rate. Our net debt is denominated in various currencies, though primarily in the U.S. dollar and the euro. Our policy is to proactively address and manage the relationship between our various borrowing currency liabilities and our functional currency cash flows, through long-term or short-term borrowing arrangements, either directly in their functional currencies or indirectly through hedging arrangements.

The currency of borrowing is driven by various factors in the different countries of operation, including a need to hedge against functional currency inflation, currency convertibility constraints, or restrictions imposed by exchange control or other regulations. In accordance with our policy aimed at achieving an optimal balance between cost of funding and volatility of financial results, we seek to proactively address and manage the relationship between borrowing liabilities and functional currency cash flows, and we may enter into certain financial instruments in order to mitigate currency risk.

We use a hybrid currency matching model pursuant to which we may (i) match net debt currency exposure to cash flows in such currency, measured on the basis of EBITDA, as defined, adjusted for exceptional items, by swapping a significant portion of U.S. dollar debt to other currencies, such as Brazilian real (with a higher coupon), although this would negatively impact our profit and earnings due to the higher Brazilian real interest coupon, and (ii) use U.S. dollar cash flows to service interest payments under our debt obligations. For our definition of EBITDA, as defined, see "—E. Results of Operations—Year Ended 31 December 2019 Compared to the Year Ended 31 December 2018—EBITDA, as defined."

We have also entered into certain financial instruments in order to mitigate interest rate risks.

Please refer to note 29 of our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019, “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Market Risk, Hedging and Financial Instruments.”

The 2010 Senior Facilities Agreement does not include restrictive financial covenants. For further details regarding our total current and non-current liabilities, please refer to note 24 of our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

The following table sets forth the level of our current and non-current interest-bearing loans and borrowings as of 31 December 2019 and 2018:

	Year ended 31 December (audited)	
	2019	2018
	<i>(USD millions)</i>	
Secured bank loans	861	479
Commercial papers	1,599	1,142
Unsecured bank loans	185	108
Unsecured bond issues	98,206	107,796
Unsecured other loans	97	71
Lease liabilities ⁽¹⁾	2,025	1,985
Total	102,974	111,581

Note:

- (1) The financial information for 2018 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application.

The following table sets forth the contractual maturities of our interest-bearing liabilities as of 31 December 2019:

	Carrying Amount⁽¹⁾	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
			<i>(USD millions)</i>			
Secured bank loans	861	790	14	14	16	27
Commercial papers	1,599	1,599	—	—	—	—
Unsecured bank loans	185	135	50	—	—	—
Unsecured bond issues	98,206	2,532	2,506	2,760	11,435	78,973
Unsecured other loans	98	21	13	8	4	52
Lease liabilities	2,025	333	290	198	225	979
Total	102,974	5,410	2,873	2,980	11,680	80,031

Note:

- (1) “Carrying Amount” refers to net book value as recognized on the balance sheet at 31 December 2019.

Please refer to note 29 of our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for a description of the currencies of our financial liabilities and a description of the financial instruments we use to hedge our liabilities.

Credit Rating

As of the date of this Form 20-F, our credit rating from S&P was A- for long-term obligations and A-2 for short-term obligations, with a stable outlook, and our credit rating from Moody's Investors Service was Baa1 for long-term obligations and P-2 for short-term obligations, with a stable outlook. Credit ratings may be changed, suspended or withdrawn at any time and are not a recommendation to buy, hold or sell any of our or our subsidiaries' securities. Any change in our credit ratings could have a significant impact on the cost of debt capital to us and/or our ability to raise capital in the debt markets.

Capital Expenditures

We spent USD 4,854 million during 2019 on acquiring capital assets (net of proceeds from the sale of property, plant, equipment and intangible assets). Out of the total capital expenditures of 2019, approximately 42% was used to improve our production facilities while 43% was used for logistics and commercial investments. Approximately 15% was used for improving administrative capabilities and purchase of hardware and software.

We spent USD 4,568 million during 2018 on acquiring capital assets (net of proceeds from the sale of property, plant, equipment and intangible assets). Out of the total capital expenditures of 2018, approximately 52% was used to improve our production facilities while 38% was used for logistics and commercial investments. Approximately 10% was used for improving administrative capabilities and purchase of hardware and software.

We spent USD 4,142 million during 2017 on acquiring capital assets (net of proceeds from the sale of property, plant, equipment and intangible assets). Out of the total capital expenditures of 2017, approximately 47% was used to improve our production facilities while 43% was used for logistics and commercial investments. Approximately 10% was used for improving administrative capabilities and purchase of hardware and software.

The above information relates to capital expenditures with respect to continuing operations only, and excludes the Australian operations accounted for as discontinued operations.

Our capital expenditures are primarily funded through cash from operating activities.

Investments and Disposals

We regularly engage in acquisitions, divestitures and investments. We also engage in start-up or termination of activities and may transfer activities between business segments. Such events have had, and are expected to continue to have, a significant effect on our results of operations and the comparability of period-to-period results. See “—A. Key Factors Affecting Results of Operations—Acquisitions, Divestitures and Other Structural Changes” for further information on significant acquisitions, divestitures, investments, transfers of activities between business segments and other structural changes in the years ended 31 December 2019, 2018, and 2017. See also note 6 and note 8 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 included in this Form 20-F.

Net Debt and Equity

We define net debt as non-current and current interest-bearing loans and borrowings plus bank overdrafts and minus cash and cash equivalents, interest-bearing loans granted and debt securities. Net debt is a financial performance indicator that is used by our management to highlight changes in our overall liquidity position. We believe that net debt is meaningful for investors as it is one of the primary measures our management uses when evaluating our progress towards deleveraging.

The following table provides a reconciliation of our net debt to the sum of current and non-current interest bearing loans and borrowings as of the dates indicated:

	31 December (audited)⁽²⁾	
	2019	2018⁽²⁾
	<i>(USD million)</i>	
Non-current interest bearing loans and borrowings	97,564	106,997
Current interest bearing loans and borrowings	5,410	4,584
Total	102,974	111,581

	31 December (audited)⁽²⁾	
	2019	2018⁽²⁾
	<i>(USD million)</i>	
Bank overdrafts	68	114
Cash and cash equivalents	(7,238)	(7,074)
Interest-bearing loans granted (included within Trade and other receivables)	(146)	(267)
Non-current and current debt securities (included within Investment securities) ⁽¹⁾	(117)	(111)
Net debt	95,542	104,242

Note:

- (1) See note 24 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.
- (2) The financial information for 2018 has been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application.

Net debt as of 31 December 2019 was USD 95.5 billion, a decrease of USD 8.7 billion as compared to 31 December 2018. Apart from operating results net of capital expenditures, the net debt is impacted mainly by the payment of interests and taxes (USD 7.1 billion increase of net debt), the settlement of derivatives (USD 0.8 billion increase of net debt), dividend payments to shareholders of AB InBev and Ambev (USD 5.0 billion increase of net debt) and the net proceeds of the IPO of Budweiser APAC (USD 5.6 billion decrease of net debt).

Net debt as of 31 December 2018 was USD 104.2 billion, a decrease of USD 2.3 billion as compared to 31 December 2017. Apart from operating results net of capital expenditures, the net debt is mainly impacted by the acquisition by Ambev of additional shares in Cervecería Nacional Dominicana S.A. following the partial exercise by E. León Jimenes S.A. of its put option (USD 0.9 billion), the payment to Molson Coors Brewing Company related to a purchase price adjustment on the disposal completed on 11 October 2016 of SAB's interest in MillerCoors LLC and all trademarks, contracts and other assets primarily related to the international business of Miller (USD 0.3 billion), dividend payments to shareholders of AB InBev and Ambev (USD 7.8 billion), the payment of interests and taxes (USD 7.1 billion) and the impact of changes in foreign exchange rates (USD 2.1 billion decrease of net debt).

Consolidated equity attributable to equity holders of AB InBev as of 31 December 2019 was USD 75,722 million, compared to USD 64,485 million as of 31 December 2018. The increase in equity is primarily related to the combined effect of the strengthening of mainly the closing rates of Mexican pesos, South African rand, Canadian dollar and weakening of euro and Brazilian real resulted in a foreign exchange translation adjustment of USD 1,143 million as of 31 December 2019.

Consolidated equity attributable to equity holders of AB InBev as at 31 December 2018 was USD 64,485 million, compared to USD 72,576 million as at 31 December 2017. The decrease in equity is primarily related to the combined effect of the weakening of, principally, the closing rates of the South African rand, the Brazilian real, the Canadian dollar, the Australian dollar and the euro, which resulted in a foreign exchange translation adjustment of USD 7,374 million as of 31 December 2018.

Further details on equity movements can be found in our consolidated statement of changes in equity in our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

Our optimal capital structure remains a net debt to EBITDA, as defined (adjusted for exceptional items), ratio of around 2x. We expect our net debt to EBITDA, as defined (adjusted for exceptional items), ratio to be below 4x by the end of 2020.

See “—Funding Sources—Borrowings” above for details of long-term debt we entered into during 2019.

H. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Contractual Obligations

The following table reflects certain of our financial contractual obligations, and the effect such obligations are expected to have on our liquidity and cash flows in future periods, as of 31 December 2019:

Contractual Obligations	Contractual cash flows ⁽²⁾	Less than 1 year	Payment Due By Period			
			1-2 years	2-3 years	3-5 years	More than 5 years
			(USD millions)			
Secured bank loans	(890)	(795)	(18)	(18)	(22)	(37)
Commercial papers	(1,599)	(1,599)	—	—	—	—
Unsecured bank loans	(188)	(140)	(47)	(1)	—	—
Unsecured bond issues	(165,424)	(5,513)	(6,415)	(6,518)	(18,605)	(128,373)
Unsecured other loans	(131)	(27)	(17)	(9)	(5)	(72)
Lease liabilities	(2,338)	(404)	(350)	(243)	(285)	(1,056)
Bank overdraft	(68)	(68)	—	—	—	—
Trade and other payables	(25,152)	(22,861)	(1,227)	(472)	(165)	(428)
Total⁽¹⁾	(195,790)	(31,407)	(8,074)	(7,261)	(19,082)	(129,966)

Note:

- (1) “Total” amounts refer to non-derivative financial liabilities including interest payments.
- (2) The loan and bond issue contractual cash flow amounts presented above differ from the carrying amounts for these items in our financial statements in that they include our best estimates of future interest payable (not yet accrued) in order to better reflect our future cash flow position.

Please refer to “—G. Liquidity and Capital Resources—Funding Sources—Borrowings” for further information regarding our short-term borrowings and long-term debt.

Please refer to note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019, and in particular to the discussions therein on “Liquidity Risk,” for more information regarding the maturity of our contractual obligations, including interest payments and derivative financial assets and liabilities.

Information regarding our pension commitments and funding arrangements is described in our Significant Accounting Policies and in note 25 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019. The level of contributions to funded pension plans is determined according to the relevant legislation in each jurisdiction in which we operate. In some countries there are statutory minimum funding requirements while in others we have developed our own policies, sometimes in agreement with the local trustee bodies. The size and timing of contributions will usually depend upon the performance of investment markets. Depending on the country and plan in question, the funding level will be monitored periodically and the contribution amount amended appropriately. Consequently, it is not possible to predict with any certainty the amounts that might become payable from 2020 onwards. In 2019, our employer contributions to defined benefit and defined contribution pension plans amounted to USD 395 million. Contributions to defined benefit pension plans for 2020 are estimated to be approximately USD 325 million for our funded defined benefit plans, and USD 81 million in benefit payments to our unfunded defined benefit plans and post-retirement medical plans. Please refer to note 25 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for further information on our employee benefit obligations.

Collateral and Contractual Commitments

The following table reflects our collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other commitments, as of 31 December 2019 and 2018:

	Year ended 31 December (audited)	
	2019	2018
	(USD million)	
Collateral given for own liabilities	372	404
Contractual commitments to purchase property, plant and equipment	457	416
Contractual commitments to acquire loans to customers	151	171
Other commitments	1,911	1,973

As at 31 December 2019, the following M&A related commitments existed:

- As part of the 2012 shareholders agreement between our subsidiary Ambev and E. León Jimenes S.A. (“ELJ”), following the acquisition of Cervecería Nacional Dominicana S.A. (“CND”), a put and call option is in place which may result in Ambev acquiring additional shares in CND. On 1 December 2017, Ambev announced that ELJ partially exercised its option to sell approximately 30% of the shares of CND for an amount of USD 0.9 billion. The transaction closed in January 2018 resulting in Ambev’s participation in CND increasing from 55% to 85%. As at 31 December 2019, the put option was valued USD 0.7 billion (2018: USD 0.6 billion).
- Upon the combination with SAB, we maintained South African Breweries’ Zenzele share-scheme which supports broad-based black economic empowerment (B-BBEE) and provides opportunities for black South Africans (including employees and SAB retailers) to participate as shareholders. The Zenzele share-scheme originally implemented by SAB in 2010, was amended at the time of the SAB combination and will expire in April 2020. We will settle the obligations that arise under the Zenzele share-scheme upon its expiration using our treasury shares. The obligation is estimated to be approximately ZAR 9.8 billion (USD 0.7 billion⁸). The number of our shares required to settle the obligation will depend on our share price and ZAR to Euro exchange rate at the time of the settlement. The settlement would be equivalent to 8.5 million of our shares assuming our share price and the ZAR Euro exchange rate as at 31 December 2019.⁹
- As part of the SAB transaction, we made a commitment to the South African Government and Competition Authorities to create a new B-BBEE scheme upon maturity in 2020 of SAB’s current Zenzele Scheme. In order to create the new B-BBEE scheme the following steps will be undertaken:
 - The new scheme will be implemented through the listing of a NewCo (which will be called Zenzele Kabili) on the Johannesburg Stock Exchange B-BBEE Exchange;
 - The NewCo will hold unencumbered our shares;
 - Existing Zenzele participants (employees, retailers and the SAB Foundation) will be given an option to reinvest a portion of their Zenzele payout into the Newco;
 - A new Employee Share Plan, funded by AB InBev, will subscribe for NewCo shares.

The new scheme is estimated to require ZAR 4.4 billion (USD 0.3 billion¹⁰) in facilitation and notional vendor funding. The settlement would be equivalent to 3.8 million of our shares assuming the share price and the ZAR Euro exchange rate as at 31 December 2019¹¹ and it will be funded with our treasury shares. This scheme arrangement meets the criteria under IFRS 2 to be classified as equity settled.

⁸ Converted at the December 2019 closing rate.

⁹ Assuming the December 2019 closing share price of 72.71 euro per share and 31 December 2019 ZAR per Euro exchange rate of 15.777300.

¹⁰ Converted at the December 2019 closing rate.

¹¹ Assuming the December 2019 closing share price of 72.71 euro per share and 31 December 2019 ZAR per Euro exchange rate of 15.777300.

Please refer to note 31 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for more information regarding collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and others.

Contingencies

We are subject to various contingencies with respect to tax, labor, distributors and other claims. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions. To the extent that we believe these contingencies will probably be realized, a provision has been recorded in our balance sheet.

To the extent that we believe that the realization of a contingency is possible (but not probable) and is above certain materiality thresholds, we have disclosed those items in note 32 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

I. OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors. Please refer to “—H. Contractual Obligations and Contingencies—Collateral and Contractual Commitments” for a description of certain collateral and contractual commitments to which we are subject. Please also refer to note 31 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

In order to fulfill our commitments under various outstanding stock option plans, we entered into stock lending arrangements for up to 30 million of our own Ordinary Shares. We shall pay the lenders any dividend equivalent, after tax, in respect of the loaned securities. This payment will be reported through equity as dividend. As of 31 December 2019, 28.9 million loaned securities were used to fulfill our stock option plan commitments. Please also refer to note 26 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

J. OUTLOOK AND TREND INFORMATION

On 27 February 2020, in connection with the release of our fourth quarter results, we announced an outlook for 2020, which included guidance as of that date on the impact of COVID-19; our performance expectations for the year; our cost of sales per hectoliter growth; our net finance costs, our effective tax rate; our net capital expenditure; our debt position and our dividend outlook (the “**2020 Outlook**”). That 2020 Outlook reflected our assessment at that time. Since 27 February 2020, the scale and magnitude of COVID-19 has increased significantly, resulting in restrictions imposed on many customers, as well as other limitations and social distancing measures in many countries in mid-March 2020. Given the uncertainty, volatility and fast-moving developments of the pandemic in the markets in which we operate, on 23 March 2020, we withdrew the 2020 Outlook in its entirety because of the impact of COVID-19.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Administrative, Management, Supervisory Bodies and Senior Management Structure

Our management structure is a “one-tier” governance structure composed of our Board, a Chief Executive Officer responsible for our day-to-day management and an executive committee (the “**Executive Committee**”), comprised of our Chief Executive Officer, Chief Financial and Technology Officer, Chief People and Transformation Officer and Chief Legal and Corporate Affairs Officer and Corporate Secretary. Our Board is assisted by four main committees: the Audit Committee, the Finance Committee, the Remuneration Committee and the Nomination Committee. See “—C. Board Practices—Information About Our Committees.”

Board of Directors

Role and Responsibilities, Composition, Structure and Organization

The role and responsibilities of our Board of Directors and its composition, structure and organization are described in detail in our corporate governance charter (“Corporate Governance Charter”), which is available on our website:

<https://www.ab-inbev.com/investors/corporate-governance.html>.

Our Board may be composed of a maximum of 15 directors. There are currently 15 directors, all of whom are non-executives.

Under our articles of association, the directors are appointed as follows:

- three independent directors will be appointed by our shareholders’ meeting upon proposal by our Board of Directors;
- so long as the Stichting and/or any of its affiliates, any of their respective successors and/or successors’ affiliates own, in aggregate, more than 30% of the shares with voting rights in our share capital, nine directors will be appointed by our shareholders’ meeting upon proposal by the Stichting (and/or any of its affiliates, any of their respective successors and/or successors’ affiliates); and
- so long as the holders of Restricted Shares, together with their affiliates and/or any of their successors and/or successors’ affiliates, own in aggregate:

- more than 13.5% of the shares with voting rights in our share capital, three directors will be appointed by our shareholders' meeting upon proposal by the holders of the Restricted Shares;
- more than 9% but not more than 13.5% of the shares with voting rights in our share capital, two directors will be appointed by our shareholders' meeting upon proposal by the holders of the Restricted Shares;
- more than 4.5% but not more than 9% of the shares with voting rights in our share capital, one director will be appointed by our shareholders' meeting upon proposal by the holders of the Restricted Shares; and
- 4.5% or less than 4.5% of the shares with voting rights in our share capital, the holders of the Restricted Shares will no longer have the right to propose any candidate for appointment as a member of our Board of Directors and no directors will be appointed upon proposal by the holders of the Restricted Shares.

As a consequence, our Board is currently composed of four directors nominated by Eugénie Patri Sébastien S.A. (which represents Interbrew's founding Belgian families and holds the class A Stichting certificates), four directors nominated by BRC S.à.R.L. ("**BRC**") (which represents the Brazilian families that were previously the controlling shareholders of Ambev and holds the class B Stichting certificates), one additional non-executive director who was appointed by the Stichting, three directors who were appointed by the holders of Restricted Shares and three independent directors. The independent directors are recommended by our Nomination Committee, nominated by the Board of Directors and subsequently elected at our shareholders' meeting. Directors (other than the Restricted Share Directors) are appointed for a maximum term of four years, but the shareholders' meeting can resolve for a shorter term. In accordance with our bylaws, Restricted Share Directors are appointed for renewable terms ending at the next shareholders' meeting following their appointment.

Under article 7:87 of the Belgian Code of Companies and Associations (the "**Belgian Companies Code**"), the independence of directors is assessed by taking into consideration the criteria set out in Principle 3.5 of the 2020 Belgian Corporate Governance Code, which are the following:

- the director is not an executive, or exercising a function as a person entrusted with the daily management of the company or a related company or person, and has not been in such a position for the previous three years before their appointment and is no longer enjoying stock options of the company related to this position;
- the director has not served for a total term of more than twelve years as a board member;
- the director is not an employee of the senior management of the company or a related company or person, and has not been in such a position for the previous three years before their appointment and is no longer enjoying stock options of the company related to this position;
- the director is not receiving, or has not received during their mandate or for a period of three years prior to their appointment, any significant remuneration or any other significant advantage of a patrimonial nature from the company or a related company or person, apart from any fee they receive or have received as a non-executive board member;
- the director does not hold shares, either directly or indirectly, either alone or in concert, representing globally one-tenth or more of the company's capital or one-tenth or more of the voting rights in the company at the moment of appointment and not has not been nominated, in any circumstances, by a shareholder fulfilling the conditions covered above;
- the director does not maintain, or has not maintained in the past year before their appointment, a significant business relationship with the company or a related company or person, either directly or as partner, shareholder, board member, member of the senior management of a company or person who maintains such a relationship;

- the director is not or has not been within the last three years before their appointment, a partner or member of the audit team of the company or person who is, or has been within the last three years before their appointment, the external auditor of the company or a related company or person;
- the director is not an executive of another company in which an executive of the company is a non-executive board member; and
- the director does not have, in the company or a related company or person, a spouse, legal partner or close family member to the second degree, exercising a function as board member or executive or person entrusted with the daily management or employee of the senior management, or falling in one of the other cases referred to in bullets 1. to 8. above, and as far as the second bullet is concerned, up to three years after the date on which the relevant relative has terminated their last term.

Should the Board present for appointment as independent director a candidate who does not meet the criteria above, it will explain the reasons why it considers that such candidate is independent, in accordance with article 7:97 of the Belgian Companies Code.

Directors on our Board who serve on our Audit Committee are also required to meet the criteria for independence set forth in Rule 10A-3 under the Exchange Act of 1934. Based on our Governance Charter, a majority of the voting members of the Audit Committee are independent directors under Belgian corporate law.

The appointment and renewal of all of our directors is based on a recommendation of the Nomination Committee, and is subject to approval by our shareholders' meeting.

Our Board is our ultimate decision-making body, except for the powers reserved to our shareholders' meeting by law, or as specified in the articles of association.

Our Board meets as frequently as our interests require. In addition, special meetings of our Board may be called and held at any time upon the call of either the chair of our Board or at least two directors. Board meetings are based on a detailed agenda specifying the topics for decision and those for information. Board decisions are made by a simple majority of the votes cast.

The composition of our Board is currently as follows:

Name	Principal Function	Nature of Directorship	Initially Appointed	Term Expires
María Asunción Aramburuzabala	Director	Non-executive	2016	2020
Martin J. Barrington	Director and Chair of the Board ⁽¹⁾	Non-executive, nominated by the holders of Restricted Shares	2016	2020
M. Michele Burns	Independent Director	Non-executive	2016	2020
Sabine Chalmers	Director	Non-executive, nominated by the holders of class A Stichting certificates	2019	2023
Paul Cornet de Ways Ruat	Director	Non-executive, nominated by the holders of class A Stichting certificates	2016	2020

Name	Principal Function	Nature of Directorship	Initially Appointed	Term Expires
Claudio Garcia	Director	Non-executive, nominated by the holders of class B Stichting certificates	2019	2023
William F. Gifford, Jr.	Director	Non-executive, nominated by the holders of Restricted Shares	2016	2020
Paulo Alberto Lemann	Director	Non-executive, nominated by the holders of class B Stichting certificates	2016	2020
Xiaozhi Liu	Independent Director	Non-executive	2019	2023
Alejandro Santo Domingo Dávila	Director	Non-executive, nominated by the holders of Restricted Shares	2016	2020
Elio Leoni Sceti	Independent Director	Non-executive	2016	2020
Cecilia Sicupira	Director	Non-executive, nominated by the holders of class B Stichting certificates	2019	2023
Grégoire de Spoelberch	Director	Non-executive, nominated by the holders of class A Stichting certificates	2016	2020
Marcel Herrmann Telles	Director	Non-executive, nominated by the holders of class B Stichting certificates	2016	2020
Alexandre Van Damme	Director	Non-executive, nominated by the holders of class A Stichting certificates	2016	2020

Note:

(1) We have determined that Mr. Barrington is an independent director for purposes of Rule 10A-3 of the Exchange Act.

At our annual shareholders' meeting held on 24 April 2019, the mandate of Mr. Olivier Goudet, independent director and Chair of the Board, and the mandates of Messrs. Stéfán Descheemaeker, Alexandre Behring and Carlos Sicupira ended. Dr. Xiaozhi Liu was appointed as a new independent director for a term of 4 years. Likewise, Ms. Sabine Chalmers, Mr. Claudio Garcia and Ms. Cecilia Sicupira were appointed as new members of the Board upon proposal of the Stichting for a term of 4 years. Mr. Martin J. Barrington succeeded to Mr. Goudet as Chair of the Board.

Their mandates are renewable.

The business address for all of our directors is: Brouwerijplein 1, 3000 Leuven, Belgium.

No member of the Board has any conflicts of interest within the meaning of the Belgian Companies Code between any duties he or she owes to us and any private interests and/or other duties.

Ms. Aramburuzabala is a non-executive member of the Board. Born in 1963, she is a citizen of Mexico and holds a degree in Accounting from ITAM (Instituto Tecnológico Autónomo de México). She has served as CEO of Tresalia Capital since 1996. She is currently chair of the Boards of Directors of Tresalia Capital, KIO Networks, Abilia and Red Universalia. She is also a member of the Advisory Board of Grupo Modelo and was formerly a member of the Grupo Modelo Board of Directors, and is currently on the Boards of Consejo Mexicano de Negocios and El Universal, Compañía Periodística Nacional and is an Advisory Board member of ITAM School of Business.

Mr. Barrington is a representative of the Restricted Shareholders. Born in 1953, he is an American citizen and graduated from The College of Saint Rose with a Bachelor's Degree in History, and from Albany Law School of Union University with a Juris Doctorate Degree. He is the retired Chairman, Chief Executive Officer and President of Altria Group. During his 25 years at Altria Group, he served in numerous legal and business roles for Altria and its companies. These include Vice Chairman of Altria Group; Executive Vice President and Chief Administrative Officer of Altria Group; Senior Vice President and General Counsel of Philip Morris International (a separate public company spun off from Altria Group in 2008); and Senior Vice President and General Counsel of Philip Morris USA. Before joining Altria, Mr. Barrington practiced law in both the government and private sectors.

Ms. Burns is an independent member of the Board. Born in 1958, she is an American citizen and graduated Summa Cum Laude from the University of Georgia with a Bachelor's Degree in Business Administration and a Master's Degree in Accountancy. Ms. Burns was the Chairman and Chief Executive Officer of Mercer LLC from 2006 until 2012. She currently serves on the Boards of Directors of The Goldman Sachs Group, where she chairs the Compensation Committee, Cisco Systems, where she chairs the Finance Committee, Etsy and Circle Online Financial, a private company. From 2003 until 2013, she served as a director of Wal-Mart Stores. From 2014 until 2018, she served on the Board of Alexion Pharmaceuticals. She currently serves on the Advisory Council of the Stanford Center on Longevity at Stanford University. Ms. Burns began her career in 1981 at Arthur Andersen, where she became a partner in 1991. In 1999, she joined Delta Air Lines, assuming the role of Chief Financial Officer from 2000 to 2004. From 2004 to 2006, Ms. Burns served as Chief Financial Officer and Chief Restructuring Officer of Mirant Corporation, an independent power producer. From March 2006 until September 2006, Ms. Burns served as the Chief Financial Officer of Marsh and McLennan Companies.

Ms. Chalmers is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1965, Ms. Chalmers is an American citizen and holds a bachelor's degree in Law from the London School of Economics and is qualified to practice law in England and New York State. Ms. Chalmers is the General Counsel of BT Group plc and serves on the Board of Directors and Audit & Finance Committee of Coty Inc. Prior to joining BT, she was the Chief Legal and Corporate Affairs Officer & Secretary to the Board of Directors of AB InBev, a role she held from 2005 to 2017. Ms. Chalmers joined AB InBev after 12 years with Diageo plc where she held a number of senior legal positions including as General Counsel of the Latin American and North American businesses. Prior to Diageo plc, she was an associate at the law firm of Lovell White Durrant in London, specializing in mergers and acquisitions.

Mr. Cornet de Ways Ruart is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1968, he is a Belgian citizen and holds a Master's Degree as a Commercial Engineer from the Catholic University of Louvain and an MBA from the University of Chicago. He has attended the Master Brewer program at the Catholic University of Louvain. From 2006 to 2011, he worked at Yahoo! and was in charge of Corporate Development for Europe before taking on additional responsibilities as Senior Financial Director for Audience and Chief of Staff. Prior to joining Yahoo!, Mr. Cornet was Director of Strategy for Orange UK and spent seven years with McKinsey & Company in London and Palo Alto, California. He is also a non-executive director of EPS, Rayvax, Adrien Invest, Floridienne S.A. and several privately held companies.

Mr. Garcia is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in Brazil in 1968, he is a Brazilian citizen and is a graduate from Universidade Estadual do Rio de Janeiro, Brazil with a B.A. in Economics. Mr. Garcia interned at Companhia Cervejaria Brahma in 1991 and was employed as a Management Trainee in February 1993. From 1993 until 2001, Mr. Garcia worked in several positions in finance, mainly in the area of corporate budgeting. In 2001, he started the first Shared Service Center for Ambev and in 2003 he became the head of both the Technology and Shared Services operations. Mr. Garcia participated in all M&A integration projects from 1999 until 2018. In 2005, he was appointed Chief

Information and Shared Service Officer for InBev (following the combination of Ambev and Interbrew) in Leuven, Belgium. From 2006 to 2014, Mr. Garcia combined the functions of Chief People and Technology Officer. From 2014 to January 2018, Mr. Garcia was the Chief People Officer of Anheuser-Busch InBev. Mr. Garcia is a board member of Lojas Americanas, the Garcia Family Foundation, Chairman of the Telles Foundation and a Trustee at the Chapin School in New York City.

Mr. Gifford is a representative of the Restricted Shareholders. Born in the United States in 1970, he is an American citizen and graduated from Virginia Commonwealth University with a Bachelor's Degree in Accountancy. He serves as Vice Chairman and Chief Financial Officer of Altria Group. In this role, he is responsible for overseeing Altria's core tobacco businesses, the sales and distribution business and the Finance and Procurement Functions. He also oversees the financial services business of Philip Morris Capital Corporation. Prior to his current position, Mr. Gifford was Senior Vice President, Strategy & Business Development. Since joining Philip Morris USA in 1994, he has served in numerous leadership roles in Finance, Marketing Information & Consumer Research and as President and Chief Executive Officer of Philip Morris USA. Prior to that, he was Vice President and Treasurer for Altria where he led various functions including Risk Management, Treasury Management, Benefits Investments, Corporate Finance and Corporate Financial Planning & Analysis. Prior to joining Philip Morris USA, Mr. Gifford worked at the public accounting firm of Coopers & Lybrand, which currently is known as PricewaterhouseCoopers.

Mr. Lemann is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in Brazil in 1968, he is a Brazilian citizen and graduated from Faculdade Candido Mendes in Rio de Janeiro, Brazil with a B.A. in Economics. Mr. Lemann interned at PriceWaterhouse in 1989 and was employed as an Analyst at Andersen Consulting from 1990 to 1991. Mr. Lemann also performed equity analysis while at Banco Marka and Dynamo Asset Management (both in Rio de Janeiro). From 1997 to 2004, he developed the hedge fund investment group at Tinicum Inc., a New York-based investment office that advised the Synergy Fund of Funds, where he served as Portfolio Manager. Mr. Lemann is a Founding Partner at Vectis Partners and is a board member of Lojas Americanas, Lemann Foundation and Lone Pine Capital.

Mr. Leoni Sceti is an independent member of the Board. Born in 1966, he is an Italian citizen who lives in the UK. He graduated Magna Cum Laude in Economics from LUISS in Rome, where he passed the Dottore Commercialista post-graduate bar exam. Mr. Leoni Sceti has over 30 years' experience in the fast-moving consumer goods and media sectors. He is Chief Crafter and Chairman of The Craftory, a global investment house for purpose-driven challenger brands in FMCG. Mr. Sceti is Chairman of London-based LSG holdings and an early stage investor in Media & Tech, with over 25 companies in his portfolio. He is also an independent member of the Board at cocoa and chocolate leader Barry Callebaut. Mr. Leoni Sceti's roles in the non-profit space include being a Trustee and Counsellor at One Young World (a forum for young leaders from over 190 countries) and an advisor UK board member at Room to Read (promoting literacy and gender equality in education, globally). His previous roles included: CEO of Iglo Group—whose brands are Birds Eye, Findus & Iglo—until May 2015, when the company was sold to Nomad Foods; Global Chief Executive Officer of EMI Music from 2008 to 2010; and—prior to EMI—an international career in marketing and senior leadership roles at Procter & Gamble and Reckitt Benckiser, where he later was CMO, global head of Innovation and then head of the European operations.

Dr. Liu is an independent member of the Board. Born in 1956 in China, she is a German citizen and is the founder and CEO of ASL Automobile Science & Technology (Shanghai) Co., Ltd. since 2009 and is an independent director of Autoliv (NYSE) and Johnson Matthey Plc. Previously, she held various senior executive positions including Chairman & CEO of Neotek (China), Vice-Chairman and CEO of Fuyao Glass Group, Chairman and CEO of General Motors Taiwan, Director of concept vehicle for Buick Park Avenue and Cadillac, Vehicle Electronics-Control and Software Integration for GM North America, CTO and Chief Engineer of General Motors Greater China Region, and Representative Managing Director of Delphi Automotive in Shanghai China. Prior to 1997, she was responsible for Delphi Packard China JV Development, Sales & Marketing as well as New Business Development. Besides these executive roles, Dr. Liu also served as an independent director of CAEG from 2009 to 2011 and an independent director of Fuyao Glass Group (SSE) from 2013 to 2019. Dr. Liu has rich professional experience covering the areas of general management of enterprises, P&L, technology development, marketing & sales, mergers & acquisitions, including in the United States, Europe and China at global Top 500 companies and Chinese blue-chip private enterprises. She earned a Ph.D. in Chemical Engineering, a master's degree of Electrical Engineering at the University of Erlangen/Nuremberg Germany and a bachelor's degree in Electrical Engineering at Xian Jiao Tong University in Xian China. She also attended the Dartmouth Tuck School of Business for Executives.

Mr. Santo Domingo is a representative of the Restricted Shareholders. Born in 1977, he is a Colombian citizen and obtained a B.A. in History from Harvard College. He is a Senior Managing Director at Quadrant Capital Advisors, Inc. in New York City. He was a member of the Board of Directors of SABMiller Plc, where he was also Vice-Chairman of SABMiller Plc for Latin America. Mr. Santo Domingo is Chairman of the Board of Bavaria S.A. in Colombia. He is Chairman of the Board of Valorem, a company which manages a diverse portfolio of industrial & media assets in Latin America. Mr. Santo Domingo is also a director of JDE (Jacobs Douwe Egberts), ContourGlobal plc, LifeTime, Inc., Florida Crystals, the world's largest sugar refiner, Caracol TV, Colombia's leading broadcaster, El Espectador, a leading Colombian Daily, and Cine Colombia, Colombia's leading film distribution and movie theatre company. In the non-profit sector, he is Chair of the Wildlife Conservation Society and Fundacion Mario Santo Domingo. He is also a Member of the Board of Trustees of The Metropolitan Museum of Art, a member of the Board of Channel Thirteen/WNET (PBS), a member of the Board of DKMS, a foundation dedicated to finding donors for leukemia patients, and he is a member of the Board of Fundacion Pies Descalzos. He is a member of Harvard University's Global Advisory Council (GAC) Mr. Santo Domingo is a member of the Board of Trustees of the Mount Sinai Health System.

Ms. Sicupira is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in 1981, she is a Brazilian citizen and is a graduate from the American University of Paris with a bachelor's degree in International Business Administration and of Harvard Business School's Owner/President Management (OPM) program. Ms. Sicupira currently serves on the board of Lojas Americanas S.A, where she is member of the Finance and People Committees, and of Ambev S.A. She previously served on the board of Restaurant Brands International (NYSE: QSR) and of São Carlos Empreendimentos S.A. Ms. Sicupira began her career in 2004 as an analyst within Goldman Sachs' Investment Banking Division covering Latin America. Today she is a director and partner of LTS Investments.

Mr. de Spoelberch is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1966, he is a Belgian citizen and holds an MBA from INSEAD. Mr. de Spoelberch is an active private equity shareholder and his recent activities include shared Chief Executive Officer responsibilities for Lunch Garden, the leading Belgian self-service restaurant chain. He is a member of the board of several family-owned companies, such as Eugénie Patri Sébastien S.A., Verlinvest and Cobehold (Cobepa). He is also an administrator of the Baillet-Latour Fund, a foundation that encourages social, cultural, artistic, technical, sporting, educational and philanthropic achievements.

Mr. Telles is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in 1950, he is a Brazilian citizen and holds a degree in Economics from Universidade Federal do Rio de Janeiro and attended the Owners/Presidents Management Program at Harvard Business School. He was Chief Executive Officer of Brahma and Ambev and was a member of the Board of Directors of Ambev. He served as member of the Board of Directors of H.J. Heinz Company and the Kraft Heinz Company and now serves as a member of the Board of associates of Insper. He is co-founder and Board member of Fundação Estudar, a non-profit organization that provides scholarships for Brazilians and a founder and Chair of Ismart, a non-profit organization that provides scholarships to low-income students. He is also an ambassador for Endeavor, an international non-profit organization that supports entrepreneurs in developing markets.

Mr. Van Damme is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the Class A Stichting certificates). Born in 1962, he is a Belgian citizen and graduated from Solvay Business School, Brussels. Mr. Van Damme joined the beer industry early in his career and held various operational positions within Interbrew until 1991, including Head of Corporate Planning and Strategy. He has managed several private venture holding companies and is currently a director of several family-owned companies such as Patri S.A. (Luxembourg), Restaurant Brands International (formerly Burger King Worldwide Holdings) and the Kraft Heinz Company.

General Information on the Directors

In relation to each of the members of our Board, we are not aware of (i) any convictions in relation to fraudulent offenses in the last five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any offices, directorships or partner or senior management positions in the last five years, or (iii) any official public incrimination and/or sanction of such members by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

No member of our Board has a family relationship with any other member of our Board or any member of our Executive Committee, or had a family relationship with any member of our Executive Committee.

Over the five years preceding the date of this Form 20-F, the members of our Board hold or have held the following main directorships (apart from directorships they have held with us and our subsidiaries) or memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Past
María Asunción Aramburuzabala	Tresalia Capital, Grupo Modelo, KIO Networks, Abilia, Red Universalia, Consejo Mexicano de Negocios, El Universal, Compañía Periodística Nacional and Instituto Tecnológico Autónomo de México (ITAM) School of Business	Grupo Financiero Banamex, LLC, Banco Nacional de México, América Móvil, Televisa, Cablevisión, Empresas ICA, Aeroméxico, Siemens, Tory Burch, LLC, Artega Automobil, Diblo, Dirección de Fábricas, Filantropía Modelo, Consejo Asesor para las Negociaciones Comerciales Internacionales, Compromiso Social por la Calidad de la Educación, Latin America Conservation Council, Fresnoilco plc, Médica Sur and Calidad de Vida, Progreso y Desarrollo para la Ciudad de México
Martin J. Barrington	Richmond Performing Arts Center L.L.P., Navy Hill District Foundation	Altria Group, Inc., The College of Saint Rose, NextUp (formerly Middle School Renaissance 2020, LLC), Virginia Museum of Fine Arts
M. Michele Burns	Cisco Systems Inc., The Goldman Sachs Group Inc., Etsy Inc., Circle Internet Financial	Alexion Pharmaceuticals Inc.
Sabine Chalmers	Coty Inc, BT Group Plc, Eugénie Patri Sébastien S.A. and the Stichting	—
Paul Cornet de Ways Ruat	Eugénie Patri Sébastien S.A., Rayvax Société d'Investissement S.A., Sebacoop SCRL, Adrien Invest SCRL, Floridienne S.A. and the Stichting	Sparflex, Bunge Ltd, Krispy Kreme Doughnuts Inc., Panera Bread Holdings Corp., Peet's Coffee & Tea, LLC, Coffee & Bagel Brands Inc. Company, Inc.

Name	Current	Past
Claudio Garcia	Lojas Americanas S.A., Garcia Family Foundation, Telles Foundation and Chapin School in New York	—
William F. Gifford, Jr.	Altria Group Inc., Virginia Commonwealth University School of Business Foundation	Virginia Foundation for Independent Colleges, National Association of Manufacturers, Greater Richmond Partnership, Inc.
Paulo Alberto Lemann	Vectis Partners, Lojas Americanas S.A., Lemann Foundation and Lone Pine Capital LLC	Ambev
Elio Leoni Sceti	LSG Holdings, Barry Callebaut, One Young World, The Craftory (Chairman)	EMI Music, Iglo Group, Beamly Ltd. and Nomad Foods
Xiaozhi Liu	ASL Automobile Science & Technology (Shanghai) Co., Ltd., Autoliv (NYSE) and Johnson Matthey Plc	Fuyao Glass Group
Alejandro Santo Domingo Dávila	Quadrant Capital Advisors, Inc., Bavaria S.A., Valorem S.A., Jacobs Douwe Egberts (JDE) Cine Colombia S.A., Organización Decameron S. de R.L., Contour Global Plc, Florida Crystals Corporation, Caracol Televisión S.A., Life Time Inc., Metropolitan Museum of Art, Wildlife Conservation Society, DKMS and Fundación Mario Santo Domingo, Mount Sinai Health Systems	SABMiller plc., Celumóvil S.A., Avianca S.A., Sofasa S.A., Cervecería Nacional S.A. (Panamá), Compañía de Cervezas Nacionales S.A. (Ecuador), Union de Cervecerías Peruanas Backus & Johnston S.A.A., Keurig Green Mountain (KGM), Millicom International Cellular SA
Cecilia Sicupira	Lojas Americanas S.A., LTS Investments and Ambev S.A.	Restaurant Brands International and São Carlos Empreendimentos S.A.
Grégoire de Spoelberch	Agemar S.A., , Fiprolux S.A., Eugénie Patri Sébastien S.A., the Stichting, G.D.S. Consult, Cobehold, Compagnie Benelux Participations, Vervodev, Wesparc, Groupe Josi, ⁽¹⁾ Financière Stockel, ⁽¹⁾ Immobilière du Canal, ⁽¹⁾ Verlinvest, ⁽¹⁾ Midi Developpement, ⁽¹⁾ Solferino Holding S.A., Vedihold, Clearvolt S.A. and Fonds Baillet Latour	Atanor, ⁽¹⁾ Amantelia, ⁽¹⁾ Demeter Finance, Lunch Garden Services, ⁽¹⁾ Lunch Garden, ⁽¹⁾ Lunch Garden Management, ⁽¹⁾ Lunch Garden Finance, ⁽¹⁾ Lunch Garden Concepts, ⁽¹⁾ HEC Partners, ⁽¹⁾ Q.C.C., ⁽¹⁾ A.V.G. Catering Equipment, ⁽¹⁾ Immo Drijvers-Stevens and ⁽¹⁾ Elpo-Cuisinex Wholesale ⁽¹⁾ Navarin S.A., Wernelin S.A., Zencar S.A.

Name	Current	Past
Marcel Herrmann Telles	3G Capital Partners, Fundação Estudar, Instituto Social Maria Telles and the Stichting	Ambev, The Kraft Heinz Company, Lojas Americanas S.A., São Carlos Empreendimentos e Participações S.A., Editora Abril S.A. GP Investimentos and Instituto Veris—IBMEC São Paulo, Burger King Worldwide Holdings, Inc., Itau/Unibanco International, Instituto de Desenvolvimento Gerencial—INDG, and Harvard Business School’s Board of Dean’s Advisors
Alexandre Van Damme	Patri S.A., Restaurant Brands International, the Stichting, Eugénie Patri Sébastien, S.A. and the Kraft Heinz Company	Keurig Green Mountain (KGM), Jacobs Douwe Egberts (JDE), DKMS and Fonds Baillet Latour

Note:

(1) As permanent representative.

Chief Executive Officer and Senior Management

Role and Responsibilities, Composition, Structure and Organization

Our Chief Executive Officer is responsible for our day-to-day management. He has direct responsibility for our operations and oversees the organization and efficient day-to-day management of our subsidiaries, affiliates and joint ventures. Our Chief Executive Officer is responsible for the execution and management of the outcome of all of our Board decisions.

He is appointed and removed by our Board and reports directly to it.

Effective 1 January 2019, our Chief Executive Officer leads an Executive Committee comprised of the Chief Executive Officer, Chief Financial and Technology Officer, Chief People and Transformation Officer and Chief Legal and Corporate Affairs Officer and Corporate Secretary. Our senior leadership team includes all members of the Executive Committee, all other functional chiefs and our zone presidents. The Executive Committee are “senior management” for the purposes of the Form 20-F.

Effective 1 January 2019, Jason Warner became Zone President Europe, following his previous role as BU President Northern Europe.

Effective 1 January 2019, Lucas Herscovici became Chief Non-Alcohol Beverages Officer, following his previous role as Global Marketing VP of Strategic Functions.

Effective 1 January 2019, Pablo Panizza became Chief Owned-Retail Officer, following his previous role as BU President for BU Rio de la Plata.

Effective 30 June 2019, David Kamenetzky, Chief Strategy and External Affairs Officer, left the company.

Effective 1 July 2019, John Blood became Chief Legal and Corporate Affairs Officer, as well as Corporate Secretary, following his previous roles as General Counsel and Corporate Secretary.

Effective 1 July 2019, Katherine Barrett became General Counsel, following her previous role as U.S. General Counsel & Labor Relations.

Effective 1 July 2019, David Almeida became Chief People and Transformation Officer, following his previous role as Chief People Officer.

Effective 1 January 2020, Jean Jereissati succeeded Bernardo Pinto Paiva as Zone President, South America and CEO of Ambev.

As announced on 6 February 2020, effective 29 April 2020, Fernando Mommensohn Tennenbaum will succeed Felipe Dutra as Chief Financial Officer and member of the Executive Committee.

As announced on 6 February 2020, effective 29 April 2020, David Almeida will become Chief Strategy and Technology Officer.

As announced on 6 February 2020, effective 29 April 2020, Nelson Jamel will become Chief People Officer.

As announced on 6 February 2020, effective 29 April 2020, the Executive Committee will be comprised of the Chief Executive Officer, Carlos Brito, the Chief Financial Officer, Fernando Tennenbaum, the Chief Strategy and Technology Officer, David Almeida and the Chief Legal and Corporate Affairs Officer, John Blood.

The Executive Committee reports to our Chief Executive Officer and works with our Board on matters such as corporate governance, general management of our company and the implementation of corporate strategy as defined by our Board. The Executive Committee shall perform such duties as may be assigned to it from time to time by our Chief Executive Officer or our Board.

Although exceptions can be made in special circumstances, the upper age limit for the members of our Executive Committee is 65, unless their employment contract provides otherwise.

As of 31 December 2019, our Executive Committee consisted of the following members:

Name	Function
Carlos Brito	Chief Executive Officer
John Blood	Chief Legal and Corporate Affairs Officer and Corporate Secretary
Felipe Dutra	Chief Financial and Technology Officer
David Almeida	Chief People and Transformation Officer

As of 1 January 2020, and in addition to the members of our Executive Committee, our senior leadership team consists of the following:

Name	Function
Katherine Barrett	General Counsel
Pedro Earp	Chief Marketing and ZX Ventures Officer
Lucas Herscovici	Chief Non-Alcohol Beverages Officer
Peter Kraemer	Chief Supply Officer
Tony Milikin	Chief Sustainability and Procurement Officer
Pablo Panizza	Chief Owned-Retail Officer
Ricardo Tadeu	Chief Sales Officer
Jan Craps	Zone President Asia Pacific (APAC)
Michel Doukeris	Zone President North America
Carlos Lisboa	Zone President Middle Americas
Ricardo Moreira	Zone President Africa
Jean Jereissati Neto	Zone President South America
Jason Warner	Zone President Europe

The business address for all of these members of our senior leadership team is: Brouwerijplein 1, 3000 Leuven, Belgium.

Carlos Brito is our CEO and, from 1 January 2019, a member of the Executive Committee. Born in 1960, he is a Brazilian citizen and received a Degree in Mechanical Engineering from the Universidade Federal do Rio de Janeiro and an MBA from Stanford University Graduate School of Business. Mr. Brito joined the group in 1989 where he held roles in Finance, Operations, and Sales, before being appointed Chief Executive Officer in January 2004. He was appointed Zone President North America at InBev in January 2005 and Chief Executive Officer in December 2005. He is a member of the board of directors of Ambev. He is also an Advisory Council Member of the Stanford Graduate School of Business and serves on the Advisory Board of the Tsinghua University School of Economics and Management.

David Almeida is our Chief People and Transformation Officer, and, from 1 July 2019, a member of the Executive Committee. Born in 1976, Mr. Almeida is a dual citizen of the U.S. and Brazil and holds a Bachelor's Degree in Economics from the University of Pennsylvania. Most recently, he served as Chief Integration Officer and Chief Sales Officer ad interim, having previously held the positions of Vice President, U.S. Sales and of Vice President, Finance for the North American organization. Prior to that, he served as InBev's head of mergers and acquisitions, where he led the combination with Anheuser-Busch Companies in 2008 and subsequent integration activities in the U.S. Before joining the group in 1998, he worked at Salomon Brothers in New York as a financial analyst in the Investment Banking division.

Katherine Barrett is our General Counsel. Born in 1970, Ms. Barrett is a U.S. citizen and holds a bachelor's degree in Business Administration from Saint Louis University and a Juris Doctorate degree from the University of Arizona. Ms. Barrett joined Anheuser-Busch in 2000 as a litigation attorney in the Legal Department. She most recently served as Vice President, U.S. General Counsel & Labor Relations, where she was responsible for overseeing all legal issues in the U.S. including commercial, litigation and regulatory matters and labor relations. Prior to joining the company, Ms. Barrett worked in private practice at law firms in Nevada and Missouri.

John Blood is our Chief Legal & Corporate Affairs Officer and Company Secretary. Born in 1967, Mr. Blood is a U.S. citizen and holds a bachelor's degree from Amherst College and a JD degree from the University of Michigan Law School. Mr. Blood joined AB InBev in 2009 as Vice President Legal, Commercial and M&A. Most recently Mr. Blood was AB InBev's General Counsel. Prior to the latter role, he was Zone Vice President Legal & Corporate Affairs in North America where he has led the legal and corporate affairs agenda for the United States and Canada. Prior to joining the company, Mr. Blood worked on the legal team in Diageo's North American business and was in private practice at a law firm in New York City before that.

Jan Craps is our Zone President Asia Pacific since 1 January 2019 and CEO and Executive Director of Budweiser Brewing Company APAC since 8 May 2019. Born in 1977, Mr. Craps is a Belgian citizen and obtained a Degree in Business Engineering from KU Brussels and a Master's Degree in Business Engineering from KU Leuven, Belgium. Mr. Craps was an associate consultant with McKinsey & Company before joining Interbrew in 2002. He acquired a range of international experiences in a number of senior marketing, sales and logistics executive positions in France and Belgium. In 2011, he relocated to Canada where he was appointed Head of Sales for Canada followed by his appointment as President and CEO of Labatt Breweries of Canada in 2014. Until 31 December 2018, he held the position of Zone President Asia Pacific South.

Michel Doukeris is our Zone President North America. Born in 1973, he is a Brazilian citizen and holds a Degree in Chemical Engineering from Federal University of Santa Catarina in Brazil and a Master's Degree in Marketing from Fundação Getulio Vargas, also in Brazil. He has also completed post-graduate programs in Marketing and Marketing Strategy from the Kellogg School of Management and Wharton Business School in the United States. Mr. Doukeris joined the group in 1996 and held sales positions of increasing responsibility before becoming Vice President, Soft Drinks for AB InBev's Latin America North Zone in 2008. He was appointed President, AB InBev China in January 2010 and Zone President, Asia Pacific in January 2013. In January 2017, Mr. Doukeris became Chief Sales Officer.

Felipe Dutra is our Chief Financial and Technology Officer and, from 1 January 2019, a member of the Executive Committee. Born in 1965, Mr. Dutra is a Brazilian citizen and holds a Degree in Economics from Candido Mendes and an MBA in Controlling from Universidade de Sao Paulo. He joined the group in 1990 from Aracruz Celulose, a major Brazilian manufacturer of pulp and paper. At Ambev, he held various positions in Treasury and Finance before being appointed General Manager of one of AB InBev's subsidiaries. Mr. Dutra was appointed Ambev's Chief Financial Officer in 1999 and our Chief Financial Officer in January 2005. In 2014, Mr. Dutra became AB InBev's Chief Financial and Technology Officer. He is also a member of the board of directors of Ambev and of the advisory board of Grupo Modelo and was formerly a member of the Grupo Modelo board of directors.

Pedro Earp is our Chief Marketing and ZX Ventures Officer since 1 January 2019. Born in 1977, he is a Brazilian citizen and holds a Bachelor of Science degree in Financial Economics from the London School of Economics. Mr. Earp joined Ambev in 2000 as a Global Management Trainee in the Latin America North Zone. In 2002, he became responsible for the Zone's M&A team and in 2005 he moved to InBev's global headquarters in Leuven, Belgium to become Global Director, M&A. Later, he was appointed Vice President, Strategic Planning in Canada in 2006, Global Vice President, Insights and Innovation in 2007, Global Vice President, M&A in 2009 and Vice President, Marketing for the Latin America North Zone in 2013. He was appointed Chief Disruptive Growth Officer of AB InBev in February 2015 and held the role until 31 December 2018.

Lucas Herscovici is our Chief Non-Alcohol Beverages Officer since 1 January 2019. Born in 1977, he is an Argentinean citizen and received a degree in Industrial Engineering from the Instituto Tecnológico de Buenos Aires. Mr. Herscovici joined us in 2002 as a Global Management Trainee in our Latin America South Zone and has built his career in marketing and sales. After working in Argentina in several commercial roles, he became head of innovation for global brands and, later, Global Marketing Director of Stella Artois. In 2011, he was responsible for opening the "Beer Garage," our global digital innovation office based out of Palo Alto, California. In 2012, he joined the North America Zone to become VP Digital Marketing and, in 2014, he was appointed VP Consumer Connections for the United States. In 2017, he was appointed Global Marketing VP of Insights, Innovation and Consumer Connections, and held such role until 31 December 2018.

Jean Jereissati Neto is our Zone President South America and CEO of Ambev. Born in 1974, he is a Brazilian citizen and received a Degree in Business Administration from Fundação Getúlio Vargas (FGV) and an Executive Education at Insead and Wharton. Mr. Jereissati joined Ambev in 1998 and held various positions in Sales and Trade Marketing prior to becoming CEO of Cerveceria Nacional Dominicana, in 2013, making a successful integration with CND. In 2015, he joined Asia and Pacific North Zone to become Business Unit President for China and in 2017 he was appointed Zone President of the Zone, leading one of the most complex and fast-growing businesses. Most recently, Mr. Jereissati held the role of Business Unit President for Brazil.

Peter Kraemer is our Chief Supply Officer. Born in 1965, he is a U.S. citizen. A fifth-generation Brewmaster and native of St. Louis, Mr. Kraemer holds a Bachelor's degree in Chemical Engineering from Purdue University and a Master's degree in Business Administration from St. Louis University. He joined Anheuser-Busch 30 years ago and has held various brewing positions over the years, including Group Director of Brewing and Resident Brewmaster of the St. Louis brewery. In 2008, Mr. Kraemer became Vice President, Supply, for AB InBev's North America Zone, leading all brewery operations, quality assurance, raw materials and product innovation responsibilities. He was appointed Chief Supply Officer of AB InBev in March 2016.

Carlos Lisboa is our Zone President Middle Americas since 1 January 2019. Born in 1969, Mr. Lisboa is a Brazilian citizen and received a Degree in Business Administration from the Catholic University of Pernambuco and a Marketing specialization from FESP, both in Brazil. Mr. Lisboa joined the group in 1993 and has built his career in marketing and sales. He was responsible for building the Skol brand in Brazil in 2001 and after that became Marketing Vice President for AB InBev's Latin American North Zone. Mr. Lisboa then led the International Business Unit in AB InBev's Latin America South Zone for two years prior to becoming Business Unit President for Canada. In 2015, he was appointed Marketing Vice President for AB InBev's Global Brands. Most recently, Mr. Lisboa held the role of Zone President Latin America South until 31 December 2018.

Tony Milikin is our Chief Procurement and Sustainability Officer. Mr. Milikin joined AB InBev in May, 2009 and is globally responsible for Procurement, Sustainability, Vertical Operations and Value Creation. Born in 1961, Mr. Milikin is a U.S. citizen. He is responsible for \$35B+ in purchases and working capital annually. Mr. Milikin manages our Vertical Operations consisting of 70+ facilities and over 8,000 employees and is a strategic partner to our Supply Organization. AB InBev's Value Creation uses circular economy opportunities to create businesses from our waste and underutilized assets. Mr. Milikin holds an undergraduate Finance Degree from the University of Florida and an MBA from Texas Christian University. Mr. Milikin joined AB InBev from MWV, where he was Senior Vice President, Supply Chain and Chief Purchasing Officer. Prior to joining MWV, he held various purchasing, transportation and supply positions with increasing responsibilities at Monsanto and Alcon Laboratories.

Ricardo Moreira is our Zone President Africa since 1 January 2019. Born in 1971, he is a Portuguese citizen and received a Degree in Mechanical Engineering from Rio de Janeiro Federal University in Brazil and a specialization in Management from University of Chicago in the United States. Mr. Moreira joined the group in 1995 and held various positions in the sales and finance organizations prior to becoming Regional Sales Director in 2001. He subsequently held positions as Vice President Logistics & Procurement for Latin America North, Business Unit President for Hispanic Latin America (HILA) and Vice President Soft Drinks Latin America North. In 2013, Mr. Moreira moved to Mexico to head our sales, marketing and distribution organizations and lead the commercial integration of Grupo Modelo. Most recently, Mr. Moreira held the role of Zone President Latin America COPEC until 31 December 2018.

Pablo Panizza is our Chief Owned-Retail Officer since 1 January 2019. Born in 1975, he is an Argentinean citizen and holds a degree in Industrial Engineering from Universidad de Buenos Aires. Mr. Panizza manages our Direct to Consumer business, coordinating cross-market initiatives, sharing best practices and shaping its strategy. He joined our company in 2000 as a Global Management Trainee in South America Zone and has spent almost two decades developing a career in the commercial area. After holding senior roles in Argentina and Global Headquarters, he led our business in Chile and Paraguay. He most recently served as Business Unit President for Argentina and Uruguay.

Ricardo Tadeu is our Chief Sales Officer since 1 January 2019. Born in 1976, he is a Brazilian citizen, and received a law degree from the Universidade Cândido Mendes in Brazil and a Master of Laws from Harvard Law School in Cambridge, Massachusetts. He is also Six Sigma Black Belt certified. He joined the group in 1995 and has held various roles across the Commercial area. He was appointed Business Unit President for operations in Hispanic Latin America in 2005, and served as Business Unit President, Brazil from 2008 to 2012. He served as Zone President, Mexico from 2013 until his appointment as Zone President Africa upon completion of the Combination in 2016. Mr. Tadeu held the role of Zone President Africa until 31 December 2018.

Jason Warner is our Zone President Europe since 1 January 2019. Born in 1973, he is a dual British and U.S. citizen and received a BSc Eng. Hons. Industrial Business Studies degree from DeMontfort University in the United Kingdom. Prior to his current role, he was Business Unit President for North Europe between 2015 and 2018. He joined AB InBev in July 2009 as Global VP Budweiser, based in New York, before moving into a dual role of Global VP Budweiser and Marketing VP. He has also held Global VP roles for Corona as well as Innovation and Renovation. Prior to joining AB InBev, he held various positions at The Coca-Cola Company and Nestlé.

General Information on the Members of the Executive Committee

In relation to each of the members of the Executive Committee as of 31 December 2019 (or the most recent practicable date, for former members), other than as set out below, we are not aware of (i) any convictions in relation to fraudulent offenses in the last five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such members held any office, directorships or partner or senior management positions in the last five years, or (iii) any official public incrimination and/or sanctions of such members by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

No member of the Executive Committee has, any conflicts of interests between any duties he/she owed to us and any private interests and/or other duties.

No member of the Executive Committee has, a family relationship with any director or member of executive management.

Over the five years preceding the date of this Form 20-F, the members of the Executive Committee have held the following main directorships (apart from directorships they have held with us and our subsidiaries) or memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Past
John Blood	—	International Institute for Conflict Prevention and Resolution (CPR)
Carlos Brito	Member of the Advisory Board of the Tsinghua University School of Economics and Management	IAB Council Member of the China Europe International Business School (CEIBS)
	Member of the CEO Group at the International Alliance for Responsible Drinking (IARD)	Member of the Board of Trustees and Finance Committee of the Greenwich Academy, Inc.
	Advisory Council Member of Stanford Graduate School of Business	Member of the Global Brewers Initiative (GBI)
Felipe Dutra	—	Director of Whitby School
David Almeida	—	—

B. COMPENSATION

Introduction

Our compensation system has been designed and approved to help motivate high performance. The goal is to deliver market-leading compensation, driven by both company and individual performance, and alignment with shareholders' interests by encouraging ownership of our shares. Our focus is on annual and long-term variable pay, rather than on base salary or fees.

Our compensation system and remuneration policies are identical to those of former AB InBev. Therefore, information or references to plans, policies, decisions and changes regarding the compensation system of former AB InBev that are reported below remain relevant and applicable to our current compensation system.

Share-Based Payment Plans

We currently have three primary, share-based payment plans, namely our long-term incentive stock option plan for directors ("**LTI Stock Option Plan Directors**") established in 2014 and replaced by the restricted stock unit plan for directors ("**RSU Plan Directors**") in 2019, our share-based compensation plan ("**Share-Based Compensation Plan**"), established in 2006 (and amended as from 2010) and our long-term incentive stock option plan for eligible employees ("**LTI Stock Option Plan Executives**"), established in 2009.

In addition, from time to time, we make exceptional grants to our employees and employees of our subsidiaries or grants of shares, restricted stock units or options under plans established by us or by certain of our subsidiaries.

LTI Stock Option Plan Directors

The table below provides an overview of all of the stock options outstanding under our former LTI Stock Option Plan Directors as of 31 December 2019:

Grant date of stock options	Expiry date of stock options	Number of options granted <i>(in millions)</i>	Number of options outstanding <i>(in millions)</i>	Exercise price <i>(in EUR)</i>
30 April 2014	29 April 2024	0.185	0.185	80.83
29 April 2015	28 April 2025	0.236	0.236	113.10
27 April 2016	27 April 2026	0.236	0.236	113.25
26 April 2017	26 April 2027	0.221	0.221	104.50
25 April 2018	25 April 2028	0.228	0.228	84.47
Total		1.105	1.105	

As of 31 December 2019, the total number of stock options granted under the LTI Stock Option Plan Directors is 1.105 million. As of 31 December 2019, of the 1.105 million outstanding options, none were vested.

For additional information on the LTI stock options held by members of our Board of Directors and members of our Executive Committee, see “—Compensation of Directors and Executives” below.

RSU Plan Directors

On 24 April 2019, the annual shareholders’ meeting of AB InBev resolved that the share-based portion of the remuneration of the directors of AB InBev for the exercise of their mandate during the financial year 2018 (paid in 2019) and any subsequent years be granted under the form of restricted stock units (“**RSUs**”) corresponding to a fixed gross value per year of (i) EUR 550,000 for the Chair of the Board of Directors, (ii) EUR 350,000 for the Chair of the Audit Committee and (iii) EUR 200,000 for the other directors.

Such restricted stock units vest after five years. Each director is entitled to receive a number of restricted stock units corresponding to the amount to which such director is entitled divided by the closing price of the shares of the company on Euronext Brussels on the day preceding the annual shareholders’ meeting approving the accounts of the financial year to which the remuneration in restricted stock units relates. Upon vesting, each vested restricted stock unit entitles its holder to one AB InBev share (subject to any applicable withholdings). As indicated, these restricted stock units replaced the stock options to which the directors were previously entitled.

The table below provides an overview of all of the RSUs granted under our RSU Plan that remain outstanding:

Grant date of RSUs	Vesting date of RSUs	Number of RSUs granted <i>(in millions)</i>	Number of RSUs outstanding <i>(in millions)</i>
24 April 2019	29 April 2024	0.040	0.040
Total		0.040	0.040

Share-Based Compensation Plan

Since 2006, our Executive Committee and certain other senior employees are granted variable compensation under our Share-Based Compensation Plan. On 5 March 2010, the general structure of the compensation under the plan was modified.

Share-Based Compensation Plan through 2009

Pursuant to the Share-Based Compensation Plan through 2009, half of each eligible employee's variable compensation was settled in our shares. These shares must be held for three years (that is, the shares are fully owned by the employee from the date of grant but are subject to a lock-up of three years, and failure to comply with the lock-up results in forfeiture of any matching options granted under the plan as described below).

Through 2009, pursuant to the Share-Based Compensation Plan, eligible employees could elect to receive the other half of their variable compensation in cash or invest all or half of it in our shares. These shares must be held for five years. If an eligible employee voluntarily agreed to defer receiving part of their variable compensation by electing to invest in such shares, they would receive matching options (that is, rights to acquire existing shares) that will become vested after five years, provided that certain pre-defined financial targets are met or exceeded. These targets which required our return on invested capital less our weighted average cost of capital over a period of three to five years to exceed certain pre-agreed thresholds were met for all matching options granted. The number of matching options received was determined based on the proportion of the remaining 50% of the eligible employee's variable compensation that he or she invested in such shares. For instance, if an eligible employee invested all of the remaining 50% of his or her variable compensation in our shares, he or she received a number of options equal to 4.6 times the number of shares he or she purchased, based on the gross amount of the variable compensation invested. If the eligible employee instead chose to receive 25% of his or her total variable compensation in cash and invests the remaining 25% in our shares, he or she would receive a number of options equal to 2.3 times the number of shares he or she purchased, based on the gross amount of the variable compensation invested.

The shares granted and purchased under the Share-Based Compensation Plan through 2009 were ordinary registered shares of former AB InBev. Holders of such shares have the same rights as any other registered shareholder, subject, however, to a three-year or five-year lock-up period, as described above.

In addition, the shares granted and purchased under the Share-Based Compensation Plan through 2009 are:

- entitled to dividends paid as from the date of granting; and
- granted and purchased at the market price at the time of granting. Nevertheless, our Board of Directors could, at its sole discretion, grant a discount on the market price.

The matching options granted under the Share-Based Compensation Plan have the following features:

- the exercise price is set equal to the market price of our shares at the time of granting;
- options have a maximum life of 10 years and an exercise period that starts after five years, subject to financial performance conditions to be met at the end of the second, third or fourth year following the granting;
- upon exercise, each option entitles the option holder to purchase one share; and
- specific restrictions or forfeiture provisions apply in case the grantee leaves our employment.

Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding matching options of former AB InBev have been automatically transferred to us (as the absorbing company), with each outstanding matching option giving a right to a share of AB InBev (the absorbing company) instead of a share of former AB InBev (the absorbed company).

The table below gives an overview of the matching options that were granted under the Share-Based Compensation Plan that were outstanding as of 31 December 2019:

Issue Date	Number of shares granted (in millions)	Number of matching options granted ⁽²⁾ (in millions)	Number of matching options outstanding (in millions)	Exercise price (in EUR)	Expiry date of options
5 March 2010	0.28	0.70	0.072	36.52	4 March 2020
30 November 2010 ⁽¹⁾	—	0.03	0.025	42.41	4 March 2020
15 January 2014 ⁽¹⁾	—	0.007	0.002	75.29	4 March 2020
12 June 2014 ⁽¹⁾	—	0.002	0.002	83.29	4 March 2020
Total	0.28	0.74	0.076		

Note:

- (1) Following the establishment of our New York functional support office, we established a “dividend waiver” program, which aims at encouraging the international mobility of eligible employees while complying with all legal and tax obligations. According to this program, where applicable, the dividend protection feature of the outstanding matching options owned by eligible employees who moved to the United States has been canceled. In order to compensate for the economic loss resulting from this cancellation, a number of new matching options have been granted to these eligible employees with a value equal to this economic loss. The new options have a strike price equal to the share price on the day preceding the grant date of the options. All other terms and conditions, in particular with respect to vesting, exercise limitations and forfeiture rules of the new options, are identical to the outstanding matching options for which the dividend protection feature was canceled. The table above includes the new options.
- (2) The Share-Based Compensation Plan terms and conditions provide that, in the event that a corporate change decided by us and having an impact on our capital has an unfavorable effect on the exercise price of the matching options, the exercise price and/or number of our shares to which the options relate will be adjusted to protect the interests of the option holders. The December 2008 rights offering by former AB InBev constituted such a corporate change and triggered an adjustment. Pursuant to the Share-Based Compensation Plan terms and conditions, the unexercised matching options were adjusted in the same manner as the unexercised LTI warrants (see “—LTI Warrant Plan” above), and 1.37 million new matching options were granted in 2008 in connection with this adjustment. The table above reflects the adjusted exercise price and number of options.

As of 31 December 2019, all of the 0.076 million outstanding matching options were vested.

Share-Based Compensation Plan from 2010

On 5 March 2010, we modified the structure of the Share-Based Compensation Plan for certain eligible employees, including members of our Executive Committee and other senior employees in our general headquarters. These eligible employees receive their variable compensation in cash but have the choice to invest some or all of the value of their variable compensation in our shares to be held for a five-year period, referred to as voluntary shares. Such voluntary investment leads to a 10% discount to the market price of the shares. Further, we will match such voluntary investment by granting three matching shares for each voluntary share invested, up to a limited total percentage of each executive’s variable compensation. The matching is based on the gross amount of the variable compensation invested. The percentage of the variable compensation that is entitled to get matching shares varies depending on the position of the executive. The Chief Executive Officer and members of our Executive Committee may take up to a maximum of 60% of their variable compensation with matching shares. The current maximum for eligible employees below the Executive Committee is 40% or less. From 1 January 2011, the new plan structure applies to all other senior employees.

Voluntary shares are:

- existing Ordinary Shares;
- entitled to dividends paid as from the date of grant;

- with respect to bonuses for the financial years 2019 and before, all voluntary shares must be held for a five-year period. With respect to bonuses for the financial year 2020 onwards, the voluntary shares are subject to a lock-up period of three years for half of them and five years for the other half; and
- granted at market price, to which a discount is applied. With respect to bonuses for the financial years 2019 and before, the discount was 10%. With respect to bonuses for the financial year 2020 onwards, the discount amounts to maximum 20%. The discount is delivered in the form of restricted stock units, subject to specific restrictions or forfeiture provisions in the event of termination of service (“**Discounted Shares**”).

As an additional reward, executives who invest in voluntary shares also receive three matching shares from the Company for each voluntary share invested up to a limited total percentage of each executive’s variable compensation. These matching shares are also delivered in the form of restricted stock units (“**Matching Shares**”).

With respect to bonuses for the financial years 2019 and before, the restricted stock units relating to the Matching Shares and the Discounted Shares vest over a five-year period. With respect to bonuses for the financial year 2020 onwards, half of the restricted stock units relating to the Matching Shares and the Discounted Shares vest over a three-year period, while the other half vest over a five-year period. No performance conditions apply to the vesting of the restricted stock units. However, restricted stock units will only be granted under the double condition that the executive:

- has earned a variable compensation, which is subject to the successful achievement of total company, business unit and individual performance targets (performance condition); and
- has agreed to reinvest all or part of his or her variable compensation in company shares, which are subject to a lock-up as indicated above (ownership condition).

In the event of termination of service before the vesting date of the restricted stock units, forfeiture rules apply.

In accordance with the authorization granted in our bylaws, the variable compensation system deviates from article 7:91, indents 1 and 2 of the Belgian Companies Code, as it allows:

- for the variable remuneration to be paid out based on the achievement of annual targets without staggering its grant or payment over a three-year period. However, eligible employees are encouraged to invest some or all of their variable compensation in voluntary shares. Such voluntary investment also leads to a grant of Matching Shares in the form of restricted stock units, of which half vest over a three-year period and half vest over a five-year period (with respect to bonuses for the financial years 2019 and before, a five-year vesting period applies to the restricted stock units relating to the Matching Shares and the Discounted Shares), ensuring sustainable long-term performance; and
- for the voluntary shares granted under the Share-Based Compensation Plan to vest at their grant, instead of applying a vesting period of a minimum of three years. Nonetheless, half of the voluntary shares are subject to a three-year lock-up period and half are subject to a five-year lock-up period (with respect to bonuses for the financial years 2019 and before, a five-year vesting period applies to voluntary shares).

During 2019, we issued 1.907 million matching restricted stock units pursuant to the new Share-Based Compensation Plan as described above, in relation to the 2018 and 2019 bonuses.

Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding restricted stock units of former AB InBev have been automatically transferred to us (as the absorbing company), with each outstanding restricted stock unit giving a right to a share of AB InBev (the absorbing company) instead of a share of former AB InBev (the absorbed company).

LTI Stock Option Plan Executives

As from 1 July 2009, senior employees are eligible for an annual long-term incentive to be paid out in LTI stock options (or, in the future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential. Grants made as from financial year 2020 will primarily take the form of restricted stock units.

LTI stock options have the following features:

- upon exercise, each LTI stock option entitles the option holder to one share. As of 2010, we have also issued LTI stock options entitling the holder to one ADS;
- an exercise price equal to the market price of our share or our ADS at the time of granting;
- a maximum lifetime of 10 years and an exercise period that starts after five years; and
- the LTI stock options cliff vest after five years. Unvested options are subject to specific forfeiture provisions in case of termination of service before the end of the five-year vesting period.

Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding LTI stock options of former AB InBev have been automatically transferred to us (as the absorbing company), with each outstanding LTI stock option giving a right to a share of AB InBev (the absorbing company) instead of a share of former AB InBev (the absorbed company).

The table below gives an overview of the LTI stock options on our shares that have been granted under the LTI Stock Option Plans outstanding as of 31 December 2019:

Issue Date	Number of LTI stock options granted <i>(in millions)</i>	Number of LTI stock options outstanding <i>(in millions)</i>	Exercise price <i>(in EUR)</i>	Expiry date of options
30 November 2010	2.80	0.45	42.41	29 November 2020
30 November 2011	2.85	0.98	44.00	29 November 2021
30 November 2012	2.75	1.70	66.56	29 November 2022
14 December 2012	0.22	0.09	66.88	13 December 2022
2 December 2013	2.48	1.75	75.15	1 December 2023
19 December 2013	0.37	0.24	74.49	18 December 2023
1 December 2014	2.48	1.84	94.46	30 November 2024
17 December 2014	0.53	0.38	88.53	16 December 2024
1 December 2015	1.63	1.16	121.95	30 November 2025
22 December 2015	1.86	1.46	113.00	21 December 2025
1 December 2016	2.32	1.81	98.04	30 November 2026
15 December 2016	1.15	0.91	97.99	14 December 2026
13 January 2017	0.02	0.01	99.01	12 January 2027
20 January 2017	0.96	0.83	98.85	19 January 2027
5 May 2017	0.52	0.26	109.10	4 May 2027
1 December 2017	4.79	4.06	96.70	30 November 2027
22 January 2018	1.05	0.97	94.36	21 January 2028
8 March 2018	0.27	0.27	89.43	7 March 2028
3 December 2018	4.48	4.23	67.64	2 December 2028
25 January 2019	0.93	0.84	65.70	24 January 2029
1 March 2019	0.02	0.02	68.55	2 December 2028
2 December 2019	5.87	5.87	71.87	1 December 2029

The table below gives an overview of the LTI stock options on our ADS that have been granted under the LTI Stock Option Plans outstanding as of 31 December 2019:

<u>Issue Date</u>	<u>Number of LTI stock options granted (in millions)</u>	<u>Number of LTI stock options outstanding (in millions)</u>	<u>Exercise price (in USD)</u>	<u>Expiry date of options</u>
30 November 2010	1.23	0.38	56.02	29 November 2020
30 November 2011	1.17	0.54	58.44	29 November 2021
30 November 2012	1.16	0.70	86.43	29 November 2022
14 December 2012	0.17	0.11	87.34	13 December 2022
2 December 2013	1.05	0.71	102.11	1 December 2023
19 December 2013	0.09	0.08	103.39	18 December 2023
1 December 2014	1.04	0.69	116.99	30 November 2024
17 December 2014	0.22	0.17	108.93	16 December 2024
1 December 2015	1.00	0.71	128.46	30 November 2025
22 December 2015	0.14	0.11	123.81	21 December 2025
1 December 2016	1.29	0.98	103.27	30 November 2026
15 December 2016	0.08	0.08	102.91	14 December 2026
1 December 2017	1.40	1.14	114.50	30 November 2027
3 December 2018	1.19	1.10	76.87	2 December 2028
2 December 2019	1.26	1.26	79.35	1 December 2029

Recurring Specific Long-Term Restricted Stock Unit Programs

As of 2010, we have in place four recurring specific long-term restricted stock unit programs.

Restricted Stock Units Program: This program allows for the offer of restricted stock units to certain employees in certain specific circumstances. Grants are made at the discretion of our Chief Executive Officer. For example, grants may be made as a special retention incentive or to compensate for assignments of expatriates in countries with difficult living conditions. The restricted stock units vest after five years and in the case of termination of service before the vesting date, specific forfeiture rules apply. In 2019, no restricted stock units were granted under the program to members of the Executive Committee.

Exceptional Incentive Restricted Stock Units Program: This program allows for the exceptional offer of restricted stock units to certain employees at the discretion of our Remuneration Committee as a long-term retention incentive for our key employees. Employees eligible to receive a grant under the program will receive two series of restricted stock units. The first half of the restricted stock units vests after five years. The second half of the restricted stock units vests after 10 years. Under a variant of this program, restricted stock units may be granted with a shorter vesting period of between two and a half and three years for the first half, and five years for the second half. In case of termination of service before the vesting date, specific forfeiture rules apply. Beginning in 2017, instead of restricted stock units, stock options may also be granted under this program, with similar vesting and forfeiture rules. No restricted stock units were granted under the program to members of the Executive Committee in 2019.

Share Purchase Program: This program allows certain employees to purchase our shares at a discount. This program is a long-term retention incentive (i) for high-potential employees who are at a mid-manager level or (ii) for newly hired employees. A voluntary investment in our shares by the participating employee is matched with a grant of three matching shares for each share invested or, as the case may be, a number of matching shares corresponding to a fixed monetary value that depends on seniority level. The matching shares are granted in the form of restricted stock units which vest after five years. In case of termination before the vesting date, special forfeiture rules apply. Beginning in 2016, instead of restricted stock units, stock options may also be granted under this program with similar vesting and forfeiture rules. No shares under the program were purchased by members of the Executive Committee in 2019.

Performance-Based Restricted Stock Units: This program allows for the offer of performance-based restricted stock units (“**Performance RSUs**”) to certain members of our management. Upon vesting, each Performance RSU gives the eligible employee the right to receive one existing Ordinary Share. The Performance RSUs have a vesting period of five years or of ten years. The shares resulting from the vesting of the Performance RSUs will only be delivered provided a performance test is met by the company. Specific forfeiture rules apply if the employee leaves the company before the vesting date or if the performance test is not achieved by a certain date. These Performance RSUs are subject to an organic EBITDA compounded annual growth rate target set by the Board. Other performance test criteria may be used for future grants. No restricted stock units were granted under the program to members of the Executive Committee in 2019.

Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding restricted stock units of former AB InBev were automatically transferred to us (as the absorbing company), with each outstanding restricted stock unit giving a right to a share of AB InBev (the absorbing company) instead of a share of former AB InBev (the absorbed company).

Ambev Exchange of Share-Ownership Program

From time to time certain of Ambev’s senior employees are transferred to us and vice versa. In order to encourage management mobility and ensure that the interests of these managers are fully aligned with our interests, our Board has approved a program that aims at facilitating the exchange by these senior employees of their Ambev shares into our shares (the “**ABI/Ambev Exchange Program**”). Under the ABI/Ambev Exchange Program, Ambev shares can be exchanged for our shares based on the average share price of both the Ambev shares and our shares on the date the exchange is requested. A discount of 16.66% is granted in exchange for a five-year lock-up period for the shares and provided that the manager remains in service during this period.

In 2019, no member of the Executive Committee participated in the ABI/Ambev Exchange Program.

Programs for Maintaining Consistency of Benefits Granted and for Encouraging Global Mobility of Executives

Two programs aimed at maintaining consistency of benefits granted to eligible employees and encouraging the international mobility of eligible employees while complying with all legal and tax obligations were approved at the annual shareholders’ meeting of former AB InBev on 27 April 2010.

The Exchange Program: Under this program, the vesting and transferability restrictions of the Series A Options granted under the November 2008 Exceptional Grant¹ and the options granted under the April 2009 Exceptional Grant² could be released, *e.g.*, for eligible employees who moved to the United States (“**Exchange Program**”). These eligible employees were then offered the opportunity to exchange their options against a number of our shares that remained locked up until 31 December 2018 (five years longer than the original lock-up period).

Because the Series A Options granted under the November 2008 Exceptional Grant and the Options granted under the April 2009 Exceptional Grant vested on 1 January 2014, the Exchange Program is no longer relevant for these options. Instead, the Exchange Program has now become applicable to the Series B Options granted under the November 2008 Exceptional Grant. Under the extended program, eligible employees who are relocated, *e.g.*, to the United States, can elect to exchange their options against a number of our Ordinary Shares that, in principle, remain locked up until 31 December 2023 (five years longer than the original lock-up period).

1 The Series A Options have a duration of 10 years from granting and vested on 1 January 2014. The Series B Options have a duration of 15 years from granting and vest on 1 January 2019. The exercise of the stock options is subject, among other things, to AB InBev meeting a performance test. This performance test has been met as the net debt/EBITDA, as defined (adjusted for exceptional items), ratio fell below 2.5 before 31 December 2013. Specific forfeiture rules apply in the case of termination of employment. The exercise price of the options is 10.32 (USD 11.82) or EUR 10.50 (USD 12.02), which corresponds to the fair market value of the shares at the time of the option grant, as adjusted for the rights offering that took place in December 2008. In January 2019, Felipe Dutra exercised 542,226 options of 25 November 2008 with a strike price of EUR 10.32 and 343,884 options of 1 December 2009 with a strike price of EUR 33.24. In August 2019, David Almeida exercised 361,484 options of 25 November 2008 with a strike price of EUR 10.32.

- 2 The options have a duration of 10 years from granting and vested on 1 January 2014. The exercise of the stock options is subject, among other things, to AB InBev meeting a performance test. This performance test has been met as the net debt/EBITDA, as defined (adjusted for exceptional items), ratio fell below 2.5 before 31 December 2013. Specific forfeiture rules apply in the case of termination of employment. The exercise price of the options is EUR 21.94 (USD 25.12) or EUR 23.28 (USD 26.66), which corresponds to the fair market value of the shares at the time of the option grant.

In 2019, no exchanges were executed under this program by members of the Executive Committee.

Under a variant of this plan, upon recommendation of the Remuneration Committee, our Board has also approved a variant of the Exchange Program to allow the early release of the vesting conditions of the Series B Options granted under the November 2008 Exceptional Grant for eligible employees who are relocated, *e.g.*, to the United States. The shares that result from the exercise of these options will, in principle, remain blocked until 31 December 2023. No options were accelerated in accordance with this approval in 2019.

The Dividend Waiver Program: The dividend protection feature of the outstanding options, where applicable, owned by eligible employees who move to the United States will be canceled. In order to compensate for the economic loss which results from this cancellation, a number of new options will be granted to these eligible employees with a value equal to this economic loss. The new options have a strike price equal to the share price on the day preceding the grant date of the options. All other terms and conditions, in particular with respect to vesting, exercise limitations and forfeiture rules, of the new options are identical to the outstanding options for which the dividend protection feature is canceled. As a consequence, the grant of these new options does not result in the grant of any additional economic benefit to the eligible employees concerned. In 2019, no options were granted under this program to members of the Executive Committee.

All other terms and conditions of the options are identical to the outstanding options for which the dividend protection was canceled.

Upon recommendation of the Remuneration Committee in December 2015, our Board has also approved the early release of vesting conditions of unvested stock options which are vesting within six months of the executive's relocation. The shares that result from the early exercise of the options must remain locked up until the end of the initial vesting period of the stock options.

Exceptional Long-Term Incentives

Options or restricted stock units may be granted from time to time to members of our management:

- who have made a significant contribution to the success of the company; or
- who have made a significant contribution in relation to acquisitions and/or the achievement of integration benefits; or
- to incentivize and retain senior leaders who are considered to be instrumental in achieving the company's ambitious short or long-term growth agenda.

Vesting of such options or Restricted Stock Units may be subject to achievement of performance conditions which will be related to the objectives of such exceptional grants.

Grants made as from financial year 2020 will primarily take the form of restricted stock units.

The following exceptional long-term incentive plans are currently in place:

2020 Incentive Plan: options can be granted to selected members of our management, who are considered to be instrumental in helping us achieve our ambitious growth target (the “**2020 Incentive Plan**”). Each option gives the grantee the right to purchase one existing share. The options have a duration of 10 years from granting and vest after five years. The options only become exercisable provided a performance test is met by AB InBev. This performance test is based on a net revenue amount which must be achieved by 2022 at the latest.

No options under the 2020 Incentive Plan were granted to members of the Executive Committee in 2019.

Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding LTI stock options of former AB InBev were automatically transferred to us (as the absorbing company), with each outstanding LTI stock option giving a right to a share of AB InBev (the absorbing company) instead of a share of former AB InBev (the absorbed company).

Integration Incentive Plan: options can be granted to selected members of our management considering the significant contribution that these employees can make to the success of the company and the achievement of integration benefits (“**Integration Incentive Plan**”).

Each option gives the grantee the right to purchase one existing ordinary AB InBev share. The exercise price of the options is set at an amount equal to the market price of the share at the time of grant.

The options have a duration of 10 years from grant and vest on 1 January 2022 and only become exercisable provided we meet a performance test by 31 December 2021 at the latest. This performance test is based on an EBITDA compounded annual growth rate target and may be complemented by additional country- or region-specific or function-specific targets. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or the vesting date.

In 2019, no additional options were granted under the Integration Incentive Plan to members of the Executive Committee.

Incentive Plan for SAB Employees: options can be granted to employees of former SAB (the “**Incentive Plan for SAB Employees**”). The grant results from the commitment that we have made under the terms of the combination with SAB, that we would, for at least one year, preserve the terms and conditions for employment of all employees that remained with SAB.

Each option gives the grantee the right to purchase one existing ordinary AB InBev share. The exercise price of the options is set at an amount equal to the market price of the share at the time of grant.

The options have a duration of 10 years as from granting and vest after three years. Specific forfeiture rules apply if the employee leaves the company before the vesting date.

In 2019, no options were granted under the Incentive Plan for SAB employees to members of the Executive Committee.

Long Run Stock Options Incentive Plan: options can be granted to selected members of our management to incentivize and retain senior leaders who are considered to be instrumental in achieving our ambitious long-term growth agenda over the next 10 years (“**Long Run Stock Options Incentive Plan**”).

Each option gives the grantee the right to purchase one existing share. The exercise price of the options is set at the closing share price on the day preceding the grant date. The options have a duration of 15 years as from granting and, in principle, vest after 5 or 10 years. The options only become exercisable provided a performance test is met by AB InBev. This performance test is based on an organic EBITDA compounded annual growth rate target. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or vesting date.

In 2019, no additional options were granted under the Long Run Stock Options Incentive Plan to members of the Executive Committee.

Performance Related Incentive Plan for Disruptive Growth Function

In 2016, we implemented a new performance related incentive plan, which substituted the long-term incentive stock option plan for those eligible employees in the Disruptive Growth Function, called ZX Ventures. The Disruptive Growth Function was created in 2015 to accelerate new business development opportunities, focusing on initiatives in e-commerce, mobile, craft and branded experiences, such as brew pubs, and is headed by Pedro Earp, Chief Marketing and ZX Ventures Officer.

The new incentive plan, which is inspired by compensation models in technology and start-up businesses, aims at specifically linking compensation to the value creation and success of the disruptive growth business within the AB InBev Group.

Eligible employees are granted performance units whose value depends on the internal rate of return of their business area. The units will vest after five years, provided a performance test is met, which is based on a minimal growth rate of the internal rate of return. At vesting, the performance units may be settled in cash or in our Ordinary Shares. Specific forfeiture rules apply if the executive leaves the AB InBev Group.

Compensation of Directors and Executives

Unless otherwise specified, all compensation amounts in this section are gross of tax.

Board of Directors

Our directors receive fixed compensation in the form of annual fees and share-based compensation in the form of restricted stock units (“RSUs”). Our Remuneration Committee recommends the level of remuneration for directors, including the Chair of the Board. These recommendations are subject to approval by our Board and, subsequently, by our shareholders at the annual general meeting. The Remuneration Committee benchmarks directors’ compensation against peer companies. In addition, the Board sets and revises, from time to time, the rules and level of compensation for directors carrying out a special mandate or sitting on one or more of the Board committees and the rules for reimbursement of directors’ business-related, out-of-pocket expenses. See “—C. Board Practices—Information about Our Committees—The Remuneration Committee.”

Board Compensation in 2019

The fixed annual fee for our directors in 2019 amounted to EUR 75,000 (USD 84,255), except for the Chair of the Board and the Chair of the Audit Committee, whose fixed annual fees amounted to EUR 255,000 and EUR 127,500 respectively. On 24 April 2019, the annual shareholders’ meeting resolved that the fixed annual fee of the directors will no longer be supplemented by any attendance fee for each additional physical Board meeting after ten (10) meetings or for each Committee meeting attended.

In addition, a fixed annual retainer applied as follows: (a) EUR 28,000 (USD 31,455) for the Chair of the Audit Committee, EUR 14,000 (USD 15,728) for the other members of the Audit Committee, (c) EUR 14,000 (USD 15,728) for each of the Chairs of the Finance Committee, the Remuneration Committee and the Nomination Committee and (d) EUR 7,000 (USD 7,864) to each of the other members of the Finance Committee, the Remuneration Committee and the Nomination Committee.

We do not provide pensions, medical benefits, benefits upon termination or end of service or other benefit programs to directors.

On 24 April 2019, the annual shareholders' meeting of AB InBev granted each director restricted stock units corresponding to a fixed gross value of EUR 200,000. The Chair of the Board was granted restricted stock units corresponding to a fixed gross value of EUR 550,000 and the Chair of the Audit Committee was granted restricted stock units corresponding to a fixed gross value of EUR 350,000. Such restricted stock units will vest after 5 years and, upon vesting, will entitle their holders to one AB InBev share per restricted stock unit (subject to any applicable withholding). These restricted stock units replace the stock options to which the directors were previously entitled.

The table below provides an overview of the fixed and share-based compensation that our directors received in 2019⁽¹⁾.

Name	Number of Board meetings attended	Annual fee for Board meetings (EUR)	Fees for Committee meetings (EUR)	Total fee (EUR)	Number of RSUs granted
María Asunción Aramburuzabala	10	75,000	0	75,000	2,505
Martin J. Barrington ⁽²⁾	10	195,000	18,667	213,667	1,558
Alexandre Behring ⁽⁴⁾	2	25,000	2,333	27,333	2,505
Michele Burns	8	127,500	39,667	167,167	4,384
Sabine Chalmers ⁽⁵⁾	7	50,000	0	50,000	0
Paul Cornet de Ways Ruat	10	75,000	4,667	79,667	2,505
Stéfan Descheemaeker ⁽⁴⁾	3	25,000	2,333	27,333	2,505
Grégoire de Spoelberch	10	75,000	7,000	82,000	2,505
Claudio Garcia ⁽⁵⁾	7	50,000	4,667	54,667	0
William F. Gifford Jr. ⁽³⁾	9	0	0	0	0
Olivier Goudet ⁽⁴⁾	3	85,000	9,333	94,333	6,890
Paulo Lemann	10	75,000	7,000	82,000	2,505
Xiaozhi Liu ⁽⁵⁾	7	50,000	9,333	59,333	0
Alejandro Santo Domingo	9	75,000	0	75,000	2,505
Elio Leoni Sceti	10	75,000	21,000	96,000	2,505
Carlos Alberto da Veiga Sicupira ⁽⁴⁾	3	25,000	2,333	27,333	2,505
Cecilia Sicupira ⁽⁵⁾	7	50,000	4,667	54,667	0
Marcel Herrmann Telles	10	75,000	28,000	103,000	2,505
Alexandre Van Damme	10	75,000	21,000	96,000	2,505
All directors as group		1,282,500	182,000	1,464,500	40,387

Note:

- (1) Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding LTI stock options of former AB InBev have been automatically transferred to us (as the absorbing company), with each outstanding LTI stock option giving a right to a share of AB InBev (the absorbing company) instead of a share of former AB InBev (the absorbed company).
- (2) Mr. Barrington has waived his entitlement to any type of remuneration, including long-term incentive stock options, relating to the exercise of his mandate up to the date of his retirement as Chief Executive Officer of Altria on 18 May 2018. Mr. Barrington's annual remuneration is prorated for the exercise of his mandate during the remainder of 2018, which impacted the share based remuneration he received in 2019 based on the 2018 calendar year.
- (3) Mr. Gifford has waived his entitlement to any type of remuneration, including long-term incentive stock options, relating to the exercise of his mandate in 2019.
- (4) Member of the Board until 24 April 2019.
- (5) Member of the Board since 24 April 2019.

Stock Options Held by Directors

The table below sets forth, for each of our current directors, the number of LTI stock options they owned as of 31 December 2019⁽¹⁾:

	<u>LTI 26</u>	<u>LTI 25</u>	<u>LTI 24</u>	<u>LTI 23</u>	<u>LTI 22</u>	<u>Total</u>
<u>Grant date</u>	<u>25 April</u>	<u>26 April</u>	<u>27 April</u>	<u>29 April</u>	<u>30 April</u>	<u>options</u>
<u>Expiry date</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
	<u>24 April</u>	<u>25 April</u>	<u>26 April</u>	<u>28 April</u>	<u>29 April</u>	
	<u>2028</u>	<u>2027</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	
Maria Asunción Aramburuzabala	15,000	15,000	15,000	15,000	0	60,000
Martin J. Barrington ⁽²⁾	0	0	0	0	0	0
Sabine Chalmers ⁽³⁾⁽⁴⁾	0	0	0	0	0	0
Michele Burns	25,500	25,500	25,500	0	0	76,500
Paul Cornet de Ways Ruat	15,000	15,000	15,000	15,000	15,000	75,000
Grégoire de Spoelberch	15,000	15,000	15,000	15,000	15,000	75,000
Claudio Garcia ⁽³⁾⁽⁴⁾	0	0	0	0	0	0
William F. Gifford Jr. ⁽²⁾	0	0	0	0	0	0
Paulo Lemann	15,000	15,000	15,000	15,000	0	60,000
Xiaozhi Liu	0	0	0	0	0	0
Alejandro Santo Domingo	15,000	15,000	0	0	0	30,000
Elio Leoni Sceti	15,000	15,000	15,000	15,000	0	60,000
Cecilia Sicupira ⁽³⁾	0	0	0	0	0	0
Marcel Telles	15,000	15,000	15,000	15,000	15,000	75,000
Alexandre Van Damme	15,000	15,000	15,000	15,000	15,000	75,000
Strike price (EUR)	84.47	104.50	113.25	113.10	80.83	—

Note:

- (1) At the annual shareholders' meeting of former AB InBev on 30 April 2014, all outstanding LTI warrants under our LTI Warrant Plan (see "—Share-Based Payment Plans—LTI Warrant Plan") were converted into LTI stock options, i.e., the right to purchase existing shares instead of the right to subscribe to newly issued shares. All other terms and conditions of the existing grants under the LTI Warrant Plan remained unchanged. Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding LTI stock options of former AB InBev have been automatically transferred to Anheuser-Busch InBev (the absorbing company), with each outstanding LTI stock option giving right to one share of Anheuser-Busch InBev (the absorbing company) instead of one share of former AB InBev (the absorbed company). In 2019, no LTI stock options listed in the table above were exercised by directors. No LTI stock options were granted to directors in 2019.
- (2) Mr. Barrington has waived his entitlement to any type of remuneration, including long-term incentive stock options, relating to the exercise of his mandate up to the date of his retirement as Chief Executive Officer of Altria on 18 May 2018. Mr. Barrington's annual remuneration is prorated for the exercise of his mandate during the remainder of 2018. Mr. Gifford has waived his entitlement to any type of remuneration, including long-term incentive stock options, relating to the exercise of their mandate in 2019.
- (3) Member of the Board since 24 April 2019.
- (4) Claudio Garcia and Sabine Chalmers do not hold stock options under our LTI Stock Options Plan for directors. However, they do still hold certain stock options that were awarded to them in the past in their capacity as executives of AB InBev.

Board Share Ownership

The table below sets forth, as of the most recent practicable date, the number of our shares owned by our directors serving in 2019 and year-to-date 2020:

Name	Number of our shares held	% of our outstanding shares
María Asunción Aramburuzabala	(*)	(*)
Martin J. Barrington	(*)	(*)
Claudio Garcia	(*)	(*)
Michele Burns	(*)	(*)
Paul Cornet de Ways Ruart	(*)	(*)
Sabine Chalmers	(*)	(*)
Grégoire de Spoelberch	(*)	(*)
William F. Gifford Jr.	(*)	(*)
Xiaozhi Liu	(*)	(*)
Paulo Lemann	(*)	(*)
Elio Leoni Sceti	(*)	(*)
Alejandro Santo Domingo	(*)	(*)
Cecilia Sicupira	(*)	(*)
Marcel Herrmann Telles	(*)	(*)
Alexandre Van Damme	(*)	(*)
TOTAL	22.48 million	1.11%

Note:

(*) Each director owns less than 1% of our outstanding shares as of the most recent practicable date.

Executive Committee

The main elements of our executive remuneration are (i) a fixed-base salary, (ii) variable performance-related compensation, (iii) long-term incentive stock options, (iv) long-term restricted stock units, (v) post-employment benefits and (vi) other compensation.

Figures in this section may differ from the figures in the notes to our consolidated financial statements for the following reasons: (i) figures in this section are figures gross of tax, while figures in the notes to our consolidated financial statements are reported as “cost for the Company”; (ii) the split “short-term employee benefits” vs. “share-based compensation” in the notes to our consolidated financial statements does not necessarily correspond to the split “base salary” vs. “variable compensation” in this section. Short-term employee benefits in the notes to our consolidated financial statements include the base salary and the portion of the variable compensation paid in cash. Share-based compensation includes the portion of the variable compensation paid in shares and certain non-cash elements, such as the fair value of the options granted, which is based on financial pricing models and (iii) the scope for the reporting is different as the figures in the notes to our consolidated financial statements also contain the remuneration of executives who left during the year, while figures in this section only contain the remuneration of executives who were in service at the end of the reporting year.

Our executive compensation and reward programs are overseen by our Remuneration Committee. It submits recommendations on the remuneration policies and individual remuneration packages for the Board of Directors, the Chief Executive Officer, the Executive Committee and the senior leadership team to the Board for approval. It ensures that the CEO and members of the Executive Committee and senior leadership team are incentivized to achieve, and are compensated for, exceptional performance. It also ensures the maintenance and continuous improvement of the company’s compensation framework, which applies to all employees. Such compensation framework is based on meritocracy and a sense of ownership with a view to aligning the interests of its employees with the interests of all shareholders. The Remuneration Committee takes into account the compensation of the employees when preparing the remuneration policies applicable to the Board, the CEO and the other members of the Executive Committee.

The Board approves our targets and individual annual targets of the CEO and the other members of the Executive Committee and senior leadership team and the Remuneration Committee assesses the target achievement and corresponding annual and long-term incentives of the CEO and the other members of the Executive Committee and senior leadership team. See “—C. Board Practices—Information about Our Committees—The Remuneration Committee.” In addition, the decision auditory to approve the remuneration policy, prior to its submission to the shareholders’ meeting, and the determination of the remuneration of the CEO and the other Executive Committee and senior leadership team members is vested with the Board upon recommendation of the Remuneration Committee. No member of the Executive Committee is at the same time a member of the Board of Directors. As regards the remuneration of the directors, all decisions are adopted by the shareholders’ meeting.

Our compensation system is designed to support our high-performance culture and the creation of long-term sustainable value for our shareholders. The goal of the system is to reward executives with market-leading compensation, which is conditional upon both our overall success and individual performance. It ensures alignment with shareholders’ interests by strongly encouraging executive ownership of shares in our company and enables us to attract and retain the best talent at global levels.

Unless otherwise specified, the information and amounts in this section relate to the members of our Executive Committee as of 1 January 2020. See “—A. Directors and Senior Management—Administrative, Management, Supervisory Bodies and Senior Management Structure.”

Base Salary

In order to ensure alignment with market practice, base salaries are reviewed against benchmarks on an annual basis. These benchmarks are collated by independent compensation consultants, in relevant industries and geographies. For benchmarking, a custom sample of Fast Moving Consumer Goods peer companies (“**Peer Group**”) is used when available. The Peer Group includes, among others, Apple, Coca Cola Company, Procter & Gamble, IBM, Oracle, Diageo and PepsiCo. The Peer Group may be revised from time to time by the Remuneration Committee, it being understood that the Peer Group will remain consistent with our activities. If Peer Group data are not available for a given role, data from Fortune 100 companies are used. Our executives’ base salaries are intended to be aligned to mid-market levels for the appropriate market. Mid-market means that for a similar job in the market, 50% of companies in that market pay less. Executives’ total compensation is intended to be 10% above the third quartile.

In 2019, based on his employment contract, our Chief Executive Officer earned a fixed salary of EUR 1.46 million (USD 1.64 million). The other members of our Executive Committee earned an aggregate base salary of EUR 2.27 million (USD 2.55 million).

Variable Performance-Related Compensation – Share-Based Compensation Plan

The variable performance-related compensation element of remuneration for members of our Executive Committee is aimed at rewarding executives for driving our short- and long-term performance.

The target variable compensation is expressed as a percentage of the annual market reference salary applicable to the executive based. The on-target bonus percentage theoretically amounts to maximum 200% of the market reference salary for members of the Executive Committee and 340% for the Chief Executive Officer. An additional incentive of 20% on a bonus amount may be awarded by the Remuneration Committee in the case of overachievement or other exceptional circumstances.

The effective pay-out of variable compensation is directly correlated with performance, *i.e.*, linked to the achievement of total company, business unit and individual targets, all of which are based on performance metrics.

Company and business unit targets aim to achieve a balance of top-line growth and cash-flow generation.

Below a hurdle of achievement for total company and business unit targets, no bonus is earned irrespective of individual target achievement.

In addition, the final individual bonus pay-out percentage also depends on each executive's personal achievement of his or her individual performance targets. Individual performance targets of the Chief Executive Officer and our Executive Committee may consist of financial and non-financial targets, such as sustainability and other elements of corporate social responsibility, as well as compliance- and ethics-related targets. Typical performance measures in this area can relate to employee management, talent pipeline, Better World goals and compliance dashboards, among other metrics and are linked directly to the achievement of strategic objectives to drive the sustainability of our financial performance.

Targets achievement is assessed by the Remuneration Committee on the basis of accounting and financial data.

Variable compensation is generally paid annually in arrears after publication of our full-year results, in or around March of the relevant year. In exceptional circumstances, the variable compensation may be paid out semi-annually at the discretion of the Board. In such cases, the first half of the variable compensation is paid shortly after publication of the half-year results, and the second half of the variable compensation is paid after publication of the full-year results. For 2019, a first installment of the variable compensation was paid in July 2019 (variable compensation awarded related to the first half of 2019) and the remainder of the variable compensation for the executives will be paid in arrears after publication of our full-year results in or around March 2020.

Variable Compensation for Performance in 2019 – Expected to Be Paid in March 2020

For 2019, based on the company's target achievement during the year 2019 and the executives' individual target achievement, the total bonus for the Executive Committee, including the Chief Executive Officer, effectively amounted to approximately 137% of their 2019 base salary. For the Chief Executive Officer, the total bonus effectively amounted to approximately 179% of his 2019 base salary.

For the full year 2019, the Chief Executive Officer earned variable compensation of EUR 2.61 million (USD 2.93 million). The other members of the Executive Committee earned aggregate variable compensation of EUR 2.49 million (USD 2.80 million).

The amount of variable compensation is based on our company's performance during the year 2019 and the executives' individual target achievements. A first installment of the variable compensation was paid in July 2019 and any remainder of the variable compensation is expected to be paid in March 2020.

The following table sets forth information regarding the number of the company's shares voluntarily acquired and Matching Shares granted in July 2019 to the Chief Executive Officer and the other members of the Executive Committee as at 31 December 2019 related to the first half of 2019 under the Share-based compensation plan. The Matching Shares were granted in the form of restricted stock units and vest after five years, on 29 July 2024.

Name	Voluntary Shares acquired	Matching Shares granted
Carlos Brito	15,244	61,422
David Almeida	2,452	11,069
John Blood	1,348	6,469
Felipe Dutra	5,407	22,030
David Kamenetzky (until 30 June 2019)	0	0

Long-Term Incentive Stock Options

On 25 January 2019, 88,864, 33,853, 126,979 and 84,633 long-term stock options (having an exercise price of EUR 65.70 (USD 73.81)) were granted to respectively each of David Almeida, John Blood, Felipe Dutra and David Kamenetzky (who was a member of the Executive Committee until 30 June 2019). Additionally, 100,961 and 67,307 long-term stock options (having an exercise price of EUR 71.87 (USD 80.74)) were granted on 2 December 2019 to respectively each of David Almeida and John Blood.

Post-Employment Benefits

We sponsor various post-employment benefit plans worldwide. These include pension plans, both defined contribution plans and defined benefit plans, and other post-employment benefits. See note 25 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for further details on our employee benefits.

Our Chief Executive Officer participates in a defined contribution plan. No annual contributions were due by the Company under his plan in 2019. The total amount we had set aside to provide pension, retirement or similar benefits for members of our Executive Committee in the aggregate was USD 0.20 million as of 31 December 2019. See note 34 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

Other Compensation

We also provide executives with disability, life, medical (including vision and dental) and Group Variable Universal Life (GVUL) insurance and perquisites and other benefits that are competitive with market practice in the markets where such executives are employed. In 2019, the costs of these benefits amounted to approximately USD 0.04 million for the CEO and approximately USD 0.09 million in aggregate for the other members of the Executive Committee.

Employment Agreements and Termination Arrangements

Terms and conditions of employment of the members of our Executive Committee are included in individual employment agreements, which are for an indefinite period of time. Executives are also required to comply with our policies and codes such as the Code of Business Conduct and Code of Dealing and are subject to exclusivity, confidentiality and non-compete obligations.

The employment agreement typically provides that the executive's eligibility for payment of variable compensation is determined exclusively on the basis of the achievement of corporate and individual targets to be set by us. The specific conditions and modalities of the variable compensation are fixed by us in a separate plan which is approved by the Remuneration Committee.

The termination arrangements for the members of the Executive Committee provide for a termination indemnity of 12 months of remuneration including variable compensation in case of termination without cause. The variable compensation for purposes of the termination indemnity shall be calculated as the average of the variable compensation paid to the executive for the last two years of employment prior to the year of termination. In addition, if we decide to impose upon the executive a non-compete restriction of 12 months, the executive shall be entitled to receive an additional indemnity of six months.

Carlos Brito was appointed to serve as our Chief Executive Officer starting as of 1 March 2006. In the event of termination of his employment other than on the grounds of serious cause, he is entitled to a termination indemnity of 12 months of remuneration including variable compensation as described above.

Our share-based compensation and long-term incentive plans contain a *malus* provision for all grants made since March 2019. Such provision provides that the stock options and/or restricted stock units granted to an executive will automatically expire and become null and void in the scenario where the executive is found by the Global Ethics and Compliance Committee to be (i) responsible for a material breach of our Code of Business Conduct; or (ii) subject to a material adverse court or administrative decision, in each case in the period before the exercise of the stock options or vesting of the restricted stock units.

Options Owned by Executives

The table below sets forth the number of LTI stock options and matching options owned by the members of our Executive Committee in aggregate as of 31 December 2019 under the LTI Stock Option Plan Executives, the Share-Based Compensation Plans, the November 2008 Exceptional Grant, the 2020 Incentive Plan, the Integration Incentive Plan and the Long Run Stock Options Incentive Plan. Members of our Executive Committee do not hold any warrants or stock options relating to our shares under our other incentive plans.

Program ⁽¹⁾	Options held in aggregate by our Executive Committee	Strike price (EUR)	Grant date	Expiry date
LTI Stock Option Plan 2009	0	35.90	18 December 2009	17 December 2019
LTI Stock Option Plan 2009	57,829	42.41	30 November 2010	29 November 2020
LTI Stock Option Plan 2009	336,713	44.00	30 November 2011	29 November 2021
LTI Stock Option Plan 2009	672,835	66.56	30 November 2012	29 November 2022
LTI Stock Option Plan 2009	440,931	75.15	2 December 2013	1 December 2023
LTI Stock Option Plan 2009	276,102	94.46	1 December 2014	30 November 2024
LTI Stock Option Plan 2009	24,564	121.95	1 December 2015	30 November 2025
LTI Stock Option Plan 2009	611,565	113.00	22 December 2015	21 December 2025
LTI Stock Option Plan 2009	18,635	98.04	1 December 2016	30 November 2026
LTI Stock Option Plan 2009	551,276	98.85	20 January 2017	19 January 2027
LTI Stock Option Plan 2009	594,936	94.36	22 January 2018	21 January 2028
LTI Stock Option Plan 2009	249,696	65.70	25 January 2019	24 January 2029
LTI Stock Option Plan 2009	168,268	71.87	2 December 2019	1 December 2029
Matching options 2008	0	34.34	3 March 2008	2 March 2018
Matching options 2009	0	20.49	6 March 2009	5 March 2019
Matching options 2009	0	27.06	14 August 2009	13 August 2019
Matching options 2010	0	36.52	5 March 2010	4 March 2020
November 2008 Exceptional Grant Options Series B	0	10.50	25 November 2008	24 November 2023
November 2008 Exceptional Grant Options Series B	1,626,679	10.32	25 November 2008	24 November 2023
November 2008 Exceptional Grant Options Series B – Dividend Waiver 09 ⁽³⁾	1,260,596	33.24	1 December 2009	24 November 2023
November 2008 Exceptional Grant Options Series B – Dividend Waiver 11 ⁽³⁾	0	40.35	11 July 2011	24 November 2023
November 2008 Exceptional Grant Options Series B – Dividend Waiver 13 ⁽³⁾	0	75.82	15 May 2013	24 November 2023
Matching options 2009 – Dividend Waiver 13 ⁽³⁾	0	75.82	15 May 2013	5 March 2019
Matching options 2009 – Dividend Waiver 13 ⁽³⁾	0	75.82	15 May 2013	13 August 2019
2020 Incentive Options ⁽⁴⁾	47,823	113.00	22 December 2015	21 December 2025
Integration Incentive Stock Options ⁽⁵⁾	261,706	109.10	5 May 2017	4 May 2027
Long Run Stock Options Incentive Plan ⁽⁶⁾	2,002,504	96.70	1 December 2017	31 December 2032
Long Run Stock Options Incentive Plan	1,708,044	80.34	18 May 2018	31 December 2032

Note:

- (1) Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding LTI stock options of former AB InBev have been automatically transferred to us (as the absorbing company), with each outstanding LTI stock option giving a right to a share of AB InBev (the absorbing company) instead of a share of former AB InBev (the absorbed company).

- (2) Options granted in form of American Depositary Receipts (strike price is in USD).
- (3) Options granted under the Dividend Waiver Program. See “—Share-Based Payment Plans.”
- (4) Options granted under the 2020 Incentive Plan. See “—Share-Based Payment Plans—Exceptional Long-Term Incentive Stock Options.”
- (5) Options granted under the Integration Incentive Plan. See “—Share-Based Payment Plans—Exceptional Long-Term Incentive Stock Options.”
- (6) Options granted under the Long Run Stock Options Incentives= Plan. See “—Share-Based Payment Plans—Exceptional Long-Term Incentive Stock Options.”

Executive Share Ownership

The Board has set a minimum threshold of shares of the company to be held at any time by the CEO to two years of base salary (gross) and by the other members of the Executive Committee to one year of base salary (gross). Newly appointed Executive Committee members have three years to reach such threshold following the date of their appointment.

The table below sets forth, as of the most recent practicable date, the number of our shares owned by the members of the Executive Committee serving in 2019:

Name	Number of our shares held	% of our outstanding shares
Carlos Brito – CEO	(*)	(*)
David Almedia	(*)	(*)
John Blood	(*)	(*)
Felipe Dutra	(*)	(*)
David Kamenetzky (until 30 June 2019)	(*)	(*)
TOTAL	6.00 million	<1%

Note:

- (*) Each member of our Executive Committee serving in 2019 owns less than 1% of our outstanding shares as of the most recent practicable date.

C. BOARD PRACTICES

General

Our directors are appointed by our shareholders’ meeting, which sets their remuneration and term of mandate. Their appointment is published in the Belgian Official Gazette (Moniteur belge). No service contract is concluded between us and our directors with respect to their Board mandate. Our Board also may request a director to carry out a special mandate or assignment. In such case, a special contract may be entered into between us and the respective director. For details of the current directors’ terms of office, see “—A. Directors and Senior Management—Board of Directors —Role and Responsibilities, Composition, Structure and Organization.” We do not provide pensions, medical benefits or other benefit programs to directors.

Information about Our Committees

General

Our Board is assisted by four committees: the Audit Committee, the Finance Committee, the Remuneration Committee and the Nomination Committee.

The existence of the Committees does not affect the responsibility of our Board. Board committees meet to prepare matters for consideration by our Board. By exception to this principle, (i) the Remuneration Committee may make decisions on individual compensation packages, other than with respect to our Chief Executive Officer, our Executive Committee and our senior leadership team (which are submitted to our Board for approval) and on performance against targets, and (ii) the Finance Committee may make decisions on matters specifically delegated to it under our Corporate Governance Charter, in each case without having to refer to an additional Board decision. Each of our Committees operates under typical rules for such committees under Belgian law, including the requirement that a majority of the members must be present for a valid quorum and decisions are taken by a majority of members present.

The Audit Committee

The Audit Committee consists of a minimum of three voting members. The Audit Committee's Chair and the Committee members are appointed by the Board from among the non-executive directors. The Chair of the Audit Committee is not the Chair of the Board. A majority of the members of our Audit Committee are independent directors according to our Corporate Governance Charter (see "—A. Directors and Senior Management—Board of Directors—Role and Responsibilities, Composition, Structure and Organization"). Each of them is independent under Rule 10A-3 under the Exchange Act.

The Chief Executive Officer, Chief Legal and Corporate Affairs Officer and Chief Financial and Technology Officer are invited to the meetings of the Audit Committee, unless the Chair or a majority of the members decide to meet in closed session.

The current members of the Audit Committee are M. Michele Burns (Chair), Martin J. Barrington, Xiaozhi Liu and Elio Leoni Sceti.

Our Board of Directors has determined that M. Michele Burns is an "audit committee financial expert" as defined in Item 16A of Form 20-F under the Exchange Act.

The Audit Committee assists our Board in its responsibility for oversight of (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements and environmental and social responsibilities, (iii) the statutory auditors' qualification and independence, and (iv) the performance of the statutory auditors and our internal audit function. The Audit Committee is entitled to review information on any point it wishes to verify, and is authorized to acquire such information from any of our employees. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the statutory auditor. It also establishes procedures for confidential complaints regarding questionable accounting or auditing matters. It is also authorized to obtain independent advice, including legal advice, if this is necessary for an inquiry into any matter under its responsibility. It is entitled to call on the resources that will be needed for this task. It is entitled to receive reports directly from the statutory auditor, including reports with recommendations on how to improve our control processes.

The Audit Committee holds as many meetings as necessary with a minimum of four per year. Paul Cornet de Ways Ruart attends Audit Committee meetings as a non-voting observer.

The Finance Committee

The Finance Committee consists of at least three, but no more than six, members appointed by the Board. The Board appoints a Chair and, if deemed appropriate, a Vice-Chair from among the Finance Committee members. The Chief Executive Officer and the Chief Financial and Technology Officer are invited ex officio to the Finance Committee meetings unless explicitly decided otherwise. Other employees are invited on an ad hoc basis as deemed useful.

The current members of the Finance Committee are Alexandre Van Damme (Chair), Grégoire de Spoelberch, Paulo Alberto Lemann, Cecilia Sicupira, William F. Gifford Jr. and M. Michele Burns.

The Corporate Governance Charter requires the Finance Committee to meet at least four times a year and as often as deemed necessary by its Chair or at least two of its members.

The Finance Committee assists the Board in fulfilling its oversight responsibilities in the areas of corporate finance, risk management, treasury controls, mergers and acquisitions, tax and legal, pension plans, financial communication and stock market policies and all other related areas as deemed appropriate.

The Remuneration Committee

The Remuneration Committee consists of three members appointed by the Board, all of whom are non-executive directors. The Chair of the Remuneration Committee is a representative of the controlling shareholders and the other two members meet the requirements of independence as established in our Corporate Governance Charter and by Belgian company law. The Chair of our Remuneration Committee would not be considered independent under NYSE rules, and, therefore, our Remuneration Committee would not be in compliance with the NYSE Corporate Governance Standards for domestic issuers in respect of independence of compensation committees. The Chief Executive Officer and the Chief People Officer are invited ex officio to the meetings of the Committee unless explicitly decided otherwise.

The current members of the Remuneration Committee are Marcel Herrmann Telles (Chair), M. Michele Burns and Elio Leoni Sceti.

The Remuneration Committee meets at least four times a year, and more often if required, and can be convoked by its Chair or at the request of at least two of its members.

The Remuneration Committee's principal role is to guide the Board with respect to all its decisions relating to the remuneration policies for the Board, the Chief Executive Officer, the Executive Committee and the senior leadership team, and on their individual remuneration packages. The Committee ensures that the Chief Executive Officer and members of the Executive Committee and senior leadership team are incentivized to achieve, and are compensated for, exceptional performance. The Committee also ensures the maintenance and continuous improvement of our company's compensation policy, which applies to all employees. Such compensation framework is based on meritocracy and a sense of ownership with a view to aligning the interests of its employees with the interests of all shareholders. The Remuneration Committee takes into account the compensation of the employees when preparing the remuneration policy applicable to the directors, the Chief Executive Officer and the other members of the Executive Committee and senior leadership team.

In certain exceptional circumstances, the Remuneration Committee or its appointed designees, together with the approval of the Board, may grant limited waivers from lock-up requirements provided that adequate protections are implemented to ensure that the commitment to hold shares remains respected until the original termination date. These exceptional circumstances cover situations in which the waivers are necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability.

The Nomination Committee

The Nomination Committee consists of five members appointed by the Board. The five members include the Chair of the Board and the Chair of the Remuneration Committee. Four of the five Committee members are representatives of the controlling shareholders. These four members of our Nomination Committee would not be considered independent under NYSE rules, and therefore our Nomination Committee would not be in compliance with the NYSE Corporate Governance Standards for domestic issuers in respect of independence of nominating committees. The Chief Executive Officer, the Chief People Officer and the General Counsel and Company Secretary are invited ex officio to attend the meetings of the Nomination Committee unless explicitly decided otherwise.

The current members of the Nomination Committee are Marcel Herrmann Telles (Chair), Martin J. Barrington, Claudio Garcia, Paul Cornet de Ways Ruat and Alexandre Van Damme.

The Nomination Committee's principal role is to guide the Board succession process. The Nomination Committee identifies persons qualified to become Board members and recommends director candidates for nomination by the Board and election at the shareholders' meeting. The Nomination Committee also guides the Board with respect to all its decisions relating to the appointment and retention of key talent within our company.

D. EMPLOYEES

As of 31 December 2019, we employed approximately 170,000 employees as compared to approximately 172,000 as of 31 December 2018.

Overview of Employees per Business Segment

The table below sets out the number of full-time employees at the end of each relevant period in our business segments.

	As of 31 December		
	2019	2018 ⁽¹⁾⁽²⁾	2017 ⁽²⁾
North America	20,040	19,323	19,306
Middle Americas	52,412	53,140	56,006
South America	41,603	40,503	41,140
EMEA	23,804	23,604	26,823
Asia Pacific	29,482	31,523	36,386
Global Export and Holding Companies	4,574	4,683	3,254
Total	171,915	172,776	182,915

Note:

- (1) The reduction of employees in 2018 compared to 2017, mainly results from the combination of the AB InBev Russia and Ukraine businesses under AB InBev Efes. As a result of that transaction, we have stopped consolidated our Russia and Ukraine businesses and account for the investment in AB InBev Efes under the equity method as of 30 March 2018.
- (2) Effective 1 January 2019, our business segments changed to be as follows: North America, Middle Americas, South America, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2018 and 2017 have been restated to reflect this allocation.

Employee Compensation and Benefits

To support our culture that recognizes and values results, we offer employees competitive salaries benchmarked to fixed mid-market local salaries, combined with variable incentive schemes based on individual performance and performance of the business entity in which they work. Senior employees above a certain level are eligible for the Share-Based Compensation Plan. See “—B. Compensation—Share-Based Payment Plans—Share-Based Compensation Plan” and “—B. Compensation—Compensation of Directors and Executives—Executive Committee”. Depending on local practices, we offer employees and their family members pension plans, life insurance, medical, dental and optical insurance, death-in-service insurance and illness and disability insurance. Some of our countries have tuition reimbursement plans and employee assistance programs.

Labor Unions

Many of our hourly employees across our business segments are represented by unions, with a variety of collective bargaining agreements in place. Generally, relationships between us and the unions that represent our employees are good. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—We are exposed to labor strikes and disputes that could lead to a negative impact on our costs and production level.”

In Europe, collective bargaining occurs at the local and/or national level in all countries with union representation for our employees. The degree of membership in unions varies from country to country, with Belgium and Germany, for example, having a high proportion of membership. A European Workers Council has been established since 1996 to promote social dialogue and to exchange opinions at a European level.

In Mexico, approximately half of our employees are union members. Our collective bargaining agreements are negotiated and executed separately for each facility or distribution center. They are periodically reviewed with the unions as mandated by Mexican Labor Law (i.e., yearly revisions of salary, benefits and salary revisions every two years).

All of our employees in Brazil are represented by labor unions, but less than 5% of our employees in Brazil are actually members of labor unions. The number of administrative and distribution employees who are members of labor unions is not significant. Salary negotiations are conducted annually between the workers' unions and us. Collective bargaining agreements are negotiated separately for each facility or distribution center. Our Brazilian collective bargaining agreements have a term of one or two years, and we usually enter into new collective bargaining agreements on or prior to the expiration of the existing agreements.

A majority of our brewery and distribution employees in Canada are represented by labor unions. The number of administrative employees who are members of labor unions is not significant. Salary negotiations are conducted through collective bargaining agreements between the workers' unions and us. Collective bargaining agreements are generally negotiated separately for each facility or distribution center. Our Canadian collective bargaining agreements have a term of three to seven years, and we generally enter into new collective bargaining agreements on or prior to the expiration of existing agreements.

Our United States organization has approximately 5,100 hourly brewery workers represented by the International Brotherhood of Teamsters. Their compensation and other terms of employment are governed by collective bargaining agreements negotiated between us and the Teamsters. We recently completed negotiations of new five-year agreements with the Teamsters, which will expire on 29 February 2024. Approximately 2,200 hourly employees at certain company-owned distributorships and packaging plants also are represented by the Teamsters and other unions, with local bargaining agreements ranging in distribution from three to five years.

E. SHARE OWNERSHIP

For a discussion of the share ownership of our directors and executives, as well as arrangements involving our employees in our capital, see “—B. Compensation.”

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

Shareholding Structure

The following table shows our shareholding structure as at 31 December 2019 based on (i) transparency declarations made by shareholders who are compelled to disclose their shareholdings pursuant to the Belgian Law of 2 May 2007 on the notification of significant shareholdings and the articles of association of the company, (ii) notifications made by such shareholders to the company on a voluntary basis prior to 15 December 2019 for the purpose of updating the above information, and (iii) information included in public filings with the SEC.

The first thirteen entities mentioned in the table act in concert (it being understood that (i) the first ten entities act in concert within the meaning of article 3, §1, 13° of the Belgian Law of 2 May 2007 on the notification of significant shareholdings, and (ii) the eleventh, twelfth and thirteenth entities act in concert with the first ten entities within the meaning of article 3, §2 of the Belgian Law of 1 April 2007 on public takeover bids) and hold, as per (i) the most recent notifications received by us and the Financial Services and Markets Authority (“FSMA”) in accordance with article 6 of the Belgian Law of 2 May 2007 on the notification of significant shareholdings and (ii) notifications to the company made on a voluntary basis prior to 15 December 2019, in aggregate, 849,447,148 Ordinary Shares, representing 43.35% of the voting rights attached to the shares outstanding as of 31 December 2019 excluding the 59,862,847 treasury shares held by us and certain of our subsidiaries. Pursuant to our articles of association, shareholders are required to notify us as soon as the amount of securities held giving voting rights exceeds or falls below a 3% threshold and 7.5% threshold.

Major shareholders	Number of shares	% of voting rights attached to our outstanding shares held ⁽⁹⁾
<i>Holders of Ordinary Shares</i>		
Stichting Anheuser-Busch InBev , a stichting incorporated under Dutch law (the “ Stichting ”) ⁽¹⁾⁽²⁾	663,074,832	33.84%
EPS Participations S.à.R.L. , a company incorporated under Luxembourg law, affiliated with Eugénie Patri Sébastien (EPS) S.A., its parent company ⁽²⁾⁽³⁾⁽⁵⁾ (“ EPS Participations ”)	131,898,152	6.73%
Eugénie Patri Sébastien (EPS) S.A. , a company incorporated under Luxembourg law, affiliated with the Stichting that it jointly controls with BRC S.à.R.L. ⁽²⁾⁽³⁾⁽⁵⁾ (“ EPS ”)	99,999	0.01%
BRC S.à.R.L. , a company incorporated under Luxembourg law, affiliated with the Stichting that it jointly controls with EPS ⁽²⁾⁽⁴⁾ (“ BRC ”)	37,598,146	1.92%
Rayvax Société d’Investissements SA , a company incorporated under Belgian law (“ Rayvax ”)	24,158	0.00%
Sébastien Holding SA , a company incorporated under Belgian law, affiliated with Rayvax, its parent company ⁽²⁾	10	0.00%
Fonds Verhelst SPRL , a company with a social purpose incorporated under Belgian law	0	0.00%
Fonds Voorzitter Verhelst SPRL , a company with a social purpose incorporated under Belgian law, affiliated to Fonds Verhelst SPRL, which controls it	6,997,665	0.36%
Stichting Fonds InBev-Baillet Latour , a stichting incorporated under Dutch law	0	0.00%
Fonds Baillet Latour SC , a company incorporated under Belgian law, affiliated to Stichting Fonds InBev-Baillet Latour under Dutch law, which controls it ⁽⁶⁾	5,485,415	0.28%
MHT Benefit Holding Company Ltd , a company incorporated under the law of the Bahamas, acting in concert with Marcel Herrmann Telles within the meaning of Article 3, § 2 of the Belgian Law of 1 April 2007 on public takeover bids	4,005,303	0.20%
LTS Trading Company LLC , a company incorporated under Delaware law, acting in concert with Marcel Herrmann Telles, Jorge Paulo Lemann and Carlos Alberto Sicupira within the meaning of Article 3, § 2 of the Belgian Law of 1 April 2007 on public takeover bids	4,468	0.00%
Olia 2 AG , a company incorporated under Liechtenstein law, acting in concert with Jorge Paulo Lemann within the meaning of Article 3, § 2 of the Belgian Law of 1 April 2007 on public takeover bids	259,000	0.01%
<i>Holders of Restricted Shares</i>		
Altria Group, Inc. ⁽⁷⁾ (“ Altria ”)	185,115,417	9.45%
BEVCO Lux S.à R.L. ⁽⁸⁾ (“ BEVCO ”)	96,862,718	4.94%

Note:

- (1) See section “—Controlling Shareholder” below. By virtue of their responsibilities as directors of the Stichting, Sabine Chalmers, Paul Cornet de Ways Ruart, Grégoire de Spoelberch, Alexandre Van Damme, Marcel Herrmann Telles, Jorge Paulo Lemann, Roberto Moses Thompson Motta and Carlos Alberto Sicupira may be deemed, under the rules of the SEC, to be beneficial owners of our Ordinary Shares held by the Stichting. However, each of these individuals disclaims such beneficial ownership in such capacity.
- (2) See section “—Shareholders’ Arrangements” below.
- (3) By virtue of their responsibilities as directors of EPS and EPS Participations, Sabine Chalmers, Paul Cornet de Ways Ruart, Grégoire de Spoelberch and Alexandre Van Damme may be deemed, under the rules of the SEC, to be beneficial owners of our Ordinary Shares held by EPS and EPS Participations. However, each of these individuals disclaims such beneficial ownership in such capacity.

- (4) Marcel Herrmann Telles, Jorge Paulo Lemann and Carlos Alberto Sicupira have disclosed to us that they control BRC and as a result, under the rules of the SEC, they are deemed to be beneficial owners of our Ordinary Shares held by BRC. By virtue of their responsibilities as directors of BRC, Alexandre Behring, Carlos Alberto Sicupira, Jorge Paulo Lemann, Paulo Alberto Lemann, Marc Lemann, Cecilia Sicupira, Marcel Herrmann Telles, Claudio Garcia, Roberto Thompson Motta and Eduardo Saggioro may also be deemed, under the rules of the SEC, to be the beneficial owners of our Ordinary Shares held by BRC. However, Alexandre Behring, Paulo Alberto Lemann, Marc Lemann, Cecilia Sicupira, Claudio Garcia, Roberto Thompson Motta and Eduardo Saggioro disclaim such beneficial ownership in such capacity.
- (5) On 18 December 2013, EPS contributed to EPS Participations its certificates in the Stichting and the shares it held directly in former AB InBev, except for 100,000 shares.
- (6) On 27 December 2013, Stichting Fonds InBev-Baillet Latour, under Dutch law, acquired a controlling stake in Fonds Baillet Latour.
- (7) In addition to the Restricted Shares listed above, Altria announced in its Schedule 13D beneficial ownership report on 11 October 2016 that, following completion of the combination with SAB, it purchased 11,941,937 Ordinary Shares in the company. Altria further increased its position of Ordinary Shares in the Company to 12,341,937, as disclosed in the Schedule 13D beneficial ownership report filed by the Stichting dated 1 November 2016, resulting in an aggregate ownership of 10.08% based on the number of shares with voting rights as at 31 December 2019.
- (8) In addition to the Restricted Shares listed above, BEVCO announced in a notification made on 17 January 2017 in accordance with the Belgian Law of 2 May 2007 on the notification of significant shareholdings, that it purchased 4,215,794 Ordinary Shares in the company. BEVCO disclosed to us that it increased its position of Ordinary Shares in the company to an aggregate of 6,000,000 Ordinary Shares, resulting in an aggregate ownership of 5.25% based on the number of shares with voting rights as at 31 December 2019.
- (9) Percentages are calculated on the total number of outstanding shares as at 31 December 2019 (2,019,241,973 shares) minus the number of outstanding shares held in treasury by us and certain of our subsidiaries as at 31 December 2019 (59,862,847 Ordinary Shares).

U.S. Holders of Record

As a number of our shares are held in dematerialized form, we are not aware of the identity of all our shareholders. As of 31 December 2019, we had 7,782,790 registered Ordinary Shares and 185,120,057 registered Restricted Shares held by 836 record holders in the United States, representing approximately 192.90 million of the voting rights attached to our shares outstanding as of such date. As of 31 December 2019, we also had 88,916,046 ADSs outstanding, each representing one Ordinary Share.

Controlling Shareholder

Our controlling shareholder is the Stichting, a foundation organized under the laws of the Netherlands which represents an important part of the interests of the founding Belgian families of Interbrew (mainly represented by EPS) and the interests of the Brazilian families which were previously the controlling shareholders of Ambev (represented by BRC).

As of 31 December 2019, the Stichting owned 663,074,832 of our shares, which represented a 33.84% voting interest based on the number of our shares outstanding as of 31 December 2019, excluding the 59,862,847 treasury shares held by us and certain of our subsidiaries. The Stichting and certain other entities acting in concert (within the meaning of Article 3, 13° of the Belgian Law of 2 May 2017 on the notification of significant shareholdings and/or within the meaning of Article 3, § 2 of the Belgian Law of 1 April 2007 on public takeover bids) with it (see “—Shareholders’ Arrangements” below) held, based on (i) transparency declarations made by shareholders who are compelled to disclose their shareholdings pursuant to the Belgian Law of 2 May 2007 on the notification of significant shareholdings and the articles of association of the company, (ii) notifications made by such shareholders to the company on a voluntary basis prior to 15 December 2019 for the purpose of updating the above information, and (iii) information included in public filings with the SEC, in the aggregate, 43.35% of our shares based on the number of our shares outstanding on 31 December 2019, excluding the 59,862,847 treasury

shares held by us and certain of our subsidiaries (including approximately 12.7 million¹¹ treasury shares required to settle our obligations under Zenzele schemes). As of 31 December 2019, BRC held 331,537,416 class B Stichting certificates (indirectly representing 16.92% of our shares), EPS held one class A Stichting certificate and EPS Participations held 331,537,415 class A Stichting certificates (together indirectly representing 16.92% of our shares). The Stichting is governed by its bylaws and its conditions of administration. Shares held by our main shareholders do not entitle such shareholders to different voting rights.

Shareholders' Arrangements

The 2016 Shareholders' Agreement

On 11 April 2016, the Stichting, EPS, EPS Participations, BRC and Rayvax entered into an Amended and Restated New Shareholders' Agreement (the "**2016 Shareholders' Agreement**").

The 2016 Shareholders' Agreement addresses, among other things, certain matters relating to the governance and management of both us and the Stichting, as well as (i) the transfer of the Stichting certificates and (ii) the de-certification and re-certification process for the Ordinary Shares and the circumstances in which the shares held by the Stichting may be de-certified and/or pledged at the request of BRC, EPS or EPS Participations.

The 2016 Shareholders' Agreement provides for restrictions on the ability of BRC, EPS or EPS Participations to transfer their Stichting certificates.

Pursuant to the terms of the 2016 Shareholders' Agreement, BRC and EPS/EPS Participations jointly and equally exercise control over the Stichting and the shares held by the Stichting. The Stichting is managed by an eight-member board of directors and each of, on the one hand BRC and, on the other hand, EPS and EPS Participations has the right to appoint four directors to the Stichting board of directors. Subject to certain exceptions, at least seven of the eight Stichting directors must be present or represented in order to constitute a quorum of the Stichting board, and any action to be taken by the Stichting board of directors will, subject to certain qualified majority conditions, require the approval of a majority of the directors present or represented, including at least two directors appointed by BRC and two directors appointed by EPS/EPS Participations. Subject to certain exceptions, all decisions of the Stichting with respect to the shares it holds, including how such shares will be voted at AB InBev's shareholders' meetings, will be made by the Stichting board of directors.

The 2016 Shareholders' Agreement requires the Stichting board of directors to meet prior to each of our shareholders' meetings to determine how the shares held by the Stichting are to be voted. In addition, prior to each meeting of the board of directors of AB InBev at which certain key matters are considered, the Stichting board of directors will meet to determine how the eight members of the board of directors of AB InBev nominated exclusively by BRC and EPS/EPS Participations should vote.

The 2016 Shareholders' Agreement requires EPS, EPS Participations, BRC and Rayvax, as well as any other holder of certificates issued by the Stichting, to vote their Shares in the same manner as the shares held by the Stichting. The parties to the 2016 Shareholders' Agreement agree to effect any free transfers of their Shares in an orderly manner of disposal that does not disrupt the market for Shares and in accordance with any conditions established by us to ensure such orderly disposal. In addition, under the 2016 Shareholders' Agreement, EPS, EPS Participations and BRC agree not to acquire any shares of Ambev's capital stock, subject to limited exceptions.

Pursuant to the 2016 Shareholders' Agreement, the Stichting board of directors will propose to AB InBev's shareholders' meeting nine candidates for appointment to our Board of Directors, among which each of, on the one hand, BRC and, on the other hand, EPS and EPS Participations will have the right to nominate four candidates, and one candidate will be nominated by the Stichting board of directors.

¹¹ Calculated assuming our closing share price of EUR 72.71 per share and an exchange rate of ZAR 15.777300 to EUR 1.00 as at 31 December 2019.

The 2016 Shareholders' Agreement will remain in effect for an initial term until 27 August 2034 and will be automatically renewed for successive terms of 10 years each unless, not later than two years prior to the expiration of the initial or any successive 10-year term, any party to the 2016 Shareholders' Agreement notifies the others of its intention to terminate the 2016 Shareholders' Agreement.

The 2016 Shareholders' Agreement is filed as Exhibit 3.2 to this Form 20-F.

Voting Agreement between the Stichting, Fonds Baillet Latour and Fonds Voorzitter Verhelst

The Stichting entered into a voting agreement, effective 1 November 2015 (the "**Fonds Voting Agreement**") with Fonds Baillet Latour and Fonds Voorzitter Verhelst, which replaces in its entirety the voting agreement between the parties dated 16 October 2008, which was due to expire on 16 October 2016 if not renewed.

This agreement provides for consultations between the three bodies before any of our shareholders' meetings to decide how they will exercise the voting rights attached to our shares. Under this voting agreement, consensus is required for all items that are submitted to the approval of any of our shareholders' meetings. If the parties fail to reach a consensus, each of Fonds Baillet Latour and Fonds Voorzitter Verhelst will vote their AB InBev shares in the same manner as the Stichting. The Fonds Voting Agreement will expire on 1 November 2034.

The Fonds Voting Agreement is filed as Exhibit 3.1 to this Form 20-F.

Voting Agreement between the Stichting and certain Restricted Shareholders

Each holder of Restricted Shares representing more than 1% of our total share capital, being Altria and BEVCO, was required, upon completion of the combination with SAB, to enter into an agreement with the Stichting. Each of Altria and BEVCO entered into a voting agreement with the Stichting and us on 8 October 2016 (the "**Restricted Shareholder Voting Agreement**"), under which:

- the Stichting is required to exercise the voting rights attached to its Ordinary Shares of AB InBev to give effect to the directors' appointments principles set out in articles 19 and 20 of our articles of association;
- each holder of Restricted Shares is required to exercise the voting rights attached to his or her Ordinary Shares and Restricted Shares, as applicable, to give effect to the directors' appointments principles set out in articles 19 and 20 of our articles of association; and
- each holder of Restricted Shares is required not to exercise the voting rights attached to his or her Ordinary Shares and Restricted Shares, as applicable, in favor of any resolutions that would be proposed to modify the rights attached to Restricted Shares, unless such resolution has been approved by a qualified majority of the holders of at least 75% of the Restricted Shareholder Voting Shares (as defined in our articles of association).

Each of the first 13 entities mentioned in the table appearing under Shareholding Structure have disclaimed beneficial ownership of all of the Restricted Shares and Ordinary Shares, as applicable, held by Altria and BEVCO.

The Restricted Shareholder Voting Agreement is filed as Exhibit 3.3 to this Form 20-F.

B. RELATED PARTY TRANSACTIONS

AB InBev Group and Consolidated Entities

We engage in various transactions with affiliated entities that form part of the consolidated AB InBev Group. These transactions include, but are not limited to: (i) the purchase and sale of raw material with affiliated entities, (ii) entering into distribution, cross-licensing, transfer pricing, indemnification, service and other agreements with affiliated entities, (iii) intercompany loans and guarantees with affiliated entities, (iv) import

agreements with affiliated entities, such as the import agreement under which Anheuser-Busch Companies imports our European brands into the United States, and (v) royalty agreements with affiliated entities, such as our royalty agreement with one of our United Kingdom subsidiaries related to the production and sale of our Stella Artois brand in the United Kingdom. Such transactions between Anheuser-Busch InBev SA/NV and our subsidiaries are not disclosed in our consolidated financial statements as related party transactions because they are eliminated on consolidation. A list of our principal subsidiaries is shown in note 36 “AB InBev Companies” to our audited restated consolidated financial statements as of 31 December 2019 and 2018 and for the three years ended 31 December 2019.

Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of our interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Transactions with associates and jointly controlled entities are discussed further below.

Transactions with Directors and Executive Committee Members (Key Management Personnel)

Total compensation of our directors and Executive Committee included in our income statement for 2019 set out below can be detailed as follows:

	Year ended 31 December 2019	
	Directors	Executive Committee
	(USD million)	
Short-term employee benefits	2	17
Termination benefits		1
Other long-term employee benefits		
Share-based payments		22
Total	2	40

In addition to short-term employee benefits (primarily salaries), the members of our Executive Committee were entitled to post-employment benefits. See also note 25 “Employee benefits” and note 34 “Related parties” to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019. In addition, key management personnel are eligible for our share-based payment plan and/or our exchange of share ownership program. See also “Item 6. Directors, Senior Management and Employees—B. Compensation” and note 26 “Share-based payments” to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019.

Directors’ compensation consists mainly of directors’ fees. Key management personnel did not have any significant outstanding balances with our company. During 2019, no payments were made to key management personnel except in the transactions listed below.

Deferred Share Entitlements

In a transaction related to the combination with Grupo Modelo, two Grupo Modelo shareholders, María Asunción Aramburuzabala and Valentín Díez Morodo, purchased a deferred share entitlement to acquire the equivalent of approximately 23.1 million AB InBev shares, to be delivered within five years, for consideration of approximately USD 1.5 billion paid on 5 June 2013. At such time, María Asunción Aramburuzabala and Valentín Díez Morodo agreed to serve on the Board of Directors for former AB InBev for a term of at least four years. Following the completion of the combination with SAB, María Asunción Aramburuzabala was appointed to our Board of Directors with a two-year term. She also agreed to a non-competition provision for three years following the completion of the combination with Grupo Modelo. We completed the delivery of the 23,076,922 Ordinary Shares due under this deferred share transaction on 21 May 2018. The delivery obligation was through the use of part of our outstanding treasury shares.

Other Transactions

In 2017, 2018 and 2019, our subsidiary Bavaria SA, along with other subsidiaries in Colombia, paid approximately 16 billion Colombian pesos (USD 5.4 million), 24 billion Colombia pesos (USD 8.1 million) and 26 billion Colombian pesos and USD 3.1 million (USD 11.0 million), respectively, for transportation services, lease agreements and advertising services to companies of which Alejandro Santo Domingo Dávila, a member of our Board of Directors, is (i) part of the controlling shareholder group of such companies or (ii) Chair of the Board or controlling shareholder of such companies.

In 2017, 2018 and 2019, Grupo Modelo paid MXN 15.1 million (USD 0.8 million), MXN 19.1 million (USD 1.0 million) and MXN 29 million (USD 1.5 million), respectively, to a company of which María Asunción Aramburuzabala, a member of our Board of Directors, is Chair of the Board. These payments were made for information technology infrastructure services provided by that company to Grupo Modelo in 2017, 2018 and 2019.

Transactions with Significant Shareholders

We have entered into certain agreements with Altria and BEVCO in connection with the combination with SAB. These agreements are described further under “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SAB—Information Rights Agreement,” “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SAB—Tax Matters Agreement” and “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SAB—Registration Rights Agreement.”

Jointly Controlled Entities

Significant interests we hold in joint ventures include three entities in Brazil, one in Mexico and two in Canada. None of these joint ventures are material to us. Aggregate amounts of our interests in such entities are as follows:

	As of 31 December 2019 (USD million)
Non-current assets	10
Current assets	3
Non-current liabilities	11
Current liabilities	10
Result from operations	3
Profit attributable to equity holders	3

Transactions with Associates

Our transactions with associates were as follows:

	Year ended 31 December 2019 (USD million)
Gross profit	76
Current assets	41
Current liabilities	119

Our transactions with associates primarily consist of sales to distributors in which we have a non-controlling interest.

Transactions with Pension Plans

Our transactions with pension plans mainly consisted of USD 12 million other income from pension plans in the United States.

Transactions with Government-Related Entities

We have no material transactions with government-related entities.

Ambev Special Goodwill Reserve

As a result of the merger of InBev Brasil into Ambev in July 2005, Ambev acquired tax benefits resulting from the partial amortization of the special premium reserve pursuant to article 7 of the Normative Ruling No. 319/99 of the CVM (*Comissão de Valores Mobiliários*, the Securities and Exchange Commission of Brazil). Such amortization will be carried out within the 10 years following the merger. As permitted by Normative Ruling No. 319/99, the Protocol and Justification of the Merger, entered into between us, Ambev and InBev Brasil on 7 July 2005, established that 70% of the goodwill premium, which corresponded to the tax benefit resulting from the amortization of the tax goodwill derived from the merger, would be capitalized in Ambev for the benefit of us, with the remaining 30% being capitalized in Ambev without the issuance of new shares for the benefit of all shareholders. Since 2005, pursuant to the Protocol and Justification of the Merger, Ambev has carried out, with shareholders' approval, capital increases through the partial capitalization of the goodwill premium reserve. Accordingly, two wholly owned subsidiaries of Anheuser-Busch InBev (which hold our interest in Ambev) have annually subscribed to Ambev shares corresponding to 70% of the goodwill premium reserve (and Ambev minority shareholders subscribed shares pursuant to preferred subscription right under Brazilian law) and the remaining 30% of the tax benefit was capitalized without issuance of new shares for the benefit of all Ambev shareholders. The Protocol and Justification of the Merger also provides, among other matters, that we shall indemnify Ambev for any undisclosed liabilities of InBev Brasil.

In December 2011, Ambev received a tax assessment from the Secretaria da Receita Federal do Brasil related to the goodwill amortization resulting from InBev Brasil's merger referred to above. See "Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings—Ambev and Its Subsidiaries—Tax Matters—Special Goodwill Reserve" for further information. Effective 21 December 2011, we entered into an agreement with Ambev formalizing the arrangement whereby we shall reimburse Ambev the amount proportional to the benefit received by us pursuant to the merger protocol, as well as the respective costs.

Keurig Dr Pepper Joint Venture

In December 2016, we entered into an agreement with Keurig Dr Pepper, formerly Keurig Green Mountain, Inc., to establish a joint venture for conducting research and development of an in-home alcohol drink system, focusing on the United States and Canadian markets. The transaction, which closed in the first quarter of 2017, included the contribution of intellectual property and manufacturing assets from Keurig Dr Pepper. Pursuant to the terms of the joint venture agreement, we own 70% of the voting and economic interest in the joint venture and Keurig Dr Pepper owns 30% and has certain minority protection rights. At the time of entry into the joint venture agreement, the chair of our board, Olivier Goudet, sat on the board of Keurig Dr Pepper and was a partner in and CEO of JAB Holding Company, which indirectly controlled Keurig Dr Pepper. In addition, Alexandre Van Damme and Alejandro Santo Domingo, two members of our board of directors at that time, formerly sat on the board of Keurig Dr Pepper. All three of these directors recused themselves from the deliberation and decision by our board regarding the joint venture.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Consolidated Financial Statements

See “Item 18. Financial Statements.” For a discussion of our export sales, see “Item 5. Operating and Financial Review.”

Legal and Arbitration Proceedings

Litigation is subject to uncertainty and we and each of our subsidiaries named as a defendant believe, and have so been advised by counsel handling the respective cases, that we have valid defenses to the litigation pending against us, as well as valid bases for appeal of adverse verdicts, if any. All such cases are, and will continue to be, vigorously defended. However, we and our subsidiaries may enter into settlement discussions in particular cases if we believe it is in our best interests to do so. Except as set forth herein, there have been no governmental, judicial or arbitration proceedings (including any such proceedings which are pending or threatened against us or our subsidiaries of which we are aware) during the period between 1 January 2019 and the date of this Form 20-F which may have, or have had in the recent past, significant effects on our financial position and profitability.

Anheuser-Busch InBev SA/NV

Budweiser Trademark Litigation

We are involved in a long-standing trademark dispute with the brewer Budejovický Budvar, n.p. located in Ceske Budejovice, Czech Republic. This dispute involves the BUD and BUDWEISER trademarks and includes actions pending in national trademark offices as well as courts. Currently there are approximately 63 cases pending in around 37 jurisdictions. While there are a significant number of actions pending, taken in the aggregate, the actions do not represent a material risk to our financial position or profitability.

Investigations Inquiring into Indian Operations

We have previously reported that the SEC and the U.S. Department of Justice informed us that they were conducting investigations into our current and former affiliates in India, including a non-consolidated Indian joint venture that we exited in 2015, AB InBev India Private Limited, and whether certain relationships of agents and employees were compliant with the FCPA. We cooperated in the SEC and the U.S. Department of Justice investigations. On 8 June 2016, the U.S. Department of Justice notified us that it was closing its investigation and would not be pursuing enforcement action in this matter. On 28 September 2016, we entered into a settlement agreement with the SEC, pursuant to which we agreed to pay an aggregate amount (including disgorgement and penalties) of USD 6 million and assume certain ongoing reporting and cooperation obligations, which ended on 28 September 2018.

In 2018, the Competition Commission of India opened an investigation against SAB India Limited (now AB InBev India Limited) and other brewers relating to legacy pricing practices in the Indian market involving sharing of information among competitors with a view to align on prices. We have been fully cooperating with the Competition Commission of India throughout its investigation, which is ongoing. At this stage, it is not possible to indicate how long the investigation will take or what the outcome will be and no provision has been made in connection therewith.

Belgian Tax Matters

In February 2015, the European Commission opened an in-depth state aid investigation into the Belgian excess profit ruling system. On 11 January 2016, the European Commission adopted a negative decision finding that the Belgian excess profit ruling system constitutes an aid scheme incompatible with the internal market and ordering Belgium to recover the incompatible aid from a number of aid beneficiaries. The Belgian authorities have contacted

the companies that have benefitted from the system and have advised each company of the amount of incompatible aid that is potentially subject to recovery. The European Commission decision was appealed to the European Union's General Court by Belgium on 22 March 2016 and by us on 12 July 2016. The appeals do not suspend the recovery process, and we cannot at this stage estimate the final outcome of such legal proceedings. Based on the estimated exposure related to the excess profit ruling applicable to us, the different elements referred to above, as well as the possibility that taxes paid abroad and non-recognized tax loss carryforwards could eventually partly or fully offset amounts subject to recovery, if any, we have not recorded any provisions in connection therewith as of 31 December 2019.

In addition, the Belgian tax authorities have also questioned the validity and the actual application of the excess profit ruling that was issued in favor of us and have refused the actual tax exemption which it confers. Against such decision, we have filed a court claim before the Brussels court of first instance. Also in respect of this aspect of the excess profit ruling matter, considering the company's and its counsel assessment, as well as the position taken by the tax authorities' mediation services, in respect of the merits of the case, we have not recorded any provisions as of 31 December 2019.

On 24 January 2019, we deposited EUR 68 million (USD 77 million) in a blocked account. Depending on the final outcome of the European Court procedures on the Belgian excess profit ruling system, as well as the pending Belgian court case, this amount will either be slightly modified, released back to the company or paid over to the Belgian State.

On 14 February 2019, the European General Court annulled the European Commission's finding and concluded that the Belgian excess profit ruling system does not constitute illegal state aid. The European Commission can appeal the judgment of the General Court to the European Supreme Court. Pending the outcome of the appeal, the Commission opened new state aid investigations in September 2019 to remedy the concerns that led to the nullification by the General Court.

Antitrust Matters

European Commission Antitrust Investigation

In 2016, the European Commission announced an investigation into alleged abuse of a dominant position by AB InBev in Belgium through certain practices aimed at restricting trade from other European Union member states to Belgium. On 13 May 2019, the European Commission announced that it had fined AB InBev a total of USD 226 million for breaching EU antitrust rules. We paid the fine in August 2019.

SAB Transaction

On 20 July 2016, the U.S. Department of Justice filed an antitrust action in the U.S. federal district court in the District of Columbia, seeking to enjoin the combination with SAB. On the same date, we announced that we had entered into a consent decree with the U.S. Department of Justice, which cleared the way for United States approval of the combination with SAB. For more information on the terms of the consent decree, see "Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SAB—U.S. Department of Justice Consent Decree."

Ambev and Its Subsidiaries

Tax Matters

In the past, Ambev has been subject to various tax assessments, as detailed below. In 2017, Ambev decided to participate in the Federal Tax Amnesty Program established by Provisional Measure No. 783/2017, converted into Law No. 13,496/2017 ("**PERT 2017**"), undertaking to pay tax assessments that were in dispute under administrative or judicial level, including debts from its subsidiaries, in the total amount of R\$3.5 billion (USD 1.1 billion) (already considering discounts established by the program). The total amount paid in 2017 was approximately R\$1.0 billion (USD 0.3 billion) and the balance will be paid in 145 monthly installments, with interest, starting in January 2018. All installments due from Ambev up to date have been paid by the company.

ICMS Value-Added Tax Excise Tax (Imposto sobre Produtos Industrializados – “IPI”) and Taxes on Net Sales

In Brazil, goods manufactured within the Manaus Free Trade Zone intended for remittance elsewhere in Brazil are exempt and/or zero rated from IPI excise tax and social contributions. With respect to IPI, Ambev’s subsidiaries have been registering IPI excise tax presumed credits upon the acquisition of exempted goods manufactured therein. Since 2009, Ambev has been receiving a number of tax assessments from the Brazilian Federal Tax Authorities relating to the disallowance of such credits.

Ambev has also been receiving charges from the Brazilian Federal Tax Authorities in relation to (i) federal taxes allegedly unduly offset with the disallowed presumed IPI excise tax credits that are under discussion in these proceedings and (ii) amounts allegedly due under social contribution over Arosuco’s remittance (a subsidiary of Ambev).

In April 2019, the Federal Supreme Court (“STF”) announced its judgment on Extraordinary Appeal No. 592.891/SP, with binding effects, deciding on the rights of taxpayers registering IPI excise tax presumed credits on acquisitions of raw materials and exempted inputs originating from the Manaus Free Trade Zone. As a result of this decision, Ambev reclassified part of the amounts related to the IPI cases as remote losses, maintaining as possible losses only issues related to other additional discussions that were not included in the analysis of the STF. The cases are being challenged at both the administrative and judicial levels. Ambev management estimates the possible losses in relation to these assessments to be R\$4.2 billion (USD 1.0 billion) as of 31 December 2019. Ambev has not recorded any provision in connection with these assessments.

In 2014 and 2015, Ambev received tax assessments from the Brazilian federal tax authorities relating to IPI excise tax, allegedly due over remittances of manufactured goods to other related factories. The cases are being challenged at both administrative and judicial levels. Ambev management estimates the possible losses related to these assessments to be approximately R\$1.7 billion (USD 0.4 billion) as of 31 December 2019. Ambev has not recorded any provision in connection with these assessments.

Over the years, Ambev has received tax assessments charging alleged ICMS differences that some Brazilian states consider due when the price of the products sold by Ambev is above the fixed price table basis established by such states, in cases where the state tax authorities understand that the calculation basis should be based on a value-added percentage over the actual prices and not on the fixed table price. Ambev is currently challenging these charges at both the administrative and judicial levels of the courts. Ambev management estimates the amount related to these assessments to be approximately R\$7.7 billion (USD 1.9 billion) as of 31 December 2019, classified as a possible loss and, therefore, for which Ambev has made no provision. Ambev has recorded provisions in the total amount of R\$8 million (USD 2 million) in relation to certain proceedings where it considers the chances of loss to be probable due to specific procedural issues.

In 2015, Ambev received a tax assessment issued by the State of Pernambuco charging ICMS differences due to an alleged non-compliance with the state tax incentive agreement (“**PRODEPE**”) as a result of the rectification of Ambev’s monthly reports. The state tax authorities decided that Ambev was unable to use the tax incentive due to such rectification. In 2017, Ambev received a final favorable decision nullifying the assessment due to formal mistakes of the tax auditor. However, in September 2018, Ambev received a new tax assessment with respect to the same matter. There are other assessments related to PRODEPE. Ambev management estimates the possible losses related to these assessments to be approximately R\$0.6 billion (USD 0.1 billion) as of 31 December 2019. Ambev has recorded a provision in the total amount of R\$4.9 million (USD 1 million) in relation to one proceeding where it considers the chances of loss to be partially probable.

In addition to the ICMS matters, Ambev is currently challenging tax assessments issued by the states of São Paulo, Rio de Janeiro, Minas Gerais, among others, questioning the legality of ICMS tax credits arising from transactions with companies that have tax incentives granted by other states. The cases are being challenged at both the administrative and judicial level of the courts. Ambev management estimates the possible losses related to these assessments to be approximately R\$2 billion (USD 0.5 billion) as of 31 December 2019 and has not recorded any provisions in connection therewith.

Ambev has also received tax assessments from the state of Amazonas charging alleged differences in ICMS due to questions about the calculation basis applied in sales transactions by Ambev to its subsidiaries. The cases are being challenged at the administrative level. Ambev management estimates the possible losses related to these assessments to be approximately R\$0.5 billion (USD 0.1 billion) as of 31 December 2019 and has not recorded any provisions in connection therewith.

Ambev Profits Generated Abroad

Since 2005, Ambev and certain of its subsidiaries have been receiving a number of assessments from Brazilian federal tax authorities relating to profits obtained by its subsidiaries domiciled outside Brazil. The cases are being challenged at both the administrative and judicial levels of the courts in Brazil.

The administrative proceedings have resulted in partially favorable decisions, which are still subject to review by the administrative court. In the judicial proceedings, Ambev has received favorable injunctions that suspend the enforceability of the tax credit, as well as favorable first level decisions, which remain subject to review by the second-level judicial court.

As of 31 December 2019, Ambev management estimates the possible losses in relation to these assessments to be approximately R\$7.2 billion (USD 1.8 billion) and, therefore, has not recorded any provision in connection therewith. Ambev has recorded provisions in the total amount of R\$52 million (USD 13 million) for proceedings where it considers the chance of loss to be probable.

Brazilian Income Tax – Tax Loss Offset

Ambev and certain of its subsidiaries received a number of assessments from Brazilian federal tax authorities relating to the offset of tax loss carryforwards arising in the context of business combinations. In February 2016, the Administrative Upper House of the Administrative Tax Court concluded the judgment of two tax assessments on this matter. In both cases, the decision was unfavorable to Ambev and Ambev promptly filed judicial proceedings to discuss the matter. In September 2016, Ambev received a favorable first-level decision in one of the judicial claims. In March 2017, Ambev received an unfavorable first-level decision on the second judicial case and filed an appeal to the judicial court. Both cases are awaiting decisions from the second-level judicial courts. The other cases are being challenged at the administrative level and are still pending final decisions. Ambev management estimates the total exposures of possible losses in relation to these assessments to be R\$0.5 billion (USD 0.1 billion) as of 31 December 2019. Ambev has not recorded any provision in connection with these disputes.

Special Goodwill Reserve

In December 2011, Ambev received a tax assessment from the Brazilian federal tax authorities related to the goodwill amortization resulting from the merger of InBev Brasil S.A. with Ambev referred to under “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Ambev Special Goodwill Reserve.” The decision rendered by the Lower Administrative Court was a partially favorable decision to Ambev. As a result, Ambev filed a judicial proceeding to discuss the unfavorable part of the decision, pursuant to which Ambev was rewarded an injunction to suspend its enforceability. Regarding the part of the decision subject to review at the administrative level, in August 2019 the Administrative Upper House rendered a partially favorable decision to Ambev. Ambev is awaiting the issuance of these decisions and will file the applicable appeals.

In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization from 2011 to 2013, related to InBev Brasil’s merger with Ambev, and filed a defense. In March 2017, Ambev was notified of a partially favorable first-level administrative decision and filed an appeal to the Lower Administrative Court. In May 2018, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev filed a special appeal for analysis of the case by the Administrative Upper House, which was partially admitted in November 2019. Ambev filed an appeal related to the part that was not admitted. Ambev has not

recorded any provisions for this matter and its management estimates possible losses in relation to this assessment to be approximately R\$10 billion (USD 2.5 billion) as of 31 December 2019. In the event that Ambev is required to pay these amounts, we will reimburse Ambev in the amount proportional to the benefit received by us pursuant to the merger protocol, as well as related costs.

In October 2013, Ambev also received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited (“BAH”) into Ambev. The decision from the first-level administrative court was unfavorable to Ambev. After submission of a motion to clarify from Ambev, the unfavorable decision was confirmed and Ambev filed an appeal to the Lower Administrative Court against the decision. In November 2018, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev submitted counterarguments responding to the special appeal filed by the tax authorities and, regarding the unfavorable part of the decision, filed a special appeal to the Administrative Upper House. In December 2019, the special appeal was partially admitted by the Upper Administrative House and Ambev filed an appeal related to the part that was not admitted.

In April and August 2018, Ambev received new tax assessments charging the remaining value of the goodwill amortization, and filed defenses. In April 2019, the First Administrative Court rendered unfavorable decisions to Ambev. As a result thereof, Ambev appealed to the Lower Administrative Court. In November and December 2019, the Lower Administrative Court rendered partially favorable decisions. Ambev is awaiting the results of the remaining decisions in order to file the applicable appeals. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately R\$2.2 billion (USD 0.6 billion) as of 31 December 2019. Ambev has not recorded any provision in connection with this assessment.

In November 2017, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of CND Holdings into Ambev. In November 2018, Ambev received an unfavorable decision from the first-level administrative court and filed an appeal to the Lower Administrative Court. In February 2020, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev is awaiting the issuance of the decision in order to file the applicable appeal. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately R\$1.1 billion (USD 0.3 billion) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

Disallowance of Expenses and Deductibility of Losses

In 2015 and 2016, Ambev received tax assessments related to the disallowance of alleged non-deductible expenses and the deduction of certain losses mainly associated with financial investments and loans. Ambev presented defenses and, in November 2019, received a favorable decision at the first-level administrative court regarding the 2016 case. This decision will be reexamined by the Lower Administrative Court. The 2015 case is still pending decision by the first-level administrative court. Ambev estimates its exposure to possible losses in relation to these assessments to be approximately R\$4.8 billion (USD 1.2 billion) as of 31 December 2019. Ambev has not recorded any provision in connection with these assessments.

Disallowance of Taxes Paid Abroad

Since 2014, Ambev has been receiving tax assessments from the Brazilian federal tax authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad by its subsidiaries and has been filing defenses. The cases are being challenged at the administrative level. In September 2017, Ambev decided to include part of these tax assessments in the Brazilian Federal Tax Regularization Program of Provisional Measure No. 783. In November 2019, the Lower Administrative Court rendered a favorable decision to Ambev regarding an assessment from 2010 in the amount of approximately R\$0.2 billion (USD 0.1 billion), which became final. In January 2020, the Lower Administrative Court rendered unfavorable decisions to Ambev regarding four of these assessments (from 2015 and 2016), in the amount of approximately R\$3.6 billion (USD 0.9 billion). Ambev is awaiting final decisions. As of 31 December 2019, Ambev management estimates the exposure of approximately R\$10.1 billion (USD 2.5 billion) as a possible risk, and accordingly Ambev has not recorded a provision for such amount.

Presumed Profit

In April 2016, Arosuco, a subsidiary of Ambev, received a tax assessment regarding the use of the “presumed profit” method for the calculation of income tax and the social contribution on net profit instead of the “real profit” method. In September 2017, Arosuco received an unfavorable first-level administrative decision and filed an appeal. In January 2019, the Lower Administrative Court rendered a favorable decision to Arosuco, which became final.

In March 2019, Ambev received a new tax assessment regarding the same subject matter and filed a defense. In October 2019, Arosuco received an unfavorable first-level administrative decision and filed an appeal.

Arosuco management estimates the amount of possible losses in relation to these assessments to be approximately R\$0.5 billion (USD 0.1 billion) as of 31 December 2019. Arosuco has not recorded any provision in connection therewith.

Deductibility of IOC expenses

In November 2019, Ambev received a tax assessment from the Brazilian Federal Revenue Service questioning the interest on capital (“IOC”) deduction in 2014. The assessment refers primarily to the accounting and corporate effects of the corporate restructuring carried out by Ambev in 2013 and its impacts on the increase in the calculation in the deductibility of IOC expenses. Ambev filed an administrative defense and is awaiting a decision.

Ambev distributed IOC in the years following the assessed period. Accordingly, if the IOC deductibility is also questioned in the future, on the same basis as the aforementioned tax assessment notice, Ambev estimates that the outcome of any future assessment will be similar to the outcome of the present case, and therefore maintaining the effect of the deductibility of IOC expenses at Ambev’s effective income tax rate.

As of 31 December 2019, Ambev management estimates the exposure of approximately R\$3.9 billion (USD 1.0 billion) as a possible risk, and, accordingly, has not recorded a provision for such amount.

Social Contributions

Since 2015, Ambev has been receiving tax assessments issued by the Brazilian federal tax authorities relating to amounts allegedly due under Integration Program/Social Security Financing Levy (PIS/COFINS) over bonus products granted to its customers. The cases are now being challenged at both the administrative and judicial levels of the courts. In 2019, Ambev received final favorable decisions at the administrative level in some of the pending cases and other favorable decisions that are still subject to review. At the judicial level, the case is still in its initial stage. Ambev management estimates the possible losses related to these assessments to be approximately R\$2.3 billion (USD 0.6 billion) as of 31 December 2019. No related provision has been made.

Labor Matters

Ambev is involved in more than 17,000 labor claims. Most of the labor claims facing Ambev relate to its Brazilian operations. In Brazil, it is not unusual for a large company to be named as a defendant in such a significant number of claims. As of 31 December 2019, Ambev has made provisions totaling R\$120.1 million (USD 26.8 million) in connection with the above labor claims involving former, current and outsourced employees and relating mainly to overtime, dismissals, severance, health and safety premiums, supplementary retirement benefits and other matters, all of which are awaiting judicial resolution and have probable chance of loss.

In connection with these labor matters, Ambev is also involved in claims regarding the social charges on payroll. Ambev management estimates the possible losses related to these claims to be approximately R\$0.3 billion (USD 0.1 billion) as of 31 December 2019. Ambev has recorded provisions of R\$33 million (USD 8.2 million) for proceedings where it considers the chance of loss to be probable.

Civil Matters

As of 31 December 2019, Ambev was involved in approximately 8,500 civil claims pending, including third-party distributors and product-related claims. Ambev has established provisions totaling R\$48.6 million (USD 12.1 million) reflecting applicable adjustments, such as accrued interest, as of 31 December 2019 in connection with civil claims.

Subscription Warrants

In 2002, Ambev decided to request a ruling from the CVM in connection with a dispute between Ambev and some of its warrant holders regarding the criteria used in the calculation of the strike price of certain Ambev warrants. In March and April 2003, the CVM ruled that the criteria used by Ambev to calculate the strike price were correct. In response to the CVM's final decision and seeking to reverse it, some of the warrant holders filed separate lawsuits before the courts of São Paulo and Rio de Janeiro.

Although the warrants expired without being exercised, the warrant holders claim that the strike price should be reduced to take into account the strike price of certain stock options granted by Ambev under its then-existing stock ownership program, as well as for the strike price of other warrants issued in 1993 by Brahma.

Ambev has knowledge of at least seven claims in which the plaintiffs argue that they would be entitled to those rights. One of these cases was settled. In five of the other six lawsuits Ambev received a favorable ruling by the Brazilian Superior Court of Justice ("STJ"). These five cases are pending final judgment by STJ's Special Court and the Federal Public Prosecutor has filed a motion favorable to Ambev's position in all five cases. The sixth case was also ruled in favor of Ambev by the appellate court of the state of Rio de Janeiro, to which the plaintiff filed a further appeal before the STJ, which is currently pending judgment.

In the event the plaintiffs prevail in the above six pending proceedings, Ambev believes that the corresponding economic dilution for the existing shareholders would be the difference between the market value of the shares at the time they were issued and the value ultimately established in liquidation proceedings as being the subscription price pursuant to the exercise of the warrants. Ambev believes that the warrants that are the object of those six proceedings represented, on 31 December 2019, 172,831,574 Ambev common shares that would be issued at a value substantially below fair market value, should the claimants ultimately prevail. The plaintiffs also claim they should receive past dividends related to these shares in the amount of R\$1 billion (USD 0.2 billion) as of 31 December 2019.

Ambev believes, based on its management assessments, that its chances of receiving unfavorable final decisions in this matter are remote, and, therefore, it has not established a provision for this litigation in its audited consolidated financial statements. As these disputes are based on whether Ambev should receive as a subscription price a lower price than the price that it considers correct, a provision of amounts with respect to these proceedings would only be applicable with respect to legal fees and past dividends.

Lawsuit against the Brazilian Beer Industry

On 28 October 2008, the Brazilian Federal Prosecutor's Office (*Ministério Público Federal*) filed a suit for damages against Ambev and two other brewing companies claiming total damages of approximately R\$2.8 billion (USD 0.7 billion) (of which approximately R\$2.1 billion (USD 0.5 billion) are claimed against Ambev). The public prosecutor alleges that: (i) alcohol causes serious damage to individual and public health, and that beer is the most consumed alcoholic beverage in Brazil; (ii) defendants have approximately 90% of the national beer market share and are responsible for heavy investments in advertising; and (iii) the advertising campaigns increase not only the market share of the defendants but also the total consumption of alcohol and, hence, cause damage to society and encourage underage consumption.

Shortly after the above lawsuit was filed, a consumer-protection association applied to be admitted as a joint-plaintiff. The association has made further requests in addition to the ones made by the Public Prosecutor, including the claim for "collective moral damages" in an amount to be ascertained by the court; however, it suggests

that it should be equal to the initial request of R\$2.8 billion (USD 0.7 billion), therefore doubling the initial amount involved. The court has admitted the association as joint plaintiff and has agreed to hear the new claims. After the exchange of written submissions and documentary evidence, the case was dismissed by the lower court judge, who denied all claims submitted against Ambev and the other defendants. The Federal Prosecutor's Office has appealed to the Federal Court, which decided for the annulment of the lower court decision, based on the understanding that more evidences should have been produced before the case's dismissal. Ambev has filed a motion for clarification against such decision, which is pending judgment. If this motion is rejected, the case will return to the lower court for the production of evidences. Ambev believes, based on management assessments, that its chances of loss remain remote and, therefore, has not made any provision with respect to such claim.

Class Action Canada (Brewers Retail Inc. Litigation)

On 12 December 2014, a lawsuit was commenced in the Ontario Superior Court of Justice against the Liquor Control Board of Ontario ("LCBO"), Brewers Retail Inc. (known as "The Beer Store") and the owners of Brewers Retail Inc. (Molson Coors Canada, Sleeman Breweries Ltd., Labatt Breweries of Canada LP and Labatt Brewing Company Limited). The lawsuit, which was brought in Canada in accordance with the terms of the Ontario Class Proceedings Act, sought to obtain a declaration that the LCBO and The Beer Store had entered into agreements for allocating sales, territories or markets for the supply of beer sold in Ontario since June 1, 2000, as well as a declaration that The Beer Store shareholders had entered into agreements for fixing prices. The plaintiffs also sought damages not exceeding CAD \$1.4 billion (USD 1 billion), as well as punitive, exemplary and aggravated damages of CAD \$5 million (USD 4 million). In March 2018, the Ontario Supreme Court granted summary judgment of the proceeding and dismissed the class claims. In April 2019, the Appellate Court of Ontario denied the appeal of the decision. The term for the plaintiffs to request for permission to appeal to the Canada Supreme Court has expired and, therefore, the favorable decision of the Ontario Supreme Court became final.

United States Class Action Suit

On 21 June 2019, a proposed class action was filed in the United States District Court for the Southern District of New York against us and three of our officers. The complaint alleges claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder on behalf of a proposed class of purchasers of AB InBev American Depositary Shares between 1 March 2018 and 24 October 2018. The plaintiff alleges that defendants misstated or omitted material facts regarding, among other things, our financial condition, our dividend policy and the effectiveness of our disclosure controls and procedures. The complaint seeks unspecified compensatory damages and reimbursement for litigation expenses. An amended complaint filed on 12 December 2019 contained substantially the same allegations, but reduced the number of defendant officers to two. We have not recorded any provision.

SAB Australia Pty Limited

SAB Australia Pty Limited ("SAB Australia") received a tax assessment for the 2012 to 2014 income tax years for 0.3 billion Australian dollar (0.2 billion US dollar) related to the interest deductions of SAB's acquisition of the Foster's group (the "Foster's acquisition"). SAB Australia is disputing the 2012 to 2014 assessment and remains confident of the positions it has adopted. The company paid 47 million US dollar related to the tax assessment pending conclusion of the matter and recorded a provision of 0.1 billion US dollar in connection therewith as of 31 December 2019.

The Australian tax authorities have also notified SAB Australia that it has commenced an audit of the 2015 to 2020 income tax years. The focus of the audit is the tax treatment of the ongoing funding arrangements associated with the Foster's acquisition.

Dividend Policy

Our current dividend policy is to declare a dividend representing in aggregate at least 25% of our consolidated profit attributable to our equity holders, excluding exceptional items, such as restructuring charges, gains or losses on business disposals and impairment charges, subject to applicable legal provisions relating to distributable profit.

The dividends are approved by our annual shareholders' meeting and are paid on the dates and at the places appointed by our Board. Our Board may pay an interim dividend in accordance with the provisions of the Belgian Companies Code. Any dividends are paid on the dates and at the places communicated by the Board of Directors.

The table below summarizes the dividends paid by us in the most recent financial years.

Financial year	Number of our shares outstanding at end of relevant financial year	Gross amount of dividend per share (in EUR)	Gross amount of dividend per share (in USD)	Payment date(s)
2019	2,019,241,973	0.80	0.89	21 November 2019
2018	2,019,241,973	1.00	1.12	9 May 2019
2018	2,019,241,973	0.80	0.91	29 November 2018
2017	2,019,241,973	2.00	2.44	3 May 2018
2017	2,019,241,973	1.60	1.89	16 November 2017
2016	2,019,241,973	2.00	2.11	4 May 2017
2016	2,019,241,973	1.60	1.75	17 November 2016
2015	1,608,242,156	2.00	2.20	3 May 2016
2015	1,608,242,156	1.60	1.75	16 November 2015
2014	1,608,242,156	2.00	2.27	6 May 2015
2014	1,608,242,156	1.00	1.25	14 November 2014
2013	1,607,844,590	1.45	2.00	8 May 2014
2013	1,607,844,590	0.60	0.83	18 November 2013
2012	1,606,787,543	1.70	2.24	2 May 2013
2011	1,606,071,789	1.20	1.55	3 May 2012
2010	1,605,183,954	0.80	1.07	2 May 2011
2009	1,604,301,123	0.38	0.55	3 May 2010

B. SIGNIFICANT CHANGES

None.

ITEM 9. THE OFFER AND LISTING

A. THE OFFER AND LISTING

Principal Equity Markets

We are a publicly traded company, with our primary listing on Euronext Brussels under the symbol “ABI.” We also have secondary listings on the Johannesburg Stock Exchange under the symbol “ANH” and the Mexican Stock Exchange under the symbol “ANB.” ADSs representing rights to receive our Ordinary Shares are listed and trade on the NYSE under the symbol “BUD.”

On 16 September 2009, former AB InBev listed 1,608,663,943 Ordinary Shares represented by ADSs on the NYSE. Following the completion of the combination with SAB on 10 October 2016, all rights and obligations attached to the outstanding ADSs of former AB InBev have been automatically transferred to us (as the absorbing company), with each outstanding ADS giving a right to a share of AB InBev (the absorbing company) instead of a share of former AB InBev (the absorbed company).

Share Details

See “Item 10. Additional Information—B. Memorandum and Articles of Association and Other Share Information—Form and Transferability of Our Shares” for details regarding our shares.

Each of our shares is entitled to one vote except for shares owned by us, or by any of our direct subsidiaries, the voting rights of which are suspended. Shares held by our main shareholders do not entitle such shareholders to different voting rights. Our Restricted Shares are unlisted, not admitted to trading on any stock exchange and are subject to, among other things, restrictions on transfer until converted into new Ordinary Shares.

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

We are incorporated under the laws of Belgium (register of legal entities number 0417.497.106), and our shares are listed on the regulated market of Euronext Brussels under the symbol “ABI.” We also have secondary listings of our shares on the Johannesburg Stock Exchange under the symbol “ANH” and on the Mexican Stock Exchange under the symbol “ANB.” The securities that we have listed on the NYSE are ADSs, each of which represents one of our shares. We listed 1,608,663,943 ADSs on the NYSE on 16 September 2009 (such number equal to the number of our shares plus the number of warrants on our shares outstanding as of 7 September 2009). For more information on our shares, see “Item 10. Additional Information—B. Memorandum and Articles of Association and Other Share Information—Form and Transferability of Our Shares.” Our ADSs are described in greater detail under “Item 12. Description of Securities Other Than Equity Securities—D. American Depositary Shares.”

Euronext Brussels

Euronext Brussels is a subsidiary of Euronext N.V. and holds a license as a Belgian market operator under the Belgian Act of 2 August 2002. Pursuant to this legislation, the FSMA is responsible for disciplinary powers against members and issuers, control of sensitive information, supervision of markets, and investigative powers. Euronext Brussels is responsible for the organization of the markets and the admission, suspension and exclusion of members, and has been appointed by law as the “competent authority” within the meaning of the Listing Directive (Directive 2001/34/EC of 28 May 2001 of the European Parliament, as amended).

Euronext is the leading pan-European exchange, covering Belgium, France, Ireland, The Netherlands, Norway, Portugal and the UK. With close to 1,500 listed issuers worth €4.5 trillion in market capitalisation as of end December 2019, Euronext has an unmatched blue chip franchise that includes 26 issuers in the Morningstar® Eurozone 50 IndexSM and a strong diverse domestic and international client base. Euronext operates regulated and transparent equity and derivatives markets and is the largest centre for debt and funds listings in the world. Its total product offering includes Equities, FX, Exchange Traded Funds, Warrants & Certificates, Bonds, Derivatives, Commodities and Indices. Euronext also leverages its expertise in running markets by providing technology and managed services to third parties. In addition to its main regulated market, Euronext also operates Euronext GrowthTM and Euronext AccessTM, simplifying access to listing for SMEs. The Norwegian stock exchange and its clearing & settlement subsidiary, together operating as Oslo Børs VPS, joined Euronext on 17 June 2019.

Trading Platform and Market Structure. Euronext operates seven markets in Belgium, France, Ireland, The Netherlands, Norway, Portugal and the United Kingdom, all of which are subject to the Markets in Financial Instruments Directive (Directive 2004/39/EC of 21 April 2004 of the European Parliament, as amended). Trading on Euronext is governed both by a single harmonized rulebook for trading on each of Euronext’s markets and by non-harmonized Euronext Rulebooks containing a few local exchange-specific rules. Euronext’s trading rules provide for an order-driven market using an open electronic central order book for each traded security, various order types and automatic order matching and a guarantee of full anonymity both for orders and trades.

Trading Members. The majority of Euronext’s cash trading members are brokers and dealers based in Euronext’s marketplaces, but also include members in other parts of Europe, most notably the United Kingdom and Germany.

Clearing and Settlement. Clearing and settlement of trades executed on Euronext in Europe are generally handled by LCH.SA (for central counterparty clearing), and independent entities that provide services to Euronext pursuant to contractual agreement. Euroclear is taking care of the settlement part of the transactions.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION AND OTHER SHARE INFORMATION

A copy of our articles of association dated 24 April 2019 has been filed as Exhibit 1.1 to this Form 20-F.

Corporate Profile

We are a public limited liability company incorporated in the form of a société anonyme/naamloze vennootschap under Belgian law (Register of Legal Entities number 0417.497.106 (Brussels)). Our registered office is located at Grand-Place/Grote Markt 1, 1000 Brussels, Belgium, and our headquarters are located at Brouwerijplein 1, 3000 Leuven, Belgium. We were incorporated on 3 March 2016 for an unlimited duration under the laws of Belgium under the original name Newbelco SA/NV, and are the successor entity to former AB InBev, which was incorporated on 2 August 1977 for an unlimited duration under the laws of Belgium under the original name BEMES and which we absorbed on 10 October 2016. Our financial year runs from 1 January to 31 December.

Corporate Purpose

According to Article 4 of our articles of association, our corporate purpose is:

- to produce and deal in all kinds of products, including (but not limited to) beers, drinks, foodstuffs and any ancillary products, as well as all by-products and accessories, of whatsoever use, origin, purpose or form, and to provide all kinds of services; and
- to acquire, hold and manage direct or indirect shareholdings or interests in companies, undertakings or other entities having a corporate purpose similar or related to, or likely to promote directly or indirectly the attainment of the foregoing corporate purpose, in Belgium and abroad, and to finance such companies, undertakings or other entities by means of loans, guarantees or in any other manner whatsoever.

In general, we may engage in any commercial, industrial and financial transactions, in moveable and real estate transactions, in research and development projects, as well as in any other transaction likely to promote directly or indirectly the attainment of its corporate purpose.

Amendments to Articles of Association

Several resolutions will be proposed at the 2020 annual shareholders meeting, which, if approved, will align our Articles of Association with the Belgian Companies Code, which entered into force on 1 January 2020.

Board of Directors

A description of the provisions of our articles of associations as applied to our board of directors can be found in “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management—Board of Directors” and “Item 6. Directors, Senior Management and Employees—C. Board Practices.”

We are relying on a provision in the NYSE Listed Company Manual that allows us to follow Belgian corporate law and the Belgian Corporate Governance Code with regard to certain aspects of corporate governance. This allows us to continue following certain corporate governance practices that differ in significant respects from the corporate governance requirements applicable to U.S. companies listed on the NYSE. See “Item 16G. Corporate Governance” for a concise summary of the significant ways in which our corporate governance practices differ from those followed by a U.S. company under the NYSE rules.

Belgian law does not regulate specifically the ability of directors to borrow money from Anheuser-Busch InBev SA/NV.

Our Corporate Governance Charter prohibits us from making loans to directors, whether for the purpose of exercising options or for any other purpose (except for routine advances for business-related expenses in accordance with our rules for reimbursement of expenses). See “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Transactions with Directors and Executive Committee Members (Key Management Personnel).”

In addition, the Article 7:96 of the Belgian Companies Code provides that if one of our directors directly or indirectly has a personal financial interest that conflicts with a decision or transaction that falls within the powers of our Board, the director concerned must inform our other directors before our Board makes any decision on such transaction. The statutory auditor must also be notified. The director may not participate in the deliberation or vote on the conflicting decision or transaction. An excerpt from the minutes of the meeting of our Board that sets forth the financial impact of the matter on us and justifies the decision of our Board must be published in our annual report. The statutory auditors’ report to the annual accounts must contain a description of the financial impact on us of each of the decisions of our Board where director conflicts arise.

Form and Transferability of Our Shares

Our share capital is represented by 2,019,241,973 shares. There are two classes of shares: all shares are Ordinary Shares, except for 325,999,817 Restricted Shares.

Our Ordinary Shares can take the form of registered shares or dematerialized shares. Restricted Shares may only be held in registered form.

All of our shares are fully paid-up. Ordinary Shares are freely transferable. Restricted Shares are subject to the transfer restrictions summarized below and further described in our articles of association.

Restricted Shares

Restrictions on Transfers and Pledges

No holder of Restricted Shares (a “**Restricted Shareholder**”) shall 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 (*certification / certificering*) or depository arrangement or enter into any form of hedging arrangement with respect to, in each case directly or indirectly, any of its Restricted 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 expiring on 10 October 2021, except as provided below.

As an exception to this rule, any Restricted Shareholder may 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, in each case directly or indirectly, any of its Restricted 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 its affiliate, its Successor and/or Successor's affiliate (as such terms are defined in our articles of association), provided that if any such transferee ceases to be an affiliate, a Successor and/or a Successor's affiliate of the Restricted Shareholder that initially made the transfer (or of its Successor), all such Restricted Shares which such transferee owns or in which it holds an interest shall be automatically transferred to such Restricted Shareholder (or to a person which, at the time of such transfer, is its affiliate or its Successor) and shall therefore remain Restricted Shares.

Also, under certain conditions set out in our articles of association, Restricted Shareholders (or, in certain cases, pledgees or receivers) may (i) with the prior written consent granted by our board of directors (a "**Pledge Consent**"), pledge, charge, assign, mortgage, or otherwise grant a lien over or grant any security interest on all or any part of their Restricted Shares or any interests therein and any rights relating thereto as security (in each case, a "**Pledge**"), and (ii) 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) their holding of Restricted Shares that are the subject of a Pledge (to which a Pledge Consent has been given) in the context of an enforcement action with respect to such Pledge or when the Restricted Shareholder has determined in good faith that such transfer is the only commercially reasonable alternative available to prevent an imminent enforcement of a Pledge.

Conversion into Ordinary Shares

Each Restricted Shareholder will have the right to convert all or part of its holding of Restricted Shares into Ordinary Shares at its election (i) at any time after 10 October 2021, and (ii) in some limited other instances, including immediately prior to or at any time after entering into an agreement or arrangement to effect a permitted transfer with respect to Restricted Shares that are the subject of a Pledge, as set out above.

The Restricted Shares shall automatically convert into Ordinary Shares (i) upon any transfer, sale, contribution or other disposal, except in the case of permitted transfers to or for the benefit of any person that is an affiliate, a Successor and/or a Successor's affiliate of the relevant Restricted Shareholders or in the case of a Pledge Consent, provided that, in such cases, the Restricted Shares shall automatically be converted into 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 Shareholder; (ii) immediately prior to the closing of a successful public takeover bid for our shares or the completion of a merger of the company as acquiring or disappearing company, in circumstances where the shareholders directly or indirectly, controlling or exercising directly or indirectly joint control over us immediately prior to such takeover bid or merger will not directly or indirectly control, or exercise joint control over, us or the surviving entity following such takeover bid or merger; or (iii) upon the announcement of a squeeze-out bid for our outstanding shares, in accordance with Article 7:82 of the Belgian Companies Code.

Upon conversion, each Restricted Share will be re-classified as one Ordinary Share. From the time of conversion, the Ordinary Shares will be freely transferable.

Holders of Restricted Shares may benefit from registration rights, as described in "—C. Material Contracts—Material Contracts Related to the Acquisition of SAB—Registration Rights Agreement."

Changes to Our Share Capital

Capital Increase by Our Shareholders' Meeting

Changes to our share capital may be decided by our shareholders' meeting. Our shareholders' meeting may at any time decide to increase or decrease our share capital. Such resolution must satisfy the following quorum and majority requirements: (i) a quorum of 50% of the issued share capital must be present or represented at the meeting, and (ii) the capital increase must be approved by at least 75% of the votes cast at the meeting (not counting abstentions). If there is no quorum, a second meeting must be convened where no quorum requirement applies but where the special 75% majority requirement applies. See “—Description of the Rights and Benefits Attached to Our Shares—Right to Attend and Vote at Our Shareholders' Meeting—Quorum and Majority Requirements” below.

Capital Increase by Our Board of Directors

Subject to the same quorum and majority requirements described above, our shareholders' meeting may authorize our Board, within certain limits, to increase our share capital without any further approval of shareholders, by way of authorized capital. This authorization needs to be limited in time (i.e., it can only be granted for a renewable period of a maximum of five years) and in scope (i.e., the increase by way of authorized capital may not exceed the amount of the share capital at the time of the authorization).

At the annual shareholders' meeting on 26 April 2017, our shareholders' meeting authorized our Board to increase the share capital of AB InBev to an amount not to exceed 3% of the total number of shares issued and outstanding on 26 April 2017 (i.e., 2,019,241,973). This authorization has been granted for five years and can be used for several purposes, including when the sound management of our business or the need to react to appropriate business opportunities calls for a restructuring, an acquisition (whether private or public) of securities or assets in one or more companies, or generally, any other appropriate increase of our capital.

Preferential Subscription Right and Anti-Dilution

In the event of a share capital increase by way of the issue of new shares, convertible bonds, bonds repayable in shares, subscription rights or other financial instruments giving a right to shares (any such shares, bonds, rights or instruments being “Equity Interests”), all shareholders will have a preferential right to subscribe for any such Equity Interests, as set out in and in accordance with Article 7:188 of the Belgian Companies Code. The preferential subscription right shall entitle each shareholder to subscribe for any new Equity Interests, pro rata to the proportion of existing share capital as he or she holds immediately prior to such issue and subject to the rules of Article 7:188 of the Belgian Companies Code. Each shareholder may exercise his or her preferential right in whole or in part.

Our shareholders' meeting may restrict or cancel the preferential subscription right, in accordance with Article 7:191 of the Belgian Companies Code, for a purpose that is in our best interests, provided, however, that if the preferential subscription right is restricted or canceled with respect to any issuance in which any of our shareholders acquires any such Equity Interests, all our shareholders shall be given the same right and be treated in the same way. This requirement shall not apply when the preferential subscription right is restricted or canceled with respect to issuances of Equity Interests issued solely pursuant to stock option plans or other compensation plans in the ordinary course of business. Where our shareholders' meeting has granted an authorization to our board of directors to effect a capital increase in the framework of the authorized capital and such authorization allows our board of directors to do so, our board of directors may likewise restrict or cancel the preferential subscription right applying the same principles as set out in this paragraph.

Any decision to restrict or cancel the preferential subscription right will require a quorum at the shareholders' meeting of shareholders holding at least 50% of the share capital and, approval by a qualified majority of at least 75% of the votes cast at the meeting (not counting abstentions). If there is no quorum, a second meeting must be convened. At the second meeting, no quorum is required, but the relevant resolution must be approved by a qualified majority of at least 75% of the votes cast at the meeting (not counting abstentions).

No Restricted Shares shall be issued other than to a Restricted Shareholder exercising its preferential subscription right in respect of its holding of Restricted Shares, without prejudice to the right of the Ordinary Shareholders to exercise their second ranking preferential subscription right in accordance with Article 7:188 of the Belgian Companies Code. In case of any event referred to in Article 8.1 of our articles of association, Restricted Shareholders shall only be entitled or required to receive Restricted Shares in respect of the Restricted Shares held by them.

Certain shareholders (including shareholders resident in, or citizens of, certain jurisdictions, such as the United States, Australia, Canada and Japan) may not be entitled to exercise such rights even if they are not disapplied unless the rights and related shares are registered or qualified for sale under the relevant legislative or regulatory framework.

Purchases and Sales of Our Own Shares

We may only acquire our own shares pursuant to a decision by our shareholders' meeting taken under the conditions of quorum and majority provided for in the Belgian Companies Code. Such a decision requires a quorum at the shareholders' meeting of shareholders holding at least 50% of the share capital and approval by a qualified majority of at least 75% of the votes cast at the meeting (not counting abstentions). If there is no quorum, a second meeting must be convened. At the second meeting, no quorum is required, but the relevant resolution must be approved by a qualified majority of at least 75% of the votes cast at the meeting (not counting abstentions).

On 28 September 2016, our shareholders' meeting granted an authorization allowing us to acquire our shares, either on or outside of the stock exchange, up to a maximum of 20% of the issued shares for a unitary price which will not be lower than one Euro and not higher than 20% above the highest closing price on Euronext Brussels in the last 20 trading days preceding the transaction. This authorization is valid for a period of five years as from 28 September 2016.

We may only dispose of our own shares in accordance with the conditions of the Belgian Companies Code.

With respect to the shares acquired by us as a result of the merger between us and former AB InBev, our Board shall be entitled to dispose of such shares only in connection with (i) any share delivery obligations undertaken by former AB InBev prior to 11 November 2015, (ii) any stock option plans or other compensation plans (including the Zenzele schemes) or (iii) any stock lending agreement or similar arrangement in respect of which we used our own shares for the purposes set out in items (i) and (ii).

See "Item 16E. Purchases of Equity Securities by the Issuer" for details of our recent share repurchase programs.

Description of the Rights and Benefits Attached to Our Shares

Right to Attend and Vote at Our Shareholders' Meeting

Ordinary Shareholders' Meeting

Our ordinary shareholders' meeting will be held on the last Wednesday of April of each year, at 11:00 a.m., Belgian time, in one of the municipalities of the Brussels-Capital Region, in Leuven or in Liège, at the place which will be mentioned in the convening notice. If this date is a legal holiday, the meeting will be held on the next business day at the same time.

At this meeting, our Board and the statutory auditor will present a report on our management and financial situation as at the end of the previous accounting year, which shall run from 1 January to 31 December. The shareholders will then vote on the approval of the annual accounts, the allocation of our profit or loss, the appointment or renewal, if necessary, of directors or statutory auditors, remuneration of the directors and the auditor and the release from liability of the directors and the statutory auditor.

Ad hoc and Extraordinary Shareholders' Meetings

Our Board or our statutory auditor (or the liquidators, if appropriate) may, whenever our interests so require, convene a special or extraordinary shareholders' meeting. Such shareholders' meeting must also be convened every time one or more of our shareholders holding at least one-tenth of our share capital so demand.

Such shareholders' meetings shall be held on the day, at the hour and in the place designated by the convening notice. They may be held at locations other than our registered office.

Notices Convening Our Shareholders' Meeting

Notices of our shareholders' meetings contain the agenda of the meeting and the recommendations of our board of directors on the matters to be voted upon.

Notices for our shareholders' meetings are given in the form of announcements placed at least 30 days prior to the meeting in at least one Belgian newspaper and in the Belgian State Gazette (*Moniteur belge/Belgisch Staatsblad*). Notices will be sent 30 days prior to the date of our shareholders' meetings to the holders of our registered shares, holders of our registered warrants and to our directors and our statutory auditor.

Notices of all our shareholders' meetings and all related documents, such as specific board of directors' and auditor's reports, will also be published on our website.

Admission to Meetings

All shareholders are entitled to attend our shareholders' meetings, take part in the deliberations and, within the limits prescribed by the Belgian Companies Code and our articles of association, vote, provided they have complied with the formalities for admission set out in the convening notice.

The right to participate in and vote at a shareholders' meeting will require a shareholder to:

- have the ownership of his or her shares recorded in his or her name on the 14th calendar day preceding the date of the shareholders' meeting, either through registration in the register of our registered shares, for holders of registered shares, or through book-entry in the accounts of an authorized account holder or clearing organization, for holders of dematerialized shares; and
- notify us (or a person designated by us) at the latest on the sixth calendar day preceding the date of the shareholders' meeting of his or her intention to participate in the meeting, indicating the number of shares in respect of which he or she intends to do so. In addition, a holder of dematerialized shares must, at the latest on the same day, provide us (or a person designated by us) with an original certificate issued by an authorized account holder or a clearing organization certifying the number of shares owned by the relevant shareholder on the record date for the shareholders' meeting and for which he or she has notified his or her intention to participate in that meeting.

Voting by Proxy

Any shareholder with the right to vote may either personally participate in the meeting or give a proxy to another person, who need not be a shareholder, to represent him or her at the meeting. A shareholder may designate, for a given meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders. The appointment of a proxy holder may take place in paper form or electronically (in which case, the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), through a form which shall be made available by us. The signed original paper or electronic form must be received by us at the latest on the sixth calendar day preceding the date of the shareholders' meeting. Any appointment of a proxy holder shall comply with relevant requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirements.

Remote Voting

Any shareholder with the right to vote may vote remotely in relation to our shareholders' meeting by sending a paper form or, if permitted by us in the notice convening the meeting, by sending a form electronically (in which case, the form shall be signed by means of an electronic signature in accordance with applicable Belgian law). These forms shall be made available by us. Only forms received by us at the latest on the sixth calendar day preceding the date of the meeting will be taken into account.

Shareholders voting remotely must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the admission formalities set out in the convening notice.

Right to Request Items Be Added to the Agenda and to Ask Questions at the Shareholders' Meeting

One or more shareholders that together hold at least 3% of our share capital may request for items to be added to the agenda of any convened meeting and submit proposals for resolutions with regard to existing agenda items or new items to be added to the agenda, provided that (i) they prove ownership of such shareholding as at the date of their request and record their shares representing such shareholding on the record date for the relevant shareholders' meeting and (ii) the additional items to be added to the agenda and/or proposed resolutions have been sent in writing (by registered mail or e-mail) by these shareholders to our registered office no later than on the twenty-second day preceding the date of the relevant shareholders' meeting. Such shareholdings must be proven by a certificate evidencing the registration of the relevant shares in our share register or by a certificate issued by the authorized account holder or the clearing organization certifying the book-entry of the relevant number of dematerialized shares in the name of the relevant shareholder(s).

We shall acknowledge receipt of shareholders' requests within 48 hours and, if required, publish a revised agenda of the shareholders' meeting at the latest on the 15th day preceding the date of the shareholders' meeting. The right to request that items be added to the agenda or that proposed resolutions in relation to existing agenda items be submitted does not apply in case of a second shareholders' meeting that must be convened because the quorum was not obtained during the first shareholders' meeting.

Within the limits of Article 7:139 of the Belgian Companies Code, our directors and our auditor shall answer, during the shareholders' meeting, any questions raised by shareholders. Shareholders may ask questions either during the meeting or in writing, provided that we receive the written question at the latest on the sixth day preceding the date of the shareholders' meeting.

Quorum and Majority Requirements

Each of our shares is entitled to one vote except for shares owned by us, or by any of our subsidiaries, the voting rights of which are suspended. Without prejudice to the specific rights and obligations attached to the Restricted Shares, the shares held by our principal shareholders do not entitle such shareholders to different voting rights.

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

Resolutions relating to amendments of our articles of association or a merger or split are 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 our issued share capital, and the approval of at least 75% of the votes cast at the meeting (not counting abstentions). 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 our shares are 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 our shares and the approval of at least 75% of the votes cast at the meeting in each class of our shares (not counting abstentions). 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 our corporate purpose 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 (not counting abstentions). 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 (not counting abstentions).

Any authorization 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 75% of the votes cast at the meeting (not counting abstentions). 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 75% of the votes cast at the meeting (not counting abstentions).

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

Dividends

All of our shares participate equally in our profits. Our Ordinary Shares (including our Ordinary Shares represented by our ADSs) and Restricted Shares have the same rights in relation to dividends and other distributions.

The Belgian Companies Code provides that dividends can only be paid up to an amount equal to the excess of our shareholders' equity over the sum of (i) paid-up or called-up share capital and (ii) reserves not available for distribution pursuant to law or our articles of association. Under Belgian law and our articles of association, we must allocate an amount of 5% of our annual net profit on an unconsolidated basis to a legal reserve in our unconsolidated financial statements until such reserve equals 10% of our share capital.

In general, we may only pay dividends with the approval of the shareholders' meeting. The annual dividend payment (if any) will be approved by our shareholders at our Ordinary Shareholders' meeting and will be paid on the dates and the places determined by our board of directors. In addition, our Board may declare interim dividends without shareholder approval, in accordance with the provisions of the Belgian Companies Code and Article 44 of our articles of association. It is expected that our board will decide the payment of dividends on a semi-annual basis.

See "Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Dividend Policy" for further information on our current dividend policy.

Appointment of Directors

Under our articles of association, the directors are appointed as follows:

- three independent directors will be appointed by our shareholders' meeting upon proposal by our board of directors;
- so long as the Stichting and/or any of its affiliates, any of their respective successors and/or successors' affiliates own, in aggregate, more than 30% of the shares with voting rights in our share capital, nine directors will be appointed by our shareholders' meeting upon proposal by the Stichting (and/or any of its affiliates, any of their respective successors and/or successors' affiliates); and

- so long as the Restricted Shareholders, together with their affiliates and/or any of their successors and/or successors' affiliates, own in aggregate:
 - more than 13.5% of the shares with voting rights in our share capital, three directors will be appointed by our shareholders' meeting upon proposal by the Restricted Shareholders;
 - more than 9% but not more than 13.5% of the shares with voting rights in our share capital, two directors will be appointed by our shareholders' meeting upon proposal by the Restricted Shareholders;
 - more than 4.5% but not more than 9% of the shares with voting rights in our share capital, one director will be appointed by our shareholders' meeting upon proposal by the Restricted Shareholders; and
 - 4.5% or less than 4.5% of the shares with voting rights in our share capital, the Restricted Shareholders will no longer have the right to propose any candidate for appointment as a member of our board of directors and no directors will be appointed upon proposal by the Restricted Shareholders.

Liquidation Rights

We can only be dissolved by a shareholders' resolution passed in accordance with the conditions laid down for the amendment of our articles of association (*i.e.*, with a majority of at least 75% of the votes cast (not counting abstentions) at an extraordinary shareholders' meeting where at least 50% of the share capital is present or represented).

If, as a result of losses incurred, the ratio of our net assets (determined in accordance with Belgian legal and accounting rules) to share capital is less than 50%, our board of directors must convene an extraordinary shareholders' meeting within two months as of the date upon which our board of directors discovered or should have discovered this undercapitalization. At this shareholders' meeting, our board of directors must propose either the dissolution of the company or the continuation of the company, in which case, our board of directors must propose measures to redress our financial situation. Shareholders' resolutions relating to our dissolution are adopted in accordance with the conditions laid down for the amendments of our articles of association.

If, as a result of losses incurred, the ratio of our net assets to share capital is less than 25%, the same procedure must be followed; provided, however, that in this instance, shareholders representing 25% of the votes validly cast at the relevant shareholders' meeting can decide to dissolve the company. If the amount of our net assets has dropped below EUR 61,500 (the minimum amount of share capital of a Belgian limited liability company (*société anonyme / naamloze vennootschap*)), any interested party is entitled to request the competent court to dissolve the company. The court can order the dissolution of the company or grant a grace period within which we may remedy the situation.

In the event of our dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses shall be distributed to the holders of our shares, each receiving a sum proportional to the number of our shares held by them. Our Ordinary Shares and Restricted Shares have the same rights in relation to all proceeds of a dissolution, liquidation or winding-up.

Transactions with Major Shareholders

In the event of (i) a contribution in kind to us 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 the company 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 to approve such contribution in kind or merger.

Disclosure of Significant Shareholdings

In addition to the transparency disclosure thresholds set out by the applicable Belgian legislation (i.e., 5%, 10%, 15% and so on in five percentage point increments), the disclosure obligation set out in such legislation shall also apply as soon as the amount of securities giving voting rights held by a person acting alone or by persons acting in concert reaches, exceeds or falls below a 3% or 7.5% threshold of the total outstanding securities with voting rights. Any obligation imposed by the applicable Belgian legislation to holders of 5% (or any multiple of 5%) of the total outstanding securities with voting rights shall also apply to the additional notification thresholds of 3% and 7.5%. For details of our major shareholders, see “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders.”

Mandatory Bid

Public takeover bids for our shares and other securities, if any, are subject to supervision by the FSMA. Any public takeover bids must be extended to all of our voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

Belgium has implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of 21 April 2004) in the Belgian Law of 1 April 2007 on public takeover bids and the Belgian Royal Decree of 27 April 2007 on public takeover bids. The Belgian Law of 1 April 2007 on public takeover bids provides that a mandatory bid must be launched if a person, as a result of his or her own acquisition or the acquisition by persons acting in concert with him or her or by persons acting for his or her account, directly or indirectly holds more than 30% of the voting rights in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility, as designated by the Belgian Royal Decree of 27 April 2007 on public takeover bids (as set out in “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Shareholding Structure”).

The mere fact of exceeding the relevant threshold through the acquisition of shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the current market price. The duty to launch a mandatory bid does not apply in case of an acquisition if it can be shown that a third party exercises control over us or that such third party holds a larger stake than the person holding 30% of the voting rights.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligations to disclose significant shareholdings and merger control regulations, that may apply to us and which may make an unsolicited tender offer, merger, change in management or other change in control more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of our shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

In addition, the board of directors of a Belgian company may, in certain instances and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the company’s authorized capital) or through share buy-backs (*i.e.*, the purchase of our own shares).

Limitations on the Right to Own Securities

Neither Belgian law nor our articles of association imposes any general limitation on the right of non-residents or foreign persons to hold our securities or exercise voting rights on our securities other than those limitations that would generally apply to all shareholders.

C. MATERIAL CONTRACTS

The following contracts have been entered into by us within the two years immediately preceding the date of this Form 20-F or contain provisions under which we or another member of our group has an obligation or entitlement which is material to our group:

Material Contracts Related to the Acquisition of SAB

Information Rights Agreement

On 11 November 2015, former AB InBev and Altria entered into an information rights agreement (“**Information Rights Agreement**”), pursuant to which we agreed to share certain information to enable Altria to comply with its financial reporting, financial controls and financial planning requirements as they apply to Altria’s investment in AB InBev. Upon the closing of the combination with SAB, this Information Rights Agreement replaced the existing relationship agreement that was in place between Altria and SAB.

Under the terms of the combination with SAB, any former SAB shareholder other than Altria is entitled, from completion of the combination with SAB, to enter into an agreement with us on substantially the same terms as the Information Rights Agreement, provided that it is able to demonstrate to the reasonable satisfaction of our board of directors that it meets the following criteria:

- it will be the sole legal and beneficial holder of no less than 10% of our share capital in issue from time to time;
- for the purposes of its financial reporting, it accounts for its shareholding in AB InBev on the basis of the equity method of accounting in accordance with U.S. Generally Accepted Accounting Principles (“**GAAP**”); and
- it is a U.S. listed company subject to the reporting requirements under the Exchange Act and section 404 of the Sarbanes-Oxley Act of 2002.

The Information Rights Agreement is filed as Exhibit 4.26 to this Form 20-F.

Tax Matters Agreement

On 11 November 2015, former AB InBev entered into a tax matters agreement (the “**Tax Matters Agreement**”) with Altria, pursuant to which we agreed to provide assistance and co-operation to, and to give certain representations and undertakings to, Altria in relation to certain matters that are relevant to Altria under U.S. tax legislation, including the structure and implementation of the combination with SAB.

The Tax Matters Agreement sets out the framework for ongoing co-operation between us and Altria after completion of the combination with SAB in relation to certain matters that are relevant to Altria under U.S. tax legislation. The Tax Matters Agreement provided that, upon completion of the combination with SAB, the existing tax matters agreement in place between Altria and SAB was terminated.

On 25 August 2016, former AB InBev and Altria entered into an amended and restated Tax Matters Agreement, in order to make certain adjustments to the representations as to the structure and implementation of the combination with SAB to reflect additional details that had developed since 11 November 2015.

The Tax Matters Agreement is filed as Exhibit 4.22 to this Form 20-F.

Molson Coors Purchase Agreement

On 11 November 2015, Molson Coors Brewing Company (“**Molson Coors**”) entered into a purchase agreement (the “**Molson Coors Purchase Agreement**”) with former AB InBev pursuant to which, upon completion of the combination with SAB, Molson Coors acquired all of SAB’s interest in MillerCoors LLC, a joint venture between SAB and Molson Coors (“**MillerCoors**”), and certain assets (including trademarks, other intellectual property, contracts, inventory and other assets) related to SAB’s portfolio of Miller brands outside the U.S. for an aggregate purchase price of USD 12.0 billion in cash, subject to certain adjustments as described in the Molson Coors Purchase Agreement.

We agreed to provide certain transition services to Molson Coors, including producing certain Miller branded products in specified countries outside the U.S. for three years. We also agreed to enter into amendments to certain existing agreements between SAB and its affiliates and MillerCoors in respect of the license and/or supply of certain brands owned by SAB and distributed by MillerCoors in the U.S. and Puerto Rico, including granting perpetual licenses to such brands to MillerCoors and committing to supply product to MillerCoors under those brands for three years (plus two one-year extensions at Molson Coors’ election).

The Molson Coors Purchase Agreement, Amendment No. 1 and Amendment No. 2 are filed as Exhibits 4.23, 4.24 and 4.25, respectively, to this Form 20-F.

Registration Rights Agreement

On 10 October 2016, we entered into a registration rights agreement (the “**Registration Rights Agreement**”) with Altria and BEVCO, pursuant to which we are required to register for resale under the Securities Act all registrable shares held by Restricted Shareholders no earlier than five years after completion of the combination with SAB, at which point, the Restricted Shares will become eligible for conversion into Ordinary Shares at the option of the Restricted Shareholder. We are also required to file with the SEC a shelf registration statement relating to such registrable shares pursuant to Rule 415 under the Securities Act at the request of Restricted Shareholders holding, in aggregate, at least the lesser of \$2.5 billion of our equity securities by market value and 1.5% of our outstanding share capital. We will be responsible for bearing the costs and expenses of each such registration.

In addition, each Restricted Shareholder owning at least 1.0% of our outstanding share capital has certain “piggyback” registration rights under the Registration Rights Agreement, pursuant to which such Restricted Shareholder may register the resale of their securities alongside any offering of Ordinary Shares (including ADSs) by AB InBev. We have also agreed to certain other customary provisions, including the indemnification of Altria and BEVCO and the underwriters of any registered offering.

The Registration Rights Agreement will terminate on the date when there is no Restricted Shareholder that owns more than the lesser of \$2.5 billion of our equity securities by market value and 1.5% of our outstanding share capital. The Registration Rights Agreement has been filed as Exhibit 4.27 to this Form 20-F.

U.S. Department of Justice Consent Decree

On 20 July 2016, former AB InBev announced that it had entered into a consent decree with the U.S. Department of Justice, which cleared the way for United States approval of the combination with SAB. The terms of the consent decree formalized former AB InBev’s agreement to divest SAB’s U.S. interest in MillerCoors to Molson Coors as well as prior commitments made by former AB InBev, including:

- we will not acquire control of a distributor if doing so would result in more than 10% of our U.S. annual volume being distributed through majority-owned distributorships in the U.S.; and
- we will not terminate any wholesalers as a result of the combination with SAB.

The terms of the consent decree also require us to notify the U.S. Department of Justice at least 30 days prior to the consummation of any acquisition of a beer brewer, importer, distributor or brand owner deriving more than \$7.5 million in annual gross revenue from beer sold for further resale in the United States or from license fees generated by such sales, subject to certain exceptions. In addition, certain aspects of AB InBev’s U.S. sales programs and policies have been reviewed and modified to conform to the consent decree to ensure that we do not limit the ability and incentives of independent distributors to sell and promote third-party brewers’ products.

The consent decree will expire on 20 July 2026 (ten (10) years after the U.S. Department of Justice filed its complaint); however, the consent decree may be terminated at any time after 22 October 2023 upon notice by the U.S. Department of Justice to the court that continuation of the consent decree is no longer necessary or in the public interest. Our compliance with the consent decree is monitored by the U.S. Department of Justice and the Monitoring Trustee appointed by it. The terms of the consent decree are reflected in the modified final judgment which is filed as Exhibit 4.28 to this Form 20-F.

Revolving Facility

As of 31 December 2019, the Revolving Facility (as defined below) was fully undrawn. In March 2020, we drew the full USD 9.0 billion commitment under our Revolving Facility, in order to proactively safeguard our liquidity position by holding cash on our balance sheet through the period of significant financial market volatility and uncertainty as a result of the COVID-19 virus pandemic.

On 26 February 2010, we entered into USD 17.2 billion of senior credit agreements, comprising a USD 13 billion senior facilities agreement (the “**2010 Senior Facilities Agreement**”) with a syndicate of 13 banks, and two term facilities totaling USD 4.2 billion, enabling us to fully refinance a previous senior facilities agreement related to our Anheuser-Busch Companies merger in 2008. The 2010 Senior Facilities Agreement made the following two senior facilities available to us and our subsidiary, Anheuser-Busch InBev Worldwide Inc.: (i) the term facility and (ii) the “**Revolving Facility**,” a five-year multi-currency revolving credit facility for up to USD 8.0 billion principal amount. The two term facilities totaling USD 4.2 billion were canceled on 31 March 2010 before being drawn and only the Revolving Facility remains available.

The 2010 Senior Facilities Agreement is filed as Exhibit 4.1 to this Form 20-F.

The Revolving Facility contains customary representations and warranties, covenants and events of default. Among other things, an event of default is triggered if either a default or an event of default occurs under any of our or our subsidiaries’ financial indebtedness. The obligations of the borrowers under the 2010 Senior Facilities Agreement are jointly and severally guaranteed by the other borrowers, ABIFI, Anheuser-Busch Companies, LLC, and Brandbev S.à.R.L.

Mandatory prepayments are required to be made under the 2010 Senior Facilities Agreement in circumstances where a person or a group of persons acting in concert (other than our controlling shareholder, the Stichting or any of its certificate holders or any persons or group of persons acting in concert with such persons) acquires control of us, in which case, individual lenders are accorded rights to require prepayment in full of their respective portions of the outstanding utilizations.

We borrow under the Revolving Facility at an interest rate equal to LIBOR (or EURIBOR for euro-denominated loans) plus a margin of 0.2250% per annum based upon the ratings assigned by rating agencies to our long-term debt as of the date of this report. These margins may change to the extent that the ratings assigned to our long-term debt are modified, ranging between 0.175% per annum and 0.70% per annum. A commitment fee of 35% of the applicable margin is applied to any undrawn but available funds under the Revolving Facility. A utilization fee of up to 0.3% per annum is payable, dependent on the amount drawn under the Revolving Facility.

Effective 25 July 2011, we amended the Revolving Facility under the 2010 Senior Facilities Agreement. The termination date of the Revolving Facility was amended to 25 July 2016. On 5 July 2011, in connection with the amendment, we fully prepaid and terminated the term facility under the 2010 Senior Facilities Agreement. The amendment to the Revolving Facility is incorporated by reference as Exhibit 4.2 to this Form 20-F. Effective 20 August 2013, we amended the terms of the USD 8.0 billion five-year Revolving Facility extending the provision of USD 7.2 billion to a revised maturity of July 2018. The amendment to the Revolving Facility is incorporated by reference as Exhibit 4.3 to this Form 20-F. Effective 28 August 2015, we amended the terms of our Revolving Facility to increase the total commitment to USD 9.0 billion and to extend the maturity to August 2020. The amendment to the Revolving Facility is filed as Exhibit 4.4 to this Form 20-F. Effective 3 October 2017, we amended the terms of the Revolving Facility to extend the maturity to August 2022. The amendment to the Revolving Facility is filed as Exhibit 4.5 to this Form 20-F.

D. EXCHANGE CONTROLS

There are no Belgian exchange control regulations that would affect the remittance of dividends to non-resident holders of our shares. See “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources—Transfers from Subsidiaries” for a discussion of various restrictions applicable to transfers of funds by our subsidiaries.

E. TAXATION

Belgian Taxation

The following paragraphs are a summary of material Belgian tax consequences of the ownership and disposal of our shares or ADSs by an investor. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this document, all of which are subject to change, including changes that could have retroactive effect.

The summary only discusses Belgian tax aspects which are relevant to U.S. holders of our shares or ADSs (“**Holders**”). This summary does not address Belgian tax aspects which are relevant to persons who are residents in Belgium or engaged in a trade or business in Belgium through a permanent establishment or a fixed base in Belgium. This summary does not purport to be a description of all of the tax consequences of the ownership and disposal of our shares or ADSs, and does not take into account the specific circumstances of any particular investor, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, or persons that hold, or will hold, our shares or ADSs as a position in a straddle, share-repurchase transaction, conversion transaction, synthetic security or other integrated financial transaction. Investors should consult their own advisers regarding the tax consequences of an investment in our shares or ADSs in the light of their particular circumstances, including the effect of any state, local or other national laws.

Dividend Withholding Tax

As a general rule, a withholding tax of 30% is levied on the gross amount of dividends paid on or attributed to our shares or ADSs, subject to such relief as may be available under applicable domestic or tax treaty provisions. Dividends subject to the dividend withholding tax include all benefits paid on or attributed to our shares or ADSs, irrespective of their form, as well as reimbursements of statutory share capital, except reimbursements of fiscal capital made in accordance with the Belgian Companies Code, subject to certain conditions and a pro-rate rule (as described below). In principle, fiscal capital includes paid-up statutory share capital, and subject to certain conditions, the paid-up issue premiums and the cash amounts subscribed to at the time of the issue of profit-sharing certificates. Note that as of 2018 (*i.e.*, financial years starting on or after 1 January 2018), any reduction of fiscal capital is deemed to be paid out on a pro rata basis of the fiscal capital and certain reserves (*i.e.*, and in the following order: the taxed reserves incorporated in the statutory capital, the taxed reserves not incorporated in the statutory capital and the tax-exempt reserves incorporated in the statutory capital). Only the part of the capital reduction that is deemed to be paid out of the fiscal capital may, subject to certain conditions, not be considered as a dividend distribution for Belgian tax purposes.

If we redeem our own shares or ADSs, the redemption distribution (after deduction of the portion of fiscal capital represented by our redeemed shares or ADSs) will be treated as a dividend, which in certain circumstances may be subject to a withholding tax of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if such redemption is carried out on a stock exchange and meets certain conditions. In case of our liquidation, any amounts distributed in excess of the fiscal capital will be subject to a 30% withholding tax, subject to such relief as may be available under applicable domestic or tax treaty provisions.

Dividends paid or attributed to non-resident individuals who do not use our shares or ADSs in the exercise of a professional activity may be exempt from non-resident individual income tax up to the amount of 800 EUR (for income year 2019). Consequently, if Belgian withholding tax has been levied on dividends paid or attributed to our shares or ADSs, such Belgian non-resident may request in his or her non-resident income tax return that any Belgian withholding tax levied on dividends up to the amount of EUR 800 (for income year 2019) be credited and, as the case may be, reimbursed. However, if no Belgian non-resident income tax return has to be filed by the non-resident individual, any Belgian withholding tax levied on dividends up to such an amount could in principle be reclaimed by filing a request thereto addressed to the designated tax official. Such a request has to be made at the latest on 31 December of the calendar year following the calendar year in which the relevant dividend(s) have been received, together with an affidavit confirming the non-resident individual status and certain other formalities which are determined by Royal Decree. For the avoidance of doubt, all dividends paid or attributed to the non-resident individual are taken into account to assess whether the maximum amount of EUR 800 (for income year 2019) is reached (and hence not only the amount of dividends paid or attributed on our shares or ADSs). A withholding tax exemption will apply on dividends paid by us to a company that is a resident of the United States, provided that: (i) the U.S. company is subject to U.S. corporate income tax or a similar tax without benefiting from a tax regime that deviates from the ordinary U.S. corporate income tax regime, (ii) the U.S. company has a legal form similar to the ones listed in the Annex to the European Union Parent-Subsidiary Directive of 30 November 2011 (2011/96/EU) (“**EU Parent-Subsidiary Directive**”), as amended from time to time; (iii) the U.S. company owns, on the date the dividend is payable or attributable, a participation representing less than 10% of our capital but with an acquisition value of at least EUR 2,500,000; (iv) the U.S. company holds our shares or ADSs in full legal ownership for an uninterrupted period of at least one year; and (v) the U.S. company submits an affidavit to us or our paying agent (see below). The withholding tax exemption only applies to the extent that the withholding tax, which would be due in the absence of said exemption, is in principle not creditable or refundable in the hands of the U.S. resident company.

In order to benefit from the above withholding tax exemption, the U.S. resident company must provide us or our paying agent with an affidavit confirming the following points: (i) the U.S. company has a legal form similar to the ones listed in the Annex to the EU Parent-Subsidiary Directive, as amended from time to time; (ii) the U.S. company is subject to U.S. corporate income tax or a similar tax without benefiting from a tax regime that deviates from the ordinary U.S. corporate income tax regime; (iii) the acquisition value of the participation amounts to at least EUR 2,500,000 (but representing less than 10% of our capital); (iv) the dividends relate to our shares or ADSs which the U.S. company holds or has held in full legal ownership for an uninterrupted period of at least one year; (v) to which extent the Belgian withholding tax, which would be due in the absence of said exemption, is in principle creditable or refundable in the hands of the U.S. company according to the legal provisions in force on December 31 of the year preceding the year of the payment or attribution of the dividends; and (vi) the full name, legal form, address and, if applicable, the fiscal identification number of the U.S. company.

Withholding tax is also not applicable, pursuant to Belgian domestic tax law, on dividends paid to a U.S. pension fund which satisfies the following conditions: (i) it is a legal entity with separate legal personality and fiscal residence in the United States; (ii) whose corporate purpose consists solely in managing and investing funds collected in order to pay legal or complementary pensions; (iii) whose activity is limited to the investment of funds collected in the exercise of its corporate purpose, without any profit making aim; (iv) which is exempt from income tax in the United States; and (v) provided that it is not contractually obligated to redistribute the dividends to any ultimate beneficiary of such dividends for whom it would manage the shares or ADSs, nor obligated to pay a manufactured dividend with respect to the shares or ADSs under a securities borrowing transaction; The exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements for which the tax Belgian tax administration has proven that this arrangement or this series of arrangements is not genuine and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the Parent-Subsidiary Directive in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality. There is a rebuttable presumption that dividends are deemed to be connected to an artificial transaction if the shares have not been held by the pension fund in full legal ownership for an uninterrupted period of at least 60 days within 15 days from the date of the attribution or payment of the income. The exemption will only apply if the U.S. pension fund provides a certificate confirming that it is the full legal owner of the shares or ADSs and that the above conditions are satisfied. The organization must then forward that certificate to us or our paying agent.

For non-resident individuals and companies, the dividend withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds our shares or ADSs in connection with a business conducted in Belgium, through a fixed base in Belgium or a Belgian permanent establishment.

Relief of Belgian Dividend Withholding Tax

Under the income tax convention between the United States of America and Belgium (the “**Treaty**”), there is a reduced Belgian withholding tax rate of 15% on dividends paid by us to a U.S. resident that beneficially owns the dividends and is entitled to claim the benefits of the Treaty under the limitation of benefits article included in the Treaty (“**Qualifying Holders**”). If such Qualifying Holder is a company that owns directly at least 10% of our voting stock, the Belgian withholding tax rate is further reduced to 5%. No withholding tax is, however, applicable if the Qualifying Holder is: (i) a company that is a resident of the United States that has owned directly our shares or ADSs representing at least 10% of our capital for a 12-month period ending on the date the dividend is declared; or (ii) a pension fund that is a resident of the United States, provided that such dividends are not derived from the carrying on of a business by the pension fund or through an associated enterprise.

Under the normal procedure, we or our paying agent must withhold the full Belgian withholding tax (without taking into account the Treaty rate). Qualifying Holders may make a claim for reimbursement for amounts withheld in excess of the rate defined by the Treaty. The reimbursement form (Form 276 Div-Aut.) may be obtained from the Centre Étrangers – Team 6 – 17P, 50 box 3429 Boulevard du Jardin Botanique, 1000 Brussels, Belgium. Qualifying Holders may also, subject to certain conditions, obtain the reduced Treaty rate at source. Qualifying Holders should deliver a duly completed Form 276 Div-Aut. no later than ten days after the date on which the dividend becomes payable. U.S. holders should consult their own tax advisers as to whether they qualify for reduction in withholding tax upon payment or attribution of dividends, and as to the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

Capital Gains and Losses

Pursuant to the Treaty, capital gains and/or losses realized by a Qualifying Holder from the sale, exchange or other disposition of our shares or ADSs do not fall within the scope of application of Belgian domestic tax law.

Capital gains realized on our shares or ADSs by a corporate Holder which is not entitled to claim the benefits of the Treaty under the limitation of benefits article included in the Treaty are generally not subject to taxation and losses are not deductible, provided that our shares or ADSs are neither held in connection with a business conducted in Belgium, nor through a fixed base or permanent establishment in Belgium.

Private individual Holders who are not entitled to claim the benefits of the Treaty under the limitation of benefits article included in the Treaty and who are holding our shares or ADSs as a private investment will, as a rule, not be subject to tax on any capital gains arising out of a disposal of our shares or ADSs and capital losses will, as a rule, not be deductible in Belgium, subject to the exceptions below.

If capital gains realized by private individual Holders who are not entitled to claim the benefits of the Treaty under the limitation of benefits article included in the Treaty on our shares or ADSs are deemed to be realized outside the scope of the normal management of such individual’s private estate and the capital gain is obtained or received in Belgium, the gain will be subject to a final professional withholding tax of 30.28% or must be reported in a non-resident tax return for the income year during which the gain has been realized, in which case the gain will be taxable at the rate of 35.31% (33% with a current surcharge of 7%). The Official Commentary to the ITC 1992 stipulates that occasional transactions on a stock exchange regarding our shares or ADSs should not be considered as transactions realized outside the scope of normal management of one’s own private estate.

Capital gains realized by such individual Holders on the disposal of our shares or ADSs for consideration, outside the exercise of a professional activity, to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity that is established outside the European Economic Area, are in principle taxable at a rate of 16.5% (plus a current surcharge of 7%) if, at any time during the five years preceding the sale, such individual Holder has owned directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in us (more than 25% of our shares).

Capital gains realized by a Holder upon the redemption of our shares or ADSs or upon our liquidation will generally be taxable as a dividend (see above).

Estate and Gift Tax

There is no Belgium estate tax on the transfer of our shares or ADSs on the death of a Belgian non-resident.

Donations of our shares or ADSs made in Belgium may or may not be subject to gift tax depending on how the donation is carried out.

Belgian Tax on Stock Exchange Transactions

A tax on stock exchange transactions is normally levied on the purchase and the sale and on any other acquisition and transfer for consideration in Belgium of our existing shares or ADSs through a professional intermediary established in Belgium on the secondary market (so-called “secondary market transactions”). The tax on stock exchange transactions is not due upon the issuance of the New Shares (primary market transactions). The applicable rate amounts to 0.35% of the consideration paid, but with a cap of EUR 1,600 (USD 1,804) per transaction and per party. Such tax is separately due by each party to the transaction, and each of those is collected by the professional intermediary.

Belgian non-residents who purchase or otherwise acquire or transfer, for consideration, existing shares or ADSs in Belgium for their own account through a professional intermediary may be exempt from the stock market tax if they deliver a certificate to the intermediary in Belgium confirming their non-resident status.

In addition to the above, no tax on stock exchange transactions is due on transactions entered into by the following parties: (i) professional intermediaries described in Article 2, 9° and 10° of the Law of 2 August 2002 acting for their own account, (ii) insurance companies described in Article 2, § 1 of the Law of 9 July 1975 acting for their own account, (iii) professional retirement institutions referred to in Article 2, 1° of the Law of 27 October 2006 relating to the control of professional retirement institutions acting for their own account, (iv) collective investment institutions acting for their own account or (v) regulated real estate companies acting for their own account.

No tax on stock exchange transactions will thus be due by Holders on the subscription, purchase or sale of existing shares or ADSs if the Holders are acting for their own account. In order to benefit from this exemption, the Holders must file with the professional intermediary in Belgium a certificate confirming that they are non-residents for Belgian tax purposes.

U.S. Taxation

This section describes the material United States federal income tax consequences of the ownership and disposition of shares or ADSs. It applies to you only if you are a U.S. holder, as described below, and you hold your shares or ADSs as capital assets for United States federal income tax purposes. This discussion addresses only United States federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a bank;
- a dealer in securities;

- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a tax-exempt organization;
- a life insurance company;
- a person that actually or constructively owns 10% or more of the combined voting power of our voting stock or of the total value of our stock;
- a person that holds shares or ADSs as part of a straddle or a hedging or conversion transaction;
- a person that purchases or sells shares or ADSs as part of a wash sale for tax purposes; or
- a person whose functional currency is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the Treaty. These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the depositary and the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms.

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds our shares or ADSs, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. If you hold our shares or ADSs as a partner in a partnership, you should consult your tax adviser with regard to the United States federal income tax treatment of an investment in our shares or ADSs.

You are a U.S. holder if you are a beneficial owner of shares or ADSs and you are, for United States federal income tax purposes:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

You should consult your own tax adviser regarding the United States federal, state, local, foreign and other tax consequences of owning and disposing of our shares and ADSs in your particular circumstances. In particular, you should confirm whether you qualify for the benefits of the Treaty and the consequences of failing to do so.

The tax treatment of your shares or ADSs will depend in part on whether or not we are classified as a passive foreign investment company, or “**PFIC**,” for United States federal income tax purposes. Except as discussed below under “—PFIC Rules,” this discussion assumes that we are not classified as a PFIC for United States federal income tax purposes.

Taxation of Distributions

Under the United States federal income tax laws, if you are a U.S. holder, the gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes), other than certain pro-rata distributions of our shares, will be treated as a dividend that is subject to United States federal income taxation. If you are a non-corporate U.S. holder, dividends that constitute

qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains, provided that you hold our shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income provided that, in the year that you receive the dividend, we are eligible for the benefits of the Treaty. We believe that we are currently eligible for the benefits of the Treaty and we therefore expect that dividends on the ordinary shares or ADSs will be qualified dividend income, but there can be no assurance that we will continue to be eligible for the benefits of the Treaty.

You must include any Belgian tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when you receive, in the case of shares, or the depositary receives, in the case of ADSs, the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. If the dividend is paid in euro, the amount of the dividend distribution that you must include in your income will be the U.S. dollar value of the euro payments made, determined at the spot euro/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the shares or ADSs and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, you should expect to generally treat distributions we make as dividends.

Subject to certain limitations, the Belgian tax withheld in accordance with the Treaty and paid over to Belgium will be creditable against your United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a reduction or refund of the tax withheld is available to you under Belgian law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against your United States federal income tax liability. In addition, if you are eligible under the Treaty for a lower rate of Belgian withholding tax on a distribution with respect to the shares or ADSs, yet you do not claim such lower rate and, as a result, you are subject to a greater Belgian withholding tax on the distribution than you could have obtained by claiming benefits under the Treaty, such additional Belgian withholding tax would likely not be eligible for credit against your United States federal income tax liability.

Dividends will generally be income from sources outside the United States and will generally be “passive” income for purposes of computing the foreign tax credit allowable to you.

Taxation of Capital Gains

If you are a U.S. holder and you sell or otherwise dispose of your shares or ADSs, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your shares or ADSs. Capital gain of a non-corporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. Your ability to deduct capital losses is subject to limitations.

PFIC Rules

We believe that our shares and ADSs should not currently be treated as stock of a PFIC for United States federal income tax purposes and we do not expect to become a PFIC in the foreseeable future. However, this conclusion is a factual determination that is made annually and thus may be subject to change. It is therefore possible that we could become a PFIC in a future taxable year. A company is considered a PFIC if, for any taxable year, either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets is

attributable to assets that produce or are held for the production of passive income. If we were to be treated as a PFIC and you are a U.S. holder, unless you make an effective “qualified electing fund” (“**QEF**”) election, gain realized on the sale or other disposition of your shares or ADSs would in general not be treated as capital gain. Instead, unless you effectively elect to be taxed annually on a mark-to-market basis with respect to your shares or ADSs, you would be treated as if you had realized such gain and certain excess distributions ratably over your holding period for the shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, your shares or ADSs will be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your shares or ADSs. Dividends that you receive from us will not be eligible for the special tax rates applicable to qualified dividend income if we are a PFIC or are treated as a PFIC with respect to you either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income. The QEF election is conditioned upon our furnishing you annually with certain tax information. We may not take the action necessary for a U.S. shareholder to make a QEF election in the event our company is determined to be a PFIC.

Belgian Stock Market Tax

Any Belgian stock market tax that you pay will likely not be a creditable tax for United States federal income tax purposes. However, U.S. holders are exempt from such tax if they act for their own account and certain information is provided to relevant professional intermediaries (as described above under “—Belgian Taxation—Belgian Tax on Stock Exchange Transactions”). U.S. holders are urged to consult their own tax advisers regarding the potential application of Belgian tax law to the ownership and disposition of our shares or ADSs.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

You may read and copy any reports or other information that we file through the Electronic Data Gathering, Analysis and Retrieval system through the SEC’s website on the Internet at <http://www.sec.gov>.

We also make available on our website, free of charge, our annual reports on Form 20-F, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. Our website address is <http://www.ab-inbev.com>. The information on our website is not incorporated by reference in this document.

We have filed our amended and restated articles of association and all other deeds that are to be published in the annexes to the Belgian State Gazette with the clerk’s office of the Commercial Court of Brussels (Belgium), where they are available to the public. A copy of the articles of association dated 26 April 2017 has been filed as Exhibit 1.1 to this Form 20-F, and is also available on our website under <https://www.ab-inbev.com/investors/corporate-governance.html>.

In accordance with Belgian law, we must prepare audited annual statutory and consolidated financial statements. The audited annual statutory and consolidated financial statements and the reports of our Board and statutory auditor relating thereto are filed with the Belgian National Bank, where they are available to the public. Furthermore, as a listed company, we publish an annual announcement preceding the publication of our annual financial report (which includes the audited annual financial statements, the report of our Board and the statutory auditor’s report). In addition, we publish interim management statements. Copies of these documents are available on our website under <https://www.ab-inbev.com/investors.html>.

We also disclose price sensitive information (inside information) and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments that are admitted to trading on a regulated market, such information and documentation is made available through our website, press releases and the communication channels of Euronext Brussels.

Our head office is located at Brouwerijplein 1, 3000 Leuven, Belgium. Our telephone number is +32 (0)1 627 6111 and our website is <http://www.ab-inbev.com>. The contents of our website do not form a part of this Form 20-F. Although certain references are made to our website in this Form 20-F, no information on our website forms part of this Form 20-F.

Documents related to us that are available to the public (reports, our Corporate Governance Charter, written communications, financial statements and our historical financial information for each of the three financial years preceding the publication of this Form 20-F) can be consulted on our website (<http://www.ab-inbev.com>) and at: Anheuser-Busch InBev SA/NV, Brouwerijplein 1, 3000 Leuven, Belgium.

Unless stated otherwise in this Form 20-F, none of these documents form part of this Form 20-F.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk, Hedging and Financial Instruments

Our activities expose us to a variety of financial risks: market risk (including currency risk, fair value interest risk, cash flow interest risk, commodity risk and equity risk), credit risk and liquidity risk. We analyze each of these risks individually as well as on an interconnected basis, and define strategies to manage the economic impact on our performance in line with our financial risk management policy. Management meets on a frequent basis and is responsible for reviewing the results of the risk assessment, approving recommended risk management strategies, monitoring compliance with the financial risk management policy and reporting to the Finance Committee of our Board.

Some of our risk management strategies include the use of derivatives. The main derivative instruments used are foreign currency rate agreements, exchange traded foreign currency futures and options, interest rate swaps and forwards, cross currency interest rate swaps, exchange traded interest rate futures, commodity swaps, exchange traded commodity futures and equity swaps. We do not, as a matter of policy, make use of derivative financial instruments in the context of speculative trading.

Financial markets experienced significant volatility over the past years, which we have addressed and are continuing to address through our existing risk management policies.

Please refer to note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for a fuller quantitative and qualitative discussion on the market risks to which we are subject and our policies with respect to managing those risks.

Foreign Currency Risk

We are exposed to foreign currency risk on borrowings, investments, (forecasted) sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income whenever they are denominated in a currency other than the functional currency of our subsidiary engaged in the relevant transaction. To manage this risk, we primarily make use of foreign currency rate agreements, exchange traded foreign currency futures and cross-currency interest rate swaps.

As far as foreign currency risk on firm commitments and forecasted transactions is concerned, our policy is to hedge operational transactions which are reasonably expected to occur (e.g., cost of goods sold and selling, general and administrative expenses) within the forecast period determined in the financial risk management policy. Operational transactions that are certain are hedged without any limitation in time. Non-operational transactions (such as acquisitions and disposals of subsidiaries) are hedged as soon as they are certain.

As of 31 December 2019, we have substantially locked in our anticipated exposures related to firm commitments and forecasted transactions for 2020 for the most important currency pairs such as USD/Brazilian real, USD/Mexican peso and USD/Argentine peso. Some exposures in certain countries had been either mostly or partially covered due to the fact that hedging can be limited in such countries as the local foreign exchange market prevents us from hedging at a reasonable cost. Open positions can also be the result of our risk management policy.

We have performed analyses in relation to our foreign currency transaction exposures using a currency sensitivity model that identified varying ranges of possible closing rates for 2019, factoring in the possible volatility in those exchange rates (see note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019). Based on such analysis, we estimate that if certain currencies had weakened or strengthened against the U.S. dollar or euro during 2019, our 2019 profit before taxes would have been USD 35 million higher or lower, respectively, while the pre-tax translation reserves in equity would have been USD 548 million higher or lower, respectively.

Foreign exchange rates have been subject to significant volatility in the recent past and may be again in the future. See note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for details of the above sensitivity analyses, a fuller quantitative and qualitative discussion on the foreign currency risks to which we are subject and our policies with respect to managing those risks.

Interest Rate Risk

We are exposed to interest rate risk on our variable-rate interest-bearing financial liabilities. As of 31 December 2019, after certain hedging and fair value adjustments, USD 9.7 billion, or 9.4%, of our interest-bearing financial liabilities (which include loans, borrowings and bank overdrafts) bore a variable interest rate. We apply a dynamic interest rate hedging approach where the target mix between fixed and floating rate is reviewed periodically. The purpose of our policy is to achieve an optimal balance between cost of funding and volatility of financial results, while taking into account market conditions as well as our overall business strategy. From time to time, we enter into interest rate swap agreements and forward rate agreements to manage our interest rate risk, and also enter into cross-currency interest rate swap agreements to manage both our foreign currency risk and interest rate risk.

We have performed sensitivity analyses in relation to our interest-bearing financial liabilities and assets that bear a variable rate of interest, factoring in a range of possible volatilities in the different markets where we hold such instruments (see note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019). We have estimated that a change in market interest rates based on the range of volatilities considered in our analysis could have impacted our 2019 interest expense by plus or minus USD 16 million in relation to our floating rate debt. Such increase or decrease would be more than offset by a USD 22 million decrease or increase in interest income on our interest-bearing financial assets.

Interest rates have been subject to significant volatility in the recent past and may be again in the future. See note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for details of the above sensitivity analyses, a fuller quantitative and qualitative discussion on the interest rate risks to which we are subject and our policies with respect to managing those risks.

Commodity Price Risk

We have significant exposures to the following commodities: aluminum, barley, corn grits, coal, corn syrup, corrugated cardboard, fuel oil, diesel, glass, hops, labels, malt, natural gas, orange juice, plastics, rice, steel and wheat. The commodity markets have experienced and are expected to continue to experience price fluctuation in the future. We therefore use both fixed-price purchasing contracts and commodity derivatives to minimize exposure to commodity price volatility, such as for aluminum.

As of 31 December 2019, we had the following commodity derivatives outstanding, by maturity:

Commodities	Notional			Total	Fair Value
	<1 year	1-5 years	>5 years		
Aluminum swaps	1,411	22	—	1,433	(46)
Other commodity derivatives	771	20	—	791	(1)

Note:

(1) These hedges are designated in a cash flow hedge accounting relationship in accordance with IFRS 9.

See note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for a fuller quantitative and qualitative discussion on the commodity risks that we are subject to, and our policies with respect to managing those risks.

Equity Price Risk

We entered into a series of derivative contracts to hedge the risk arising from the different share-based payment programs. The purpose of these derivatives is mainly to effectively hedge the risk that a price increase in our shares could negatively impact future cash flows related to the share-based payments. Furthermore, we entered into a series of derivative contracts to hedge the deferred share instrument related to the Grupo Modelo combination (see also notes 11 and 23 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019) and some share-based payments in connection with the acquisition of SAB. Most of these derivative instruments could not qualify for hedge accounting; therefore, they have not been designated in any hedging relationships.

As of 31 December 2019, an exposure for an equivalent of 99.5 million of our shares was hedged, resulting in a total gain of USD 1.8 billion recognized in the profit or loss account for the period, of which USD 898 million related to our share-based payment programs, and USD 445 million and USD 433 million related to the Grupo Modelo and SAB acquisitions, respectively.

The sensitivity analysis on the share-based payments hedging program, calculated based on a 25.20% reasonable possible volatility of our share price, and with all the other variables held constant, would show USD 2,066 million positive/negative impact on our 2019 profit before tax. Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019.

Other Risks

See note 29 to our audited restated consolidated financial statements as of 31 December 2019 and 2018, and for the three years ended 31 December 2019 for a fuller quantitative and qualitative discussion on the equity, credit and liquidity risks to which we are subject and our policies with respect to managing those risks.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

Upon completion of the combination with SAB, we assumed the rights and obligations of former AB InBev under its Amended and Restated Deposit Agreement, dated 23 March 2018, as amended from time to time, among former AB InBev, The Bank of New York Mellon, as depositary, and the owners and holders of ADSs from time to time under the Deposit Agreement, and the former AB InBev ADSs thereby became new AB InBev ADSs. As used in this section headed “—D. American Depositary Shares,” all references to the “depositary” are references to The Bank of New York Mellon in its capacity as depositary under the Deposit Agreement, and all references to the “custodian” are to the principal Brussels office of ING Belgium SA/NV in its capacity as custodian under the Deposit Agreement as appointed by the depositary.

Copies of the Deposit Agreement and any amendments to the Deposit Agreement are or will be on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain copies of the Deposit Agreement and any amendments thereto from the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC’s website at www.sec.gov.

The Deposit Agreement is among us, The Bank of New York Mellon, as ADR depositary, and all holders from time to time of ADRs issued under the Deposit Agreement. Copies of the Deposit Agreement are also on file at the ADR depositary’s corporate trust office and the office of the custodian. They are open to inspection by owners and holders during business hours.

Uncertificated ADSs may be registered on the books of the depositary in electronic book-entry form by means of the Direct Registration System (“**DRS**”) operated by The Depository Trust Company (“**DTC**”). Periodic statements will be mailed to our ADS holders that reflect their ownership interest in such ADSs. Alternatively, under the Deposit Agreement, our ADSs may be certificated by ADRs delivered by the depositary to evidence the ADSs. Unless otherwise specified in this description, references to “ADSs” include (i) our uncertificated ADSs, the ownership of which will be evidenced by periodic statements ADS holders will receive, and (ii) our certificated ADSs evidenced by our ADRs.

The depositary’s office is located at 240 Greenwich Street, New York, New York 10286, United States. Because the depositary or its nominee actually holds the underlying Ordinary Shares, ADS holders generally receive the benefit from such underlying AB InBev Ordinary Shares through the depositary. ADS holders must rely on the depositary to exercise the rights of a shareholder on their behalf, including the voting of the Ordinary Shares represented by the ADSs. If a person becomes an owner of our ADSs, it will become a party to the Deposit Agreement and therefore will be bound by its terms and by the terms of the ADSs and the ADRs. The Deposit Agreement specifies the rights and obligations of AB InBev, the ADS holders’ rights and obligations as owners of ADSs and the rights and obligations of the depositary. The Deposit Agreement, the ADSs and the ADRs will be governed by New York law. However, the underlying Ordinary Shares will continue to be governed by Belgian law, which may be different from New York law.

American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver ADSs. Each ADS will represent one share (or a right to receive one share) deposited with the principal Brussels office of ING Belgium SA/NV, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary’s corporate trust office at which the ADSs will be administered is located at 240 Greenwich Street, New York, New York 10286, United States. The Bank of New York Mellon’s principal executive office is located at 240 Greenwich Street, New York, New York 10286, United States.

You may hold ADSs either (A) directly (i) by having an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the DRS, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

DRS is a system administered by DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Belgian law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and all other persons indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the Deposit Agreement and the ADSs.

The following is a summary of the fee provisions of the deposit agreement. For more complete information regarding ADRs, you should read the entire deposit agreement and the form of ADR.

Fees and Expenses Payable by Holders

<i>Persons depositing or withdrawing shares or ADS holders must pay:</i>	<i>For:</i>
No more than \$5.00 per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
No more than the greater of (a) \$0.02 per ADS and (b) 10% of the dividend or cash distribution amount per ADS	Any dividend or cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities to holders of deposited securities by the depositary to ADS holders
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars
Taxes and other governmental charges that the depositary or the custodian has to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary
Telex or facsimile charges provided for in the deposit agreement	Expenses for depositary services
Any unavoidable charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the Deposit Agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, adviser, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property remaining after it has paid the taxes.

Fees Payable by the Depositary

For the year ended 31 December 2019, the depositary reimbursed us for expenses we incurred, or paid amounts on our behalf to third parties, in connection with the ADS program for a total sum of USD 20,222,315.19.

<u>Expenses the depositary reimbursed us</u>	<u>Amount (in USD)</u>
Maintenance expenses ⁽¹⁾	20,222,315.19
Total	20,222,315.19

Note:

- (1) This includes both direct payments to AB InBev as well as The Bank of New York Mellon invoices that have been offset with revenue sharing balance.

The depositary has also agreed to waive fees for standard costs associated with the administration of the program and has paid certain expenses directly to third parties on our behalf. The table below sets forth those expenses that the depositary paid directly to third parties for the year ended 31 December 2019.

<i>Expenses the depositary paid to third parties on our behalf</i>	<i>Amount (in USD)</i>
Standard out-of-pocket maintenance costs	128,435.49
Total	128,435.49

Your Right to Receive the Shares Underlying Your ADRs

ADS holders will have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the Deposit Agreement.

Pre-release of ADSs

The Deposit Agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depositary may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release will be closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (i) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the shares or ADSs to be deposited; (ii) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; (iii) the depositary must be able to close out the pre-release on not more than five business days' notice; and (iv) subject to such further indemnities and credit regulation as the depositary deems appropriate. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so.

Direct Registration System

In the Deposit Agreement, all parties to the Deposit Agreement acknowledge that the DRS and Profile Modification System ("Profile") will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the Deposit Agreement understand that the depositary will not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the Deposit Agreement, the parties will agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile and in accordance with the Deposit Agreement shall not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial and Technology Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of 31 December 2019. While there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures, our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Based upon our evaluation, as of 31 December 2019, the Chief Executive Officer and Chief Financial and Technology Officer have concluded that the disclosure controls and procedures, in accordance with Exchange Act Rule 13a-15(e), (i) are effective at that level of reasonable assurance in ensuring that information required to be disclosed in the reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) are effective at that level of reasonable assurance in ensuring that information to be disclosed in the reports that are filed or submitted under the Exchange Act is accumulated and communicated to the management of our company, including the Chief Executive Officer and the Chief Financial and Technology Officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed, under the supervision of the Chief Executive Officer and Chief Financial and Technology Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly, reflect transactions and dispositions of assets, provide reasonable assurance that transactions are recorded in the manner necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are only carried out in accordance with the authorization of our management and directors, and provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Moreover, projections of any evaluation of the effectiveness of internal control to future periods are subject to a risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Our management has assessed the effectiveness of internal control over financial reporting based on the Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on this assessment, our management has concluded that our internal control over financial reporting as of 31 December 2019 was effective.

The effectiveness of internal control over financial reporting as of 31 December 2019 has been audited by PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL, our independent registered public accounting firm, as represented by Koen Hens. Their audit report, including their opinion on management's assessment of internal control over financial reporting, is included in our audited restated consolidated financial statements included in this Form 20-F.

Changes in Internal Control over Financial Reporting

During the period covered by this Form 20-F, there were no changes to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that M. Michele Burns is an "audit committee financial expert" as defined in Item 16A of Form 20-F under the Exchange Act and an independent director under Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF ETHICS

We have adopted a Code of Business Conduct and a Code of Dealing, each of which applies to all of our employees, including our principal executive, principal financial and principal accounting officers. Our Code of Business Conduct and Code of Dealing are together intended to meet the definition of "code of ethics" under Item 16B of Form 20-F under the Exchange Act. Our Code of Dealing and Code of Business Conduct are filed as Exhibits 11.1 and 11.2, respectively, to this Form 20-F.

If the provisions of the code that apply to our principal executive officer, principal financial officer or principal accounting officer are amended, or if a waiver is granted, we will disclose such amendment or waiver.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL acted as our independent auditor for the fiscal year ended 31 December 2019. Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL acted as our independent auditor for the fiscal year ended 31 December 2018. The table below sets forth the total amount billed to us by PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL and Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL for services performed in 2019 and 2018, respectively, and breaks down these amounts by category of service:

	2019	2018 ⁽¹⁾
	(USD thousand)	
Audit Fees	16,386	8,685
Audit-Related Fees ⁽²⁾	14,034	296
Tax Fees	9,617	1,041
All Other Fees	—	—
Total	40,037	10,022

Note:

- (1) Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL acted as the company's independent auditor in 2018. Accordingly, the 2018 fees do not include audit and other fees of companies which were audited by the PwC network.
- (2) Audit-related fees for 2019 include the fees for audit related services rendered for the IPO of Budweiser APAC (USD 14 million).

Audit Fees

Audit fees are fees billed for services that provide assurance on the fair presentation of financial statements and encompass the following specific elements:

- An audit opinion on our consolidated financial statements;
- An audit opinion on the statutory financial statements of individual companies within the AB InBev Group, where legally required;
- A review opinion on interim financial statements; and
- In general, any opinion assigned to the statutory auditor by local legislation or regulations.

Audit-Related Fees

Audit-related fees are fees for assurance services or other work traditionally provided to us by external audit firms in their role as statutory auditors. These services usually result in a certification or specific opinion on an investigation or specific procedures applied, and include opinions/audit reports on information provided by us at the request of a third party (for example, prospectuses, comfort letters).

Over the last two years, audit-related services were mainly incurred in relation to services in connection with rights and bonds issuances. In addition, audit-related services for 2019 include the fees for audit related services rendered for the IPO of Budweiser APAC (USD 14 million).

Tax Fees

Tax fees in 2019 were primarily related to tax services rendered for the IPO on Budweiser APAC. In 2018, the majority of our tax fees related to advisory services.

All Other Fees

There were no other fees in 2019 and 2018.

Pre-Approval Policies and Procedures

The advance approval of the Audit Committee or member thereof, to whom approval authority has been delegated, is required for all audit and non-audit services provided by our auditors.

The advance approval of the Chair of the Audit Committee is required for all audit and non-audit services provided by our auditors and was obtained for all such services provided in 2018 and 2019.

Our auditors and management report, on a quarterly basis, to the Audit Committee regarding the extent of the services provided and the fees for the services performed to date.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER

The following table sets forth certain information related to purchases made by the AB InBev Group of our shares or ADSs:

	Total number of shares purchased⁽¹⁾ <i>(number of shares)</i>	Average price paid per share <i>(USD)</i>	Total number of shares purchased as part of publicly announced plans or programs <i>(number of shares)</i>	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs <i>(USD million)</i>
1 January 2019 – 31 January 2019	—	—	—	—
1 February 2019 – 28 February 2019	—	—	—	—
1 March 2019 – 31 March 2019	—	—	—	—
1 April 2019 – 30 April 2019	—	—	—	—
1 May 2019 – 31 May 2019	—	—	—	—
1 June 2019 – 30 June 2019	—	—	—	—
1 July 2019 – 31 July 2019	—	—	—	—
1 August 2019 – 31 August 2019	—	—	—	—
1 September 2019 – 30 September 2019	—	—	—	—
1 October 2019 – 31 October 2019	—	—	—	—
1 November 2019 – 30 November 2019	—	—	—	—
1 December 2019 – 31 December 2019	—	—	—	—
Total	—	—	—	—

Note:

- (1) Under certain of our share-based compensation plans, shares are granted to employees at a discount. See “Item 6. Directors, Senior Management and Employees—B. Compensation—Share-Based Payment Plans.” The discount is granted in the form of additional shares, and if such employees leave the AB InBev Group prior to the end of the applicable vesting period, we take back the shares representing the discount. Technically, all of the “discount” shares are repurchased from the employee by our subsidiary, Brandbev, for an aggregate price of EUR 1, or USD 1 if the individual is located in the United States.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We believe the following to be the significant differences between our corporate governance practices and those applicable to U.S. companies under the NYSE listing standards.

In general, the 2020 Belgian Corporate Governance Code (the “**Code**”) that has applied to us since 1 January 2020 is a code of best practices applied to listed companies on a non-binding basis. The Code applies a “comply or explain” approach. That is, companies may depart from the Code’s provisions if they give a reasoned explanation of the reasons for doing so.

Under the NYSE listing standards, a majority of the directors of a listed U.S. company are required to be independent, while in Belgium, only three directors need to be independent. As of 31 December 2019, our Board of Directors comprised three independent directors and twelve directors deemed not to be “independent” under the NYSE listing standards as a result of Belgian law independence determinations, none of which serve as part of our management. Of these twelve directors, nine are considered non-independent solely because they serve as directors of our controlling shareholder, the Stichting, and three are considered non-independent because of their relationships with Altria and BEVCO, the two largest holders of Restricted Shares.

The NYSE rules further require that the audit, nominating and compensation committees of a listed U.S. company be composed entirely of independent directors, including that there be a minimum of three members on the audit committee. The 2009 Belgian Corporate Governance Code recommended only that a majority of the directors on each of these committees meet the technical requirements for independence under Belgian corporate law. As of 1 January 2020, the 2020 Belgian Corporate Governance Code recommends that a majority of the members of the

Nomination Committee meet the technical requirements for independence under Belgian corporate law. The Belgian Companies Code requires that one member of the Audit Committee meet the technical requirements for independence under Belgian corporate law, but our Corporate Governance Charter requires the majority of the members of the Audit Committee to meet such requirements. The Belgian Companies Code also requires that a majority of the members of the Remuneration Committee meet the technical requirements for independence under Belgian corporate law. As of 1 January 2020, all four voting members of our Audit Committee are independent for purposes of Rule 10A-3 under the Securities Exchange Act of 1934. However, one of the four directors on our Audit Committee, five of the five directors on our Nomination Committee and one of the three directors on our Remuneration Committee would not meet the NYSE independence requirements. As the Audit Committee, Nomination Committee and Remuneration Committee are composed exclusively of non-executive directors who are independent of management and free from any business relationship that could materially interfere with the exercise of their independent judgment, we consider that the composition of these committees achieves the Belgian Corporate Governance Code's aim of avoiding potential conflicts of interest.

We consider that the terms of reference of our board committees are generally responsive to the relevant NYSE rules, but may not address all aspects of these rules.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The audited restated consolidated financial statements as required under Item 18 are attached hereto starting on page F-1 of this Form 20-F. The audit report of PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL, independent registered public accounting firm, is included herein preceding the audited restated consolidated financial statements. The financial statements as of 31 December 2018 and for each of the two years in the period ended 31 December 2018 (prior to adjustments to retrospectively reflect the classification of the Australian business as a disposal group held for sale) have been audited by Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCR. The audit report by Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCR, independent registered public accounting firm, is included herein preceding the audited restated consolidated financial statements.

ITEM 19. EXHIBITS

- 1.1 [Articles of Association of Anheuser-Busch InBev SA/NV, dated as of 24 April 2019 \(English-language translation\).](#)
- 2.1* [Indenture, dated as of 16 October 2009, among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, Brandbrew S.A., Cobrew NV/SA and Anheuser Busch Companies, LLC and The Bank of New York Mellon Trust Company, N.A., as trustee \(incorporated by reference to Exhibit 4.1 to Form F-4 \(File No. 333-163464\) filed by former AB InBev on 3 December 2009\).](#)
- 2.2* [Fifth Supplemental Indenture, dated as of 27 November 2009, among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, the Subsidiary Guarantors named therein, and The Bank of New York Mellon Trust Company, N.A., as Trustee \(incorporated by reference to Exhibit 4.6 to Form F-4 \(File No. 333-163464\) filed by former AB InBev on 3 December 2009\).](#)

- 2.3* Tenth Supplemental Indenture, dated as of 7 April 2010, among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, the Subsidiary Guarantors named therein, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 2.3 to Form 20-F (File No. 001-34455) filed by former AB InBev on 13 April 2011).
- 2.4* Twenty-Fourth Supplemental Indenture, dated as of 6 October 2011, among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, the Subsidiary Guarantors named therein, and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to Form F-3/A (File No. 333-169514) filed by former AB InBev on 7 October 2011).
- 2.5* Twenty-Ninth Supplemental Indenture, dated as of 20 December 2012, among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, the Subsidiary Guarantors party thereto from time to time and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to Form F-3/A (File No. 333-169514) filed by former AB InBev on 21 December 2012).
- 2.6* Indenture, dated as of 17 January 2013, among Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev SA/NV, Brandbrew S.A., Cobrew NV/SA, Anheuser-Busch InBev Worldwide Inc. and Anheuser Busch Companies, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 2.5 to Form 20-F filed by former AB InBev on 25 March 2013).
- 2.7* Indenture, dated as of 25 January 2016, among Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, Brandbrew S.A., Cobrew NV/SA and Anheuser Busch Companies, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 2.7 to Form 20-F filed by former AB InBev on 14 March 2016).
- 2.8* Indenture, dated as of 16 December 2016, among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev SA/NV, Brandbrew S.A., Cobrew NV/SA and Anheuser Busch Companies, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 2.8 to Form 20-F filed by Anheuser-Busch InBev SA/NV on 22 March 2017).
- 2.9* Indenture, dated as of 15 May 2017, among Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, Brandbrew S.A., Cobrew NV/SA and Anheuser Busch Companies, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to Form 6-K filed by Anheuser-Busch InBev SA/NV on 15 May 2017).
- 2.10* Indenture, dated as of 4 April 2018, among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev SA/NV, Brandbrew S.A., Cobrew NV/SA and Anheuser Busch Companies, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to Form 6-K filed by Anheuser-Busch InBev SA/NV on 4 April 2018).
- 2.11* Amended and Restated Deposit Agreement, by and among Anheuser-Busch InBev SA/NV and The Bank of New York Mellon, as Depositary and Owners and Holders of American Depositary Shares, dated as of 23 March 2018 (incorporated by reference to Exhibit 4.2 to Form S-8 filed by Anheuser-Busch InBev SA/NV on 14 September 2018).
- 2.12* Indenture, dated as of 13 November 2018, among Anheuser-Busch InBev Worldwide Inc., Anheuser Busch Companies, LLC, Anheuser-Busch InBev Finance Inc., Anheuser-Busch InBev SA/NV, Brandbrew S.A. and Cobrew NV/SA and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to Form 6-K filed by Anheuser-Busch InBev SA/NV on 14 November 2018).

- 2.13* [Seventh Supplemental Indenture, dated as of 23 January 2019, among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, the Subsidiary Guarantors party thereto from time to time and The Bank of New York Mellon Trust Company, N.A., as Trustee \(incorporated by reference to Exhibit 4.1 to Form 6-K filed by Anheuser-Busch InBev SA/NV on 23 January 2019\).](#)
- 2.14 [Description of Securities registered under Section 12 of the Exchange Act.](#)
- 3.1* [Voting Agreement between Stichting Anheuser-Busch InBev, Fonds Baillet Latour SPRL and Fonds Voorzitter Verhelst SPRL, effective 1 November 2015 \(incorporated by reference to Exhibit 2.36 to Amendment No. 15 to Schedule 13D filed by former AB InBev on 9 March 2016\).](#)
- 3.2* [Amended and Restated New Shareholders' Agreement, dated 11 April 2016, among BRC S.à.R.L., Eugénie Patri Sébastien S.A., EPS Participations S.à.R.L., Rayvax Société d'Investissements S.A. and Stichting Anheuser-Busch InBev \(incorporated by reference to Exhibit 2.37 to Schedule 13D filed by former AB InBev on 19 April 2016\).](#)
- 3.3* [Voting and Support Agreement relating to Anheuser-Busch InBev SA/NV, dated 8 October 2016, among Stichting Anheuser-Busch InBev, Altria Group, Inc., BEVCO Ltd. and Anheuser-Busch InBev SA/NV \(incorporated by reference to Exhibit 2.4 to Anheuser-Busch InBev SA/NV's Schedule 13D filed by BRC S.à.R.L. on 2 November 2016\).](#)
- 4.1* [2010 Senior Facilities Agreement for Anheuser-Busch InBev SA/NV and Anheuser-Busch InBev Worldwide Inc., dated 26 February 2010 \(incorporated by reference to Exhibit 4.2 to Form 20-F filed by former AB InBev on 15 April 2010\). †](#)
- 4.2* [Letter of Amendment dated 23 June 2011, amending the 2010 Senior Facilities Agreement dated 26 February 2010 \(incorporated by reference to Exhibit 4.2 to Form 20-F filed by former AB InBev on 13 April 2012\). †](#)
- 4.3* [Letter of Amendment dated 20 August 2013, amending the 2010 Senior Facilities Agreement dated 26 February 2010 \(incorporated by reference to Exhibit 4.3 to Form 20-F filed by former AB InBev on 24 March 2015\).](#)
- 4.4* [Amendment and Restatement Agreement dated 28 August 2015, amending the 2010 Senior Facilities Agreement dated 26 February 2010 \(incorporated by reference to Exhibit 4.4 to Form 20-F filed by former AB InBev on 14 March 2016\).](#)
- 4.5* [Letter of Amendment dated 26 October 2017, amending the 2010 Senior Facilities Agreement dated 26 February 2010 \(incorporated by reference to Exhibit 4.5 to Form 20-F filed by Anheuser-Busch InBev SA/NV on 19 March 2018\).](#)
- 4.6* [Share-Based Compensation Plan Relating to Shares of Anheuser-Busch InBev \(incorporated by reference to Exhibit 4.3 to Form S-8 \(File No. 333-172069\) filed by former AB InBev on 4 February 2011\).](#)
- 4.7* [Share-Based Compensation Plan Relating to American Depositary Shares of Anheuser-Busch InBev \(incorporated by reference to Exhibit 4.4 to Form S-8 \(File No. 333-172069\) filed by former AB InBev on 4 February 2011\).](#)
- 4.8* [Long-Term Incentive Plan Relating to Shares of Anheuser-Busch InBev \(most recent version is incorporated by reference to Exhibit 4.3 to Form S-8 \(File No. 333-208634\) filed by former AB InBev on 18 December 2015\).](#)
- 4.9* [Long-Term Incentive Plan Relating to American Depositary Shares of Anheuser-Busch InBev \(most recent version is incorporated by reference to Exhibit 4.4 to Form S-8 \(File No. 333-208634\) filed by former AB InBev on 18 December 2015\).](#)

- 4.10* Exceptional Incentive Restricted Stock Units Programme (most recent version is incorporated by reference to Exhibit 4.5 to Form S-8 (File No. 333-208634) filed by former AB InBev on 18 December 2015).
- 4.11* Discretionary Restricted Stock Units Programme (incorporated by reference to Exhibit 4.3 to Form S-8 (File No. 333-221808) filed on 11 November 2017).
- 4.12* Terms and Conditions of Anheuser-Busch InBev SA/NV Stock Option Plan–Stock Options Grant of 18 December 2009 (incorporated by reference to Exhibit 4.3 to Form S-8 (File No. 333-165065) filed by former AB InBev on 25 February 2010 and post-effectively amended by Post-Effective Amendment No. 1 to Form S-8 filed by former AB InBev on 4 February 2011).
- 4.13* Anheuser-Busch InBev SA/NV Long-Term Incentive Plan–Stock Options Grant of 18 December 2009 (incorporated by reference to Exhibit 4.4 to Form S-8 (File No. 333-165065) filed by former AB InBev on 25 February 2010 and post-effectively amended by Post-Effective Amendment No. 1 to Form S-8 filed by former AB InBev on 4 February 2011).
- 4.14* Forms of Stock Option Plan underlying the Dividend Waiver and Exchange Program (incorporated by reference to Exhibit 4.5 to Form S-8 (File No. 333-165065) filed by former AB InBev on 25 February 2010 and post-effectively amended by Post-Effective Amendment No. 1 to Form S-8 filed by former AB InBev on 4 February 2011).
- 4.15* Share-Based Compensation Plan March 2010 (incorporated by reference to Exhibit 4.6 to Form S-8 (File No. 333-165065) filed by former AB InBev on 25 February 2010 and post-effectively amended by Post-Effective Amendment No. 1 to Form S-8 filed by former AB InBev on 4 February 2011).
- 4.16* Share-Based Compensation Plan March 2010 for EBM, GHQ & NY (incorporated by reference to Exhibit 4.7 to Form S-8 filed by former AB InBev on 25 February 2010 and post-effectively amended by Post-Effective Amendment No. 1 to Form S-8 filed by former AB InBev on 4 February 2011).
- 4.17* 2020 Dream Incentive Plan (incorporated by reference to Exhibit 4.6 to Form S-8 (File No. 333-208634) filed by former AB InBev on 18 December 2015).
- 4.18* Final Judgment of the United States District Court for the District of Columbia, entered into on 21 October 2013, outlining the Grupo Modelo settlement (incorporated by reference to Exhibit 4.18 to Form 20-F filed by former AB InBev on 25 March 2014).
- 4.22* Tax Matters Agreement, dated as of 11 November 2015, between Anheuser-Busch InBev SA/NV and Altria Group, Inc. (incorporated by reference to Exhibit 99.5 to former AB InBev’s Current Report on Form 6-K filed with the SEC on 12 November 2015).
- 4.23* Purchase Agreement, dated as of 11 November 2015, between Anheuser-Busch InBev SA/NV and Molson Coors Brewing Company (incorporated by reference to Exhibit 99.7 to Form 6-K filed by former AB InBev on 12 November 2015).‡
- 4.24* Amendment No. 1 to Purchase Agreement, dated as of 25 March 2016, between Anheuser-Busch InBev SA/NV and Molson Coors Brewing Company (incorporated by reference to Exhibit 10.4 to Form F-4 (File No. 333-213328) filed by Anheuser-Busch InBev SA/NV on 26 August 2016).
- 4.25* Amendment No. 2 to Purchase Agreement, dated as of 3 October 2016, between Anheuser-Busch InBev SA/NV and Molson Coors Brewing Company (incorporated by reference to Exhibit 99.2 to Form 6-K filed by Anheuser-Busch InBev SA/NV on 12 October 2016).
- 4.26* Information Rights Agreement, dated as of 11 November 2015, between Anheuser-Busch InBev SA/NV and Altria Group, Inc. (incorporated by reference to Exhibit 4.26 to Form 20-F filed by AB InBev on 22 March 2016).

4.27*	<u>Registration Rights Agreement, dated as of 10 October 2016, among Anheuser-Busch InBev SA/NV and the Holders as defined therein (incorporated by reference to Exhibit 4.27 to Form 20-F filed by AB InBev on 22 March 2016).</u>
4.28*	<u>Modified Judgment of the United States District Court for the District of Columbia, dated as of 22 October 2018, relating to the combination with SAB (incorporated by reference to Exhibit 4.28 to Form 20-F filed by AB InBev on 22 March 2019).</u>
4.29*	<u>Gap Long-Term Incentive Plan for SABMiller Employees (incorporated by reference to Exhibit 4.4 to Form S-8 (File No. 333-221808) filed on 11 November 2017).</u>
4.30*	<u>Five-Year Performance Restricted Stock Units Plan (incorporated by reference to Exhibit 4.3 to Form S-8 (File No. 333-227335) filed on 14 September 2018).</u>
4.31*	<u>Ten-Year Performance Restricted Stock Units Plan (incorporated by reference to Exhibit 4.4 to Form S-8 (File No. 333-227335) filed on 14 September 2018).</u>
4.32*	<u>Restricted Stock Units Plan for Directors (incorporated by reference to Exhibit 4.3 to Form S-8 (File No. 333-231556) filed on 17 May 2019).</u>
6.1	<u>Description of earnings per share (included in note 23 to our audited restated consolidated financial statements included in this Form 20-F).</u>
8.1	<u>List of significant subsidiaries (included in note 37 to our audited restated consolidated financial statements included in this Form 20-F).</u>
11.1	<u>Anheuser-Busch InBev Code of Dealing, dated as of September 2019.</u>
11.2	<u>Anheuser-Busch InBev Code of Business Conduct, dated as of December 2019</u>
12.1	<u>Principal Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
12.2	<u>Principal Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
13.1	<u>Principal Executive Officer and Principal Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
15.1	<u>Consent of PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL</u>
15.2	<u>Consent of Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL.</u>
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Schema Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Schema Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Schema Label Linkbase.
101.PRE	XBRL Taxonomy Extension Schema Presentation Linkbase.

Note:

- * Previously filed.
- † Certain terms are omitted pursuant to a request for confidential treatment.
- ‡ This filing excludes certain schedules and exhibits, which the Registrant agrees to furnish supplementally to the SEC upon request by the SEC.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Anheuser-Busch InBev SA/NV
(Registrant)

Date: 23 March 2020

By: /s/ John Blood
Name: John Blood
Title: Chief Legal and Corporate Affairs Officer and Corporate Secretary

AB INBEV GROUP AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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To the Shareholders and the Board of Directors of Anheuser-Busch InBev SA/NV

Report of Independent Registered Public Accounting Firm

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statement of financial position of Anheuser-Busch InBev SA/NV and its subsidiaries (the “Company”) as of December 31, 2019, and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended December 31, 2019, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year ended December 31, 2019 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and International Financial Reporting Standards as adopted by the European Union. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

We also have audited the adjustments to the 2018 and 2017 consolidated financial statements to retrospectively reflect the classification of the Australian operations as assets held for sale, liabilities associated with assets held for sale and presentation of the results as discontinued operations as described in Note 22. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2018 and 2017 consolidated financial statements of the company other than with respect to the retrospective adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 and 2017 consolidated financial statements taken as a whole.

Change in Accounting Principle

As described in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Part II, Item 15. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audit.

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

PwC Bedrijfsrevisoren BV - PwC Reviseurs d’Entreprises SRL - Financial Assurance Services
Registered Office: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
VAT BE 0429.501.944 RPR Brussel/ RPM Bruxelles - ING BE43 3101 3811 9501 - BIC BBRUBEBB
BELFIUS BE92 0689 0408 8123 - BIC GKCCBEBB



Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill and intangible assets with indefinite useful life – impairment testing

As described in Notes 3, 14 and 15 to the consolidated financial statements, the Company has recorded goodwill and intangible assets with indefinite useful life for an amount of \$168 331 million as of December 31, 2019, which represents 71% of the consolidated statement of financial position as of that date. An annual impairment test is conducted by management, in accordance with IAS 36, in which management applies a discounted free cash flow approach based on current acquisition valuation models for its cash-generating units showing a high invested capital to EBITDA multiple, and valuation multiples for its other cash-generating units. The Company uses a strategic plan based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions. Management's cash flow projections include significant judgments and assumptions, such as weighted average cost of capital and the terminal growth rate.

The principal considerations for our determination that performing procedures relating to the impairment of goodwill and intangible assets with indefinite useful life is a critical audit matter are (i) there was a high degree of auditor judgment and subjectivity in applying procedures relating to the valuation of the cash-generating units due to the significant amount of judgment by management when developing this estimate, (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures and (iii) significant audit effort was necessary in evaluating the significant assumptions relating to the estimate, such as weighted average cost of capital and the terminal growth rate.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill and indefinite-lived asset impairment testing, including controls over the identification and valuation of the Company's cash-generating units. These procedures also included, among others, testing management's process for developing the fair value estimates; evaluating the appropriateness of the discounted cash flow model; testing the completeness, accuracy, and relevance of underlying data used in the models; and evaluating the significant assumptions used by management, such as weighted average cost of capital and the terminal growth rate. Evaluating management's assumptions involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit and (iv) analysis of sensitivities in the Company's discounted cash flow model. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and certain significant assumptions, including the weighted average cost of capital and the terminal growth rate.

Uncertain tax positions

As described in Notes 4 and 32 to the consolidated financial statements, significant judgment by management is required in determining the worldwide provision for income tax. The estimate of the Company's tax liabilities relating to uncertain tax positions requires management to assess uncertainties and to make judgments about the application of complex tax laws and regulations. The Company operates on a global basis and, as management has further disclosed, investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the balance sheet date and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the consolidated financial statements, estimation is made of the expected successful settlement of these matters.

The principal considerations for our determination that performing procedures relating to uncertain tax positions is a critical audit matter are (i) there was a high degree of auditor judgment and subjectivity in applying procedures related to uncertain tax positions due to the significant amount of judgment by management when developing this estimate, including a high degree of estimation uncertainty relative to the numerous and complex tax laws, frequency of tax audits, and the considerable time to conclude investigations and negotiations with local tax authorities as a result of such audits, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to completeness of the uncertain tax positions, as well as controls over measurement of the liability. These procedures also included, among others, (i) testing the information used in the calculation of the income tax provisions, including intercompany agreements, international, federal, and state filing positions, and the related final tax returns; (ii) testing the calculation of the income tax provision by jurisdiction, including management's assessment of the technical merits of tax positions and estimates of the amount of tax benefit expected to be sustained; (iii) testing the completeness of management's assessment of both the identification of uncertain tax positions and possible outcomes thereof; and (iv) evaluating the status and results of income tax audits with the relevant tax authorities. Professionals with specialized skill and knowledge were used to assist in the evaluation of the completeness and measurement of the Company's uncertain tax positions, including evaluating the reasonableness of management's assessment of whether tax positions are more-likely-than-not of being sustained and the amount of potential benefit to be realized, the application of relevant tax laws, and estimated interest and penalties.

Sint-Stevens-Woluwe, Belgium, March 11, 2020

PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL
Represented by

/s/ Koen Hens
Statutory Auditor

We have served as the Company's auditor since 2019

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Anheuser-Busch InBev SA/NV

Opinion on the Financial Statements

We have audited, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 22, the consolidated statement of financial position of Anheuser-Busch InBev SA/NV and subsidiaries (the “Company”) as of 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years ended 31 December 2018 and 2017, and the related notes (collectively referred to as the “financial statements”) (the 2018 and 2017 consolidated statements of income, comprehensive income, changes in equity, and cash flows before the effects of the retrospective adjustments discussed in Note 22 to the financial statements are not presented herein). In our opinion, the 2018 and 2017 financial statements, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 22 to the financial statements, present fairly, in all material respects, the financial position of the Company as of 31 December 2018, and the results of its operations and its cash flows for the years ended 31 December 2018 and 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and in conformity with International Financial Reporting Standards as adopted by the European Union.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments for the discontinued operations discussed in Note 22 to the consolidated financial statements, and accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, effective 1 January 2019, the Company adopted IFRS 16 Leases, using the full retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Zaventem, Belgium, 13 March 2019

(23 April 2019 as to the adoption of IFRS 16 Leases and the retrospective adjustments for changes in the composition of reportable segment as described in Note 5 to the financial statements)

/s/ Joël Brehmen

**Deloitte Bedrijfsrevisoren/Réviseurs
d’Entreprises CVBA/SCRL**
Represented by Joël Brehmen

We began serving as the Company’s auditor in 2016. In 2019 we became the predecessor auditor.

Consolidated income statement

For the year ended 31 December

Million US dollar, except earnings per shares in US dollar

	Notes	2019	2018 restated ¹	2017 restated ¹
Revenue		52 329	53 041	54 859
Cost of sales		(20 362)	(19 933)	(20 975)
Gross profit		31 967	33 108	33 884
Distribution expenses		(5 525)	(5 612)	(5 716)
Sales and marketing expenses		(7 348)	(7 774)	(8 265)
Administrative expenses		(3 548)	(3 421)	(3 779)
Other operating income/(expenses)	7	875	805	946
Restructuring	8	(170)	(363)	(447)
Acquisition costs business combinations	8	(23)	(73)	(123)
Business and asset disposal	8	(50)	(26)	(39)
Brazil state tax regularization program	8	(74)	—	—
Cost related to public offering of minority stake in Budweiser APAC	8	(6)	—	—
Provision for EU investigation	8	—	(230)	—
Profit from operations		16 098	16 414	16 460
Finance cost	11	(5 095)	(9 261)	(7 006)
Finance income	11	1 622	435	380
Net finance income/(cost)		(3 473)	(8 826)	(6 626)
Share of result of associates and joint ventures	16	152	153	430
Profit before tax		12 776	7 741	10 264
Income tax expense	12	(2 786)	(2 585)	(1 658)
Profit from continuing operations		9 990	5 157	8 606
Profit from discontinued operations	22	424	531	560
Profit of the period		10 414	5 688	9 166
Profit from continuing operations attributable to:				
Equity holders of AB InBev		8 748	3 839	7 430
Non-controlling interest		1 243	1 318	1 176
Profit of the period attributable to:				
Equity holders of AB InBev		9 171	4 370	7 990
Non-controlling interest		1 243	1 318	1 176
Basic earnings per share	23	4.62	2.21	4.05
Diluted earnings per share	23	4.53	2.17	3.98
Basic earnings per share from continuing operations	23	4.41	1.94	3.77
Diluted earnings per share from continuing operations	23	4.32	1.91	3.70

The accompanying notes are an integral part of these consolidated financial statements.

¹ The consolidated income statements for 2017 and 2018 have been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application and the classification of the Australian operations as discontinued operations.

Consolidated statement of comprehensive income

For the year ended 31 December
 Million US dollar

	2019	2018 restated ¹	2017 restated ¹
Profit of the period	10 414	5 688	9 166
Other comprehensive income: items that will not be reclassified to profit or loss:			
Re-measurements of post-employment benefits	(182)	99	(37)
	(182)	99	(37)
Other comprehensive income: items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	947	(7 916)	1 716
Effective portion of changes in fair value of net investment hedges	(157)	114	(542)
Cash flow hedges recognized in equity	182	512	(60)
Cash flow hedges reclassified from equity to profit or loss	(292)	(565)	(36)
	680	(7 855)	1 077
Other comprehensive income, net of tax	498	(7 756)	1 040
Total comprehensive income	10 912	(2 068)	10 205
Attributable to:			
Equity holders of AB InBev	10 044	(2 998)	8 831
Non-controlling interest	867	930	1 374

The accompanying notes are an integral part of these consolidated financial statements.

¹ The consolidated statements of comprehensive income for 2018 and 2017 have been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application.

Consolidated statement of financial position

As at Million US dollar	Notes	31 December 2019	31 December 2018 restated ¹	1 January 2018 restated ¹
ASSETS				
Non-current assets				
Property, plant and equipment	13	27 544	27 615	29 233
Goodwill	14	128 114	133 311	140 940
Intangible assets	15	42 452	44 831	45 874
Investments in associates and joint ventures	16	5 861	6 136	5 263
Investment securities	17	110	108	100
Deferred tax assets	18	1 719	1 517	1 251
Employee benefits	25	14	16	22
Income tax receivables		1 081	992	708
Derivatives	29	132	291	25
Trade and other receivables	20	807	769	834
Total non-current assets		207 834	215 587	224 251
Current assets				
Investment securities	17	92	87	1 304
Inventories	19	4 427	4 234	4 119
Income tax receivables		627	457	908
Derivatives	29	230	16	458
Trade and other receivables	20	6 187	6 375	6 566
Cash and cash equivalents	21	7 238	7 074	10 472
Assets classified as held for sale	22	10 013	39	133
Total current assets		28 814	18 281	23 960
Total assets		236 648	233 868	248 208
EQUITY AND LIABILITIES				
Equity				
Issued capital	23	1 736	1 736	1 736
Share premium		17 620	17 620	17 620
Reserves		24 882	19 061	24 833
Retained earnings		31 484	26 068	28 387
Equity attributable to equity holders of AB InBev		75 722	64 485	72 576
Non-controlling interests	33	8 831	7 404	7 624
Total equity		84 553	71 889	80 200
Non-current liabilities				
Interest-bearing loans and borrowings	24	97 564	106 997	110 637
Employee benefits	25	2 848	2 681	2 993
Deferred tax liabilities	18	12 824	13 165	13 107
Income tax payables		1 022	576	732
Derivatives	29	352	766	937
Trade and other payables	28	1 943	1 816	1 462
Provisions	27	701	1 152	1 515
Total non-current liabilities		117 254	127 153	131 383
Current liabilities				
Bank overdrafts	21	68	114	117
Interest-bearing loans and borrowings	24	5 410	4 584	7 846
Income tax payables		1 346	1 220	1 558
Derivatives	29	3 799	5 574	1 457
Trade and other payables	28	22 864	22 568	24 762
Provisions	27	210	766	885
Liabilities associated with assets held for sale	22	1 145	—	—
Total current liabilities		34 841	34 826	36 625
Total equity and liabilities		236 648	233 868	248 208

The accompanying notes are an integral part of these consolidated financial statements.

¹ The consolidated statements of financial position as at 31 December 2018 and 1 January 2018 have been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application. The Australian operations have been classified as assets held for sale as at 31 December 2019 without restatement of the respective balances as at 31 December 2018 as required by IFRS 5.

Consolidated statement of changes in equity

Attributable to equity holders of AB InBev												
	Issued Capital	Share premium	Treasury shares	Reserves	Share-based payment reserves	Other comprehensive income Reserves¹	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total Equity	
Million US dollar	1 736	17 620	(8 980)	45 726	1 437	(15 626)	1 212	28 214	71 339	10 086	81 425	
As per 1 January 2017	—	—	—	—	—	—	—	7 990	7 990	1 176	9 166	
Profit of the period	—	—	—	—	—	—	—	—	—	—	—	
Other comprehensive income												
Exchange differences on translation of foreign operations (gains/losses)	—	—	—	—	—	1 053	—	—	1 053	121	1 174	
Cash flow hedges	—	—	—	—	—	(158)	—	—	(158)	61	(96)	
Re-measurements of post-employment benefits	—	—	—	—	—	(53)	—	—	(53)	16	(37)	
Total comprehensive income	—	—	—	—	—	842	—	7 990	8 831	1 374	10 205	
Dividends	—	—	—	—	—	—	(93)	(7 821)	(7 914)	(1 316)	(9 230)	
Treasury shares	—	—	—	—	—	—	—	—	—	—	—	
Share-based payments	—	—	—	—	316	—	—	—	316	18	333	
Sale/(purchase) of non-controlling interests	—	—	—	—	—	—	—	—	—	(2 401)	(2 401)	
Scope and other changes	—	—	—	—	—	—	—	5	5	(137)	(132)	
As per 31 December 2017	1 736	17 620	(8 980)	45 726	1 753	(14 784)	1 119	28 387	72 576	7 624	80 200	
Attributable to equity holders of AB InBev												
Million US dollar	Issued Capital	Share premium	Treasury shares	Reserves	Share-based payment reserves	Other comprehensive income Reserves¹	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total Equity	
As per 1 January 2018	1 736	17 620	(8 980)	45 726	1 753	(14 784)	1 119	28 387	72 576	7 624	80 200	
Impact of adopting IFRSs 9 and 15²	—	—	—	—	—	—	—	(4)	(4)	(42)	(46)	
As per 1 January 2018, as adjusted	1 736	17 620	(8 980)	45 726	1 753	(14 784)	1 119	28 383	72 572	7 582	80 154	
Profit of the period	—	—	—	—	—	—	—	4 370	4 370	1 318	5 688	
Other comprehensive income												
Exchange differences on translation of foreign operations (gains/losses)	—	—	—	—	—	(7 374)	—	—	(7 374)	(429)	(7 802)	
Cash flow hedges	—	—	—	—	—	(92)	—	—	(92)	40	(52)	
Re-measurements of post-employment benefits	—	—	—	—	—	98	—	—	98	1	99	
Total comprehensive income	—	—	—	—	—	(7 368)	—	4 370	(2 998)	930	(2 068)	
Dividends	—	—	—	—	—	—	(56)	(6 258)	(6 314)	(1 123)	(7 437)	
Treasury shares¹	—	—	2 431	—	—	—	(1 063)	(1 368)	—	—	—	
Share-based payments	—	—	—	—	284	—	—	—	284	6	290	
Sale/(purchase) of non-controlling interests	—	—	—	—	—	—	—	429	429	(429)	—	
Hyperinflation monetary adjustments	—	—	—	—	—	—	—	560	560	345	905	
Scope and other changes	—	—	—	—	—	—	—	(48)	(48)	94	46	
As per 31 December 2018	1 736	17 620	(6 549)	45 726	2 037	(22 152)	—	26 068	64 485	7 404	71 889	

¹ See Note 23 *Changes in equity and earnings per share*.

² See Note 3 (E) *Summary of changes in accounting policies*.

Attributable to equity holders of AB InBev

Million US dollar	Issued Capital	Share premium	Treasury shares	Reserves	Share-based payment reserves	Other comprehensive income Reserves ¹	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total Equity
As per 1 January 2019	1 736	17 620	(6 549)	45 726	2 037	(22 152)	—	26 068	64 485	7 404	71 889
Profit of the period	—	—	—	—	—	—	—	9 171	9 171	1 243	10 414
Other comprehensive income											
Exchange differences on translation of foreign operations (gains/(losses))	—	—	—	—	—	1 143 (97)	—	—	1 143 (97)	(353) (13)	790 (110)
Cash flow hedges	—	—	—	—	—	—	—	—	—	—	—
Re-measurements of post-employment benefits	—	—	—	—	—	(173)	—	—	(173)	(9)	(182)
Total comprehensive income	—	—	—	—	—	873	—	9 171	10 044	867	10 912
Dividends	—	—	—	—	—	—	—	(4 117) (279)	(4 117) (290)	(1 062) —	(5 179) —
Treasury shares	—	—	279	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	290	—	—	—	290	29	319
Sale/(purchase) of non-controlling interest	—	—	—	4 378	—	—	—	—	4 378	1 427	5 805
Hyperinflation monetary adjustments	—	—	—	—	—	—	—	219 421	219 421	135 31	354 452
Scope and other changes	—	—	—	—	—	—	—	—	—	—	—
As per 31 December 2019	1 736	17 620	(6 270)	50 104	2 327	(21 279)	—	31 484	75 722	8 831	84 553

The accompanying notes are an integral part of these consolidated financial statements.

¹ See Note 23 *Changes in equity and earnings per share*.

Consolidated statement of cash flows

For the year ended 31 December
 Million US dollar

	Notes	2019	2018 restated	2017 restated
OPERATING ACTIVITIES				
Profit from continuing operations		9 990	5 157	8 606
Depreciation, amortization and impairment	10	4 657	4 624	4 625
Impairment losses on receivables, inventories and other assets		112	107	130
Additions/(reversals) in provisions and employee benefits		216	504	175
Net finance cost/(income)	11	3 473	8 826	6 626
Loss/(gain) on sale of property, plant and equipment and intangible assets		(149)	(82)	(104)
Loss/(gain) on sale of subsidiaries, associates and assets held for sale		(34)	(20)	(47)
Equity-settled share-based payment expense	26	340	333	348
Income tax expense	12	2 786	2 585	1 658
Other non-cash items included in profit		(220)	(654)	(261)
Share of result of associates and joint ventures		(152)	(153)	(430)
Cash flow from operating activities before changes in working capital and use of provisions		21 019	21 227	21 326
Decrease/(increase) in trade and other receivables		(258)	(105)	98
Decrease/(increase) in inventories		(426)	(588)	(255)
Increase/(decrease) in trade and other payables		679	1 170	292
Pension contributions and use of provisions		(715)	(487)	(577)
Cash generated from operations		20 299	21 217	20 884
Interest paid		(4 450)	(4 559)	(4 777)
Interest received		523	429	811
Dividends received		160	141	143
Income tax paid		(3 136)	(3 047)	(2 141)
Cash flow from operating activities		13 396	14 181	14 920
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment and of intangible assets	13/15	(5 174)	(5 005)	(4 680)
Proceeds from sale of property, plant and equipment and of intangible assets		320	437	538
Acquisition of subsidiaries, net of cash acquired	6	(385)	(84)	(571)
Sale of subsidiaries, net of cash disposed of	6	133	257	40
Net proceeds from sale/(acquisition) of investment in short-term debt securities	17	(9)	1 296	4 337
Net proceeds from sale/(acquisition) of other assets		(25)	(172)	(277)
Net repayments/(payments) of loans granted		12	(156)	215
Proceeds from assets held for sale		55	—	15
Proceeds from SAB transaction-related divestitures		—	(330)	11 697
Taxes on SAB transaction-related divestitures		—	(100)	(3 449)
Cash flow from investing activities		(5 073)	(3 857)	7 865
FINANCING ACTIVITIES				
(Purchase)/sale of non-controlling interest	23	222	(923)	(207)
Proceeds from public offering of minority stake in Budweiser APAC	23	5 575	—	—
Proceeds from borrowings	24	22 584	17 782	13 352
Payments on borrowings	24	(30 592)	(22 489)	(23 333)
Cash net finance (cost)/income other than interests		(845)	(513)	(1 498)
Payment of lease liabilities		(441)	(423)	(373)
Dividends paid		(5 015)	(7 761)	(9 275)
Cash flow from financing activities		(8 512)	(14 327)	(21 334)
Net increase/(decrease) in cash and cash equivalents on continuing operations		(189)	(4 003)	1 451
Net increase/(decrease) in cash and cash equivalents on discontinued operations	22	539	755	827
Cash and cash equivalents less bank overdrafts at beginning of year		6 960	10 356	8 395
Effect of exchange rate fluctuations		(141)	(148)	(319)
Cash and cash equivalents less bank overdrafts at end of period	21	7 169	6 960	10 355

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

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1. Corporate information

Anheuser-Busch InBev is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with secondary listings on the Mexico (MEXBOL: ANB) and South Africa (JSE: ANH) stock exchanges and with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD). Our Dream is to bring people together for a better world. Beer, the original social network, has been bringing people together for thousands of years. We are committed to building great brands that stand the test of time and to brewing the best beers using the finest natural ingredients. Our diverse portfolio of well over 500 beer brands includes global brands Budweiser®, Corona® and Stella Artois®; multi-country brands Beck's®, Hoegaarden®, Leffe® and Michelob Ultra®; and local champions such as Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Castle®, Castle Lite®, Cristal®, Harbin®, Jupiler®, Modelo Especial®, Quilmes®, Victoria®, Sedrin® and Skol®. Our brewing heritage dates back more than 600 years, spanning continents and generations. From our European roots at the Den Hoorn brewery in Leuven, Belgium. To the pioneering spirit of the Anheuser & Co brewery in St. Louis, US. To the creation of the Castle Brewery in South Africa during the Johannesburg gold rush. To Bohemia, the first brewery in Brazil. Geographically diversified with a balanced exposure to developed and developing markets, we leverage the collective strengths of approximately 170 000 employees based in nearly 50 countries worldwide. For 2019, AB InBev's reported revenue was 52.3 billion US dollar (excluding joint ventures and associates).

The consolidated financial statements of the company for the year ended 31 December 2019 comprise the company and its subsidiaries (together referred to as "AB InBev" or the "company") and the company's interest in associates, joint ventures and operations.

The consolidated financial statements were authorized for issue by the Board of Directors on 11 March 2020.

2. Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union up to 31 December 2019 (collectively "IFRS"). AB InBev did not early apply any new IFRS requirements that were not yet effective in 2019 and did not apply any European carve-outs from IFRS.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by the company and its subsidiaries.

(A) BASIS OF PREPARATION AND MEASUREMENT

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

(B) FUNCTIONAL AND PRESENTATION CURRENCY

Unless otherwise specified, all financial information included in these financial statements has been stated in US dollar and has been rounded to the nearest million. As from 2009, following the combination with Anheuser-Bush, the company changed the presentation currency of the consolidated financial statements from the euro to the US dollar to provide greater alignment of the presentation currency with AB InBev's most significant operating currency and underlying financial performance. The functional currency of the parent company is the euro.

(C) USE OF ESTIMATES AND JUDGMENTS

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

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

(D) PRINCIPLES OF CONSOLIDATION

Subsidiaries are those entities controlled by AB InBev. AB InBev controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights are taken into account. Control is presumed to exist where AB InBev owns, directly or indirectly, more than one half of the voting rights (which does not always equate to economic ownership), unless it can be demonstrated that such ownership does not constitute control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Associates are undertakings in which AB InBev has significant influence over the financial and operating policies, but which it does not control. This is generally evidenced by ownership of between 20% and 50% of the voting rights. A joint venture is an arrangement in which AB InBev has joint control, whereby AB InBev has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Associates and joint ventures are accounted for by the equity method of accounting, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When AB InBev's share of losses exceeds the carrying amount of the associate or joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that AB InBev has incurred legal or constructive obligations on behalf of the associate or joint venture.

Joint operations arise when AB InBev has rights to the assets and obligations to the liabilities of a joint arrangement. AB InBev accounts for its share of the assets, liabilities, revenues and expenses as from the moment joint operation commences until the date that joint operation ceases.

The financial statements of the company's subsidiaries, joint ventures, joint operations and associates are prepared for the same reporting year as the parent company, using consistent accounting policies. In exceptional cases when the financial statements of a subsidiary, joint venture, joint operation or associate are prepared as of a different date from that of AB InBev, adjustments are made for the effects of significant transactions or events that occur between that date and the date of AB InBev's financial statements. In such cases, the difference between the end of the reporting period of these subsidiaries, joint ventures, joint operations or associates from AB InBev's reporting period is no more than three months. Results from the company's associates Anadolu Efes and Castel are reported on a three-month lag. Therefore, estimates are made to reflect AB InBev's share in the result of these associates for the last quarter. Such estimates are revisited when required.

Transactions with non-controlling interests are treated as transactions with equity owners of the company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity where there is no loss of control.

All intercompany transactions, balances and unrealized gains and losses on transactions between group companies have been eliminated. Unrealized gains arising from transactions with joint ventures, joint operations and associates are eliminated to the extent of AB InBev's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

A listing of the company's most important subsidiaries, joint ventures, joint operations and associates is set out in Note 37 *AB InBev companies*.

(E) SUMMARY OF CHANGES IN ACCOUNTING POLICIES

IFRS with effective application for annual periods beginning on 1st January 2019:

IFRS 16 *Leases* became effective on 1 January 2019 and was applied by the company for the first time as of that date, under the full retrospective application, with an initial application date as of 1 January 2017.

IFRS 16 Leases

IFRS 16 replaces the current lease accounting requirements and introduces significant changes to lessee accounting, removing the distinction between operating and finance leases under IAS 17 *Leases* and related interpretations and requiring a lessee to recognize a right-of-use asset and a lease liability at lease commencement date. IFRS 16 also requires the recognition of depreciation charges relating to right-of-use assets and interest expenses on lease liabilities, as compared to the recognition of operating lease expenses or rental costs on a straight-line basis over the lease term, as was the case under prior requirements. In addition, the company has amended the consolidated cash flow statement presentation in order to segregate the payment of leases into a principal portion presented within financing activities and an interest component presented within operating activities.

For short-term leases and leases of low value assets, the company continues to recognize a lease expense on a straight-line basis as permitted by IFRS 16, and payments for these leases are presented in cash flow from operating activities. As a lessor, the company continues to classify leases as either finance leases or operating leases and accounts for those two types of leases differently.

The company has chosen the full retrospective application of IFRS 16 and, consequently, has restated the comparative information in these financial statements. In addition, the company has applied the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease under IAS 17 and its related interpretations will continue to apply to the leases entered or modified before 1 January 2019.

As a function of the transition to IFRS 16, the company recognized 1.7 billion US dollar of right-of-use assets and 1.8 billion US dollar of lease liabilities. Lease liabilities are measured at the present value of future lease payments discounted using incremental borrowing rates that consider the nature of the underlying assets and term of the leases.

Additional information is presented in Note 13 *Property, plant and equipment*, Note 24 *Interest-bearing loans and borrowings* and Note 29 *Risks arising from financial instruments*.

A number of other new standards, amendment to standards and new interpretations became mandatory for the first time for the financial year beginning on 1 January 2019 and have not been listed in these consolidated financial statements as they either do not apply or are immaterial to AB InBev's consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

Effective 1 January 2019, AB InBev adopted IFRIC 23 *Uncertainty over Income Tax Treatments* and has elected to apply IFRIC 23 retrospectively. The cumulative effect of the interpretation was recognized at the date of initial application and the company has not restated comparative periods in the year of initial application. AB InBev reviewed the income tax treatments in order to determine whether the interpretation could have an impact on the consolidated financial statements. In that respect, as at 31 December 2019, the company reclassified 573m US dollar of its existing income tax provisions into income tax liabilities, consistently with the current discussions held at the IFRS Interpretation Committee, which concluded that an entity is required to present assets and liabilities for uncertain tax treatments as current tax assets/liabilities or deferred tax assets/liabilities.

(F) FOREIGN CURRENCIES

Foreign currency transactions

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

Translation of the results and financial position of foreign operations

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

Financial Reporting in hyperinflationary economies

In May 2018, the Argentinean peso underwent a severe devaluation, leading Argentina's three-year cumulative inflation to exceed 100% and thus, triggering the requirement to transition to hyperinflation accounting as prescribed by IAS 29 *Financial Reporting in Hyperinflationary Economies*. IAS 29 requires that the results of the company's Argentinian operations be reported as if these were highly inflationary as of 1 January 2018.

Under IAS 29, non-monetary assets and liabilities stated at historical cost, equity and income statements of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency, applying a general price index. These re-measured accounts are used for conversion into US dollar at the period closing exchange rate. As a result, the balance sheet and net results of subsidiaries operating in hyperinflation economies are stated in terms of the measuring unit current at the end of the reporting period.

Exchange rates

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

	Closing rate			Average rate		
	31 December 2019	31 December 2018	31 December 2017	31 December 2019	31 December 2018	31 December 2017
1 US dollar equals:						
Argentinean peso	59.890668	37.807879	18.774210	—	—	16.580667
Australian dollar	1.423804	1.416593	1.279580	1.438543	1.334300	1.308997
Brazilian real	4.030696	3.874806	3.308005	3.940998	3.634827	3.201667
Canadian dollar	1.299449	1.362882	1.253982	1.329140	1.293896	1.303248
Colombian peso	3 272.63	3 246.70	2 988.60	3 305.84	2 967.36	2 965.94
Chinese yuan	6.961461	6.877787	6.507500	6.886265	6.581607	6.785290
Euro	0.890155	0.873362	0.833819	0.892577	0.845697	0.886817
Mexican peso	18.845242	19.682728	19.735828	19.334915	19.195084	18.811612
Pound sterling	0.757344	0.781249	0.739790	0.784062	0.750773	0.773029
Peruvian nuevo sol	3.317006	3.369998	3.244558	3.346670	3.284477	3.267432
South Korean won	1 154.54	1 115.40	1 067.63	1 160.69	1 095.46	1 134.04
South African rand	14.044287	14.374909	12.345193	14.512975	13.105486	13.338803

(G) INTANGIBLE ASSETS

Research and development

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

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

Amortization related to research and development intangible assets is included within the cost of sales if production related and in sales and marketing if related to commercial activities.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets.

Supply and distribution rights

A supply right is the right for AB InBev to supply a customer and the commitment by the customer to purchase from AB InBev. A distribution right is the right to sell specified products in a certain territory. Acquired distribution rights are measured initially at cost or fair value when obtained through a business combination. Amortization related to supply and distribution rights is included within sales and marketing expenses.

Brands

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

Software

Purchased software is measured at cost less accumulated amortization. Expenditure on internally developed software is capitalized when the expenditure qualifies as development activities; otherwise, it is recognized in the income statement when incurred. Amortization related to software is included in cost of sales, distribution expenses, sales and marketing expenses or administrative expenses based on the activity the software supports.

Other intangible assets

Other intangible assets, acquired by the company, are recognized at cost less accumulated amortization and impairment losses. Other intangible assets also include multi-year sponsorship rights acquired by the company. These are initially recognized at the present value of the future payments and subsequently measured at cost less accumulated amortization and impairment losses.

Subsequent expenditure

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

Amortization

Intangible assets with a finite life are amortized using the straight-line method over their estimated useful lives. Licenses, brewing, supply and distribution rights are amortized over the period in which the rights exist. Brands are considered to have an indefinite life unless plans exist to discontinue the brand. Discontinuance of a brand can be either through sale or termination of marketing support. When AB InBev purchases distribution rights for its own products the life of these rights is considered indefinite, unless the company have a plan to discontinue the related brand or distribution. Software and capitalized development costs related to technology are amortized over 3 to 5 years.

Brands are deemed intangible assets with indefinite useful lives and, therefore, are not amortized but tested for impairment on an annual basis (refer to accounting policy O).

Gains and losses on sale

Net gains on sale of intangible assets are presented in the income statement as other operating income. Net losses on sale are included as other operating expenses. Net gains and losses are recognized in the income statement when the control has been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the intangible assets.

(H) BUSINESS COMBINATIONS

The company applies the acquisition method of accounting to account for acquisitions of businesses. The cost of an acquisition is measured as the aggregate of the fair values at the date of exchange of the assets given, liabilities incurred and equity instruments issued. Identifiable assets, liabilities and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the company's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The allocation of fair values to the identifiable assets acquired and liabilities assumed is based on various assumptions requiring management judgment.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of AB InBev's previously held interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

(I) GOODWILL

Goodwill is determined as the excess of the consideration paid over AB InBev's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, jointly controlled entity or associate recognized at the date of acquisition. All business combinations are accounted for by applying the purchase method.

In conformity with IFRS 3 *Business Combinations*, goodwill is stated at cost and not amortized but tested for impairment on an annual basis and whenever there is an indicator that the cash generating unit to which goodwill has been allocated, may be impaired (refer to accounting policy O). Goodwill is expressed in the currency of the subsidiary or jointly controlled entity to which it relates and is translated to US dollar using the year-end exchange rate. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

If AB InBev's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination such excess is recognized immediately in the income statement as required by IFRS 3 *Business Combinations*. Expenditure on internally generated goodwill is expensed as incurred.

(J) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses (refer to accounting policy O). Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management (e.g. nonrefundable tax and transport cost). The cost of a self-constructed asset is determined using the same principles as for an acquired asset. The depreciation methods, residual value, as well as the useful lives are reassessed and adjusted if appropriate, annually.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets.

Subsequent expenditure

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

Depreciation

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

The estimated useful lives are defined in terms of the asset's expected utility to the company and can vary from one geographical area to another. On average the estimated useful lives are as follows:

Industrial buildings – other real estate properties	20 - 50 years
Production plant and equipment:	
Production equipment	10 - 15 years
Storage, packaging and handling equipment	5 - 7 years
Returnable packaging:	
Kegs	2 - 10 years
Crates	2 - 10 years
Bottles	2 - 5 years
Point of sale furniture and equipment	5 years
Vehicles	5 years
Information processing equipment	3 - 5 years

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

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

Gains and losses on sale

Net gains on sale of items of property, plant and equipment are presented in the income statement as other operating income. Net losses on sale are presented as other operating expenses. Net gains and losses are recognized in the income statement when the control has been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing managerial involvement with the property, plant and equipment.

(K) LEASES

The company as lessee

The company assesses whether a contract is or contains a lease at inception of a contract. The company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flow from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate specific to the country, term and currency of the contract. In addition, the company considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in the income statement in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term (refer to accounting policies J and O).

The lease liability is presented in the 'Interest-bearing loans and borrowings' line and the right-of-use assets are presented in the 'Property, plant and equipment' line in the consolidated statement of financial position. In addition, the principal portion of the lease payments is presented within financing activities and the interest component is presented within operating activities in the consolidated cash flow statement.

The company as lessor

Leases where the company transfers substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Leases of assets under which all the risks and rewards of ownership are substantially retained by the company are classified as operating leases. Rental income is recognized in other operating income on a straight-line basis over the term of the lease.

(L) INVENTORIES

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

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

Inventories are written down on a case-by-case basis if the anticipated net realizable value declines below the carrying amount of the inventories. The calculation of the net realizable value takes into consideration specific characteristics of each inventory category, such as expiration date, remaining shelf life, slow-moving indicators, amongst others.

(M) TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and generally due for settlement within 30 days. Trade receivables are recognized initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognized at adjusted for the time value of money. The company holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest rate method.

Trade and other receivables are carried at amortized cost less impairment losses. To determine the appropriate amount to be impaired factors such as significant financial difficulties of the debtor, probability that the debtor will default, enter into bankruptcy or financial reorganization, or delinquency in payments are considered.

Other receivables are initially recognized at fair value and subsequently measured at amortized cost. Any impairment losses and foreign exchange results are directly recognized in profit or loss.

(N) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and short-term highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash. They are stated at face value, which approximates their fair value. In the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(O) IMPAIRMENT

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

Calculation of recoverable amount

The recoverable amount of non-financial assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the cash generating units to which the goodwill and the intangible assets with indefinite useful life belong is based on discounted future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses recognized in respect of cash-generating units firstly reduce allocated goodwill and then the carrying amounts of the other assets in the unit on a pro rata basis.

Reversal of impairment losses

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(P) FAIR VALUE MEASUREMENT

A number of AB InBev's accounting policies and notes require fair value measurement for both financial and non-financial items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, AB InBev uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements incorporates significant inputs that are based on unobservable market data.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company applies fair value measurement to the instruments listed below.

Derivatives

The fair value of exchange traded derivatives (e.g. exchange traded foreign currency futures) is determined by reference to the official prices published by the respective exchanges (e.g. the New York Board of Trade). The fair value of over-the-counter derivatives is determined by commonly used valuation techniques.

Debt securities

This category includes both debt securities designated at FVOCI and FVPL. The fair value is measured using observable inputs such as interest rates and foreign exchange rates. When it pertains to instruments that are publicly traded, the fair value is determined by reference to observable quotes. In circumstances where debt securities are not publicly traded, the main valuation technique is the discounted cash flow. The company may apply other valuation techniques or combination of valuation techniques if the fair value results are more relevant.

Equity securities designated as at FVOCI

Investments in equity securities comprise quoted and unquoted securities. When liquid quoted prices are available, these are used to fair value investments in quoted securities. The unquoted securities are fair valued using primarily the discounted cash flow method.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is generally determined using unobservable inputs and therefore fall into level 3. In these circumstances, the valuation technique used is discounted cash flow, whereby the projected cash flows are discounted using a risk adjusted rate.

(Q) SHARE CAPITAL

Repurchase of share capital

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

Dividends

Dividends paid are recognized in the consolidated financial statements on the date that the dividends are declared unless minimum statutory dividends are required by local legislation or the bylaws of the company's subsidiaries. In such instances, statutory minimum dividends are recognized as a liability.

Share issuance costs

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(R) PROVISIONS

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

Restructuring

A provision for restructuring is recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

Onerous contracts

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

Disputes and Litigations

A provision for disputes and litigation is recognized when it is more likely than not that the company will be required to make future payments as a result of past events, such items may include but are not limited to, several claims, suits and actions relating to antitrust laws, violations of distribution and license agreements, environmental matters, employment related disputes, claims from tax authorities, and alcohol industry litigation matters.

(S) EMPLOYEE BENEFITS

Post-employment benefits

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

a) Defined contribution plans

Contributions to defined contribution plans are recognized as an expense in the income statement when incurred. A defined contribution plan is a pension plan under which AB InBev pays fixed contributions into a fund. AB InBev has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

b) Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. For defined benefit plans, the pension expenses are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the income statement include current service cost, net interest cost (income), past service costs and the effect of any curtailments or settlements. Past service costs are recognized at the earlier of when the amendment / curtailment occurs or when the company recognizes related restructuring or termination costs. The pension obligations recognized in the balance sheet are measured at the present value of the estimated future cash outflows using interest rates based on high quality corporate bond yields, which have terms to maturity approximating the terms of the related liability, less the fair value of any plan assets. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest) are recognized in full in the period in which they occur in the statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

Where the calculated amount of a defined benefit liability is negative (an asset), AB InBev recognizes such pension asset to the extent that economic benefits are available to AB InBev either from refunds or reductions in future contributions.

Other post-employment obligations

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

Termination benefits

Termination benefits are recognized as an expense at the earlier when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date and when the company recognizes costs for a restructuring. Termination benefits for voluntary redundancies are recognized if the company has made an offer encouraging voluntary redundancy and when the company can no longer withdraw the offer of termination, which is the earlier of either when the employee accepts the offer or when a legal, regulatory or contractual requirement or restriction on the company's ability to withdraw the offer takes effect.

Bonuses

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

(T) SHARE-BASED PAYMENTS

Different share and share option programs allow company senior management and members of the board to acquire shares of the company and some of its affiliates. The fair value of the share options is estimated at grant date, using an option pricing model that is most appropriate for the respective option. Based on the expected number of options that will vest, the fair value of the options granted is expensed over the vesting period. When the options are exercised, equity is increased by the amount of the proceeds received.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the company obtains the goods or the counterparty renders the service.

(U) INTEREST-BEARING LOANS AND BORROWINGS

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

(V) TRADE AND OTHER PAYABLES

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(W) INCOME TAX

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

The company recognizes deferred tax assets, including assets arising from losses carried forward, to the extent that future probable taxable profit will be available against which the deferred tax asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax claims are recorded within provisions on the balance sheet (refer to accounting policy R).

(X) INCOME RECOGNITION

Goods sold

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when performance obligations are satisfied, meaning when the company transfers control of a product to a customer.

Specifically, revenue recognition follows the following five-step approach:

- Identification of the contracts with a customer
- Identification of the performance obligations in the contracts
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contracts
- Revenue recognition when performance obligations are satisfied

Revenue from the sale of goods is measured at the amount that reflects the best estimate of the consideration expected to receive in exchange for those goods. Contracts can include significant variable elements, such as discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses and penalties. Such trade incentives are treated as variable consideration. If the consideration includes a variable amount, the company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. Variable consideration is only included in the transaction price if it is highly probable that the amount of revenue recognized would not be subject to significant future reversals when the uncertainty is resolved.

Royalty income

The company recognizes the sales-based or usage-based royalties in other operating income when the later of the following events occurs: (a) the customer's subsequent sales or usage; and (b) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Rental income

Rental income is recognized in other operating income on a straight-line basis over the term of the lease.

Government grants

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

Finance income

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

Interest income is recognized as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividend income

Dividend income is recognized in the income statement on the date that the dividend is declared.

(Y) EXPENSES

Finance costs

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

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

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

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

Purchasing, receiving and warehousing costs

Purchasing and receiving costs are included in the cost of sales, as well as the costs of storing and moving raw materials and packaging materials. The costs of storing finished products at the brewery as well as costs incurred for subsequent storage in distribution centers are included within distribution expenses.

(Z) FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

AB InBev uses derivative financial instruments to mitigate the transactional impact of foreign currencies, interest rates, equity prices and commodity prices on the company's performance. AB InBev's financial risk management policy prohibits the use of derivative financial instruments for trading purposes and the company does therefore not hold or issue any such instruments for such purposes.

Classification and measurement

Except for certain trade receivables, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset. Debt financial instruments are subsequently measured at amortized cost, FVOCI or FVPL. The classification is based on two criteria: the objective of the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the company's financial assets is as follows:

- *Debt instruments at amortized cost:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the company's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognized in profit or loss.
- *Debt instruments at FVOCI with gains or losses recycled to profit or loss on derecognition:* comprise investments in debt securities where the contractual cash flows are solely payments of principal and interest and the company's business model is achieved by both collecting contractual cash flows and selling financial assets. Interest income, foreign exchange gains and losses and any impairment charges on such instruments are recognized in profit or loss. All other fair value gains and losses are recognized in other comprehensive income. On disposal of these debt securities, any related balance within FVOCI reserve is reclassified to profit or loss.
- *Equity instruments designated at FVOCI, with no recycling of gains or losses to profit or loss on derecognition:* these instruments are undertakings in which the company does not have significant influence or control and is generally evidenced by ownership of less than 20% of the voting rights. The company designates these investments on an instrument by instrument basis as equity securities at FVOCI because they represent investments held for long term strategic purposes. Investments in unquoted companies are subsequently measured at cost, when appropriate. These investments are non-monetary items and gains or losses presented in the other comprehensive income include any related foreign exchange component. Dividends received are recognized in the profit or loss. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss accumulated in other comprehensive income are not reclassified to profit or loss.
- Financial assets and liabilities at FVPL: comprise derivative instruments and equity instruments which were not designated as FVOCI. This category also includes debt instruments which do not meet the cash flow or the business model tests.

Hedge accounting

The company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates, interest rates and commodity prices. To hedge changes in the fair value of recognized assets, liabilities and firm commitments, the company designates certain derivatives as part of fair value hedge. The company also designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At the inception of the hedging relationships, the company documents the risk management objective and strategy for undertaking the hedge. Hedge effectiveness is measured at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument.

For the different type of hedges in place, the company generally enters into hedge relationships where the critical terms of the hedging instrument match exactly the terms of the hedged item. Therefore, the hedge ratio is typically 1:1. The company performs a qualitative assessment of effectiveness. In circumstances where the terms of the hedged item no longer exactly match the critical terms of the hedging instrument, the company uses a hypothetical derivative method to assess effectiveness. Possible sources of ineffectiveness are changes in the timing of the forecasted transaction, changes in the quantity of the hedged item or changes in the credit risk of either parties to the derivative contract.

Cash flow hedge accounting

Cash flow hedge accounting is applied when a derivative hedges the variability in cash flows of a highly probable forecasted transaction, foreign currency risk of a firm commitment or a recognized asset or liability (such as variable interest rate instrument).

When the hedged forecasted transaction or firm commitment subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserves is included directly in the initial carrying amount of the non-financial item when it is recognized.

For all other hedged transactions, the amount accumulated in the hedging reserves is reclassified to profit or loss in the same period during which the hedged item affects profit or loss (e.g. when the variable interest expense is recognized).

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

Any ineffectiveness is recognized immediately in profit or loss.

Fair value hedge accounting

When a derivative hedges the variability in fair value of a recognized asset or liability (such as a fixed rate instrument) or a firm commitment, any resulting gain or loss on the hedging instrument is recognized in the profit or loss. The carrying amount of the hedged item is also adjusted for fair value changes in respect of the risk being hedged, with any gain or loss being recognized in profit or loss. The fair value adjustment to the carrying amount of the hedged item is amortized to profit or loss from the date of discontinuation.

Net investment hedge accounting

When a non-derivative foreign currency liability hedges a net investment in a foreign operation, exchange differences arising on the translation of the liability to the functional currency are recognized directly in other comprehensive income (translation reserves).

When a derivative financial instrument hedges a net investment in a foreign operation, the portion of the gain or the loss on the hedging instrument that is determined to be effective is recognized directly in other comprehensive income (translation reserves) and is reclassified to profit or loss upon disposal of the foreign operation, while the ineffective portion is reported in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a currently legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(AA) SEGMENT REPORTING

Operating segments are components of the company's business activities about which separate financial information is available that is evaluated regularly by senior management. The company has six operating segments.

AB InBev's operating segment reporting format is geographical because the company's risks and rates of return are affected predominantly by the fact that AB InBev operates in different geographical areas. The company's management structure and internal reporting system to the Board of Directors is set up accordingly. The company's five geographic regions are North America, Middle Americas, South America, EMEA and Asia Pacific.

The aggregation criteria applied are based on similarities in the economic indicators (e.g. margins) that have been assessed in determining that the aggregated operating segments share similar economic characteristics, as prescribed in IFRS 8. Furthermore, management assessed additional factors such as management's views on the optimal number of reporting segments, AB InBev historical geographies, peer comparison (e.g. Asia Pacific and EMEA being a commonly reported regions amongst the company's peers), as well as management's view on the optimal balance between practical and more granular information.

The results of Global Export and Holding Companies, which includes the company's global headquarters and the export businesses in countries in which AB InBev has no operations are reported separately. The company's five geographic regions plus the Global Export and Holding Companies comprise the company's six reportable segments for financial reporting purposes.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(BB) EXCEPTIONAL ITEMS

Exceptional items are those that in management's judgment need to be disclosed separately by virtue of their size or incidence. Such items are disclosed on the face of the consolidated income statement or separately disclosed in the notes to the financial statements. Transactions which may give rise to exceptional items are principally restructuring activities, impairments, gains or losses on disposal of investments and the effect of the accelerated repayment of certain debt facilities.

(CC) DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

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

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

(DD) RECENTLY ISSUED IFRS

To the extent that new IFRS requirements are expected to be applicable in the future, they have not been applied in preparing these consolidated restated financial statements for the year ended 31 December 2019.

A number of amendments to standards are effective for annual periods beginning after 1 January 2019, and have not been discussed either because of their non-applicability or immateriality to AB InBev's consolidated financial statements.

4. Use of estimates and judgments

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

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

Although each of its significant accounting policies reflects judgments, assessments or estimates, AB InBev believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and understanding results: business combinations, intangible assets, goodwill, impairment, provisions, share-based payments, employee benefits and accounting for current and deferred tax.

The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred, in order to determine whether the carrying value exceeds the recoverable amount. These calculations are based on estimates of future cash flows.

The company uses its judgment to select a variety of methods including the discounted cash flow method and option valuation models and makes assumptions about the fair value of financial instruments that are mainly based on market conditions existing at each balance sheet date.

Actuarial assumptions are established to anticipate future events and are used in calculating pension and other long-term employee benefit expenses and liabilities. These factors include assumptions with respect to interest rates, rates of increase in health care costs, rates of future compensation increases, turnover rates, and life expectancy.

The company is subject to income tax in numerous jurisdictions. Significant judgment is required to determine the worldwide provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. Some subsidiaries within the group are involved in tax audits and local enquiries usually in relation to prior years. Investigations and negotiations with local tax authorities are ongoing in various jurisdictions at the balance sheet date and, by their nature, these can take considerable time to conclude. In assessing the amount of any income tax provisions to be recognized in the financial statements, estimates are made of the expected successful settlement of these matters. Estimates of interest and penalties on tax liabilities are also recorded. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period that such determination is made.

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

In preparing these consolidated financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of uncertainty relate mainly to the following: the reporting of the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses into AB InBev Efes which closed on 30 March 2018; the adoption of hyperinflation accounting for the company's Argentinean operations; the reporting of proceeds from the public offering of a minority stake in the company's Asia Pacific subsidiary, Budweiser Brewing Company APAC Limited ("Budweiser APAC"); and the reporting of its Australian operations as assets held for sale as discussed below.

(A) MERGER OF BUSINESSES IN RUSSIA AND UKRAINE WITH ANADOLU EFES

On 30 March 2018, AB InBev announced the completion of the 50:50 merger of its Russia and Ukraine businesses with those of Anadolu Efes. Following completion, the company's operations in Russia and Ukraine and those of Anadolu Efes are fully combined under a new company called AB InBev Efes. The combined business is fully consolidated into Anadolu Efes financial accounts. AB InBev has stopped consolidating the results of these operations as of the second quarter 2018 and account for its investment in AB InBev Efes under the equity method. Refer to Note 6 *Acquisitions and disposals of Subsidiaries* and Note 16 *Investments in associates*.

(B) HYPERINFLATION IN ARGENTINA

In May 2018, the Argentinean peso underwent a severe devaluation, resulting in Argentina's three-year cumulative inflation exceeding 100% in 2018, and thus requiring a transition to hyperinflation accounting as of 1 January 2018, as required by IAS 29 *Financial Reporting in Hyperinflationary Economies*. The main principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy must be stated in terms of the measuring unit current at the end of the reporting period. Therefore, each of (1) the non-monetary assets and liabilities stated at historical cost and (2) the equity and the income statement of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency applying a general price index. Monetary items that are already stated at the measuring unit at the end of the reporting period are not restated. These re-measured accounts are used for conversion into US dollar at the period closing exchange rate.

Consequently, the company applied hyperinflation accounting for its Argentinean subsidiaries for the first time in the year-to-date September 2018 unaudited condensed interim financial statements, with effect as of 1 January 2018. The IAS 29 rules are applied as follows:

- Non-monetary assets and liabilities stated at historical cost (e.g. property plant and equipment, intangible assets, goodwill, etc.) and equity of Argentina were restated using an inflation index. The hyperinflation accounting impacts resulting from changes in the general purchasing power from 1 January 2018 are reported in the income statement in a dedicated account for hyperinflation monetary adjustments in the finance line (see also Note 11 *Finance cost and income*);
- The income statement is adjusted at the end of each reporting period using the change in the general price index. It is converted at the closing exchange rate of each period (rather than the year-to-date average rate which is used for non-hyperinflationary economies), thereby restating the year-to-date income statement account for both inflation index and currency conversion.

The 2019 results, restated for purchasing power, were translated at the December 2019 closing rate of 59.890668 Argentinean pesos per US dollar (2018 results - at 37.807879 Argentinean pesos per US dollar).

(C) ANNOUNCED DIVESTITURE OF AUSTRALIA BUSINESS TO ASAHI

On 19 July 2019, AB InBev announced an agreement to divest its Australia business (Carlton & United Breweries) to Asahi for AUD 16.0 billion, equivalent to approximately USD 11.2 billion¹. As part of this transaction, the company will grant Asahi rights to commercialize its portfolio of global and international brands in Australia. The transaction is expected to close in the first half of 2020, subject to customary closing conditions, including but not limited to regulatory approvals in Australia.

Effective 30 September 2019, AB InBev classified the assets and liabilities associated with the Australian operations as assets held for sale and liabilities associated with assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. In addition, since the results of the Australian operations represent a separate major line of business, these are now accounted for as discontinued operations as required by IFRS 5 and presented in a separate line in the consolidated income statement (“profit from discontinued operations”). Refer to Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

(D) LISTING OF BUDWEISER APAC ON THE HONG KONG STOCK EXCHANGE

On 30 September 2019, the company successfully completed the listing of a minority stake of its Asia Pacific subsidiary, Budweiser APAC, on the Hong Kong Stock Exchange for USD 5.75 billion (including the exercise of an over-allotment option). On 3 October 2019, the over-allotment option in connection with the initial public offering of a minority stake of Budweiser APAC was fully exercised. Following the full exercise of the over-allotment option, AB InBev controls 87.22% of the issued share capital of Budweiser APAC. Refer to Note 23 *Changes in equity and earnings per share*.

¹ Converted into US dollars at the December 2019 closing rate of 1.423803.

5. Segment reporting

Segment information is presented by geographical segments, consistent with the information available to and regularly evaluated by the chief operating decision maker. AB InBev operates its business through six business segments. Regional and operating company management is responsible for managing performance, underlying risks, and the effectiveness of operations. Internally, AB InBev's management uses performance indicators such as normalized profit from operations (normalized EBIT) and normalized EBITDA as measures of segment performance and to make decisions regarding the allocation of resources.

The organizational structure effective as of 1 January 2019 comprises five regions: North America, Middle Americas, South America, EMEA and Asia Pacific. In addition to these five geographic regions, the company uses a sixth segment, Global Export and Holding Companies, for all financial reporting purposes. Key changes made to company's segment structure were as follows: (i) the Middle Americas region combines the former Latin America West region and the business unit Central America and Caribbean, which was previously reported in Latin America North region, and (ii) the South America region combines the former Latin America South region and Brazil, which was previously reported in Latin America North region. These organizational changes were effective as of 1 January 2019 and have been reflected in these consolidated financial statements.

AB InBev has restated the 2018 results (referred to as “2018 restated”) to reflect:

- the new company organizational structure effective 1 January 2019;
- the new IFRS rules on lease accounting as if the company had applied the new standard as of 1 January 2018; and
- the classification of the Australian operations as a disposal group held for sale as if the classification had been applied as of 1 January 2018, in line with IFRS rules. Refer to Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations* for more details.

The results of the former SAB Central and Eastern European Business were reported as “Results from discontinued operations” until the completion of the disposal that took place on 31 March 2017. The results of Distell were reported as share of results of associates until the completion of the sale that occurred on 12 April 2017, and accordingly, are excluded from normalized EBIT and EBITDA. Furthermore, the company stopped consolidating CCBa in its consolidated financial statements as from the completion of the transition of CCBa on 4 October 2017 and, following the completion of the 50:50 merger of AB InBev’s and Anadolu Efes’ existing Russia and Ukraine businesses on 30 March 2018, AB InBev stopped consolidating its Russia and Ukraine businesses and accounts for its investment in AB InBev Efes as results of associates as of that date.

All figures in the tables below are stated in million US dollar, except volume (million lbs) and Normalized EBITDA margin (in %).

	North America			Middle Americas			South America			EMEA		Asia Pacific			
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017			
Volume	108	111	114	134	129	124	140	136	140	86	87	132	93	96	94
Revenue	15 488	15 504	15 588	11 912	11 614	10 780	9 790	10 238	11 596	7 911	8 368	10 344	6 544	6 735	6 094
Normalized EBITDA	6 185	6 199	6 377	6 356	6 033	5 265	4 145	4 696	5 243	2 781	3 184	3 516	2 287	2 178	1 804
Normalized EBITDA margin %	39.9%	40.0%	40.9%	53.4%	51.9%	48.8%	42.3%	45.9%	45.2%	35.2%	38.1%	34.0%	35.0%	32.3%	29.6%
Depreciation, amortization and impairment	(833)	(834)	(886)	(921)	(844)	(781)	(955)	(1 008)	(1 064)	(974)	(936)	(992)	(648)	(734)	(649)

Normalized profit from operations (EBIT)	5 352	5 365	5 492	5 435	5 189	4 483	3 190	3 688	4 179	1 807	2 248	2 524	1 639	1 444	1 155
Exceptional items (see Note 8)	(11)	(10)	4	(51)	(151)	(158)	(96)	1	(26)	(61)	(370)	(144)	(41)	(43)	(44)
Profit from operations (EBIT)	5 341	5 355	5 495	5 384	5 038	4 325	3 094	3 689	4 153	1 746	1 878	2 381	1 598	1 401	1 110
Net finance income/ (cost)															
Share of results of associates and joint ventures															
Income tax expense															
Profit from continuing operations															
Discontinued operations															
Profit/(loss)															
Segment assets (non-current)	63 725	63 443	63 341	76 168	71 844	74 196	13 452	13 250	13 858	39 442	42 874	46 889	13 450	22 545	24 189
Gross capex	679	917	530	1 286	1 324	1 206	1 063	777	776	1 208	1 163	1 086	626	599	564
FTE	20 040	19 323	19 306	52 412	53 140	56 006	41 603	40 503	41 140	23 804	23 604	26 823	29 482	31 523	36 386

	Global Export and holding companies			Consolidated		
	2019	2018 restated	2017 restated	2019	2018 restated	2017 restated
Volume	1	1	2	561	560	605
Revenue	685	582	457	52 329	53 041	54 859
Normalized EBITDA	(676)	(558)	(510)	21 078	21 732	21 695
Normalized EBITDA margin %	—	—	—	40.3%	41.0%	39.5%
Depreciation, amortization and impairment	(325)	(269)	(253)	(4 657)	(4 624)	(4 625)
Normalized profit from operations (EBIT)	(1 001)	(827)	(764)	16 421	17 107	17 069
Exceptional items (see Note 8)	(63)	(119)	(241)	(323)	(692)	(609)
Profit from operations (EBIT)	(1 064)	(946)	(1 004)	16 098	16 414	16 460
Net finance income/(cost)				(3 473)	(8 826)	(6 626)
Share of results of associates and joint ventures				152	153	430
Income tax expense				(2 786)	(2 585)	(1 658)
Profit from continuing operations				9 990	5 157	8 606
Discontinued operations				424	531	560
Profit/(loss)				10 414	5 688	9 166
Segment assets (non-current)	1 595	1 631	1 778	207 834	215 587	224 251
Gross capex	312	224	247	5 174	5 005	4 409
FTE	4 574	4 683	3 254	171 915	172 776	182 915

For the period ended 31 December 2019, net revenue from the beer business amounted to 47 984m US dollar (31 December 2018: 48 602m US dollar; 31 December 2017: 50 703m US dollar) while the net revenue from the non-beer business (soft drinks and other business) accounted for 4 345m US dollar (31 December 2018: 4 439m US dollar; 31 December 2017: 4 156m US dollar). Additionally, for the period ended 31 December 2019, net revenue from the company's business in the United States amounted to 13 693m US dollar (31 December 2018: 13 624m US dollar; 31 December 2017: 13 705m US dollar) and net revenue from the company's business in Brazil amounted to 7 277m US dollar (31 December 2018: 7 375m US dollar; 31 December 2017: 8 233m US dollar).

On the same basis, net revenue from external customers attributable to AB InBev's country of domicile (Belgium) represented 668m US dollar (31 December 2018: 710m US dollar; 31 December 2017: 704m US dollar) and non-current assets located in the country of domicile represented 2 215m US dollar (31 December 2018: 2 117m US dollar; 31 December 2017: 2 106m US dollar).

6. Acquisitions and disposals of subsidiaries

The table below summarizes the impact of acquisitions and disposals on the statement of financial position and cash flows of AB InBev for 31 December 2019 and 31 December 2018:

Million US dollar	2019 Acquisitions	2018 Acquisitions	2019 Disposals	2018 Disposals
Non-current assets				
Property, plant and equipment	44	2	(1)	(310)
Intangible assets	128	24	(29)	(17)
Deferred tax assets	—	23	—	—
Trade and other receivables	—	—	—	(86)
Investments in associates	(15)	—	—	—
Current assets				
Inventories	43	17	(7)	(84)
Income tax receivables	—	—	—	(2)
Trade and other receivables	19	2	(1)	(79)
Cash and cash equivalents	40	8	—	(6)
Assets held for sale	—	—	—	(27)
Non-current liabilities				
Interest-bearing loans and borrowings	(11)	(3)	—	—
Trade and other payables	(110)	—	—	—
Deferred tax liabilities	(33)	—	9	4
Current liabilities				
Trade and other payables	(65)	(19)	2	406
Net identifiable assets and liabilities	40	54	(27)	(201)
Non-controlling interest	(12)	—	2	1
Goodwill on acquisitions and goodwill disposed of	682	107	(22)	(652)
Loss/(gain) on disposal	—	—	(21)	(15)
Consideration to be (paid)/received	(275)	(112)	—	47
Net cash paid on prior years acquisitions	16	68	(65)	—
Recycling of CTA in respect of net assets	—	—	—	(584)
Contribution in kind	—	—	—	1 150
Consideration paid/(received)	451	117	(133)	(254)
Cash (acquired)/disposed of	(40)	(5)	—	(3)
Net cash outflow / (inflow)	411	112	(133)	(257)
Net cash outflow / (inflow) on continuing operations	385	84	(133)	(257)
Net cash outflow / (inflow) on discontinued operations	26	28	—	—

On 30 March 2018, AB InBev completed the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses as discussed in Note 4 (A). This transaction involved the contribution by AB InBev of its existing Russia and Ukraine businesses to AB InBev Efes in exchange for a 50% ownership in AB InBev Efes. In line with IFRS, the contribution by AB InBev of its existing Russia and Ukraine businesses to AB InBev Efes, with AB InBev losing control, is accounted for as a deemed disposal and the 50% non-controlling interest AB InBev received in AB InBev Efes in exchange for such contribution is accounted for as a deemed acquisition of an investment in associate, with both acquisition and disposal measured at their fair value estimated at 1.15 billion US dollar representing the estimated value of the 50% investment AB InBev will hold in AB InBev Efes after adjustment for net debt. See also Note 16 *Investments in associates*.

On 30 March 2018, AB InBev derecognized 573m US dollar net assets related to its former Russia and Ukraine businesses and recycled 584m US dollar from other comprehensive income to the consolidated income statement, resulting in a net exceptional, non-cash loss of 7m US dollar (see also Note 8 *Exceptional items*).

The company undertook a series of additional acquisitions and disposals during 2018 and 2019, with no significant impact in the company's consolidated financial statements.

7. Other operating income/(expenses)

Million US dollar	2019	2018 restated	2017 restated
Government grants	280	317	404
License income	30	45	65
Net (additions to)/reversals of provisions	(10)	(11)	(4)
Net gain on disposal of property, plant and equipment, intangible assets and assets held for sale	172	80	140
Net rental and other operating income	402	374	341
Other operating income/(expenses)	875	805	946

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

In 2019, the company expensed 291m US dollar in research, compared to 276m US dollar in 2018 and 265m US dollar in 2017. The spend focused on product innovations, market research, as well as process optimization and product development.

8. Exceptional items

IAS 1 *Presentation of financial statements* requires that material items of income and expense be disclosed separately. Exceptional items are items that in management's judgment, need to be disclosed by virtue of their size or incidence so that a user can obtain a proper understanding of the company's financial information. The company considers these items to be significant and accordingly, management has excluded them from their segment measure of performance as noted in Note 5 *Segment Reporting*.

The exceptional items included in the income statement are as follows:

Million US dollar	2019	2018 restated	2017 restated
Restructuring	(170)	(363)	(447)
Acquisition costs business combinations	(23)	(73)	(123)
Business and asset disposal (including impairment losses)	(50)	(26)	(39)
Brazil State tax regularization program	(74)	—	—
Cost related to public offering of minority stake in Budweiser APAC	(6)	—	—
Provision for EU investigation	—	(230)	—
Impact on profit from operations	(323)	(692)	(609)

The exceptional restructuring charges for 2019 total (170)m US dollar (2018: (363)m US dollar; 2017: (447)m US dollar). These charges primarily relate to organizational alignments. These changes aim to eliminate overlapping organizations or duplicated processes, taking into account the matching of employee profiles with new organizational requirements. These one-time expenses provide the company with a lower cost base and bring a stronger focus to AB InBev's core activities, quicker decision-making and improvements to efficiency, service and quality.

The acquisition costs of business combinations amount to (23)m US dollar in 2019, primarily related to cost incurred to facilitate the combination with SAB (2018: (73)m US dollar; 2017: (123)m US dollar).

Business and asset disposals amount to (50)m US dollar in 2019, mainly comprising of costs incurred in relation to the announced divestiture of the Australia business. Business and asset disposals amounted to (26)m US dollar in 2018, mainly related to the costs incurred related to the IFRS treatment of the 50:50 merger of AB InBev's and Anadolu Efes' Russia and Ukraine businesses and the related transaction costs (see also Note 6 *Acquisitions and disposals of subsidiaries*). Business and asset disposals amounted to (39)m US dollar in 2017, mainly related to the costs incurred related to the divestitures completed during 2017, partly offset by proceeds from prior years' sale.

In 2019, Ambev made a payment of (74)m US dollar to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization Program.

The company incurred 117m US dollar in fees related to the initial public offering of a minority stake of Budweiser APAC, its Asia Pacific subsidiary, of which 6m US dollar were reported in the income statement and 111m US dollar were capitalized in equity. In addition, the company has also reported 58m US dollar stamp duties in equity that are directly attributable to the public offering of Budweiser APAC.

In 2016, the European Commission announced an investigation into alleged abuse of a dominant position by AB InBev in Belgium through certain practices aimed at restricting trade from other European Union member states to Belgium. In connection with these proceedings, a provision of 230m US was recognized in 2018 and settled in 2019. Refer also to Note 27 *Provisions*.

The company incurred exceptional net finance income of 882m US dollar for 2019 (2018: (1 982)m US dollar cost; 2017: (693)m US dollar cost) – see Note 11 *Finance cost and income*.

All the amounts referenced above are before income taxes. The exceptional items as of 31 December 2019 increased income taxes by 6m US dollar, decreased income taxes by 240m US dollar in 2018 and decreased income taxes by 814m US dollar in 2017. The 2017 decrease of income taxes, mainly related to a 1.8 billion US dollar adjustment following the US tax reform enacted on 22 December 2017 partially offset by provisions accrued for tax contingencies covered by the Brazilian Federal Tax Regularization Program entered into by Ambev – see Note 12 *Income taxes* and Note 18 *Deferred tax assets and liabilities*.

Non-controlling interest on the exceptional items amounts to 108m US dollar in 2019 (2018: 32m US dollar; 2017: 526m US dollar).

9. Payroll and related benefits

Million US dollar	2019	2018 restated	2017 restated
Wages and salaries	(4 563)	(4 638)	(4 752)
Social security contributions	(683)	(694)	(688)
Other personnel cost	(678)	(708)	(759)
Pension expense for defined benefit plans	(193)	(192)	(196)
Share-based payment expense	(340)	(353)	(348)
Contributions to defined contribution plans	(101)	(109)	(107)
Payroll and related benefits	(6 558)	(6 694)	(6 850)

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

	2019	2018	2017
AB InBev NV (parent company)	204	180	215
Other subsidiaries	171 711	172 596	182 700
Total number of FTE	171 915	172 776	182 915

10. Additional information on operating expenses by nature

Depreciation, amortization and impairment charges are included in the following line items of the 2019 consolidated income statement:

Million US dollar	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Depreciation and impairment of right-of-use asset	Impairment of goodwill
Cost of sales	2 751	86	11	—
Distribution expenses	155	4	191	—
Sales and marketing expenses	379	247	160	—
Administrative expenses	277	290	98	—
Other operating expenses	8	—	—	—
Depreciation, amortization and impairment	3 570	627	460	—

Depreciation, amortization and impairment charges are included in the following line items of the 2018 restated consolidated income statement:

Million US dollar (restated)	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Depreciation and impairment of right-of-use asset	Impairment of goodwill
Cost of sales	2 807	67	—	—
Distribution expenses	166	3	186	—
Sales and marketing expenses	414	165	153	—
Administrative expenses	285	254	116	—
Other operating expenses	8	—	—	—
Depreciation, amortization and impairment	3 680	489	455	—

Depreciation, amortization and impairment charges are included in the following line items of the 2017 restated consolidated income statement:

Million US dollar (restated)	Depreciation and impairment of property, plant and equipment	Amortization and impairment of intangible assets	Depreciation and impairment of right-of-use asset	Impairment of goodwill
Cost of sales	2 791	40	—	—
Distribution expenses	197	4	171	—
Sales and marketing expenses	416	196	137	—
Administrative expenses	335	245	83	—
Other operating expenses	4	—	—	—
Exceptional items	—	—	—	6
Depreciation, amortization and impairment	3 743	485	391	6

The depreciation, amortization and impairment of property, plant and equipment included a full-cost reallocation of 5m US dollar in 2019 from the aggregate depreciation, amortization and impairment expense to cost of goods sold (2018: 1m US dollar; 2017: nil).

11. Finance cost and income

The finance costs included in the income statement are as follows:

Million US dollar	2019	2018 restated	2017 restated
Interest expense	(4 168)	(4 141)	(4 314)
Capitalization of borrowing costs	19	23	22
Net interest on net defined benefit liabilities	(95)	(94)	(102)
Accretion expense	(650)	(511)	(736)
Net losses on hedging instruments that are not part of a hedge accounting relationship	(393)	(449)	(382)
Net foreign exchange results (net of the effect of foreign exchange derivative instruments)	(180)	19	(306)
Tax on financial transactions	(79)	(110)	(68)
Net mark-to-market results on derivatives related to the hedging of share-based payment	898	(1 774)	(291)
Other financial costs, including bank fees	(225)	(242)	(136)
	(4 873)	(7 279)	(6 313)
Exceptional finance cost	(222)	(1 982)	(693)
Finance costs	(5 095)	(9 261)	(7 006)

Finance income included in the income statement is as follows:

Million US dollar	2019	2018 restated	2017 restated
Interest income	410	333	289
Hyperinflation monetary adjustments	86	46	—
Other financial income	21	56	91
	518	435	380
Exceptional finance income	1 104	—	—
Finance income	1 622	435	380

Finance costs, excluding exceptional items, decreased by 2 406m US dollar compared to 2018 mainly as a result of mark-to-market on certain derivatives related to the hedging of share-based payment programs. In 2019, the mark-to-market on such derivatives amounted to a gain of 898m US dollar (2018: 1 774m US dollar loss; 2017: 291m US dollar loss).

Borrowing costs capitalized relate to the capitalization of interest expenses directly attributable to the acquisition and construction of qualifying assets mainly in China and South Africa. Interest is capitalized at a borrowing rate ranging from 3% to 4%.

In 2019, accretion expense includes interest on lease liabilities of 124m US dollar (2018: 111m US dollar; 2017: 123m US dollar).

Interest expenses is presented net of the effect of interest rate derivative instruments hedging AB InBev's interest rate risk – see also Note 29 *Risks arising from financial instruments*.

Exceptional finance cost for 2019 includes:

- 188m US dollar write-off on the company's investment in Delta Corporation Ltd following the entry of Zimbabwe in a hyperinflation economy;
- 34m US dollar of interest paid to the State of Mato Grosso in relation to the Special Value-added Tax (ICMS) Amnesty Program in Brazil in accordance with the Brazilian State Tax Regularization Program (2018: nil; 2017: 44m US dollar).

Exceptional finance income for 2019 includes:

- 445m US dollar resulting from mark-to-market adjustments on derivative instruments entered into to hedge the shares issued in relation to the combination with Grupo Modelo (2018: 873m US dollar loss; 2017: 146m US dollar). See also Note 23 *Changes in equity and earnings per share*;
- 433m US dollar resulting from mark-to-market adjustments on derivatives entered into to hedge the restricted shares issued in connection with the combination with SAB (2018: 849m US dollar loss; 2017: 142m US dollar loss);
- 226m US dollar gains resulting from the early termination of certain bonds, income related to the reduction of deferred considerations on acquisitions and foreign exchange translation gains on intragroup loans that were historically reported in equity and were recycled to profit and loss account upon the reimbursement of these loans (2018: 260m US dollar loss; 2017: 261m US dollar loss).

Exceptional net finance cost for 2017 also includes 100m US dollar related to accelerated accretion expenses associated to the repayment of the 2015 senior facilities agreement and the early redemption of certain notes. See also Note 24 *Interest-bearing loans and borrowings*.

No interest income was recognized on impaired financial assets.

The interest income stems from the following financial assets:

Million US dollar	2019	2018	2017
Cash and cash equivalents	237	256	207
Investment debt securities held for trading	9	22	16
Other loans and receivables	164	55	64
Total	410	333	287

The interest income on other loans and receivables includes the interest accrued on cash deposits given as guarantees for certain legal proceedings pending resolution.

For further information on instruments hedging AB InBev's foreign exchange risk see Note 29 *Risks arising from financial instruments*.

12. Income taxes

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

Million US dollar	2019	2018 restated	2017 restated
Current year	(2 863)	(2 704)	(3 698)
(Underprovided)/overprovided in prior years	58	101	1
Current tax expense	(2 805)	(2 603)	(3 697)
Origination and reversal of temporary differences	(21)	(148)	2 000
(Utilization)/recognition of deferred tax assets on tax losses	13	120	23
Recognition of previously unrecognized tax losses	27	46	16
Deferred tax (expense)/income	19	18	2 039
Total income tax expense	(2 786)	(2 585)	(1 658)

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

Million US dollar	2019	2018 restated	2017 restated
Profit before tax	12 776	7 741	10 264
Deduct share of result of associates and joint ventures	152	153	430
Profit before tax and before share of result of associates and joint ventures	12 624	7 588	9 834
Adjustments on taxable basis			
Government incentives	(709)	(742)	(982)
Non-deductible/(non-taxable) marked to market on derivatives	(1 776)	3 496	579
Other expenses not deductible for tax purposes	1 223	1 796	1 795
Other non-taxable income	(282)	(158)	(178)
	11 080	11 980	11 048
Aggregated weighted nominal tax rate	26.2%	26.5%	28.2%
Tax at aggregated weighted nominal tax rate	(2 901)	(3 172)	(3 116)
Adjustments on tax expense			
Utilization of tax losses not previously recognized	13	120	23
Recognition of deferred taxes assets on previous years' tax losses	27	46	16
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(137)	(125)	(143)
(Underprovided)/overprovided in prior years	58	101	1
Deductions from interest on equity	666	471	553
Deductions from goodwill	20	17	57
Other tax deductions	259	400	723
US Tax reform (change in tax rate and other)	—	116	1 760
Change in tax rate	(95)	144	(59)
Withholding taxes	(505)	(403)	(386)
Brazilian Federal Tax Amnesty Program	—	—	(870)
Other tax adjustments	(191)	(300)	(217)
	(2 786)	(2 585)	(1 658)
Effective tax rate	22.1%	34.1%	16.9%

The total income tax expense for 2019 amounts to 2 786m US dollar compared to 2 585m US dollar for 2018. The effective tax rate decreased from 34.1% for 2018 to 22.1% for 2019.

The 2019 effective tax rate was positively impacted by non-taxable gains from derivatives related to the hedging of share-based payment programs and the hedging of the shares issued in a transaction related to the combination with Grupo Modelo and SAB. The 2018 effective tax rate was negatively impacted by non-deductible losses from these derivatives.

During 2018, the company finalized the re-measurement of current and deferred taxes resulting from the US Tax reform enacted on 22 December 2017, based on published regulation and guidance. Such remeasurement resulted in an adjustment of 116m US dollar in 2018 to the reported current and deferred taxes.

The 2017 effective tax rate was positively impacted by a 1.8 billion US dollar adjustment following the US tax reform enacted on 22 December 2017. This 1.8 billion US dollar adjustment resulted mainly from the re-measurement of the deferred tax liabilities set up in 2008 in line with IFRS as part of the purchase price accounting of the combination with Anheuser Busch and certain deferred tax assets following the change in federal tax rate from 35% to 21%. The adjustment represented the company's best estimate of the deferred tax liability re-measurement resulting from the US Tax reform at the time, and was recognized as an exceptional gain per 31 December 2017. This impact was partially offset by Ambev and certain of its subsidiaries joining the Brazilian Federal Tax Regularization Program – PERT in September 2017 whereby Ambev committed to pay some tax contingencies that were under dispute, totaling 3.5 billion Brazilian real (1.1 billion US dollar), with 1.0 billion Brazilian real (0.3 billion US dollar) paid in 2017 and the remaining amount payable in 145 monthly installments starting January 2018, plus interest. Within these contingencies, a dispute related to presumed taxation at Ambev's subsidiary CRBs was not provided for until September 2017 as the loss was previously assessed as possible. The total amount recognized in 2017 as exceptional amounted to 2.9 billion Brazilian real (0.9 billion US dollar) of which 2.8 billion Brazilian real (0.9 billion US dollar) were reported in the income tax line and 141 million Brazilian real (44m US dollar) in the finance line.

The company benefits from tax exempted income and tax credits which are expected to continue in the future. The company does not have significant benefits coming from low tax rates in any particular jurisdiction.

Income taxes were directly recognized in other comprehensive income as follows:

Million US dollar	2019	2018	2017
Re-measurements of post-employment benefits	19	22	(39)
Cash flow and net investment hedges	88	108	(95)
Income tax (losses)/gains	107	130	(134)

13. Property, plant and equipment

Property, plant and equipment comprises owned and leased assets, as follows:

Million US dollar	31 December 2019	31 December 2018 restated
Property, plant and equipment owned	25 515	25 638
Property, plant and equipment leased (right-of-use assets)	2 029	1 977
Total property, plant and equipment	27 544	27 615

Million US dollar	31 December 2019				31 December 2018 restated ¹
	Land and buildings	Plant and equipment, fixtures and fittings	Under construction	Total	Total
Acquisition cost					
Balance at end of previous year	12 155	33 540	2 274	47 969	48 297
Effect of movements in foreign exchange	(94)	(374)	(17)	(485)	(3 086)
Acquisitions	48	1 236	3 167	4 451	4 342
Acquisitions through business combinations	—	22	2	24	2
Disposals	(208)	(1 777)	(2)	(1 987)	(1 474)
Disposals through the sale of subsidiaries	(1)	(3)	—	(4)	(1 128)
Transfer (to)/from other asset categories and other movements ²	316	1 737	(3 264)	(1 211)	1 014
Balance at end of the period	12 216	34 381	2 160	48 757	47 969
Depreciation and impairment losses					
Balance at end of previous year	(3 450)	(18 881)	—	(22 331)	(21 414)
Effect of movements in foreign exchange	40	270	—	310	1 392
Depreciation	(409)	(2 961)	—	(3 370)	(3 530)
Disposals	119	1 615	—	1 734	1 249
Disposals through the sale of subsidiaries	1	2	—	3	818
Impairment losses	(1)	(86)	—	(87)	(91)
Transfer to/(from) other asset categories and other movements ¹	96	403	—	499	(755)
Balance at end of the period	(3 604)	(19 638)	—	(23 242)	(22 331)
Carrying amount					
at 31 December 2018	8 704	14 659	2 274	25 638	25 638
at 31 December 2019	8 612	14 743	2 160	25 515	—

As a result of the agreement to divest CUB to Asahi, the company reclassified 625m US dollar in property, plant and equipment to assets held for sale as at 31 December 2019 – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

As at 31 December 2019, the carrying amount of property, plant and equipment subject to restrictions on title amounted to 4m US dollar (31 December 2018: 8m US dollar).

Contractual commitments to purchase property, plant and equipment amounted to 457m US dollar as at 31 December 2019 compared to 416m US dollar as at 31 December 2018.

¹ The 2018 balances have been restated to reflect the impact of adoption of IFRS 16 under the full retrospective application. As required by IFRS 5, the Australia property, plant and equipment balances for the Australia operations were reclassified to assets held for sale as at 31 December 2019 without restatement of 2018 balances.

² The transfer (to)/from other asset categories and other movements relates mainly to transfers from assets under construction to their respective asset categories, to contributions of assets to pension plans, to the separate presentation in the balance sheet of property, plant and equipment held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* and to the restatement of non-monetary assets under hyperinflation accounting in line with IAS 29 *Financial reporting in hyperinflationary economies*. Accordingly, the 2019 transfers include the balances of Australian operations reclassified to assets held for sale as at 31 December 2019.

AB InBev's net capital expenditures in the statement of cash flow amounted to 4 854m US dollar in 2019 and 4 568m US dollar in 2018. Out of the total 2019 capital expenditures approximately 42% was used to improve the company's production facilities while 43% was used for logistics and commercial investments and 15% for improving administrative capabilities and for the purchase of hardware and software.

Property, plant and equipment leased by the company (right-of-use assets) is detailed as follows:

Million US dollar	2019		
	Land and buildings	Machinery, equipment and other	Total
Net carrying amount at 31 December	1 723	306	2 029
Depreciation for the period	(329)	(160)	(489)

Million US dollar	2018 restated		
	Land and buildings	Machinery, equipment and other	Total
Net carrying amount at 31 December	1 624	353	1 977
Depreciation for the period	(318)	(150)	(468)

As a result of the agreement to divest CUB to Asahi, the company reclassified 84m US dollar right-of-use assets to assets held for sale – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

Following the sale of Dutch and Belgian pub real estate to Cofinimmo in October 2007, AB InBev entered into lease agreements with a term of 27 years. These lease agreements will mature in November 2034. Furthermore, the company leases a number of warehouses, trucks, factory facilities and other commercial buildings, which typically run for a period of five to ten years. Lease payments are increased annually to reflect market rentals, if applicable. None of the leases include contingent rentals.

Additions to right-of-use assets during 2019 were 420m US dollar (2018: 215m US dollar). The expense related to short-term and low-value leases and variable lease payments that are not included in the measurement of the lease liabilities is not significant. In 2019, AB InBev recognized right-of-use assets on acquisitions of subsidiaries of 12m US dollar (2018: nil) – see also note 6 *Acquisitions and disposals of subsidiaries*.

The company leases out pub real estate for an average outstanding period of 6 to 8 years and part of its own property under operating leases.

14. Goodwill

Million US dollar	31 December 2019	31 December 2018
Acquisition cost		
Balance at end of previous year	133 316	140 980
Effect of movements in foreign exchange	53	(7 541)
Disposals through the sale of subsidiaries	(22)	(652)
Acquisitions through business combinations	682	107
Hyperinflation monetary adjustments	171	435
Reclassified as held for sale	(6 081)	(13)
Balance at end of the period	128 119	133 316
Impairment losses		
Balance at end of previous year	(5)	(40)
Impairment losses	—	—
Disposals through the sale of subsidiaries	—	35
Balance at end of the period	(5)	(5)
Carrying amount		
at 31 December 2018	133 311	133 311
at 31 December 2019	128 114	

As a result of the agreement to divest CUB to Asahi, the company reclassified 6 081m US dollar goodwill to assets held for sale – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

In 2019, AB InBev recognized goodwill on acquisitions of subsidiaries of 682m US dollar (2018: 107m US dollar) – see also Note 6 *Acquisitions and disposals of subsidiaries*.

Effective 1st of January 2019 AB InBev adopted a new organizational structure resulting in a change in cash-generating units. Furthermore, following the closing in 2019 of a new bottling agreement with the Coca-Cola Group in Honduras and El Salvador and changes in the operating model of the soft drinks business acquired through the SAB combination, the company re-allocated 3.0 Bio US dollar goodwill to the Rest of Middle Americas CGU and reduced the amount of goodwill previously allocated to the South Africa and Rest of Africa CGUs by 2.2 billion US dollar and 0.8 billion US dollar, respectively.

On 30 March 2018, AB InBev completed the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses. Following this merger, the company derecognized its Russian and Ukrainian net assets including goodwill (see Note 6 *Acquisitions and disposals of subsidiaries*).

The carrying amount of goodwill was allocated to the different cash-generating units as follows:

Million US dollar Cash-generating unit	2019	2018 ¹
United States	33 451	33 288
Rest of North America	1 984	1 891
Mexico	13 175	12 614
Colombia	18 647	18 796
Rest of Middle Americas	25 257	21 969
Brazil	4 539	4 715
Rest of South America	1 101	1 139
Europe	2 277	2 222
South Africa	13 500	15 910
Rest of Africa	6 691	7 701
China	3 095	2 758
Rest of Asia Pacific ²	4 397	10 308
Total carrying amount of goodwill	128 114	133 311

A significant portion of the goodwill was recorded in connection with the 2016 combination with SAB.

AB InBev completed its annual impairment test for goodwill and concluded that, based on the assumptions described below, no impairment charge was warranted.

The company cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the value of the asset reported. Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. AB InBev believes that all of its estimates are reasonable: they are consistent with the company's internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. If the company's current assumptions and estimates, including projected revenues growth rates, competitive and consumer trends, weighted average cost of capital, terminal growth rates, and other market factors, are not met, or if valuation factors outside of the company's control change unfavorably, the estimated fair value of goodwill could be adversely affected, leading to a potential impairment in the future.

During its valuation, the company ran sensitivity analysis for key assumptions including the weighted average cost of capital and the terminal growth rate, in particular for the valuations of Colombia, Rest of Middle Americas and South Africa cash-generating units that show the highest invested capital to EBITDA multiple. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the company, based on the sensitivity analysis performed is not aware of any reasonably possible change in a key assumption used that would cause a cash-generating unit's carrying amount to exceed its recoverable amount.

Goodwill, which accounted for approximately 54% of AB InBev total assets as at 31 December 2019, is tested for impairment at the cash-generating unit level (that is one level below the operating segments). The cash-generating unit level is the lowest level at which goodwill is monitored for internal management purposes. Except in cases where the initial allocation of goodwill has not been concluded by the end of the initial reporting period following the business combination, goodwill is allocated as from the acquisition date to each of AB InBev's cash-generating units that are expected to benefit from the synergies of the combination whenever a business combination occurs.

AB InBev's impairment testing methodology is in accordance with IAS 36, in which fair-value-less-cost-to-sell and value in use approaches are taken into consideration. This consists in applying a discounted free cash flow approach based on acquisition valuation models for the cash-generating units showing an invested capital to EBITDA multiple above 9x and valuation multiples for the other cash-generating units.

The key judgments, estimates and assumptions used in the discounted free cash flow calculations are generally as follows:

- In the first three years of the model, free cash flows are based on AB InBev's strategic plan as approved by key management. AB InBev's strategic plan is prepared per cash-generating unit and is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;

¹ The 2018 presentation has been restated following the change in cash-generating units effective as of 1 January 2019.

² The balance attributable to the Rest of Asia Pacific CGU as at 31 December 2018 includes the Australia operations' goodwill reclassified to assets held for sale as at 31 December 2019.

- For the subsequent seven years of the model, data from the strategic plan is extrapolated generally using simplified assumptions such as macro-economic and industry assumptions, variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources;
- Cash flows after the first ten-year period are extrapolated generally using expected annual long-term GDP growth rates, based on external sources, in order to calculate the terminal value, considering sensitivities on this metric;
- Projections are discounted at the unit's weighted average cost of capital (WACC), considering sensitivities on this metric;
- Cost to sell is assumed to reach 2% of the entity value based on historical precedents.

For the main cash generating units, the terminal growth rate applied generally ranged between 3% and 5%.

For the cash generating units subject to a discounted free cash flow approach, the WACC applied in US dollar nominal terms were as follows:

<u>Cash-generating unit</u>	<u>2019</u>	<u>2018</u>
Colombia	6%	7%
Rest of Middle Americas	9%	9%
South Africa	7%	8%
Rest of Africa	10%	11%

In the sensitivity analysis performed by management, an adverse change of 1% in WACC would not cause a cash-generating unit's carrying amount to exceed its recoverable amount.

The above calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators (i.e. recent market transactions from peers).

15. Intangible assets

Million US dollar	31 December 2019					31 December 2018 ¹
	Brands	Commercial intangibles	Software	Other	Total	Total
Acquisition cost						
Balance at end of previous year	42 133	2 949	2 692	691	48 465	48 871
Effect of movements in foreign exchange	(13)	(34)	(29)	(3)	(79)	(1 765)
Acquisitions through business combinations	88	—	5	6	99	24
Acquisitions and expenditures	—	290	113	228	631	668
Disposals	—	(120)	(136)	(3)	(259)	(96)
Disposals through the sale of subsidiaries	(29)	—	—	—	(29)	(47)
Transfer (to)/from other asset categories and other movements ²	(2 105)	(311)	(51)	(253)	(2 720)	810
Balance at end of period	40 074	2 774	2 594	666	46 108	48 465
Amortization and impairment losses						
Balance at end of previous year	(32)	(1 479)	(2 002)	(121)	(3 634)	(2 997)
Effect of movements in foreign exchange	—	24	16	1	41	164
Amortization	—	(239)	(322)	(61)	(622)	(445)
Disposals	—	117	135	2	254	14
Disposals through the sale of subsidiaries	—	—	—	—	—	30
Transfer to/(from) other asset categories and other movements ¹	—	(18)	322	1	305	(400)
Balance at end of period	(32)	(1 595)	(1 851)	(178)	(3 656)	(3 634)
Carrying value						
at 31 December 2018	42 101	1 470	690	570	44 831	44 831
at 31 December 2019	40 042	1 179	743	488	42 452	

As a result of the agreement to divest CUB to Asahi, the company reclassified 2 727m US dollar intangible assets to assets held for sale – see Note 22 *Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations*.

During 2019, AB InBev recognized intangible assets on acquisitions of subsidiaries of 128m US dollar (2018: 24m US dollar) out of which 29m US dollar relates to acquisitions in Australia subsequently transferred to assets held for sale – see also Note 6 *Acquisitions and disposals of subsidiaries*.

On 2 May 2018, AB InBev recovered the Budweiser distribution rights in Argentina from CCU. The transaction involved the transfer of the Isenbeck, Iguana, Diosa, Norte and Baltica brands, along with a cash payment of 306m US dollar and other commitments, to CCU Argentina. The Budweiser distribution rights have been assigned an indefinite useful life.

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

Acquisitions and expenditures of commercial intangibles mainly represent supply and distribution rights, exclusive multi-year sponsorship rights and other commercial intangibles.

Intangible assets with indefinite useful lives are comprised primarily of brands and certain distribution rights that AB InBev purchases for its own products, and are tested for impairment during the fourth quarter of the year or whenever a triggering event has occurred.

As at 31 December 2019, the carrying amount of the intangible assets amounted to 42 452m US dollar (31 December 2018: 44 831m US dollar) of which 40 181m US dollar was assigned an indefinite useful life (31 December 2018: 42 435m US dollar) and 2 271m US dollar a finite life (31 December 2018: 2 396m US dollar).

¹ As required by IFRS 5, the intangible assets balances of the Australia operations were reclassified to assets held for sale as at 31 December 2019 without restatement of the 2018 balances.

² The transfer (to)/from other asset categories and other movements mainly relates to transfers from assets under construction to their respective asset categories, to contributions of assets to pension plans, to the separate presentation in the balance sheet of intangible assets held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations* and to the restatement of non-monetary assets under hyperinflation accounting in line with IAS 29 *Financial reporting in hyperinflationary economies*. Accordingly, the 2019 transfers include the balances of Australian operations reclassified to assets held for sale as at 31 December 2019.

The carrying amount of intangible assets with indefinite useful lives was allocated to the cash-generating units as follows:

Million US dollar Country	2019	2018
United States	22 124	22 037
Rest of North America	66	63
Mexico	3 243	3 068
Colombia	3 488	3 516
Rest of Middle Americas	3 915	3 915
Brazil	3	1
Rest of South America	714	741
Europe	489	535
South Africa	3 417	3 338
Rest of Africa	1 228	1 261
China	410	381
Rest of Asia Pacific	1 120	3 579
Total carrying amount of intangible assets with indefinite useful lives	40 217	42 435

Intangible assets with indefinite useful lives have been tested for impairment using the same methodology and assumptions as disclosed in Note 14 *Goodwill*. Based on the assumptions described in that note, AB InBev concluded that no impairment charge is warranted. While a change in the estimates used could have a material impact on the calculation of the fair values and trigger an impairment charge, the company is not aware of any reasonably possible change in a key assumption used that would cause a cash-generating unit's carrying amount to exceed its recoverable amount.

16. Investments in associates

A reconciliation of the summarized financial information to the carrying amount of the company's interests in material associates is as follows:

Million US dollar	2019			2018		
	AB InBev Efes	Castel	Efes	AB InBev Efes	Castel	Efes
Balance at 1 January	1 159	3 279	479	—	3 480	694
Effect of movements in foreign exchange	—	(56)	(59)	—	(213)	(194)
Acquisitions	—	—	—	1 157	—	—
Dividends received	(15)	(95)	(11)	—	(98)	(11)
Share of results of associates	(11)	111	42	2	110	(10)
Balance at end of period	1 133	3 239	451	1 159	3 279	479

On 30 March 2018, AB InBev completed the 50:50 merger of AB InBev's and Anadolu Efes' existing Russia and Ukraine businesses. Following the closing of the transaction, the operations of AB InBev and Anadolu Efes in Russia and Ukraine are now combined under AB InBev Efes. The combined business is fully consolidated in the Anadolu Efes financial accounts. As a result of the transaction, AB InBev stopped consolidating its Russia and Ukraine businesses and accounts for its investment in AB InBev Efes under the equity method as of that date. See also Note 6 *Acquisitions and disposals of subsidiaries*.

The 2017 share of results of associates reported for Castel includes the revision of 2016 finalized result of associates. In 2018, the share of results of associates reported for Castel was negatively impacted by a currency devaluation in Angola.

Summarized financial information of the company's material associates is as follows:

Million US dollar	2019			2018		
	AB InBev Efes	Castel	Efes	AB InBev Efes	Castel	Efes
Current assets	377	4 044	2 266	275	4 193	2 888
Non-current assets	767	4 255	5 618	664	4 291	6 463
Current liabilities	652	1 631	1 859	556	1 643	2 233
Non-current liabilities	109	743	1 986	—	635	2 207
Non-controlling interests	—	723	1 909	—	939	2 297
Net assets	383	5 201	2 130	383	5 267	2 614
Revenue	1 388	5 107	4 015	1 081	5 786	3 816
Profit (loss)	23	719	276	4	921	(43)
Other comprehensive income (loss)	—	(372)	(431)	—	(254)	1 536
Total comprehensive income (loss)	23	347	(155)	4	667	1 493

In 2019, associates that are not individually material contributed 10m US dollar to the results of investment in associates (2018: 51m US dollar; 2017: 78m US dollar).

Following the entry of Zimbabwe in a hyperinflation economy in 2019, the company recorded an impairment of 188m US dollar on its investment in Delta Corporation Ltd. The impairment is recorded as an exceptional net finance cost. Refer to Note 11 *Finance cost and income*.

Additional information related to the significant associates is presented in Note 37 *AB InBev Companies*.

17. Investment securities

Million US dollar	2019	2018
Investment in unquoted companies	86	84
Investment on debt securities	25	24
Non-current investments	111	108
Investment on debt securities	91	87
Current investments	91	87

As of 31 December 2019, current debt securities of 91m US dollar mainly represented investments in government bonds (31 December 2018: 87m US dollar). The company's investments in such short-term debt securities are primarily to facilitate liquidity and for capital preservation.

18. Deferred tax assets and liabilities

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

Million US dollar	2019		
	Assets	Liabilities	Net
Property, plant and equipment	415	(2 550)	(2 135)
Intangible assets	112	(10 327)	(10 215)
Inventories	119	(67)	52
Trade and other receivables	52	(1)	51
Interest-bearing loans and borrowings	706	(603)	103
Employee benefits	631	(3)	628
Provisions	467	(22)	445
Derivatives	23	(21)	2
Other items	311	(861)	(550)
Loss carry forwards	515	—	515
Gross deferred tax assets/(liabilities)	3 350	(14 455)	(11 105)
Netting by taxable entity	(1 631)	1 631	—
Net deferred tax assets/(liabilities)	1 719	(12 824)	(11 105)

Million US dollar	2018 restated		
	Assets	Liabilities	Net
Property, plant and equipment	381	(2 665)	(2 284)
Intangible assets	115	(10 665)	(10 550)
Inventories	101	(67)	34
Trade and other receivables	142	(62)	80
Interest-bearing loans and borrowings	535	(618)	(83)
Employee benefits	673	(5)	668
Provisions	483	(27)	456
Derivatives	33	(58)	(25)
Other items	215	(736)	(521)
Loss carry forwards	577	—	577
Gross deferred tax assets/(liabilities)	3 255	(14 903)	(11 648)
Netting by taxable entity	(1 738)	1 738	—
Net deferred tax assets/(liabilities)	1 517	(13 165)	(11 648)

The change in net deferred taxes recorded in the consolidated statement of financial position can be detailed as follows:

Million US dollar	2019	2018 restated	2017 restated
Balance at 1 January	(11 648)	(11 857)	(13 442)
Recognized in profit or loss	19	95	1 929
Recognized in other comprehensive income	109	(130)	(134)
Acquisitions through business combinations	(18)	(23)	(74)
Reclassified as held for sale	363	—	—
Other movements and effect of changes in foreign exchange rates	70	267	(136)
Balance at 31 December	(11 105)	(11 648)	(11 857)

Following the US Tax reform enacted on 22 December 2017 whereby the US Federal tax rate was reduced from 35% to 21%, the company adjusted the deferred tax liabilities set up in 2008 in line with IFRS, as part of the purchase price accounting of the combination with Anheuser Busch and certain deferred tax assets. This adjustment resulted in 1.8 billion US dollar recognized as an exceptional tax gain in 2017 – see also Note 12 – *Income Taxes*.

Most of the temporary differences are related to the fair value adjustment on intangible assets with indefinite useful lives and property, plant and equipment acquired through business combinations. The realization of such temporary differences is unlikely to revert within 12 months.

Tax losses carried forward and deductible temporary differences on which no deferred tax asset is recognized amount to 4 734m US dollar (2018: 5 280m US dollar; 2017: 4 449m US dollar). 728m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 22m US dollar, 737m US dollar and 218m US dollar expire within respectively 1, 2 and 3 years, while 3 029m US dollar have an expiration date of more than 3 years. Deferred tax assets have not been recognized on these items because it is not probable that future taxable profits will be available against which these tax losses and deductible temporary differences can be utilized and the company has no tax planning strategy currently in place to utilize these tax losses and deductible temporary differences.

19. Inventories

Million US dollar	2019	2018
Prepayments	105	123
Raw materials and consumables	2 478	2 387
Work in progress	405	363
Finished goods	1 257	1 215
Goods purchased for resale	182	146
Inventories	4 427	4 234
Inventories other than work in progress		
Inventories stated at net realizable value	171	59

The cost of inventories recognized as an expense in 2019 amounts to 20 362m US dollar, included in cost of sales (2018: 19 933m US dollar; 2017: 20 975m US dollar).

Impairment losses on inventories recognized in 2019 amount to 59m US dollar (2018: 72m US dollar; 2017: 72m US dollar).

20. Trade and other receivables

NON-CURRENT TRADE AND OTHER RECEIVABLES

Million US dollar	2019	2018
Cash deposits for guarantees	219	197
Loans to customers	58	45
Deferred collection on disposals	—	53
Tax receivable, other than income tax	166	139
Trade and other receivables	363	335
	807	769

For the nature of cash deposits for guarantees see Note 31 *Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other*.

CURRENT TRADE AND OTHER RECEIVABLES

Million US dollar	2019	2018
Trade receivables and accrued income	4 046	4 412
Interest receivable	21	19
Tax receivable, other than income tax	821	378
Loans to customers	119	143
Prepaid expenses	563	329
Other receivables	616	1 094
	6 187	6 375

The carrying amount of trade and other receivables is a good approximation of their fair value as the impact of discounting is not significant.

The ageing of the current trade receivables and accrued income, interest receivable, other receivables and current and non-current loans to customers can be detailed as follows for 2019 and 2018 respectively:

	Net carrying amount as of 31 December 2019	Of which: neither impaired nor past due on the reporting date	Of which not impaired as of the reporting date and past due			
			Less than 30 days	Between 30 and 59 days	Between 60 and 89 days	More than 90 days
Trade receivables and accrued income	4 046	3 690	261	44	44	7
Loans to customers	177	172	1	2	2	—
Interest receivable	21	21	—	—	—	—
Other receivables	616	582	9	16	5	4
	4 860	4 465	271	62	51	11

	Net carrying amount as of 31 December 2018	Of which: neither impaired nor past due on the reporting date	Of which not impaired as of the reporting date and past due			
			Less than 30 days	Between 30 and 59 days	Between 60 and 89 days	More than 90 days
Trade receivables and accrued income	4 412	4 092	239	52	20	9
Loans to customers	188	176	4	5	3	—
Interest receivable	19	19	—	—	—	—
Other receivables	1 094	1 051	13	26	4	—
	5 713	5 338	256	83	27	9

The above analysis of the age of financial assets that are past due as at the reporting date but not impaired also includes non-current loans to customers. Past due amounts were not impaired when collection is still considered likely, for instance because the amounts can be recovered from the tax authorities or AB InBev has sufficient collateral. Impairment losses on trade and other receivables recognized in 2019 amount to 51m US dollar (2018: 43m US dollar; 2017: 58m US dollar).

AB InBev's exposure to credit, currency and interest rate risks is disclosed in Note 29 *Risks arising from financial instruments*.

21. Cash and cash equivalents

Million US dollar	31 December 2019	31 December 2018
Short-term bank deposits	2 236	2 233
Cash and bank accounts	5 002	4 841
Cash and cash equivalents	7 238	7 074
Bank overdrafts	(68)	(114)
	7 169	6 960

The cash outstanding as at 31 December 2019 includes restricted cash for an amount of 78m US dollar (31 December 2018: 2m US dollar). This restricted cash relates to an outstanding consideration payable to former Anheuser-Busch shareholders that have not yet claimed the proceeds from the 2008 combination (2m US dollar) and amounts deposited on a blocked account in respect to the state aid investigation into the Belgian excess profit ruling system (76m US dollar) – see also Note 32 *Contingencies*.

22. Assets classified as held for sale, liabilities associated with assets held for sale and discontinued operations

ASSETS CLASSIFIED AS HELD FOR SALE

Million US dollar	31 December 2019	31 December 2018
Balance at the end of previous year	39	133
Reclassified to assets held for sale in the period	9 692	35
Disposals	(59)	(128)
Effect of movements in foreign exchange	341	(1)
Balance at the end of year	10 013	39

LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

Million US dollar	31 December 2019	31 December 2018
Balance at the end of previous year	—	—
Reclassified to liabilities associated with assets held for sale	1 106	—
Effect of movements in foreign exchange	39	—
Balance at the end of year	1 145	—

On 19 July 2019, AB InBev announced the agreement to divest CUB, its Australian subsidiary, to Asahi for 16.0 billion AUD (11.2 billion¹ US dollar before any price adjustments) on a cash free, debt free basis. Asahi has committed financing in place and the transaction is subject to customary closing conditions, including but not limited to regulatory approvals in Australia. The transaction is expected to close by the first half of 2020. The company will continue to manage these operations until the transaction completes.

Consequently, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, assets and liabilities associated with the Australian operations have been reclassified to assets held for sale and liabilities associated with assets held for sale. Furthermore, the results of the Australian operations are now accounted for as discontinued operations and presented in a separate line in the consolidated income statement (“profit from discontinued operations”). As required by IFRS 5, the 2018 and 2017 consolidated income statements and statements of cash flows have been restated in these consolidated financial statements.

¹ Converted into US dollars at the December 2019 closing rate of 1.423803.

ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities relating to the Australian operations have been classified as held for sale on the consolidated statement of financial position as at 31 December 2019. The relevant assets and liabilities are detailed in the table below:

Million US dollar	31 December 2019
Assets	
Property, plant and equipment	625
Goodwill and intangible assets	9 030
Other assets	310
Assets classified as held for sale	9 965
Liabilities	
Trade and other payables	659
Deferred tax liabilities	380
Other liabilities	106
Liabilities associated with assets held for sale	1 145

RESULTS FROM DISCONTINUED OPERATIONS

The following table summarizes the results of the Australian operations included in the consolidated income statements and presented as discontinued operations:

For the twelve-month period ended 31 December	2019	2018 restated	2017 restated
Million US dollar			
Revenue	1 394	1 577	1 585
Profit from operations	632	775	764
Profit from discontinued operations	424	531	532

The cumulative foreign exchange differences arising from translation of the consolidated net assets of Australian operations to the presentation currency will be recycled upon the disposal of the subsidiary. The cumulative other comprehensive income / (loss) attributable to the Australian operations amounted to (426)m US dollar as of 31 December 2019.

CASH FLOW FROM DISCONTINUED OPERATIONS

Cash flows attributable to the operating, investing and financing activities of the Australian operations are summarized as follows:

For the twelve-month period ended 31 December	2019	2018 restated	2017 restated
Million US dollar			
Cash flow from operating activities	640	883	858
Cash flow from investing activities	(77)	(109)	(10)
Cash flow from financing activities	(24)	(19)	(21)
Net increase in cash and cash equivalents	539	755	827

23. Changes in equity and earnings per share

STATEMENT OF CAPITAL

The tables below summarize the changes in issued capital and treasury shares during 2019:

Issued capital	Issued capital	
	Million shares	Million US dollar
At the end of the previous year	2 019	1 736
Changes during the period	—	—
	2 019	1 736
Of which:		
Ordinary shares	1 693	
Restricted shares	326	

Treasury shares	Treasury shares		Result on the use of treasury shares
	Million shares	Million US dollar	Million US dollar
At the end of the previous year	62.5	(6 549)	(2 383)
Changes during the period	(2.7)	279	(173)
	59.9	(6 270)	(2 556)

As at 31 December 2019, the share capital of AB InBev amounts to 1 238 608 344.12 euro (1 736 million US dollar). It is represented by 2 019 241 973 shares without nominal value, of which 59 862 847 are held in treasury by AB InBev and its subsidiaries. All shares are ordinary shares, except for 325 999 817 restricted shares. As at 31 December 2019, the total of authorized, un-issued capital amounts to 37m euro.

The treasury shares held by the company are reported in equity in Treasury shares.

The holders of ordinary and restricted shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. In respect of the company's shares that are held by AB InBev, rights are suspended.

The restricted shares are unlisted, not admitted to trading on any stock exchange, and are subject to, among other things, restrictions on transfer until converted into new ordinary shares. The restricted 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 of the SAB combination. From completion of the SAB combination, such restricted shares will rank equally with the ordinary shares with respect to dividends and voting rights.

The shareholders' structure is based on the notifications made to the company pursuant to the Belgian Law of 02 May 2007, which governs the disclosure of significant shareholdings in listed companies. It is included in the *Corporate Governance* section of AB InBev's annual report.

CHANGES IN OWNERSHIP INTERESTS

In compliance with IFRS 10, the acquisition or disposal of additional shares in a subsidiary is accounted for as an equity transaction with owners.

On 30 September 2019, the initial public offering (the "IPO") of a minority stake in Budweiser Brewing Company APAC Limited, AB InBev's Asia Pacific subsidiary, was completed and Budweiser APAC commenced the listing of its shares on the Hong Kong Stock Exchange. In addition, on 3 October 2019, the over-allotment option in connection with the IPO of Budweiser APAC was fully exercised by the international underwriters.

The final number of shares issued in the IPO was 1 669 459 000 shares comprising of 72 586 000 shares issued under the Hong Kong public offering, 1 379 118 000 shares placed under the international offering, and 217 755 000 shares issued under the over-allotment option fully exercised by the international underwriters.

Following the completion of the IPO and after the exercise of the over-allotment option, AB InBev retained an 87.22% controlling interest of the issued share capital of Budweiser APAC. As presented in the consolidated statement of changes in equity, the transaction resulted in a 4.4 billion US dollar increase in equity and a 1.2 billion US dollar increase in non-controlling interest representing 12.78% of the net assets of Budweiser APAC.

The net proceeds of the offering (after deducting the underwriting commissions and other expenses in connection with the IPO and the issuance of the new shares) amount to 5.6 billion US dollar and were used to repay debt of AB InBev.

ACQUISITIONS AND DISPOSALS OF OWN SHARES (REPORT ACCORDING TO ARTICLE 7:220 OF THE BELGIAN COMPANIES CODE OF COMPANIES AND ASSOCIATIONS) AND BORROWINGS OF OWN SHARES– PURCHASE OF OWN SHARES

During 2019, the company has not acquired any treasury shares in accordance with article 7:215 of the Belgian Code of Companies and Associations (former article 620 of the Belgian Companies Code) and has proceeded with the following disposals of its own shares.

Treasury shares

The company has used 2 664 658 treasury shares to reimburse stock lending arrangements. As a result, as at 31 December 2019, the group owned 59 862 847 own shares of which 42 158 420 were held directly by AB InBev. The par value of the share is 0.61 euro. As a consequence, the treasury shares used to reimburse stock lending arrangements during 2019 represented 1 826 021 US dollar (1 625 441 euro) of the subscribed capital and the shares that the company still owned at the end of 2019 represented 41 022 453 US dollar (36 516 337 euro) of the subscribed capital.

Borrowed shares

In order to fulfill AB InBev's commitments under various outstanding stock option plans, during the course of 2019, the company had stock lending arrangements in place for up to 32 664 658 shares, of which 31 601 230 shares were used to fulfil stock option plan commitments during 2019. As at 31 December 2019, given the repayment of 2 664 658 shares, the balance of borrowed shares still to be repaid amounted to 30 million. On such date, an amount of 1 063 428 borrowed shares remained available for further use. The company shall pay any dividend equivalent after tax in respect of such borrowed shares. This payment will be reported through equity as dividend.

DIVIDENDS

On 24 October 2019, an interim dividend of 0.80 euro per share or approximately 1 588m euro was approved by the Board of Directors. This interim dividend was paid out on 21 November 2019. On 26 February 2020, in addition to the interim dividend paid on 21 November 2019, a dividend of 1 euro per share or 1 998m euro was proposed by the Board of Directors, reflecting a total dividend payment for the 2019 fiscal year of 1.80 euro per share or 3 586m euro.

On 24 October 2018, an interim dividend of 0.80 euro per share or approximately 1 565m euro was approved by the Board of Directors. This interim dividend was paid out on 29 November 2018. On 24 April 2019, in addition to the interim dividend paid on 29 November 2018, a dividend of 1.00 euro per share (or 1 978m euro) was approved at the shareholder' meeting, reflecting a total dividend payment for the 2018 fiscal year of 1.80 euro per share (or 3 557m euro). The dividend was paid out on 9 May 2019.

On 25 October 2017, an interim dividend of 1.60 euro per share or 3 089m euro was approved by the Board of Directors. This interim dividend was paid out on 16 November 2017. On 25 April 2018, in addition to the interim dividend paid on 16 November 2017, a dividend of 2.00 euro per share or 3 867m euro was approved at the shareholders meeting, reflecting a total dividend payment for 2017 fiscal year of 3.60 euro per share (or 6 956m euro). The dividend was paid out on 3 May 2018.

TRANSLATION RESERVES

The translation reserves comprise all foreign currency exchange differences arising from the translation of the financial statements of foreign operations. The translation reserves also comprise the portion of the gain or loss on the foreign currency liabilities and on the derivative financial instruments determined to be effective net investment.

HEDGING RESERVES

The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent that the hedged risk has not yet impacted profit or loss.

TRANSFERS FROM SUBSIDIARIES

The amount of dividends payable to AB InBev by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. Capital transfer restrictions are also common in certain emerging market countries, and may affect AB InBev's flexibility in implementing a capital structure it believes to be efficient. As at 31 December 2019, the restrictions above mentioned were not deemed significant on the company's ability to access or use the assets or settle the liabilities of its operating subsidiaries.

Dividends paid to AB InBev by certain of its subsidiaries are also subject to withholding taxes. Withholding taxes, if applicable, generally do not exceed 15%.

DEFERRED SHARE INSTRUMENT

In a transaction related to the combination with Grupo Modelo, selected Grupo Modelo shareholders committed, upon tender of their Grupo Modelo shares, to acquire 23 076 922 AB InBev shares to be delivered within 5 years for a consideration of approximately 1.5 billion US dollar. The consideration was paid on 5 June 2013.

On 21 May 2018, AB InBev delivered the shares that were due under the deferred share instruments through the use of AB InBev treasury shares.

Until the delivery of the AB InBev shares, AB InBev paid a coupon on each undelivered AB InBev share, so that the Deferred Share Instrument holders were compensated on an after-tax basis, for dividends they would have received had the AB InBev shares been delivered to them prior to the record date for such dividend.

The deferred share instrument was classified as an equity instrument, in line with IAS 32, because the number of shares and consideration received are fixed. The coupon to compensate for the dividend equivalent is reported through equity. On 3 May 2018, the company paid a coupon of 2.00 euro per share (approximately 56m US dollar).

OTHER COMPREHENSIVE INCOME RESERVES

The changes in the other comprehensive income reserves are as follows:

Million US dollar	Translation Reserves	Hedging reserves	Post-employment benefits	Total OCI Reserves
As per 1 January 2019	(21 079)	494	(1 567)	(22 152)
Other comprehensive income				
Exchange differences on translation of foreign operations (gains/ (losses))	1 143	—	—	1 143
Cash flow hedges	—	(97)	—	(97)
Re-measurements of post-employment benefits	—	—	(173)	(173)
Total comprehensive income	1 143	(97)	(173)	873
As per 31 December 2019	(19 936)	397	(1 740)	(21 279)
Million US dollar	Translation Reserves	Hedging reserves	Post-employment benefits	Total OCI Reserves
As per 1 January 2018	(13 705)	586	(1 665)	(14 784)
Other comprehensive income				
Exchange differences on translation of foreign operations (gains/ (losses))	(7 374)	—	—	(7 374)
Cash flow hedges	—	(92)	—	(92)

Re-measurements of post-employment benefits	—	—	98	98
Total comprehensive income	(7 374)	(92)	98	(7 368)
As per 31 December 2018	(21 079)	494	(1 567)	(22 152)

Million US dollar	Translation Reserves	Hedging reserves	Post-employment benefits	Total OCI Reserves
As per 1 January 2017	(14 758)	744	(1 612)	(15 626)
Other comprehensive income				
Exchange differences on translation of foreign operations (gains/ (losses))	1 053	—	—	1 053
Cash flow hedges	—	(158)	—	(158)
Re-measurements of post-employment benefits	—	—	(53)	(53)
Total comprehensive income	1 053	(158)	(53)	842
As per 31 December 2017	(13 705)	586	(1 665)	(14 784)

EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2019 is based on the profit attributable to the equity holders of AB InBev of 9 171m US dollar (31 December 2018: 4 370m US dollar; 31 December 2017: 7 990m US dollar) and a weighted average number of ordinary and restricted shares outstanding (including deferred share instruments and stock lending) per end of the period, calculated as follows:

Million shares	2019	2018	2017
Issued ordinary and restricted shares at 1 January, net of treasury shares	1 957	1 934	1 934
Effect of stock lending	25	18	14
Effect of undelivered shares under the deferred share instrument	—	9	23
Effect of delivery of treasury shares	2	14	—
Weighted average number of ordinary and restricted shares at 31 December	1 984	1 975	1 971

The calculation of diluted earnings per share for the year ended 31 December 2019 is based on the profit attributable to the equity holders of AB InBev of 9 171m US dollar (31 December 2018: 4 370m US dollar; 31 December 2017: 7 990m US dollar) and the weighted average number of ordinary and restricted shares (diluted) outstanding (including deferred share instruments and stock lending) at the end of the period, calculated as follows:

Million shares	2019	2018	2017
Weighted average number of ordinary and restricted shares at 31 December	1 984	1 975	1 971
Effect of share options, warrants and restricted stock units	42	36	39
Weighted average number of ordinary and restricted shares (diluted) at 31 December	2 026	2 011	2 010

The calculation of earnings per share before exceptional items and discontinued operations is based on the profit from continuing operations attributable to equity holders of AB InBev. A reconciliation of the profit before exceptional items and discontinued operations, attributable to equity holders of AB InBev to the profit attributable to equity holders of AB InBev is calculated as follows:

Million US dollar	2019	2018 restated	2017 restated
Profit before exceptional items and discontinued operations, attributable to equity holders of AB InBev	8 086	6 248	7 392
Exceptional items, before taxes (refer to Note 8)	(323)	(692)	(609)
Exceptional finance income/(cost), before taxes (refer to Note 8)	882	(1 982)	(693)
Exceptional taxes (refer to Note 8)	(6)	233	814
Exceptional non-controlling interest (refer to Note 8)	108	32	526
Profit from discontinued operations	424	531	560
Profit attributable to equity holders of AB InBev	9 171	4 370	7 990

The calculation of the Underlying EPS¹ is based on the profit before exceptional items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts attributable to equity holders of AB InBev. A reconciliation of the profit before exceptional items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev to the profit before exceptional items and discontinued operations, attributable to equity holders of AB InBev, is calculated as follows:

Million US dollar	2019	2018 restated	2017 restated
Profit before exceptional items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev	7 196	8 099	7 683
Mark-to-market (losses)/gains on certain derivatives related to the hedging of share-based payment programs (refer to Note 11)	898	(1 774)	(291)
Hyperinflation impacts	(7)	(77)	—
Profit before exceptional items and discontinued operations, attributable to equity holders of AB InBev	8 086	6 248	7 392

The table below sets out the EPS calculation:

Million US dollar	2019	2018 restated	2017 restated
Profit attributable to equity holders of AB InBev	9 171	4 370	7 990
Weighted average number of ordinary and restricted shares	1 984	1 975	1 971
Basic EPS from continuing and discontinued operations	4.62	2.21	4.05
Profit from continuing operations attributable to equity holders of AB InBev	8 748	3 839	7 430
Weighted average number of ordinary and restricted shares	1 984	1 975	1 971
Basic EPS from continuing operations	4.41	1.94	3.77
Profit from continuing operations before exceptional items and discontinued operations, attributable to equity holders of AB InBev	8 086	6 248	7 392
Weighted average number of ordinary and restricted shares	1 984	1 975	1 971
Basic EPS from continuing operations before exceptional items	4.08	3.16	3.75
Profit before exceptional items, discontinued operations, mark-to-market gains/losses and hyperinflation impacts, attributable to equity holders of AB InBev	7 196	8 099	7 683
Weighted average number of ordinary and restricted shares	1 984	1 975	1 971
Underlying EPS	3.63	4.10	3.90
Profit attributable to equity holders of AB InBev	9 171	4 370	7 990
Weighted average number of ordinary and restricted shares (diluted)	2 026	2 011	2 010
Diluted EPS from continuing and discontinued operations	4.53	2.17	3.98
Profit from continuing operations attributable to equity holders of AB InBev	8 748	3 839	7 430
Weighted average number of ordinary and restricted shares (diluted)	2 026	2 011	2 010
Diluted EPS from continuing operations	4.32	1.91	3.70
Profit from continuing operations before exceptional items, attributable to equity holders of AB InBev	8 086	6 248	7 392
Weighted average number of ordinary and restricted shares (diluted)	2 026	2 011	2 010
Diluted EPS from continuing operations before exceptional items	3.99	3.11	3.68

The average market value of the company's shares for purposes of calculating the dilutive effect of share options and restricted stock units was based on quoted market prices for the period that the options and restricted stock units were outstanding. 59m share options were anti-dilutive and not included in the calculation of the dilutive effect as at 31 December 2019 (31 December 2018: 63m share options; 31 December 2017: 5m US dollar).

¹ See glossary.

24. Interest-bearing loans and borrowings

This note provides information about the company's interest-bearing loans and borrowings. For more information about the company's exposure to interest rate and foreign exposure currency risk—refer to Note 29 *Risks arising from financial instruments*.

Non-current liabilities		31 December 2018
Million US dollar	31 December 2019	restated
Secured bank loans	71	109
Unsecured bank loans	50	86
Unsecured bond issues	95 674	105 170
Unsecured other loans	77	57
Lease liabilities	1 692	1 575
Non-current interest-bearing loans and borrowings	97 564	106 997

Current liabilities		31 December 2018
Million US dollar	31 December 2019	restated
Secured bank loans	790	370
Commercial papers	1 599	1 142
Unsecured bank loans	135	22
Unsecured bond issues	2 532	2 626
Unsecured other loans	20	14
Lease liabilities	333	410
Current interest-bearing loans and borrowings	5 410	4 584

The current and non-current interest-bearing loans and borrowings amount to 103.0 billion US dollar as of 31 December 2019, compared to 111.6 billion US dollar as of 31 December 2018.

Commercial papers amount to 1.6 billion US dollar as of 31 December 2019 and include programs in US dollar and euro with a total authorized issuance up to 5.0 billion US dollar and 3.0 billion euro, respectively.

During 2019, Anheuser-Busch InBev Worldwide Inc. (ABIWW) and Anheuser-Busch InBev NV/SA (ABISA) completed the issuance of the following series of bonds:

Issue date	Issuer (abbreviated)	Maturity date	Currency	Aggregate principal amount (in millions)	Interest rate
23 Jan 2019	ABIWW	23 Jan 2025	USD	2 500	4.150%
23 Jan 2019	ABIWW	23 Jan 2029	USD	4 250	4.750%
23 Jan 2019	ABIWW	23 Jan 2031	USD	750	4.900%
23 Jan 2019	ABIWW	23 Jan 2039	USD	2 000	5.450%
23 Jan 2019	ABIWW	23 Jan 2049	USD	4 000	5.550%
23 Jan 2019	ABIWW	23 Jan 2059	USD	2 000	5.800%
29 Mar 2019	ABISA	1 Jul 2027	EUR	1 250	1.125%
29 Mar 2019	ABISA	28 Mar 2031	EUR	1 000	1.650%

On 11 February 2019, the company completed the tender offers of twelve series of notes issued by Anheuser-Busch InBev Finance Inc. (ABIFI), Anheuser-Busch Companies LLC (ABC) and Anheuser-Busch InBev Worldwide Inc. (ABIWW) and repurchased 16.3 billion US dollar aggregate principal amount of these notes. The total principal amount accepted in the tender offers is set out in the table below.

Date of redemption	Issuer (abbreviated)	Title of series of notes issued/exchanged	Currency	Original principal amount outstanding (in million US dollar)	Principal amount redeemed (in million US dollar)
11 Feb 2019	ABIFI	2.650% Notes due 2021	USD	4 968	2 519
11 Feb 2019	ABIFI	Floating Rate Notes due 2021	USD	500	189
11 Feb 2019	ABIWW	4.375% Notes due 2021	USD	500	215
11 Feb 2019	ABIWW	3.750% Notes due 2022	USD	2 350	1 101
11 Feb 2019	ABIWW	2.500% Notes due 2022	USD	3 000	1 296
11 Feb 2019	ABIFI	2.625% Notes due 2023	USD	1 250	607
11 Feb 2019	ABIFI	3.300% Notes due 2023	USD	6 000	2 886
11 Feb 2019	ABIWW	Floating Rate Notes due 2024	USD	500	271
11 Feb 2019	ABIWW	3.500% Notes due 2024	USD	1 500	846
11 Feb 2019	ABIFI	3.700% Notes due 2024	USD	1 400	535
11 Feb 2019	ABIFI	3.650% Notes due 2026	USD	2 445	812
11 Feb 2019	ABC	3.650% Notes due 2026	USD	8 555	5 064

Furthermore, in 2019, the company redeemed the outstanding principal amounts indicated in the table below of the following series of notes issued by Anheuser-Busch InBev NV/SA (ABISA), Anheuser-Busch InBev Finance Inc. (ABIFI) and Anheuser-Busch InBev Worldwide Inc. (ABIWW):

Date of redemption	Issuer (abbreviated)	Title of series of notes issued/exchanged	Currency	Aggregate principal amount outstanding (in millions)	Principal amount redeemed (in millions)
25 Apr 2019	ABISA	2.25% Notes due 2020	EUR	750	750
25 Apr 2019	ABIWW	3.750% Notes due 2022	USD	1 249	1 249
25 Apr 2019	ABIFI	3.300% Notes due 2023	USD	3 114	315
29 Oct 2019	ABISA	0.625% Notes due 2020	EUR	1 750	1 750
29 Oct 2019	ABIFI	2.650% Notes due 2021	USD	2 449	2 449
29 Oct 2019	ABIWW	2.500% Notes due 2022	USD	1 704	525
12 Nov 2019	ABIWW	2.500% Notes due 2022	USD	1 179	725

Terms and debt repayment schedule at 31 December 2019

Million US dollar	Total	1 year or less	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	861	790	14	14	16	27
Commercial papers	1 599	1 599	—	—	—	—
Unsecured bank loans	185	135	50	—	—	—
Unsecured bond issues	98 206	2 532	2 506	2 760	11 435	78 973
Unsecured other loans	98	21	13	8	4	52
Lease liabilities	2 025	333	290	198	225	979
	102 974	5 410	2 873	2 980	11 680	80 031

Terms and debt repayment schedule at 31 December 2018

Million US dollar (restated)	Total	1 year or less	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	479	370	38	14	26	31
Commercial papers	1 142	1 142	—	—	—	—
Unsecured bank loans	108	22	—	86	—	—
Unsecured bond issues	107 796	2 626	5 259	8 039	17 180	74 692
Unsecured other loans	71	14	18	7	9	23
Lease liabilities	1 985	410	312	255	357	650
	111 581	4 584	5 627	8 401	17 572	75 396

Lease liabilities

Million US dollar	2019 Payments	2019 Interests	2019 Principal	2018 Payments restated	2018 Interests restated	2018 Principal restated
Less than one year	404	71	333	508	98	410
Between one and two years	350	60	290	391	79	312
Between two and three years	243	45	198	325	70	255
Between three and five years	285	60	225	467	110	357
More than 5 years	1 056	77	979	900	250	650
	2 338	313	2 025	2 591	606	1 985

Net debt is defined as non-current and current interest-bearing loans and borrowings and bank overdrafts minus debt securities and cash and cash equivalents. Net debt is a financial performance indicator that is used by AB InBev's management to highlight changes in the company's overall liquidity position. The company believes that net debt is meaningful for investors because it is one of the primary measures that AB InBev's management uses when evaluating its progress towards deleveraging.

AB InBev's net debt decreased to 95.5 billion US dollar as of 31 December 2019, from 104.2 billion US dollar as of 31 December 2018 after restatement for adoption of IFRS 16 on lease accounting and inclusion of the lease liability. Aside from operating results that are net of capital expenditures, the net debt is impacted mainly by the payment of interests and taxes (7.1 billion US dollar), the settlement of derivatives (0.8 billion US dollar increase of net debt), dividend payments to AB InBev's shareholders (5.0 billion US dollar), foreign exchange impact on debt (0.4 billion US dollar) and the proceeds of the IPO of AB InBev's Asia Pacific subsidiary (5.6 billion US dollar proceeds net of expenses).

The following table provides a reconciliation of AB InBev's net debt as at 31 December:

Million US dollar	31 December 2019	31 December 2018 restated
Non-current interest-bearing loans and borrowings	97 564	106 997
Current interest-bearing loans and borrowings	5 410	4 584
Interest-bearing loans and borrowings	102 974	111 581
Bank overdrafts	68	114
Cash and cash equivalents	(7 238)	(7 074)
Interest bearing loans granted and other deposits (included within Trade and other receivables)	(146)	(268)
Debt securities (included within Investment securities)	(117)	(111)
Net debt	95 542	104 242

Reconciliation of liabilities arising from financing activities

The table below details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the company's consolidated cash flow statement from financing activities.

Million US dollar	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt
Balance at 1 January 2019	106 997	4 584
Proceeds from borrowings	17 939	4 645
Payments on borrowings	(22 339)	(8 253)
Capitalization / (payment) of lease liabilities	420	(441)
Amortized cost	75	13
Unrealized foreign exchange effects	(538)	(39)
Current portion of long-term debt	(4 769)	4 769
Liabilities associated with assets held for sale	(69)	(15)
Other movements	(152)	147
Balance at 31 December 2019	97 564	5 410

Million US dollar (restated)	Long-term debt, net of current portion	Short-term debt and current portion of long-term debt
Balance at 1 January 2018	110 637	7 846
Proceeds from borrowings	15 111	2 672
Payments on borrowings	(13 925)	(8 564)
Capitalization / (payment) of lease liabilities	215	(423)
Amortized cost	47	17
Unrealized foreign exchange effects	(1 951)	(316)
Current portion of long-term debt	(3 114)	3 114
Other movements	(22)	238
Balance at 31 December 2018	106 997	4 584

25. Employee benefits

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

DEFINED CONTRIBUTION PLANS

For defined contribution plans, AB InBev pays contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the group has no further payment obligation. The regular contributions constitute an expense for the year in which they are due. For 2019, contributions paid into defined contribution plans for the company amounted to 101m US dollar compared to 109m US dollar for 2018 and 107m US dollar for 2017.

DEFINED BENEFIT PLANS

During 2019, the company contributed to 82 defined benefit plans, of which 61 are retirement or leaving service plans, 17 are medical cost plans and 4 other long-term employee benefit plans. Most plans provide retirement and leaving service benefits related to pay and years of service. In many of the countries the plans are partially funded. When plans are funded, the assets are held in legally separate funds set up in accordance with applicable legal requirements and common practice in each country. The medical cost plans in Brazil, Canada, Colombia, South Africa and US provide medical benefits to employees and their families after retirement. Many of the defined benefit plans are closed to new entrants.

The present value of funded obligations includes a 161m US dollar liability related to two medical plans in Brazil, for which the benefits are provided through the Fundação Antonio Helena Zerrenner ("FAHZ"). The FAHZ is a legally distinct entity which provides medical, dental, educational and social assistance to current and retired employees of Ambev. On 31 December 2019, the actuarial liabilities related to the benefits provided by the FAHZ are fully offset by an equivalent amount of assets existing in the fund. The net liability recognized in the balance sheet is nil.

The employee benefit net liability amounts to 2 834m US dollar as of 31 December 2019 compared to 2 665m US dollar as of 31 December 2018. In 2019, the fair value of the plan assets increased by 383m US dollar and the defined benefit obligations increased by 575m US dollar. The increase in the employee benefit net liability is mainly driven by decreases in discount rates and unfavorable foreign exchange movements.

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

Million US dollar	2019	2018
Present value of funded obligations	(7 333)	(6 762)
Fair value of plan assets	5 442	5 059
Present value of net obligations for funded plans	(1 891)	(1 703)
Present value of unfunded obligations	(810)	(806)
Present value of net obligations	(2 701)	(2 509)
Unrecognized asset	(74)	(77)
Net liability	(2 775)	(2 586)
Other long-term employee benefits	(59)	(79)
Total employee benefits	(2 834)	(2 665)
Employee benefits amounts in the balance sheet:		
Liabilities	(2 848)	(2 681)
Assets	14	16
Net liability	(2 834)	(2 665)

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

Million US dollar	2019	2018	2017
Defined benefit obligation at 1 January	(7 568)	(8 410)	(7 952)
Current service costs	(67)	(72)	(74)
Interest cost	(326)	(322)	(340)
Past service gain/(cost)	(9)	(3)	17
Settlements	109	45	6
Benefits paid	596	493	502
Contribution by plan participants	(2)	(3)	(4)
Actuarial gains/(losses) – demographic assumptions	61	27	24
Actuarial gains/(losses) – financial assumptions	(912)	350	(264)
Experience adjustments	29	14	(21)
Exchange differences	(86)	313	(343)
Transfers and other movements	32	—	39
Defined benefit obligation at 31 December	(8 143)	(7 568)	(8 410)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately 1.7 billion US dollar relating to active employees, 1.7 billion US dollar relating to deferred members and 4.8 billion US dollar relating to members in retirement.

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

Million US dollar	2019	2018	2017
Fair value of plan assets at 1 January	5 059	5 623	5 177
Interest income	218	225	239
Administration costs	(23)	(14)	(22)
Return on plan assets exceeding interest income	579	(333)	233
Contributions by AB InBev	294	307	315
Contributions by plan participants	2	3	4
Benefits paid net of administration costs	(596)	(493)	(502)
Assets distributed on settlements	(107)	(45)	(7)
Exchange differences	46	(214)	214
Transfers and other movements	(30)	—	(28)
Fair value of plan assets at 31 December	5 442	5 059	5 623

Actual return on plans assets amounted to a gain of 797m US dollar in 2019 compared to a loss of 108m US dollar in 2018.

The changes in the unrecognized asset are as follows:

Million US dollar	2019	2018	2017
Irrecoverable surplus impact at 1 January	(77)	(111)	(168)
Interest expense	(7)	(10)	(17)
Changes excluding amounts included in interest expense	9	44	74
Irrecoverable surplus impact at 31 December	(74)	(77)	(111)

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

Million US dollar	2019	2018	2017
Current service costs	(67)	(72)	(74)
Administration costs	(23)	(14)	(22)
Past service cost due to plan amendments and curtailments	66	(3)	17
(Losses)/gains due to experience and demographic assumption changes	1	3	3
Profit from operations	(23)	(86)	(76)
Net finance cost	(114)	(107)	(120)
Total employee benefit expense	(137)	(193)	(196)

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

Million US dollar	2019	2018	2017
Cost of sales	(17)	(26)	(24)
Distribution expenses	(5)	(11)	(10)
Sales and marketing expenses	(4)	(16)	(15)
Administrative expenses	3	(28)	(29)
Other operating (expense)/income	—	(6)	(4)
Exceptional items	—	1	6
Net finance cost	(114)	(107)	(120)
	(137)	(193)	(196)

Weighted average assumptions used in computing the benefit obligations of the company's significant plans at the balance sheet date are as follows:

	2019					
	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	3.3%	3.1%	7.5%	7.2%	2.0%	3.3%
Price inflation	2.5%	2.0%	3.5%	3.8%	3.1%	2.7%
Future salary increases	—	1.0%	4.3%	7.4%-5.4%	—	3.8%
Future pension increases	—	2.0%	3.5%	3.8%	2.9%	2.7%
Medical cost trend rate	6.5%-4.5%	4.5%	—	7.4%	—	6.6%-6.1%
Life expectation for a 65 year old male	85	87	82	85	87	85
Life expectation for a 65 year old female	87	89	85	88	89	87

	2018					
	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	4.3%	3.9%	9.0%	8.9%	2.8%	4.3%
Price inflation	2.5%	2.0%	3.5%	4.0%	3.4%	2.7%
Future salary increases	—	1.0%	4.3%	7.6%-5.6%	—	3.8%
Future pension increases	—	2.0%	3.5%	4.0%	3.0%	2.8%
Medical cost trend rate	6.5%-4.5%	4.5%	—	7.6%	—	6.8%-6.0%
Life expectation for a 65 year old male	85	87	82	85	87	85
Life expectation for a 65 year old female	87	89	85	88	89	87

Through its defined benefit pension plans and post-employment medical plans, the company is exposed to a number of risks, the most significant are detailed below:

INVESTMENT STRATEGY

In case of funded plans, the company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligation.

ASSET VOLATILITY

In general, the company's funded plans are invested in a combination of equities and bonds, generating high but volatile returns from equities and at the same time stable and liability-matching returns from bonds. As the plans mature, the company usually reduces the level of investment risk by investing more in assets that better match the liabilities. Since 2015, the company started the implementation of a pension de-risking strategy to reduce the risk profile of certain plans by reducing gradually the current exposure to equities and shifting those assets to fixed income securities.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

INFLATION RISK

Some of the company's pension obligations, mainly in the UK, are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation could potentially increase the company's net benefit obligation.

LIFE EXPECTANCY

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

The weighted average duration of the defined benefit obligation is 13.8 years (2018: 13.3 years; 2017: 13.8 years).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Million US dollar	2019		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	(523)	565
Price inflation	0.5%	171	(182)
Future salary increase	0.5%	32	(30)
Medical cost trend rate	1.0%	45	(39)
Longevity	One year	251	(252)

The above are purely hypothetical changes in individual assumptions holding all other assumptions constant: economic conditions and changes therein will often affect multiple assumptions at the same time and the effects of changes in key assumptions are not linear.

Sensitivities are reasonably possible changes in assumptions and they are calculated using the same approach as was used to determine the defined benefit obligation. Therefore, the above information is not necessarily a reasonable representation of future results.

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

	2019			2018		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Government bonds	33%	—	33%	32%	—	32%
Corporate bonds	35%	—	35%	36%	—	36%
Equity instruments	23%	—	23%	22%	—	22%
Property	—	4%	4%	—	4%	4%
Insurance contracts and others	4%	1%	5%	4%	2%	6%
	95%	5%	100%	94%	6%	100%

AB InBev expects to contribute approximately 325m US dollar for its funded defined benefit plans and 81m US dollar in benefit payments to its unfunded defined benefit plans and post-retirement medical plans in 2020.

26. Share-based payments¹

Different share and share option programs allow the company's senior management and members of the board of directors to receive or acquire shares of AB InBev or Ambev. AB InBev has three primary share-based compensation plans, the share-based compensation plan ("Share-Based Compensation Plan"), the long-term restricted stock unit plan for directors ("Restricted Stock Units Plan for Directors"), and the long-term incentive stock-option plan for executives ("LTI Stock Option Plan Executives"). For all option plans, the fair value of share-based payment compensation is estimated at the grant date, using a binomial Hull model, which has been modified to reflect the IFRS 2 share-based payment requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of the option. All of the company's share-based payment plans are equity-settled.

Share-based payment transactions resulted in a total expense of 340m US dollar for the year 2019, as compared to 353m US dollar for the year 2018 and 348m US dollar for 2017.

AB INBEV SHARE-BASED COMPENSATION PROGRAMS

Share-Based Compensation Plan

As from 1 January 2010, the structure of the Share-Based Compensation Plan for certain executives in the general headquarters, has been modified. From 1 January 2011, the new plan structure applies to all other senior management. Under this plan, members of the Executive Committee and other senior employees receive their bonus in cash but have the choice to invest some or all of the value of their bonus in AB InBev shares with a five-year vesting period, referred to as bonus shares. Such voluntary investment leads to a 10% discount to the market price of the shares. The company also matches such voluntary investment by granting three matching shares for each bonus share voluntarily invested in, up to a limited total percentage of each participant's bonus. The percentage of the variable compensation that is entitled to get matching shares varies depending on the position of the executive. The matching is based on the gross amount of the variable compensation invested. The discount shares and matching shares are granted in the form of restricted stock units which have a five-year vesting period. Additionally, the holders of the restricted stock units may be entitled to receive from AB InBev additional restricted stock units equal to the dividends declared since the restricted stock units were granted.

During 2019, AB InBev issued 1.6m of matching restricted stock units in relation to bonus granted to company employees and management (2018: 1.5m of matching restricted stock units). These matching restricted stock units are valued at the share price at the grant date, and representing a fair value of approximately 153m US dollar and cliff vest after five years (2018: 158m US dollar).

Restricted Stock Units Plan for Directors

Since the annual shareholder meeting of 24 April 2019, the share-based portion of the remuneration of the directors of the company has been granted in the form of restricted stock units and will no longer be granted in the form of stock options as was previously the case. Such restricted stock units vest after 5 years and, upon vesting, entitle their holders to one AB InBev share per restricted stock unit.

During 2019, approximately 0.1m restricted stock units were granted to directors with an estimated fair value of 4m US dollar.

LTI Stock Option Plan for Executives

As from 1 July 2009, senior employees are eligible for an annual long-term incentive to be paid out in LTI stock options (or, in future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential.

During 2019, AB InBev issued 8.1m LTI stock options with an estimated fair value of 91m US dollar (2018: 7.2m LTI stock options with an estimated fair value of 102m US dollar). Out of these, 0.4m stock options were granted to members of the Executive Committee.

Performance related incentive plan for Disruptive Growth Function (ZX Ventures)

In 2016 the company implemented a new performance related incentive plan which substitutes the long-term incentive stock option plan for executives of the Disruptive Growth Function. This function was created in 2015 to accelerate new business development opportunities, focusing on initiatives such as e.g. e-commerce, adjacencies, mobile, craft and branded experiences such as brew pubs.

During 2019, approximately 3.8m performance units were granted to senior management of the Disruptive Growth Function (2018: 2.7m performance units). The value of the performance units will depend on the return of the Disruptive Growth business area.

These units vest after 5 years provided that a performance test is met. Specific forfeiture rules apply in the event that the executive leaves the company.

Other Grants

AB InBev has in place three specific long-term incentive programs.

One program allows for the offer of restricted stock units to certain employees in certain specific circumstances, at the discretion of the CEO, e.g. as a special retention incentive or to compensate for assignments of expatriates in countries with difficult living conditions. The restricted stock units vest after five years and in the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. In 2019, 0.9m restricted stock units with an estimated fair value of 74m US dollar were granted under this program to a selected number of employees (2018: 2.3m restricted stock units with an estimated fair value of 184m US dollar).

A second program allows for the exceptional offer of restricted stock units to certain employees at the discretion of the Remuneration Committee of AB InBev, in order to provide a long-term retention incentive for key employees of the company. Employees eligible to receive a grant under this program receive two series of restricted stock units, with the first series of the restricted stock units vesting after five years, and the second series vesting after ten years. Alternatively, under this program, the restricted stock units may be granted with a shorter vesting period of 2.5 to 3 years for the first series and 5 years for the second series of the restricted stock units. In the event that an employee's service is terminated before the vesting date, special forfeiture rules apply. As of 2017, instead of restricted stock units, stock options may be granted under the program with similar vesting and forfeiture rules. Each option gives the grantee the right to purchase one existing AB InBev share. During 2019, approximately 0.1m restricted stock units were granted with an estimated fair value of 2m US dollar (2018: 0.4m stock options with an estimated fair value of 35m US dollar).

¹ Amounts have been converted to US dollar at the average rate of the period, unless otherwise indicated.

A third program allows certain employees to purchase company shares at a discount and is aimed at providing a long-term retention incentive for (i) high-potential employees of the company, who are at a mid-manager level (“People bet share purchase program”) or (ii) newly hired employees. The voluntary investment in company shares leads to the grant of an amount of matching restricted stock units or stock options which vest after 5 years. In the event that an employee’s service is terminated before the vesting date, special forfeiture rules apply. In 2019, employees purchased 0.1m shares under this program for the equivalent of 1m US dollar (2018: 0.1m shares for the equivalent of 1m US dollar).

In 2018, a new program was implemented allowing for the offer of performance based restricted stock units (“Performance RSUs”) to certain members of the company’s senior management. Upon vesting, each RSU gives the executive the right to receive one existing AB InBev share. The Performance RSUs can have a vesting period of 5 years or of 10 years. The shares resulting from the vesting of the Performance RSUs will only be delivered provided a performance test is met by the company. This performance test is based on an organic EBITDA compounded annual growth rate target which must be achieved by 31 December 2024 at the latest. Specific forfeiture rules apply if the employee leaves the company before the performance test is achieved or the vesting date. In 2019, no new Performance RSUs were granted under this program (2018: 0.5 m shares for the equivalent of 46m US dollar).

In order to maintain the consistency of benefits granted to executives and to encourage the international mobility of executives, an option exchange program can be executed whereby unvested options are exchanged for restricted shares that remain locked-up until 5 years after the end of the initial vesting period. The shares that result from the exercise of the options must in principle remain locked-up until 31 December 2023. In 2019, no options were exchanged for ordinary blocked shares (2018: nil).

The Board has also approved the early release of vesting conditions of unvested stock options or restricted stock units that are vesting within 6 months of the executives’ relocation. The shares that result from the early exercise of the options or the early vesting of the restricted stock units must remain blocked until the end of the initial vesting period. In 2019, the vesting of 0.1m stock options and restricted stock units was accelerated under this program for members of the senior management (2018: 0.3m options).

The weighted average fair value of the options and assumptions used in applying the AB InBev option pricing model for the 2019 grants of awards described above are as follows:

Amounts in US dollar unless otherwise indicated ¹	2019	2018	2017
Fair value of options granted	11.79	16.92	19.94
Share price	78.46	98.66	117.77
Exercise price	78.46	98.66	117.77
Expected volatility	23%	23%	23%
Expected dividends	3.00%	3.00%	3.00%
Risk-free interest rate	0.43%	0.39%	0.72%

Expected volatility is based on historical volatility calculated over 10-years period. The binomial Hull model assumes that all employees would immediately exercise their options if the AB InBev share price is 2.5 times above the exercise price. As a result, no single expected option life applies.

The total number of outstanding AB InBev options developed as follows:

Million options	2019	2018	2017
Options outstanding at 1 January	92.6	93.0	64.9
Options issued during the year	13.8	5.2	35.0
Options exercised during the year	(10.7)	(1.7)	(3.0)
Options forfeited during the year	(7.0)	(4.0)	(3.9)
Options outstanding at the end of December	88.7	92.6	93.0

The range of exercise prices of the outstanding options is between 10.32 euro (11.59 US dollar)¹ and 121.95 euro (137.00 US dollar) while the weighted average remaining contractual life is 8.64 years.

Of the 88.7m outstanding options 18.6m are vested at 31 December 2019.

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

Amounts in US dollar ¹	2019	2018	2017
Options outstanding at 1 January	94.74	98.32	76.25
Granted during the year	83.33	104.77	117.24
Exercised during the year	29.27	44.96	38.94
Forfeited during the year	108.44	113.19	108.26
Outstanding at the end of December	79.66	94.74	98.32
Exercisable at the end of December	65.33	21.40	59.66

For share options exercised during 2019, the weighted average share price at the date of exercise was 78.24 euro (87.89 US dollar).

¹ Amounts have been converted to US dollar at the closing rate of the respective period.

The total number of outstanding AB InBev restricted stock units developed as follows:

<u>Million restricted stock units</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Restricted stock units outstanding at 1 January	6.0	5.4	5.8
Restricted stock units issued during the year	5.5	2.3	0.7
Restricted stock units exercised during the year	(1.0)	(0.5)	(0.7)
Restricted stock units forfeited during the year	(0.7)	(1.2)	(0.4)
Restricted stock units outstanding at the end of December	9.9	6.0	5.4

AMBEV SHARE-BASED COMPENSATION PROGRAMS

Since 2005, Ambev has had in place a plan which is substantially similar to the Share-based compensation plan under which bonuses granted to company employees and management are partially settled in shares. Under the Share-based compensation plan, Ambev issued 0.2m deferred stock units in 2019 with an estimated fair value of 1m US dollar (2018: 4m deferred stock units in 2018 with an estimated fair value of 2m US dollar).

Since 2018, Ambev has had in place a plan which is substantially similar to the Share-based compensation plan under which bonuses granted to company employees and management are partially settled in shares. Under the Share-based compensation plan, Ambev issued 11.8m restricted stock units in 2019 with an estimated fair value of 54m US dollar (2018: 13.1m restricted stock units with an estimated fair value of 66m US dollar).

As of 2010, senior employees are eligible for an annual long-term incentive to be paid out in Ambev LTI stock options (or, in the future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential. In 2019, Ambev granted 24.6m LTI stock options with an estimated fair value of 28m US dollar (2018: 19.5m LTI stock options with an estimated fair value of 30m US dollar).

The weighted fair value of the options and assumptions used in applying a binomial option pricing model for the 2019 Ambev grants are as follows:

<u>Amounts in US dollar unless otherwise indicated¹</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fair value of options granted	1.12	1.47	1.97
Share price	4.38	4.66	5.99
Exercise price	4.38	4.66	5.99
Expected volatility	24%	26%	27%
Expected dividends	0.00% - 5.00%	0.00% - 5.00%	0.00% - 5.00%
Risk-free interest rate	7.8%	9.6%	10.10%

The total number of outstanding Ambev options developed as follows:

<u>Million options</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Options outstanding at 1 January	141.3	135.2	131.3
Options issued during the year	24.6	19.9	20.4
Options exercised during the year	(7.8)	(10.0)	(13.5)
Options forfeited during the year	(16.3)	(3.8)	(2.9)
Options outstanding at the end of December	141.8	141.3	135.2

The range of exercise prices of the outstanding options is between 0.001 Brazilian real (0.00 US dollar) and 34.37 Brazilian real (8.53 US dollar) while the weighted average remaining contractual life is 6.33 years.

Of the 141.8m outstanding options 46.6m options are vested at 31 December 2019.

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

<u>Amounts in US dollar¹</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Options outstanding at 1 January	4.17	3.94	4.19
Granted during the year	4.48	4.66	5.99
Exercised during the year	2.25	1.93	1.76
Forfeited during the year	5.27	4.79	5.41
Outstanding at the end of December	4.60	4.17	4.92
Exercisable at the end of December	4.74	0.58	1.14

For share options exercised during 2019, the weighted average share price at the date of exercise was 18.68 Brazilian real (4.63 US dollar).

¹ Amounts have been converted to US dollar at the closing rate of the respective period.

The total number of outstanding Ambev deferred and restricted stock units developed as follows:

Million restricted stock units	2019	2018	2017
Restricted stock units outstanding at 1 January	25.0	16.3	19.3
Restricted stock units issued during the year	12.0	13.5	0.8
Restricted stock units vested during the year	(4.2)	(3.7)	(2.9)
Restricted stock units forfeited during the year	(1.1)	(1.1)	(0.9)
Restricted stock units outstanding at the end of December	31.7	25.0	16.3

Additionally, as a means of creating a long term incentive (wealth incentive) for certain senior employees and members of management considered as having “high potential”, share appreciation rights in the form of phantom stocks have been granted to those employees, pursuant to which the beneficiary shall receive two separate lots – Lot A and Lot B – subject to lockup periods of five and ten years, respectively. In 2019, Ambev did not issue any share appreciation rights.

During 2019, a limited number of Ambev shareholders who are part of the senior management of AB InBev were given the opportunity to exchange Ambev shares against a total of 0.1m AB InBev shares (2018: 0.1m AB InBev shares) at a discount of 16.66% provided that they stay in service for another five years. The fair value of this transaction amounts to approximately 1m US dollar (2018: 1m US dollar) and is expensed over the five years’ service period. The fair values of the Ambev and AB InBev shares were determined based on the market price.

BUD APAC SHARE-BASED COMPENSATION PROGRAM

In December 2019, Budweiser APAC setup a new long term incentive plan in which senior employees are eligible for an annual long-term incentive to be paid out in Budweiser APAC stock options (or, in the future, similar share-based instruments), depending on management’s assessment of the employee’s performance and future potential. In 2019, Budweiser APAC granted 9m stock options with an estimated fair value of 10m US dollar.

Additionally, Budweiser APAC setup a new discretionary restricted stock units plan which allows for the offer of restricted stock units to certain employees in certain specific circumstances, at the discretion of the Board, e.g. as a special retention incentive. The restricted stock units vest after five years and in the event that an employee’s service is terminated before the vesting date, special forfeiture rules apply. In 2019, 4m restricted stock units with an estimated fair value of 13m US dollar were granted under this program to a selected number of employees.

27. Provisions

Million US dollar	Restructuring	Disputes	Other	Total
Balance at 1 January 2019	130	1 077	711	1 918
Effect of changes in foreign exchange rates	(2)	(13)	—	(15)
Provisions made	69	234	2	305
Provisions used	(78)	(128)	(293)	(499)
Provisions reversed	(16)	(92)	(38)	(146)
Other movements	—	(642)	(10)	(652)
Balance at 31 December 2019	103	436	372	911

Million US dollar	Restructuring	Disputes	Other	Total
Balance at 1 January 2018	153	1 383	864	2 400
Effect of changes in foreign exchange rates	(7)	(65)	(43)	(115)
Provisions made	69	195	271	535
Provisions used	(75)	(377)	(354)	(806)
Provisions reversed	(2)	(54)	—	(56)
Other movements	(8)	(5)	(27)	(40)
Balance at 31 December 2018	130	1 077	711	1 918

The restructuring provisions are primarily explained by the organizational alignments—see also Note 8 *Exceptional items*. Provisions for disputes mainly relate to various disputed direct and indirect taxes and to claims from former employees.

In 2016, the European Commission announced an investigation into the alleged abuse of a dominant position by AB InBev in Belgium through certain practices aimed at restricting trade from other European Union member states to Belgium. In connection with these ongoing proceedings, AB InBev recognized a provision of 230m US dollar in 2018. On 13 May 2019, the European Commission announced that it had fined AB InBev a total of 200m euro (226m US dollar) for breaching EU antitrust rules. The fine was paid in August 2019.

Effective 1 January 2019, AB InBev adopted IFRIC 23 *Uncertainty over Income Tax Treatments* and has elected to apply IFRIC 23 retrospectively. The cumulative effect of the interpretation was recognized at the date of initial application and the company has not restated comparative periods in the year of initial application. AB InBev reviewed the income tax treatments in order to determine whether the interpretation could have an impact on the consolidated financial statements. In that respect, as at 31 December 2019, the company reclassified 573m US dollar of its existing income tax provisions into income tax liabilities, consistently with the current discussions held at the IFRS Interpretation Committee, which concluded that an entity is required to present assets and liabilities for uncertain tax treatments as current tax assets/liabilities or deferred tax assets/liabilities.

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

Million US dollar	Total	< 1 year	1-2 years	2-5 years	> 5 years
Restructuring	103	39	22	23	19
Indirect taxes	107	11	37	8	51
Labor	133	30	18	77	8
Commercial	20	8	10	1	1
Environmental	1	1	—	—	—
Excise duties	12	—	10	2	—
Other disputes	163	53	98	12	—
Disputes	436	103	173	100	60
Other provisions	372	68	134	170	—
Total provisions	911	210	329	293	79

AB InBev is subject to the greenhouse gas emission allowance trading scheme in force in the European Union and a similar scheme in South Korea. Acquired emission allowances are recognized at cost as intangible assets. To the extent that it is expected that the number of allowances needed to settle the CO₂ emissions exceeds the number of emission allowances owned, a provision is recognized. Such provision is measured at the estimated amount of the expenditure required to settle the obligation.

28. Trade and other payables

NON-CURRENT TRADE AND OTHER PAYABLES

Million US dollar	31 December 2019	31 December 2018
Indirect taxes payable	174	194
Trade payables	237	238
Deferred consideration on acquisitions	1 418	1 247
Other payables	113	138
Non-current trade and other payables	1 943	1 816

CURRENT TRADE AND OTHER PAYABLES

Million US dollar	31 December 2019	31 December 2018
Trade payables and accrued expenses	15 876	15 512
Payroll and social security payables	736	900
Indirect taxes payable	2 708	2 633
Interest payable	1 679	1 616
Consigned packaging	1 106	1 093
Dividends payable	338	331
Deferred income	21	32
Deferred consideration on acquisitions	221	163
Other payables	179	289
Current trade and other payables	22 864	22 568

As at 31 December 2019, deferred consideration on acquisitions is mainly comprised of 0.7 billion US dollar for the put option included in the 2012 shareholders' agreement between Ambev and ELJ, which may result in Ambev acquiring additional shares in Cervecería Nacional Dominicana S.A. ("CND").

29. Risks arising from financial instruments

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of financial assets¹ held by the company at year-end:

Million US dollar	31 December 2019	31 December 2018
Debt instruments at amortized cost		
Trade and other receivables	5 444	6 298
Debt instruments at fair value through OCI		
Unquoted debt	25	24
Debt instruments at fair value through profit or loss		
Quoted debt	91	87
Equity instruments at fair value through OCI		
Unquoted companies	85	84
Financial assets at fair value through profit or loss		
<i>Derivatives not designated in hedge accounting relationships:</i>		
Equity swaps	17	—
Interest rate swaps	18	9
Cross currency interest rate swaps	157	32
Other derivatives	—	20
<i>Derivatives designated in hedge accounting relationships:</i>		
Foreign exchange forward contracts	112	191
Foreign currency futures	7	—
Commodities	52	54
	6 009	6 799
Of which:		
Non-current	883	1 068
Current	5 126	5 731

¹ Cash and short term deposits are not included in this overview.

Set out below is an overview of financial liabilities held by the company at year-end:

Million US dollar	31 December 2019	31 December 2018 restated
Financial liabilities at fair value through profit or loss		
<i>Derivatives not designated in hedge accounting relationships:</i>		
Equity swaps	3 146	4 816
Cross currency interest rate swaps	140	387
Other derivatives	156	456
<i>Derivatives designated in hedge accounting relationships:</i>		
Foreign exchange forward contracts	435	132
Cross currency interest rate swaps	35	103
Interest rate swaps	4	56
Commodities	97	273
Equity swaps	31	61
Other derivatives	107	56
Financial liabilities at amortized cost		
Trade and other payables	21 189	20 658
<i>Non-current interest-bearing loans and borrowings:</i>		
Secured bank loans	71	109
Unsecured bank loans	50	86
Unsecured bond issues	95 674	105 170
Unsecured other loans	77	57
Lease liabilities	1 692	1 575
<i>Current interest-bearing loans and borrowings:</i>		
Secured bank loans	790	370
Unsecured bank loans	135	22
Unsecured bond issues	2 532	2 626
Unsecured other loans	20	14
Commercial paper	1 599	1 142
Bank overdrafts	68	114
Lease liabilities	333	410
	128 381	138 693
Of which:		
Non-current	99 684	109 385
Current	28 696	29 308

DERIVATIVES

AB InBev's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest risk, commodity risk and equity risk), credit risk and liquidity risk. The company analyses each of these risks individually as well as on a combined basis and defines strategies to manage the economic impact on the company's performance in line with its financial risk management policy.

AB InBev's primarily uses the following derivative instruments: foreign currency rate agreements, exchange traded foreign currency futures and options, interest rate swaps and forwards, cross currency interest rate swaps ("CCIRS"), exchange traded interest rate futures, commodity swaps, exchange traded commodity futures and equity swaps.

The table below provides an overview of the notional amounts of derivatives outstanding at year-end by maturity bucket.

Million US dollar	31 December 2019					31 December 2018				
	< 1 year	1-2 years	2-3 years	3-5 years	> 5 years	< 1 year	1-2 years	2-3 years	3-5 years	> 5 years
Foreign currency										
Forward exchange contracts	21 216	36	—	—	—	11 423	190	—	—	—
Foreign currency futures	1 359	723	—	—	—	648	—	—	—	—
Interest rate										
Interest rate swaps	750	—	1 500	1 000	—	2 250	750	28	1 873	36
Cross currency interest rate swaps	15	513	5 445	500	668	1 807	51	16	6 464	681
Other interest rate derivatives	—	—	—	—	565	4	—	—	—	565
Commodities										
Aluminum swaps	1 411	22	—	—	—	1 597	73	—	—	—
Other commodity derivatives	771	20	—	—	—	1 241	32	—	—	—
Equity										
Equity derivatives	11 638	—	—	—	—	11 347	—	—	—	—

FOREIGN CURRENCY RISK

AB InBev is subject to foreign currency risk when contracts are denominated in a currency other than the functional currency of the entity. This includes borrowings, investments, (forecasted) sales, (forecasted) purchases, royalties, dividends, licenses, management fees and interest expense/income. To manage foreign currency risk the company uses mainly foreign currency rate agreements, exchange traded foreign currency futures and cross currency interest rate swaps.

FOREIGN EXCHANGE RISK ON THE DISPOSAL OF AUSTRALIAN OPERATIONS

During 2019, AB InBev entered into derivative foreign exchange forward contracts in order to economically hedge against the exposure to changes in the US dollar against the proceeds denominated in Australian dollar. These derivatives qualify for cash flow hedge accounting under IFRS 9. As of 31 December 19, 22m US dollar positive mark-to-market adjustment (including 219m US dollars mark-to-market received in cash) related to this hedging is recognized under cash flow hedge reserve. Once the disposal is completed, the effective component of the hedge will adjust the results on disposal of subsidiaries.

FOREIGN EXCHANGE RISK ON OPERATING ACTIVITIES

AB InBev's policy is to hedge operating transactions which are reasonably expected to occur (e.g. cost of goods sold and selling, general & administrative expenses) within the forecast period determined in the financial risk management policy. Operating transactions that are considered certain to occur are hedged without any time limits. Non-operating transactions (such as acquisitions and disposals of subsidiaries) are hedged as soon as they are highly probable.

The table below shows the company's main net foreign currency positions for firm commitments and forecasted transactions for the most important currency pairs. The open positions are the result of the application of AB InBev's risk management policy. Positive amounts indicate that the company is long (net future cash inflows) in the first currency of the currency pair while negative amounts indicate that the company is short (net future cash outflows) in the first currency of the currency pair. The second currency of the currency pairs listed is the functional currency of the related subsidiary.

Million US dollar	31 December 2019			31 December 2018		
	Total exposure	Total hedges	Open position	Total exposure	Total hedges	Open position
Euro/Canadian dollar	(52)	39	(13)	(39)	39	—
Euro/Mexican peso	(151)	156	5	(187)	182	(5)
Euro/Pound sterling	(126)	124	(2)	(239)	213	(26)
Euro/South African rand	(99)	95	(4)	(90)	52	(38)
Euro/South Korean won	(49)	46	(3)	(51)	59	8
Euro/US dollar	(409)	337	(72)	(415)	404	(11)
Mexican peso/Chinese yuan	—	—	—	(216)	199	(17)
Mexican peso/Euro	(178)	161	(17)	(300)	301	1
Pound sterling/Euro	(39)	40	1	(34)	34	—
US dollar/Argentinian peso	(531)	510	(21)	(573)	484	(89)
US dollar/Australian dollar	(216)	204	(12)	(209)	209	—
US dollar/Bolivian boliviano	(69)	70	1	(76)	76	—
US dollar/Brazilian real	(1 443)	1 447	4	(1 303)	1 223	(80)
US dollar/Canadian dollar	(287)	295	8	(362)	286	(76)
US dollar/Chilean peso	(109)	102	(7)	(156)	155	1
US dollar/Chinese yuan	(230)	191	(39)	(201)	249	48
US dollar/Colombian peso	(278)	272	(6)	(287)	219	(68)
US dollar/Euro	(108)	113	5	(80)	78	(2)
US dollar/Mexican peso	(1 105)	903	(202)	(1 151)	1 082	(69)
US dollar/Paraguayan guarani	(124)	130	6	(177)	166	(11)
US dollar/Peruvian nuevo sol	(243)	205	(38)	(157)	149	(8)
US dollar/South African rand	(28)	31	3	(80)	83	3
US dollar/South Korean won	(88)	99	11	(114)	128	14
US dollar/Uruguayan peso	(41)	41	—	(40)	41	1
Others	(317)	250	(67)	(321)	264	(57)

Further analysis on the impact of open currency exposures is performed in the currency sensitivity analysis below.

Hedges of firm commitments and highly probable forecasted transactions denominated in foreign currency are designated as cash flow hedges.

Foreign exchange risk on foreign currency denominated debt

It is AB InBev's policy to have the debt in the subsidiaries as much as possible linked to the functional currency of the subsidiary. To the extent this is not the case, foreign exchange risk is managed through the use of derivatives unless the cost to hedge outweighs the benefits. Interest rate decisions and currency mix of debt and cash are decided on a global basis and take into consideration the holistic risk management approach.

A description of the foreign currency risk hedging of debt instruments issued in a currency other than the functional currency of the subsidiary is further detailed in the *Interest Rate Risk* section below.

Currency sensitivity analysis

Currency transactional risk

Most of AB InBev's non-derivative financial instruments are either denominated in the functional currency of the subsidiary or are converted into the functional currency through the use of derivatives. Where illiquidity in the local market prevents hedging at a reasonable cost, the company can have open positions. The transactional foreign currency risk mainly arises from open positions in Mexican peso, Chinese yuan and Peruvian nuevo sol against the US dollar and the euro. AB InBev estimated the reasonably possible change of exchange rate, on the basis of the average volatility on the open currency pairs, as follows:

	2019		
	Closing rate 31 December 2019	Possible closing rate ¹	Volatility of rates in %
Euro/Mexican peso	21.17	19.28 - 23.06	8.92%
Euro/Pound sterling	0.85	0.79 - 0.91	7.35%
Euro/South Korean won	1 297.02	1 216.94 - 1 377.10	6.17%
Euro/US dollar	1.12	1.07 - 1.18	4.69%
Pound sterling/US dollar	1.32	1.21 - 1.43	8.08%
US dollar/Australian dollar	1.42	1.33 - 1.52	6.70%
US dollar/Chinese yuan	6.96	6.62 - 7.30	4.86%
US dollar/Colombian peso	3 272.63	2 935.33 - 3 609.92	10.31%
US dollar/Euro	0.89	0.85 - 0.93	4.69%
US dollar/Mexican peso	18.85	17.25 - 20.44	8.48%
US dollar/Nigerian naira	362.59	350.58 - 374.60	3.31%
US dollar/Peruvian nuevo sol	3.32	3.17 - 3.47	4.50%
US dollar/South African rand	14.04	12.26 - 15.83	12.74%
US dollar/South Korean won	1 154.55	1 064.67 - 1 244.42	7.78%
US dollar/Tanzanian shilling	2 300.14	2 186.57 - 2 413.71	4.94%
US dollar/Zambian kwacha	14.02	11.24 - 16.81	19.85%

	2018		
	Closing rate 31 December 2018	Possible closing rate ²	Volatility of rates in %
Euro/Mexican peso	22.54	19.21 - 25.86	14.75%
Euro/Pound sterling	0.89	0.84 - 0.95	6.03%
Euro/South Korean won	1 277.14	1 181.98 - 1 372.3	7.45%
Euro/US dollar	1.15	1.06 - 1.23	7.32%
Pound sterling/US dollar	1.28	1.17 - 1.39	8.45%
US dollar/Australian dollar	1.42	1.30 - 1.54	8.50%
US dollar/Chinese yuan	6.88	6.57 - 7.18	4.45%
US dollar/Colombian peso	3 246.70	2 868.9 - 3 624.5	11.64%
US dollar/Euro	0.87	0.81 - 0.94	7.32%
US dollar/Mexican peso	19.68	17.12 - 22.24	13.00%
US dollar/Nigerian naira	362.54	354.9 - 370.18	2.11%
US dollar/Peruvian nuevo sol	3.37	3.24 - 3.50	3.90%
US dollar/South African rand	14.37	11.96 - 16.79	16.82%
US dollar/South Korean won	1 115.40	1 029.1 - 1 201.71	7.74%
US dollar/Tanzanian shilling	2 298.32	2 211.95 - 2 384.69	3.76%
US dollar/Zambian kwacha	11.88	10.28 - 13.47	13.41%

Had the Mexican peso, Chinese yuan, Peruvian nuevo sol and South Korean won weakened/strengthened during 2019 by the above estimated changes against the euro or the US dollar, with all other variables held constant, the 2019 impact on consolidated profit before taxes from continuing operations would have been approximately 35m US dollar (76m US dollar in 2018; 142m US dollar in 2017) higher/lower.

Additionally, the AB InBev sensitivity analysis¹ to the foreign exchange rates on its total derivatives positions as of 31 December 2019, shows a positive/negative pre-tax impact on equity reserves of 548m US dollar (587m US dollar in 2018; 639m US dollar in 2017).

Foreign exchange risk on net investments in foreign operations

AB InBev mitigates exposures of its investments in foreign operations using both derivative and non-derivative financial instruments as hedging instruments.

¹ Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019.

² Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2018.

As of 31 December 2019, designated derivative and non-derivative financial instruments in net investment hedges amount to 15 522m US dollar equivalent (31 December 2018: 9 773m US dollar) in Holding companies and approximately 732m US dollar equivalent at Ambev level (31 December 2018: 632m US dollar). These instruments hedge foreign operations with Canadian dollar, Chinese yuan, Dominican peso, euro, Mexican peso, pound sterling, South African rand, South Korean won and US dollar functional currencies.

Net foreign exchange results

Foreign exchange results recognized on unhedged and hedged exposures are as follows:

Million US dollar	2019	2018 restated	2017 restated
Cash flow hedges	—	—	(12)
Economic hedges	6	(210)	(49)
Other results—not hedged	(186)	230	(242)
	(180)	19	304

INTEREST RATE RISK

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

Fair value hedges

US dollar fixed rate bond hedges (interest rate risk on borrowings in US dollar)

The company manages and reduces the impact of changes in the US dollar interest rates on the fair value of certain fixed rate bonds with an aggregate principal amount of 1.0 billion US dollar through fixed/floating interest rate swaps. These derivative instruments have been designated in a fair value hedge accounting relationship.

Cash flow hedges

Pound sterling bond hedges (foreign currency risk + interest rate risk on borrowings in pound sterling)

In September 2013, the company issued a pound sterling bond for 500m pound sterling at a rate of 4.00% per year and maturing in September 2025. The impact of changes in the pound sterling exchange rate and interest rate on this bond is managed and reduced through pound sterling fixed/euro fixed cross currency interest rate swaps. These derivative instruments have been designated in a cash flow hedge accounting.

Economic Hedges

Marketable debt security hedges (interest rate risk on Brazilian real)

During 2019, 2018 and 2017, Ambev invested in highly liquid Brazilian real denominated government debt securities. The company also entered into interest rate future contracts in order to offset the Brazilian real interest rate exposure of these government bonds. Both instruments are measured at fair value with changes recorded into profit or loss and no hedge accounting is required.

Interest rate sensitivity analysis

The table below reflects the effective interest rates of interest-bearing financial liabilities at balance sheet date as well as the currency in which the debt is denominated.

31 December 2019 Interest-bearing financial liabilities Million US dollar	Before hedging		After hedging	
	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Australian dollar	1.87%	210	1.87%	210
Brazilian real	9.33%	43	9.33%	43
Euro	0.08%	4 214	0.08%	4 214
US dollar	2.36%	1 749	2.85%	4 269
Other	9.82%	225	4.46%	954
		6 441		9 690
Fixed rate				
Australian dollar	3.71%	1 647	3.71%	1 647
Brazilian real	9.00%	544	9.00%	544
Canadian dollar	3.16%	2 055	3.16%	2 055
Euro	1.82%	25 346	1.82%	29 338
Pound sterling	3.82%	4 373	3.79%	3 713
South Korean won	3.37%	15	2.46%	1 015
US dollar	4.83%	62 205	5.02%	54 551
Other	7.31%	416	6.95%	489
		96 601		93 352

31 December 2018 Interest-bearing financial liabilities Million US dollar Restated	Before hedging		After hedging	
	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Australian dollar	2.95%	214	2.95%	214
Brazilian real	9.13%	61	6.86%	133
Canadian dollar	3.66%	190	3.38%	206
Euro	0.24%	3 138	0.24%	3 138
US dollar	1.94%	1 399	2.21%	2 638
Other	7.19%	709	7.19%	709
		5 711		7 038
Fixed rate				
Australian dollar	3.22%	1 951	3.22%	1 951
Brazilian real	11.51%	525	12.13%	453
Canadian dollar	3.23%	1 942	3.23%	1 942
Euro	1.80%	28 217	1.65%	36 044
Pound sterling	3.82%	4 218	3.79%	3 586
South Korean won	—	—	2.45%	1 000
US dollar	4.28%	68 820	4.66%	59 370
Other	8.43%	311	8.43%	311
		105 984		104 656

At 31 December 2019, the total carrying amount of the floating and fixed rate interest-bearing financial liabilities before hedging as listed above includes bank overdrafts of 68m US dollar (31 December 2018: 114m US dollar).

As disclosed in the above table, 9 690m US dollar or 9.41% of the company's interest-bearing financial liabilities bears interest at a variable rate. The company estimated that the reasonably possible change of the market interest rates applicable to its floating rate debt after hedging is as follows:

	2019		
	Interest rate 31 December 2019 ¹	Possible interest rate ²	Volatility of rates in %
Brazilian real	4.42%	3.32% - 5.52%	24.88%
Euro	—	—	6.43%
US dollar	1.91%	1.51% - 2.30%	20.66%

	2018		
	Interest rate 31 December 2018 ¹	Possible interest rate ²	Volatility of rates in %
Brazilian real	6.44%	6.12% - 6.76%	5.00%
Canadian dollar	2.29%	2.15% - 2.42%	5.91%
Euro	—	—	2.45%
US dollar	2.78%	2.61% - 2.94%	5.97%

When AB InBev applies the reasonably possible increase/decrease in the market interest rates mentioned above on its floating rate debt at 31 December 2019, with all other variables held constant, 2019 interest expense would have been 16m US dollar higher/lower (2018: 8m US dollar; 2017: 12m US dollar). This effect would be more than offset by (22m) US dollar higher/lower interest income on AB InBev's interest-bearing financial assets (2018: (60)m US dollar; 2017: (81)m US dollar).

Interest expense

Interest expense recognized on unhedged and hedged financial liabilities are as follows:

Million US dollar	2019	2018 restated	2017 restated
Financial liabilities measured at amortized cost – not hedged	(4 264)	(4 053)	(4 375)
Fair value hedges	(46)	(76)	(11)
Cash flow hedges	15	21	1
Net investment hedges - hedging instruments (interest component)	2	35	77
Economic hedges	129	100	(7)
	(4 164)	(3 973)	(4 314)

COMMODITY PRICE RISK

The commodity markets have experienced and are expected to continue to experience price fluctuations. AB InBev therefore uses both fixed price purchasing contracts and commodity derivatives to manage the exposure to the price volatility. The most significant commodity exposures as at 31 December 2019 are included in the table below (expressed in outstanding notional amounts):

Million US dollar	2019	2018
Aluminum swaps	1 449	1 670
Exchange traded sugar futures	54	62
Natural gas and energy derivatives	256	313
Corn swaps	195	196
Exchange traded wheat futures	20	424
Rice swaps	328	194
Plastic derivatives	59	84
	2 360	2 943

¹ Applicable 3-month InterBank Offered Rates as of 31 December 2019 and as of 31 December 2018.

² Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019 and at December 2018. For the Brazilian real floating rate debt, the estimated market interest rate is composed of the InterBank Deposit Certificate ('CDI') and the Long-Term Interest Rate ('TJLP'). With regard to other market interest rates, the company's analysis is based on the 3-month InterBank Offered Rates applicable for the currencies concerned (e.g. EURIBOR 3M, LIBOR 3M).

Commodity price sensitivity analysis

The impact of changes in the commodity prices would have an immaterial impact on AB InBev's profit in 2019 profits as most of the company's exposure is hedged using derivative contracts and designated in hedge accounting in accordance with IFRS 9 rules.

The tables below show the estimated impact that changes in the price of the commodities, for which AB InBev held material derivative exposures at 31 December 2019 and 2018, would have on the equity reserves.

Million US dollar	Volatility of prices in % ¹	2019	
		Pre-tax impact on equity	
		Prices increase	Prices decrease
Aluminum	21.78%	312	(312)
Sugar	29.73%	16	(16)
Wheat	30.30%	6	(6)
Energy	25.86%	66	(66)
Rice	22.64%	47	(47)
Corn	21.74%	42	(42)
Plastic	24.03%	14	(14)

Million US dollar	Volatility of prices in % ²	2018	
		Pre-tax impact on equity	
		Prices increase	Prices decrease
Aluminum	22.16%	370	(370)
Sugar	29.60%	18	(18)
Wheat	29.31%	124	(124)
Energy	23.83%	74	(74)
Rice	22.08%	43	(43)
Corn	23.85%	47	(47)
Plastic	20.54%	17	(17)

EQUITY PRICE RISK

AB InBev enters into derivatives to hedge the price risk on its shares when such risk could negatively impact future cash flows related to the share-based payments programs. AB InBev also hedges its exposure arising from shares issued in connection with the Modelo and SAB combination (see also Note 11 *Finance cost and income* and Note 23 *Changes in equity and earnings per share*). These derivatives do not qualify for hedge accounting and the changes in fair value are recorded in the profit or loss.

As of 31 December 2019, an exposure for an equivalent of 99.5m of AB InBev shares was hedged, resulting in a total gain of 1.8 billion US dollar recognized in the profit or loss account for the period, of which 898m US dollar related to the company's share-based payment programs, 445m US dollar and 433m US dollar related to the Modelo and SAB transactions, respectively.

Between 2012 and 2018, AB InBev reset certain equity derivatives to market price with counterparties. This resulted in a net cash inflow of 2.9 billion US dollar between 2012 and 2018 and, accordingly, a decrease of counterparty risk.

Equity price sensitivity analysis

The sensitivity analysis on the share-based payments hedging program, calculated based on a 25.20% (2018: 22.03%; 2017: 15.68%) reasonably possible volatility of the AB InBev share price, with all the other variables held constant, would show 2 066m US dollar positive/negative impact on the 2019 profit before tax (2018: 1 345m US dollar; 2017: 1 422m US dollar).

CREDIT RISK

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

AB InBev mitigates its exposure through a variety of mechanisms. It has established minimum counterparty credit ratings and enters into transactions only with financial institutions of investment grade rating. The company monitors counterparty credit exposures closely and reviews any external downgrade in credit rating immediately. To mitigate pre-settlement risk, counterparty minimum credit standards become more stringent with increases in the duration of the derivatives. To minimize the concentration of counterparty credit risk, the company enters into derivative transactions with different financial institutions.

The company also has master netting agreements with all of the financial institutions that are counterparties to over the counter (OTC) derivatives. These agreements allow for the net settlement of assets and liabilities arising from different transactions with the same counterparty. Based on these factors, AB InBev considers the impact of the risk of counterparty default as at 31 December 2019 to be limited.

¹ Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2019.

² Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2018.

Exposure to credit risk

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

Million US dollar	2019			2018		
	Gross	Impairment	Net carrying amount	Gross	Impairment	Net carrying amount
Investment in unquoted companies	92	(7)	85	91	(7)	84
Investment in debt securities	117	—	117	111	—	111
Trade receivables	4 219	(173)	4 046	4 400	(160)	4 240
Cash deposits for guarantees	219	—	219	197	—	197
Loans to customers	177	—	177	188	—	188
Other receivables	1 666	(103)	1 563	2 359	(106)	2 253
Derivatives	362	—	362	307	—	307
Cash and cash equivalents	7 238	—	7 238	7 074	—	7 074
	14 090	(283)	13 807	14 727	(273)	14 454

There was no significant concentration of credit risks with any single counterparty per 31 December 2019 and no single customer represented more than 10% of the total revenue of the group in 2019.

Impairment losses

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

Million US dollar	2019				
	Trade receivables	Loans to customers	FVOCI	Other receivables	Total
Balance at 1 January	(160)	—	(7)	(106)	(273)
Impairment losses	(51)	—	—	(30)	(81)
Derecognition	26	—	—	31	57
Currency translation and other	12	—	—	2	14
Balance at 31 December	(173)	—	(7)	(103)	(283)

Million US dollar	2018				
	Trade receivables	Loans to customers	FVOCI	Other receivables	Total
Balance at 1 January	(194)	—	(7)	(117)	(318)
Impairment losses	(40)	—	—	(3)	(43)
Derecognition	29	—	—	6	35
Currency translation and other	44	—	—	9	53
Balance at 31 December	(160)	—	(7)	(106)	(273)

Million US dollar	2017				
	Trade receivables	Loans to customers	FVOCI	Other receivables	Total
Balance at 1 January	(202)	—	(7)	(109)	(318)
Impairment losses	(55)	—	—	(4)	(59)
Derecognition	53	—	—	1	54
Currency translation and other	10	—	—	(5)	5
Balance at 31 December	(194)	—	(7)	(117)	(318)

LIQUIDITY RISK

Historically, AB InBev's primary sources of cash flow have been cash flows from operating activities, the issuance of debt, bank borrowings and equity securities. AB InBev's material cash requirements have included the following:

- Debt servicing;
- Capital expenditures;
- Investments in companies;

- Increases in ownership of AB InBev's subsidiaries or companies in which it holds equity investments;
- Share buyback programs; and
- Payments of dividends and interest on shareholders' equity.

The company believes that cash flows from operating activities, available cash and cash equivalents as well as short term investments, along with related derivatives and access to borrowing facilities, will be sufficient to fund capital expenditures, financial instrument liabilities and dividend payments going forward. It is the intention of the company to continue to reduce its financial indebtedness through a combination of strong operating cash flow generation and continued refinancing.

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

Million US dollar	31 December 2019						
	Carrying amount ¹	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	(861)	(890)	(795)	(18)	(18)	(22)	(37)
Commercial papers	(1 599)	(1 599)	(1 599)	—	—	—	—
Unsecured bank loans	(185)	(188)	(140)	(47)	(1)	—	—
Unsecured bond issues	(98 206)	(165 424)	(5 513)	(6 415)	(6 518)	(18 605)	(128 373)
Unsecured other loans	(98)	(131)	(27)	(17)	(9)	(5)	(73)
Lease liabilities	(2 025)	(2 338)	(404)	(350)	(243)	(285)	(1 056)
Bank overdraft	(68)	(68)	(68)	—	—	—	—
Trade and other payables	(24 806)	(25 152)	(22 861)	(1 227)	(472)	(165)	(427)
	(127 848)	(195 790)	(31 407)	(8 074)	(7 261)	(19 082)	(129 966)
Derivative financial liabilities							
Interest rate derivatives	(102)	(103)	(7)	(1)	(1)	3	(97)
Foreign exchange derivatives	(600)	(600)	(600)	—	—	—	—
Cross currency interest rate swaps	(175)	(187)	75	(285)	6	75	(58)
Commodity derivatives	(97)	(97)	(97)	—	—	—	—
Equity derivatives	(3 177)	(3 177)	(3 177)	—	—	—	—
	(4 151)	(4 164)	(3 806)	(286)	5	78	(155)
Of which: related to cash flow hedges	(448)	(448)	(408)	5	3	5	(53)

Million US dollar	31 December 2018 restated						
	Carrying amount ¹	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loans	(479)	(496)	(383)	(39)	(15)	(27)	(32)
Commercial papers	(1 142)	(1 142)	(1 142)	—	—	—	—
Unsecured bank loans	(108)	(135)	(33)	(6)	(96)	—	—
Unsecured bond issues	(107 796)	(165 979)	(6 410)	(9 146)	(11 636)	(23 672)	(115 115)
Unsecured other loans	(71)	(110)	(19)	(22)	(12)	(12)	(45)
Lease liabilities	(1 985)	(2 591)	(508)	(391)	(325)	(467)	(900)
Bank overdraft	(114)	(114)	(114)	—	—	—	—
Trade and other payables	(24 345)	(24 722)	(22 557)	(260)	(1 060)	(333)	(512)
	(136 040)	(195 289)	(31 166)	(9 864)	(13 144)	(24 511)	(116 604)
Derivative financial liabilities							
Interest rate derivatives	(112)	(142)	(125)	(19)	(13)	15	—
Foreign exchange derivatives	(589)	(589)	(589)	—	—	—	—
Cross currency interest rate swaps	(489)	(515)	(29)	72	71	(550)	(79)
Commodity derivatives	(273)	(273)	(273)	—	—	—	—
Equity derivatives	(4 877)	(4 877)	(4 877)	—	—	—	—
	(6 340)	(6 396)	(5 893)	53	58	(535)	(79)
Of which: related to cash flow hedges	(486)	(490)	(416)	2	1	2	(79)

¹ “Carrying amount” refers to net book value as recognized in the balance sheet at each reporting date.

CAPITAL MANAGEMENT

AB InBev continuously optimizes its capital structure to maximize shareholder value while keeping the financial flexibility to execute strategic projects. AB InBev's capital structure policy and framework aims to optimize shareholder value through cash flow distribution to the company from its subsidiaries, while maintaining an investment-grade rating and minimizing investments with returns below AB InBev's weighted average cost of capital. Besides the statutory minimum equity funding requirements that apply to the company's subsidiaries in the different countries, AB InBev is not subject to any externally imposed capital requirements. The management uses the same debt/equity classifications as applied in the company's IFRS reporting to analyze the capital structure.

FAIR VALUE

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

Million US dollar	Assets		Liabilities		Net	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Foreign currency						
Forward exchange contracts	112	191	(590)	(586)	(478)	(395)
Foreign currency futures	7	7	(9)	(3)	(2)	4
Interest rate						
Interest rate swaps	18	9	(6)	(27)	12	(18)
Cross currency interest rate swaps	157	32	(175)	(489)	(18)	(457)
Other interest rate derivatives	—	20	(97)	(86)	(97)	(66)
Commodities						
Aluminum swaps	15	23	(61)	(172)	(46)	(149)
Sugar futures	2	—	(2)	(8)	—	(8)
Wheat futures	14	13	(9)	(11)	5	2
Energy	8	4	(11)	(54)	(3)	(50)
Other commodity derivatives	13	8	(14)	(28)	(1)	(20)
Equity						
Equity derivatives	17	—	(3 177)	(4 877)	(3 160)	(4 877)
	362	307	(4 151)	(6 340)	(3 789)	(6 033)
Of which:						
Non-current	132	10	(352)	(805)	(220)	(795)
Current	230	297	(3 799)	(5 535)	(3 569)	(5 238)

The following table summarizes the carrying amount and the fair value of the fixed rate interest-bearing financial liabilities as recognized at the balance sheet. Floating rate interest-bearing financial liabilities, trade and other receivables and trade and other payables, including derivatives financial instruments, have been excluded from the analysis as their carrying amount is a reasonable approximation of their fair value:

Interest-bearing financial liabilities Million US dollar	2019 Carrying amount ¹	2019 Fair value	2018 restated Carrying amount ¹	2018 restated Fair value
Fixed rate				
Australian dollar	(1 647)	(1 748)	(1 951)	(1 977)
Brazilian real	(544)	(542)	(525)	(525)
Canadian dollar	(2 055)	(2 046)	(1 942)	(1 855)
Euro	(25 346)	(30 365)	(28 217)	(27 551)
Pound sterling	(4 373)	(4 816)	(4 218)	(4 365)
US dollar	(62 205)	(74 035)	(68 820)	(66 123)
Other	(431)	(431)	(311)	(311)
	(96 601)	(113 983)	(105 984)	(102 707)

¹ "Carrying amount" refers to net book value as recognized in the balance sheet at each reporting date.

The table sets out the fair value hierarchy based on the degree to which significant market inputs are observable:

Fair value hierarchy 31 December 2019 Million US dollar	Quoted (unadjusted) prices - level 1	Observable market inputs - level 2	Unobservable market inputs - level 3
Financial Assets			
Held for trading (non-derivatives)	2	9	—
Derivatives at fair value through profit and loss	—	119	—
Derivatives in a cash flow hedge relationship	17	153	—
Derivatives in a fair value hedge relationship	—	19	—
Derivatives in a net investment hedge relationship	—	54	—
	19	354	
Financial Liabilities			
Deferred consideration on acquisitions at fair value	—	—	1 639
Derivatives at fair value through profit and loss	—	3 441	—
Derivatives in a cash flow hedge relationship	21	586	—
Derivatives in a fair value hedge relationship	—	103	—
	21	4 130	1 639
Financial Assets			
Held for trading (non-derivatives)	3	9	—
Derivatives at fair value through profit and loss	—	67	—
Derivatives in a cash flow hedge relationship	7	225	—
Derivatives in a fair value hedge relationship	—	33	—
Derivatives in a net investment hedge relationship	—	14	—
	10	348	
Financial Liabilities			
Deferred consideration on acquisitions at fair value	—	—	1 409
Derivatives at fair value through profit and loss	—	5 699	—
Derivatives in a cash flow hedge relationship	18	507	—
Derivatives in a fair value hedge relationship	—	125	—
Derivatives in a net investment hedge relationship	—	31	—
	18	6 362	1 409

Non-derivative financial liabilities

As part of the 2012 shareholders agreement between Ambev and ELJ, following the acquisition of Cervecería Nacional Dominicana S.A. (“CND”), a forward-purchase contract (i.e. combination of a written put option and purchased call option) was put in place which may result in Ambev acquiring additional shares in CND. In January 2018, ELJ partially exercised its option to sell approximately 30% of the shares of CND for an amount of 0.9 billion US dollar, resulting in Ambev’s participation in CND increasing from 55% to 85%. As of 31 December 2019, the put option on the remaining shares held by ELJ was valued at 0.7 billion US dollar (31 December 2018: 0.6 billion US dollar after the exercise of the put option by ELJ) and recognized as a deferred consideration on acquisitions at fair value in the “level 3” category above. The fair value of such deferred consideration is calculated using present value techniques, namely by discounting futures cash flows at the appropriate rate.

HEDGING RESERVES

The company's hedging reserves disclosed in Note 23 relate to the following instruments:

Million US dollar	Foreign currency	Commodities	Others	Total hedging reserves
As per 1 January 2019	480	(60)	76	494
Change in fair value of hedging instrument recognized in OCI	92	16	—	107
Reclassified to profit or loss / cost of inventory	(398)	162	32	(204)
Deferred tax	—	—	—	—
As per 31 December 2019	174	117	107	397

Million US dollar	Foreign currency	Commodities	Others	Total hedging reserves
As per 1 January 2018	559	(20)	47	586
Change in fair value of hedging instrument recognized in OCI	262	97	—	358
Reclassified to profit or loss / cost of inventory	(341)	(137)	26	(452)
Deferred tax	—	—	2	2
As per 31 December 2018	480	(60)	76	494

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

The following financial assets and liabilities are subject to offsetting, enforceable master netting agreements and similar agreements:

Million US dollar	31 December 2019			
	Gross amount	Net amount recognized in the statement of financial position ¹	Other offsetting agreements ²	Total net amount
Derivative assets	362	362	(352)	10
Derivative liabilities	(4 151)	(4 151)	352	(3 799)

Million US dollar	31 December 2018			
	Gross amount	Net amount recognized in the statement of financial position ¹	Other offsetting agreements ²	Total net amount
Derivative assets	307	307	(293)	13
Derivative liabilities	(6 340)	(6 340)	293	(6 046)

¹ Net amount recognized in the statement of financial position after taking into account offsetting agreements that meet the offsetting criteria as per IFRS rules

² Other offsetting agreements include collateral and other guarantee instruments, as well as offsetting agreements that do not meet the offsetting criteria as per IFRS rules

30. Operating leases

The company leases out pub real estate for an average outstanding period of 6 to 8 years and part of its own property under operating leases. The following table sets out the maturity analysis of the non-cancelable lease payments, showing the undiscounted lease payments to be received:

Million US dollar	31 December 2019	31 December 2018 restated
Within one year	155	152
Between one and five years	518	460
After five years	215	217
Total	888	829

In 2019, 152m US dollar was recognized as income in the income statement in respect of subleasing of right-of-use assets (2018: 133m US dollar; 2017: 128m US dollar).

31. Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other

Million US dollar	2019	2018 restated
Collateral given for own liabilities	372	404
Contractual commitments to purchase property, plant and equipment	457	416
Contractual commitments to acquire loans to customers	151	171
Other commitments	1 911	1 973

The collateral given for own liabilities of 372m US dollar at 31 December 2019 contains 219m US dollar cash guarantees. Such cash deposits are a customary feature associated with litigations in Brazil: in accordance with Brazilian laws and regulations a company may or must (depending on the circumstances) place a deposit with a bank designated by the court or provide other security such as collateral on property, plant and equipment. With regard to judicial cases, AB InBev has made the appropriate provisions in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – see also Note 27 *Provisions*. In the company's balance sheet the cash guarantees are presented as part of other receivables – see Note 20 *Trade and other receivables*. The remaining part of collateral given for own liabilities (153m US dollar) contains collateral on AB InBev's property in favor of the excise tax authorities, the amount of which is determined by the level of the monthly excise taxes due, inventory levels and transportation risk, and collateral on its property, plant and equipment with regard to outstanding loans. To the extent that AB InBev would not respect its obligations under the related outstanding contracts or would lose the pending judicial cases, the collateralized assets would be used to settle AB InBev's obligations.

AB InBev has entered into commitments to purchase property, plant and equipment for an amount of 457m US dollar at 31 December 2019.

In a limited number of countries AB InBev has committed itself to acquire loans to customers from banks at their notional amount if the customers do not respect their reimbursement commitments towards the banks. The total outstanding amount of such loans is 151m US dollar at 31 December 2019.

As at 31 December 2019, the following M&A related commitments existed:

- As part of the 2012 shareholders agreement between Ambev and E. León Jimenes S.A. ("ELJ"), following the acquisition of Cerveceria Nacional Dominicana S.A. ("CND"), a put and call option is in place which may result in Ambev acquiring additional shares in CND. In January 2018 Ambev increased its participation in CND from 55% to 85%. As of 31 December 2019, the put option for the remaining shares held by ELJ was valued 732 million US dollar (2018: 632 million US dollar). The corresponding liability is presented as a current liability and recognized as a deferred consideration on acquisitions at fair value in "level 3" category above. See also note 29 *Risks arising from financial instruments*.
- Upon the combination with SAB, AB InBev maintained South African Breweries' Zenzele share-scheme which supports broad-based black economic empowerment (B-BBEE) and provides opportunities for black South Africans (including employees and SAB retailers) to participate as shareholders. The Zenzele share-scheme originally implemented by SAB in 2010, was amended at the time of the SAB combination and will expire in April 2020. The obligations that arise under the Zenzele share-scheme upon its expiration will be settled using AB InBev Treasury shares. The obligation is estimated to be approximately 9.8 billion ZAR (0.7 billion USD¹). The number of AB InBev shares required to settle the obligation will depend on the AB InBev share price and ZAR to Euro exchange rate at the time of the settlement. The settlement would be equivalent to 8.5 million AB InBev shares assuming AB InBev share price and the ZAR Euro exchange rate as at 31 December 2019².
- As part of the SAB transaction, AB InBev made a commitment to the South African Government and Competition Authorities to create a new B-BBEE scheme upon maturity in 2020 of SAB's current Zenzele Scheme. In order to create the new B-BBEE scheme the following steps will be undertaken:
 - The new scheme will be implemented through the listing of a NewCo (which will be called Zenzele Kabili) on the Johannesburg Stock Exchange B-BBEE Exchange;
 - The NewCo will hold unencumbered AB InBev shares;
 - Existing Zenzele participants (employees, retailers and the SAB Foundation) will be given an option to reinvest a portion of their Zenzele payout into the Newco;
 - A new Employee Share Plan, funded by AB InBev, will subscribe for NewCo shares.
- The new scheme is estimated to require 4.4 billion ZAR (0.3 billion USD¹) in facilitation and notional vendor funding. The settlement would be equivalent to 3.8 million AB InBev shares assuming AB InBev share price and the ZAR Euro exchange rate as at 31 December 2019² and it will be funded with AB InBev Treasury shares. This scheme arrangement meets the criteria under IFRS 2 to be classified as equity settled.

Other commitments amount to 1 911m US dollar at 31 December 2019 and mainly cover guarantees given to pension funds, rental and other guarantees.

In order to fulfil AB InBev's commitments under various outstanding stock option plans, AB InBev entered into stock lending arrangements for up to 30 million of its own ordinary shares. AB InBev shall pay any dividend equivalent, after tax in respect of the loaned securities. This payment will be reported through equity as dividend. As of 31 December 2019, 28.9 million loaned securities were used to fulfil stock option plan commitments.

¹ Converted at the December 2019 closing rate.

² Assuming the December 2019 closing share price of 72.71 euro per share and 31 December 2019 ZAR per Euro exchange rate of 15.777300.

32. Contingencies¹

The company has contingencies for which, in the opinion of management and its legal counsel, the risk of loss is possible but not probable and therefore no provisions have been recorded. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions, and as a consequence AB InBev's management cannot at this stage estimate the likely timing of resolution of these matters. The most significant contingencies are discussed below.

AMBEV TAX MATTERS

As of 31 December 2019, AB InBev's material tax proceedings are related to Ambev and its subsidiaries. Estimates of amounts of possible loss are as follows:

Million US dollar	31 December 2019	31 December 2018
Income tax and social contribution	10 781	9 773
Value-added and excise taxes	5 514	6 166
Other taxes	1 018	1 434
	17 313	17 373

The most significant tax proceedings of Ambev are discussed below.

INCOME TAX AND SOCIAL CONTRIBUTION

Foreign Earnings

Since 2005, Ambev and certain of its subsidiaries have been receiving assessments from the Brazilian Federal Tax Authorities relating to the profits of its foreign subsidiaries. The cases are being challenged at both the administrative and judicial levels of the courts in Brazil.

The administrative proceedings have resulted in partially favorable decisions, which are still subject to review by the administrative court. In the judicial proceedings, Ambev has received favorable injunctions that suspend the enforceability of the tax credit, as well as favorable first level decisions, which remain subject to review by the second-level judicial court.

As of 31 December 2019, Ambev management estimates the exposure of approximately 7.2 billion Brazilian real (1.8 billion US dollar) as a possible risk and approximately 52m Brazilian real (13m US dollar) as a probable loss.

Goodwill InBev Holding

In December 2011, Ambev received a tax assessment related to the goodwill amortization resulting from the InBev Holding Brasil S.A. merger with Ambev. The decision rendered by the Lower Administrative Court was partially favorable to Ambev. Ambev filed a judicial proceeding to discuss the unfavorable portion of the decision and requested an injunction which was granted to Ambev to suspend enforceability. Regarding the portion of the decision subject to review at the administrative level, in August 2019 the Upper Administrative House rendered a partially favorable decision to Ambev. Ambev is awaiting the issuance of the decision in order to file the applicable appeal.

In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization and filed a defense. In March 2017, Ambev was notified of a partially favorable first level administrative decision and filed an appeal to the Lower Administrative Court. In May 2018, Ambev received a partially favorable decision at the Lower Administrative Court. In May 2019, Ambev filed a Special Appeal for analysis of the case by the Upper Administrative House. In November 2019, the Special Appeal was partially admitted by the Upper Administrative House and Ambev filed an appeal related to the portion that was not admitted.

Ambev management estimates possible losses in relation to these assessments to be approximately 10 billion Brazilian real (2.5 billion US dollar) as of 31 December 2019. In the event Ambev is required to pay these amounts, AB InBev will reimburse the amount proportional to the benefit received by AB InBev pursuant to the merger protocol as well as the related costs.

Goodwill Beverage Associate Holding (BAH)

In October 2013, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of Beverage Associates Holding Limited ("BAH") into Ambev. The decision from the first level administrative court was unfavorable to Ambev. Ambev filed an appeal to the Lower Administrative Court against the decision. In November 2018, Ambev received a partially favorable decision at the Lower Administrative Court. Ambev submitted counterarguments responding to the special appeal filed by the tax authorities and, regarding the unfavorable part of the decision, filed a special appeal to the Administrative Upper House. In December 2019, the Special Appeal was partially admitted by the Administrative Upper House and Ambev filed an appeal related to the portion that was not admitted.

In April and August 2018, Ambev received new tax assessments charging the remaining value of the goodwill amortization and filed defenses. In April 2019, the First Administrative Court rendered unfavorable decisions to Ambev. As a result thereof, Ambev appealed to the Lower Administrative Court. In November and December 2019, Ambev received partially favorable decisions at the Lower Administrative Court. Ambev is awaiting the results of the remaining decisions in order to file the applicable appeals.

Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 2.2 billion Brazilian real (0.6 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

Goodwill CND Holdings

In November 2017, Ambev received a tax assessment related to the goodwill amortization resulting from the merger of CND Holdings into Ambev. The decision from the first-level administrative court was unfavorable to Ambev. Ambev filed an appeal to the Lower Administrative Court which is currently pending analysis. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 1.1 billion Brazilian real (0.3 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

¹ Amounts have been converted to US dollar at the closing rate of the respective period.

Tax Loss Offset

Ambev and certain of its subsidiaries received a number of assessments from the Brazilian federal tax authorities relating to the offset of tax losses carry forward in the context of business combinations.

In February 2016, the Administrative Upper House ruled unfavorably to Ambev in two cases. Ambev filed judicial proceedings to discuss the matter. In September 2016, Ambev received a favorable first level decision in one of the judicial claims, and in March 2017, an unfavorable first-level decision in the other case. Both cases are now awaiting analysis by the second-level judicial court. The other cases are being challenged at the administrative level and are still awaiting final decisions.

Ambev management estimates the total exposure of possible losses in relation to these assessments to be approximately 0.5 billion Brazilian real (0.1 billion US dollar) as of 31 December 2019.

Disallowance of financial expenses

In 2015 and 2016, Ambev received tax assessments related to the disallowance of alleged non-deductible expenses and the deduction of certain losses mainly associated to financial investments and loans. Ambev presented defenses and, in November 2019, received a favorable decision at the first-level administrative court regarding the 2016 case. The 2015 case is still pending decision by the first-level administrative court.

Ambev management estimates the amount of possible losses in relation to these assessments to be approximately 4.8 billion Brazilian real (1.2 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection with these assessments.

Disallowance of tax paid abroad

Since 2014, Ambev has been receiving tax assessments from the Brazilian Federal Tax Authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad by its subsidiaries and has been filing defenses. The cases are being challenged at the administrative level. In November 2019, the Lower Administrative Court rendered a favorable decision to Ambev in one of the cases, which became definitive. In January 2020, the Lower Administrative Court rendered unfavorable decisions regarding four of these assessments (from 2015 and 2016). Ambev management estimates the total amount of possible losses in relation to these four assessments to be approximately 3.6 billion Brazilian real (0.9 billion US dollar) as of 31 December 2019. Ambev is awaiting for formal notification of these decisions to file the applicable appeals. The other cases are still waiting final decisions. In September 2017, Ambev decided to include part of these tax assessments in the Brazilian Federal Tax Regularization Program of the Provisional Measure No 783.

As of 31 December 2019, Ambev management estimates the exposure of approximately 10.1 billion Brazilian real (2.5 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount.

Presumed Profit

In April 2016, Arosuco (a subsidiary of Ambev) received a tax assessment regarding the use of the “presumed profit” method for the calculation of income tax and the social contribution on net profits instead of the “real profit” method. In September 2017, Arosuco received an unfavorable first level administrative decision and filed an appeal. In January 2019, the Lower Administrative Court rendered a favorable decision to Arosuco, which became definitive.

In March 2019, Ambev received a new tax assessment regarding the same subject and filed a defense. In October 2019, Arosuco received an unfavorable first level administrative decision and filed an appeal. Arosuco management estimates the amount of possible losses in relation to this assessment to be approximately 0.5 billion Brazilian real (0.1 billion US dollar) as of 31 December 2019. Arosuco has not recorded any provision in connection therewith.

Deductibility of IOC expenses

In November 2019, Ambev received a tax assessment from the Brazilian Federal Tax Authorities related to the interest on capital (“IOC”) deduction in 2014. The questions refer primarily to the accounting and effects of the corporate restructuring carried out by the company in 2013 and its impact on the increase in the deductibility of IOC expenses. Ambev filed an administrative defense and is awaiting a decision by the first-level administrative court.

The company distributed IOC in the years following the assessed period. Accordingly, if the IOC deductibility is also questioned in the future, on the same basis as the aforementioned tax assessment notice, the company estimates that the conclusion of the discussion is similar to the present case, and therefore maintained the effect of the deductibility of IOC expenses in the effective income tax rate.

As of 31 December 2019, Ambev management estimates the exposure of approximately 3.9 billion Brazilian real (1 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount.

ICMS VALUE ADDED TAX, EXCISE TAX (“IPI”) AND TAXES ON NET SALES

Manaus Free Trade Zone – IPI / Social contributions

In Brazil, goods manufactured within the Manaus Free Trade Zone intended for remittance elsewhere in Brazil are exempt and/ or zero-rated from excise tax (“IPI”) and social contributions. With respect to IPI, Ambev’s subsidiaries have been registering IPI excise tax presumed credits upon the acquisition of exempted goods manufactured therein. Since 2009, Ambev has been receiving a number of tax assessments from the Brazilian Federal Tax Authorities relating to the disallowance of such credits.

Ambev has also been receiving charges from the Brazilian Federal Tax Authorities in relation to (i) federal taxes allegedly unduly offset with the disallowed presumed IPI excise tax credits that are under discussion in these proceedings and (ii) amounts allegedly due under social contribution over Arosuco’s remittance.

In April 2019, the Federal Supreme Court (“STF”) announced its judgment on Extraordinary Appeal No. 592.891/SP, with binding effects, deciding on the rights of taxpayers registering IPI excise tax presumed credits on acquisitions of raw materials and exempted inputs originating from the Manaus Free Trade Zone. As a result of this decision, Ambev reclassified part of the amounts related to the IPI cases as remote losses maintaining as possible losses only issues related to other additional discussions that were not included in the analysis of the STF. The cases are being challenged at both the administrative and judicial levels.

Ambev management estimates the possible loss related to these assessments to be approximately 4.2 billion Brazilian real (1.0 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

IPI Suspension

In 2014 and 2015, Ambev received tax assessments from the Brazilian Federal Tax Authorities relating to excise tax (“IPI”) allegedly due over remittances of manufactured goods to other related factories. The cases are being challenged at both the administrative and judicial levels.

Ambev management estimates the possible loss related to these assessments to be approximately 1.7 billion Brazilian real (0.4 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

ICMS tax credits

Ambev is currently challenging tax assessments issued by the states of São Paulo, Rio de Janeiro, Minas Gerais, among others, questioning the legality of ICMS tax credits arising from transactions with companies that have tax incentives granted by other states. The cases are being challenged at both the administrative and judicial level of the courts.

Ambev management estimates the possible losses related to these assessments to be approximately 2 billion Brazilian real (0.5 billion US dollar) as of 31 December 2019. Ambev has not recorded any provision in connection therewith.

ICMS-ST Trigger

Over the years, Ambev has received tax assessments to charge supposed ICMS differences considered due when the price of the products sold by Ambev is above the fixed price table basis established by the relevant States, cases in which the State tax authorities understand that the calculation basis should be based on a value-added percentage over the actual prices and not the fixed table price. Ambev is currently challenging those charges before the courts. The cases are being challenged at both the administrative and judicial levels.

Ambev management estimates the total possible loss related to this issue to be approximately 7.7 billion Brazilian real (1.9 billion US dollar) as of 31 December 2019. Ambev has recorded provisions in the total amount of 8m Brazilian real (2m US dollar) in relation to certain proceedings for which it considers the chances of loss to be probable due to specific procedural issues.

ICMS – PRODEPE

In 2015, Ambev received a tax assessment issued by the State of Pernambuco to charge ICMS differences due to an alleged non-compliance with the state tax incentive agreement (“PRODEPE”) as a result of the rectification of its monthly reports. The state tax authorities understood that Ambev was not able to use the incentive due to this rectification. In 2017, Ambev had a final favorable decision in the sense that such assessment was null due to formal mistakes of the tax auditor. However, in September 2018, Ambev received a new tax assessment to discuss the same matter. There are other assessments related to PRODEPE. Ambev management estimates the possible losses related to this issue to be approximately 0.6 billion Brazilian real (0.1 billion US dollar) as of 31 December 2019. Ambev has recorded a provision in the total amount of 5m Brazilian real (1m US dollar) in relation to one proceeding it considers the chances of loss to be partially probable.

SOCIAL CONTRIBUTIONS

Since 2015, Ambev has received tax assessments issued by the Brazilian Federal Tax Authorities relating to amounts allegedly due under Integration Program / Social Security Financing Levy (PIS / COFINS) over bonus products granted to its customers. The cases are being challenged at both the administrative and judicial levels of the courts. In 2019, Ambev received final favorable decisions at the administrative level in some of these cases and favorable decisions in other cases that are still subject to review. At the judicial level, the case is still in the initial stage.

Ambev management estimates the possible loss related to these assessments to be approximately 2.3 billion Brazilian real (0.6 billion US dollar) as of 31 December 2019. No related provision has been made.

GRUPO MODELO TAX MATTERS

Dirección de Fábricas (“DIFA”), a wholly owned subsidiary of Cervecería Modelo de Mexico S. de R.L. de C.V., received a tax assessment related to alleged taxable income for some intercompany transactions. DIFA presented defenses which are pending to be reviewed by the tax authorities. The company estimates the amount of possible loss in relation to this assessment to be approximately 0.3 billion US dollar. The company has not recorded any provision in connection therewith as of 31 December 2019.

AB INBEV’S AUSTRALIAN BUSINESS TAX MATTERS

AB InBev’s subsidiary SAB Australia Pty Limited received a tax assessment for the 2012 to 2014 income tax years for 0.3 billion Australian dollar (0.2 billion US dollar) related to the interest deductions of SAB’s acquisition of the Foster’s group (the “Foster’s acquisition”). The subsidiary is disputing the 2012 to 2014 assessment and remains confident of the positions it has adopted. The company paid 47 million US dollar related to the tax assessment pending conclusion of the matter and recorded a provision of 0.1 billion US dollar in connection therewith as of 31 December 2019.

The Australian tax authorities have also notified the company that it has commenced an audit of the 2015 to 2020 income tax years. The focus of the audit is the tax treatment of the ongoing funding arrangements associated with the Foster's acquisition.

OTHER TAX MATTERS

In February 2015, the European Commission opened an in-depth state aid investigation into the Belgian excess profit ruling system. On 11 January 2016, the European Commission adopted a negative decision finding that the Belgian excess profit ruling system constitutes an aid scheme incompatible with the internal market and ordering Belgium to recover the incompatible aid from a number of aid beneficiaries. The Belgian authorities have contacted the companies that have benefitted from the system and have advised each

company of the amount of incompatible aid that is potentially subject to recovery. The European Commission decision was appealed to the European Union's General Court by Belgium on 22 March 2016 and by AB InBev on 12 July 2016. On 14 February 2019, the European General Court concluded that the Belgian excess profit ruling system does not constitute illegal state aid. The European Commission has appealed the judgment to the European Court of Justice. Pending the outcome of that appeal, the European Commission opened new state aid investigations into the individual Belgian tax rulings, including the one issued to AB InBev in September 2019, to remedy the concerns that led to annulment of its earlier decision by the General Court. These investigations relate to the same rulings that were subject to the European Commission decision issued on 11 January 2016. AB InBev cannot at this stage estimate the final outcome of such legal proceedings. Based on the estimated exposure related to the excess profit ruling applicable to AB InBev, the different elements referred to above, as well as the possibility that taxes paid abroad and non-recognized tax loss carryforwards could eventually partly or fully offset amounts subject to recovery, if any, AB InBev has not recorded any provisions in connection therewith as of 31 December 2019.

In addition, the Belgian tax authorities have also questioned the validity and the actual application of the excess profit ruling that was issued in favor of AB InBev and have refused the actual tax exemption which it confers. Against such decision AB InBev has filed a court claim before the Brussels court of first instance which ruled in favor of AB InBev on 21 June 2019. The Belgian tax authorities appealed this judgment. Also, in respect of this aspect of the excess profit ruling matter, considering the company's and its counsel assessment, as well as the position taken by the tax authorities' mediation services, in respect of the merits of the case, AB InBev has not recorded any provisions as of 31 December 2019.

In January 2019, AB InBev deposited 68m euro (76m US dollar) on a blocked account. Depending on the final outcome of the European Court procedures on the Belgian excess profit ruling system, as well as the pending Belgian court case, this amount will either be slightly modified, or released back to the company or paid over to the Belgian State.

WARRANTS

Certain holders of warrants issued by Ambev in 1996 for exercise in 2003 proposed lawsuits to subscribe correspondent shares for an amount lower than Ambev considers as established upon the warrant issuance. In case Ambev loses the totality of these lawsuits, the issuance of 172,831,574 shares would be necessary. Ambev would receive in consideration funds that are materially lower than the current market value. This could result in a dilution of about 1% to all Ambev shareholders. Furthermore, the holders of these warrants are claiming that they should receive the dividends relative to these shares since 2003, approximately 1.0 billion Brazilian real (0.25 billion US dollar) in addition to legal fees. Ambev disputes these claims and intends to continue to vigorously defend its case. Five of the six lawsuits were ruled favorable to Ambev by the Superior Court of Justice (STJ). These five cases are pending final judgment by STJ's Special Court and the Federal Public Prosecutor has filed a motion favorable to Ambev's position in all five cases. Considering all of these facts, Ambev and its external counsels strongly believe that the chance of loss in these cases is remote.

UNITED STATES CLASS ACTION SUIT

On 21 June 2019, a proposed class action was filed in the United States District Court for the Southern District of New York against AB InBev and three of its officers. The complaint alleges claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder on behalf of a proposed class of purchasers of AB InBev American Depositary Shares between 1 March 2018 and 24 October 2018. The plaintiff alleges that defendants misstated or omitted material facts regarding, among other things, the company's financial condition, its dividend policy and the effectiveness of its disclosure controls and procedures. The complaint seeks unspecified compensatory damages and reimbursement for litigation expenses. An amended complaint filed on 12 December 2019 contained substantially the same allegations, but reduced the number of defendant officers to two. The company has not recorded any provision.

33. Non-controlling interests

As at 31 December 2019 and 2018, material non-controlling interests relate to Ambev, a Brazilian listed subsidiary in which AB InBev has 61.85% ownership, and Budweiser APAC, an Asia Pacific listed subsidiary in which AB InBev has 87.22% ownership. The tables below provide summarized information derived from the consolidated financial statements of Ambev and Budweiser APAC as of 31 December 2019 and 2018, in accordance with IFRS.

Summarized financial information of Ambev and Budweiser APAC, in which the company has material non-controlling interests, is as follows:

Million US dollar	Ambev		Budweiser APAC	
	2019	2018 restated	2019	2018 ¹
Summarized balance sheet information				
Current assets	6 853	6 537	2 108	2 680
Non-current assets	18 389	18 165	13 200	13 182
Current liabilities	6 205	6 506	4 493	4 468
Non-current liabilities	3 517	3 368	931	1 222
Equity attributable to equity holders	15 203	14 516	9 836	10 153
Non-controlling interests	317	311	48	19

Million US dollar	Ambev			Budweiser APAC		
	2019	2018 restated	2017 restated	2019	2018 ¹	2017 ¹
Summarized income statement and other comprehensive income information						
Revenue	13 347	13 819	14 961	6 546	6 740	6 099
Net income	3 093	3 122	2 422	908	959	572
Attributable to:						
Equity holders	2 989	3 025	2 260	898	958	574
Non-controlling interests	104	97	162	10	1	(2)
Net income	3 093	3 122	2 422	908	959	572
Other comprehensive income	(193)	629	809	(229)	(500)	926
Total comprehensive income	2 900	3 751	3 231	679	459	1 498
Attributable to:						
Equity holders	2 801	3 620	3 060	665	458	1 500
Non-controlling interests	99	130	171	14	1	(2)
Summarized cash flow information						
Cash flow from operating activities	4 664	5 089	5 754	1 338	1 684	1 331
Cash flow from investing activities	(1 228)	(1 011)	(960)	(693)	(472)	(532)
Cash flow from financing activities	(3 117)	(3 799)	(4 190)	(1 358)	(1 237)	(187)
Net increase/(decrease) in cash and cash equivalents	319	279	605	(713)	(25)	612

Dividends paid by Ambev to non-controlling interests (i.e. to entities outside the AB InBev Group) amounted to 0.7 billion US dollar, 0.8 billion US dollar and 1.1 billion US dollar for 2019, 2018 and 2017, respectively.

Other non-controlling interests not deemed individually material by the company mainly related to the company's operations in Africa in association with the Castel Group (e.g., Botswana, Ghana, Mozambique, Nigeria, Tanzania, Uganda, and Zambia), as well as non-controlling interests recognized in respect of the company's subsidiaries in Colombia, Ecuador and Peru.

¹ 2018 and 2017 reflect the combined financial information that presents the historical financial information of the business of the Asia Pacific region of AB InBev, excluding Australia, and includes the assets, liabilities, revenue, expenses and cash flows attributable to all entities in the region, which are primarily in China, South Korea, India, Vietnam and Japan.

34. Related parties

TRANSACTIONS WITH DIRECTORS AND EXECUTIVE COMMITTEE MEMBERS (KEY MANAGEMENT PERSONNEL)

In addition to short-term employee benefits (primarily salaries) AB InBev's Executive Committee members were entitled in 2019 to post-employment benefits. In particular, members of the Executive Committee participated in the pension plan of their respective country – see also Note 25 *Employee Benefits*. Finally, key management personnel are eligible for the company's share option; restricted stock and/or share swap program (see Note 26 *Share-based Payments*). Total directors and Executive Committee compensation included in the income statement can be detailed as follows:

Million US dollar	2019		2018		2017	
	Directors	Executive Committee	Directors	Executive Committee	Directors	Executive Committee
Short-term employee benefits	2	17	2	27	2	28
Termination benefits	—	1	—	—	—	1
Share-based payments	—	22	—	24	3	68
	2	40	2	52	5	97

Directors' compensation consists mainly of directors' fees.

During 2019, AB InBev entered into the following transactions:

- The acquisition, through Grupo Modelo and its subsidiaries, of information technology and infrastructure services for a consideration of approximately 2m US dollar from a company in which one of the company's Board Member had significant influence as of 31 December 2019 (2018: 1m US dollar; 2017: 1m US dollar).
- The acquisition, mainly through its subsidiary Bavaria S.A., of transportation services, lease agreements and advertising services for an aggregated consideration of 11m US dollar from companies in which one of the company's Board Member had a significant influence as of 31 December 2019 (2018: 8m US dollar; 2017: 5m US dollar). The outstanding balance of these transactions as of 31 December 2019 amounts to 1m US dollar (31 December 2018: 1m US dollar).

JOINTLY CONTROLLED ENTITIES

Significant interests in joint ventures include three entities in Brazil, one in Mexico and two in Canada. None of these joint ventures are material to the company. Aggregate amounts of AB InBev's interest are as follows:

Million US dollar	2019	2018	2017
Non-current assets	10	11	12
Current assets	3	5	5
Non-current liabilities	11	9	11
Current liabilities	10	12	6
Result from operations	3	4	(3)
Profit attributable to equity holders of AB InBev	3	3	(3)

TRANSACTIONS WITH ASSOCIATES

Significant interests in associates are shown in note 16 *Investments in associates*. AB InBev's transactions with associates were as follows:

Million US dollar	2019	2018	2017
Gross profit	76	74	91
Current assets	41	152	73
Current liabilities	119	130	20

TRANSACTIONS WITH PENSION PLANS

AB InBev's transactions with pension plans mainly comprise 12m US dollar other income from pension plans in the US (2018: 12m US dollar; 2017: 12m US dollar).

35. Supplemental guarantor financial information

The following guarantor financial information is presented to comply with U.S. SEC disclosure requirements of Rule 3-10 of Regulation S-X.

The issuances or exchanges of securities described below are related to securities issued by Anheuser-Busch InBev Worldwide Inc. or Anheuser-Busch InBev Finance Inc. or Anheuser Busch Companies, LLC, and in each case fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the “Parent Guarantor”). Each such security is also jointly and severally guaranteed by Anheuser Busch Companies, LLC, Brandbrew S.A., Brandbev S.à r.l. and Cobrew NV (the “Other Subsidiary Guarantors”), and by Anheuser-Busch InBev Worldwide Inc. (in respect of debt issued by Anheuser-Busch InBev Finance Inc.) and by Anheuser-Busch InBev Finance Inc. (in respect of debt issued by Anheuser-Busch InBev Worldwide Inc.). The following notes issued by Anheuser-Busch Worldwide Inc., Anheuser-Busch Finance Inc. and Anheuser Busch Companies, LLC and registered with the SEC were outstanding as of 31 December 2019:

- On 6 January 2010, Anheuser-Busch InBev Worldwide Inc. issued 0.5 billion US dollar aggregate principal amount of fixed rate notes due 2040. The notes bear interest at an annual rate of 6.375% and will mature on 15 January 2040. The issuance closed on 5 February 2010. In connection with bond exchange on 6 April and 19 April 2017, 51.12% of the principal of the 2040 note was exchanged. The remaining principal of the note amounts to 0.24 billion US dollar.
- On 24 January 2011, Anheuser-Busch InBev Worldwide Inc. issued 0.5 billion US dollar aggregate principal amount of fixed rate notes due 2021. The notes bear interest at an annual rate of 4.375% and will mature on 15 February 2021¹. The issuance closed on 27 January 2011.
- On 14 March 2011, Anheuser-Busch InBev Worldwide Inc. completed an exchange offer for the unregistered notes with aggregate principal amount of 1.25 billion US dollar, due 2039 and bearing interest at an annual rate of 8.2%. In connection with the exchange offer, Anheuser-Busch InBev Worldwide Inc. issued freely tradable, SEC-registered notes with otherwise substantially the same terms and conditions.
- On 16 July 2012, Anheuser-Busch InBev Worldwide Inc. issued 3.0 billion US dollar aggregate principal amount of fixed rate notes due 2022² and 1.0 billion US dollar aggregate principal amount of fixed rate notes due 2042. The notes bear interest at an annual rate of 2.500% for the 2022 notes and 3.750% for the 2042 notes.
- On 17 January 2013, Anheuser-Busch InBev Finance Inc. issued 600m US dollar aggregate principal amount of fixed rate notes due 2023 and 0.75 billion US dollar aggregate principal amount of fixed rate notes due 2043. The notes bear interest at an annual rate of 2.625% for the 2023 notes and 4.000% for the 2043 notes.
- On 27 January 2014, Anheuser-Busch InBev Finance Inc. issued 2.3 billion US dollar aggregate principal amount of bonds, consisting of 865m US dollar aggregate principal amount of fixed rate notes due 2024; and 850m US dollar aggregate principal amount of fixed rate notes due 2044. The fixed rate notes bear interest at an annual rate of 3.700% for the 2024 notes; and 4.625% for the 2044 notes.
- On 25 January 2016, Anheuser-Busch InBev Finance Inc. issued 34.5 billion US dollar aggregate principal amount of bonds, consisting of 6.0 billion US dollar aggregate principal amount of fixed rate notes due 2023³; 11.0 billion US dollar aggregate principal amount of fixed rate notes due 2026⁴; 6.0 billion US dollar aggregate principal amount of fixed rate notes due 2036⁵; 11.0 billion US dollar aggregate principal amount of fixed rate notes due 2046⁶; and 500m US dollar aggregate principal amount of floating rate notes due 2021⁷. The fixed rate notes will bear interest at an annual rate of 3.300% for the 2023 notes; 3.650% for the 2026 notes; 4.700% for the 2036 notes and 4.900% for the 2046 notes. The 2021 floating rate notes bear interest at an annual rate of 126.00 basis points above three-month LIBOR.
- On 16 December 2016, Anheuser-Busch InBev Worldwide Inc. completed an exchange offer for up to 2.1 billion US dollar aggregate principal amount of certain SAB Group notes, in connection with which Anheuser-Busch InBev Worldwide Inc. issued (i) 298 million US dollar aggregate principal amount of 6.625% fixed rate notes due 2033; (ii) 300 million US dollar aggregate principal amount of 5.875% fixed rate notes due 2035; and (iii) 1.49 billion US dollar aggregate principal amount of 4.950% fixed rate notes due 2042.
- On 21 August 2017, Anheuser-Busch InBev Worldwide Inc. completed an exchange offer for the unregistered 1.7 billion US dollar principal amount of 4.439% notes due 2048. In connection with the exchange offer, Anheuser-Busch InBev Worldwide Inc. issued freely tradable, SEC-registered notes with otherwise substantially the same terms and conditions.
- On 4 April 2018, Anheuser-Busch InBev Worldwide Inc. completed an exchange offer for up to 10.0 billion US dollar aggregate principal amount of certain bonds and issued (i) 1.5 billion US dollar aggregate principal amount of 3.500% fixed rate notes due 2024⁸; (ii) 2.5 billion US dollar aggregate principal amount of 4.000% fixed rate notes due 2028; (iii) 1.5 billion US dollar aggregate principal amount of 4.375% fixed rates due 2038; (iv) 2.5 billion US dollar aggregate principal amount of 4.600% fixed rate notes due 2048; (v) 1.5 billion US dollar aggregate principal amount of 4.750% fixed rate notes due 2058; and (vi) 500 million US dollar aggregate principal of floating rate notes due 2024⁹. The floating rate notes bear interest at an annual rate of 74.00 basis points above three-month LIBOR.
- On 23 January 2019, Anheuser-Busch InBev Worldwide Inc. completed the issuance of 15.5 billion US dollar aggregate principal amount of certain bonds (i) 4.3 billion US dollar aggregate principal amount of 4.750% fixed rate notes due 2029; (ii) 4.0 billion US dollar aggregate principal amount of 5.550% fixed rate notes due 2049; (iii) 2.5 billion US dollar aggregate principal amount of 4.150% fixed rates due 2025; (iv) 2.0 billion US dollar aggregate principal amount of 5.450% fixed rate notes due 2039; (v) 2.0 billion US dollar aggregate principal amount of 5.800% fixed rate notes due 2059; and (vi) 750 million US dollar aggregate principal amount of 4.900% fixed rate notes due 2031.

- ¹ On 11 February 2019, Anheuser-Busch InBev Finance Inc. completed tender offers for the 4.375% fixed rate note due 2021 for the total aggregate principal amount of 215 million US dollar.
- ² On 11 February 2019, Anheuser-Busch InBev Worldwide Inc. completed tender offers for the 2.500% fixed rate note due 2022 for the total aggregate principal amount of 1.3 billion US dollar. Furthermore on the 29 October 2019 and 12 November 2019, Anheuser-Busch InBev Finance Inc. redeemed 525 million US dollar and 725 million US dollar respectively of the same note.
- ³ On 11 February 2019, Anheuser-Busch InBev Finance Inc. completed tender offers for the 3.300% fixed rate note due 2023 for the total aggregate principal amount of 2.9 billion. On 25 April 2019, Anheuser-Busch InBev Finance Inc. completed the redemption of 315 million US dollar of the same note.
- ⁴ An aggregate principal amount of \$8.5 billion US dollar of these notes were exchanged on 13 November 2018 for notes co-issued by Anheuser-Busch InBev Worldwide Inc. and Anheuser-Busch Companies, LLC. On 11 February 2019, Anheuser-Busch InBev Finance Inc. completed tender offers for these notes for the total aggregate principal amount of 812 million US dollar. On the same date Anheuser-Busch InBev Worldwide Inc. and Anheuser-Busch Companies, LLC completed tender offers for its notes for the total aggregate principal amount of 5.1 billion US dollar.
- ⁵ An aggregate principal amount of \$5.4 billion US dollar of these notes were exchanged on 13 November 2018 by notes co-issued by Anheuser-Busch InBev Worldwide Inc. and Anheuser-Busch Companies, LLC.
- ⁶ An aggregate principal amount of \$9.5 billion US dollar of these notes were exchanged on 13 November 2018 by notes co-issued by Anheuser-Busch InBev Worldwide Inc. and Anheuser-Busch Companies, LLC.
- ⁷ On 11 February 2019, Anheuser-Busch InBev Finance Inc. completed tender offers for the floating rate note due 2021 for the total aggregate principal amount of 189 million.
- ⁸ On 11 February 2019, Anheuser-Busch InBev Finance Inc. completed tender offers for the 3.500% fixed rate note due 2024 for the total aggregate principal amount of 846 million.
- ⁹ On 11 February 2019, Anheuser-Busch InBev Finance Inc. completed tender offers for the floating rate note due 2024 for the total aggregate principal amount of 271 million US dollar

- On 15 May 2019, Anheuser-Busch InBev Worldwide Inc. and Anheuser-Busch Companies, LLC completed an exchange offer for certain unregistered notes originally issued by Anheuser-Busch InBev Worldwide Inc. and Anheuser-Busch Companies, LLC on 13 November 2018. The aggregate principal amount accepted for offer were (i) 9.5 billion US dollar of 4.900% fixed rate notes due 2046; 5.3 billion US dollar of 4.700% fixed rate notes due 2036; and 3.3 billion US dollar of 3.650% fixed rate notes due 2026. In connection with the exchange offer, Anheuser-Busch InBev Worldwide Inc. and Anheuser-Busch Companies, LLC issued freely tradeable, SEC-registered notes with otherwise substantially the same terms and conditions.

The following condensed consolidated financial information presents the Condensed Consolidated Statement of Financial Position as of 31 December 2019 and 31 December 2018, the Condensed Consolidated Income Statements and Condensed Consolidated Statements of Cash Flows for the period ended 31 December 2019 and 2018 of (a) Anheuser-Busch InBev SA/NV, (b) Anheuser-Busch InBev Worldwide Inc. (guarantor of notes issued by Anheuser-Busch InBev Finance Inc.), (c) Anheuser-Busch InBev Finance Inc. (guarantor of notes issued by Anheuser-Busch InBev Worldwide Inc. and notes co-issued by Anheuser-Busch Companies, LLC and Anheuser-Busch InBev Worldwide Inc.), (d) Anheuser-Busch Companies, LLC (guarantor of notes issued by Anheuser-Busch InBev Worldwide Inc. and notes issued by Anheuser-Busch InBev Finance Inc.), (e) the Other Subsidiary Guarantors, (f) the non-guarantor subsidiaries, (g) elimination entries necessary to consolidate the Parent with the issuer, the guarantor subsidiaries and the non-guarantor subsidiaries; and (h) the Company on a consolidated basis. Investments in consolidated subsidiaries are presented under the equity method of accounting.

Separate financial statements and other disclosures with respect to the guarantor subsidiaries have not been provided as management believes the following information is sufficient, as the guarantor subsidiaries are 100% owned by the Parent and all guarantees are full and unconditional, except for certain customary release provisions, including: (1) the sale or disposal of all or substantially all of the assets of a guarantor subsidiary; (2) the sale or other disposition of the capital stock of a guarantor subsidiary; (3) the contemporaneous release of substantially all of a guarantor subsidiary's guarantees of other indebtedness for which such guarantor subsidiary also provides a guarantee; and (4) if a guarantor subsidiary would be required to include full financial statements in any registration statement filed with the SEC in place of this condensed consolidated information. Except as disclosed in Note 23 *Changes in Equity and Earnings per Share*, there are no restrictions on the Company's ability to obtain funds from any of its direct or indirect wholly-owned subsidiaries through dividends, loans or advances.

CONDENSED CONSOLIDATING INCOME STATEMENT

For the year ended 31 December 2019 Million US dollar	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
Revenue	684	—	—	14 229	—	38 924	(1 508)	52 329
Cost of sales	(461)	—	—	(5 985)	—	(15 424)	1 508	(20 362)
Gross profit	223	—	—	8 244	—	23 500	—	31 967
Distribution expenses	(38)	—	—	(1 063)	—	(4 424)	—	(5 525)
Sales and marketing expenses	(154)	—	—	(2 007)	—	(5 187)	—	(7 348)
Administrative expenses	(306)	—	—	(553)	15	(2 704)	—	(3 548)
Other operating income/(expenses)	383	1 344	—	(1 684)	1	508	—	552
Profit from operations	108	1 344	—	2 937	16	11 693	—	16 098
Net finance income/(cost)	(320)	(2 173)	66	931	369	(2 346)	—	(3 473)
Share of result of associates and joint ventures	—	—	—	(6)	—	158	—	152
Profit before tax	(212)	(829)	66	3 862	385	9 505	—	12 776
Income tax expense	—	233	(8)	(661)	(1)	(2 349)	—	(2 786)
Profit	(212)	(596)	58	3 201	384	7 156	—	9 990
Income from subsidiaries	9 383	3 101	—	157	891	2 506	(16 038)	—
Profit from continuing operations	9 171	2 505	58	3 358	1 275	9 662	(16 038)	9 990
Profit from discontinued operations	—	—	—	—	—	424	—	424
Profit of the year	9 171	2 505	58	3 358	1 275	10 086	(16 038)	10 414
Profit from continuing operations attributable to:								
Equity holders of AB InBev	9 171	2 505	58	3 361	1 275	8 416	(16 038)	8 748
Non-controlling interest	—	—	—	(3)	—	1 246	—	1 243
Profit of the period attributable to:								
Equity holders of AB InBev	9 171	2 505	58	3 361	1 275	8 840	(16 038)	9 171
Non-controlling interest	—	—	—	(3)	—	1 246	—	1 243

For the year ended 31 December 2018
 Million US dollar
 Restated

	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
Revenue	592	—	—	15 584	—	39 354	(2 489)	53 041
Cost of sales	(370)	—	—	(7 297)	—	(14 755)	2 489	(19 933)
Gross profit	222	—	—	8 287	—	24 599	—	33 108
Distribution expenses	(35)	—	—	(1 168)	—	(4 409)	—	(5 612)
Sales and marketing expenses	(187)	—	—	(2 025)	—	(5 562)	—	(7 774)
Administrative expenses	(205)	—	—	(556)	(51)	(2 609)	—	(3 421)
Other operating income/(expenses)	579	1 125	—	(1 563)	3	(31)	—	113
Profit from operations	374	1 125	—	2 975	(48)	11 988	—	16 414
Net finance income/(cost)	(209)	(3 047)	37	2 435	113	(8 155)	—	(8 826)
Share of result of associates and joint ventures	—	—	—	3	—	150	—	153
Profit before tax	165	(1 922)	37	5 413	65	3 983	—	7 741
Income tax expense	—	293	—	(726)	(2)	(2 150)	—	(2 585)
Profit	165	(1 629)	37	4 687	63	1 834	—	5 157
Income from subsidiaries	4 194	1 887	—	98	848	3 168	(10 195)	—
Profit from continuing operations	4 359	257	37	4 785	911	5 002	(10 195)	5 157
Profit from discontinued operations	—	—	—	—	—	531	—	531
Profit of the year	4 359	257	37	4 785	911	5 533	(10 195)	5 688
Profit from continuing operations attributable to:								
Equity holders of AB InBev	4 359	257	37	4 784	911	3 685	(10 195)	3 839
Non-controlling interest	—	—	—	1	—	1 317	—	1 318
Profit of the period attributable to:								
Equity holders of AB InBev	4 359	257	37	4 784	911	4 216	(10 195)	4 370
Non-controlling interest	—	—	—	1	—	1 317	—	1 318

For the year ended 31 December 2017

Million US dollar

Restated	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
Revenue	540	—	—	14 015	—	42 650	(2 346)	54 859
Cost of sales	(338)	—	—	(5 818)	—	(17 165)	2 346	(20 975)
Gross profit	202	—	—	8 197	—	25 485	—	33 884
Distribution expenses	(23)	—	—	(1 015)	—	(4 678)	—	(5 716)
Sales and marketing expenses	(181)	—	—	(2 198)	—	(5 886)	—	(8 265)
Administrative expenses	(255)	—	—	(345)	(66)	(3 113)	—	(3 779)
Other operating income/(expenses)	793	1 066	—	(1 845)	8	315	—	337
Profit from operations	536	1 066	—	2 794	(58)	12 122	—	16 460
Net finance income/(cost)	(819)	(3 064)	26	3 210	942	(6 921)	—	(6 626)
Share of result of associates and joint ventures	—	—	—	2	—	428	—	430
Profit before tax	(283)	(1 998)	26	6 006	884	5 629	—	10 264
Income tax expense	(16)	614	(17)	1 506	(177)	(3 568)	—	(1 658)
Profit	(299)	(1 384)	9	7 512	708	2 060	—	8 606
Income from subsidiaries	8 289	3 720	—	126	4 042	6 201	(22 377)	—
Profit from continuing operations	7 990	2 336	9	7 637	4 750	8 261	(22 377)	8 606
Profit from discontinued operations	—	—	—	—	—	560	—	560
Profit of the year	7 990	2 336	9	7 637	4 750	8 821	(22 377)	9 166
Profit from continuing operations attributable to:								
Equity holders of AB InBev	7 990	2 336	9	7 637	4 750	7 085	(22 377)	7 430
Non-controlling interest	—	—	—	—	—	1 176	—	1 176
Profit of the period attributable to:								
Equity holders of AB InBev	7 990	2 336	9	7 637	4 750	7 646	(22 377)	7 990
Non-controlling interest	—	—	—	—	—	1 176	—	1 176

CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As at 31 December 2019
 Million US dollar

	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
ASSETS								
Non-current assets								
Property, plant and equipment	36	—	—	5 063	—	22 445	—	27 544
Goodwill	—	—	—	33 157	—	94 957	—	128 114
Intangible assets	409	—	—	22 195	97	19 751	—	42 452
Investments in subsidiaries	128 860	77,492	—	42 557	17 955	183 831	(450,696)	—
Investments in associates and joint ventures	—	—	—	22	—	5 839	—	5 861
Deferred tax assets	—	163	—	—	—	1 556	—	1 719
Derivatives	—	—	—	—	113	19	—	132
Other non-current assets	13 930	11 681	13 853	14 495	13 483	43 495	(108 925)	2 012
	143 235	89,336	13 853	117 489	31 648	371 893	(559,621)	207 834
Current assets								
Investment securities	—	—	—	—	—	92	—	92
Inventories	—	—	—	822	—	3 605	—	4 427
Derivatives	188	—	—	22	3 909	105	(3 994)	230
Trade and other receivables	4 152	10 163	846	7 331	113	13 139	(29 557)	6 187
Cash and cash equivalents	79	22	18	348	12 697	7 825	(13 751)	7 238
Assets classified as held for sale	236	—	—	—	—	9 777	—	10 013
Other current assets	8	198	2	—	5	414	—	627
	4 663	10 383	866	8 523	16 724	34 957	(47 302)	28 814
Total assets	147 898	99,719	14 719	126 012	48 372	406 850	(606,922)	236 648
EQUITY AND LIABILITIES								
Equity								
Equity attributable to equity holders of AB InBev	75 722	46,188	622	77 569	25 359	300 957	(450,696)	75 722
Minority interests	—	—	—	(2)	—	8 833	—	8 831
	75 722	48 188	622	77 567	25 359	309 790	(450,696)	84 553
Non-current liabilities								
Interest-bearing loans and borrowings	59 605	49 310	13 874	28 313	3 586	51 690	(108 814)	97 564
Employee benefits	5	—	—	1 067	—	1 776	—	2 848
Deferred tax liabilities	—	—	9	6 772	—	6 043	—	12 824
Derivatives	—	—	—	—	352	—	—	352
Other non-current liabilities	60	—	—	543	—	3 063	—	3 666
	59 670	49 310	13 883	36 695	3 938	62 572	(108 814)	117 254
Current liabilities								
Interest-bearing loans and borrowings	3 651	3 633	—	7 302	9 775	8 701	(27 652)	5 410
Income tax payables	—	—	—	237	—	1 109	—	1 346
Derivatives	198	—	—	49	3 875	3 671	(3 994)	3 799
Trade and other payables	1 071	588	214	4 153	75	18 778	(2 015)	22 864
Liabilities associated with assets held for sale	—	—	—	—	—	1 145	—	1 145
Other current liabilities	7 586	—	—	9	5 350	1 084	(13 752)	277
	12 506	4 221	214	11 750	19 075	34 488	(47 413)	34 841
Total equity and liabilities	147 898	99,719	14 719	126 012	48 372	406 850	(606,922)	236 648

As at 31 December 2018
 Million US dollar
 Restated

	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
ASSETS								
Non-current assets								
Property, plant and equipment	45	—	—	5 235	—	22 335	—	27 615
Goodwill	—	—	—	33 226	—	100 085	—	133 311
Intangible assets	580	—	—	22 227	98	21 926	—	44 831
Investments in subsidiaries	123 108	86 239	—	30 594	24 622	170 568	(435 131)	—
Investments in associates and joint ventures	—	—	—	—	—	6 136	—	6 136
Deferred tax assets	—	130	—	—	—	1 525	(138)	1 517
Derivatives	—	—	—	—	302	10	(21)	291
Other non-current assets	22 196	13 850	24 037	26 158	8 701	36 767	(129 823)	1 885
	145 929	100 219	24 037	117 440	33 723	359 352	(565 113)	215 587
Current assets								
Investment securities	—	—	—	—	—	87	—	87
Inventories	—	—	—	819	—	3 415	—	4 234
Derivatives	—	—	—	25	5 399	464	(5 872)	16
Trade and other receivables	3 079	3 471	1 176	6 678	1 619	10 415	(20 063)	6 375
Cash and cash equivalents	1	3	28	581	6 094	8 481	(8 114)	7 074
Assets classified as held for sale	—	—	—	—	—	39	—	39
Other current assets	—	500	3	—	—	454	(501)	457
	3 080	3 974	1 207	8 103	13 112	23 355	(34 550)	18 281
Total assets	149 009	104 193	25 244	125 542	46 835	382 707	(599 663)	233 868
EQUITY AND LIABILITIES								
Equity								
Equity attributable to equity holders of AB InBev	64 474	55 402	597	74 628	29 258	275 257	(435 131)	64 485
Minority interests	—	—	—	—	—	7 404	—	7 404
	64 474	55 402	597	74 628	29 258	282 662	(435 131)	71 890
Non-current liabilities								
Interest-bearing loans and borrowings	72 756	46 552	24 042	33 348	3 314	56 603	(129 618)	106 997
Employee benefits	5	—	—	1 048	—	1 628	—	2 681
Deferred tax liabilities	—	—	8	6 692	—	6 601	(137)	13 165
Derivatives	—	—	—	—	788	—	(21)	766
Other non-current liabilities	81	—	—	150	—	3 312	—	3 544
	72 842	46 552	24 050	41 238	4 102	68 145	(129 776)	127 153
Current liabilities								
Interest-bearing loans and borrowings	4 535	1 679	253	5 816	5 234	4 818	(17 752)	4 584
Income tax payables	—	—	—	474	3	1 243	(500)	1 220
Derivatives	482	—	—	131	5 563	5 272	(5 872)	5 575
Trade and other payables	1 228	562	342	3 211	65	19 674	(2 515)	22 568
Other current liabilities	5 450	—	—	42	2 612	893	(8 117)	880
	11 695	2 241	595	9 674	13 477	31 900	(34 756)	34 826
Total equity and liabilities	149 009	104 193	25 244	125 542	46 835	382 707	(599 663)	233 868

As at 1 January 2018
 Million US dollar
 Restated

	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
ASSETS								
Non-current assets								
Property, plant and equipment	44	—	—	4 841	—	24 347	—	29 233
Goodwill	—	—	—	33 089	188	107 663	—	140 940
Intangible assets	584	—	—	21 947	158	23 185	—	45 874
Investments in subsidiaries	121 839	77 387	—	42 661	40 708	99 396	(381 990)	—
Investments in associates and joint ventures	—	—	—	28	—	5 235	—	5 263
Deferred tax assets	—	—	—	—	—	1 251	—	1 251
Derivatives	—	—	—	3	13	9	—	25
Other non-current assets	53 565	10 290	55 432	18 115	7 178	67 709	(210 623)	1 664
	176 032	87 677	55 432	120 683	48 246	328 795	(592 613)	224 251
Current assets								
Investment securities	1 301	—	—	—	—	3	—	1 304
Inventories	21	—	—	626	—	3 472	—	4 119
Derivatives	—	—	—	122	198	138	—	458
Trade and other receivables	16 585	1 514	1 947	3 265	21 972	19 942	(58 660)	6 566
Cash and cash equivalents	43	242	8	1 872	4 110	9 768	(5 571)	10 472
Assets classified as held for sale	—	—	—	—	—	133	—	133
Other current assets	—	—	—	—	—	908	—	908
	17 950	1 756	1 955	5 884	26 281	34 364	(64 231)	23 957
Total assets	193 982	89 433	57 387	126 568	74 526	363 158	(656 844)	248 208
EQUITY AND LIABILITIES								
Equity								
Equity attributable to equity holders of AB InBev	72 576	38 306	586	89 301	42 352	211 446	(381 990)	72 576
Minority interests	—	—	—	—	—	7 624	—	7 624
	72 576	38 306	586	89 301	42 352	219 070	(381 990)	80 200
Non-current liabilities								
Interest-bearing loans and borrowings	102 398	49 230	55 464	25 095	4 131	84 926	(210 607)	110 637
Employee benefits	5	—	—	1 241	—	1 748	—	2 993
Deferred tax liabilities	—	(337)	9	6 528	—	6 907	—	13 107
Derivatives	—	—	—	1	919	17	—	937
Other non-current liabilities	131	—	—	1 012	11	2 573	(18)	3 709
	102 534	48 893	55 473	33 875	5 062	96 171	(210 625)	131 383
Current liabilities								
Interest-bearing loans and borrowings	16 718	2 363	479	421	18 949	20 914	(51 994)	7 846
Income tax payables	—	(665)	3	726	8	1 486	—	1 558
Derivatives	—	—	—	31	1 329	97	—	1 457
Trade and other payables	2 033	535	848	2 207	3 274	22 530	(6 665)	24 762
Other current liabilities	121	—	—	5	3 553	2 894	(5 571)	1 002
	18 872	2 233	1 330	3 390	27 113	47 916	(64 230)	36 625
Total equity and liabilities	193 982	89 433	57 387	126 568	74 526	363 158	(656 844)	248 208

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

As at 31 December 2019

Million US dollar

	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
OPERATING ACTIVITIES								
Profit from continuing operations	9 171	2 505	58	3 358	1 275	9 661	(16 038)	9 990
Depreciation, amortization and impairment	175	—	—	815	—	3 667	—	4 657
Net finance cost/(income)	320	2 173	(66)	(931)	(369)	2 346	—	3 473
Income tax expense	—	(232)	8	660	1	2 349	—	2 786
Investment income	(9 383)	(3 101)	—	(157)	(891)	(2 506)	16 038	—
Other items	87	—	—	129	—	(103)	—	113
Cash flow from operating activities before changes in working capital and use of provisions	370	1 345	—	3 874	16	15 414	—	21 019
Working capital and provisions	(52)	740	—	4 111	(37)	(5 482)	—	(720)
Cash generated from operations	318	2 085	—	7 985	(21)	9 932	—	20 299
Interest paid, net	(555)	(2 664)	38	(47)	(177)	(522)	—	(3 927)
Dividends received	8 784	—	—	12 939	3	458	(22 024)	160
Income tax paid	(8)	—	(7)	(559)	(8)	(2 554)	—	(3 136)
CASH FLOW FROM OPERATING ACTIVITIES	8 539	(579)	31	20 318	(203)	7 314	(22 024)	13 396
INVESTING ACTIVITIES								
Acquisition of property, plant and equipment and of intangible assets	(267)	—	—	(500)	—	(4 407)	—	(5 174)
Proceeds from sale of property, plant and equipment and of intangible assets	2	—	—	73	1	244	—	320
Acquisition of subsidiaries, net of cash	—	—	—	(11 376)	222	10 769	—	(385)
Sale of subsidiaries, net of cash disposed of	—	—	—	6	—	127	—	133
Net proceeds from sale/(acquisition) of investment in short-term debt securities	—	—	—	—	—	(9)	—	(9)
Net proceeds from sale/(acquisition) of other assets	—	—	—	(16)	—	(9)	—	(25)
Net repayments/(payments) of loans granted	5 273	(1 742)	10 459	(6 193)	506	7 603	(15 894)	12
Proceeds from assets held for sale	—	—	—	—	—	55	—	55
CASH FLOW FROM INVESTING ACTIVITIES	5 008	(1 742)	10 459	(18 006)	729	14 373	(15 894)	(5 073)
FINANCING ACTIVITIES								
Intra-group capital reimbursements	(248)	—	—	—	7 500	(7 252)	—	—
(Purchase)/sale of non-controlling interest	—	—	—	—	—	222	—	222
Proceeds from public offering of minority stake in Budweiser APAC	—	—	—	—	—	5 575	—	5 575
Proceeds from borrowings	21 223	22 264	—	5 033	4 696	19 390	(50 022)	22 584
Payments on borrowings	(32 191)	(19 792)	(10 501)	(9 958)	(4 058)	(20 008)	65 916	(30 592)
Cash net finance (cost)/income other than interests	57	(130)	—	2 713	95	(3 580)	—	(845)
Payment of lease liabilities	—	—	—	(49)	—	(392)	—	(441)
Dividends paid	(4 027)	—	—	(286)	(5 049)	(17 677)	22 024	(5 015)
CASH FLOW FROM FINANCING ACTIVITIES	(15 186)	2 342	(10 501)	(2 547)	3 184	(23 722)	37 918	(8 512)
Net increase/(decrease) in cash and cash equivalents on continuing operations	(1 639)	21	(11)	(235)	3 710	(2 035)	—	(189)
Net increase/(decrease) in cash and cash equivalents on discontinued operations	—	—	—	—	—	539	—	539
Cash and cash equivalents less bank overdrafts at beginning of year	(5 445)	4	29	580	3 486	8 306	—	6 960
Effect of exchange rate fluctuations	(419)	—	—	—	152	126	—	(141)
Cash and cash equivalents less bank overdrafts at end of year	(7 503)	25	18	345	7 348	6 936	—	7 169

As at 31 December 2018
 Million US dollar
 Restated

	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
OPERATING ACTIVITIES								
Profit from continuing operations	4 359	348	37	6 293	911	5 110	(11 901)	5 157
Depreciation, amortization and impairment	147	—	—	840	—	3 637	—	4 624
Net finance cost/(income)	209	3 047	(37)	(2 435)	(113)	8 155	—	8 826
Income tax expense	—	(293)	—	718	2	2 158	—	2 585
Investment income	(4 194)	(1 979)	—	(1 502)	(848)	(3 379)	11 902	—
Other items	158	—	—	3	—	(125)	(1)	35
Cash flow from operating activities before changes in working capital and use of provisions	680	1 123	—	3 917	(48)	15 555	—	21 227
Working capital and provisions	182	360	—	(403)	(15)	(230)	96	(10)
Cash generated from operations	862	1 483	—	3 514	(63)	15 325	96	21 217
Interest paid, net	(137)	(2 718)	73	3 999	(190)	(5 129)	(28)	(4 130)
Dividends received	—	—	—	—	—	39	102	141
Income tax paid	—	—	(8)	(616)	(7)	(2 416)	—	(3 047)
CASH FLOW FROM OPERATING ACTIVITIES	725	(1 235)	65	6 897	(260)	7 819	170	14 181
INVESTING ACTIVITIES								
Acquisition of property, plant and equipment and of intangible assets	(194)	—	—	(857)	—	(3 954)	—	(5 005)
Proceeds from sale of property, plant and equipment and of intangible assets	—	—	—	47	—	390	—	437
Acquisition of subsidiaries, net of cash	(27)	—	—	—	—	(57)	—	(84)
Sale of subsidiaries, net of cash disposed of	127	—	—	—	—	130	—	257
Net proceeds from sale/(acquisition) of investment in short-term debt securities	1 300	—	—	—	—	(4)	—	1 296
Net proceeds from sale/(acquisition) of other assets	—	—	—	13	—	(185)	—	(172)
Net repayments/(payments) of loans granted	29 335	4 599	31 459	(19 654)	3 051	93 436	(142 382)	(156)
Proceeds from SAB transaction-related divestitures	—	—	—	—	—	(330)	—	(330)
Taxes on SAB transaction-related divestitures	—	—	—	—	—	(100)	—	(100)
CASH FLOW FROM INVESTING ACTIVITIES	30 541	4 599	31 459	(20 451)	3 051	89 326	(142 382)	(3 857)
FINANCING ACTIVITIES								
(Purchase)/sale of non-controlling interest	—	—	—	—	—	(923)	—	(923)
Proceeds from borrowings	6 337	9 762	9 755	23 483	157	(31 555)	(157)	17 782
Payments on borrowings	(36 673)	(13 367)	(41 259)	(11 169)	—	(62 274)	142 253	(22 489)
Cash net finance (cost)/income other than interests	263	—	—	18	10	(925)	121	(513)
Payment of lease liabilities	—	—	—	(48)	—	(375)	—	(423)
Dividends paid	(6 541)	—	—	—	—	(1 218)	(2)	(7 761)
CASH FLOW FROM FINANCING ACTIVITIES	(36 614)	(3 605)	(31 504)	12 284	166	(97 269)	142 215	(14 327)
Net increase/(decrease) in cash and cash equivalents on continuing operations	(5 348)	(241)	20	(1 270)	2 957	(124)	3	(4 003)
Net increase/(decrease) in cash and cash equivalents on discontinued operations	—	—	—	—	—	755	—	755
Cash and cash equivalents less bank overdrafts at beginning of year	(74)	242	9	1 929	530	7 720	—	10 356
Effect of exchange rate fluctuations	(23)	—	—	(80)	(5)	(40)	—	(148)
Cash and cash equivalents less bank overdrafts at end of year	(5 445)	1	29	579	3 482	8 311	3	6 960

As at 31 December 2017
 Million US dollar
 Restated

	Anheuser- Busch InBev SA/NV	Anheuser- Busch InBev Worldwide Inc.	Anheuser- Busch InBev Finance Inc.	Anheuser- Busch Companies, LLC	Subsidiary Guarantors	Non- Guarantors	Eliminations	Total
OPERATING ACTIVITIES								
Profit from continuing operations	7 988	2 337	8	7 641	4 749	8 260	(22 377)	8 606
Depreciation, amortization and impairment	128	—	—	884	(78)	3 691	—	4 625
Net finance cost/(income)	819	3 064	(26)	(3 210)	(942)	6 921	—	6 626
Income tax expense	16	(614)	17	(1 506)	177	3 568	—	1 658
Investment income	(8 288)	(3 720)	—	(127)	(4 041)	(6 201)	22 377	—
Other items	126	—	—	(9)	2	(308)	—	(189)
Cash flow from operating activities before changes in working capital and use of provisions	789	1 067	(1)	3 673	(133)	15 931	—	21 326
Working capital and provisions	(283)	869	(4)	(1 319)	109	27	159	(442)
Cash generated from operations	506	1 936	(5)	2 354	(24)	15 958	159	20 884
Interest paid, net	(860)	(3 156)	79	98	245	(6 237)	5 865	(3 966)
Dividends received	2	—	—	76	2	140	(77)	143
Income tax paid	(16)	—	(16)	289	(4)	(2 394)	—	(2 141)
CASH FLOW FROM OPERATING ACTIVITIES	(368)	(1 220)	58	2 817	219	7 467	5 947	14 920
INVESTING ACTIVITIES								
Acquisition of property, plant and equipment and of intangible assets	(126)	—	—	(625)	91	(4 020)	—	(4 680)
Proceeds from sale of property, plant and equipment and of intangible assets	—	—	—	20	(2)	520	—	538
Acquisition of subsidiaries, net of cash	—	—	—	(419)	113	(265)	—	(571)
Sale of subsidiaries, net of cash disposed of	—	—	—	42	—	(2)	—	40
Net proceeds from sale/(acquisition) of investment in short-term debt securities	4 177	—	—	—	—	160	—	4 337
Net proceeds from sale/(acquisition) of other assets	535	—	—	4	(73)	(743)	—	(277)
Net repayments/(payments) of loans granted	(7 949)	4 996	332	378	4 229	43 231	(45 002)	215
Proceeds from assets held for sale	—	—	—	—	—	15	—	15
Proceeds from SAB transaction-related divestitures	—	—	—	—	—	11 697	—	11 697
Taxes on SAB transaction-related divestitures	—	—	—	(3 449)	—	—	—	(3 449)
CASH FLOW FROM INVESTING ACTIVITIES	(3 363)	4 996	332	(4 049)	4 358	50 593	(45 002)	7 865
FINANCING ACTIVITIES								
Intra-group capital reimbursements	18 594	—	—	28	(21 180)	2 558	—	—
(Purchase)/sale of non-controlling interest	—	—	—	—	—	(207)	—	(207)
Proceeds from borrowings	24 604	2 262	1 470	8 152	8 045	(219)	(30 962)	13 352
Payments on borrowings	(20 574)	(5 876)	(1 306)	(6 541)	(12 813)	(46 006)	69 783	(23 333)
Cash net finance (cost)/income other than interests	(463)	—	—	(22)	2 011	(3 024)	—	(1 498)
Payment of lease liabilities	—	—	—	(44)	—	(329)	—	(373)
Dividends paid	(7 992)	(75)	—	—	—	(1 285)	77	(9 275)
CASH FLOW FROM FINANCING ACTIVITIES	14 169	(3 689)	164	1 573	(23 937)	(48 512)	38 898	(21 334)
Net increase/(decrease) in cash and cash equivalents on continuing operations	10 438	87	554	341	(19 360)	9 548	(157)	1 451
Net increase/(decrease) in cash and cash equivalents on discontinued operations	—	—	—	—	—	827	—	827
Cash and cash equivalents less bank overdrafts at beginning of year	(10 244)	155	(617)	1 464	18 376	(739)	—	8 395
Effect of exchange rate fluctuations	(268)	—	72	28	1 583	(1 891)	157	(319)
Cash and cash equivalents less bank overdrafts at end of year	(74)	242	9	1 833	599	7 745	—	10 355

36. Events after the balance sheet date

None.

37. AB InBev companies

Listed below are the most important AB InBev companies. A complete list of the company's investments is available at AB InBev NV, Brouwerijplein 1, B-3000 Leuven, Belgium.

LIST OF MOST IMPORTANT FULLY CONSOLIDATED COMPANIES

<u>Name and registered office of fully consolidated companies</u>	<u>% of economic interest as at 31 December 2019</u>
ARGENTINA	
CERVECERIA Y MALTERIA QUILMES SAICA y G - Charcas 5160 - C1425BOF - Buenos Aires	61.85
AUSTRALIA	
FOSTER'S GROUP PTY LTD – Southbank Boulevard 77 - 3006 Southbank – Victoria	100.00
CUB PTY LTD - Southbank Boulevard 77 - 3006 Southbank – Victoria	100.00
FBG FINANCE PTY LTD - Southbank Boulevard 77 - 3006 Southbank – Victoria	100.00
FBG TREASURY (AUST) PTY LTD - Southbank Boulevard 77 - 3006 Southbank – Victoria	100.00
BELGIUM	
AB INBEV N.V. – Grand Place 1 - 1000 – Brussel	Consolidating Company
BRASSERIE DE L'ABBAYE DE LEFFE S.A. - Place de l'Abbaye 1 - 5500 – Dinant	98.54
BROUWERIJ VAN HOEGAARDEN N.V. - Stoopkensstraat 46 - 3320 – Hoegaarden	100.00
COBREW N.V. - Brouwerijplein 1 - 3000 – Leuven	100.00
INBEV BELGIUM BV/SRL - Industrielaan 21 - 1070 – Brussel	100.00
BOTSWANA	
KGALAGADI BREWERIES (PTY) LTD - Plot 20768, Broadhurst industrial estate - Gaborone ¹	31.00
BOLIVIA	
CERVECERIA BOLIVIANA NACIONAL S.A. - Av. Montes 400 and Chuquisaca No. 121, Zona Challapampa - La Paz	52.97
BRAZIL	
AMBEV S.A. - Rua Dr Renato Paes de Barros, 1017, 3º andar, Itaim Bibi - CEP 04530-001 - São Paulo	61.85
CANADA	
LABATT BREWING COMPANY LIMITED - 207 Queen's Quay West, Suite 299 - M5J 1A7 – Toronto	61.85
CHILE	
CERVECERIA CHILE S.A. - Av. Presidente Eduardo Frei Montalva 9600 - 8700000 – Quilicura	61.85
CHINA	
ANHEUSER-BUSCH INBEV (CHINA) SALES CO LTD. - Shangshou, Qin Duan Kou, Hanyang Area - 430051 - Wuhan City, Hubei Province	87.22
ANHEUSER-BUSCH INBEV (WUHAN) BREWERY CO. LTD. - Shangshou, Qin Duan Kou, Hanyang Area - 430051 - Wuhan City, Hubei Province	84.66
ANHEUSER-BUSCH INBEV (FOSHAN) BREWERY CO. LTD. - 1 Budweiser Avenue, Southwest St., Sanshui District - 528132 - Foshan City, Guangdong	87.22
ANHEUSER-BUSCH INBEV HARBIN BREWERY CO. LTD. - 9 HaPi Road Pingfang District - 150066 - Harbin City, Heilongjiang Province	87.22
ANHEUSER-BUSCH INBEV (TANGSHAN) BREWERY CO. LTD. - 18, Yingbin Road - 063300 - Tangshan City, Hebei Province	87.22
ANHEUSER-BUSCH INBEV SEDRIN BREWERY CO. LTD. - 660 Gong Ye Road, Hanjiang District - 351111 - Putian City, Fujian Province	87.22

¹ The group's shares entitle the holder to twice the voting rights

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2019
ANHEUSER-BUSCH INBEV SEDRIN (ZHANGZHOU) BREWERY CO. LTD. - Lantian Economic District - 363005 - Zhangzhou City, Fujian Province	87.22
ANHEUSER-BUSCH INBEV (TAIZHOU) BREWERY CO. LTD. - 159 Qi Xia East Road, Chengguan Town, Tiantai County - 317200 - Taizhou City, Zhejiang Province	87.22
NANCHANG ASIA BREWERY CO. LTD. - 1188 Jinsha Avenue, Economic District - Nanchang City, Jiangxi Province	87.22
SIPING GINSBER DRAFT BEER CO. LTD. - Xianmaqian, Tiedong Area - Siping City, Jilin Province	87.22
ANHEUSER-BUSCH INBEV (NANTONG) BREWERY CO. LTD. - 666 Zhaoxia Road - Nantong City, Jiangsu Province	87.22
ANHEUSER-BUSCH INBEV (SICHUAN) BREWERY CO. LTD. - No. 1, AB InBev Avenue, Cheng Nan Industry Park, Economic Development Area - 641300 - Ziyang City, Sichuan Province	87.22
ANHEUSER-BUSCH INBEV (HENAN) BREWERY CO. LTD. - No. 1 Budweiser Avenue, Industry Park, Tangzhuang Town - 453100 - Weihui City, Henan Province	87.22
INBEV JINLONGQUAN (HUBEI) BREWERY CO. LTD. - 89 Jin Long Quan Avenue - Jingmen City, Hubei Province	52.33
ANHEUSER-BUSCH INBEV (SUQIAN) BREWERY CO. LTD. - No 1 Qujiang Road, Suyu Industry Park - Suqian City, Jiangsu Province	87.22
COLOMBIA	
ZX VENTURES COLOMBIA S.A.S. - Carrera 53 A, No 127 - 35 - 110221 - Bogota	100.00
BAVARIA & CIA S.C.A. - Carrera 53 A, No 127 - 35 - 110221 - Bogota	94.90
KOPPS COMERCIAL S.A.S - Carrera 53 A, No 127 - 35 - 110221 - Bogota	100.00
CZECH REPUBLIC	
PIVOVAR SAMSON A.S. - V parku 2326/18, Chodov, 148 00 Praha 4	100.00
DOMINICAN REPUBLIC	
CERVECERIA NACIONAL DOMINICANA S.A. - Autopista 30 de Mayo Km 61/2, Distrito Nacional - A.P. 1086 - Santo Domingo ¹	52.42
ECUADOR	
CERVECERÍA NACIONAL (CN) SA - Via a daule km 16,5 y calle cobre s/n - Guayaquil, Guayas	95.58
EL SALVADOR	
INDUSTRIAS LA CONSTANCIA, SA DE CV - 526 Av. Independencia, San Salvador	100.00
FRANCE	
AB INBEV FRANCE S.A.S. - Immeuble Crystal, 38, Place Vauban - C.P. 59110 - La Madeleine	100.00
GERMANY	
BRAUEREI BECK GmbH & CO. KG - Am Deich 18/19 - 28199 - Bremen	100.00
BRAUEREI DIEBELS GmbH & CO.KG - Brauerei-Diebels-Strasse 1 - 47661 - Issum	100.00
HAAKE-BECK AG - Am Deich 18/19 - 28199 - Bremen	99.96
HASSERÖDER BRAUEREI GmbH - Auerhahnring 1 - 38855 - Wernigerode	100.00
ANHEUSER-BUSCH INBEV GERMANY HOLDING GmbH - Am Deich 18/19 - 28199 - Bremen	100.00
SPATEN - FRANZISKANER - BRÄU GmbH - Marsstrasse 46 + 48 - 80335 - München	100.00
ANHEUSER-BUSCH INBEV Deutschland GmbH & Co KG - Am Deich 18/19 - 28199 - Bremen	100.00
LOEWENBRAEU AG - Nymphenburger Str. 7 - 80335 - München	100.00
GHANA	
ACCRA BREWERY LTD - Farra Avenue 20 1st Floor, Pkf Building, P.O. Box Gp1219 - Accra	60.00
GRAND DUCHY OF LUXEMBOURG	
BRASSERIE DE LUXEMBOURG MOUSEL - DIEKIRCH - 1, Rue de la Brasserie - L-9214 - Diekirch	95.82

¹ 85% owned by Ambev S.A

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2019
HONDURAS	
CERVECERÍA HONDUREÑA, SA DE CV - Blvd. Del Norte, Carretera Salida a Puerto Cortes - San Pedro Sula, Cortes	99.00
HONG KONG	
BUDWEISER BREWING CO APACT LTD - Flat Room 1823 18F Soundwill Plaza II-Middle Town Hong Kong (SAR)	87.22
INDIA	
CROWN BEERS INDIA LIMITED - #8-2-684/A, Road No. 12 - Banjara Hills, Hyderabad 500034 - Andhra Pradesh	100.00
ANHEUSER BUSCH INBEV INDIA LIMITED. - Unit No.301-302, Dynasty Business Park, 3rd Floor - Andheri - Kurla Road, Andheri (East) - 400059 - Mumbai, Maharashtra	99.60
ITALY	
ANHEUSER-BUSCH INBEV ITALIA SPA - Piazza Buffoni 3, 21013 Gallarate	100.00
MEXICO	
CERVECERIA MODELO DE MEXICO S. DE R.L. DE C.V - Javier Barros Sierra 555 Piso 3 - Zedec Ed Plaza Santa Fe - 01210 Mexico City	100.00
MOZAMBIQUE	
CERVEJAS DE MOÇAMBIQUE SA - Rua do Jardim 1329 - Maputo ¹	49.00
THE NETHERLANDS	
INBEV NEDERLAND N.V. - Ceresstraat 1 - 4811 CA – Breda	100.00
INTERBREW INTERNATIONAL B.V. - Ceresstraat 1 - 4811 CA – Breda	100.00
AB INBEV AFRICA B.V - Ceresstraat 1, 4811 CA – Breda	62.00
AB INBEV BOTSWANA B.V. - Ceresstraat 1, 4811 CA – Breda	62.00
NIGERIA	
BEVERAGE MANAGEMENT SOLUTIONS LIMITED LTD. - 58 Akanbi Onitiri Close, Off Eric Moore Road, Surelere – Lagos	50.00
INTERNATIONAL BREWERIES PLC - Lawrence Omole Way, Omi Osoro Road, Imo Ilesha, Osun State ¹	37.50
PANAMA	
CERVECERÍA NACIONAL HOLDING SA - Costa del Este Business Park, torre Oeste Piso 2 - Ciudad de Panama	60.00
PARAGUAY	
CERVECERIA PARAGUAYA S.A. - Ruta Villeta km 30 N 3045 - 2660 – Ypané	61.85
PERU	
COMPANIA CERVECERA AMBEV PERU S.A.C. - Av. Los Laureles Mza. A Lt. 4 del Centro Poblado Menor Santa Maria de Huachipa - Lurigancho (Chosica) - Lima 15	97.22
UNIÓN DE CERVECERÍAS PERUANAS BACKUS Y JOHNSTON SAA - 3986 Av. Nicolas Ayllon, Ate, Lima 3	93.65
SOUTH AFRICA	
SABSA HOLDINGS LTD PUBLIC LIMITED COMPANY - 65 Park Lane, Sandown - 2001 – Johannesburg	100.00
THE SOUTH AFRICAN BREWERIES (PTY) LTD LIMITED BY SHARES - 65 Park Lane, Sandown - 2146 – Johannesburg	91.55
SOUTH KOREA	
ORIENTAL BREWERY CO., LTD - 8F, ASEM Tower, 517, Yeongdong-daero, Gangnam-gu, Seoul, 06164, S. Korea	87.22
SWITZERLAND	

¹ The company is consolidated due to the group's majority shareholdings and ability to control the operations.

<u>Name and registered office of fully consolidated companies</u>	<u>% of economic interest as at 31 December 2019</u>
ANHEUSER-BUSCH INBEV PROCUREMENT GMBH	
GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG (GMBH) - Suurstoffi 22 – 6343 - Rotkreuz	100.00
TANZANIA	
KIBO BREWERIES LTD PRIVATE COMPANY - Uhuru Street, Plot No 79, Block AA, Mchikichini, Ilala District - Dar es Salaam ¹	36.00
UGANDA	
NILE BREWERIES LTD - Plot M90 Yusuf Lule Roa, Njeru, Jinja - Eastern Uganda	61.64
UNITED KINGDOM	
ABI SAB GROUP HOLDING LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00
ABI UK HOLDINGS 1 LIMITED - Porter Tun House, 500 Capability Green - LU1 3LS – Luton	100.00
AB INBEV UK LIMITED - Porter Tun House, 500 Capability Green - LU1 3LS – Luton	100.00
AB INBEV HOLDINGS LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00
AB INBEV INTERNATIONAL BRANDS LIMITED - Bureau, 90 Fetter Lane, London, United Kingdom, EC4A 1EN	100.00
ZX VENTURES LIMITED - Porter Tun House, 500 Capability Green - LU1 3LS – Luton	100.00
UNITED STATES	
ANHEUSER-BUSCH COMPANIES, LLC. - One Busch Place - St. Louis, MO 63118	100.00
ANHEUSER-BUSCH INTERNATIONAL, INC. - One Busch Place - St. Louis, MO 63118	100.00
ANHEUSER-BUSCH PACKAGING GROUP, INC. - One Busch Place - St. Louis, MO 63118	100.00
ANHEUSER-BUSCH, LLC – One Busch Place, St. Louis, MO. 63118	100.00
METAL CONTAINER CORPORATION, INC. – One Busch Place, St. Louis, MO. 63118	100.00
ANHEUSER-BUSCH NORTH AMERICAN HOLDING CORPORATION - C/O THE CORPORATION TRUST COMPANY INC. - 1209 Orange Street - DE 19801 – Wilmington	100.00
URUGUAY	
CERVECERIA Y MALTERIA PAYSANDU S.A. - Cesar Cortinas, 2037 - C.P. 11500 – Montevideo	61.85
VIETNAM	
ANHEUSER-BUSCH INBEV VIETNAM BREWERY COMPANY LIMITED/No.2 VSIP II-A, Street no. 28, Vietnam - Singapore II-A Industrial Park, Tan Uyen District, Binh Duong Province	87.22
ZAMBIA	
ZAMBIAN BREWERIES PLC - Mungwi Road, Plot Number 6438, Lusaka	54.00

LIST OF MOST IMPORTANT ASSOCIATES AND JOINT VENTURES

<u>Name and registered office of associates and joint ventures</u>	<u>% of economic interest as at 31 december 2019</u>
FRANCE	
SOCIÉTÉ DES BRASSERIES ET GLACIÈRES INTERNATIONALES SA - 49 Rue François 1er, Paris	20.00
GIBRALTAR	
BIH BRASSERIES INTERNATIONALES HOLDING LTD - CC Building, 10th Floor, Main Street	20.00
BIH BRASSERIES INTERNATIONALES HOLDING (ANGOLA) LTD - Suite 10/3, International Commercial Centre, 2A Main Street	27.00
TURKEY	
ANADOLU EFES BIRACILIK VE MALT SANAYII AS - Bahçelievler Mahallesi, Sehit Ibrahim Koparir Caddesi No. 4, Bahçelievler Istanbul	24.00
ZIMBABWE	

DELTA CORPORATION LTD - Sable house, P.O. Box BW 343, Northridge Close, Borrowdale, Harare	25.00
RUSSIA	
AB INBEV EFES - 28 Moscovskaya Street, Moscow region - 141607 – Klin	50.00

ANHEUSER-BUSCH INBEV SA/NV
(in short “AB INBEV”)
Grand Place 1
1000 Brussels
0417.497.106 RLE (Brussels)

ARTICLES OF ASSOCIATION

Article 1. NAME

The company is a limited liability company (*société anonyme / naamloze vennootschap*) with the name “**Anheuser-Busch InBev**”, in short “**AB InBev**” (the **Company**).

The Company is a company calling or having called for public savings (*société faisant ou ayant fait publiquement appel à l'épargne / vennootschap die een publiek beroep op het spaarwezen doet of heeft gedaan*).

Article 2. REGISTERED OFFICE

The registered office is situated at 1 Grand' Place, 1000 Brussels.

The board of directors of the Company (the **Board of Directors**) may by resolution transfer the registered office to any other town or municipality in Belgium.

The Company may by resolution of the Board of Directors establish seats of administration or operation, branch offices, offices and agencies both in and outside Belgium.

Article 3. DURATION

The Company is incorporated for an unlimited duration.

It may be wound up by resolution of the shareholders' meeting of the Company (the **Shareholders' Meeting**) passed in the conditions and forms required for a modification of these articles of association (the **Articles of Association**).

Article 4. CORPORATE PURPOSE

The Company's corporate purpose is:

- a) to produce and deal in all kinds of products, including (but not limited to) beers, drinks, foodstuffs and any ancillary products, as well as all by-products and accessories, of whatsoever use, origin, purpose or form, and to provide all kinds of services; and
- b) to acquire, hold and manage direct or indirect shareholdings or interests in companies, undertakings or other entities having a corporate purpose similar or related to, or likely to promote directly or indirectly the attainment of the foregoing corporate purpose, in Belgium and abroad, and to finance such companies, undertakings or other entities by means of loans, guarantees or in any other manner whatsoever.

In general, the Company may engage in any commercial, industrial and financial transactions, in moveable and real estate transactions, in research and development projects, as well as in any other transaction likely to promote directly or indirectly the attainment of its corporate purpose.

Article 5. CAPITAL AND CLASSES OF SHARES

5.1 The share capital of the Company amounts to EUR 1,238,608,344.12. It is represented by 2,019,241,973 shares without nominal value, each of which represents an equal portion of the share capital (the **Shares**). The share capital has been fully and unconditionally subscribed for and is fully paid up.

5.2 There are two classes of Shares. All Shares are ordinary shares (the **Ordinary Shares**), except for 325,999,817 Shares (the **Restricted Shares**). The Restricted Shares shall always be in registered form and shall not be listed or admitted to trading on any regulated or unregulated stock market. The holders of Restricted Shares shall be referred to together as the **Restricted Shareholders**.

5.3 All Shares entitle their holders to the same rights and benefits, except as set out in these Articles of Association.

Article 6. FORM OF THE SHARES AND OTHER SECURITIES

6.1 Shares that are not fully paid up shall be in registered form. Shares that are fully paid up and other securities issued by the Company shall be either in registered or dematerialised form, except that Restricted Shares shall always remain in registered form.

6.2 Except in the cases referred to in Article 6.1, security holders may elect to have, at any time, at their own expense, registered Shares or other registered securities converted into dematerialised Shares or other dematerialised securities (and *vice versa*). Dematerialised Shares or other dematerialised securities are represented by a book-entry in an account opened in the name of their owner or holder with an authorised account holder or with a clearing institution.

6.3 The register of registered Shares and the register of other registered securities issued by the Company, if any, are held in electronic form by the Company. The Board of Directors may decide to outsource the maintenance and administration of any electronic register to a third party. All entries in the registers, including transfers and conversions, can validly be made on the basis of documents or instructions which the transferor, transferee and/or holder of the securities, as applicable, may send electronically or by other means. The Company may oppose the registration in the register of registered Shares of any transfers, pledges or conversions that do not comply with the terms of these Articles of Association.

6.4 The Board of Directors may decide to split the register of registered Shares into two volumes, one to be kept at the registered office of the Company and one to be kept elsewhere, in accordance with the conditions set out in article 464 of the Companies Code.

Article 7. TRANSFER OF SHARES – PLEDGES - CONVERSION

7.1 Ordinary Shares are freely transferable.

7.2 Subject to Article 7.3, no Restricted Shareholder shall 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 (*certification / certificering*) or depository arrangement or enter into any form of hedging arrangement with respect to, in each case directly or indirectly, any of its Restricted 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 expiring on 10 October 2021.

7.3 Notwithstanding Article 7.2:

- (a) any Restricted Shareholder may 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, in each case directly or indirectly, any of its Restricted 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 its Affiliate, its Successor and/or Successor's Affiliate (together a **Restricted Shareholder Group**), provided that if any such transferee ceases to be a member of the Restricted Shareholder Group of the Restricted Shareholder that initially made the transfer (or of its Successor), all such Restricted Shares which such transferee owns or in which it holds an interest shall be automatically transferred to such Restricted Shareholder (or to a person which, at the time of such transfer, is its Affiliate or its Successor) and shall therefore remain Restricted Shares;

for the purposes of these Articles of Association, an **Affiliate** of any person has the meaning given to it in article 11 of the Companies Code, and a **Successor** of any person shall mean (i) in respect of any 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 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) any Restricted Shareholder may (or, for the purposes of Article 7.3(b)(ii)(aa) only, a Pledgee or a Receiver – as defined below -may):
 - (i) with the prior written consent granted by the Board of Directors (a **Pledge Consent**) (it being understood that the consent letters entered into by Anheuser-Busch InBev SA/NV with Altria Group, Inc. and BEVCO Ltd. on 11 November 2015 (as subsequently amended from time to time) constitute Pledge Consents for all purposes under these Articles of Association), pledge, charge, assign, mortgage, or otherwise grant a lien over or grant any security interest on all or any part of its Restricted 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 Shareholder or any of its Affiliates, hedging, derivative or other financing transactions to which such Restricted Shareholder or any of its Affiliates is a party or, in each case, in respect of which such Restricted Shareholder or any of its Affiliates is a guarantor or security provider, or a guaranty of any of the foregoing;

- (ii) 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) the Restricted Shares that are the subject of a Pledge to which a Pledge Consent has been given:
 - (aa) 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 Shareholder, Pledgee or Receiver notifying the Company that such Pledgee or Receiver has enforced or commenced enforcement action with respect to such Pledge; or
 - (bb) to the extent the Restricted Shareholder determines in good faith that such transfer is the only commercially reasonable alternative available to prevent an imminent enforcement of a Pledge by a Pledgee or a Receiver in respect of such Restricted 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 Board of Directors in which the Restricted Shareholder confirms that it has determined in good faith that such transfer is the only commercially reasonable alternative available to prevent an imminent enforcement of a Pledge by the relevant Pledgee or Receiver in respect of such Restricted Shares.

In these Articles of Association, a **Restricted Transferee** shall mean each of any Pledgee, Receiver, anyone to whom any Restricted Shares (or any interest in those Restricted Shares) are (or are agreed to be) transferred, sold, contributed, offered, granted any option on, or otherwise disposed of in accordance with Article 7.3(b)(ii)(aa) or 7.3(b)(ii)(bb), and any person referred to in Article 7.5(c).

7.4 The Company shall record in the register of registered Shares in accordance with Belgian law the details of any Pledge notified to it and which is permitted in accordance with a Pledge Consent, by the end of the next Business Day (as defined below) following the day on which it has received notice of such Pledge and shall, if requested, provide evidence thereof to the relevant shareholder as soon as practicable after such recordation.

7.5 A Restricted Share shall be unconditionally convertible at the option of the person or persons specified below into Ordinary Shares (on the basis of one Ordinary Share for each Restricted Share):

- (a) at any time after 10 October 2021, at the option of the holder in respect of all or any portion of its Restricted Shares;
- (b) immediately prior to, but then solely for the purpose of facilitating, or at any time after entering into an agreement or arrangement to effect, any transfer, sale, contribution, offer, or other disposal permitted pursuant to Article 7.3(b)(ii), at the option of the holder of the Restricted Shares which are the subject of such transaction or of the Restricted Transferee in respect of such Restricted Shares; and/or
- (c) at the option of (i) a Pledgee under a Pledge in respect of shares of SABMiller plc in respect of which a Pledge Consent has been granted or a Receiver in respect of such shares of SABMiller plc where the Pledgee has exercised its rights of enforcement (itself or through a Receiver) prior to 10 October 2016 or (ii) a transferee of, in lieu of, or at the direction of, any such Pledgee or Receiver, in respect of all or any portion of its Restricted Shares.

7.6 Any Restricted Share shall automatically be converted into an Ordinary Share (on the basis of one Ordinary Share for each Restricted Share):

- (a) upon any transfer, sale, contribution or other disposal of any such Restricted Share or any interests or rights therein (including to a Restricted Transferee), except only in the instances referred to in Articles 7.3(a) and 7.3(b)(i) provided that, in such instances, the Restricted Shares shall automatically be converted into 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 Shareholder; in no case whatsoever shall a Restricted Transferee ever become a Restricted Shareholder in respect of such Restricted Shares;
- (b) immediately prior to the closing of a successful public takeover bid for all the Shares in the Company or the completion of a merger of the Company as acquiring or disappearing company, in circumstances where the shareholders directly or indirectly controlling (within the meaning of article 5 of the Companies Code) or exercising directly or indirectly joint control (within the meaning of article 9 of the Companies Code) over the Company immediately prior to such takeover bid or merger will not directly or indirectly control, or exercise directly or indirectly joint control over, the Company or the surviving entity following such takeover bid or merger; and/or
- (c) upon the announcement of a squeeze-out bid for the outstanding Shares, in accordance with article 513 of the Companies Code.

7.7 In the event that all the Shares in the Company are acquired by a company which the shareholders of the Company immediately prior to such acquisition directly or indirectly control or exercise directly or indirectly joint control over (within the meaning of articles 5, 8 and 9 of the Companies Code), Restricted Shareholders shall be treated in an equivalent manner to holders of Ordinary Shares, save that there shall be equivalent differences between the rights and restrictions attaching to the shares to be issued to holders of Ordinary Shares and the shares to be issued to holders of Restricted Shares to reflect the differences in rights and restrictions between the Ordinary Shares and the Restricted Shares.

7.8 Save where a Pledge Consent has previously been given to a Restricted Shareholder, in which event no further authorisation or consent of, or action by, the Board of Directors shall be required with respect to the creation, existence or enforcement of, or the exercise of the rights under, any Pledge made by such Restricted Shareholder or any of its Affiliates in accordance with the terms of such Pledge Consent, the Board of Directors shall have absolute discretion as to whether to grant a Pledge Consent. The pledging policy that the Board of Directors shall adopt from time to time will set out the circumstances in which the Board of Directors will grant a Pledge Consent. The provisions of these Articles of Association shall be prevailing in the event of any conflict between the pledging policy and these Articles of Association.

7.9 Provided that the relevant conditions set forth in Article 7.5 or 7.6, as applicable, are met, the Company will record the conversion of the Restricted Shares into Ordinary Shares (and, if relevant, the transfer of the Ordinary Shares which are the subject of the conversion of the Restricted Shares to or as directed in writing by the relevant Restricted Shareholder or the Restricted Transferee), in the Company's share register, on the same Business Day (if the notice relating to such conversion and/or transfer is received by the Company before 1:00 pm Belgian time) or the next Business Day (if the notice relating to this conversion and/or transfer is received by the Company after 1:00 pm Belgian time or on a day that is not a Business Day). For the purpose of these Articles of Association, **Business Day(s)** shall mean all days of the week with the exception of Saturdays, Sundays and legal public holidays in Belgium.

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

On the same day as the recordation of the conversion, the Company will send to Euronext Brussels a request for admission to listing of such Ordinary Shares and take all such steps that are within the Company's control to ensure that admission to listing occurs promptly thereafter. Neither the Restricted Shareholder, the Restricted Transferee nor any other transferee shall be liable for any costs or expenses incurred by the Company in connection with such conversion or transfer, and the Company shall not be liable for any delay in conversion or transfer or admission to listing provided it complies with this Article 7.9.

7.10 Upon conversion of Restricted Shares in accordance with this Article 7, the Board of Directors shall be empowered to amend Article 5.2 to reflect the modification in the number of Ordinary Shares and Restricted Shares.

Article 8. RIGHTS OF RESTRICTED SHARES

8.1 If at any time the Ordinary Shares shall be changed into a different number of Shares or a different class of 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 Shares, provided that (i) nothing shall be deemed to permit the Company (including the Board of Directors) to take any action with respect to its share capital that is otherwise prohibited by these Articles of Association and (ii) if any such event would otherwise cause any Restricted Shareholder to cease to hold at least one such Restricted Share by virtue of its entitlement following such event being to a fraction of less than one Restricted Share, its entitlement following such event shall be rounded up to one Restricted Share.

8.2 As long as there remain any Restricted Shares, any modification of the rights attached to the Ordinary Shares or the Restricted Shares shall be made in accordance with the quorum and majority requirements of article 560 of the Companies Code.

Article 9. ORDERLY DISPOSAL

Any initial holder of Ordinary Shares resulting from the conversion of Restricted Shares which were previously held by such holder (other than a Restricted Transferee) or any of its Affiliates who contemplates selling such Ordinary Shares on a stock exchange on which the Ordinary Shares are listed (other than by a block trade or overnight placement in accordance with customary market practice for dispositions of such nature) in a single transaction or series of connected transactions for an amount exceeding 1% of the total share capital within three months of the date of conversion shall use reasonable endeavours to effect such sale in an orderly manner of disposition that is not likely to disrupt materially the market for the Shares and shall consult with the Company in advance of such sale, subject to the Company consenting to being made an insider for these purposes. For the avoidance of doubt, this Article 9 shall not apply to transfers to any Restricted Transferee in the circumstances set out in Article 7.3(b)(ii).

Article 10. DISCLOSURE OF SIGNIFICANT SHAREHOLDINGS

In addition to the transparency disclosure thresholds set out by the applicable Belgian legislation, the disclosure obligation set out in such legislation shall also apply as soon as the amount of securities giving voting rights held by a person acting alone or by persons acting in concert reaches, exceeds or falls below a 3% or 7.5% threshold of the total outstanding securities with voting rights. Any obligation imposed by the applicable Belgian legislation to holders of 5% (or any multiple of 5%) of the total outstanding securities with voting rights shall also apply to the additional notification thresholds of 3% and 7.5%.

Article 11. AUTHORISED CAPITAL

11.1 The Board of Directors may increase the share capital of the Company, in one or several times, by the issuance of a number of Shares, or financial instruments giving right to Shares, which will not represent more than 3% of the Shares outstanding as at 26 April 2017 (the amount obtained shall be, to the extent necessary, rounded down to result in an entire number of Shares), provided that, in accordance with Article 603, first indent, of the Companies Code, this may not result in the share capital being increased, in one or several times, by an amount exceeding the amount of share capital prevailing on 26 April 2017.

The increase(s) of capital decided under such authorisation may be effected by contribution in cash or in kind, including as the case may be an issue premium not available for distribution, the amount of which shall be fixed by the Board of Directors, and by creation of new Shares conferring such rights as the Board of Directors shall determine.

The increase(s) of capital may also be effected by capitalisation of reserves, including those not available for distribution, or an issue premium, with or without the creation of new Shares.

Such authorisation is granted to the Board of Directors for a period of five years as from the date of publication of the amendment of the Articles of Association resolved upon by the extraordinary Shareholders' Meeting of 26 April 2017. It can be renewed, once or several times, in accordance with applicable legal provisions.

11.2 The Board of Directors may be expressly authorised by the Shareholders' Meeting, in case of public take-over bids on securities of the Company, to increase the capital, under the conditions set out in article 607 of the Companies Code. This authorisation may be granted for a period of three years as from the date of the amendment of the Articles of Association setting out the authorisation.

Article 12. INCREASE AND DECREASE OF CAPITAL – PREFERENTIAL SUBSCRIPTION RIGHT

12.1 In case of an increase of capital through the issue of new Shares, convertible bonds, bonds repayable in Shares, subscription rights or other financial instruments giving a right to Shares (any such Shares, bonds, rights or instruments being referred to as *Equity Interests*), all shareholders will have a preferential right to subscribe for any such Equity Interests, as set out in and in accordance with article 592 of the Companies Code. The preferential subscription right shall entitle each shareholder to subscribe for any new Equity Interests, pro rata to the proportion of existing share capital as it holds immediately prior to such issue. Each shareholder may exercise its preferential right in whole or in part.

The time within which the preferential subscription right may be exercised shall be fixed by the Shareholders' Meeting or by the Board of Directors as the case may be, but shall not be less than fifteen calendar days from the date on which the subscription period was opened. The preferential subscription right shall be negotiable during the subscription period to the extent to which the Shares may be transferred.

The Board of Directors may decide that preferential subscription rights which were not or were only partly exercised by any shareholders shall accrue proportionally to the other shareholders who have already exercised their subscription rights, and shall fix the practical terms for such subscription. The Board of Directors may also conclude, upon such terms as it shall determine, all agreements intended to secure the subscription of part or all of the new Shares to be issued.

12.2 The Shareholders' Meeting acting in accordance with article 596 of the Companies Code may restrict or cancel the preferential subscription right for a purpose that is in the best interest of the Company, provided however that if the preferential subscription right is restricted or cancelled with respect to any issuance in which any existing shareholder subscribes to any Equity Interests, all existing shareholders shall be given the same right and be treated in the same way. Such equal treatment requirement shall not apply when the preferential subscription right is restricted or cancelled with respect to issuances of Equity Interests issued solely pursuant to any stock option plans or other compensation plans in the ordinary course of business.

In the case the Shareholders' Meeting has granted an authorisation to the Board of Directors to effect a capital increase in the framework of the authorised capital and such authorisation allows the Board of Directors to do so, the Board of Directors may likewise restrict or cancel the preferential subscription right applying the same principles as set out in this paragraph.

If any Restricted Shareholder exercises its preferential subscription rights in respect of its holding of Restricted Shares, the Company shall issue, at the election of the Restricted Shareholder, either Restricted Shares or Ordinary Shares (or a combination thereof) to such Restricted Shareholder. No Restricted Shares shall be issued other than to a Restricted Shareholder exercising its preferential subscription right. In case of any event referred to in Article 8.1, Restricted Shareholders shall only be entitled or required to receive Restricted Shares in respect of the Restricted Shares held by them.

12.3 The Company may proceed with a reduction in capital in accordance with articles 612 and following of the Companies Code. No such reduction may affect the Restricted Shareholders unless it is approved in accordance with the procedure provided by article 560 of the Companies Code, if such article is applicable.

12.4 Any issue premium booked by the Company shall be recorded in an account that is not available for distribution and may be reduced or cancelled only by a resolution of the Shareholders' Meeting approved in accordance with the conditions of article 612 of the Companies Code.

Article 13. BONDS, SUBSCRIPTION RIGHTS AND OTHER SECURITIES GIVING RIGHT TO SHARES

13.1 The Company may issue bonds by resolution of the Board of Directors and on such conditions as it shall determine. The Shareholders' Meeting, or the Board of Directors acting within the framework of the authorised capital, may decide to issue convertible bonds, bonds repayable into Shares, subscription rights or any other financial instrument giving right to Shares, subject to Article 12.

13.2 The holders of bonds or subscription rights have the right to attend the Shareholders' Meetings, but only in a consultative capacity.

Article 14. PAYMENTS

14.1 The Board of Directors may make calls upon the shareholders in such amounts and at such times as it shall fix in respect of any moneys to be paid on the Shares issued further to a capital increase.

Any shareholder who, after fifteen calendar days as from notice given by registered letter, remains in default of payment, shall pay the Company interest at the statutory rate plus two per cent as from the due date. Where such failure is not remedied within one month of a second notice, the Board of Directors may declare the shareholder's rights forfeited and cause the Shares to be sold without prejudice to the right to claim from it any remainder outstanding plus such damages as may apply.

14.2 The Board of Directors may authorise shareholders to pay in anticipation the moneys uncalled on their Shares on such terms as it shall fix.

Article 15. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

15.1 The Company may, without any prior authorisation of the Shareholders' Meeting, in accordance with article 620 of the Companies Code where applicable, acquire, on or outside the stock exchange, its own Shares up to a maximum of 20% of the outstanding Shares of the Company at the moment of the acquisition for a unitary price which will not be lower than one euro (EUR 1,-) and not higher than 20% above the highest closing price on Euronext Brussels during the last twenty trading days preceding the acquisition.

15.2 The Company may, without any prior authorisation of the Shareholders' Meeting, in accordance with article 622, §2, 1° of the Companies Code, dispose, on or outside the stock exchange, of the Shares of the Company which were acquired by the Company under the conditions determined by the Board of Directors. With respect to the Shares acquired by the Company as a result of the merger between the Company and Anheuser-Busch InBev SA/NV, the Board of Directors shall be entitled to dispose of such Shares only in connection with (i) any Share delivery obligations undertaken by Anheuser-Busch InBev SA/NV prior to 11 November 2015, (ii) any stock option plans or other compensation plans (including the Zenzele scheme), or (iii) any stock lending agreement or similar arrangement in respect of which the Company used the Shares for the purposes set out in items (i) and (ii).

15.3 The authorisations set forth in Articles 15.1 and 15.2 also extend to acquisitions and disposals of Shares of the Company by direct subsidiaries of the Company made in accordance with article 627 of the Companies Code. Such authorisations are granted for a period of five years as from 28 September 2016.

Article 16. INDIVISIBILITY OF SECURITIES

All securities shall be held in undivided ownership vis-à-vis the Company. Without prejudice to Article 34 relating to representation at the Shareholders' Meeting, the Company may suspend all rights attaching to securities until such time as one person shall have been appointed holder thereof vis à vis the Company.

Article 17. SUCCESSORS IN TITLE

Subject to the other provisions of these Articles of Association, the rights and obligations attaching to a Share follow that Share, regardless of whom it is transferred to.

Neither the heirs nor the creditors of a shareholder may, on any grounds whatsoever, require the division or sale by auction of the Company's assets, nor interfere in any way whatsoever with the administration of the Company. They shall, in exercising their rights, abide by the annual accounts and decisions of the Shareholders' Meeting.

Article 18. CERTIFICATION OF THE SECURITIES OF THE COMPANY

18.1 The Board of Directors may resolve that the Company will give assistance to a third party for the issuance by the third party of certificates, under the conditions set out by law, in order to represent securities issued by the Company. It may resolve that the Company will pay all or part of the charges of such certification and of the setting up and operating charges of the issuer of the certificates, insofar as such payment is in the interest of the Company.

A certificate holder or issuer or any third party of any kind may only invoke the assistance of the Company in their issuing if the Company has confirmed this assistance in writing to the issuer. The holders of such certificates may only exercise rights towards the Company that are granted to them by law if the evidence of ownership of the registered certificates have previously been approved in writing by the Company.

18.2 Any issuer of certificates, whether or not issued with the assistance of the Company, intending to participate in a Shareholders' Meeting and exercise the voting rights attached to the certified securities, shall comply with the formalities described in Articles 33.1 to 33.3. Any holder of certificates issued with the assistance of the Company, intending to attend a Shareholders' Meeting in a consultative capacity, shall comply with the formalities described in Article 33.4.

Article 19. COMPOSITION OF THE BOARD OF DIRECTORS

19.1 The Company shall be managed by a Board of Directors comprising a minimum of three and a maximum of fifteen directors. The directors may be natural persons or legal entities and may but need not be shareholders. The directors are appointed by the Shareholders' Meeting and are dismissible by it at any time.

19.2 When a legal entity is appointed as a director, it must specifically appoint a natural person as its permanent representative, to carry out the office of director in the name and on behalf of the legal entity. The legal entity may not revoke its permanent representative without simultaneously appointing a successor. The appointment and termination of the office of the permanent representative are governed by the same disclosure rules as if he/she were exercising the office on his/her own behalf.

19.3 The Board of Directors shall be composed as follows:

- (a) three directors shall be independent directors appointed by the Shareholders' Meeting upon proposal by the Board of Directors;
- (b) so long as the Stichting Anheuser-Busch InBev and/or any of its Affiliates, any of their respective Successors or Successors' Affiliates (together, the **Reference Shareholder**) own, in aggregate, more than 30% of the Shares with voting rights in the share capital of the Company, nine directors shall be appointed by the Shareholders' Meeting upon proposal by the Reference Shareholder; and
- (c) so long as the Restricted Shareholders together with their Affiliates, any of their respective Successors and/or Successors' Affiliates own, in aggregate (and taking into account the Ordinary Shares referred to in Article 20.2(b)):
 - (i) more than 13.5% of the Shares with voting rights in the share capital of the Company, three directors shall be appointed by the Shareholders' Meeting upon proposal by the Restricted Shareholders in accordance with the procedure set out in Article 21 (each director appointed in accordance with such procedure being a **Restricted Share Director**);
 - (ii) more than 9% but not more than 13.5% of the Shares with voting rights in the share capital of the Company, two Restricted Share Directors shall be appointed;
 - (iii) more than 4.5% but not more than 9% of the Shares with voting rights in the share capital of the Company, one Restricted Share Director shall be appointed; and

- (iv) 4.5% or less than 4.5% of the Shares with voting rights in the share capital of the Company, they shall no longer have the right to propose any candidate for appointment as a member of the Board of Directors and no Restricted Share Director shall be appointed;

it being understood that, for the purpose of determining the number of directors to be appointed upon proposal of the Reference Shareholder and the Restricted Shareholders, the percentage of Shares with voting rights held respectively by the Reference Shareholder and the Restricted Shareholders (together with their Affiliates, respective Successors and/or Successors' Affiliates) shall be computed in accordance with the rules set out in Article 20.

19.4 The term of office of directors shall be as follows:

- (a) with respect to all directors except the Restricted Share Directors, unless the Shareholders' Meeting sets a shorter term, the term of office shall terminate immediately after the closing of the fourth ordinary Shareholders' Meeting following the date of their appointment (or such shorter term decided by the Shareholders' Meeting);
- (b) with respect to all Restricted Share Directors, the term of office shall terminate immediately after the closing of the next ordinary Shareholders' Meeting following the date of their appointment; and
- (c) all directors shall be eligible for re-election.

19.5 If, any time between two ordinary Shareholders' Meetings, the number of Restricted Share Directors which the Restricted Shareholders are entitled to propose for appointment to the Board of Directors pursuant to Articles 19.3(c), 20.2(a) and 20.2(b) (the **Permitted Number**) becomes and remains lower than the number of Restricted Share Directors that are members of the Board of Directors, the Board of Directors shall remain composed of the same number of Restricted Share Directors until the next ordinary Shareholders' Meeting. At such Shareholders' Meeting, the Restricted Shareholders shall be entitled to present only a number of candidates for appointment to the Board of Directors equal to the Permitted Number.

Article 20. CALCULATION OF THE NUMBER OF DIRECTORS TO BE PRESENTED BY THE REFERENCE SHAREHOLDER AND THE RESTRICTED SHAREHOLDERS

20.1 For the purpose of calculating the percentage of Shares with voting rights in the share capital of the Company owned by the Reference Shareholder in order to determine the number of directors to be proposed by the Reference Shareholder under Article 19.3, the following rules shall apply:

- (a) any Shares in the Company (i) issued pursuant to stock option plans or other compensation plans after 10 October 2016, (ii) disposed of by the Company pursuant to Article 15.2, to the extent such shares were owned by the Company as at 10 October 2016, or (iii) owned by the Company or any of its subsidiaries within the meaning of article 6 of the Companies Code on the date set out in Article 20.1(b), shall be disregarded for the purposes of calculating the total number of shares with voting rights in the share capital of the Company; and
- (b) the percentage of Shares owned by the Reference Shareholder shall be calculated on the basis of the number of Shares owned by it on the 120th calendar day prior to the relevant Shareholders Meeting at which the appointment, re-election or confirmation of co-optation of any director proposed by the Reference Shareholder is to be decided.

20.2 For the purpose of calculating the percentages of Shares with voting rights in the share capital of the Company owned by a Restricted Shareholders Group (or all Restricted Shareholder Groups in aggregate) in order to determine the number of Restricted Share Directors to be proposed under Article 19.3, the following rules shall apply:

- (a) any Shares in the Company (i) issued pursuant to stock option plans or other compensation plans after 10 October 2016, (ii) disposed of by the Company pursuant to Article 15.2, to the extent such shares were owned by the Company as at 10 October 2016, or (iii) owned by the Company or any of its subsidiaries within the meaning of article 6 of the Companies Code on the date set out in Article 20.2(c), shall be disregarded for the purposes of calculating the total number of shares with voting rights in the share capital of the Company;
- (b) with respect to each person who, as at 10 October 2016, owned Restricted Shares in its own name, as long as such person or any member of its Restricted Shareholder Group still owns at least one Restricted Share in its own name, any Ordinary Shares owned by, or on behalf of, such Restricted Shareholder Group shall be added to the number of remaining Restricted Shares owned by such Restricted Shareholder Group provided that, on the date set out in Article 20.2(c), such Ordinary Shares are in registered form:
 - (i) in the name of any member of such Restricted Shareholder Group which member owns at least one Restricted Share;
 - (ii) in the name of any member of such Restricted Shareholder Group which member does not itself own at least one Restricted Share and, where at the latest on the tenth calendar day following the date set out in Article 20.2(c), the Company has received (aa) a notice from the member of the Restricted Shareholder Group owning such Ordinary Shares confirming that it is a member of a Restricted Shareholder Group and identifying which such Restricted Shareholder Group, and (bb) a notice from one or more members of the relevant Restricted Shareholder Group which own(s) at least one Restricted Share confirming that such person is a member of the Restricted Shareholder Group;
 - (iii) in the name of a custodian owning such Ordinary Shares on behalf of any member of such Restricted Shareholder Group which has the right to exercise the voting rights in respect of such Ordinary Shares as a result of holding an interest in such Ordinary Shares, and where, at the latest on the tenth calendar day following the date set out in Article 20.2(c), the Company has received (aa) a notice from the relevant custodian confirming that, on the date set out in Article 20.2(c), such Ordinary Shares were owned by such custodian on behalf of such member of such Restricted Shareholder Group, and (bb) a notice from such member of such Restricted Shareholder Group confirming that, on the same date, it is a member of the Restricted Shareholder Group owning at least one Restricted Share and identifying which such Restricted Shareholder Group and confirming that such Ordinary Shares were owned on its behalf by such custodian (it being understood that Ordinary Shares will not be deemed to be owned on behalf of a Restricted Shareholder Group by a custodian as a result only of (x) being loaned to such custodian or being subject to any similar arrangement, or (y) being owned by a custodian in connection with a derivative or hedging arrangement between the custodian and the relevant member of the Restricted Shareholder Group except where the custodian directly or indirectly acquired or received such Ordinary Shares from a member of the Restricted Shareholder Group);

- (c) the number and percentage of Restricted Shares and Ordinary Shares held by a Restricted Shareholder Group in accordance with Articles 19.3(c), 20.2(a), 20.2(b) and 21.3 shall be calculated on the basis of the number of such Shares held by it on the 120th calendar day prior to the relevant Shareholders' Meeting at which the appointment, re-election or confirmation of co-optation of a Restricted Share Director is to be decided (each such Shareholders' Meeting being an *Appointment Shareholders' Meeting*), except as follows:
 - (i) if the Appointment Shareholders' Meeting is not the ordinary Shareholders' Meeting referred to in Article 32.1, where this number and percentage shall be calculated on such other date determined by the Board of Directors and announced not later than the tenth calendar day prior to such date; or
 - (ii) in the instance set out in Article 22.1(c), where this number and percentage shall be calculated on the date set out in Article 22.4;
- (d) if any person which is a member of a Restricted Shareholder Group ceases to be part of the Restricted Shareholder Group referred to in the notice provided in accordance with Article 20.2(b)(ii) or 20.2(b)(iii), it shall promptly notify the Company; and
- (e) in any event, the Restricted Shareholders (together with any other person which is a member of any Restricted Shareholder Group) shall never be entitled to have more than three directors appointed upon their proposal.

Article 21. APPOINTMENT OF RESTRICTED SHARE DIRECTORS

21.1 Except where:

- (a) the Board of Directors has received from a Requisite Majority (as defined below) written resolutions in compliance with the rules set out in Articles 21.4 to 21.6 proposing a sufficient number of candidates so that, if such candidates are appointed or re-elected or their co-optation is confirmed, the Board of Directors will be composed of the Permitted Number of Restricted Share Directors, or
- (b) the confirmation of the co-optation of any Restricted Share Directors is to be submitted to a Shareholders' Meeting which is not otherwise an Appointment Shareholders Meeting and the fact that such confirmation is to be submitted to such Shareholders' Meeting is announced less than 130 calendar days prior to the date of the Shareholders' Meeting,

the Board of Directors shall convene a meeting of the Restricted Shareholders (a *Restricted Shareholders' Meeting*) at least 90 calendar days in advance of any Appointment Shareholders' Meeting in order for Restricted Shareholders to vote for the candidates to be presented for re-election, appointment or confirmation of co-optation as Restricted Share Director, at such Appointment Shareholders' Meeting. Such Restricted Shareholders' Meeting shall be held at least 60 calendar days prior to the Appointment Shareholders' Meeting.

21.2 At least 10 calendar days prior to any Restricted Shareholders' Meeting, any Restricted Shareholder may propose one or more candidates to be presented for appointment as Restricted Share Directors to the Board of Directors and the other Restricted Shareholders. During the Restricted Shareholders' Meeting, Restricted Shareholders shall vote to select the Restricted Share Directors to be appointed among such candidates in one round of voting in accordance with the rules set out in Article 21.3.

21.3 The following rules shall apply between the Restricted Shareholders in respect of any Restricted Shareholders' Meeting to select candidates to be presented to the Board of Directors for re-election, appointment or confirmation of co-optation as Restricted Share Directors:

- (a) each Restricted Shareholder Group shall have one vote for each Restricted Share and each Ordinary Share referred to under Article 20.2(b) (all such Shares together the ***Restricted Shareholder Voting Shares***), provided that:
 - (i) if the aggregate of the Restricted Shareholder Voting Shares owned by, or on behalf of, any Restricted Shareholder Group exceeds 175% of the aggregate number of Restricted Shares held by such Restricted Shareholder Group on 10 October 2016 (or the relevant adjusted number taking account of any change to Restricted Shares as referred to in Article 8.1), such Restricted Shareholder Group shall together not be entitled to exercise more than the number of votes equal to 175% of the number of the Restricted Shares owned by, or on behalf of, such Restricted Shareholder Group on 10 October 2016 (or the relevant adjusted number taking account of any change to Restricted Shares as referred to in Article 8.1);
 - (ii) if any Restricted Shareholder Group wishes to exercise the additional votes attaching to any Ordinary Shares referred to in Article 20.2(b) owned by, or on behalf of, such Restricted Shareholder Group, such Restricted Shareholder Group must cast all of the votes attaching to its Restricted Shareholder Voting Shares in favour of no more than two candidates; and
 - (iii) no candidate shall be eligible to receive such additional votes from more than one Restricted Shareholder Group (it being understood that, in the event any one candidate receives such additional votes from more than one Restricted Shareholder Group, such candidate shall be deemed to have received the number of additional votes of the Restricted Shareholder Group casting the most additional votes in favour of such candidate);
- (b) all candidates will be proposed in one single round of voting where all votes attaching to all Restricted Shareholder Voting Shares may be cast;
- (c) subject to Article 21.3(a)(ii), any vote may be cast in favour of any candidate and a Restricted Shareholder may cast its votes in any manner it chooses between the candidates (including by exercising all votes in favour of a single candidate or dividing its votes in any proportion it chooses among more than one candidate);
- (d) the candidate(s) having received the highest number of votes up to the number of Restricted Share Directors to be appointed in accordance with Article 19.3 shall be presented to the Appointment Shareholders' Meeting for appointment; and
- (e) following each Restricted Shareholders' Meeting, the Company shall as promptly as reasonably practicable notify the Restricted Shareholders of (i) the identity of the candidates selected by the Restricted Shareholders for appointment, re-election or confirmation of co-optation as Restricted Share Directors (as applicable) by the ensuing Appointment Shareholders' Meeting and (ii) with respect to each candidate so identified, the Restricted Shareholder Group that cast the most votes in favour of such candidate at such Restricted Shareholders' Meeting (the ***Proposing Holder***).

21.4 Decisions of the Restricted Shareholders' Meetings can also validly be taken by written resolutions of a Requisite Majority, provided that (i) one or more persons who constitute or may constitute a Requisite Majority and intend to act by way of written resolutions pursuant to this Article (if they do constitute a Requisite Majority) appoint a representative to communicate with the Board of Directors in connection therewith (a ***Restricted Shareholder Representative***) and (ii) between 115 and 135 calendar days prior to the applicable Appointment Shareholders' Meeting (or in the case of written resolutions in connection with a vacancy pursuant to Article 22.1(c), within 10 calendar days of the vacancy arising), such Restricted Shareholder Representative notifies to the Board of Directors the intention of such person(s) to act by way of written resolution pursuant to this Article 21.4 together with the identity of each such person (a ***Restricted Shareholder Representative's Notice***).

For the purpose of these Articles of Association, a ***Requisite Majority*** shall mean persons having the right to exercise the voting rights as a result of holding directly or indirectly not less than the minimum number of Restricted Shareholder Voting Shares that would be necessary to select the Permitted Number of candidates for appointment, re-election or confirmation of co-optation as Restricted Share Directors at a Restricted Shareholders' Meeting at which all Restricted Shareholder Voting Shares were present and voted (subject to the restrictions set out in Article 21.3(a)), irrespective of how any Restricted Shareholder Voting Shares held by other persons would have been voted at such meeting (other than as a result of the restrictions set out in Article 21.3(a)).

21.5 The Company shall, at least 105 calendar days prior to any applicable Appointment Shareholders' Meeting (or in the case of a written resolution in connection with a vacancy pursuant to Article 22.1(c), within 10 calendar days of the Restricted Shareholder Representative's Notice), provide the Restricted Shareholder Representative with (i) a form of written resolutions that may be used by the Requisite Majority to specify candidates for appointment, re-election or confirmation of co-optation as Restricted Share Directors pursuant to Article 21.4 at the next Appointment Shareholders' Meeting or, as applicable, in order to fill a vacancy pursuant to Article 22.1(c), and (ii) a statement of the number of Restricted Share Directors eligible to be appointed (including any re-elections or confirmations of co-optation) in accordance with Article 19.3(c) or, as applicable, the number of vacancies to be filled in accordance with Article 22.1(c). If the Company concludes that the person(s) identified in the Restricted Shareholder Representative's Notice in relation to any applicable Appointment Shareholders' Meeting do not constitute a Requisite Majority, the Board of Directors shall convene a Restricted Shareholders' Meeting in accordance with Article 21.1. Written resolutions delivered pursuant to Article 21.4 shall specify, with respect to each candidate specified for appointment as a Restricted Share Director by such written resolutions, the Restricted Shareholder Group which shall be deemed to be the Proposing Holder.

21.6 The Restricted Shareholder Representative (if any) shall notify the Board of Directors of the identity of the candidate(s) selected to be presented for appointment, re-election or confirmation of co-optation as Restricted Share Directors at the latest 95 calendar days prior to the date of the Appointment Shareholders' Meeting by sending to the Board of Directors a copy of the written resolutions of the Restricted Shareholders (or in the case of written resolutions in connection with a vacancy pursuant to Article 22.1(c), within 30 calendar days following the vacancy arising). The candidates notified to the Board of Directors in accordance with this Article 21.6 shall be presented to the Appointment Shareholders' Meeting for appointment, re-election or confirmation of co-optation, it being understood that the Restricted Shareholders shall not be allowed to notify for appointment, re-election or confirmation of co-optation as Restricted Share Directors in aggregate more candidates than the Permitted Number.

21.7 If, for any reason, the Restricted Shareholders propose fewer (or no) candidates for appointment, re-election and confirmation of co-optation as Restricted Share Directors in aggregate at any Appointment Shareholders' Meeting so that, if such candidates are appointed or re-elected or their co-optation is confirmed (as applicable), the Board of Directors will be composed of fewer than the Permitted Number of Restricted Share Directors, the Board of Directors shall be validly composed of a lower number of Restricted Share Directors than is foreseen in Article 19.3 until the next Appointment Shareholders' Meeting.

Article 22. VACANCIES

22.1 When a position on the Board of Directors becomes vacant, the remaining directors shall have the right to temporarily fill the vacancy by appointing a candidate proposed by:

- (a) the Board of Directors, in the case of a vacancy relating to an independent director;
- (b) the Reference Shareholder, in the case of a vacancy relating to a director appointed upon proposal of the Reference Shareholder; or
- (c) in the case of a vacancy relating to a Restricted Share Director, the following in descending order of precedence:
 - (i) the applicable Proposing Holder (if such Proposing Holder then holds a Sufficient Restricted Shareholding) by written proposal notified to the Board of Directors at the latest on the 15th calendar day following the vacancy arising;
 - (ii) if (i) does not apply, a Requisite Majority of Restricted Shareholders acting by written resolutions notified to the Board of Directors at the latest on the 30th calendar day following the vacancy arising; and
 - (iii) if neither (i) nor (ii) applies, a Restricted Shareholders' Meeting.

Sufficient Restricted Shareholding means, with respect to a Proposing Holder, the direct and indirect holding by such Proposing Holder of no less than the minimum number of Restricted Shareholder Voting Shares that would be necessary for such Proposing Holder to be capable of selecting such number of candidates for appointment to the Board of Directors at a Restricted Shareholders' Meeting at which all Restricted Shareholder Voting Shares were present and voted (subject to the restrictions set out in Article 21.3(a)), irrespective of how any Restricted Shareholder Voting Shares held by other persons would have been voted at such meeting (other than as a result of the restrictions set out in Article 21.3(a)), as is at least equal in the aggregate to the number of candidates being proposed by such Proposing Holder pursuant to the preceding sentence of this Article 22.1 plus the number of continuing Restricted Share Director (if any) in respect of which it is the Proposing Holder.

22.2 Any temporary appointment effected in accordance with Article 22.1 shall (i) be subject to confirmation at the next Shareholders' Meeting unless the Board of Directors, the Reference Shareholder or the Restricted Shareholders' Meeting (or a Requisite Majority of Restricted Shareholders), as applicable, propose an alternative candidate in accordance with the rules set out in Articles 19 to 21, and (ii) subject to such confirmation, be for a term equal to the remainder of the term of the director who held office prior to such vacancy arising.

22.3 In the event of a Restricted Shareholders' Meeting in the situation referred to in Article 22.1(c)(iii):

- (a) the Restricted Shareholders' Meeting shall be convened by the Board of Directors at the latest on the 40th calendar day following the vacancy arising and held within 70 calendar days of the vacancy arising;

- (b) at least 10 calendar days prior to any such Restricted Shareholders' Meeting, any Restricted Shareholder may propose one or more candidates to be proposed to the Restricted Shareholders' Meeting as the candidate (in the case of a single vacancy) or candidates (in the case of multiple vacancies) to be proposed for co-optation to the Board of Directors; and
- (c) the candidate (in the case of a single vacancy) or candidates (in the case of multiple vacancies) to be proposed for co-optation to the Board of Directors shall be selected in a single round of voting where all votes attaching to Restricted Shareholder Voting Shares may be cast and the provisions of Article 21.3 shall apply mutatis mutandis thereto.

22.4 In the instance set out in Article 22.1(c), the number and percentage of Restricted Shares and Ordinary Shares held by a Restricted Shareholder Group shall be calculated on the basis of the number of such Shares held by it on the 120th calendar day prior to the ordinary Shareholders' Meeting referred to in Article 32.1 held most recently prior to the vacancy arising.

Article 23. CHAIRPERSON OF THE BOARD

The Board of Directors shall elect one of its members to be chairperson, who shall be an independent director appointed in accordance with Article 19.3 (a) 19.3(a) or a Restricted Share Director appointed in accordance with Article 19.3(c). The Board may elect one or more vice-chairperson(s). The Shareholders' Meeting may, upon proposal of the Board of Directors, confer honorary status on former chairpersons, vice-chairpersons or directors. The Board of Directors may then invite them to attend its meetings in an advisory capacity.

Article 24. BOARD MEETINGS

24.1 The Board of Directors shall meet as frequently as the interests of the Company shall require. The Board of Directors shall hold regular meetings at such times as may be from time to time fixed by a resolution of the Board of Directors.

A meeting of the Board of Directors shall be held without notice immediately before the ordinary Shareholders' Meeting. In addition, special meetings of the Board of Directors may be called and held at any time upon the call of either the chairperson of the Board of Directors or at least two directors, by notice to each director at least three Business Days before the meeting. Reasonable efforts shall be made to ensure that each director actually receives timely notice of any such special meeting. Where duly justified by emergency and by the corporate interest of the Company, the above notice period of three Business Days may be waived by the unanimous consent of the directors expressed in writing.

24.2 Convening notices may validly be made in writing, or sent by electronic mail, provided that no notice (other than the resolution fixing their time) need be given as to regularly scheduled meetings. Meetings of the Board of Directors shall be convened at the registered office of the Company or at the place indicated in the notice convening the meeting.

24.3 The meetings of the Board of Directors shall be conducted under the chairmanship of the chairperson of the Board of Directors or, in case of impediment, a vice-chairperson (if any has been elected) or a director appointed by his/her fellow directors.

24.4 Any or all of the directors may participate in a meeting of the Board of Directors by means of telephone, videoconference or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting by such means shall constitute presence in person at such meeting.

Where duly justified by emergency and by the corporate interest of the Company, decisions of the Board of Directors may be adopted, without any physical meeting, by the unanimous consent of the directors expressed in writing. Such procedure may not be used for the approval of the annual accounts or the use of the authorised capital.

24.5 The Board of Directors may invite one or more individuals whether or not employees of the Company or its subsidiaries within the meaning of article 6 of the Companies Code, to contribute their experience and knowledge to the deliberations of the Board of Directors and may, to that effect and for a duration that it determines for each of them, allow them to attend its meetings, in whole or in part, in an advisory and non-voting capacity. Such individuals will not qualify as director for the purpose of these Articles of Association, the Companies Code or any other purpose. The Board of Directors determines the amount of their remuneration.

24.6 All directors shall be provided with all information that the Board of Directors considers necessary for the performance of its duties and all information that the Board of Directors considers is material to the Company.

Article 25. DELIBERATIONS

25.1 The Board of Directors may validly deliberate only if the majority of the directors are present or represented. As an exception, in any case of *force majeure*, the quorum for the Board of Directors shall be four directors present or represented and the Board of Directors may validly deliberate only with respect to actions required to be taken to protect the interests of the Company in connection with the circumstances of *force majeure*.

25.2 Any director may grant a proxy to another director in order to be represented at a specific meeting. Such proxies must be recorded in a proxy form bearing the director's signature (which may be a digital signature as defined in article 1322, paragraph 2 of the Civil Code) and must be notified to the Board of Directors by letter, fax, e-mail, or any other means specified in article 2281 of the Civil Code. However, no director may hold a proxy for more than one director. A director so represented shall be deemed to be present in person.

25.3 Decisions at a meeting of the Board of Directors shall be taken by a majority of the votes cast, discounting abstentions. In case of an equality of votes, the chairperson of the meeting shall not have any casting vote.

Article 26. MINUTES OF BOARD MEETINGS

The decisions of the Board of Directors shall be recorded in minutes, kept at the registered office of the Company, and signed by the majority of members present at the meeting.

Copies and extracts of the minutes under private deed may validly be signed by two directors, by a person to whom the day-to-day management of the Company has been delegated or by the Company Secretary.

Article 27. POWERS OF THE DIRECTORS

The Board of Directors shall have the powers to do all that is necessary or useful to achieve the corporate purpose of the Company, with the exception of those powers reserved to the Shareholders' Meeting by law or these Articles of Association.

Irrespective of the Board of Directors' general powers of representation as a collegial body, the Company shall be validly represented by two directors acting jointly.

Article 28. CONFLICTS OF INTEREST AND RELATED-PARTY TRANSACTIONS

Directors will be required to arrange their personal and business affairs so as to avoid conflicts of interest with the Company within the meaning of article 523 of the Companies Code. Any director with a direct or indirect conflicting financial interest on any matter before the Board of Directors will be required to bring it to the attention of both the statutory auditor and fellow directors, will not take part in any deliberation and vote related thereto, and will not be taken into account for the purpose of calculating the quorum for the vote by the Board of Directors on such matter. Conflicts of interest within the meaning of article 523 of the Companies Code will be disclosed in accordance with the relevant legal provisions.

Any proposed related party decision or transaction falling within the scope of article 524 of the Companies Code shall be submitted to a committee of three independent directors in accordance with such article and shall only be entered into after review by such committee.

Article 29. MANAGEMENT COMMITTEE - DELEGATED POWERS

29.1 The Board of Directors may appoint a management committee (the *Management Committee*) from amongst or outside its members. It shall fix the powers and procedures thereof and set the remuneration of its members which shall be charged to overheads.

29.2 The Board of Directors may confer the powers of day-to-day management of the Company, together with the power to represent the Company for such day-to-day management, upon one or more persons who may but need not be directors.

29.3 The Board of Directors, the Management Committee, and the persons with the powers of day-to-day management within the limits of those daily management powers, may likewise grant special and specific authority to one or more persons of their choice. The production of a copy of the decision of the Board of Directors or the authority conferred by one or more persons with the powers of day-to-day management, by the Management Committee or agents holding special authority shall constitute sufficient proof of their powers.

Article 30. AUDIT

30.1 The financial position, annual accounts and compliance with the law and these Articles of Association of transactions required to be disclosed in the annual accounts shall be audited by one or more statutory auditors, who may be natural or legal persons, appointed by the Shareholders' Meeting.

30.2 The statutory auditors shall hold office for renewable periods of three years. The appointment of retiring auditors which have not been re-appointed shall terminate immediately after the closing of the ordinary Shareholders' Meeting.

Article 31. REMUNERATION – EMOLUMENTS

The Shareholders' Meeting may grant the directors' emoluments, which shall be chargeable to overheads.

The statutory auditor(s) shall be remunerated by a fixed fee determined by the Shareholders' Meeting at the beginning of his (their) mandate and which may be changed only by agreement between the parties.

The Company is authorised to deviate from the provisions of article 520ter, indents 1 and 2, of the Companies Code, in respect of any persons falling within the scope of such provisions.

Article 32. SHAREHOLDERS' MEETINGS

32.1 The ordinary Shareholders' Meeting shall be held, each year, on the last Wednesday of April at 11:00 am Belgian time, in one of the municipalities of the Brussels-Capital Region, in Leuven or in Liège, at the place designated by the convening notice. If such day is a legal public holiday in Belgium, the meeting shall be held at the same hour on the following Business Day.

32.2 The Board of Directors or the statutory auditor of the Company will be able to convene any ad hoc, special or extraordinary Shareholders' Meeting. Shareholders representing 20% of the Company's capital will also be able to request the Board of Directors to convene a Shareholders' Meeting. The ad hoc, special or extraordinary Shareholders' Meetings shall be held on the day, at the hour and in the place designated by the convening notice. They may be held at locations other than the registered office.

32.3 The notice made by the Board of Directors may validly be signed by the chairperson or by a person to whom the day-to-day management has been delegated.

Article 33. ADMISSION TO SHAREHOLDERS' MEETINGS

33.1 In order to have the right to participate in and vote at the Shareholders' Meeting, shareholders must:

- (a) have the ownership of their Shares recorded in their name, as at midnight Belgian time on the fourteenth calendar day preceding the date of the Shareholders' Meeting (the **Record Date**):
 - (i) through registration in the register of the registered Shares of the Company, for holders of registered Shares; or
 - (ii) through book-entry in the accounts of an authorised account holder or clearing organisation, for holders of dematerialised Shares; and
- (b) notify the Company (or the person designated by the Company) by returning a signed original paper form or, if permitted by the Company in the notice convening the Shareholders' Meeting, by sending a form electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), at the latest on the sixth calendar day preceding the day of the Shareholders' Meeting, of their intention to participate in the Shareholders' Meeting, indicating the number of Shares in respect of which they intend to do so. In addition, the holders of dematerialised Shares must, at the latest on the same day, provide the Company (or the person designated by the Company), or arrange for the Company (or the person designated by the Company) to be provided, with an original certificate issued by an authorised account holder or a clearing organisation certifying the number of Shares owned on the Record Date by the relevant shareholder and for which it has notified its intention to participate in the Shareholders' Meeting.

An issuer of certificates representing registered Shares must notify its capacity as an issuer to the Company, which will record such capacity in the register of such Shares. An issuer who does not notify its capacity to the Company can only vote at a Shareholders' Meeting if the written notification indicating its intention to participate in that Shareholders' Meeting specifies its capacity of issuer.

An issuer of certificates representing dematerialised Shares must notify its capacity of issuer to the Company before exercising any vote, at the latest through the written notification indicating its intention to participate in the Shareholders' Meeting, failing which such Shares cannot participate in voting.

33.2 Any shareholder with the right to vote may either personally participate in the Shareholders' Meeting or give a proxy to another person, who need not be a shareholder, to represent it at a Shareholders' Meeting.

A shareholder may designate, for a given Shareholders' Meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders.

The appointment of a proxy holder may take place in paper form or electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), through a form which shall be made available by the Company. The signed original paper form or electronic form must be received by the Company at the latest on the sixth calendar day preceding the date of the Shareholders' Meeting.

Any appointment of a proxy holder shall comply with relevant requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirement.

33.3 Prior to the Shareholders' Meeting, the shareholders or their proxies are required to sign an attendance sheet, indicating their first name, last name, and place of residence or corporate denomination and registered office, as well as the number of Shares in respect of which they are participating in the Shareholders' Meeting. Representatives of legal entities must provide the documents evidencing their capacity as bodies or special proxy holders.

The natural persons, shareholders, bodies or proxy holders who take part in the Shareholders' Meeting must be able to prove their identity.

33.4 The holders of profit sharing certificates, non-voting shares, bonds, subscription rights or other securities issued by the Company, as well as the holders of certificates issued with the assistance of the Company and representing securities issued by the latter, may insofar as the law entitles them to do so attend the Shareholders' Meeting, and, as the case may be, participate in voting. If they propose to participate, they are subject to the same formalities concerning admission and access, and forms and filing of proxies, as those imposed on the shareholders.

Article 34. COMPETING RIGHTS

Co-owners, as well as pledgors and pledgees, must be represented by a sole person. The usufructuaries will represent the bare owners unless otherwise provided in the deed establishing the usufruct or agreed upon. In the event of dispute between the bare owner and the usufructuary concerning the existence or scope of such agreement or provision, only the usufructuary shall be admitted to participate in the Shareholders' Meeting and participate in voting.

Article 35. REMOTE VOTING BEFORE THE SHAREHOLDERS' MEETING

Any shareholder may vote remotely before the Shareholders' Meeting, by sending a paper form made available by the Company or, if permitted by the Company in the notice convening the Shareholders' Meeting, by sending a form electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law). The original signed paper form must be received by the Company at the latest on the sixth calendar day preceding the date of the Shareholders' Meeting. Voting through the sending of the signed electronic form may occur until the calendar day before the date of the Shareholders' Meeting.

The Company may also organise a remote vote before the Shareholders' Meeting through other electronic communication methods, such as, among others, through one or several websites. It shall specify the practical terms of any such remote vote in the convening notice.

The Company will ensure that, when arranging remote electronic voting before the Shareholders' Meeting, either through the sending electronically of a form or through other electronic communication methods, the Company is able, through the system used, to control the identity and capacity as shareholder of each person casting a vote electronically.

Shareholders voting remotely, must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the conditions set out in Article 33.

Article 36. CHAIRMANSHIP AND OFFICE

The Shareholders' Meeting shall be chaired by the chairperson of the Board of Directors, or, in case of absence or impediment, by a vice-chairperson, or in the absence of all such, by a director previously appointed for this purpose by the Board of Directors, or, in the absence of such appointment, by any of the directors present.

The chairperson of the meeting shall appoint the secretary, who does not need to be a shareholder. If the number of participants so requires, he shall appoint two tellers from among the shareholders or their representatives. The chairperson, the secretary and the tellers together form the office of the Shareholders' Meeting.

The chairperson can appoint the office of the meeting prior to the opening of the meeting, and the latter can proceed to the verification of the powers of the participants prior to this opening.

Article 37. AGENDA AND DELIBERATIONS

37.1 The Shareholders' Meeting may deliberate only the items on its agenda.

37.2 One or more shareholders representing at least 3% of the capital of the Company may request for items to be added to the agenda and submit resolution proposals in relation to existing agenda items or new items to be added to the agenda provided that they evidence the holding of such 3% shareholding as at the date of their request by a certificate evidencing the registration of the Shares in the register of Shares of the Company with respect to registered Shares or by a certificate issued by an authorised account holder or a clearing organisation certifying the book-entry of the Shares in one or more accounts held by such account holder or clearing organisation, with respect to dematerialised Shares.

Such right shall not be available in relation to a second extraordinary Shareholders' Meeting that is convened for lack of a quorum at the first extraordinary Shareholders' Meeting.

The new agenda items and/or resolution proposals should be received by the Company in signed original paper form or electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), at the latest on the twenty-second calendar day preceding the date of the Shareholders' Meeting and the Company shall publish a revised agenda at the latest on the fifteenth calendar day preceding the date of the Shareholders' Meeting.

The handling of such new agenda items and/or resolution proposals during the Shareholders' Meeting is subject to the relevant shareholder(s) having satisfied, with respect to Shares representing at least 3% of the capital, the conditions set forth in Article 33.

37.3 Each Share gives its holder the right to one vote at Shareholders' Meetings. For all matters, except as otherwise provided in these Articles of Association or by law, resolutions shall be passed by a majority of the votes cast.

Voting shall be by show of hands or through electronic devices.

37.4 Shareholders' Meetings may be broadcast by way of live or recorded video conferences or audio conferences, in part or as a whole, via one or more websites as the case may be, from the place where the meeting is held to one or more remote places where some people, identified or not, are located. Physical persons who attend a Shareholders' Meeting agree by this very fact that their picture may be so transmitted.

Article 38. MINUTES OF THE SHAREHOLDERS' MEETING

The minutes of Shareholders' Meetings shall be signed by the chairperson of the Shareholders' Meeting, the secretary, the tellers and such shareholders (or proxies) who wish to do so.

Copies and extracts of the minutes under private deed may validly be signed by two directors, by a person to whom the day-to-day management of the Company has been delegated or by the Company Secretary.

Article 39. ADJOURNMENTS

39.1 Irrespective of the items on the agenda, the Board of Directors may adjourn any ordinary or other Shareholders' Meeting. It can use this right at any time, but only after the opening of the meeting. Its decision, which does not have to be justified, must be notified to the Shareholders' Meeting before the end of the meeting, and mentioned in the minutes.

Such adjournment cancels all decisions taken during the Shareholders' Meeting.

39.2 The adjourned Shareholders' Meeting shall be held again within five weeks with the same agenda. Shareholders wishing to participate in such Shareholders' Meeting shall fulfil the admission conditions set out in Article 33.1(a) and (b). To this effect, a record date shall be set on the fourteenth calendar day at midnight Belgian Time preceding the date of the second Shareholders' Meeting.

Article 40. POWERS OF THE SHAREHOLDERS' MEETING

A duly constituted Shareholders' Meeting represents all the shareholders.

The Shareholders' Meeting has the powers conferred on it by law. In addition, any acquisition or disposal of tangible assets by the Company for an amount higher than the value of one third of the Company's consolidated total assets as reported in the Company's most recent audited consolidated financial statements shall be within the exclusive jurisdiction of the Shareholders' Meeting and shall be adopted with a majority of at least 75% of the votes cast at the Shareholders' Meeting, regardless of the number of Shares attending or represented.

Article 41. TRANSACTIONS WITH A MAJOR SHAREHOLDER

In the event of (i) a contribution in kind to the Company with assets owned by any person or entity which is required to file a transparency declaration pursuant to applicable Belgian law or a subsidiary (within the meaning of article 6 of the Companies Code) of such person or entity, or (ii) a merger of the Company 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 to approve such contribution in kind or merger.

Article 42. ACCOUNTING RECORDS

The financial year shall begin on the first of January and end on the thirty-first of December each year.

At the end of each financial year, the Board of Directors shall draw up an inventory and the annual accounts of the Company.

Article 43. PROFIT ALLOCATION

The Shareholders' Meeting shall allocate the net profit on the recommendation of the Board of Directors, provided that no less than 5% of the net profits of the Company, after deduction of overheads and depreciation, shall be allocated each year to the legal reserve. Such allocation to the legal reserve shall cease to be compulsory once the legal reserve has become equal to one-tenth of the share capital.

Ordinary Shares and Restricted Shares will have the same rights in relation to dividends and other distributions.

Article 44. PAYMENT OF DIVIDENDS

The annual dividends shall be paid at the dates and places decided by the Board of Directors.

The Board of Directors may pay an interim dividend in accordance with article 618 of the Companies Code.

Article 45. WINDING UP

If the Company is dissolved, it shall be wound up in the manner decided by the Shareholders' Meeting, which shall appoint the liquidators.

The Shareholders' Meeting shall have the widest powers to determine the powers of the liquidators, fix their emoluments and grant them discharge, even while the liquidation is still pending.

After all liabilities have been cleared, the balance of the assets owned by the Company shall be distributed equally among all the Shares.

Article 46. BONDHOLDERS' MEETINGS

General meetings of bondholders shall be held in accordance with the provisions of article 568 of the Companies Code. The office for general meetings of bondholders shall be composed as provided for in Article 36.

Article 47. ADDRESS FOR SERVICE

Any shareholder, bondholder, director, statutory auditor or liquidator of the Company not residing in Belgium shall elect an official address in Belgium. Otherwise he shall be deemed to have elected the registered office of the Company as his official address where all communications, notices, processes and documents may validly be sent to or served upon him.

*

**DESCRIPTION OF SECURITIES
REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT**

As of 31 December 2019, Anheuser-Busch InBev SA/NV had the following series of securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Ordinary shares without nominal value		New York Stock Exchange*
American Depositary Shares, each representing one ordinary share without nominal value	BUD	New York Stock Exchange
6.375% Notes due 2040 (issued January 2010)	BUD40	New York Stock Exchange
4.375% Notes due 2021 (issued January 2011)	BUD21	New York Stock Exchange
8.200% Notes due 2039 (issued March 2011)	BUD39	New York Stock Exchange
2.500% Notes due 2022 (issued July 2012)	BU22	New York Stock Exchange
3.750% Notes due 2042 (issued July 2012)	BUD42A	New York Stock Exchange
2.625% Notes due 2023 (issued January 2013)	BUD/23	New York Stock Exchange
4.000% Notes due 2043 (issued January 2013)	BUD/43	New York Stock Exchange
3.700% Notes due 2024 (issued January 2014)	BUD/24	New York Stock Exchange
4.625% Notes due 2044 (issued January 2014)	BUD/44	New York Stock Exchange
3.300% Notes due 2026 (issued January 2016)	BUD/23A	New York Stock Exchange
3.650% Notes due 2026 (issued January 2016)	BUD/26	New York Stock Exchange
4.700% Notes due 2036 (issued January 2016)	BUD/36	New York Stock Exchange
4.900% Notes due 2046 (issued January 2016)	BUD/46	New York Stock Exchange
Floating Rate Notes due 2021 (issued January 2016)	BUD/21A	New York Stock Exchange
4.950% Notes due 2042 (issued December 2016)	BUD/42	New York Stock Exchange
6.625% Notes due 2033 (issued December 2016)	BUD/33	New York Stock Exchange
5.875% Notes due 2035 (issued December 2016)	BUD/35	New York Stock Exchange
4.439% Notes due 2048 (issued August 2017)	BUD/48	New York Stock Exchange
3.500% Notes due 2024 (issued April 2018)	BUD/24B	New York Stock Exchange
4.000% Notes due 2028 (issued April 2018)	BUD/28	New York Stock Exchange
4.375% Notes due 2038 (issued April 2018)	BUD/38	New York Stock Exchange
4.600% Notes due 2048 (issued April 2018)	BUD/48A	New York Stock Exchange
4.750% Notes due 2058 (issued April 2018)	BUD/58	New York Stock Exchange
Floating Rate Notes due 2024 (issued April 2018)	BUD24A	New York Stock Exchange
4.150% Notes due 2025 (issued January 2019)	BUD/25	New York Stock Exchange
4.750% Notes due 2029 (issued January 2019)	BUD/29	New York Stock Exchange
4.900% Notes due 2031 (issued January 2019)	BUD/31	New York Stock Exchange
5.450% Notes due 2039 (issued January 2019)	BUD/39A	New York Stock Exchange
5.550% Notes due 2049 (issued January 2019)	BUD/49	New York Stock Exchange
5.800% Notes due 2059 (issued January 2019)	BUD/59	New York Stock Exchange
4.900% Notes due 2046 (issued May 2019)	BUD/46A	New York Stock Exchange
4.700% Notes due 2036 (issued May 2019)	BUD/36A	New York Stock Exchange
3.650% Notes due 2026 (issued May 2019)	BUD/26A	New York Stock Exchange

* Not for trading, but only in connection with the registration of American Depositary Shares representing such ordinary shares, pursuant to the requirements of the Securities and Exchange Commission.

In this exhibit, references to “**AB InBev**,” “**we**,” “**us**,” “**our**” and “**AB InBev Group**” are to, as the context otherwise requires, Anheuser-Busch InBev SA/NV, a Belgian public limited liability company (*société anonyme/naamloze vennootschap*), and the group of companies owned and/or controlled by AB InBev. Capitalized terms used but not defined herein have the meanings given to them in AB InBev’s annual report on Form 20-F for the fiscal year ended 31 December 2019 (the “**2019 Form 20-F**”).

Description of Ordinary Shares

Form and Transferability of Our Shares

Our share capital is represented by 2,019,241,973 shares without nominal value, of which 1,693,242,156 are Ordinary Shares registered pursuant to Section 12(b) of the Act. There are two classes of shares: all shares are Ordinary Shares, except for 325,999,817 Restricted Shares, which are not registered pursuant to Section 12(b) of the Act.

Our Ordinary Shares can take the form of registered shares or dematerialized shares. Restricted Shares may only be held in registered form.

All of our shares are fully paid-up. Ordinary Shares are freely transferable.

Changes to Our Share Capital

Capital Increase by Our Shareholders' Meeting

Changes to our share capital may be decided by our shareholders' meeting. Our shareholders' meeting may at any time decide to increase or decrease our share capital. Such resolution must satisfy the following quorum and majority requirements: (i) a quorum of 50% of the issued share capital must be present or represented at the meeting, and (ii) the capital increase must be approved by at least 75% of the votes cast at the meeting (not counting abstentions). If there is no quorum, a second meeting must be convened where no quorum requirement applies but where the special 75% majority requirement applies. See “—Description of the Rights and Benefits Attached to Our Shares—Right to Attend and Vote at Our Shareholders' Meeting—Quorum and Majority Requirements” below.

Capital Increase by Our Board of Directors

Subject to the same quorum and majority requirements described above, our shareholders' meeting may authorize our Board, within certain limits, to increase our share capital without any further approval of shareholders, by way of authorized capital. This authorization needs to be limited in time (i.e., it can only be granted for a renewable period of a maximum of five years) and in scope (i.e., the increase by way of authorized capital may not exceed the amount of the share capital at the time of the authorization).

At the annual shareholders' meeting on 26 April 2017, our shareholders' meeting authorized our Board to increase the share capital of AB InBev to an amount not to exceed 3% of the total number of shares issued and outstanding on 26 April 2017 (i.e., 2,019,241,973). This authorization has been granted for five years and can be used for several purposes, including when the sound management of our business or the need to react to appropriate business opportunities calls for a restructuring, an acquisition (whether private or public) of securities or assets in one or more companies, or generally, any other appropriate increase of our capital.

Preferential Subscription Right and Anti-Dilution

In the event of a share capital increase by way of the issue of new shares, convertible bonds, bonds repayable in shares, subscription rights or other financial instruments giving a right to shares (any such shares, bonds, rights or instruments being “Equity Interests”), all shareholders will have a preferential right to subscribe for any such Equity Interests, as set out in and in accordance with Article 7:188 of the Belgian Companies Code. The preferential subscription right shall entitle each shareholder to subscribe for any new Equity Interests, pro rata to the proportion of existing share capital as he or she holds immediately prior to such issue and subject to the rules of Article 7:188 of the Belgian Companies Code. Each shareholder may exercise his or her preferential right in whole or in part.

Our shareholders' meeting may restrict or cancel the preferential subscription right, in accordance with Article 7:191 of the Belgian Companies Code, for a purpose that is in our best interests, provided, however, that if the preferential subscription right is restricted or canceled with respect to any issuance in which any of our shareholders acquires any such Equity Interests, all our shareholders shall be given the same right and be treated in the same way. This requirement shall not apply when the preferential subscription right is restricted or canceled with respect to issuances of Equity Interests issued solely pursuant to stock option plans or other

compensation plans in the ordinary course of business. Where our shareholders' meeting has granted an authorization to our board of directors to effect a capital increase in the framework of the authorized capital and such authorization allows our board of directors to do so, our board of directors may likewise restrict or cancel the preferential subscription right applying the same principles as set out in this paragraph.

Any decision to restrict or cancel the preferential subscription right will require a quorum at the shareholders' meeting of shareholders holding at least 50% of the share capital and, approval by a qualified majority of at least 75% of the votes cast at the meeting (not counting abstentions). If there is no quorum, a second meeting must be convened. At the second meeting, no quorum is required, but the relevant resolution must be approved by a qualified majority of at least 75% of the votes cast at the meeting (not counting abstentions).

No Restricted Shares shall be issued other than to a Restricted Shareholder exercising its preferential subscription right in respect of its holding of Restricted Shares, without prejudice to the right of the Ordinary Shareholders to exercise their second ranking preferential subscription right in accordance with Article 7:188 of the Belgian Companies Code. In case of any event referred to in Article 8.1 of our articles of association, Restricted Shareholders shall only be entitled or required to receive Restricted Shares in respect of the Restricted Shares held by them.

Certain shareholders (including shareholders resident in, or citizens of, certain jurisdictions, such as the United States, Australia, Canada and Japan) may not be entitled to exercise such rights even if they are not disappplied unless the rights and related shares are registered or qualified for sale under the relevant legislative or regulatory framework.

Purchases and Sales of Our Own Shares

We may only acquire our own shares pursuant to a decision by our shareholders' meeting taken under the conditions of quorum and majority provided for in the Belgian Companies Code. Such a decision requires a quorum at the shareholders' meeting of shareholders holding at least 50% of the share capital and approval by a qualified majority of at least 75% of the votes cast at the meeting (not counting abstentions). If there is no quorum, a second meeting must be convened. At the second meeting, no quorum is required, but the relevant resolution must be approved by a qualified majority of at least 75% of the votes cast at the meeting (not counting abstentions).

On 28 September 2016, our shareholders' meeting granted an authorization allowing us to acquire our shares, either on or outside of the stock exchange, up to a maximum of 20% of the issued shares for a unitary price which will not be lower than one Euro and not higher than 20% above the highest closing price on Euronext Brussels in the last 20 trading days preceding the transaction. This authorization is valid for a period of five years as from 28 September 2016.

We may only dispose of our own shares in accordance with the conditions of the Belgian Companies Code.

With respect to the shares acquired by us as a result of the merger between us and former AB InBev, our Board shall be entitled to dispose of such shares only in connection with (i) any share delivery obligations undertaken by former AB InBev prior to 11 November 2015, (ii) any stock option plans or other compensation plans (including the Zenzele schemes) or (iii) any stock lending agreement or similar arrangement in respect of which we used our own shares for the purposes set out in items (i) and (ii).

See "Item 16E. Purchases of Equity Securities by the Issuer" in the 2019 Form 20-F for details of our recent share repurchase programs.

Description of the Rights and Benefits Attached to Our Shares

Right to Attend and Vote at Our Shareholders' Meeting

Ordinary Shareholders' Meeting

Our ordinary shareholders' meeting will be held on the last Wednesday of April of each year, at 11:00 a.m., Belgian time, in one of the municipalities of the Brussels-Capital Region, in Leuven or in Liège, at the place which will be mentioned in the convening notice. If this date is a legal holiday, the meeting will be held on the next business day at the same time.

At this meeting, our Board and the statutory auditor will present a report on our management and financial situation as at the end of the previous accounting year, which shall run from 1 January to 31 December. The shareholders will then vote on the approval of the annual accounts, the allocation of our profit or loss, the appointment or renewal, if necessary, of directors or statutory auditors, remuneration of the directors and the auditor and the release from liability of the directors and the statutory auditor.

Ad hoc and Extraordinary Shareholders' Meetings

Our Board or our statutory auditor (or the liquidators, if appropriate) may, whenever our interests so require, convene a special or extraordinary shareholders' meeting. Such shareholders' meeting must also be convened every time one or more of our shareholders holding at least one-tenth of our share capital so demand.

Such shareholders' meetings shall be held on the day, at the hour and in the place designated by the convening notice. They may be held at locations other than our registered office.

Notices Convening Our Shareholders' Meeting

Notices of our shareholders' meetings contain the agenda of the meeting and the recommendations of our board of directors on the matters to be voted upon.

Notices for our shareholders' meetings are given in the form of announcements placed at least 30 days prior to the meeting in at least one Belgian newspaper and in the Belgian State Gazette (*Moniteur belge/Belgisch Staatsblad*). Notices will be sent 30 days prior to the date of our shareholders' meetings to the holders of our registered shares, holders of our registered warrants and to our directors and our statutory auditor.

Notices of all our shareholders' meetings and all related documents, such as specific board of directors' and auditor's reports, will also be published on our website.

Admission to Meetings

All shareholders are entitled to attend our shareholders' meetings, take part in the deliberations and, within the limits prescribed by the Belgian Companies Code and our articles of association, vote, provided they have complied with the formalities for admission set out in the convening notice.

The right to participate in and vote at a shareholders' meeting will require a shareholder to:

- have the ownership of his or her shares recorded in his or her name on the 14th calendar day preceding the date of the shareholders' meeting, either through registration in the register of our registered shares, for holders of registered shares, or through book-entry in the accounts of an authorized account holder or clearing organization, for holders of dematerialized shares; and
- notify us (or a person designated by us) at the latest on the sixth calendar day preceding the date of the shareholders' meeting of his or her intention to participate in the meeting, indicating the number of shares in respect of which he or she intends to do so. In addition, a holder of dematerialized shares must, at the latest on the same day, provide us (or a person designated by us) with an original certificate issued by an authorized account holder or a clearing organization certifying the number of shares owned by the relevant shareholder on the record date for the shareholders' meeting and for which he or she has notified his or her intention to participate in that meeting.

Voting by Proxy

Any shareholder with the right to vote may either personally participate in the meeting or give a proxy to another person, who need not be a shareholder, to represent him or her at the meeting. A shareholder may designate, for a given meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders. The appointment of a proxy holder may take place in paper

form or electronically (in which case, the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), through a form which shall be made available by us. The signed original paper or electronic form must be received by us at the latest on the sixth calendar day preceding the date of the shareholders' meeting. Any appointment of a proxy holder shall comply with relevant requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirements.

Remote Voting

Any shareholder with the right to vote may vote remotely in relation to our shareholders' meeting by sending a paper form or, if permitted by us in the notice convening the meeting, by sending a form electronically (in which case, the form shall be signed by means of an electronic signature in accordance with applicable Belgian law). These forms shall be made available by us. Only forms received by us at the latest on the sixth calendar day preceding the date of the meeting will be taken into account.

Shareholders voting remotely must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the admission formalities set out in the convening notice.

Right to Request Items Be Added to the Agenda and to Ask Questions at the Shareholders' Meeting

One or more shareholders that together hold at least 3% of our share capital may request for items to be added to the agenda of any convened meeting and submit proposals for resolutions with regard to existing agenda items or new items to be added to the agenda, provided that (i) they prove ownership of such shareholding as at the date of their request and record their shares representing such shareholding on the record date for the relevant shareholders' meeting and (ii) the additional items to be added to the agenda and/or proposed resolutions have been sent in writing (by registered mail or e-mail) by these shareholders to our registered office no later than on the twenty-second day preceding the date of the relevant shareholders' meeting. Such shareholdings must be proven by a certificate evidencing the registration of the relevant shares in our share register or by a certificate issued by the authorized account holder or the clearing organization certifying the book-entry of the relevant number of dematerialized shares in the name of the relevant shareholder(s).

We shall acknowledge receipt of shareholders' requests within 48 hours and, if required, publish a revised agenda of the shareholders' meeting at the latest on the 15th day preceding the date of the shareholders' meeting. The right to request that items be added to the agenda or that proposed resolutions in relation to existing agenda items be submitted does not apply in case of a second shareholders' meeting that must be convened because the quorum was not obtained during the first shareholders' meeting.

Within the limits of Article 7:139 of the Belgian Companies Code, our directors and our auditor shall answer, during the shareholders' meeting, any questions raised by shareholders. Shareholders may ask questions either during the meeting or in writing, provided that we receive the written question at the latest on the sixth day preceding the date of the shareholders' meeting.

Quorum and Majority Requirements

Each of our shares is entitled to one vote except for shares owned by us, or by any of our subsidiaries, the voting rights of which are suspended. Without prejudice to the specific rights and obligations attached to the Restricted Shares, the shares held by our principal shareholders do not entitle such shareholders to different voting rights.

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

Resolutions relating to amendments of our articles of association or a merger or split are 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 our issued share capital, and the approval of at least 75% of the votes cast at the meeting (not counting abstentions). 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 our shares are 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 our shares and the approval of at least 75% of the votes cast at the meeting in each class of our shares (not counting abstentions). 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 our corporate purpose 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 (not counting abstentions). 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 (not counting abstentions).

Any authorization 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 75% of the votes cast at the meeting (not counting abstentions). 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 75% of the votes cast at the meeting (not counting abstentions).

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

Dividends

All of our shares participate equally in our profits. Our Ordinary Shares (including our Ordinary Shares represented by our ADSs) and Restricted Shares have the same rights in relation to dividends and other distributions.

The Belgian Companies Code provides that dividends can only be paid up to an amount equal to the excess of our shareholders' equity over the sum of (i) paid-up or called-up share capital and (ii) reserves not available for distribution pursuant to law or our articles of association. Under Belgian law and our articles of association, we must allocate an amount of 5% of our annual net profit on an unconsolidated basis to a legal reserve in our unconsolidated financial statements until such reserve equals 10% of our share capital.

In general, we may only pay dividends with the approval of the shareholders' meeting. The annual dividend payment (if any) will be approved by our shareholders at our Ordinary Shareholders' meeting and will be paid on the dates and the places determined by our board of directors. In addition, our Board may declare interim dividends without shareholder approval, in accordance with the provisions of the Belgian Companies Code and Article 44 of our articles of association. It is expected that our board will decide the payment of dividends on a semi-annual basis.

See "Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Dividend Policy" in the 2019 Form 20-F for further information on our current dividend policy.

Appointment of Directors

Under our articles of association, the directors are appointed as follows:

- three independent directors will be appointed by our shareholders' meeting upon proposal by our board of directors;
- so long as the Stichting and/or any of its affiliates, any of their respective successors and/or successors' affiliates own, in aggregate, more than 30% of the shares with voting rights in our share capital, nine directors will be appointed by our shareholders' meeting upon proposal by the Stichting (and/or any of its affiliates, any of their respective successors and/or successors' affiliates); and

- so long as the Restricted Shareholders, together with their affiliates and/or any of their successors and/or successors' affiliates, own in aggregate:
 - more than 13.5% of the shares with voting rights in our share capital, three directors will be appointed by our shareholders' meeting upon proposal by the Restricted Shareholders;
 - more than 9% but not more than 13.5% of the shares with voting rights in our share capital, two directors will be appointed by our shareholders' meeting upon proposal by the Restricted Shareholders;
 - more than 4.5% but not more than 9% of the shares with voting rights in our share capital, one director will be appointed by our shareholders' meeting upon proposal by the Restricted Shareholders; and
 - 4.5% or less than 4.5% of the shares with voting rights in our share capital, the Restricted Shareholders will no longer have the right to propose any candidate for appointment as a member of our board of directors and no directors will be appointed upon proposal by the Restricted Shareholders.

Liquidation Rights

We can only be dissolved by a shareholders' resolution passed in accordance with the conditions laid down for the amendment of our articles of association (*i.e.*, with a majority of at least 75% of the votes cast (not counting abstentions) at an extraordinary shareholders' meeting where at least 50% of the share capital is present or represented).

If, as a result of losses incurred, the ratio of our net assets (determined in accordance with Belgian legal and accounting rules) to share capital is less than 50%, our board of directors must convene an extraordinary shareholders' meeting within two months as of the date upon which our board of directors discovered or should have discovered this undercapitalization. At this shareholders' meeting, our board of directors must propose either the dissolution of the company or the continuation of the company, in which case, our board of directors must propose measures to redress our financial situation. Shareholders' resolutions relating to our dissolution are adopted in accordance with the conditions laid down for the amendments of our articles of association.

If, as a result of losses incurred, the ratio of our net assets to share capital is less than 25%, the same procedure must be followed; provided, however, that in this instance, shareholders representing 25% of the votes validly cast at the relevant shareholders' meeting can decide to dissolve the company. If the amount of our net assets has dropped below EUR 61,500 (the minimum amount of share capital of a Belgian limited liability company (*société anonyme / naamloze vennootschap*)), any interested party is entitled to request the competent court to dissolve the company. The court can order the dissolution of the company or grant a grace period within which we may remedy the situation.

In the event of our dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses shall be distributed to the holders of our shares, each receiving a sum proportional to the number of our shares held by them. Our Ordinary Shares and Restricted Shares have the same rights in relation to all proceeds of a dissolution, liquidation or winding-up.

Transactions with Major Shareholders

In the event of (i) a contribution in kind to us 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 the company 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 to approve such contribution in kind or merger.

Disclosure of Significant Shareholdings

In addition to the transparency disclosure thresholds set out by the applicable Belgian legislation (*i.e.*, 5%, 10%, 15% and so on in five percentage point increments), the disclosure obligation set out in such legislation shall also apply as soon as the amount of securities giving voting rights held by a person acting alone or by persons acting in concert reaches, exceeds or falls below a 3% or 7.5% threshold of the total outstanding securities with voting rights. Any obligation imposed by the applicable Belgian legislation to holders of 5% (or any multiple of 5%) of the total outstanding securities with voting rights shall also apply to the additional notification thresholds of 3% and 7.5%. For details of our major shareholders, see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders" in the 2019 Form 20-F.

Mandatory Bid

Public takeover bids for our shares and other securities, if any, are subject to supervision by the FSMA. Any public takeover bids must be extended to all of our voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

Belgium has implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of 21 April 2004) in the Belgian Law of 1 April 2007 on public takeover bids and the Belgian Royal Decree of 27 April 2007 on public takeover bids. The Belgian Law of 1 April 2007 on public takeover bids provides that a mandatory bid must be launched if a person, as a result of his or her own acquisition or the acquisition by persons acting in concert with him or her or by persons acting for his or her account, directly or indirectly holds more than 30% of the voting rights in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility, as designated by the Belgian Royal Decree of 27 April 2007 on public takeover bids (as set out in “Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Shareholding Structure” in the 2019 Form 20-F).

The mere fact of exceeding the relevant threshold through the acquisition of shares will give rise to a mandatory bid, irrespective of whether the price paid in the relevant transaction exceeds the current market price. The duty to launch a mandatory bid does not apply in case of an acquisition if it can be shown that a third party exercises control over us or that such third party holds a larger stake than the person holding 30% of the voting rights.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligations to disclose significant shareholdings and merger control regulations, that may apply to us and which may make an unsolicited tender offer, merger, change in management or other change in control more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of our shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their shares at a premium.

In addition, the board of directors of a Belgian company may, in certain instances and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the company’s authorized capital) or through share buy-backs (*i.e.*, the purchase of our own shares).

Limitations on the Right to Own Securities

Neither Belgian law nor our articles of association imposes any general limitation on the right of non-residents or foreign persons to hold our securities or exercise voting rights on our securities other than those limitations that would generally apply to all shareholders.

Description of Debt Securities

Terms Applicable to the 4.900% Notes due 2046, the 4.700% Notes due 2036 and the 3.650% Notes due 2026

The 4.900% Notes due 2046 (the “**2046 Notes**”), the 4.700% Notes due 2036 (the “**2036 Notes**”) and the 3.650% Notes due 2026 (the “**2026 Notes**”) and, together with the 2046 Notes and the 2036 Notes, the “**May 2019 Notes**”) have the respective maturity dates, interest rates and interest payment dates as specified in the table below.

Title of Series	Interest Rate	Maturity Date	Interest Accrues From	Interest Payment Date(s)
4.900% Notes due 2046	4.900%	1 February 2046	1 February 2019	1 February and 1 August
4.700% Notes due 2036	4.700%	1 February 2036	1 February 2019	1 February and 1 August
3.650% Notes due 2026	3.650%	1 February 2026	1 February 2019	1 February and 1 August

The May 2019 Notes are issued by Anheuser-Busch Companies, LLC (“**ABC**” and an “**Issuer**”, with respect to the May 2019 Notes) and Anheuser-Busch InBev Worldwide Inc. (“**ABIWW**” and an “**Issuer**” and together, the “**Issuers**”, with respect to the May 2019 Notes) and will be fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), Anheuser-Busch InBev Finance Inc. (“**ABIFI**”), Brandbev S.à r.l., Brandbrew S.A. and Cobrew NV (the “**Subsidiary Guarantors**,” and, together with the Parent Guarantor, the “**Guarantors**”), subject to certain customary release provisions.

Each series of the May 2019 Notes is issued under a supplemental indenture to the indenture, dated as of 13 November 2018 (the “**Indenture**”, with respect to the May 2019 Notes), among ABIWW and ABC, as co-issuers, each of the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). The May 2019 Notes will be joint and several obligations of ABIWW and ABC. This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the May 2019 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The May 2019 Notes will be senior unsecured obligations of the Issuers and will rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuers. The May 2019 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The May 2019 Notes are issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The May 2019 Notes do not provide for any sinking fund. The May 2019 Notes will be recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including Euroclear S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”).

Interest on the 2046 Notes, 2036 Notes and 2026 Notes will accrue from 1 August 2018 and will be payable semi-annually in arrears on 1 February and 1 August of each year commencing 1 August 2019 until the principal of such May 2019 Notes is paid or duly made available for payment. Interest on the May 2019 Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. If the date of maturity of interest on or principal of any May 2019 Note or the date fixed for redemption or payment in connection with an acceleration of any May 2019 Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment. Interest on the May 2019 Notes will be paid to the persons in whose names the May 2019 Notes are registered at the close of business on the 15 January and 15 July immediately preceding the applicable interest payment date, whether or not such date is a Business Day.

Redemption

Optional Redemption

Prior to (i) with respect to the 2026 Notes, 1 November 2025 (three months prior to the maturity date of the 2026 Notes), (ii) with respect to the 2036 Notes, 1 August 2035 (six months prior to the maturity date of the 2036 Notes) and (iii) with respect to the 2046 Notes, 1 August 2045 (six months prior to the maturity date of the 2046 Notes) (each such date, a “**Par Call Date**”), each series of May 2019 Notes may be redeemed at any time, at the Issuers’ option, as a whole or in part, upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to the greater of (1) 100% of the aggregate principal amount of the May 2019 Notes to be redeemed; and (2) as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the May 2019 Notes to be redeemed as if the May 2019 Notes to be redeemed matured on the applicable Par Call Date for the 2026 Notes, 2036 Notes and 2046 Notes (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the applicable Make-Whole Spread (as indicated in the table below) for such series of May 2019 Notes. In the case of each of clauses (1) and (2), accrued but unpaid interest will be payable to the redemption date.

<u>Title of Series</u>	<u>Make-Whole Spread</u>
3.650% Notes due 2026	25 bps
4.700% Notes due 2036	30 bps
4.900% Notes due 2046	35 bps

On or after the applicable Par Call Date, each series of May 2019 Notes will be redeemable as a whole or in part, at the Issuers’ option at any time and from time to time at a redemption price equal to 100% of the principal amount of the May 2019 Notes being redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption. On and after the redemption date, interest will cease to accrue on the May 2019 Notes or any portion of the May 2019 Notes called for redemption, unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent or the Trustee money sufficient to pay the redemption price of and accrued interest on the May 2019 Notes to be redeemed on that date. If fewer than all of the May 2019 Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the Redemption Date, the particular May 2019 Notes of such series or portions thereof for redemption from the outstanding May 2019 Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate, *provided that* if the May 2019 Notes of a series are represented by one or more global notes, interests in such global notes shall be selected for redemption by DTC in accordance with its standard procedures therefor.

“**Comparable Treasury Issue**” means the United States Treasury security selected by the Independent Investment Banker (as defined below) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the applicable fixed May 2019 Note.

“**Comparable Treasury Price**” means, with respect to any Redemption Date, (i) the average of five Reference Treasury Dealer Quotations (as defined below) for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

“**Independent Investment Banker**” means Barclays Capital Inc., Deutsche Bank Securities Inc. or Merrill Lynch, Pierce, Fenner & Smith Incorporated, as specified by us, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by us.

“**Reference Treasury Dealer**” means (i) Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the City of New York (a “**Primary Treasury Dealer**”), the Issuers will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuers after consultation with an Independent Investment Banker.

“**Reference Treasury Dealer Quotations**” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

Optional Tax Redemption

Each series of the May 2019 Notes may be redeemed at any time, at either Issuer’s or the Parent Guarantor’s option, in whole but not in part, upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount of the May 2019 Notes of such series then outstanding, plus accrued and unpaid interest on the principal amount being redeemed (and any Additional Amounts) to (but excluding) the redemption date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a jurisdiction in which either Issuer or any Guarantor is incorporated, organized or otherwise tax resident or any political subdivision or any authority thereof or herein having power to tax, or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after 13 November 2018 (any such change or amendment, a “**Change in Tax Law**”), such Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts with respect to the May 2019 Notes of a particular series, and (ii) such obligation cannot be avoided by such Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by such Issuer under the circumstances described under “—Additional Amounts”; *provided, however*, that the May 2019 Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of such Issuer assigning its obligations under the May 2019 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any such notice of redemption pursuant to the foregoing, the relevant Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that such Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the relevant Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the relevant May 2019 Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

The Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee and principal paying agent under the Indenture. The trustee has two principal functions:

- first, it can enforce a holder’s rights against us if we default on the May 2019 Notes. There are some limitations on the extent to which the trustee acts on a holder’s behalf, described under “—Events of Default”; and
- second, the trustee performs administrative duties for us, such as sending the holder’s interest payments, transferring May 2019 Notes to a new buyer and sending notices to holders.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee and affiliates of the trustee in the ordinary course of our respective businesses. The address of The Bank of New York Mellon Trust Company, N.A. is 500 Ross Street, 12th Floor, Pittsburgh, PA 15262.

If an event of default occurs, or an event occurs that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded, the trustee may therefore be considered to have a conflicting interest with respect to the May 2019 Notes or the Indenture for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign as trustee under the Indenture and we would be required to appoint a successor trustee.

Substitution of an Issuer; Consolidation, Merger and Sale of Assets

Any Issuer or Guarantor, without the consent of the holders of any of the May 2019 Notes, may consolidate with or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any corporation or (ii) an Issuer may at any time substitute for itself either a Guarantor or any Affiliate (as defined below) of a Guarantor as principal debtor under the May 2019 Notes (a “**Substitute Issuer**”); *provided* that:

- (a) the Substitute Issuer or any other successor company shall expressly assume the applicable Issuer’s or Guarantor’s respective obligations under the May 2019 Notes or the Guarantees, as the case may be, and the Indenture, as applicable;
- (b) any successor company is organized under the laws of a member country of the Organization for Economic Co-Operation and Development;
- (c) the applicable Issuer is not in default of any payments due under the May 2019 Notes and immediately before and after giving effect to such consolidation, merger, sale, transfer, lease, conveyance or substitution, no Event of Default shall be continuing;
- (d) in the case of a Substitute Issuer:
 - (i) the obligations of the Substitute Issuer arising under or in connection with the May 2019 Notes and the Indenture are fully, irrevocably and unconditionally guaranteed by the Guarantors (other than the Substitute Issuer, if applicable) on the same terms as existed immediately prior to such substitution under the Guarantees given by such Guarantors;
 - (ii) the Parent Guarantor, the Issuers and the Substitute Issuer jointly and severally indemnify each holder for any income tax or other tax (if any) recognized by such holder solely as a result of the substitution of the Substitute Issuer (and not as a result of any transfer by such holder), *provided, however*, that such indemnification shall not apply to any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and shall not require the payment of Additional Amounts on account of any such withholding or deduction;
 - (iii) each stock exchange on which the May 2019 Notes are listed, if any, shall have confirmed that, following the proposed substitution of the Substitute Issuer, such May 2019 Notes will continue to be listed on such stock exchange; and
 - (iv) each rating agency that rates the May 2019 Notes, if any, shall have confirmed that, following the proposed substitution of the Substitute Issuer, such May 2019 Notes will continue to have the same or better rating as immediately prior to such substitution; and
- (e) written notice of such transaction shall be promptly provided to the holders.

For purposes of the foregoing, “**Affiliate**” shall mean, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person.

Upon the effectiveness of any substitution, all of the foregoing provisions will apply *mutatis mutandis*, and references elsewhere herein to the Issuers or a Guarantor will, where the context so requires, be deemed to be or include references, to any successor company.

Modifications and Amendment

The Issuers, the Guarantors and the Trustee may execute agreements adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental agreement or modifying in any manner the rights of the holders under the May 2019 Notes and any other debt securities issued under the Indenture or the Guarantees only with the consent of the holders of not less than a majority in aggregate principal amount of the May 2019 Notes then outstanding under (irrespective of series) that would be affected by the proposed modification or amendment; *provided* that no such agreement shall (a) change the maturity of the principal of, or any installment of interest on, any May 2019 Note, or reduce the principal amount or the interest thereof, or extend the time of payment of any installment of interest thereon, or change the currency of payment of principal of, or interest on, any May 2019 Note, or change an Issuer’s or a Guarantor’s obligation to pay Additional Amounts, impair or affect the right of any holder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption on or after the redemption date) or change in any manner adverse to the interests of the holders the terms and provisions of the Guarantees in respect of the due and punctual payment of principal amount of the May 2019 Notes then

outstanding plus accrued and unpaid interest (and all Additional Amounts, if any) without the consent of the holder of each May 2019 Note so affected; or (b) reduce the aforesaid percentage of the consent of the holders of which is required for any such agreement, without the consent of the holders of the affected series of the May 2019 Notes then outstanding. To the extent that any changes directly affect fewer than all the series of the May 2019 Notes, only the consent of the holders of May 2019 Notes of the relevant series (in the respective percentages set forth above) will be required.

The Issuers, the Guarantors and the Trustee may, without the consent of the Holders, from time to time execute agreements or amendments or enter into an indenture or indentures supplemental thereto (including in respect of one series of notes only) for one or more of the following purposes:

- to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for May 2019 Notes;
- to evidence the succession of another person to any Issuers or any Guarantors, or successive successions, and the assumption by the successor person of the covenants of an Issuer or any of the Guarantors, pursuant to the Indenture;
- to evidence and provide for the acceptance of appointment of a successor or successors to the Trustee in any of its capacities and to add to or change any of the provisions of the Indenture to facilitate the administration of the trusts created thereunder by more than one trustee;
- to add to the covenants of the Issuers or the Guarantors, for the benefit of the holders of May 2019 Notes, or to surrender any rights or powers conferred on the Issuers or the Guarantors in the Indenture;
- to add any additional events of default for the benefit of the holders of May 2019 Notes;
- to add to, change or eliminate any of the provisions of the Indenture, *provided* that any such addition, change or elimination (A) shall neither (i) apply to any debt security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of holders of the May 2019 Notes with respect to such provision or (B) shall become effective only when there are no May 2019 Notes outstanding;
- to modify the restrictions on and procedures for resale and other transfers of the May 2019 Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to provide for the issues of securities in exchange for one or more series of outstanding debt securities;
- to provide for the issuance and terms of any particular series of securities, the rights and obligations of the Guarantors and the holders of the securities of such series, the form or forms of the securities of such series and such other matters in connection therewith as the Issuers and the Guarantors shall consider appropriate, including, without limitation, provisions for (a) additional or different covenants, restrictions or conditions applicable to such series, (b) additional or different events of default in respect of such series, (c) a longer or shorter period of grace and/or notice in respect of any provision applicable to such series than is otherwise provided, (d) immediate enforcement of any event of default in respect of such series or (e) limitations upon the remedies available in respect of any events of default in respect of such series or upon the rights of the holders of securities of such series to waive any such event of default;
- (a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, the May 2019 Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement, (b) to eliminate any conflict between the terms hereof and the Trust Indenture Act or (c) to make such other provision in regard to matters or questions arising under the Indenture or under any supplemental agreement as the Issuers may deem necessary or desirable and which will not adversely affect the interests of the Holders to which such provision relates in any material respect;
- to “reopen” the May 2019 Notes and create and issue additional debt securities having identical terms and conditions as the May 2019 Notes (or in all respects except for the issue date, issue price, first interest accrual date and first interest payment date) so that the additional notes are consolidated and form a single series with the outstanding May 2019 Notes;
- to add any Subsidiary of the Parent Guarantor as a Guarantor with respect to the May 2019 Notes, subject to applicable regulatory or contractual limitations relating to such subsidiary’s Guarantee;
- to provide for the release and termination of any Subsidiary Guarantor’s Guarantee in the circumstances described under “—Guarantees” above;
- to provide for any amendment, modification or alteration of any Subsidiary Guarantor’s Guarantee and the limitations applicable thereto in the circumstances described under “—Guarantees” above; or
- to make any other change that does not materially adversely affect the interests of the holders of the May 2019 Notes.

Discharge of Indentures

The Indenture provides that the Issuers and the Guarantors will be discharged from any and all obligations in respect of the Indenture (except for certain obligations to register the transfer of or exchange May 2019 Notes and any other debt securities issued thereunder, replace stolen, lost or mutilated May 2019 Notes and any other debt securities issued thereunder, make payments of principal and interest and maintain paying agencies) if:

- the Issuers or the Guarantors have paid or caused to be paid in full the principal of and interest on all May 2019 Notes and any other debt securities outstanding thereunder;
- the Issuers or the Guarantors shall have delivered to the Trustee for cancellation all May 2019 Notes and any other debt securities outstanding theretofore authenticated; or
- all May 2019 Notes and any other debt securities issued thereunder not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable in accordance with their terms within one year or (iii) are to be, or have been, called for redemption as described under “—Optional Redemption” within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and, in any such case, the Issuers or Guarantors shall have irrevocably deposited with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of such May 2019 Notes and/or other debt securities, as applicable (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than the due date of any payment, cash in U.S. dollars in an amount or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest (and Additional Amounts, if any) on, all such debt securities not theretofore delivered to the Trustee for cancellation on the dates such payments are due in accordance with the terms of the debt securities and all other amounts payable under the Indenture.

“**U.S. Government Obligations**” means securities which are (i) direct obligations of the U.S. government or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government, the payment of which is unconditionally guaranteed by the U.S. government, which, in either case, are full faith and credit obligations of the U.S. government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof.

Covenant Defeasance

The Indenture also provides that the Issuers and the Guarantors need not comply with certain covenants of such indenture (including those described under “—Limitation on Liens”), and the Guarantors shall be released from their obligations under the Guarantees, if:

- the Issuers or the Guarantors irrevocably deposit with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of the May 2019 Notes, (i) cash in U.S. dollars in an amount, or (ii) U.S. government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than one day before the due date of any payment cash in U.S. dollars in an amount or (iii) any combination of (i) and (ii), sufficient to pay all the principal of, and interest on, the May 2019 Notes then outstanding on the dates such payments are due in accordance with the terms of the May 2019 Notes;
- certain events of default, or events which with notice or lapse of time or both would become such an event of default, shall not have occurred and be continuing on the date of such deposit;
- the Issuers, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the May 2019 Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would be the case if such Covenant Defeasance had not occurred;
- the Issuers, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing in its jurisdiction of incorporation to the effect that such deposit and related Covenant Defeasance will not cause the holders, other than holders who are or who are deemed to be residents of such jurisdiction of incorporation or use or hold or are deemed to use or hold their May 2019 Notes in carrying on a business in such jurisdiction of incorporation, to recognize

income, gain or loss for income tax purposes in such jurisdiction of incorporation, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of such jurisdiction of incorporation or political subdivision thereof or therein having power to tax, except in the case of May 2019 Notes beneficially owned (i) by a person who is or is deemed to be a resident of such jurisdiction of incorporation or (ii) by a person who uses or holds or is deemed to use or hold such May 2019 Notes in carrying on a business in such jurisdiction of incorporation; and

- the Issuers, or the Guarantors, as the case may be, deliver to the Trustee an officers' certificate and an opinion of legal counsel of recognized standing, each stating that all conditions precedent provided for relating to such Covenant Defeasance have been complied with.

The effecting of these arrangements is also known as "**Covenant Defeasance**".

Limitation on Liens

So long as any of the May 2019 Notes remain outstanding, the Parent Guarantor will not, nor will it permit any Restricted Subsidiary to, create, assume, guarantee or suffer to exist any mortgage, pledge, security interest or lien (an "**Encumbrance**") on any of its Principal Plants or on any capital stock of any Restricted Subsidiary without effectively providing that the May 2019 Notes (together with, if the Parent Guarantor shall so determine, any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the May 2019 Notes and any other indebtedness of such Restricted Subsidiary then existing or thereafter created) shall be secured by the security for such secured indebtedness equally and ratably therewith, *provided, however*, the above limitation does not apply to:

- (a) purchase money liens, so long as such liens attach only to the assets so acquired and improvements thereon;
- (b) Encumbrances existing at the time of acquisition of property (including through merger or consolidation) or securing indebtedness the proceeds of which are used to pay or reimburse the Parent Guarantor or a Restricted Subsidiary for the cost of such property (provided such indebtedness is incurred within 180 days after such acquisition);
- (c) Encumbrances on property of a Restricted Subsidiary existing at the time it becomes a Restricted Subsidiary;
- (d) Encumbrances to secure the cost of development or construction of property, or improvements thereon, *provided* that the recourse of the creditors in respect of such indebtedness is limited to such property and improvements;
- (e) Encumbrances in connection with the acquisition or construction of Principal Plants or additions thereto financed by tax-exempt securities;
- (f) Encumbrances securing indebtedness owing to the Parent Guarantor or a Restricted Subsidiary by a Restricted Subsidiary;
- (g) Encumbrances existing at the date of the Indenture;
- (h) Encumbrances required in connection with state or local governmental programs which provide financial or tax benefits, *provided* the obligations secured are in lieu of or reduce an obligation that would have been secured by an Encumbrance permitted under the Indenture;
- (i) any Encumbrance arising by operation of law and not securing amounts more than ninety (90) days overdue or otherwise being contested in good faith;
- (j) judgment Encumbrances not giving rise to an event of default;
- (k) any Encumbrance incurred or deposits made in the ordinary course of business, including, but not limited to, (i) any mechanics', materialmen's, carriers', workmen's, vendors' or other like Encumbrances, (ii) any Encumbrances securing amounts in connection with workers' compensation, unemployment insurance and other types of social security and (iii) any easements, rights-of-way, restrictions and other similar charges;
- (l) any Encumbrance upon specific items of inventory or other goods and proceeds of the Parent Guarantor or any Restricted Subsidiary securing the Parent Guarantor's or any such Restricted Subsidiary's obligations in respect of bankers' acceptances issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (m) any Encumbrance incurred or deposits made securing the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of like nature incurred in the ordinary course of business;

- (n) any Encumbrance on any Principal Plant of the Parent Guarantor or any Restricted Subsidiary in favor of the Federal Government of the United States or the government of any State thereof, or the government of the United Kingdom, or any state in the European Union, or any instrumentality of any of them, securing the obligations of the Parent Guarantor or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes;
- (o) any Encumbrance securing taxes or assessments or other applicable governmental charges or levies;
- (p) extensions, renewals or replacements of the Encumbrances referred to in clauses (a) through (o), *provided* that the amount of indebtedness secured by such extension, renewal or replacement shall not exceed the principal amount of indebtedness being extended, renewed or replaced, together with the amount of any premiums, fees, costs and expenses associated with such extension, renewal or replacement, nor shall the pledge, mortgage or lien be extended to any additional Principal Plant unless otherwise permitted under this covenant;
- (q) as permitted under the provisions described in the following two paragraphs herein; and
- (r) in connection with sale-leaseback transactions permitted under the Indenture.

Notwithstanding the provisions described in the immediately preceding paragraph, the Parent Guarantor or any Restricted Subsidiary may, without ratably securing the May 2019 Notes, create, assume, guarantee or suffer to exist any indebtedness which would otherwise be subject to such restrictions, and renew, extend or replace such indebtedness, *provided* that the aggregate amount of such indebtedness, when added to the fair market value of property transferred in certain sale and leaseback transactions permitted by the Indenture as described below under “Sale-Leaseback Financings” (computed without duplication of amount) does not at the time exceed 15% of Net Tangible Assets.

If the Parent Guarantor or any Restricted Subsidiary merges or consolidates with, or purchases all or substantially all of the assets of, another corporation, or the Parent Guarantor sells all or substantially all of its assets to another corporation, and if such other corporation has outstanding obligations secured by an Encumbrance which, by reason of an after-acquired property clause or similar provision, would extend to any Principal Plant owned by the Parent Guarantor or such Restricted Subsidiary immediately prior thereto, the Parent Guarantor or such Restricted Subsidiary, as the case may be, will in such event be deemed to have created an Encumbrance, within the prohibition of the covenant described above, unless (a) such merger or consolidation involving a Restricted Subsidiary constitutes a disposition by the Parent Guarantor of its interest in the Restricted Subsidiary or (b) (i) at or prior to the effective date of such merger, consolidation, sale or purchase, such Encumbrance shall be released of record or otherwise satisfied to the extent it would extend to such Principal Plant, (ii) prior thereto, the Parent Guarantor or such Restricted Subsidiary shall have created, as security for the May 2019 Notes (and, if the Parent Guarantor shall so determine, as security for any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the May 2019 Notes and any other indebtedness of such Restricted Subsidiary then existing or thereafter created), a valid Encumbrance which will rank equally and ratably with the Encumbrances of such other corporation on such Principal Plant of the Parent Guarantor or such Restricted Subsidiary, as the case may be, or (iii) such Encumbrance is otherwise permitted or complies with the covenant described above.

In each instance referred to in the preceding paragraphs where the Parent Guarantor is obligated to provide security for the May 2019 Notes (except, for certain issues of indebtedness, in the case of transactions relating to stock of a Restricted Subsidiary), the Parent Guarantor would be required to provide comparable security for other outstanding indebtedness under the Indenture and other agreements relating thereto.

Sale-Leaseback Transactions Relating to Principal Plants

- (a) Except to the extent permitted under paragraph (c) below, and except for any transaction involving a lease for a temporary period, not to exceed three years, by the end of which it is intended that the use of the leased property by the Parent Guarantor or any Restricted Subsidiary will be discontinued and except for any transaction with a state or local authority that is required in connection with any program, law, statute or regulation that provides financial or tax benefits not available without such transaction, the Parent Guarantor shall not sell any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property and the Parent Guarantor will not permit any Restricted Subsidiary to sell to anyone other than the Parent Guarantor or a Restricted Subsidiary any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property unless:

- (i) the net proceeds of such sale (including any purchase money mortgages received in connection with such sale) are at least equal to the fair market value (as determined by an officer of the Parent Guarantor) of such property; and
- (ii) subject to paragraph (d) below, the Parent Guarantor shall, within 120 days after the transfer of title to such property (or, if the Parent Guarantor holds the net proceeds described below in cash or cash equivalents, within two years)
 - (A) purchase, and surrender to the Trustee for retirement as provided in this covenant, a principal amount of May 2019 Notes equal to the net proceeds derived from such sale (including the amount of any such purchase money mortgages), or
 - (B) repay other *pari passu* indebtedness of the Parent Guarantor or any Restricted Subsidiary in an amount equal to such net proceeds, or
 - (C) expend an amount equal to such net proceeds for the expansion, construction or acquisition of a Principal Plant, or
 - (D) effect a combination of such purchases, repayments and plant expenditures in an amount equal to such net proceeds.
- (b) At or prior to the date 120 days after a transfer of title to a Principal Plant which shall be subject to the requirements of this covenant, the Parent Guarantor shall furnish to the Trustee:
 - (i) an Officers' Certificate stating that paragraph (a) of this covenant has been complied with and setting forth in detail the manner of such compliance, which certificate shall contain information as to
 - (A) the amount of May 2019 Notes theretofore redeemed and the amount of debt securities theretofore purchased by the Parent Guarantor and cancelled by the Trustee and the amount of May 2019 Notes purchased by the Parent Guarantor and then being surrendered to the Trustee for cancellation,
 - (B) the amount thereof previously credited under paragraph (d) below,
 - (C) the amount thereof which it then elects to have credited on its obligation under paragraph (d) below and
 - (D) any amount of other indebtedness which the Parent Guarantor has repaid or will repay and of the expenditures which the Parent Guarantor has made or will make in compliance with its obligation under paragraph (a), and
 - (ii) a deposit with the Trustee for cancellation of the May 2019 Notes then being surrendered as set forth in such certificate.
- (c) Notwithstanding the restriction of paragraph (a) above, the Parent Guarantor and any one or more Restricted Subsidiaries may transfer property in sale-leaseback transactions which would otherwise be subject to such restriction if the aggregate amount of the fair market value of the property so transferred and not reacquired at such time, when added to the aggregate principal amount of indebtedness for borrowed money permitted by the last paragraph of the covenant described under "—Limitation on Liens" which shall be outstanding at the time (computed without duplication of the value of property transferred as provided in this paragraph (c)), does not at the time exceed 15% of Net Tangible Assets.
- (d) The Parent Guarantor, at its option, shall be entitled to a credit, in respect of its obligation to purchase and retire May 2019 Notes under this covenant, for the principal amount of any May 2019 Notes deposited with the Trustee for the purpose and also for the principal amount of (i) any May 2019 Notes theretofore redeemed at the option of the Parent Guarantor and (ii) any May 2019 Notes previously purchased by the Parent Guarantor and cancelled by the Trustee, and in each case not theretofore applied as a credit under this paragraph (d) or as part of a sinking fund arrangement for the May 2019 Notes.
- (e) For purposes of this covenant, the amount or the principal amount of May 2019 Notes which are issued with original issue discount shall be the principal amount of such May 2019 Notes that on the date of the purchase or redemption of such May 2019 Notes referred to in this covenant could be declared to be due and payable pursuant to the Indenture.

Events of Default

The occurrence and continuance of one or more of the following events will constitute an "**Event of Default**" under the Indenture and under the May 2019 Notes:

- (a) *payment default*—(i) the Issuers or a Guarantor fails to pay interest within 30 days from the relevant due date, or (ii) the Issuers or a Guarantor fails to pay the principal (or premium, if any) due on the May 2019 Notes at maturity; *provided* that to the extent any such failure to pay principal or premium is caused by a technical or administrative error, delay in processing payments or events beyond the control of the Issuers or Guarantors, no Event of Default shall occur for three days following such failure to pay; *provided further* that, in the case of a redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment;

- (b) *breach of other material obligations*—the Issuers or a Guarantor defaults in the performance or observance of any of their other material obligations under or in respect of the May 2019 Notes or the Indenture and such default remains unremedied for 90 days after a written notice has been given to the Issuers and the Parent Guarantor by the Trustee or to the Issuers, the Parent Guarantor and the Trustee by the holders of at least 25% in principal amount of the outstanding May 2019 Notes of the applicable series affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a “**Notice of Default**” under the May 2019 Notes;
- (c) *cross-acceleration*—any obligation for the payment or repayment of borrowed money having an aggregate outstanding principal amount of at least €100,000,000 (or its equivalent in any other currency) of the Issuers or a Guarantor becomes due and payable prior to its stated maturity by reason of a default and is not paid within 30 days;
- (d) *bankruptcy or insolvency*—a court of competent jurisdiction commences bankruptcy or other insolvency proceedings against the Issuers, the Parent Guarantor or a Guarantor that is a Significant Subsidiary under the applicable laws of their respective jurisdictions of incorporation, or the Issuers, the Parent Guarantor or a Guarantor that is a Significant Subsidiary applies for or institutes such proceedings or offers or makes an assignment for the benefit of its creditors generally, or a third party institutes bankruptcy or insolvency proceedings against the Issuers, the Parent Guarantor or a Guarantor that is a Significant Subsidiary and such proceedings are not discharged or stayed within 90 days;
- (e) *impossibility due to government action*—any governmental order, decree or enactment shall be made in or by Belgium or the jurisdiction of incorporation of a Guarantor that is a Significant Subsidiary whereby the Issuers, the Parent Guarantor, or such Guarantor that is a Significant Subsidiary is prevented from observing and performing in full its obligations as set forth in the terms and conditions of the May 2019 Notes and the Guarantees, respectively, and this situation is not cured within 90 days; or
- (f) *invalidity of the Guarantees*—the Guarantees provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary cease to be valid and legally binding for any reason whatsoever or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under the Guarantee.

If an Event of Default occurs and is continuing with respect to the Notes, then, unless the principal of all of the May 2019 Notes shall already have become due and payable (in which case no action is required for the acceleration of the May 2019 Notes), the holders of not less than 25% in aggregate principal amount of May 2019 Notes then outstanding, by written notice to the Issuers, the Parent Guarantor and the Trustee as provided in the Indenture, may declare the entire principal of all the May 2019 Notes of such series, and the interest accrued thereon, to be due and payable immediately, *provided, however*, that if an Event of Default specified in paragraph (d) above with respect to the May 2019 Notes at the time outstanding occurs, the principal amount of that series shall automatically, and without any declaration or other action on the part of the Trustee or any holder, become immediately due and payable. Under certain circumstances, the holders of a majority in aggregate principal amount of the May 2019 Notes then outstanding may, by written notice to the Issuers and the Trustee as provided in the Indenture, waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the Indenture at the request of any holders unless the holders offer the Trustee reasonable protection from costs, expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding May 2019 Notes may direct the time, method and place of conducting any proceeding seeking any remedy available to the Trustee. These majority holders may also direct the Trustee in performing any other action under the Indenture, so long as such direction would not involve the Trustee in personal liability.

Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

- The Trustee must be given written notice that an event of default has occurred and remains uncured.
- The holders of not less than 25% in principal amount of all outstanding May 2019 Notes of the relevant series must make a written request that the Trustee institute proceedings because of the default, and must offer indemnity and/or security satisfactory to the Trustee against the costs, expenses and liabilities of taking such request.
- The Trustee must have not taken action for 60 days after receipt of the above notice, request and offer of indemnity.
- No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of the majority in principal amount of the outstanding May 2019 Notes of that series.
- However, you are entitled at any time to bring a lawsuit for the payment of money due on your security on or after its due date.

We will furnish to the Trustee every year a written statement of certain of our officers and directors, certifying that, to their knowledge, we are in compliance with the Indenture and the May 2019 Notes, or else specifying any default.

“Principal Plant” means (a) any brewery, or any manufacturing, processing or packaging plant, now owned or hereafter acquired by the Parent Guarantor or any Subsidiary, but shall not include (i) any brewery or manufacturing, processing or packaging plant which the Parent Guarantor shall by board resolution have determined is not of material importance to the total business conducted by the Parent Guarantor and its Subsidiaries, (ii) any plant which the Parent Guarantor shall by board resolution have determined is used primarily for transportation, marketing or warehousing (any such determination to be effective as of the date specified in the applicable board resolution) or (iii) at the option of the Parent Guarantor, any plant that (A) does not constitute part of the brewing operations of the Parent Guarantor and its Subsidiaries and (B) has a net book value, as reflected on the balance sheet contained in the Parent Guarantor’s financial statements of not more than \$100,000,000, and (b) any other facility owned by the Parent Guarantor or any of its Subsidiaries that the Parent Guarantor shall, by board resolution, designate as a Principal Plant. Following any determination, designation or election referred to herein that a brewery or plant shall not be included as a Principal Plant, the Parent Guarantor may, at its option, by board resolution, elect that such facility subsequently be included as a Principal Plant.

“Redemption Date,” when used with respect to any May 2019 Note to be redeemed, means the date fixed for such redemption by or pursuant to the Indenture.

“Restricted Subsidiary” means (a) any Subsidiary which owns or operates a Principal Plant, (b) any other subsidiary which the Parent Guarantor, by board resolution, shall elect to be treated as a Restricted Subsidiary, until such time as the Parent Guarantor may, by further board resolution, elect that such Subsidiary shall no longer be a Restricted Subsidiary, successive such elections being permitted without restriction, and (c) the Issuers and the Subsidiary Guarantors; *provided* that each of Companhia de Bebidas das Américas—AmBev and Grupo Modelo S.A.B. de C.V. shall not be “Restricted Subsidiaries” until and unless the Parent Guarantor owns, directly or indirectly, 100% of the equity interests in such company. Any such election will be effective as of the date specified in the applicable board resolution.

“Significant Subsidiary” means any Subsidiary (i) the consolidated revenue of which represents 10% or more of the consolidated revenue of the Parent Guarantor, (ii) the consolidated earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) of which represents 10% or more of the consolidated EBITDA of the Parent Guarantor or (iii) the consolidated gross assets of which represent 10% or more of the consolidated gross assets of the Parent Guarantor, in each case as reflected in the most recent annual audited financial statements of the Parent Guarantor, *provided* that (A) in the case of a Subsidiary acquired by the Parent Guarantor during or after the financial year shown in the most recent annual audited financial statements of the Parent Guarantor, such calculation shall be made on the basis of the contribution of the Subsidiary considered on a pro-forma basis as if it had been acquired at the beginning of the relevant period, with the pro-forma calculation (including any adjustments) being made by the Parent Guarantor acting in good faith and (B) EBITDA is calculated by the Parent Guarantor substantially in the same manner as EBITDA, as defined, is calculated for the amounts shown in “Item 5. Operating and Financial Review—E. Results of Operations” in the 2019 Form 20-F.

“Subsidiary” means any corporation of which more than 50% of the issued and outstanding stock entitled to vote for the election of directors (otherwise than by reason of default in dividends) is at the time owned directly or indirectly by the Parent Guarantor or a Subsidiary or Subsidiaries or by the Parent Guarantor and a Subsidiary or Subsidiaries.

Terms Applicable to the 4.150% Notes due 2025, 4.750% Notes due 2029, 4.900% Notes due 2031, 5.450% Notes due 2039, 5.550% Notes due 2049 and 5.800% Notes due 2059

The fixed rate notes due 2025 (the “**2025 Notes**”) will bear interest at a rate of 4.150% per year, the fixed rate notes due 2029 (the “**2029 Notes**”) will bear interest at a rate of 4.750% per year, the fixed rate notes due 2031 (the “**2031 Notes**”) will bear interest at a rate of 4.900% per year, the fixed rate notes due 2039 (the “**2039 Notes**”) will bear interest at a rate of 5.450% per year, the fixed rate notes due 2049 (the “**2049 Notes**”) will bear interest at a rate of 5.550% per year and the fixed rate notes due 2059 (the “**2059 Notes**” and together with the 2025 Notes, the 2029 Notes, the 2039 Notes and the 2049 Notes, the “**January 2019 Notes**”) will bear interest at a rate of 5.800% per year. The Notes are issued by Anheuser-Busch InBev Worldwide Inc. (the “**Issuer**”, with respect to the January 2019 Notes) and are fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), Anheuser-Busch InBev Finance Inc., Brandbev S.à r.l., Brandbrew S.A., Cobrew NV, and Anheuser-Busch Companies, LLC (the “**Subsidiary Guarantors**,” and together with the Parent Guarantor, the “**Guarantors**”, with respect to the January 2019 Notes). Each series of the January 2019 Notes are listed on the New York Stock Exchange.

Each series of the January 2019 Notes is issued under a separate supplemental indenture to the indenture dated as of April 4, 2018 (the “**Indenture**”, with respect to the January 2019 Notes), entered into among the Issuer, each of the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). The information below on certain provisions of the Notes and the Indenture should be read together with “Description of Debt Securities - Terms Applicable to the January 2019 Notes and April 2018 Notes” below. This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the January 2019 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The January 2019 Notes are senior unsecured obligations of the Issuer and will rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The January 2019 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The January 2019 Notes were issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The January 2019 Notes do not provide for any sinking fund.

The 2025 Notes are initially limited to \$2,500,000,000 aggregate principal amount and will mature on 23 January 2025. The 2029 Notes are initially limited to \$4,250,000,000 aggregate principal amount and will mature on 23 January 2029. The 2031 Notes are initially limited to \$750,000,000 aggregate principal amount and will mature on 23 January 2031. The 2039 Notes are initially limited to \$2,000,000,000 aggregate principal amount and will mature on 23 January 2039. The 2049 Notes are initially limited to \$4,000,000,000 aggregate principal amount and will mature on 23 January 2049. The 2059 Notes are initially limited to \$2,000,000,000 aggregate principal amount and will mature on 23 January 2059.

Interest will accrue on the January 2019 Notes of each series until the principal of such January 2019 Notes is paid or duly made available for payment. Interest on the January 2019 Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. If the date of maturity of interest on or principal of any January 2019 Note or the date fixed for redemption or payment in connection with an acceleration of any January 2019 Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

Interest on the January 2019 Notes will be paid to the persons in whose names the January 2019 Notes are registered at the close of business on the 8 January and 8 July immediately preceding the applicable interest payment date, whether or not such date is a Business Day. The January 2019 Notes may, in addition, be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” below and may be redeemed prior to maturity in the circumstances described under “—Optional Tax Redemption” below.

Optional Redemption

The Issuer may, at its option, redeem each series of January 2019 Notes, as a whole or in part at any time prior to the applicable Par Call Date (as set forth in the table below), upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the January 2019 Notes to be redeemed; and
- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the January 2019 Notes to be redeemed as if the January 2019 Notes to be redeemed matured on the applicable Par Call Date (as defined herein) (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the applicable Spread (as defined herein) for such series of January 2019 Notes;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) the redemption date.

Each of the January 2019 Notes will be redeemable in whole or in part, at the Issuer's option at any time and from time to time on or after the applicable Par Call Date, at a redemption price equal to 100% of the principal amount of the January 2019 Notes being redeemed, plus accrued and unpaid interest to, but excluding the date of redemption.

Series	Par Call Date	Spread
2025 Notes	23 December 2024 (one month prior to maturity)	25 bps
2029 Notes	23 October 2028 (three months prior to maturity)	30 bps
2031 Notes	23 October 2030 (three months prior to maturity)	35 bps
2039 Notes	23 July 2038 (six months prior to maturity)	40 bps
2049 Notes	23 July 2048 (six months prior to maturity)	40 bps
2059 Notes	23 July 2058 (six months prior to maturity)	45 bps

"Independent Investment Banker" means, with respect to the January 2019 Notes, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC or Merrill Lynch, Pierce, Fenner & Smith Incorporated, as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

"Reference Treasury Dealer" means, with respect to the January 2019 Notes, (i) Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the City of New York (a **"Primary Treasury Dealer"**), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

Optional Tax Redemption

A series of January 2019 Notes may be redeemed at any time, at the Issuer's or the Parent Guarantor's option, as a whole, but not in part, upon not less than 10 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of the January 2019 Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts (see "Description of Debt Securities—Terms Applicable to the May 2019 Notes, the January 2019 Notes and the April 2018 Notes—Additional Amounts"), if any) to (but excluding) the redemption date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a jurisdiction in which the Issuer or any Guarantor is incorporated, organized, or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax, or in the interpretation, application or administration of any such laws,

treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after January 10, 2019 (any such change or amendment, a “**Change in Tax Law**”), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to the January 2019 Notes of such series and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described under “Description of Debt Securities—Terms Applicable to the January 2019 Notes and the April 2018 Notes—Additional Amounts” below; provided, however, that the Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under the January 2019 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the January 2019 Notes were then due.

The foregoing provisions shall apply mutatis mutandis to any successor person, after such successor person becomes a party to the Indenture.

Terms Applicable to the 3.500% Notes due 2024, the 4.000% Notes due 2028, the 4.375% Notes due 2038, the 4.600% Notes due 2048, the 4.750% Notes due 2058 and the Floating Rate Notes due 2024:

The fixed rate notes due 2024 (the “**2024 Notes**”) will bear interest at a rate of 3.500% per year, the fixed rate notes due 2028 (the “**2028 Notes**”) will bear interest at a rate of 4.000% per year, the fixed rate notes due 2038 (the “**2038 Notes**”) will bear interest at a rate of 4.375% per year, the fixed rate notes due 2048 (the “**2048 Notes**”) will bear interest at a rate of 4.600% per year and the fixed rate notes due 2058 (the “**2058 Notes**” and together with the 2024 Notes, the 2028 Notes, the 2038 Notes and the 2048 Notes, the “**April 2018 Fixed Rate Notes**”) will bear interest at a rate of 4.750% per year. The floating rate notes due 2024 (the “**Floating Rate Notes**” and, together with the April 2018 Fixed Rate Notes, the “**April 2018 Notes**”) will bear an interest at a floating rate per year equal to the 3-month U.S. dollar London Interbank Offered Rate (“**LIBOR**”), reset quarterly, plus 0.74%.

The April 2018 Notes are issued by Anheuser-Busch InBev Worldwide Inc. (the “**Issuer**”, with respect to the April 2018 Notes) and are fully and unconditionally guaranteed by the Parent Guarantor, Anheuser-Busch InBev Finance Inc., Brandbev S.à r.l., Brandbrew S.A., Cobrew NV, and Anheuser-Busch Companies, LLC (the “**Subsidiary Guarantors**,” and together with the Parent Guarantor, the “**Guarantors**”, with respect to the April 2018 Notes). The April 2018 Notes are listed on the New York Stock Exchange.

Each series of the April 2018 Notes was issued under a separate supplemental indenture to the indenture dated as of April 4, 2018 (the “**Indenture**”, with respect to the April 2018 Notes), entered into among the Issuer, each of the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). The information below on certain provisions of the Notes and the Indenture should be read together with “Description of Debt Securities - Terms Applicable to the January 2019 Notes and the April 2018 Notes” below. This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the April 2018 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The 2024 Notes were initially limited to \$1,500,000,000 aggregate principal amount and will mature on January 12, 2024. The 2028 Notes were initially limited to \$2,500,000,000 aggregate principal amount and will mature on April 13, 2028. The 2038 Notes were initially limited to \$1,500,000,000 aggregate principal amount and will mature on April 15, 2038. The 2048 Notes were initially limited to \$2,500,000,000 aggregate principal amount and will mature on April 15, 2048. The 2058 Notes were initially limited to \$1,500,000,000 aggregate principal amount and will mature on April 15, 2058. The April 2018 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer.

Interest on the 2024 Notes will be paid to the persons in whose names the 2024 Notes are registered at the close of business on the January 1 and July 1 immediately preceding the applicable interest payment date, whether or not such date is a Business Day. Interest on the 2028 Notes will be paid to the persons in whose names the 2028 Notes are registered at the close of business on the April 1 and October 1 immediately preceding the applicable interest payment date, whether or not such date is a Business Day. Interest on the 2038 Notes will be paid to the persons in whose names the 2038 Notes are registered at the close of business on the April 1 and October 1 immediately preceding the applicable interest payment date, whether or not such date is a Business Day. Interest on the 2048 Notes will be paid to the persons in whose names the 2048 Notes are registered at the close of business on the April 1 and October 1 immediately preceding the applicable interest payment date, whether or not such date is a Business Day. Interest on the 2058 Notes will be paid to the persons in whose names the 2058 Notes are registered at the close of business on the April 1 and October 1 immediately preceding the applicable interest payment date, whether or not such date is a Business Day. The April 2018 Fixed Rate Notes may be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” and all of the outstanding April 2018 Notes may be redeemed prior to maturity in the circumstances described under “—Optional Tax Redemption.”

The Floating Rate Notes were initially limited to \$500,000,000 aggregate principal amount and will mature on January 12, 2024. Interest on the Floating Rate Notes will be payable quarterly in arrears on January 12, April 12, July 12 and October 12 of each year, commencing on July 12, 2018, subject to the Business Day Convention (as defined below), and until the principal of the Floating Rate Notes is paid or duly made available for payment. Interest on the Floating Rate Notes will accrue from April 4, 2018.

Interest on the Floating Rate Notes will be paid to the persons in whose names the Floating Rate Notes are registered at the close of business on the fifteenth calendar day immediately preceding the applicable Floating Rate Interest Payment Date, whether or not such day is a Business Day. The Floating Rate Notes may be redeemed prior to maturity in the circumstances described under “—Optional Tax Redemption.”

The interest rate on the Floating Rate Notes for the first Interest Period (as defined below) will be the 3-month U.S. dollar LIBOR, as determined on March 29, 2018, plus 0.74%. Thereafter, the interest rate on the Floating Rate Notes for any Interest Period will be the 3-month U.S. dollar LIBOR, as determined on the applicable Interest Determination Date (as defined below), plus 0.74%. The interest rate on the Floating Rate Notes will be reset quarterly on each Interest Reset Date (as defined below). For each Interest Period, interest on the Floating Rate Notes will be calculated on the basis of the actual number of days in the interest period divided by 360.

The Calculation Agent (as defined below) will determine 3-month U.S. dollar LIBOR in accordance with the following provisions: With respect to any Interest Determination Date, 3-month U.S. dollar LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the Interest Reset Date that appears on the designated LIBOR page as of 11:00 a.m., London time, on that Interest Determination Date. If no rate appears, 3-month U.S. dollar LIBOR, in respect of that Interest Determination Date, will be determined as follows: the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected and identified by us, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then 3-month U.S. dollar LIBOR on that Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then 3-month U.S. dollar LIBOR on the Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on the Interest Determination Date by three major banks in the City of New York selected by and identified by us for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; *provided, however*, that if the banks selected by and identified by us are not providing quotations in the manner described by this sentence, 3-month U.S. dollar LIBOR determined as of that Interest Determination Date will be 3-month U.S. dollar LIBOR in effect on that Interest Determination Date (*i.e.*, the same as the rate determined for the immediately preceding Interest Reset Date). The designated LIBOR page is the Reuters screen “LIBOR01,” or any successor service for the purpose of displaying the London interbank rates of major banks for U.S. dollars. The Reuters screen “LIBOR01” is the display designated as the Reuters screen “LIBOR01,” or such other page as may replace the Reuters screen “LIBOR01” on that service or such other service or services as may be designated for the purpose of displaying London interbank offered rates for U.S. dollar deposits by ICE Benchmark Administration Limited (“IBA”) or its successor or such other entity assuming the responsibility of the IBA or its successor in calculating the London Inter-Bank Offered Rate in the event the IBA or its successor no longer does so. All calculations made by the Calculation Agent for the purposes of calculating the Interest Rates on the Floating Rate Notes shall be conclusive and binding on the Holders thereof, the Issuer and the Trustee, absent manifest error.

“**Business Day Convention**” means that if any Interest Payment Date (other than the maturity date or a date fixed for redemption or payment in connection with an acceleration of the Floating Rate Notes) falls on a day that is not a Business Day, that Interest Payment Date will be postponed to the next succeeding Business Day unless that Business Day is in the next succeeding calendar month, in which case the Interest Payment Date will be the immediately preceding Business Day.

“**Calculation Agent**” means The Bank of New York Mellon Trust Company, N.A.

“**Interest Determination Date**” means, for each particular Interest Reset Date (as defined below), the second London Business Day (as defined below) preceding such Interest Reset Date.

“**Interest Period**” means the period beginning on, and including, an Interest Payment Date and ending on, but not including, the following Interest Payment Date; *provided* that the first Interest Period will begin on April 4, 2018, and will end on, but not include, the first Interest Payment Date.

“Interest Reset Date” means, for each Interest Period other than the first Interest Period, the first day of such Interest Period, subject to the Business Day Convention.

“London Business Day” means any weekday on which banking or trust institutions in London are not authorized generally or obligated by law, regulation or executive order to close.

If the date of maturity of principal of the Floating Rate Notes or the date fixed for redemption or payment in connection with an acceleration of the Floating Rate Notes is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

Optional Redemption

The Issuer may, at its option, redeem each series of April 2018 Fixed Rate Notes, as a whole or in part at any time prior to the applicable Par Call Date (as set forth in the table below), upon not less than 10 nor more than 60 days’ prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the April 2018 Fixed Rate Notes to be redeemed; and
- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the April 2018 Fixed Rate Notes to be redeemed as if the April 2018 Fixed Rate Notes to be redeemed matured on the applicable Par Call Date (as defined herein) (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the applicable Spread (as defined herein) for such series of Notes;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) the redemption date.

Each of the April 2018 Fixed Rate Notes will be redeemable in whole or in part, at the Issuer’s option at any time and from time to time on or after the applicable Par Call Date, at a redemption price equal to 100% of the principal amount of the April 2018 Fixed Rate Notes being redeemed, plus accrued and unpaid interest to, but excluding the date of redemption.

<u>Series</u>	<u>Par Call Date</u>	<u>Spread</u>
2024 Notes	December 12, 2023 (one month prior to maturity)	15 bps
2028 Notes	January 13, 2028 (three months prior to maturity)	20 bps
2038 Notes	October 15, 2037 (six months prior to maturity)	25 bps
2048 Notes	October 15, 2047 (six months prior to maturity)	25 bps
2058 Notes	October 15, 2057 (six months prior to maturity)	25 bps

“Independent Investment Banker” means, with respect to the April 2018 Notes, Barclays Capital Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated or Mizuho Securities USA LLC, as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

“**Reference Treasury Dealer**” means, with respect to the April 2018 Notes, (i) Barclays Capital Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Mizuho Securities USA LLC, and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the City of New York (a “**Primary Treasury Dealer**”), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

Optional Tax Redemption

A series of April 2018 Notes may be redeemed at any time, at the Issuer’s or the Parent Guarantor’s option, as a whole, but not in part, upon not less than 10 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount of the April 2018 Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts (see “Description of Debt Securities—Terms Applicable to the January 2019 Notes and the April 2018 Notes—Additional Amounts”), if any) to (but excluding) the redemption date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a jurisdiction in which the Issuer or any Guarantor is incorporated, organized, or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax, or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after March 20, 2018 (any such change or amendment, a “**Change in Tax Law**”), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to the Notes of such series and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described under “Description of Debt Securities—Terms Applicable to the January 2019 Notes and the April 2018 Notes—Additional Amounts” below; *provided, however*, that the April 2018 Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under the April 2018 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the Notes were then due.

The foregoing provisions shall apply mutatis mutandis to any successor person, after such successor person becomes a party to the Indenture.

Terms Applicable to the January 2019 Notes and the April 2018 Notes

For the purposes of this section “—Terms Applicable to the January 2019 Notes and the April 2018 Notes”: (i) the term “Notes” or “debt securities” shall refer to the January 2019 Notes and the April 2018 Notes, (ii) the term “Issuer” shall refer to the Issuer under the January 2019 Notes and April 2018 Notes, (iii) the term “Guarantor” shall refer to any Guarantor under the January 2019 Notes and April 2018 Notes and (iv) the term “Indenture” shall refer to the Indenture under the January 2019 Notes and April 2018 Notes.

Event of Default

The occurrence and continuance of one or more of the following events will constitute an “**Event of Default**” under the Indenture and under the Notes:

- (a) *payment default*—(i) the Issuer or a Guarantor fails to pay interest within 30 days from the relevant due date, or (ii) the Issuer or a Guarantor fails to pay the principal (or premium, if any) due on the Notes at maturity; *provided* that to the extent any such failure to pay principal or premium is caused by a technical or administrative error, delay in processing payments or events beyond the control of the Issuer or Guarantors, no Event of Default shall occur for three days following such failure to pay; *provided further* that, in the case of a redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment;

- (b) *breach of other material obligations*—the Issuer or a Guarantor defaults in the performance or observance of any of its other material obligations under or in respect of the Notes or the Indenture and such default remains unremedied for 90 days after a written notice has been given to the Issuer and the Parent Guarantor by the Trustee or to the Issuer, the Parent Guarantor and the Trustee by the Holders of at least 25% in principal amount of the outstanding Notes of the applicable series affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a “**Notice of Default**” under the Notes;
- (c) *bankruptcy or insolvency*—a court of competent jurisdiction commences bankruptcy or other insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary under the applicable laws of their respective jurisdictions of incorporation, or the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary applies for or institutes such proceedings or offers or makes an assignment for the benefit of its creditors generally, or a third party institutes bankruptcy or insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary and such proceedings are not discharged or stayed within 90 days;
- (d) *impossibility due to government action*—any governmental order, decree or enactment shall be made in or by Belgium or the jurisdiction of incorporation of a Guarantor that is a Significant Subsidiary whereby the Issuer, the Parent Guarantor, or such Guarantor that is a Significant Subsidiary is prevented from observing and performing in full its obligations as set forth in the terms and conditions of the Notes and the Guarantees, respectively, and this situation is not cured within 90 days; or
- (e) *invalidity of the Guarantees*—the Guarantees provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary cease to be valid and legally binding for any reason whatsoever or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under the Guarantee.

If an Event of Default occurs and is continuing with respect to the Notes, then, unless the principal of all of the Notes shall already have become due and payable (in which case no action is required for the acceleration of the Notes), the Holders of not less than 25% in aggregate principal amount of Notes then outstanding, by written notice to the Issuer, the Parent Guarantor and the Trustee as provided in the Indenture, may declare the entire principal of all the Notes of such series, and the interest accrued thereon, to be due and payable immediately, *provided, however*, that if an Event of Default specified in paragraph (c) above with respect to the Notes at the time outstanding occurs, the principal amount of that series shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable. Under certain circumstances, the Holders of a majority in aggregate principal amount of the Notes then outstanding may, by written notice to the Issuer and the Trustee as provided in the Indenture, waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee and principal paying agent under each indenture. The trustee has two principal functions:

- first, it can enforce a holder’s rights against us if we default on the Notes. There are some limitations on the extent to which the trustee acts on a holder’s behalf, described under “—Events of Default”; and
- second, the trustee performs administrative duties for us, such as sending the holder’s interest payments, transferring Notes to a new buyer and sending notices to holders.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee and affiliates of the trustee in the ordinary course of our respective businesses. The address of The Bank of New York Mellon Trust Company, N.A. is 100 South 4th Street, Suite 550, St. Louis, MO 63102.

If an event of default occurs, or an event occurs that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded, the trustee may therefore be considered to have a conflicting interest with respect to the Notes or the applicable indenture for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign as trustee under the applicable indenture and we would be required to appoint a successor trustee.

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the Indenture at the request of any Holders unless the Holders offer the Trustee reasonable protection from costs, expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding seeking any remedy available to the Trustee. These majority Holders may also direct the Trustee in performing any other action under the Indenture, so long as such direction would not involve the Trustee in personal liability.

Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

- The Trustee must be given written notice that an event of default has occurred and remains uncured.
- The Holders of not less than 25% in principal amount of all outstanding Notes of the relevant series must make a written request that the Trustee institute proceedings because of the default, and must offer indemnity and/or security satisfactory to the Trustee against the costs, expenses and liabilities of taking such request.
- The Trustee must have not taken action for 60 days after receipt of the above notice, request and offer of indemnity.
- No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of the majority in principal amount of the outstanding Notes of that series.
- However, you are entitled at any time to bring a lawsuit for the payment of money due on your security on or after its due date.

We will furnish to the Trustee every year a written statement of certain of our officers and directors, certifying that, to their knowledge, we are in compliance with the Indenture and the Notes, or else specifying any default.

Modifications and Amendment

The Issuer, the Guarantors and the Trustee may execute agreements adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental agreement or modifying in any manner the rights of the Holders under the Notes or the Guarantees only with the consent of the Holders of not less than a majority in aggregate principal amount of the notes then outstanding (irrespective of series) that would be affected by the proposed modification or amendment; *provided* that no such agreement shall (a) change the maturity of the principal of, or any installment of interest on, any Note, or reduce the principal amount or the interest thereof, or extend the time of payment of any installment of interest thereon, or change the currency of payment of principal of, or interest on, any Note, or change the Issuer's or a Guarantor's obligation to pay Additional Amounts, impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption on or after the redemption date) or change in any manner adverse to the interests of the Holders the terms and provisions of the Guarantees in respect of the due and punctual payment of principal amount of the Notes then outstanding plus accrued and unpaid interest (and all Additional Amounts, if any) without the consent of the Holder of each Note so affected; or (b) reduce the aforesaid percentage of notes, the consent of the Holders of which is required for any such agreement, without the consent of all of the Holders of the affected series of the notes then outstanding. To the extent that any changes directly affect fewer than all the series of the notes issued under the Indenture, only the consent of the Holders of notes of the relevant series (in the respective percentages set forth above) will be required.

The Issuer, the Guarantors and the Trustee may, without the consent of the Holders, from time to time execute agreements or amendments or enter into an indenture or indentures supplemental thereto (including in respect of one series of notes only) for one or more of the following purposes:

- to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for the Notes;

- to evidence the succession of another person to the Issuer or any Guarantors, or successive successions, and the assumption by the successor person of the covenants of the Issuer or any of the Guarantors, pursuant to the Indenture and the Notes;
- to evidence and provide for the acceptance of appointment of a successor or successors to the Trustee in any of its capacities and to add to or change any of the provisions of the Indenture to facilitate the administration of the trusts created thereunder by more than one trustee;
- to add to the covenants of the Issuer or the Guarantors, for the benefit of the Holders of the Notes issued under the Indenture, or to surrender any rights or powers conferred on the Issuer or the Guarantors in the Indenture;
- to add any additional events of default for the benefit of the Holders of the Notes;
- to add to, change or eliminate any of the provisions of the Indenture in respect of the Notes, *provided* that any such addition, change or elimination (A) shall neither (i) apply to any Note created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Note with respect to such provision or (B) shall become effective only when there is no such Note outstanding;
- to modify the restrictions on and procedures for, resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to provide for the issues of securities in exchange for one or more series of outstanding debt securities;
- to provide for the issuance and terms of any particular series of securities, the rights and obligations of the Guarantors and the holders of the securities of such series, the form or forms of the securities of such series and such other matters in connection therewith as the Issuer and the Guarantors shall consider appropriate, including, without limitation, provisions for (a) additional or different covenants, restrictions or conditions applicable to such series, (b) additional or different events of default in respect of such series, (c) a longer or shorter period of grace and/or notice in respect of any provision applicable to such series than is otherwise provided, (d) immediate enforcement of any event of default in respect of such series or (e) limitations upon the remedies available in respect of any events of default in respect of such series or upon the rights of the holders of securities of such series to waive any such event of default;
- (a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, the Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement, (b) to eliminate any conflict between the terms thereof and the Trust Indenture Act or (c) to make such other provision in regard to matters or questions arising under the Indenture or under any supplemental agreement as the Issuer may deem necessary or desirable and which will not adversely affect the interests of the Holders to which such provision relates in any material respect;
- to “reopen” the Notes and create and issue additional Notes having identical terms and conditions as the Notes (or in all respects except for the issue date, issue price, first interest accrual date and first interest payment date) so that the additional notes are consolidated and form a single series with the outstanding Notes;
- to add any Subsidiary of the Parent Guarantor as a Guarantor or a co-Issuer with respect to any series of notes, or to convert a Guarantor into a co-Issuer with respect to any series of notes, subject to applicable regulatory or contractual limitations relating to such subsidiary’s Guarantee and provided in each case that the obligations of any co-Issuer will be joint and several with the Issuer;
- to provide for the release and termination of any Subsidiary Guarantor’s Guarantee in the circumstances described under “Description of Debt Securities and Guarantees—Guarantees” in the Prospectus;
- to provide for any amendment, modification or alteration of any Subsidiary Guarantor’s Guarantee and the limitations applicable thereto in the circumstances described under “Description of Debt Securities and Guarantees—Guarantees” in the Prospectus; or
- to make any other change that does not materially adversely affect the interests of the holders of the notes affected thereby.

Interest will accrue on the Notes of each series until the principal of such Notes is paid or duly made available for payment. Interest on the Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. If the date of maturity of interest on or principal of any Note or the date fixed for redemption or payment in connection with an acceleration of any Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

“Treasury Rate” means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

The Treasury Rate will be calculated on the third Business Day preceding such redemption date.

“Business Day” means a day on which commercial banks and exchange markets are open, or not authorized to close, in the City of New York, London and Brussels.

“Comparable Treasury Issue” means the U.S. Treasury security (not inflation-indexed) selected by an Independent Investment Banker as if such Notes had matured on the applicable Par Call Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes through the applicable Par Call Date.

“Comparable Treasury Price” means, with respect to a redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

A notice of redemption may, at the discretion of the Issuer, be subject to one or more conditions precedent, including, but not limited to, completion of an equity offering, a financing, or other corporate transaction. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in our discretion, the redemption date may be postponed until up to 60 days following the notice of redemption, and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date (including as it may be postponed).

Unless the Issuer (and/or the Guarantors) defaults on payment of the redemption price, from and after the redemption date interest will cease to accrue on the Notes or portions thereof called for redemption. On the redemption date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in the Indenture) money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on such date. If fewer than all of the Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular Notes of such series or portions thereof for redemption from the outstanding Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate, provided that if the Notes of a series are represented by one or more global notes, interests in such global notes shall be selected for redemption by DTC in accordance with its standard procedures therefor.

Additional Notes

The Notes were issued in the initial aggregate principal amount set forth above. The Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional Notes (the **“Additional Notes”**) maturing on the same maturity date as the other Notes of a series and having the same terms and conditions under the Indenture (including with respect to the Guarantors and the Guarantees) as the previously outstanding Notes of that series in all respects (or in all respects except for the issue date and the principal amount and, in some cases, the date of the first payment of interest thereon) so that such Additional Notes shall be consolidated and form a single

series with the previously outstanding Notes of that series, *provided* that either (i) such Additional Notes are fungible with the Notes of such series offered hereby for U.S. federal income tax purposes or (ii) such Additional Notes shall have a separate CUSIP number. Without limiting the foregoing, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional series of notes with additional or different terms and maturity dates than the Notes.

Guarantee

Each debt security will benefit from an unconditional, full and irrevocable guarantee by the Parent Guarantor. One or more of the following Subsidiary Guarantors, which are subsidiaries of the Parent Guarantor, may, along with the Parent Guarantor, jointly and severally guarantee the debt securities on a full, unconditional and irrevocable basis:

- Anheuser-Busch Companies, LLC
- Anheuser-Busch InBev Worldwide Inc.
- Anheuser-Busch InBev Finance Inc.
- Brandbev S.à r.l.
- Brandbrew S.A.
- Cobrew NV

The Subsidiary Guarantors, if any, for any particular series of debt securities will be specified in the applicable prospectus supplement. The Issuer of a particular series of securities will not act as a Subsidiary Guarantor for that series.

Each guarantee to be provided is referred to as a “Guarantee” and collectively, the “Guarantees;” the subsidiaries of the Parent Guarantor providing Guarantees are referred to as the “Subsidiary Guarantors” and the Parent Guarantor and Subsidiary Guarantors collectively are referred to as the “Guarantors”.

All such Guarantees are set forth in each indenture, or a supplement thereto, and may take the form of a guarantee to be endorsed on a particular series of securities or a global guarantee that applies to multiple series of securities under an indenture. The Guarantees provided by several of the Guarantors will be subject to certain limitations set forth below under “—Guarantee Limitations”.

Under the Guarantees, the Guarantors will guarantee to each Holder the due and punctual payment of any principal, accrued and unpaid interest (and all Additional Amounts, as defined below, if any) due under the debt securities in accordance with each indenture. Each Guarantor will also pay Additional Amounts (if any) in respect of payments under its Guarantee. The Guarantees will be the full, direct, unconditional, unsecured and unsubordinated general obligations of the Guarantors. The Guarantees will rank *pari passu* among themselves, without any preference of one over the other by reason of priority of date of issue or otherwise, and at least equally with all other unsecured and unsubordinated general obligations of the Guarantors from time to time outstanding.

Any Subsidiary Guarantor will automatically and unconditionally be released from all obligations under its Subsidiary Guarantee and such Subsidiary Guarantee shall thereupon terminate and be discharged of no further force or effect, in the event that at substantially the same time its Guarantee of the debt securities is terminated, (i) (for so long as any commitments remain outstanding under the 2010 Senior Facility Agreement) the relevant Subsidiary Guarantor is or has been released from its guarantee of 2010 Senior Facility Agreement (as defined in the Annual Report under the heading “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources” and as it may be amended from time to time) or is no longer a guarantor under the 2010 Senior Facility Agreement, and (ii) the aggregate amount of indebtedness for borrowed money for which the relevant Guarantor is an obligor (as a guarantor or borrower) does not exceed 10% of the consolidated gross assets of the Parent Guarantor as reflected in the balance sheet included in its most recent publicly released interim or annual consolidated financial statements. For purposes of this paragraph, the amount of a Guarantor’s indebtedness for borrowed money shall not include (A) the debt securities issued pursuant to the indentures dated 12 January 2009, 16 October 2009 and 16 December 2016, and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide Inc., as Issuer, the Parent Guarantor, the Subsidiary Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, (B) the debt securities issued pursuant to the indentures dated 17 January 2013, 25 January 2016 and 15 May 2017, and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Finance Inc., as Issuer, the Parent Guarantor, the Subsidiary Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, (C) any other debt the terms of which permit the termination of the Guarantor’s guarantee of such

debt under similar circumstances, as long as such Guarantor's obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the debt securities, and (D) any debt that is being refinanced at substantially the same time that the Guarantee of the debt securities is being released; provided that any obligations of the Guarantor in respect of the debt that is incurred in the refinancing shall be included in the calculation of the Guarantor's indebtedness for borrowed money.

In addition, Brandbrew S.A. and/or Brandbev S.à r.l., whose guarantees are subject to certain limitations described below, shall be entitled to terminate its Guarantee, and the trustee under each indenture shall execute a release and termination agreement effecting such termination, with respect to any or all series of the notes issued under each indenture, in the event that Brandbrew S.A. or Brandbev S.à r.l. determines that under the rules, regulations or interpretations of the SEC it would be required to include its financial statements in any registration statement filed with the SEC with respect to any series of notes or guarantees issued under each indenture or in periodic reports filed with or furnished to the SEC (by reason of such limitations or otherwise). Furthermore, Brandbrew S.A. and/or Brandbev S.à r.l. will be entitled to amend or modify by execution of indentures supplemental to each indenture the terms of its Guarantee or the limitations applicable to its Guarantee, as set forth below, in any respect reasonably deemed necessary by Brandbrew S.A. or Brandbev S.à r.l. to meet the requirements of Rule 3-10 under Regulation S-X under the Securities Act (or any successor or similar regulation or exemption) in order for financial statements of such Subsidiary Guarantor not to be required to be included in any registration statement or in periodic reports filed with or furnished to the SEC.

Supplemental Information on Subsidiary Guarantors

Brandbrew S.A. and Brandbev S.à r.l., the Subsidiary Guarantors whose Guarantees are subject to limitations, as described below under "—Guarantee Limitations", accounted in aggregate for less than 0.1% of the total consolidated EBITDA, as defined, of AB InBev for the year ended 31 December 2017 and approximately 0.1% of the total consolidated debt of AB InBev as of 31 December 2017.

Guarantee Limitations

Pursuant to restrictions imposed by Luxembourg law, notwithstanding anything to the contrary in the Guarantees to be provided by Brandbrew S.A. or Brandbev S.à r.l., (each, a "**Luxembourg Guarantor**"), for the purposes of any such Guarantees, the maximum aggregate liability of such Luxembourg Guarantor under its Guarantee (including any actual or contingent liabilities as a guarantor under the Other Guaranteed Facilities (as defined below)) shall not exceed an amount equal to the aggregate of (without double counting):

- (1) the aggregate amount of all moneys received by such Luxembourg Guarantor and its Subsidiaries as a borrower or issuer under the Other Guaranteed Facilities;
- (2) the aggregate amount of all outstanding intercompany loans made to such Luxembourg Guarantor and its Subsidiaries by other members of the AB InBev Group which have been directly or indirectly funded using the proceeds of borrowings under the Debt Securities and the Other Guaranteed Facilities; and
- (3) an amount equal to 100% of the greater of:
 - (a) the sum of (x) such Luxembourg Guarantor's own capital (*capitaux propres*) (as referred to in article 34 of the Luxembourg Law of 2002, and as implemented by the Luxembourg Regulation) as reflected in such Luxembourg Guarantor's then most recent annual accounts approved by the competent organ of such Luxembourg Guarantor (as audited by its statutory auditor (*réviseur d'entreprises agréé*), if required by law) at the date an enforcement is made under such Luxembourg Guarantor's Guarantee and (y) any amounts owed by such Luxembourg Guarantor to any other member of the AB InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under the Indentures or the Other Guaranteed Facilities (as defined below); and
 - (b) the sum of (x) such Luxembourg Guarantor's own capital (*capitaux propres*) (as referred to in article 34 of the Luxembourg Law of 2002, and as implemented by the Luxembourg Regulation) as reflected in its most recent annual accounts available as of the date of the applicable Indenture and (y) any amounts owed by such Luxembourg Guarantor to any other member of the AB InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under the Indentures or the Other Guaranteed Facilities (as defined below).

For the avoidance of doubt, the limitation on the Guarantee provided by such Luxembourg Guarantor shall not apply to any Guarantee by it of any obligations owed by its Subsidiaries under the Other Guaranteed Facilities.

In addition, the obligations and liabilities of such Luxembourg Guarantor under its Guarantee and under any of the Other Guaranteed Facilities shall not include any obligation which, if incurred, would constitute a breach of the provisions on unlawful financial assistance as contained in articles 49-6 or 168, as applicable, of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended.

“Other Guaranteed Facilities” means:

- (1) any debt securities issued by Anheuser-Busch Companies, LLC under any of the following indentures:
 - (a) the Indenture, dated August 1, 1995, between Anheuser-Busch Companies, LLC (formerly known as Anheuser-Busch Companies, Inc.) and The Bank of New York Mellon Trust Company, N.A. (as successor to Chemical Bank), as trustee;
 - (b) the Indenture, dated July 1, 2001, between Anheuser-Busch Companies, LLC (formerly known as Anheuser-Busch Companies, Inc.) and The Bank of New York Mellon Trust Company, N.A. (as successor to The Chase Manhattan Bank), as trustee; and
 - (c) the Indenture, dated October 1, 2007, between Anheuser-Busch Companies, LLC (formerly known as Anheuser-Busch Companies, Inc.) and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee;
- (2) the 2010 Senior Facilities Agreement;
- (3) any debt securities issued or guaranteed by Brandbrew S.A., Brandbev S.à r.l. or the Parent Guarantor under the €15,000,000,000 Euro Medium Term Note Programme originally entered into on 16 January 2009, as the same may be amended from time to time;
- (4) any debt securities issued or guaranteed by Brandbrew, Brandbev or the Parent Guarantor under the €40,000,000,000 Euro Medium Term Note Programme originally entered into on 6 December 2016;
- (5) any debt securities issued or guaranteed by Brandbrew S.A., Brandbev S.à r.l. or the Parent Guarantor under the €40,000,000,000 Euro Medium Term Note Programme originally entered into on 20 December 2017, as the same may be amended from time to time;
- (6) any debt securities issued by Anheuser-Busch InBev Worldwide and guaranteed by Brandbrew S.A. or Brandbev S.à r.l. under the indentures dated 12 January 2009, 16 October 2009, 16 December 2016 and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide Inc., as Issuer, the Parent Guarantor, certain of the Subsidiary Guarantors and the Trustee;
- (7) any debt securities guaranteed by Brandbrew S.A. or Brandbev S.à r.l. under the U.S. Commercial Paper Program of short-term notes due up to a maximum of 364 days from the date of issue issued by Anheuser-Busch InBev Worldwide Inc. pursuant to dealer agreements, an issuing and paying agency agreement, the master note, guarantees and private placement memoranda, each dated on or around June 6, 2011, as amended and restated on or around 20 August 2014;
- (8) any debt securities guaranteed by Brandbrew S.A. or Brandbev S.à r.l. under the the indentures dated 17 January 2013, 25 January 2016 and 15 May 2017, and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Finance Inc., as Issuer, the Parent Guarantor, certain of the Subsidiary Guarantors and the Trustee; and
- (9) any refinancing (in whole or part) of any of the above items for the same or a lower amount.

Certain Covenants

Limitation on Liens

So long as any of the debt securities remains outstanding, the Parent Guarantor will not, nor will it permit any Restricted Subsidiary to, create, assume, guarantee or suffer to exist any mortgage, pledge, security interest or lien (an “**Encumbrance**”) on any of its Principal Plants or on any capital stock of any Restricted Subsidiary without effectively providing that the debt securities (together with, if the Parent Guarantor shall so determine, any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the debt securities and any other indebtedness of such Restricted Subsidiary then existing or thereafter created) shall be secured by the security for such secured indebtedness equally and ratably therewith; *provided, however*, the above limitation does not apply to:

- (a) purchase money liens, so long as such liens attach only to the assets so acquired and improvements thereon;

- (b) Encumbrances existing at the time of acquisition of property (including through merger or consolidation) or securing indebtedness the proceeds of which are used to pay or reimburse the Parent Guarantor or a Restricted Subsidiary for the cost of such property (provided such indebtedness is incurred within 180 days after such acquisition);
- (c) Encumbrances on property of a Restricted Subsidiary existing at the time it becomes a Restricted Subsidiary;
- (d) Encumbrances to secure the cost of development or construction of property, or improvements thereon; *provided that* the recourse of the creditors in respect of such indebtedness is limited to such property and improvements;
- (e) Encumbrances in connection with the acquisition or construction of Principal Plants or additions thereto financed by tax-exempt securities;
- (f) Encumbrances securing indebtedness owing to the Parent Guarantor or a Restricted Subsidiary by a Restricted Subsidiary;
- (g) Encumbrances existing at the date of the applicable indenture;
- (h) Encumbrances required in connection with state or local governmental programs which provide financial or tax benefits; *provided that* the obligations secured are in lieu of or reduce an obligation that would have been secured by an Encumbrance permitted under each indenture;
- (i) any Encumbrance arising by operation of law and not securing amounts more than ninety (90) days overdue or otherwise being contested in good faith;
- (j) judgment Encumbrances not giving rise to an event of default;
- (k) any Encumbrance incurred or deposits made in the ordinary course of business, including, but not limited to, (i) any mechanics', materialmen's, carriers', workmen's, vendors' or other like Encumbrances, (ii) any Encumbrances securing amounts in connection with workers' compensation, unemployment insurance and other types of social security, and (iii) any easements, rights-of-way, restrictions and other similar charges;
- (l) any Encumbrance upon specific items of inventory or other goods and proceeds of the Parent Guarantor or any Restricted Subsidiary securing the Parent Guarantor's or any such Restricted Subsidiary's obligations in respect of bankers' acceptances issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (m) any Encumbrance incurred or deposits made securing the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of like nature incurred in the ordinary course of business;
- (n) any Encumbrance on any Principal Plant of the Parent Guarantor or any Restricted Subsidiary in favor of the Federal Government of the United States or the government of any State thereof, or the government of the United Kingdom, or any state in the European Union, or any instrumentality of any of them, securing the obligations of the Parent Guarantor or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes;
- (o) any Encumbrance securing taxes or assessments or other applicable governmental charges or levies;
- (p) extensions, renewals or replacements of the Encumbrances referred to in clauses (a) through (o); *provided that* the amount of indebtedness secured by such extension, renewal or replacement shall not exceed the principal amount of indebtedness being extended, renewed or replaced, together with the amount of any premiums, fees, costs and expenses associated with such extension, renewal or replacement, nor shall the pledge, mortgage or lien be extended to any additional Principal Plant unless otherwise permitted under this covenant;
- (q) as permitted under the provisions described in the following two paragraphs herein; and
- (r) sale-leaseback transactions.

Notwithstanding the provisions described in the immediately preceding paragraph, the Parent Guarantor or any Restricted Subsidiary may, without ratably securing the debt securities, create, assume, guarantee or suffer to exist any indebtedness which would otherwise be subject to such restrictions, and renew, extend or replace such indebtedness; *provided that* the aggregate amount of such indebtedness, when added to the fair market value of property transferred in certain sale and leaseback transactions (computed without duplication of amount) does not at the time exceed 15% of Net Tangible Assets.

If the Parent Guarantor or any Restricted Subsidiary merges or consolidates with, or purchases all or substantially all of the assets of, another corporation, or the Parent Guarantor sells all or substantially all of its assets to another corporation, and if such other corporation has outstanding obligations secured by an Encumbrance which, by reason of an after-acquired property clause or similar provision, would extend to any Principal Plant owned by the Parent Guarantor or such Restricted Subsidiary immediately prior thereto, the Parent Guarantor or such Restricted Subsidiary, as the case may be, will in such event be deemed to have created an Encumbrance, within the prohibition of the covenant described above, unless (a) such merger or consolidation involving a Restricted Subsidiary constitutes a disposition by the Parent Guarantor of its interest in the Restricted Subsidiary or (b) (i) at or prior to the effective date of such merger, consolidation, sale or purchase, such Encumbrance shall be released of record or otherwise satisfied to the extent it would extend to such Principal Plant, (ii) prior thereto, the Parent Guarantor or such Restricted Subsidiary shall have created, as security for the debt securities (and, if the Parent Guarantor shall so determine, as security for any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the debt securities and any other indebtedness of such Restricted Subsidiary then existing or thereafter created), a valid Encumbrance which will rank equally and ratably with the Encumbrances of such other corporation on such Principal Plant of the Parent Guarantor or such Restricted Subsidiary, as the case may be, or (iii) such Encumbrance is otherwise permitted or complies with the covenant described above.

In each instance referred to in the preceding paragraphs where the Parent Guarantor is obligated to provide security for the debt securities (except, for certain issues of indebtedness, in the case of transactions relating to stock of a Restricted Subsidiary), the Parent Guarantor would be required to provide comparable security for other outstanding indebtedness under that indenture and other agreements relating thereto.

Substitution of an Issuer or Guarantor; Consolidation, Merger and Sale of Assets

In all cases subject to any provisions contained in the applicable prospectus supplement describing the Holders' option to require repayment upon a change in control, (i) any Issuer or Guarantor, without the consent of the Holders of any of the debt securities, may consolidate with or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any corporation or (ii) an Issuer may at any time substitute for itself either a Guarantor or any Affiliate (as defined below) of a Guarantor as principal debtor under the debt securities (a "**Substitute Issuer**"); *provided that*:

- (a) the Substitute Issuer or any other successor company shall expressly assume such Issuer's or Guarantor's respective obligations under the debt securities or the Guarantees, as the case may be, and each indenture, as applicable, except that if the Parent Guarantor is merged into any corporation organized under the laws of the Kingdom of Belgium via a "merger by absorption" in accordance with the Belgian Companies Code, that successor company shall, by virtue of the operation of Belgian law and without any further action by the Parent Guarantor or its successor, assume the obligations of the Parent Guarantor under the Guarantees and each indenture and no express assumption will be required;
- (b) any other successor company is organized under the laws of a member country of the Organization for Economic Co-Operation and Development;
- (c) such Issuer is not in default of any payments due under the debt securities and immediately before and after giving effect to such consolidation, merger, sale, transfer, lease, conveyance or substitution, no Event of Default shall be continuing;
- (d) in the case of a Substitute Issuer:
 - (i) the obligations of the Substitute Issuer arising under or in connection with the debt securities and each indenture, as applicable, are fully, irrevocably and unconditionally guaranteed by the Guarantors (other than the Substitute Issuer, if applicable) on the same terms as existed immediately prior to such substitution under the Guarantees given by such Guarantors;

- (ii) the Parent Guarantor, the applicable Issuer and the Substitute Issuer jointly and severally indemnify each Holder for any income tax or other tax (if any) recognized by such Holder solely as a result of the substitution of the Substitute Issuer (and not as a result of any transfer by such Holder); *provided, however*, that such indemnification shall not apply to any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and shall not require the payment of additional amounts on account of any such withholding or deduction;
- (iii) each stock exchange on which the debt securities are listed, if any, shall have confirmed that, following the proposed substitution of the Substitute Issuer, such debt securities will continue to be listed on such stock exchange; and
- (iv) each rating agency that rates the debt securities, if any, shall have confirmed that, following the proposed substitution of the Substitute Issuer, such debt securities will continue to have the same or better rating as immediately prior to such substitution; and
- (e) written notice of such transaction shall be promptly provided to the Holders.

For purposes of the foregoing, “**Affiliate**” shall mean, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person.

Upon the effectiveness of any substitution, all of the foregoing provisions will apply *mutatis mutandis*, and references elsewhere herein to the Issuer or a Guarantor will, where the context so requires, be deemed to be or include references, to any successor company.

Discharge and Defeasance

Discharge of Indentures

Each indenture provides that the applicable Issuer and the Guarantors will be discharged from any and all obligations in respect of such indenture (except for certain obligations to register the transfer of or exchange debt securities, replace stolen, lost or mutilated debt securities, make payments of principal and interest and maintain paying agencies) if:

- the applicable Issuer or the Guarantors have paid or caused to be paid in full the principal of and interest on all debt securities outstanding thereunder;
- the applicable Issuer or the Guarantors shall have delivered to the Trustee for cancellation all debt securities outstanding theretofore authenticated; or
- all debt securities not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable in accordance with their terms within one year or (iii) are to be, or have been, called for redemption as described under “—Redemption — Optional Redemption” within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and, in any such case, the applicable Issuer or Guarantors shall have irrevocably deposited with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such debt securities, (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than the due date of any payment, cash in U.S. dollars in an amount, or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest (and Additional Amounts, if any) on, all such debt securities not theretofore delivered to the Trustee for cancellation on the dates such payments are due in accordance with the terms of the debt securities and all other amounts payable under the applicable indenture by the applicable Issuer.

“**U.S. Government Obligations**” means securities which are (i) direct obligations of the U.S. government or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government, the payment of which is unconditionally guaranteed by the U.S. government, which, in either case, are full faith and credit obligations of the U.S. government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof.

Covenant Defeasance

Each indenture also provides that the applicable Issuer and the Guarantors need not comply with certain covenants of such indenture (including those described under “—Certain Covenants—Limitation on Liens”), and the Guarantors shall be released from their obligations under the Guarantees, if:

- the applicable Issuer or the Guarantors irrevocably deposit with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of such debt securities, (i) cash in U.S. dollars in an amount, or (ii) U.S. government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than one day before the due date of any payment cash in U.S. dollars in an amount, or (iii) any combination of (i) and (ii), sufficient to pay all the principal of, and interest on, the debt securities then outstanding on the dates such payments are due in accordance with the terms of the debt securities;
- certain events of default, or events which with notice or lapse of time or both would become such an event of default, shall not have occurred and be continuing on the date of such deposit;
- the applicable Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would be the case if such Covenant Defeasance had not occurred;
- the applicable Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing in its jurisdiction of incorporation to the effect that such deposit and related Covenant Defeasance will not cause the Holders, other than Holders who are or who are deemed to be residents of such jurisdiction of incorporation or use or hold or are deemed to use or hold their debt securities in carrying on a business in such jurisdiction of incorporation, to recognize income, gain or loss for income tax purposes in such jurisdiction of incorporation, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of such jurisdiction of incorporation or political subdivision thereof or therein having power to tax, except in the case of debt securities beneficially owned (i) by a person who is or is deemed to be a resident of such jurisdiction of incorporation or (ii) by a person who uses or holds or is deemed to use or hold such debt securities in carrying on a business in such jurisdiction of incorporation; and
- the applicable Issuer, or the Guarantors, as the case may be, deliver to the Trustee an officers’ certificate and an opinion of legal counsel of recognized standing, each stating that all conditions precedent provided for relating to such Covenant Defeasance have been complied with.

The effecting of these arrangements is also known as “Covenant Defeasance”.

Additional Amounts

To the extent that any Guarantor is required to make payments in respect of the debt securities, such Guarantor will make all payments in respect of the debt securities without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of any jurisdiction in which such Guarantor is incorporated, organized or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax (the “**Relevant Taxing Jurisdiction**”) unless such withholding or deduction is required by law. In such event, such Guarantor will pay to the Holders such additional amounts (the “**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Guarantor from payment of principal or interest made by it;

- (b) are payable by reason of the Holder or beneficial owner having, or having had, some personal or business connection with such Relevant Taxing Jurisdiction and not merely by reason of the fact that payments in respect of the debt securities or the Guarantees are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Relevant Taxing Jurisdiction;
- (c) are imposed or withheld by reason of the failure of the Holder or beneficial owner to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder and beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice, as a precondition to exemption from, or a reduction in the rate of withholding or deduction of, such taxes;
- (d) consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes;
- (e) are imposed on or with respect to any payment by the applicable Guarantors to the registered Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such registered Holder been the sole beneficial owner of such debt security;
- (f) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and written notice thereof is provided to the Holders, whichever occurs later;
- (g) are payable because any debt security was presented to a particular paying agent for payment if the debt security could have been presented to another paying agent without any such withholding or deduction; or
- (h) are payable for any combination of (a) through (g) above.

References to principal or interest in respect of the debt securities shall be deemed to include any Additional Amounts, which may be payable as set forth in each indenture.

In addition, any amounts to be paid by an Issuer or any Guarantor on the debt securities will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (“**FATCA Withholding**”). Neither any Guarantor nor any Issuer will be required to pay Additional Amounts on account of any FATCA Withholding.

The preceding covenant regarding Additional Amounts will not apply to any Guarantor at any time when such Guarantor is incorporated in a jurisdiction in the United States; *provided, however*, that such covenant will apply to an Issuer at any time when it is incorporated in a jurisdiction outside of the United States. The prospectus supplement relating to the debt securities may describe additional circumstances in which the Guarantors would not be required to pay additional amounts.

Terms Applicable to the 4.439% Notes due 2048 (the “2048 Notes”)

The 2048 Notes will bear interest at a rate per annum equal to 4.439%. Interest on the 2048 Notes will be payable semi-annually in arrears on 6 April and 6 October of each year, commencing 6 October 2017, and at maturity. Interest payable on the 2048 Notes will be paid to the holders of record on the immediately preceding 20 March and 20 September.

The 2048 Notes are issued by Anheuser-Busch InBev Worldwide Inc. (the “**Issuer**”, with respect to the 2048 Notes) and are fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), Anheuser-Busch InBev Finance Inc., Brandbev S.à r.l., Brandbrew S.A., Cobrew NV, and Anheuser-Busch Companies, LLC (the “**Subsidiary Guarantors**”, and together with the Parent Guarantor, the “**Guarantors**”, with respect to the 2048 Notes), subject to certain customary release provisions.

The 2048 Notes were issued under a supplemental indenture to the indenture, dated as of 16 December 2016 (as amended and supplemented, the “**Indenture**”, with respect to the 2048 Notes), among the Issuer, each of the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the 2048 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The 2048 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The 2048 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The 2048 Notes were issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The 2048 Notes do not provide for any sinking fund. The 2048 Notes will be recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including Euroclear S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”).

For purposes of the 2048 Notes, “**Business Day**” means a day on which commercial banks and exchange markets are open, or not authorized to close, in the City of New York and in London.

Optional Redemption

Prior to 6 April 2048 (six months prior to the maturity date of the 2048 Notes) (the “**Par Call Date**”, with respect to the 2048 Notes), the 2048 Notes may be redeemed at any time, at the Issuer’s option, as a whole or in part, upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to the greater of:

- (i) 100% of the aggregate principal amount of the 2048 Notes to be redeemed; and
- (ii) as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the 2048 Notes to be redeemed as if the 2048 Notes to be redeemed matured on the Par Call Date (not including any portion of such payments of interest accrued to the date of redemption) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate *plus* 25 basis points;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) the date of redemption.

On or after the Par Call Date, the 2048 Notes will be redeemable as a whole or in part, at the Issuer’s option at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2048 Notes being redeemed, *plus* accrued and unpaid interest on the principal amount being redeemed to (but excluding) the date of redemption.

On and after the Redemption Date, interest will cease to accrue on the 2048 Notes or any portion of the 2048 Notes called for redemption, unless we default in the payment of the redemption price and accrued interest. On or before the Redemption Date, we will deposit with a paying agent or the Trustee money sufficient to pay the redemption price of and accrued interest on the 2048 Notes to be redeemed on that date.

In the case of any partial redemption, selection of the 2048 Notes of a series to be redeemed will be made in accordance with applicable procedures of DTC.

Optional Tax Redemption

The 2048 Notes may be redeemed at any time, at the Issuer’s or the Parent Guarantor’s option, in whole but not in part, upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount of the 2048 Notes then outstanding, *plus* accrued and unpaid interest on the principal amount being redeemed (and any Additional Amounts) to the Redemption Date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a jurisdiction in which the Issuer or any Guarantor is incorporated, organized or otherwise tax resident or any political subdivision or any authority thereof or herein having power to tax, or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction)

which becomes effective on or after 6 April 2017 (any such change or amendment, a “**Change in Tax Law**”, with respect to the 2048 Notes), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts with respect to the 2048 Notes of a particular series, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described under “—Additional Amounts”; *provided, however*, that the 2048 Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under the 2048 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any such notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the relevant 2048 Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Guarantees

Each 2048 Note will benefit from full and unconditional guarantees (the “**Guarantees**”) by Anheuser-Busch InBev SA/NV, as the Parent Guarantor and Anheuser-Busch Companies, LLC, Brandbev S.à r.l., Brandbrew S.A., Cobrew NV, Anheuser-Busch InBev Finance Inc., as Subsidiary Guarantors (collectively referred to as the “**Guarantors**”), subject to certain customary release provisions. These Guarantees are set forth in our Indenture and are subject to certain limitations set forth below under “—Guarantee Limitations”.

Under the Guarantees, the Guarantors will guarantee to each Holder the due and punctual payment of any principal, accrued and unpaid interest (and all Additional Amounts, as defined below, if any) due under the 2048 Notes. Each Guarantor will also pay Additional Amounts (if any) in respect of payments under its Guarantee. The Guarantees will be the full, direct, unconditional, unsecured and unsubordinated general obligations of the Guarantors. The Guarantees will rank *pari passu* among themselves, without any preference of one over the other by reason of priority of date of issue or otherwise, and at least equally with all other unsecured and unsubordinated general obligations of the Guarantors from time to time outstanding.

Any Subsidiary Guarantor will automatically and unconditionally be released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and of no further force or effect, in the event that at substantially the same time its Guarantee of the 2048 Notes is terminated, (i) (for so long as any commitments remain outstanding under the 2010 Senior Facility Agreement) the relevant Subsidiary Guarantor is or has been released from its guarantee of the 2010 Senior Facility Agreement (each as defined in our Annual Report on Form 20-F for the fiscal year ended 31 December 2016 under the heading “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources” and each as they may be amended from time to time) or is no longer a guarantor under the 2010 Senior Facility Agreement, (ii) for so long as any commitments remain outstanding under the 2015 Senior Facilities Agreement, the relevant Subsidiary Guarantor is or has been released from its guarantee of the 2015 Senior Facilities Agreement or is no longer a guarantor under the 2015 Senior Facilities Agreement (as defined in our Annual Report on Form 20-F for the fiscal year ended 31 December 2016 under the heading “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources” and as it may be amended from time to time) and (iii) the aggregate amount of indebtedness for borrowed money for which the relevant Guarantor is an obligor (as a guarantor or borrower) does not exceed 10% of the consolidated gross assets of the Parent Guarantor as reflected in the balance sheet included in its most recent publicly released interim or annual consolidated financial statements. For purposes of this paragraph, the amount of a Guarantor’s indebtedness for borrowed money shall not include (A) any debt securities issued pursuant to the Indenture (including the 2048 Notes), (B) the debt securities issued pursuant to the indentures dated 12 January 2009 and 16 October 2009 and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide Inc., as issuer, the Parent Guarantor, the subsidiary guarantors named therein and the Trustee, (C) the debt securities issued pursuant to the indentures dated 17 January 2013, 25 January 2016 and 15 May 2017 and the indentures supplemental thereto, in each case between Anheuser-

Busch InBev Finance Inc., as issuer, the Parent Guarantor, the Subsidiary Guarantors named therein and the Trustee, (D) any other debt the terms of which permit the termination of the Guarantor's guarantee of such debt under similar circumstances, as long as such Guarantor's obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the debt securities, and (E) any debt that is being refinanced at substantially the same time that the Guarantee of the debt securities is being released, *provided* that any obligations of the Guarantor in respect of the debt that is incurred in the refinancing shall be included in the calculation of the Guarantor's indebtedness for borrowed money.

In addition, the Guarantees of Brandbrew S.A. and/or Brandbev S.à r.l., whose Guarantees are subject to certain limitations described below, will automatically and unconditionally be terminated, with respect to any or all series of the notes issued under each indenture, in the event that we determine that under the rules, regulations or interpretations of the SEC such Guarantor would be required to include its financial statements in any registration statement filed with the SEC with respect to any series of notes or guarantees issued under each indenture or in periodic reports filed with or furnished to the SEC (by reason of such limitations or otherwise). Furthermore, Brandbrew S.A. and/or Brandbev S.à r.l. will be entitled to amend or modify by execution of indentures supplemental to each indenture the terms of its Guarantee or the limitations applicable to its Guarantee, as set forth below, in any respect reasonably deemed necessary by Brandbrew S.A. or Brandbev S.à r.l. to meet the requirements of Rule 3-10 under Regulation S-X under the Securities Act (or any successor or similar regulation or exemption) in order for financial statements of such Subsidiary Guarantor not to be required to be included in any registration statement or in periodic reports filed with or furnished to the SEC.

Supplemental Information on Subsidiary Guarantors

Brandbrew S.A. and Brandbev S.à r.l., the Subsidiary Guarantors whose Guarantees are subject to limitations, as described below under “—Guarantee Limitations”, accounted for less than 0.1% of the total consolidated EBITDA, as defined, of AB InBev for the year ended 31 December 2016 and approximately 0.1% of the total consolidated debt of AB InBev as of 31 December 2016.

Guarantee Limitations

Pursuant to restrictions imposed by Luxembourg law, notwithstanding anything to the contrary in the Guarantees to be provided by Brandbrew S.A. or Brandbev S.à r.l. (each, a “**Luxembourg Guarantor**”), for the purposes of any such Guarantees, the maximum aggregate liability of such Luxembourg Guarantor under its Guarantee (including any actual or contingent liabilities as a guarantor under the Other Guaranteed Facilities (as defined below)) shall not exceed an amount equal to the aggregate of (without double counting):

- (1) the aggregate amount of all moneys received by such Luxembourg Guarantor and its Subsidiaries as a borrower or issuer under the Other Guaranteed Facilities;
- (2) the aggregate amount of all outstanding intercompany loans made to such Luxembourg Guarantor and its Subsidiaries by other members of the AB InBev Group which have been directly or indirectly funded using the proceeds of borrowings under the 2048 Notes issued under each indenture and the Other Guaranteed Facilities; and
- (3) an amount equal to 100% of the greater of:
 - (a) the sum of (x) such Luxembourg Guarantor's own capital (*capitaux propres*) (as referred to by article 34 of the law dated 19 December 2002 on the commercial register and annual accounts, as amended (the “**Luxembourg Law of 2002**”) and as implemented by the Grand-Ducal regulation dated 18 December 2015 setting out the form and content of the presentation of the balance sheet and profit and loss account (the “**Luxembourg Regulation**”)) as reflected in such Luxembourg Guarantor's then most recent annual accounts approved by the competent organ of such Luxembourg Guarantor (as audited by its statutory auditor (*réviseur d'entreprises agréé*), if required by law) at the date an enforcement is made under such Luxembourg Guarantor's Guarantee and (y) any amounts owed by such Luxembourg Guarantor to any other member of the AB InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under the Indenture or the Other Guaranteed Facilities (as defined below); and

- (b) the sum of (x) such Luxembourg Guarantor's own capital (*capitaux propres*) (as referred to by article 34 of the Luxembourg Law of 2002 and as implemented by the Luxembourg Regulation) as reflected in its most recent annual accounts available as of the date of the Indenture and (y) any amounts owed by such Luxembourg Guarantor to any other member of the AB InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under the Indenture or the Other Guaranteed Facilities.

For the avoidance of doubt, the limitation on the Guarantee provided by such Luxembourg Guarantor shall not apply to any Guarantee by it of any obligations owed by its Subsidiaries under the Other Guaranteed Facilities. In addition, the obligations and liabilities of such Luxembourg Guarantor under its Guarantee and under any of the Other Guaranteed Facilities shall not include any obligation which, if incurred, would constitute a breach of the provisions on unlawful financial assistance as contained in articles 49-6 or 168, as applicable, of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended.

Terms Applicable to the 4.950% Notes due 2042, 6.625% Notes due 2033, 5.875% Notes due 2035 (the "December 2016 Notes")

The December 2016 Notes are issued by Anheuser-Busch InBev Worldwide Inc. (the "**Issuer**", with respect to the December 2016 Notes) and are fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the "**Parent Guarantor**"), Anheuser-Busch InBev Finance Inc., Brandbev S.à r.l., Brandbrew S.A., Cobrew NV, and Anheuser-Busch Companies, LLC (the "**Subsidiary Guarantors**," and together with the Parent Guarantor, the "**Guarantors**", with respect to the December 2016 Notes). Each series of December 2016 Notes is listed on the New York Stock Exchange.

Each series of the December 2016 Notes was issued under a supplemental indenture to the indenture dated as of 16 December 2016 (the "**Indenture**"), entered into among the Issuer, each of the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the "**Trustee**"). This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the December 2016 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The December 2016 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The December 2016 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The December 2016 Notes are issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The December 2016 Notes do not provide for any sinking fund. The December 2016 Notes will be recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including Euroclear S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**").

For purposes of the December 2016 Notes, "**Business Day**" means a day on which commercial banks and exchange markets are open, or not authorized to close, in the City of New York and in London.

The December 2016 Notes will bear interest at the rate as specified in the table below and will mature as specified below.

Title of Series	Interest Rate	Maturity Date	Interest Accrues From
6.625% Notes due 2033	6.625%	15 August 2033	15 August 2016
5.875% Notes due 2035	5.875%	15 June 2035	15 December 2016
4.950% Notes due 2042	4.950%	15 January 2042	15 July 2016

We will pay interest on the December 2016 Notes to the person in whose name the December 2016 Notes are registered as follows.

<u>Title of Series</u>	<u>Interest Payable Date(s)</u>	<u>Record Date(s)</u>
6.625% Notes due 2033	15 February and 15 August	1 February and 1 August
5.875% Notes due 2035	15 June and 15 December	1 June and 1 December
4.950% Notes due 2042	15 January and 15 July	1 January and 1 July

Optional Redemption of the December 2016 Notes

Each series of the December 2016 Notes may be redeemed as a whole or in part, at our option, at any time and from time to time, on at least 30 days', but not more than 60 days', prior notice mailed (or otherwise transmitted in accordance with DTC procedures) to the registered address of each holder of the December 2016 Notes of such series to be redeemed. The redemption price will be calculated by the Independent Investment Banker, as such term is defined in the Indenture, and will be equal to the greater of (1) 100% of the principal amount of the December 2016 Notes of such series to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months or in the case of an incomplete month, the number of days elapsed), at a rate equal to the sum of the Treasury Rate (as defined below) plus a number of basis points equal to the applicable make-whole spread (as set forth in the table below). In the case of each of clauses (1) and (2), accrued but unpaid interest will be payable to the redemption date.

<u>Title of Series</u>	<u>Make-Whole Spread</u>
6.625% Notes due 2033	30 bps
5.875% Notes due 2035	30 bps
4.950% Notes due 2042	30 bps

Guarantees

Each December 2016 Note will benefit from unconditional, full and irrevocable guarantees (the “**Guarantees**”) by Anheuser-Busch InBev SA/NV, as the Parent Guarantor and Anheuser-Busch Companies, LLC, Brandbev S.à r.l., Brandbrew S.A., Cobrew NV, Anheuser-Busch InBev Finance Inc., as Subsidiary Subsidiary Guarantors (collectively referred to as the “**Guarantors**”). These Guarantees are set forth in our Indenture and are subject to certain limitations set forth below under “—Guarantee Limitations.”

Under the Guarantees, the Guarantors will guarantee to each Holder the due and punctual payment of any principal, accrued and unpaid interest (and all Additional Amounts, as defined below, if any) due under the December 2016 Notes. Each Guarantor will also pay Additional Amounts (if any) in respect of payments under its Guarantee. The Guarantees will be the full, direct, unconditional, unsecured and unsubordinated general obligations of the Guarantors. The Guarantees will rank *pari passu* among themselves, without any preference of one over the other by reason of priority of date of issue or otherwise, and at least equally with all other unsecured and unsubordinated general obligations of the Guarantors from time to time outstanding.

Any Subsidiary Guarantor will automatically and unconditionally be released from all obligations under its Subsidiary Guarantee, and such Subsidiary Guarantee shall thereupon terminate and be discharged and of no further force or effect, in the event that at substantially the same time its Guarantee of the December 2016 Notes is terminated, (i) (for so long as any commitments remain outstanding under the 2010 Senior Facility Agreement) the relevant Subsidiary Guarantor is or has been released from its guarantee of 2010 Senior Facility Agreement (as defined in the 2019 Form 20-F under the heading “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources” and as it may be amended from time to time) or is no longer a guarantor under the 2010 Senior Facility Agreement, (ii) (for so long as any commitments remain outstanding under the 2015 Senior Facilities Agreement) the relevant Subsidiary Guarantor is or has been released from its guarantee of the 2015 Senior Facilities Agreement or is no longer a guarantor under the 2015 Senior Facilities Agreement and (iii) the aggregate amount of indebtedness for borrowed money for which the relevant Guarantor is an obligor (as a guarantor or borrower) does not exceed 10% of the consolidated gross assets of the Parent Guarantor as reflected in the balance sheet included in its most recent publicly released interim or annual consolidated financial statements. For purposes of this paragraph, the amount of a Guarantor’s indebtedness for borrowed money shall not include (A) the December 2016 Notes issued pursuant to the Indenture, (B) the debt securities issued pursuant to the indentures dated 12 January 2009 and 16 October 2009 and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide Inc., as issuer, the Parent Guarantor, the

subsidiary guarantors named therein and the Trustee, (C) the debt securities issued pursuant to the indentures dated 17 January 2013 and 25 January 2016 and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Finance Inc., as issuer, the Parent Guarantor, the Subsidiary Guarantors named therein and the Trustee, (D) any other debt the terms of which permit the termination of the Guarantor's guarantee of such debt under similar circumstances, as long as such Guarantor's obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the debt securities, and (E) any debt that is being refinanced at substantially the same time that the Guarantee of the debt securities is being released, provided that any obligations of the Guarantor in respect of the debt that is incurred in the refinancing shall be included in the calculation of the Guarantor's indebtedness for borrowed money.

In addition, the Guarantees of Brandbrew S.A. and/or Brandbev S.à r.l., whose Guarantees are subject to certain limitations described below, will automatically and unconditionally be terminated, with respect to any or all series of the notes issued under each indenture, in the event that AB InBev determines that under the rules, regulations or interpretations of the SEC such Guarantor would be required to include its financial statements in any registration statement filed with the SEC with respect to any series of notes or guarantees issued under each indenture or in periodic reports filed with or furnished to the SEC (by reason of such limitations or otherwise). Furthermore, Brandbrew S.A. and/or Brandbev S.à r.l. will be entitled to amend or modify by execution of indentures supplemental to each indenture the terms of its Guarantee or the limitations applicable to its Guarantee, as set forth below, in any respect reasonably deemed necessary by Brandbrew S.A. or Brandbev S.à r.l. to meet the requirements of Rule 3-10 under Regulation S-X under the Securities Act (or any successor or similar regulation or exemption) in order for financial statements of such Subsidiary Guarantor not to be required to be included in any registration statement or in periodic reports filed with or furnished to the SEC.

Supplemental Information on Subsidiary Guarantors

Brandbrew S.A. and Brandbev S.à r.l., the Subsidiary Guarantors whose Guarantees are subject to limitations, as described below under “—Guarantee Limitations,” accounted in aggregate for less than 0.1% of the total consolidated EBITDA, as defined, of the AB InBev Group for the six month period ended 30 June 2016 and approximately 0.2% of the total consolidated debt of AB InBev as of 30 June 2016.

Guarantee Limitations

Pursuant to restrictions imposed by Luxembourg law, notwithstanding anything to the contrary in the Guarantees to be provided by Brandbrew S.A. or Brandbev S.à r.l. (each, a “**Luxembourg Guarantor**”), for the purposes of any such Guarantees, the maximum aggregate liability of such Luxembourg Guarantor under its Guarantee (including any actual or contingent liabilities as a guarantor under the Other Guaranteed Facilities (as defined below)) shall not exceed an amount equal to the aggregate of (without double counting):

- (1) the aggregate amount of all moneys received by such Luxembourg Guarantor and its Subsidiaries as a borrower or issuer under the Other Guaranteed Facilities;
- (2) the aggregate amount of all outstanding intercompany loans made to such Luxembourg Guarantor and its Subsidiaries by other members of the AB InBev Group which have been directly or indirectly funded using the proceeds of borrowings under the Notes issued under each indenture and the Other Guaranteed Facilities; and
- (3) an amount equal to 100% of the greater of:
 - (a) the sum of (x) such Luxembourg Guarantor's own capital (*capitaux propres*) (as referred to by article 34 of the law dated 19 December 2002 on the commercial register and annual accounts, as amended (the “**Luxembourg Law of 2002**”) and as implemented by the Grand-Ducal regulation dated 18 December 2015 setting out the form and content of the presentation of the balance sheet and profit and loss account (the “**Luxembourg Regulation**”)) as reflected in such Luxembourg Guarantor's then most recent annual accounts approved by the competent organ of such Luxembourg Guarantor (as audited by its statutory auditor (*réviseur d'entreprises agréé*), if required by law) at the date an enforcement is made under such Luxembourg Guarantor's Guarantee and (y) any amounts owed by such Luxembourg Guarantor to any other member of the AB InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under the Indenture or the Other Guaranteed Facilities (as defined below); and

- (b) the sum of (x) such Luxembourg Guarantor's own capital (*capitaux propres*) (as referred to by article 34 of the Luxembourg Law of 2002 and as implemented by the Luxembourg Regulation) as reflected in its most recent annual accounts available as of the date of the Indenture and (y) any amounts owed by such Luxembourg Guarantor to any other member of the AB InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under the Indenture or the Other Guaranteed Facilities.

For the avoidance of doubt, the limitation on the Guarantee provided by such Luxembourg Guarantor shall not apply to any Guarantee by it of any obligations owed by its Subsidiaries under the Other Guaranteed Facilities.

In addition, the obligations and liabilities of Brandbrew S.A. under its Guarantee and under any of the Other Guaranteed Facilities shall not include any obligation which, if incurred, would constitute a breach of the provisions on unlawful financial assistance as contained in article 49-6 of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended.

"Other Guaranteed Facilities" means: (1) any debt securities issued by Anheuser-Busch Companies under (a) the indenture dated 1 August 1995, between Anheuser-Busch Companies, LLC (formerly Anheuser-Busch Companies, Inc.) and The Bank of New York Mellon Trust Company, N.A. (as successor to Chemical Bank), as trustee, (b) the indenture, dated 1 July 2001, between Anheuser-Busch Companies, LLC (formerly Anheuser-Busch Companies, Inc.) and The Bank of New York Mellon Trust Company, N.A. (as successor to The Chase Manhattan Bank), as trustee and (c) the indenture, dated 1 October 2007, between Anheuser-Busch Companies, LLC (formerly Anheuser-Busch Companies, Inc.) and The Bank of New York Mellon Trust Company, N.A. (formerly The Bank of New York Trust Company, N.A.), as trustee; (2) the 2010 Senior Facility Agreement (as defined in the 2019 Form 20-F under the heading "Item 5. Operating and Financial Review—G. Liquidity and Capital Resources" and as it may be amended from time to time); (3) the 2015 Senior Facilities Agreement; (4) any debt securities issued or guaranteed by Brandbrew S.A., Brandbev S.à r.l. or the Parent Guarantor under the €15,000,000,000 Euro Medium Term Note Programme originally entered into on 16 January 2009, as the same may be amended from time to time; (5) the debt securities issued pursuant to the indenture dated 12 January 2009, and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide Inc., as issuer, the Parent Guarantor, the subsidiary guarantors named therein and the Trustee; (6) the debt securities issued pursuant to the indenture dated 16 October 2009, and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide Inc., as Issuer, the Parent Guarantor, the subsidiary guarantors named therein and the Trustee; (7) any debt securities guaranteed by Brandbrew S.A. or Brandbev S.à r.l. under the U.S. Commercial Paper Program of short-term notes due up to a maximum of 364 days from the date of issue issued by Anheuser-Busch InBev Worldwide Inc. pursuant to dealer agreements, an issuing and paying agency agreement, the master note, guarantees and private placement memoranda, each dated on or around 6 June 2011, as amended and restated on or around 20 August 2014; (8) any debt securities issued pursuant to the indentures dated 17 January 2013 and 25 January 2016 and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Finance Inc., as issuer, the Parent Guarantor, the subsidiary guarantors named therein and the Trustee; (9) any debt securities to be issued pursuant to the Indenture and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide Inc., as issuer, the Parent Guarantor, the subsidiary guarantors named therein and the Trustee; and (10) any refinancing (in whole or part) of any of the above items or for the same or a lower amount.

Terms Applicable to the 2048 Notes and the December 2016 Notes

For the purposes of this section "—Terms Applicable to the 2048 notes and the December 2016 Notes": (i) the term "Notes" or "debt securities" shall refer to the 2048 Notes and the December 2016 Notes and (ii) the term "Issuer" shall refer to the Issuer under the 2048 Notes and the December 2016 Notes, (iii) the term "Guarantor" shall refer to any Guarantor under the 2048 Notes and the December 2016 Notes and (iv) the term "Indenture" shall refer to the Indenture under the 2048 Notes and the December 2016 Notes.

The Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee and principal paying agent under the Indenture. The trustee has two principal functions:

- first, it can enforce a Holder's rights against us if we default on the Notes. There are some limitations on the extent to which the trustee acts on a Holder's behalf, described under "—Events of Default"; and
- second, the trustee performs administrative duties for us, such as sending the Holder's interest payments, transferring Notes to a new buyer and sending notices to Holders.

We and some entities in the AB InBev Group maintain deposit accounts and conduct other banking transactions with the trustee and affiliates of the trustee in the ordinary course of our respective businesses. The address of The Bank of New York Mellon Trust Company, N.A. is 911 Washington Avenue, 3rd Floor, St. Louis, Missouri 63101.

If an Event of Default occurs, or an event occurs that would be an Event of Default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded, the trustee may therefore be considered to have a conflicting interest with respect to the Notes or the Indenture for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign as trustee under the Indenture and we would be required to appoint a successor trustee.

Additional Notes

The Notes were issued in the initial aggregate principal amount set forth above. The Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional Notes (the “**Additional Notes**”) maturing on the same maturity date as the other Notes of a series and having the same terms and conditions under the Indenture (including with respect to the Guarantors and the Guarantees) as the previously outstanding Notes of that series in all respects (or in all respects except for the issue date and the principal amount and, in some cases, the date of the first payment of interest thereon) so that such Additional Notes shall be consolidated and form a single series with the previously outstanding Notes of that series, *provided* that either (i) such Additional Notes are fungible with the Notes of such series offered hereby for U.S. federal income tax purposes or (ii) such Additional Notes shall have a separate CUSIP number. Without limiting the foregoing, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional series of notes with additional or different terms and maturity dates than the Notes.

Substitution of an Issuer; Consolidation, Merger and Sale of Assets

The Issuer or any Guarantor, without the consent of the Holders of any of the Notes, may consolidate with or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any corporation or an Issuer may at any time substitute for itself either a Guarantor or any Affiliate (as defined below) of a Guarantor as principal debtor under the Notes (a “**Substitute Issuer**”), *provided* that:

- (a) the Substitute Issuer or any other successor company shall expressly assume the Issuer’s or Guarantor’s respective obligations under the Notes or the Guarantees, as the case may be, and each indenture, as applicable;
- (b) any other successor company is organized under the laws of a member country of the Organization for Economic Co-Operation and Development;
- (c) the Issuer is not in default of any payments due under the Notes and immediately before and after giving effect to such consolidation, merger, sale, transfer, lease, conveyance or substitution, no Event of Default shall be continuing;
- (d) in the case of a Substitute Issuer:
 - (i) the obligations of the Substitute Issuer arising under or in connection with the Notes and the Indenture are fully, irrevocably and unconditionally guaranteed by the Guarantors (other than the Substitute Issuer, if applicable) on the same terms as existed immediately prior to such substitution under the Guarantees given by such Guarantors;
 - (ii) the Parent Guarantor, the Issuer and the Substitute Issuer jointly and severally indemnify each Holder for any income tax or other tax (if any) recognized by such Holder solely as a result of the substitution of the Substitute Issuer (and not as a result of any transfer by such Holder), *provided, however*, that such indemnification shall not apply to any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and shall not require the payment of Additional Amounts on account of any such withholding or deduction;

- (iii) each stock exchange on which the Notes are listed, if any, shall have confirmed that, following the proposed substitution of the Substitute Issuer, such Notes will continue to be listed on such stock exchange;
- (iv) each rating agency that rates the Notes, if any, shall have confirmed that, following the proposed substitution of the Substitute Issuer, such Notes will continue to have the same or better rating as immediately prior to such substitution; and
- (e) written notice of such transaction shall be promptly provided to the Holders.

For purposes of the foregoing, “**Affiliate**” shall mean, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person.

Upon the effectiveness of any substitution, all of the foregoing provisions will apply *mutatis mutandis*, and references elsewhere herein to the Issuer or a Guarantor will, where the context so requires, be deemed to be or include references to any successor company.

Modifications and Amendment

The Issuer, the Guarantors and the Trustee may execute agreements adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental agreement or modifying in any manner the rights of the Holders under the debt securities or the Guarantees only with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes then outstanding (irrespective of series) that would be affected by the proposed modification or amendment; *provided* that no such agreement shall (a) change the maturity of the principal of, or any installment of interest on, any Note, or reduce the principal amount or the interest thereof, or extend the time of payment of any installment of interest thereon, or change the currency of payment of principal of, or interest on, any Note, or change the Issuer’s or a Guarantor’s obligation to pay Additional Amounts, impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption on or after the Redemption Date) or change in any manner adverse to the interests of the Holders the terms and provisions of the Guarantees in respect of the due and punctual payment of the principal amount of the Notes then outstanding *plus* accrued and unpaid interest (and all Additional Amounts, if any) without the consent of the Holder of each Note so affected; or (b) reduce the aforesaid percentage of Holders whose consent is required for any such agreement, without the consent of the Holders of the Notes then outstanding. To the extent that any changes directly affect fewer than all the series of the debt securities, only the consent of the Holders (in the respective percentages set forth above) will be required.

The Issuer, the Guarantors and the Trustee may, without the consent of the Holders, from time to time execute agreements or amendments or enter into an indenture or indentures supplemental thereto (including in respect of one series of notes only) for one or more of the following purposes:

- (a) to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for Notes;
- (b) to evidence the succession of another person to the Issuer or any Guarantors, or successive successions, and the assumption by the successor person of the covenants of the Issuer or any of the Guarantors, pursuant to the Indenture;
- (c) to evidence and provide for the acceptance of appointment of a successor or successors to the Trustee in any of its capacities and to add to or change any of the provisions of the Indenture to facilitate the administration of the trusts created thereunder by more than one trustee;
- (d) to add to the covenants of the Issuer or the Guarantors, for the benefit of the holders of Notes, or to surrender any rights or powers conferred on the Issuer or the Guarantors in the Indenture;
- (e) to add any additional Events of Default for the benefit of the holders of Notes;

- (f) to add to, change or eliminate any of the provisions of the Indenture, *provided* that any such addition, change or elimination (A) shall neither (i) apply to any debt security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of Holders with respect to such provision or (B) shall become effective only when there are no Notes outstanding;
- (g) to modify the restrictions on and procedures for resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- (h) to provide for the issues of securities in exchange for one or more series of outstanding debt securities;
- (i) to provide for the issuance and terms of any particular series of securities, the rights and obligations of the Guarantors and the holders of the securities of such series, the form or forms of the securities of such series and such other matters in connection therewith as the Issuer and the Guarantors shall consider appropriate, including, without limitation, provisions for (i) additional or different covenants, restrictions or conditions applicable to such series, (ii) additional or different Events of Default in respect of such series, (iii) a longer or shorter period of grace and/or notice in respect of any provision applicable to such series than is otherwise provided, (iv) immediate enforcement of any Event of Default in respect of such series or (v) limitations upon the remedies available in respect of any Events of Default in respect of such series or upon the rights of the holders of securities of such series to waive any such Event of Default;
- (j) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, the Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement, (b) to eliminate any conflict between the terms hereof and the Trust Indenture Act or (c) to make such other provision in regard to matters or questions arising under the Indenture or under any supplemental agreement as the Issuer may deem necessary or desirable and which will not adversely affect the interests of the Holders to which such provision relates in any material respect;
- (k) to “reopen” the Notes and create and issue additional debt securities having identical terms and conditions as the Notes (or in all respects except for the issue date, issue price, first interest accrual date and first interest payment date) so that the additional notes are consolidated and form a single series with the outstanding Notes;
- (l) to add any Subsidiary of the Parent Guarantor as a Guarantor with respect to the Notes, subject to applicable regulatory or contractual limitations relating to such Subsidiary’s Guarantee;
- (m) to provide for the release and termination of any Subsidiary Guarantor’s Guarantee in the circumstances described under “—Guarantees” above;
- (n) to provide for any amendment, modification or alteration of any Subsidiary Guarantor’s Guarantee and the limitations applicable thereto in the circumstances described under “—Guarantees” above; or

to make any other change that does not materially adversely affect the interests of the Holders.

Discharge and Defeasance

Discharge of Indentures

The Indenture provides that the Issuer and the Guarantors will be discharged from any and all obligations in respect of the Indenture (except for certain obligations to register the transfer or exchange of debt securities, replace stolen, lost or mutilated debt securities, make payments of principal and interest and maintain paying agencies) if:

- (a) the Issuer or the Guarantors have paid or caused to be paid in full the principal of and interest on all debt securities outstanding thereunder;
- (b) the Issuer or the Guarantors shall have delivered to the Trustee for cancellation all debt securities outstanding theretofore authenticated; or

- (c) all debt securities not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable in accordance with their terms within one year or (iii) are to be, or have been, called for redemption as described under “—Redemption—Optional Redemption of the Notes” within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and, in any such case, the Issuer or Guarantors shall have irrevocably deposited with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such debt securities, (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than the due date of any payment, cash in U.S. dollars in an amount, or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest (and Additional Amounts, if any) on, all such debt securities not theretofore delivered to the Trustee for cancellation on the dates such payments are due in accordance with the terms of the debt securities and all other amounts payable under the Indenture.

“**U.S. Government Obligations**” means securities which are (i) direct obligations of the U.S. government or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government, the payment of which is unconditionally guaranteed by the U.S. government, which, in either case, are full faith and credit obligations of the U.S. government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof.

Covenant Defeasance

The Indenture also provides that the Issuer and the Guarantors need not comply with certain covenants of such indenture (including those described under “—Limitation on Liens”), and the Guarantors shall be released from their obligations under the Guarantees, if:

- (a) the Issuer or the Guarantors irrevocably deposit with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders, (i) cash in U.S. dollars in an amount, or (ii) U.S. government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than one day before the due date of any payment cash in U.S. dollars in an amount, or (iii) any combination of (i) and (ii), sufficient to pay all the principal of, and interest on, the Notes then outstanding on the dates such payments are due in accordance with the terms of the debt securities;
- (b) certain Events of Default, or events which with notice or lapse of time or both would become such an Event of Default, shall not have occurred and be continuing on the date of such deposit;
- (c) the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would be the case if such Covenant Defeasance had not occurred;
- (d) the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing in its jurisdiction of incorporation to the effect that such deposit and related Covenant Defeasance will not cause the Holders, other than Holders who are or who are deemed to be residents of such jurisdiction of incorporation or use or hold or are deemed to use or hold their Notes in carrying on a business in such jurisdiction of incorporation, to recognize income, gain or loss for income tax purposes in such jurisdiction of incorporation, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of such jurisdiction of incorporation or political subdivision thereof or therein having power to tax, except in the case of Notes beneficially owned (i) by a person who is or is deemed to be a resident of such jurisdiction of incorporation or (ii) by a person who uses or holds or is deemed to use or hold such Notes in carrying on a business in such jurisdiction of incorporation; and
- (e) the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an officers’ certificate and an opinion of legal counsel of recognized standing, each stating that all conditions precedent provided for relating to such Covenant Defeasance have been complied with.

The effecting of these arrangements is also known as “**Covenant Defeasance**”.

Limitation on Liens

So long as the Notes remain outstanding, the Parent Guarantor will not, nor will it permit any Restricted Subsidiary to, create, assume, guarantee or suffer to exist any mortgage, pledge, security interest or lien (an “**Encumbrance**”) on any of its Principal Plants or on any capital stock of any Restricted Subsidiary without effectively providing that the Notes (together with, if the Parent Guarantor shall so determine, any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the Notes and any other indebtedness of such Restricted Subsidiary then existing or thereafter created) shall be secured by the security for such secured indebtedness equally and ratably therewith, *provided, however*, the above limitation does not apply to:

- (a) purchase money liens, so long as such liens attach only to the assets so acquired and improvements thereon;
- (b) Encumbrances existing at the time of acquisition of property (including through merger or consolidation) or securing indebtedness the proceeds of which are used to pay or reimburse the Parent Guarantor or a Restricted Subsidiary for the cost of such property (*provided* such indebtedness is incurred within 180 days after such acquisition);
- (c) Encumbrances on property of a Restricted Subsidiary existing at the time it becomes a Restricted Subsidiary;
- (d) Encumbrances to secure the cost of development or construction of property, or improvements thereon, *provided* that the recourse of the creditors in respect of such indebtedness is limited to such property and improvements;
- (e) Encumbrances in connection with the acquisition or construction of Principal Plants or additions thereto financed by tax-exempt securities;
- (f) Encumbrances securing indebtedness owing to the Parent Guarantor or a Restricted Subsidiary by a Restricted Subsidiary;
- (g) Encumbrances existing at the date of the applicable indenture;
- (h) Encumbrances required in connection with state or local governmental programs which provide financial or tax benefits, provided the obligations secured are in lieu of or reduce an obligation that would have been secured by an Encumbrance permitted under each indenture;
- (i) any Encumbrance arising by operation of law and not securing amounts more than ninety (90) days overdue or otherwise being contested in good faith;
- (j) judgment Encumbrances not giving rise to an Event of Default;
- (k) any Encumbrance incurred or deposits made in the ordinary course of business, including, but not limited to, (i) any mechanics’, materialmen’s, carriers’, workmen’s, vendors’ or other like Encumbrances, (ii) any Encumbrances securing amounts in connection with workers’ compensation, unemployment insurance and other types of social security, and (iii) any easements, rights-of-way, restrictions and other similar charges;
- (l) any Encumbrance upon specific items of inventory or other goods and proceeds of the Parent Guarantor or any Restricted Subsidiary securing the Parent Guarantor’s or any such Restricted Subsidiary’s obligations in respect of bankers’ acceptances issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (m) any Encumbrance incurred or deposits made securing the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of like nature incurred in the ordinary course of business;
- (n) any Encumbrance on any Principal Plant of the Parent Guarantor or any Restricted Subsidiary in favor of the Federal Government of the United States or the government of any State thereof, or the government of the United Kingdom, or any state in the European Union, or any instrumentality of any of them, securing the obligations of the Parent Guarantor or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes;
- (o) any Encumbrance securing taxes or assessments or other applicable governmental charges or levies;

- (p) extensions, renewals or replacements of the Encumbrances referred to in clauses (a) through (o), *provided* that the amount of indebtedness secured by such extension, renewal or replacement shall not exceed the principal amount of indebtedness being extended, renewed or replaced, together with the amount of any premiums, fees, costs and expenses associated with such extension, renewal or replacement, nor shall the pledge, mortgage or lien be extended to any additional Principal Plant unless otherwise permitted under this covenant;
- (q) as permitted under the provisions described in the following two paragraphs herein; and
- (r) in connection with sale-leaseback transactions permitted under the Indenture.

Notwithstanding the provisions described in the immediately preceding paragraph, the Parent Guarantor or any Restricted Subsidiary may, without ratably securing the Notes, create, assume, guarantee or suffer to exist any indebtedness which would otherwise be subject to such restrictions, and renew, extend or replace such indebtedness, *provided* that the aggregate amount of such indebtedness, when added to the fair market value of property transferred in certain sale and leaseback transactions permitted by the Indenture as described below under “Sale-Leaseback Transactions Relating to Principal Plants” (computed without duplication of amount) does not at the time exceed 15% of Net Tangible Assets.

If the Parent Guarantor or any Restricted Subsidiary merges or consolidates with, or purchases all or substantially all of the assets of, another corporation, or the Parent Guarantor sells all or substantially all of its assets to another corporation, and if such other corporation has outstanding obligations secured by an Encumbrance which, by reason of an after-acquired property clause or similar provision, would extend to any Principal Plant owned by the Parent Guarantor or such Restricted Subsidiary immediately prior thereto, the Parent Guarantor or such Restricted Subsidiary, as the case may be, will in such event be deemed to have created an Encumbrance, within the prohibition of the covenant described above, unless (a) such merger or consolidation involving a Restricted Subsidiary constitutes a disposition by the Parent Guarantor of its interest in the Restricted Subsidiary or (b) (i) at or prior to the effective date of such merger, consolidation, sale or purchase, such Encumbrance shall be released of record or otherwise satisfied to the extent it would extend to such Principal Plant, (ii) prior thereto, the Parent Guarantor or such Restricted Subsidiary shall have created, as security for the debt securities (and, if the Parent Guarantor shall so determine, as security for any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the Notes and any other indebtedness of such Restricted Subsidiary then existing or thereafter created), a valid Encumbrance which will rank equally and ratably with the Encumbrances of such other corporation on such Principal Plant of the Parent Guarantor or such Restricted Subsidiary, as the case may be, or (iii) such Encumbrance is otherwise permitted or complies with the covenant described above.

In each instance referred to in the preceding paragraphs where the Parent Guarantor is obligated to provide security for the Notes (except, for certain issues of indebtedness, in the case of transactions relating to stock of a Restricted Subsidiary), the Parent Guarantor would be required to provide comparable security for other outstanding indebtedness under the Indenture and other agreements relating thereto.

Events of Default

The occurrence and continuance of one or more of the following events will constitute an “**Event of Default**” under the Indenture and under the Notes:

- (a) *payment default*—(i) the Issuer or a Guarantor fails to pay interest within 30 days from the relevant due date, or (ii) the Issuer or a Guarantor fails to pay the principal (or premium, if any) due on the Notes at maturity; *provided* that to the extent any such failure to pay principal or premium is caused by a technical or administrative error, delay in processing payments or events beyond the control of the Issuer or Guarantors, no Event of Default shall occur for three days following such failure to pay; *provided, further*, that, in the case of a redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment;
- (b) *breach of other material obligations*—the Issuer or a Guarantor defaults in the performance or observance of any of its other material obligations under or in respect of the Notes or the Indenture and such default remains unremedied for 90 days after a written notice has been given to the Issuer and the Parent Guarantor by the Trustee or to the Issuer, the Parent Guarantor and the Trustee by the Holders of at least 25% in principal amount of the outstanding Notes of the applicable series affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a “**Notice of Default**” under the Notes;

- (c) *cross-acceleration*—any obligation for the payment or repayment of borrowed money having an aggregate outstanding principal amount of at least €100,000,000 (or its equivalent in any other currency) of the Issuer or a Guarantor becomes due and payable prior to its stated maturity by reason of a default and is not paid within 30 days;
- (d) *bankruptcy or insolvency*—a court of competent jurisdiction commences bankruptcy or other insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary under the applicable laws of their respective jurisdictions of incorporation, or the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary applies for or institutes such proceedings or offers or makes an assignment for the benefit of its creditors generally, or a third party institutes bankruptcy or insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary and such proceedings are not discharged or stayed within 90 days;
- (e) *impossibility due to government action*—any governmental order, decree or enactment shall be made in or by Belgium or the jurisdiction of incorporation of a Guarantor that is a Significant Subsidiary whereby the Issuer, the Parent Guarantor, or such Guarantor that is a Significant Subsidiary is prevented from observing and performing in full its obligations as set forth in the terms and conditions of the Notes and the Guarantees, respectively, and this situation is not cured within 90 days; or
- (f) *invalidity of the Guarantees*—the Guarantees provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary cease to be valid and legally binding for any reason whatsoever or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under the Guarantee.

If an Event of Default occurs and is continuing with respect to the Notes, then, unless the principal of all of the Notes shall already have become due and payable (in which case no action is required for the acceleration of the Notes), the Holders of not less than 25% in aggregate principal amount of Notes then outstanding, by written notice to the Issuer, the Parent Guarantor and the Trustee as provided in the Indenture, may declare the entire principal of all the Notes, and the interest accrued thereon, to be due and payable immediately, *provided, however*, that if an Event of Default specified in paragraph (d) above with respect to the Notes at the time outstanding occurs, the principal amount of that series shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable. Under certain circumstances, the Holders of a majority in aggregate principal amount of the Notes then outstanding may, by written notice to the Issuer and the Trustee as provided in the Indenture, waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the Indenture at the request of any Holders unless the Holders offer the Trustee reasonable protection from costs, expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding seeking any remedy available to the Trustee. These majority Holders may also direct the Trustee in performing any other action under the Indenture, so long as such direction would not involve the Trustee in personal liability.

Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

- (a) The Trustee must be given written notice that an Event of Default has occurred and remains uncured.
- (b) The Holders of not less than 25% in principal amount of all outstanding Notes of the relevant series must make a written request that the Trustee institute proceedings because of the default, and must offer indemnity and/or security satisfactory to the Trustee against the costs, expenses and liabilities of taking such request.
- (c) The Trustee must have not taken action for 60 days after receipt of the above notice, request and offer of indemnity.

- (d) No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of the majority in principal amount of the outstanding Notes of that series.
- (e) However, you are entitled at any time to bring a lawsuit for the payment of money due on your security on or after its due date.
- (f) We will furnish to the Trustee every year a written statement of certain of our officers and directors, certifying that, to their knowledge, we are in compliance with the Indenture and the Notes, or else specifying any default.

Additional Amounts

To the extent that any Guarantor is required to make payments in respect of the Notes, such Guarantor will make all payments in respect of the Notes without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of any jurisdiction in which such Guarantor is incorporated, organized or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax (the “**Relevant Taxing Jurisdiction**”) unless such withholding or deduction is required by law. In such event, such Guarantor will pay to the Holders such additional amounts (the “**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by any Guarantor from payment of principal or interest made by it;
- (b) are payable by reason of the Holder or beneficial owner having, or having had, some personal or business connection with such Relevant Taxing Jurisdiction and not merely by reason of the fact that payments in respect of the Notes or the Guarantees are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Relevant Taxing Jurisdiction;
- (c) are imposed or withheld by reason of the failure of the Holder or beneficial owner to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder and beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice, as a precondition to exemption from, or a reduction in the rate of withholding or deduction of, such taxes;
- (d) consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes;
- (e) are imposed on or with respect to any payment by the applicable Guarantors to the registered Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such registered Holder been the sole beneficial owner of such debt security;
- (f) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income; (ii) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding;
- (g) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and written notice thereof is provided to the Holders, whichever occurs later;
- (h) are payable because any debt security was presented to a particular paying agent for payment if the debt security could have been presented to another paying agent without any such withholding or deduction; or
- (i) are payable for any combination of (a) through (h) above.

References to principal or interest in respect of the Notes shall be deemed to include any Additional Amounts, which may be payable as set forth in each indenture.

In addition, any amounts to be paid by the Issuer or any Guarantor on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (“**FATCA Withholding**”). Neither any Guarantor nor any Issuer will be required to pay Additional Amounts on account of any FATCA Withholding.

The preceding covenant regarding Additional Amounts will not apply to any Guarantor at any time when such Guarantor is incorporated in a jurisdiction in the United States; *provided, however*, that such covenant will apply to the Issuer at any time when it is incorporated in a jurisdiction outside of the United States.

Terms Applicable to the 3.300% Notes due 2023, the 3.650% Notes due 2026, the 4.700% Notes due 2036, the 4.900% Notes due 2046 and the Floating Rate Notes due 2021

The fixed rate notes due 2023 (the “**2023 Fixed Rate Notes**”) will bear interest at a rate of 3.300% per year, the fixed rate notes due 2026 (the “**2026 Fixed Rate Notes**”) will bear interest at a rate of 3.650% per year, the fixed rate notes due 2036 (the “**2036 Fixed Rate Notes**”) will bear interest at a rate of 4.700% per year the fixed rate notes due 2046 (the “**2046 Fixed Rate Notes**” and together with the 2023 Fixed Rate Notes, 2026 Fixed Rate Notes and 2036 Fixed Rate Notes, the “**January 2016 Fixed Rate Notes**”) will bear interest at a rate of 4.900% per year). The floating rate notes due 2021 (the “**Floating Rate Notes**” and together with the January 2016 Fixed Rate Notes, the “**January 2016 Notes**”) will bear interest at a floating rate per year equal to the 3-month U.S. dollar London Interbank Offered Rate (“**LIBOR**”), reset quarterly, plus 1.260%.

The January 2016 Notes are issued by Anheuser-Busch InBev Finance Inc. (the “**Issuer**”, with respect to the January 2016 Notes) and are fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), Anheuser-Busch InBev Worldwide Inc., Brandbev S.à r.l., Brandbrew S.A., Cobrew NV, and Anheuser-Busch Companies, LLC (the “**Subsidiary Guarantors**,” and together with the Parent Guarantor, the “**Guarantors**”, with respect to the January 2016 Notes). Each series of January 2016 Notes is listed on the New York Stock Exchange.

Each series of the January 2016 Notes are issued under a supplemental indenture to the indenture dated January 25, 2016 (the “**Indenture**”, with respect to the January 2016 Notes), entered into among the Issuer, each of the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). The information below on certain provisions of the January 2016 Notes and the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the January 2016 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The January 2016 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The January 2016 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The January 2016 Notes were issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The January 2016 Notes do not provide for any sinking fund. The January 2016 Notes will be recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including Euroclear S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”).

“**Business Day**” means a day on which commercial banks and exchange markets are open, or not authorized to close, in the City of New York, London and Brussels.

January 2016 Fixed Rate Notes

The 2023 Fixed Rate Notes will be initially limited to \$6,000,000,000 aggregate principal amount and will mature on 1 February 2023. The 2026 Fixed Rate Notes will be initially limited to \$11,000,000,000 aggregate principal amount and will mature on 1 February 2026. The 2036 Fixed Rate Notes will be initially limited to \$6,000,000,000 aggregate principal amount and will mature on 1 February 2036. The 2046 Fixed Rate Notes will be initially limited to \$11,000,000,000 aggregate principal amount and will mature on 1 February

2046. Interest on the January 2016 Fixed Rate Notes will be payable semi-annually in arrears on 1 February and 1 August of each year, commencing on 1 August 2016. Interest on the January 2016 Fixed Rate Notes will accrue from 25 January 2016. The January 2016 Fixed Rate Notes are senior unsecured obligations of the Issuer and will rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer.

Interest will accrue on the January 2016 Fixed Rate Notes of each series until the principal of such January 2016 Fixed Rate Notes is paid or duly made available for payment. Interest on the January 2016 Fixed Rate Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. If the date of maturity of interest on or principal of any January 2016 Fixed Rate Note or the date fixed for redemption or payment in connection with an acceleration of any January 2016 Fixed Rate Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

Interest on the January 2016 Fixed Rate Notes will be paid to the persons in whose names the January 2016 Fixed Rate Notes are registered at the close of business on the 15 January and 15 July immediately preceding the applicable interest payment date, whether or not such date is a Business Day. The January 2016 Fixed Rate Notes, may be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” and all of the outstanding 2016 Fixed Rate Notes may be redeemed prior to maturity in the circumstances described under “—Special Mandatory Redemption” and “—Optional Tax Redemption.”

Floating Rate Notes

The Floating Rate Notes will be initially limited to \$500,000,000 aggregate principal amount and will mature on 1 February 2021. Interest on the Floating Rate Notes will be payable quarterly in arrears on 1 February, 1 May, 1 August, and 1 November of each year, commencing on 2 May 2016, subject to the Business Day Convention (as defined below), and until the principal of such Floating Rate Notes is paid or duly made available for payment. Interest on the Floating Rate Notes will accrue from 25 January 2016.

Interest on the Floating Rate Notes will be paid to the persons in whose names the Floating Rate Notes are registered at the close of business on the fifteenth calendar day immediately preceding the applicable Floating Rate Interest Payment Date, whether or not such day is a Business Day. The Floating Rate Notes may be redeemed prior to maturity in the circumstances described under “—Optional Tax Redemption” or “—Special Mandatory Redemption.”

The interest rate on the Floating Rate Notes for the first Interest Period (as defined below) will be the 3-month U.S. dollar LIBOR, as determined on 21 January 2016, plus 1.260%. Thereafter, the interest rate on the Floating Rate Notes for any Interest Period will be the 3-month U.S. dollar LIBOR, as determined on the applicable Interest Determination Date (as defined below), plus 1.260%. The interest rate on the Floating Rate Notes will be reset quarterly on each Interest Reset Date (as defined below). For each Interest Period, interest on the Floating Rate Notes will be calculated on the basis of the actual number of days in the interest period divided by 360.

The Calculation Agent (as defined below) will determine 3-month U.S. dollar LIBOR in accordance with the following provisions: With respect to any Interest Determination Date, 3-month U.S. dollar LIBOR will be the rate for deposits in U.S. dollars having a maturity of three months commencing on the Interest Reset Date that appears on the designated LIBOR page as of 11:00 a.m., London time, on that Interest Determination Date. If no rate appears, 3-month U.S. dollar LIBOR, in respect of that Interest Determination Date, will be determined as follows: the Calculation Agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected and identified by us, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars for the period of three months, commencing on the Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, then 3-month U.S. dollar LIBOR on that Interest Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, then 3-month U.S. dollar LIBOR on the Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on the Interest Determination Date by three major banks in the City of New York selected by and identified by us for loans in U.S. dollars to leading

European banks, having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; *provided, however*, that if the banks selected by and identified by us are not providing quotations in the manner described by this sentence, 3-month U.S. dollar LIBOR determined as of that Interest Determination Date will be 3-month U.S. dollar LIBOR in effect on that Interest Determination Date. The designated LIBOR page is the Reuters screen “LIBOR01,” or any successor service for the purpose of displaying the London interbank rates of major banks for U.S. dollars. The Reuters screen “LIBOR01” is the display designated as the Reuters screen “LIBOR01,” or such other page as may replace the Reuters screen “LIBOR01” on that service or such other service or services as may be denominated for the purpose of displaying London interbank offered rates for U.S. dollar deposits by ICE Benchmark Administration Limited (“IBA”) or its successor or such other entity assuming the responsibility of the IBA or its successor in calculating the London Inter-Bank Offered Rate in the event the IBA or its successor no longer does so. All calculations made by the Calculation Agent for the purposes of calculating the Interest Rates on the Floating Rate Notes shall be conclusive and binding on the Holders thereof, the Issuer and the Trustee, absent manifest error.

“**Business Day Convention**” means that if any Interest Payment Date (other than the maturity date or a date fixed for redemption or payment in connection with an acceleration of any of the Floating Rate Notes) falls on a day that is not a Business Day, that Interest Payment Date will be postponed to the next succeeding Business Day unless that Business Day is in the next succeeding calendar month, in which case the Interest Payment Date will be the immediately preceding Business Day.

“**Calculation Agent**” means The Bank of New York Mellon Trust Company, N.A.

“**Interest Determination Date**” means, for each particular Interest Reset Date (as defined below), the second London Business Day (as defined below) preceding such Interest Reset Date.

“**Interest Period**” means the period beginning on, and including, an Interest Payment Date and ending on, but not including, the following Interest Payment Date; *provided* that the first Interest Period will begin on 25 January 2016, and will end on, but not include, the first Interest Payment Date.

“**Interest Reset Date**” means, for each Interest Period other than the first Interest Period, the first day of such Interest Period, subject to the Business Day Convention.

“**London Business Day**” means any weekday on which banking or trust institutions in London are not authorized generally or obligated by law, regulation or executive order to close.

If the date of maturity of principal of any of the Floating Rate Notes or the date fixed for redemption or payment under the circumstances described under “—Special Mandatory Redemption” or in connection with an acceleration of any of the Floating Rate Notes is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

Additional Notes

The January 2016 Notes were issued in the initial aggregate principal amount set forth above. The Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional January 2016 Notes (the “**Additional Notes**”) maturing on the same maturity date as the other January 2016 Notes of a series and having the same terms and conditions under the Indenture (including with respect to the Guarantors and the Guarantees) as the previously outstanding January 2016 Notes of that series in all respects (or in all respects except for the issue date and the principal amount and, in some cases, the date of the first payment of interest thereon) so that such Additional Notes shall be consolidated and form a single series with the previously outstanding January 2016 Notes of that series, *provided* that either (i) such Additional Notes are fungible with the January 2016 Notes of such series offered hereby for U.S. federal income tax purposes or (ii) such Additional Notes shall have a separate CUSIP number. Without limiting the foregoing, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional series of notes with additional or different terms and maturity dates than the January 2016 Notes.

Special Mandatory Redemption

We intend to use a portion of the net proceeds from this offering towards financing the acquisition of SABMiller. See “Recent Developments” and “Use of Proceeds.” The closing of this offering will occur before completion of the acquisition of SABMiller. If we do not complete the acquisition of SABMiller on or prior to the Acquisition Long Stop Date, or if, on or prior to the Acquisition Long Stop Date, the Parent Guarantor publicly announces the withdrawal or lapse of the acquisition of SABMiller and that it is no longer pursuing the acquisition of SABMiller, then we will be required to redeem all outstanding Floating Rate Notes, 2023 Fixed Rate Notes and 2026 Fixed Rate Notes on the Special Mandatory Redemption Date at a redemption price (the “**Special Mandatory Redemption Price**”) equal to 101% of the aggregate principal amount of the Notes being redeemed plus accrued and unpaid interest, if any, to, but excluding, the Special Mandatory Redemption Date. Notwithstanding the foregoing, installments of interest on Notes that are due and payable on interest payment dates falling on or prior to the Special Mandatory Redemption Date will be payable on such interest payment dates to the registered holders as of the close of business on the relevant record dates in accordance with the Floating Rate Notes, 2023 Fixed Rate Notes and 2026 Fixed Rate Notes and the Indenture.

“**Special Mandatory Redemption Date**” means the earlier to occur of (1) the 15th day (or if such day is not a Business Day, the first Business Day thereafter) after the Acquisition Long Stop Date, if the acquisition of SABMiller has not been completed on or prior to the Acquisition Long Stop Date, or (2) the 15th day (or if such day is not a Business Day, the first Business Day thereafter) following the date the Parent Guarantor publicly announces the withdrawal or lapse of the acquisition of SABMiller and that it is no longer pursuing the acquisition of SABMiller.

“**Acquisition Long Stop Date**” means 11 November 2016, *provided, however*, that the Issuer may, at its option, extend the Acquisition Long Stop Date to 11 May 2017 by providing written notice of such extension at any time prior to 11 November 2016 to each Holder, with a copy to the Trustee.

We will cause the notice of special mandatory redemption to be sent, with a copy to the Trustee, within five Business Days after the occurrence of the event triggering the special mandatory redemption to each holder.

If funds sufficient to pay the Special Mandatory Redemption Price of the outstanding Floating Rate Notes, 2023 Fixed Rate Notes and 2026 Fixed Rate Notes to be redeemed on the Special Mandatory Redemption Date are deposited with the Trustee or a paying agent at or prior to 12:00 p.m. (New York City time) on the Business Day immediately preceding the Special Mandatory Redemption Date, and certain other conditions are satisfied, the outstanding Floating Rate Notes, 2023 Fixed Rate Notes and 2026 Fixed Rate Notes will cease to bear interest on and after the Special Mandatory Redemption Date.

This offering is not conditioned upon the completion of the acquisition of SABMiller. The form and terms of the acquisition of SABMiller may be modified or amended without noteholder consent.

There is no escrow account for or security interest in the proceeds of this offering for the benefit of holders of the Notes that are subject to the special mandatory redemption provision in the event the special mandatory redemption provision is triggered.

The 2036 Fixed Rate Notes and 2046 Fixed Rate Notes are not subject to the special mandatory redemption provision.

Optional Redemption

The Issuer may, at its option, redeem each series of January 2019 Fixed Rate Notes, but not the Floating Rate Notes, as a whole or in part at any time prior to, with respect to the 2023 Fixed Rate Notes, the 2026 Fixed Rate Notes, the 2036 Fixed Rate Notes and the 2046 Fixed Rate Notes, the applicable Par Call Date (as set forth in the table below), upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the Fixed Rate Notes to be redeemed; and
- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the Fixed Rate Notes to be redeemed (i) through maturity for the 2019 Fixed Rate Notes, or (ii) as if the Fixed Rate Notes to be redeemed matured on the applicable Par Call Date (as defined herein) for the 2021 Fixed Rate Notes, 2023 Fixed Rate Notes, 2026 Fixed Rate Notes, 2036 Fixed Rate Notes and 2046 Fixed Rate Notes (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the applicable Spread (as defined herein) for such series of Fixed Rate Notes;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) such redemption date.

Each of the 2023 Fixed Rate Notes, the 2026 Fixed Rate Notes, the 2036 Fixed Rate Notes and the 2046 Fixed Rate Notes will be redeemable in whole or in part, at the Issuers option at any time and from time to time on or after the applicable Par Call Date, at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes being redeemed, plus accrued and unpaid interest to, but excluding the date of redemption.

Series	Maturity Date/Par Call Date	Spread
2023 Fixed Rate Notes	1 December 2022 (two months prior to maturity)	25 bps
2026 Fixed Rate Notes	1 November 2025 (three months prior to maturity)	25 bps
2036 Fixed Rate Notes	1 August 2035 (six months prior to maturity)	30 bps
2046 Fixed Rate Notes	1 August 2045 (six months prior to maturity)	35 bps

“**Treasury Rate**” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. treasury securities adjusted to constant maturity under the caption “Treasury constant maturities—Nominal,” for the maturity corresponding to the applicable Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the Fixed Rate Notes, yields for the two published maturities most closely corresponding to the applicable Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated using a price for the applicable Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third Business Day preceding such redemption date.

“**Comparable Treasury Issue**” means the U.S. Treasury security (not inflation-indexed) selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Fixed Rate Notes to be redeemed through maturity for the 2019 Fixed Rate Notes or as if such Fixed Rate Notes had matured on the applicable Par Call Date for the 2021 Fixed Rate Notes, the 2023 Fixed Rate Notes, the 2026 Fixed Rate Notes, the 2036 Fixed Rate Notes and the 2046 Fixed Rate Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Fixed Rate Notes through maturity for the 2019 Fixed Rate Notes or through the applicable Par Call Date for the 2021 Fixed Rate Notes, the 2023 Fixed Rate Notes, the 2026 Fixed Rate Notes, the 2036 Fixed Rate Notes and the 2046 Fixed Rate Notes.

“**Comparable Treasury Price**” means, with respect to a redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

“**Independent Investment Banker**” means Barclays Capital Inc., Deutsche Bank Securities Inc. or Merrill Lynch, Pierce, Fenner & Smith Incorporated, as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

“Reference Treasury Dealer” means (i) Barclays Capital Inc., Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the City of New York (a **“Primary Treasury Dealer”**), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Unless the Issuer (and/or the Guarantors) defaults on payment of the redemption price, from and after the redemption date interest will cease to accrue on the January 2016 Fixed Rate Notes or portions thereof called for redemption. On the redemption date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in the Indenture) money sufficient to pay the redemption price of and accrued interest on the January 2016 Fixed Rate Notes to be redeemed on such date. If fewer than all of the January 2016 Fixed Rate Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular January 2016 Fixed Rate Notes of such series or portions thereof for redemption from the outstanding January 2016 Fixed Rate Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate, *provided* that if the January 2016 Fixed Rate Notes of a series are represented by one or more global notes, interests in such global notes shall be selected for redemption by DTC in accordance with its standard procedures therefor.

Optional Tax Redemption

A series of January 2016 Notes may be redeemed at any time, at the Issuer’s or the Parent Guarantor’s option, as a whole, but not in part, upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount of the Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts (see “—Additional Amounts” below), if any) to (but excluding) the redemption date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a jurisdiction in which the Issuer or any Guarantor is incorporated, organized, or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax, or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after 25 January 2016 (any such change or amendment, a **“Change in Tax Law”**, with respect to the January 2016 Notes), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to the Notes of such series and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described under “—Additional Amounts” below; *provided, however*, that the January 2016 Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under the January 2016 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Events of Default

The occurrence and continuance of one or more of the following events will constitute an “**Event of Default**” under the Indenture and under the Notes:

- (a) *payment default*—(i) the Issuer or a Guarantor fails to pay interest within 30 days from the relevant due date, or (ii) the Issuer or a Guarantor fails to pay the principal (or premium, if any) due on the
Notes at maturity; *provided* that to the extent any such failure to pay principal or premium is caused by a technical or administrative error, delay in processing payments or events beyond the control of the Issuer or Guarantors, no Event of Default shall occur for three days following such failure to pay; *provided further* that, in the case of a redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment;
- (b) *breach of other material obligations*—the Issuer or a Guarantor defaults in the performance or observance of any of its other material obligations under or in respect of the Notes or the Indenture and such default remains unremedied for 90 days after a written notice has been given to the Issuer and the Parent Guarantor by the Trustee or to the Issuer, the Parent Guarantor and the Trustee by the Holders of at least 25% in principal amount of the outstanding Notes of the applicable series affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a “**Notice of Default**” under the Notes;
- (c) *cross-acceleration*—any obligation for the payment or repayment of borrowed money having an aggregate outstanding principal amount of at least €100,000,000 (or its equivalent in any other currency) of the Issuer or a Guarantor becomes due and payable prior to its stated maturity by reason of a default and is not paid within 30 days;
- (d) *bankruptcy or insolvency*—a court of competent jurisdiction commences bankruptcy or other insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary under the applicable laws of their respective jurisdictions of incorporation, or the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary applies for or institutes such proceedings or offers or makes an assignment for the benefit of its creditors generally, or a third party institutes bankruptcy or insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary and such proceedings are not discharged or stayed within 90 days;
- (e) *impossibility due to government action*—any governmental order, decree or enactment shall be made in or by Belgium or the jurisdiction of incorporation of a Guarantor that is a Significant Subsidiary whereby the Issuer, the Parent Guarantor, or such Guarantor that is a Significant Subsidiary is prevented from observing and performing in full its obligations as set forth in the terms and conditions of the Notes and the Guarantees, respectively, and this situation is not cured within 90 days; or
- (f) *invalidity of the Guarantees*—the Guarantees provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary cease to be valid and legally binding for any reason whatsoever or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under the Guarantee.

If an Event of Default occurs and is continuing with respect to the Notes, then, unless the principal of all of the Notes shall already have become due and payable (in which case no action is required for the acceleration of the Notes), the Holders of not less than 25% in aggregate principal amount of Notes then outstanding, by written notice to the Issuer, the Parent Guarantor and the Trustee as provided in the Indenture, may declare the entire principal of all the Notes of such series, and the interest accrued thereon, to be due and payable immediately, *provided, however*, that if an Event of Default specified in paragraph (d) above with respect to the Notes at the time outstanding occurs, the principal amount of that series shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable. Under certain circumstances, the Holders of a majority in aggregate principal amount of the Notes then outstanding may, by written notice to the Issuer and the Trustee as provided in the Indenture, waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the Indenture at the request of any Holders unless the Holders offer the Trustee reasonable protection from costs, expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding seeking any remedy available to the Trustee. These majority Holders may also direct the Trustee in performing any other action under the Indenture, so long as such direction would not involve the Trustee in personal liability.

Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

- The Trustee must be given written notice that an event of default has occurred and remains uncured.
- The Holders of not less than 25% in principal amount of all outstanding Notes of the relevant series must make a written request that the Trustee institute proceedings because of the default, and must offer indemnity and/or security satisfactory to the Trustee against the costs, expenses and liabilities of taking such request.
- The Trustee must have not taken action for 60 days after receipt of the above notice, request and offer of indemnity.
- No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of the majority in principal amount of the outstanding Notes of that series.
- However, you are entitled at any time to bring a lawsuit for the payment of money due on your security on or after its due date.

We will furnish to the Trustee every year a written statement of certain of our officers and directors, certifying that, to their knowledge, we are in compliance with the Indenture and the Notes, or else specifying any default.

Modifications and Amendment

The Issuer, the Guarantors and the Trustee may execute agreements adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental agreement or modifying in any manner the rights of the Holders under the Notes or the Guarantees only with the consent of the Holders of not less than a majority in aggregate principal amount of the notes then outstanding (irrespective of series) that would be affected by the proposed modification or amendment; *provided* that no such agreement shall (a) change the maturity of the principal of, or any installment of interest on, any Note, or reduce the principal amount or the interest thereof, or extend the time of payment of any installment of interest thereon, or

change the currency of payment of principal of, or interest on, any Note, or change the Issuer's or a Guarantor's obligation to pay Additional Amounts, impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption on or after the redemption date) or change in any manner adverse to the interests of the Holders the terms and provisions of the Guarantees in respect of the due and punctual payment of principal amount of the Notes then outstanding plus accrued and unpaid interest (and all Additional Amounts, if any) without the consent of the Holder of each Note so affected; or (b) reduce the aforesaid percentage of notes, the consent of the Holders of which is required for any such agreement, without the consent of all of the Holders of the affected series of the notes then outstanding. To the extent that any changes directly affect fewer than all the series of the notes issued under the Indenture, only the consent of the Holders of notes of the relevant series (in the respective percentages set forth above) will be required.

The Issuer, the Guarantors and the Trustee may, without the consent of the Holders, from time to time execute agreements or amendments or enter into an indenture or indentures supplemental thereto (including in respect of one series of notes only) for one or more of the following purposes:

- to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for the Notes;

- to evidence the succession of another person to the Issuer or any Guarantors, or successive successions, and the assumption by the successor person of the covenants of the Issuer or any of the Guarantors, pursuant to the Indenture and the Notes;
- to evidence and provide for the acceptance of appointment of a successor or successors to the Trustee in any of its capacities and to add to or change any of the provisions of the Indenture to facilitate the administration of the trusts created thereunder by more than one trustee;
- to add to the covenants of the Issuer or the Guarantors, for the benefit of the Holders of the Notes issued under the Indenture, or to surrender any rights or powers conferred on the Issuer or the Guarantors in the Indenture;
- to add any additional events of default for the benefit of the Holders of the Notes;
- to add to, change or eliminate any of the provisions of the Indenture in respect of the Notes, *provided* that any such addition, change or elimination (A) shall neither (i) apply to any Note created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Note with respect to such provision or (B) shall become effective only when there is no such Note outstanding;
- to modify the restrictions on and procedures for, resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to provide for the issues of securities in exchange for one or more series of outstanding debt securities;
- to provide for the issuance and terms of any particular series of securities, the rights and obligations of the Guarantors and the holders of the securities of such series, the form or forms of the securities of such series and such other matters in connection therewith as the Issuer and the Guarantors shall consider appropriate, including, without limitation, provisions for (a) additional or different covenants, restrictions or conditions applicable to such series, (b) additional or different events of default in respect of such series, (c) a longer or shorter period of grace and/or notice in respect of any provision applicable to such series than is otherwise provided, (d) immediate enforcement of any event of default in respect of such series or (e) limitations upon the remedies available in respect of any events of default in respect of such series or upon the rights of the holders of securities of such series to waive any such event of default;
- (a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, the Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement, (b) to eliminate any conflict between the terms thereof and the Trust Indenture Act or (c) to make such other provision in regard to matters or questions arising under the Indenture or under any supplemental agreement as the Issuer may deem necessary or desirable and which will not adversely affect the interests of the Holders to which such provision relates in any material respect;
- to “reopen” the Notes and create and issue additional Notes having identical terms and conditions as the Notes (or in all respects except for the issue date, issue price, first interest accrual date and first interest payment date) so that the additional notes are consolidated and form a single series with the outstanding Notes;
- to add any Subsidiary of the Parent Guarantor as a Guarantor with respect to any series of notes, subject to applicable regulatory or contractual limitations relating to such subsidiary’s Guarantee;
- to provide for the release and termination of any Subsidiary Guarantor’s Guarantee in the circumstances described under “Description of Debt Securities and Guarantees—Guarantees” in the Prospectus;
- to provide for any amendment, modification or alteration of any Subsidiary Guarantor’s Guarantee and the limitations applicable thereto in the circumstances described under “Description of Debt Securities and Guarantees—Guarantees” in the Prospectus; or

- to make any other change that does not materially adversely affect the interests of the holders of the notes affected thereby.

The Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee and principal paying agent under each indenture. The trustee has two principal functions:

- first, it can enforce a holder's rights against us if we default on debt securities issued under the relevant indenture. There are some limitations on the extent to which the trustee acts on a holder's behalf, described under "—Events of Default"; and
- second, the trustee performs administrative duties for us, such as sending the holder's interest payments, transferring debt securities to a new buyer and sending notices to holders.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee and affiliates of the trustee in the ordinary course of our respective businesses. The address of The Bank of New York Mellon Trust Company, N.A. is 911 Washington Avenue, 3rd Floor; St. Louis, Missouri 63101.

If an event of default occurs, or an event occurs that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded, the trustee may therefore be considered to have a conflicting interest with respect to the debt securities or the applicable indenture for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign as trustee under the applicable indenture and we would be required to appoint a successor trustee.

Substitution of an Issuer or Guarantor; Consolidation, Merger and Sale of Assets

In all cases subject to any provisions contained in the applicable prospectus supplement describing the Holders' option to require repayment upon a change in control, (i) any Issuer or Guarantor, without the consent of the Holders of any of the debt securities, may consolidate with or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any corporation or (ii) an Issuer may at any time substitute for itself either a Guarantor or any Affiliate (as defined below) of a Guarantor as principal debtor under the debt securities (a "**Substitute Issuer**"); provided that:

- (a) the Substitute Issuer or any other successor company shall expressly assume such Issuer's or Guarantor's respective obligations under the debt securities or the Guarantees, as the case may be, and each indenture, as applicable, except that if the Parent Guarantor is merged into any corporation organized under the laws of the Kingdom of Belgium via a "merger by absorption" in accordance with the Belgian Companies Code, that successor company shall, by virtue of the operation of Belgian law and without any further action by the Parent Guarantor or its successor, assume the obligations of the Parent Guarantor under the Guarantees and each indenture and no express assumption will be required;
- (b) any other successor company is organized under the laws of a member country of the Organization for Economic Co-Operation and Development;
- (c) such Issuer is not in default of any payments due under the debt securities and immediately before and after giving effect to such consolidation, merger, sale, transfer, lease, conveyance or substitution, no Event of Default shall be continuing;
- (d) in the case of a Substitute Issuer:
 - (i) the obligations of the Substitute Issuer arising under or in connection with the debt securities and each indenture, as applicable, are fully, irrevocably and unconditionally guaranteed by the Guarantors (other than the Substitute Issuer, if applicable) on the same terms as existed immediately prior to such substitution under the Guarantees given by such Guarantors;

- (ii) the Parent Guarantor, the applicable Issuer and the Substitute Issuer jointly and severally indemnify each Holder for any income tax or other tax (if any) recognized by such Holder solely as a result of the substitution of the Substitute Issuer (and not as a result of any transfer by such Holder), provided, however, that such indemnification shall not apply to any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and shall not require the payment of additional amounts on account of any such withholding or deduction;
- (iii) each stock exchange on which the debt securities are listed, if any, shall have confirmed that, following the proposed substitution of the Substitute Issuer, such debt securities will continue to be listed on such stock exchange; and
- (iv) each rating agency that rates the debt securities, if any, shall have confirmed that, following the proposed substitution of the Substitute Issuer, such debt securities will continue to have the same or better rating as immediately prior to such substitution; and
- (e) written notice of such transaction shall be promptly provided to the Holders.

For purposes of the foregoing, “**Affiliate**” shall mean, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person.

Upon the effectiveness of any substitution, all of the foregoing provisions will apply mutatis mutandis, and references elsewhere herein to the Issuer or a Guarantor will, where the context so requires, be deemed to be or include references, to any successor company.

Discharge and Defeasance

Discharge of Indentures

Each indenture provides that the applicable Issuer and the Guarantors will be discharged from any and all obligations in respect of such indenture (except for certain obligations to register the transfer of or exchange debt securities, replace stolen, lost or mutilated debt securities, make payments of principal and interest and maintain paying agencies) if:

- the applicable Issuer or the Guarantors have paid or caused to be paid in full the principal of and interest on all debt securities outstanding thereunder;
- the applicable Issuer or the Guarantors shall have delivered to the Trustee for cancellation all debt securities outstanding theretofore authenticated; or
- all debt securities not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable in accordance with their terms within one year or (iii) are to be, or have been, called for redemption as described under “—Optional Redemption” within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and, in any such case, the applicable Issuer or Guarantors shall have irrevocably deposited with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such debt securities, (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than the due date of any payment, cash in U.S. dollars in an amount, or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest (and Additional Amounts, if any) on, all such debt securities not theretofore delivered to the Trustee for cancellation on the dates such payments are due in accordance with the terms of the debt securities and all other amounts payable under the applicable indenture by the applicable Issuer.

“**U.S. Government Obligations**” means securities which are (i) direct obligations of the U.S. government or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government, the payment of which is unconditionally guaranteed by the U.S. government, which, in either case, are full faith and credit obligations of the U.S. government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof.

Covenant Defeasance

Each indenture also provides that the applicable Issuer and the Guarantors need not comply with certain covenants of such indenture (including those described under “—Certain Covenants—Limitation on Liens”), and the Guarantors shall be released from their obligations under the Guarantees, if:

- the applicable Issuer or the Guarantors irrevocably deposit with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of such debt securities, (i) cash in U.S. dollars in an amount, or (ii) U.S. government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than one day before the due date of any payment cash in U.S. dollars in an amount, or (iii) any combination of (i) and (ii), sufficient to pay all the principal of, and interest on, the debt securities then outstanding on the dates such payments are due in accordance with the terms of the debt securities;
- certain events of default, or events which with notice or lapse of time or both would become such an event of default, shall not have occurred and be continuing on the date of such deposit;
- the applicable Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would be the case if such Covenant Defeasance had not occurred;
- the applicable Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing in its jurisdiction of incorporation to the effect that such deposit and related Covenant Defeasance will not cause the Holders, other than Holders who are or who are deemed to be residents of such jurisdiction of incorporation or use or hold or are deemed to use or hold their debt securities in carrying on a business in such jurisdiction of incorporation, to recognize income, gain or loss for income tax purposes in such jurisdiction of incorporation, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of such jurisdiction of incorporation or political subdivision thereof or therein having power to tax, except in the case of debt securities beneficially owned (i) by a person who is or is deemed to be a resident of such jurisdiction of incorporation or (ii) by a person who uses or holds or is deemed to use or hold such debt securities in carrying on a business in such jurisdiction of incorporation; and
- the applicable Issuer, or the Guarantors, as the case may be, deliver to the Trustee an officers’ certificate and an opinion of legal counsel of recognized standing, each stating that all conditions precedent provided for relating to such Covenant Defeasance have been complied with.

The effecting of these arrangements is also known as “Covenant Defeasance.”

Additional Amounts

To the extent that any Guarantor is required to make payments in respect of the Notes, such Guarantor will make all payments in respect of the Notes without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of any jurisdiction in which such Guarantor is incorporated, organized or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax (the “**Relevant Taxing Jurisdiction**”) unless such withholding or deduction is required by law. In such event, such Guarantor will pay to the Holders such additional amounts (the “**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by any Guarantor from payment of principal or interest made by it;
- (b) are payable by reason of the Holder or beneficial owner having, or having had, some personal or business connection with such Relevant Taxing Jurisdiction and not merely by reason of the fact that payments in respect of the Notes or the Guarantees are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Relevant Taxing Jurisdiction;
- (c) are imposed or withheld by reason of the failure of the Holder or beneficial owner to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder and beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice, as a precondition to exemption from, or a reduction in the rate of withholding or deduction of, such taxes;
- (d) consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes;
- (e) are imposed on or with respect to any payment by the applicable Guarantors to the registered Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such registered Holder been the sole beneficial owner of such debt security;
- (f) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income; (ii) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding;
- (g) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and written notice thereof is provided to the Holders, whichever occurs later;
- (h) are payable because any debt security was presented to a particular paying agent for payment if the debt security could have been presented to another paying agent without any such withholding or deduction; or
- (i) are payable for any combination of (a) through (h) above.

References to principal or interest in respect of the Notes shall be deemed to include any Additional Amounts, which may be payable as set forth in each indenture.

In addition, any amounts to be paid by the Issuer or any Guarantor on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (“**FATCA Withholding**”). Neither any Guarantor nor any Issuer will be required to pay Additional Amounts on account of any FATCA Withholding.

The preceding covenant regarding Additional Amounts will not apply to any Guarantor at any time when such Guarantor is incorporated in a jurisdiction in the United States; *provided, however*, that such covenant will apply to the Issuer at any time when it is incorporated in a jurisdiction outside of the United States.

Terms Applicable to the 3.700% Notes due 2024 and the 4.625% Notes due 2044

The fixed rate notes due 2024 (the “**2024 Notes**”) will bear interest at a rate of 3.700% per year and the fixed rate notes due 2044 (the “**2044 Notes**”, and together with the 2024 Notes, the “**January 2014 Notes**”) will bear interest at a rate of 4.625% per year.

The January 2014 Notes are issued by Anheuser-Busch InBev Finance Inc. (the “**Issuer**”, with respect to the January 2014 Notes) and are fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), Anheuser-Busch InBev Worldwide Inc., Brandbev S.à r.l., BrandBrew S.A., Cobrew NV, and Anheuser-Busch Companies, LLC (the “**Subsidiary Guarantors**”, and together with the Parent Guarantor, the “**Guarantors**”). The January 2014 Notes are listed on the New York Stock Exchange.

Each series of the January 2014 Notes are issued under a supplemental indenture to the indenture (the “**Indenture**”), dated January 17, 2013, among the Issuer, each of the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). The information below on certain provisions of the Notes and the Indenture should be read together with “Description of Debt Securities—Terms Applicable to the January 2014 Notes and the January 2013 Notes” below. This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the January 2014 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The January 2014 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The January 2014 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The January 2014 Notes are issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The January 2014 Notes do not provide for any sinking fund. The Notes will be recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including Euroclear S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”).

“**Business Day**” means a day on which commercial banks and exchange markets are open, or not authorized to close, in the City of New York, London and Brussels.

The 2024 Notes are initially limited to \$1,400,000,000 in aggregate principal amount and will mature on February 1, 2024. The 2044 Notes are initially limited to \$850,000,000 in aggregate principal amount and will mature on February 1, 2044. Interest on the 2024 Notes and the 2044 Notes will be payable semi-annually in arrears on February 1 and August 1 of each year, commencing on August 1, 2014.

Interest will accrue on the January 2014 Notes of each series until the principal of such January 2014 Notes is paid or duly made available for payment. Interest on the January 2014 Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. If the date of maturity of interest on or principal of any January 2014 Note or the date fixed for redemption or payment in connection with an acceleration of any January 2014 Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

Interest on the January 2014 Notes will be paid to the persons in whose names the January 2014 Notes are registered at the close of business on the January 15 and July 15 immediately preceding the applicable interest payment date, whether or not such date is a Business Day. The January 2014 Notes may be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” and all of the Notes may be redeemed at any time prior to maturity in the circumstances described under “—Optional Tax Redemption.”

Additional Notes

The January 2014 Notes were issued in the initial aggregate principal amount set forth above. The Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional Notes (the “**Additional Notes**”) maturing on the same maturity date as the other January 2014 Notes of a series and having the same terms and conditions under the Indenture (including with respect to the Guarantors and the Guarantees) as the previously outstanding January 2014 Notes of that series in all respects (or in all respects except for the issue date and the amount and, in some cases, the date of the first payment of interest thereon) so that such Additional Notes shall be consolidated and form a single series with the previously outstanding January 2014 Notes of that series. Without limiting the foregoing, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional series of notes with additional or different terms and maturity dates than the January 2014 Notes.

Optional Redemption

The Issuer may, at its option, redeem the January 2014 Notes, as a whole or in part at any time upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the January 2014 Notes to be redeemed; and
- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the January 2014 Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points in the case of the 2024 Notes and 15 basis points in the case of the 2044 Notes;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) such redemption date.

"Treasury Rate" means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. treasury securities adjusted to constant maturity under the caption "Treasury constant maturities—Nominal," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the January 2014 Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third Business Day preceding such redemption date.

"Comparable Treasury Issue" means the U.S. Treasury security (not inflation-indexed) selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the January 2014 Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such January 2014 Notes.

"Comparable Treasury Price" means, with respect to a redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means Barclays Capital Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated or RBS Securities Inc., as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

"Reference Treasury Dealer" means (i) Barclays Capital Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and RBS Securities Inc., and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the City of New York (a **"Primary Treasury Dealer"**), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Unless the Issuer (and/or the Guarantors) defaults on payment of the redemption price, from and after the redemption date interest will cease to accrue on the January 2014 Notes or portions thereof called for redemption. On the redemption date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in the Indenture) money sufficient to pay the redemption price of and accrued interest on the January 2014 Notes to be redeemed on such date. If fewer than all of the January 2014 Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular January 2014 Notes of such series or portions thereof for redemption from the outstanding January 2014 Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate.

Optional Tax Redemption

A series of January 2014 Notes may be redeemed at any time, at the Issuer’s or the Parent Guarantor’s option, as a whole, but not in part, upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount of the January 2014 Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts (see “Terms Applicable to the January 2014 and January 2013 Notes- Additional Amounts” below), if any) to (but excluding) the redemption date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a jurisdiction in which the Issuer or any Guarantor is incorporated, organized, or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax, or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after January 27, 2014 (any such change or amendment, a **“Change in Tax Law”**), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to the January 2014 Notes of such series and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described under “Terms Applicable to the January 2014 and January 2013 Notes- Additional Amounts” below; *provided, however*, that the January 2014 Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under the January 2014 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the January 2014 Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Terms Applicable to the 2.625% Notes due 2023 and the 4.000% Notes due 2043

The fixed rate notes due 2023 (the **“2023 Notes”**) will bear interest at a rate of 2.625% per year and the fixed rate notes due 2043 (the **“2043 Notes”**), and together with the **2023 Notes**, the **“January 2013 Notes”**) will bear interest at a rate of 4.000% per year.

The January 2013 Notes are issued by Anheuser-Busch InBev Finance Inc. (the “**Issuer**”, with respect to the 2013 Notes) and are fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), Anheuser-Busch InBev Worldwide Inc., Brandbev S.à r.l., BrandBrew S.A., Cobrew NV, and Anheuser-Busch Companies, LLC (the “**Subsidiary Guarantors**”, and together with the Parent Guarantor, the “**Guarantors**”). The January 2013 Notes are listed on the New York Stock Exchange.

Each series of the January 2013 Notes are issued under a supplemental indenture to the indenture, dated January 17, 2013 (the “**Indenture**”), entered into among the Issuer, each of the Guarantors and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). The information below on certain provisions of the January 2013 Notes and the Indenture should be read together with “Description of Debt Securities—Terms Applicable to the January 2014 Notes and the January 2013 Notes” below. This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the January 2013 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The January 2013 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The January 2013 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The Notes are issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The January 2013 Notes do not provide for any sinking fund. The January 2013 Notes will be recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including Euroclear S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”).

“**Business Day**” means a day on which commercial banks and exchange markets are open, or not authorized to close, in the City of New York, London and Brussels.

The 2023 Notes will be initially limited to \$1,250,000,000 aggregate principal amount and will mature on 17 January 2023. The 2043 Notes will be initially limited to \$750,000,000 aggregate principal amount and will mature on 17 January 2043. Interest on the 2023 Notes and the 2043 Notes will be payable semi-annually in arrears on 17 January and 17 July of each year, commencing on 17 July 2013.

Interest will accrue on the January 2013 Notes until the principal of the January 2013 Notes is paid or duly made available for payment. Interest on the January 2013 Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day acceleration of any January 2013 Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

Interest on the January 2013 Notes will be paid to the persons in whose names the January 2013 Notes are registered at the close of business on the January 1 and July 1, immediately preceding the applicable interest payment date, whether or not such date is a Business Day. The January 2013 Notes may be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” and “—Optional Tax Redemption.”

Optional Redemption

The Issuer may, at its option, redeem the January 2013 Notes as a whole or in part at any time upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the January 2013 Notes to be redeemed; and
- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the January 2013 Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points in the case of the 2023 Notes and 15 basis points in the case of the 2043 Notes;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) such redemption date.

“Treasury Rate” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. treasury securities adjusted to constant maturity under the caption “Treasury constant maturities—Nominal,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the January 2013 Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third Business Day preceding such redemption date.

“Comparable Treasury Issue” means the U.S. Treasury security (not inflation-indexed) selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the January 2013 Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such January 2013 Notes.

“Comparable Treasury Price” means, with respect to a redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, or RBS Securities Inc., as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

“Reference Treasury Dealer” means (i) Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, and RBS Securities Inc., and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the City of New York (a **“Primary Treasury Dealer”**), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Unless the Issuer (and/or the Guarantors) defaults on payment of the redemption price, from and after the redemption date interest will cease to accrue on the January 2013 Notes or portions thereof called for redemption. On the redemption date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in the Indenture) money sufficient to pay the redemption price of and accrued interest on the January 2013 Notes to be redeemed on such date. If fewer than all of the January 2013 Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular Notes of such series or portions thereof for redemption from the outstanding January 2013 Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate.

Optional Tax Redemption

A series of January 2013 Notes may be redeemed at any time, at the Issuer's or the Parent Guarantor's option, as a whole, but not in part, upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of the January 2013 Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts (see "Description of Debt Securities—Terms Applicable to the January 2014 Notes and January 2013 Notes—Additional Amounts" below), if any) to (but excluding) the redemption date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a jurisdiction in which the Issuer or any Guarantor is incorporated, organized, or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax, or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after 14 January 2013 (any such change or amendment, a "**Change in Tax Law**"), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to the January 2013 Notes of such series and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described under "Description of Debt Securities —Terms Applicable to the January 2014 Notes and January 2013 Notes—Additional Amounts" below; *provided, however*, that the January 2013 Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under the January 2013 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the January 2013 Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Terms Applicable to the January 2014 Notes and the January 2013 Notes

For the purposes of this section "—Terms Applicable to the January 2014 Notes and the January 2013 Notes": (i) the term "Notes" or "debt securities" shall refer to the January 2014 Notes and the January 2013 Notes and (ii) the term "Issuer" shall refer to the Issuer under the January 2014 Notes and the January 2013 Notes, (iii) the term "Guarantor" shall refer to any Guarantor under the January 2014 Notes and the January 2013 Notes and (iv) the term "Indenture" shall refer to the Indenture under the January 2014 Notes and the January 2013 Notes.

Events of Default

The occurrence and continuance of one or more of the following events will constitute an "Event of Default" under the Indenture and under the Notes:

- (a) *payment default*—(i) the Issuer or a Guarantor fails to pay interest within 30 days from the relevant due date, or (ii) the Issuer or a Guarantor fails to pay the principal (or premium, if any) due on the Notes at maturity; *provided* that to the extent any such failure to pay principal or premium is caused by a technical or administrative error, delay in processing payments or events beyond the control of the Issuer or Guarantors, no Event of Default shall occur for three days following such failure to pay; *provided further* that, in the case of a redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment;

- (b) *breach of other material obligations*—the Issuer or a Guarantor defaults in the performance or observance of any of its other material obligations under or in respect of the Notes or the Indenture and such default remains unremedied for 90 days after a written notice has been given to the Issuer and the Parent Guarantor by the Trustee or to the Issuer, the Parent Guarantor and the Trustee by the Holders of at least 25% in principal amount of the outstanding Notes of the applicable series affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a “**Notice of Default**” under the Notes;
- (c) *cross-acceleration*—any obligation for the payment or repayment of borrowed money having an aggregate outstanding principal amount of at least €100,000,000 (or its equivalent in any other currency) of the Issuer or a Guarantor becomes due and payable prior to its stated maturity by reason of a default and is not paid within 30 days;
- (d) *bankruptcy or insolvency*—a court of competent jurisdiction commences bankruptcy or other insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary under the applicable laws of their respective jurisdictions of incorporation, or the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary applies for or institutes such proceedings or offers or makes an assignment for the benefit of its creditors generally, or a third party institutes bankruptcy or insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary and such proceedings are not discharged or stayed within 90 days;
- (e) *impossibility due to government action*—any governmental order, decree or enactment shall be made in or by Belgium or the jurisdiction of incorporation of a Guarantor that is a Significant Subsidiary whereby the Issuer, the Parent Guarantor, or such Guarantor that is a Significant Subsidiary is prevented from observing and performing in full its obligations as set forth in the terms and conditions of the Notes and the Guarantees, respectively, and this situation is not cured within 90 days; or
- (f) *invalidity of the Guarantees*—the Guarantees provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary cease to be valid and legally binding for any reason whatsoever or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under the Guarantee.

If an Event of Default occurs and is continuing with respect to the Notes, then, unless the principal of all of the Notes shall already have become due and payable (in which case no action is required for the acceleration of the Notes), the Holders of not less than 25% in aggregate principal amount of Notes then outstanding, by written notice to the Issuer, the Parent Guarantor and the Trustee as provided in the Indenture, may declare the entire principal of all the Notes of such series, and the interest accrued thereon, to be due and payable immediately, *provided, however*, that if an Event of Default specified in paragraph (d) above with respect to the Notes at the time outstanding occurs, the principal amount of that series shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable. Under certain circumstances, the Holders of a majority in aggregate principal amount of the Notes then outstanding may, by written notice to the Issuer and the Trustee as provided in the Indenture, waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the indenture at the request of any Holders unless the Holders offer the Trustee reasonable protection from costs, expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding seeking any remedy available to the Trustee. These majority Holders may also direct the Trustee in performing any other action under the Indenture, so long as such direction would not involve the Trustee in personal liability.

Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- The Trustee must be given written notice that an event of default has occurred and remains uncured.
- The Holders of not less than 25% in principal amount of all outstanding Notes of the relevant series must make a written request that the Trustee institute proceedings because of the default, and must offer indemnity and/or security satisfactory to the Trustee against the costs, expenses and liabilities of taking such request.

- The Trustee must have not taken action for 60 days after receipt of the above notice, request and offer of indemnity.
- No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of the majority in principal amount of the outstanding Notes of that series.
- However, you are entitled at any time to bring a lawsuit for the payment of money due on your security on or after its due date.

We will furnish to the Trustee every year a written statement of certain of our officers and directors, certifying that, to their knowledge, we are in compliance with the Indenture and the Notes, or else specifying any default.

Modifications and Amendment

The Issuer, the Guarantors and the Trustee may execute agreements adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental agreement or modifying in any manner the rights of the Holders under the Notes or the Guarantees only with the consent of the Holders of not less than a majority in aggregate principal amount of the notes then outstanding (irrespective of series) that would be affected by the proposed modification or amendment; *provided* that no such agreement shall (a) change the maturity of the principal of, or any installment of interest on, any Note, or reduce the principal amount or the interest thereof, or extend the time of payment of any installment of interest thereon, or change the currency of payment of principal of, or interest on, any Note, or change the Issuer's or a Guarantor's obligation to pay Additional Amounts, impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption on or after the redemption date) or change in any manner adverse to the interests of the Holders the terms and provisions of the Guarantees in respect of the due and punctual payment of principal amount of the Notes then outstanding plus accrued and unpaid interest (and all Additional Amounts, if any) without the consent of the Holder of each Note so affected; or (b) reduce the aforesaid percentage of notes, the consent of the Holders of which is required for any such agreement, without the consent of all of the Holders of the affected series of the notes then outstanding. To the extent that any changes directly affect fewer than all the series of the notes issued under the Indenture, only the consent of the Holders of notes of the relevant series (in the respective percentages set forth above) will be required.

The Issuer, the Guarantors and the Trustee may, without the consent of the Holders, from time to time execute agreements or amendments or enter into an indenture or indentures supplemental thereto (including in respect of one series of notes only) for one or more of the following purposes:

- to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for the Notes;
- to evidence the succession of another person to the Issuer or any Guarantors, or successive successions, and the assumption by the successor person of the covenants of the Issuer or any of the Guarantors, pursuant to the Indenture and the Notes;
- to evidence and provide for the acceptance of appointment of a successor or successors to the Trustee in any of its capacities and to add to or change any of the provisions of the Indenture to facilitate the administration of the trusts created thereunder by more than one trustee;
- to add to the covenants of the Issuer or the Guarantors, for the benefit of the Holders of the Notes issued under the Indenture, or to surrender any rights or powers conferred on the Issuer or the Guarantors in the Indenture;
- to add any additional events of default for the benefit of the Holders of the Notes;
- to add to, change or eliminate any of the provisions of the Indenture in respect of the Notes, provided that any such addition, change or elimination (A) shall neither (i) apply to any Note created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Note with respect to such provision or (B) shall become effective only when there is no such Note outstanding;

- to modify the restrictions on and procedures for, resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to provide for the issues of securities in exchange for one or more series of outstanding debt securities;
- to provide for the issuance and terms of any particular series of securities, the rights and obligations of the Guarantors and the holders of the securities of such series, the form or forms of the securities of such series and such other matters in connection therewith as the Issuer and the Guarantors shall consider appropriate, including, without limitation, provisions for (a) additional or different covenants, restrictions or conditions applicable to such series, (b) additional or different events of default in respect of such series, (c) a longer or shorter period of grace and/or notice in respect of any provision applicable to such series than is otherwise provided, (d) immediate enforcement of any event of default in respect of such series or (e) limitations upon the remedies available in respect of any events of default in respect of such series or upon the rights of the holders of securities of such series to waive any such event of default;
- (a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, the Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement, (b) to eliminate any conflict between the terms thereof and the Trust Indenture Act or (c) to make such other provision in regard to matters or questions arising under the Indenture or under any supplemental agreement as the Issuer may deem necessary or desirable and which will not adversely affect the interests of the Holders to which such provision relates in any material respect;
- to “reopen” the Notes and create and issue additional Notes having identical terms and conditions as the Notes (or in all respects except for the issue date, issue price, first interest accrual date and first interest payment date) so that the additional notes are consolidated and form a single series with the outstanding Notes;
- to add any Subsidiary of the Parent Guarantor as a Guarantor with respect to any series of notes, subject to applicable regulatory or contractual limitations relating to such subsidiary’s Guarantee;
- to provide for the release and termination of any Subsidiary Guarantor’s Guarantee in the circumstances described under “Description of Debt Securities and Guarantees—Guarantees” in the Prospectus;
- to provide for any amendment, modification or alteration of any Subsidiary Guarantor’s Guarantee and the limitations applicable thereto in the circumstances described under “Description of Debt Securities and Guarantees—Guarantees” in the Prospectus; or
- to make any other change that does not materially adversely affect the interests of the holders of the notes affected thereby.

Guarantee

Each debt security will benefit from an unconditional, full and irrevocable guarantee by the Parent Guarantor. One or more of the following Subsidiary Guarantors, which are subsidiaries of the Parent Guarantor, may, along with the Parent Guarantor, jointly and severally guarantee the debt securities on a full, unconditional and irrevocable basis:

- Anheuser-Busch Companies, LLC
- Anheuser-Busch InBev Worldwide Inc.
- Brandbev S.à r.l.

- BrandBrew S.A.
- Cobrew NV

The Subsidiary Guarantors, if any, for any particular series of debt securities will be specified in the applicable prospectus supplement.

Each guarantee to be provided is referred to as a “**Guarantee**” and collectively, the “**Guarantees**,” the subsidiaries of the Parent Guarantor providing Guarantees are referred to as the “**Subsidiary Guarantors**” and the Parent Guarantor and Subsidiary Guarantors collectively are referred to as the “**Guarantors**.”

All such Guarantees are set forth in the indenture, or a supplement thereto. The Guarantees provided by several of the Guarantors will be subject to certain limitations set forth below under “—Guarantee Limitations.”

Under the Guarantees, the Guarantors will guarantee to each Holder the due and punctual payment of any principal, accrued and unpaid interest (and all Additional Amounts, if any) due under the debt securities in accordance with the indenture. Each Guarantor will also pay Additional Amounts (if any) in respect of payments under its Guarantee. The Guarantees will be the full, direct, unconditional, unsecured and unsubordinated general obligations of the Guarantors. The Guarantees will rank *pari passu* among themselves, without any preference of one over the other by reason of priority of date of issue or otherwise, and at least equally with all other unsecured and unsubordinated general obligations of the Guarantors from time to time outstanding.

Each of the Subsidiary Guarantors shall be entitled to terminate its Guarantee, and the Trustee shall execute a release and termination agreement effecting such termination, in the event that at the time its Guarantee of the debt securities is terminated, (i) the relevant Subsidiary Guarantor is released from its guarantee of 2010 Senior Facility Agreement (as defined in the Annual Report under the heading “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources”) and the 2012 Facilities Agreement (as defined and in note 16 to the financial statements contained in our Six-Month Report), or is no longer a guarantor under either facility and (ii) the aggregate amount of indebtedness for borrowed money for which the relevant Guarantor is an obligor (as a guarantor or borrower) does not exceed 10% of the consolidated gross assets of the Parent Guarantor as reflected in the balance sheet included in its most recent publicly released interim or annual consolidated financial statements. For purposes of this clause, the amount of a Guarantor’s indebtedness for borrowed money shall not include (A) the debt securities issued pursuant to the indentures dated 12 January 2009 and 16 October 2009, and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide, Inc., as Issuer, the Parent Guarantor, certain of the Subsidiary Guarantors and the Trustee, (B) any other debt the terms of which permit the termination of the Guarantor’s guarantee of such debt under similar circumstances, as long as such Guarantor’s obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the debt securities, and (C) any debt that is being refinanced at substantially the same time that the Guarantee of the debt securities is being released, *provided* that any obligations of the Guarantor in respect of the debt that is incurred in the refinancing shall be included in the calculation of the Guarantor’s indebtedness for borrowed money.

In addition, BrandBrew S.A. and Brandbev S.à r.l., whose guarantee is subject to certain limitations described below shall be entitled to terminate its Guarantee, and the Trustee shall execute a release and termination agreement effecting such termination, with respect to any or all series of the notes issued under the indenture, in the event that BrandBrew S.A. or Brandbev S.à r.l. determines that under the rules, regulations or interpretations of the SEC it would be required to include its financial statements in any registration statement filed with the SEC with respect to any series of notes or guarantees issued under the indenture or in periodic reports filed with or furnished to the SEC (by reason of such limitations or otherwise). Furthermore, BrandBrew S.A. and Brandbev S.à r.l. will be entitled to amend or modify by execution of an indenture supplemental to the indenture the terms of its Guarantee or the limitations applicable to its Guarantee, as set forth below, in any respect reasonably deemed necessary by BrandBrew S.A. or Brandbev S.à r.l. to meet the requirements of Rule 3-10 under Regulation S-X under the Securities Act (or any successor or similar regulation or exemption) in order for financial statements of such Subsidiary Guarantor not to be required to be included in any registration statement or in periodic reports filed with or furnished to the SEC.

Supplemental Information on Subsidiary Guarantors

BrandBrew S.A. and Brandbev S.à r.l., the Subsidiary Guarantors whose Guarantees are subject to limitations, as described below under “—Guarantee Limitations,” accounted in aggregate for less than 0.12% of the total consolidated EBITDA, as defined, of AB InBev Group for the six month period ended 30 June 2012 and approximately 5.81% of the total consolidated debt of AB InBev Group as of 30 June 2012.

Guarantee Limitations

Pursuant to restrictions imposed by Luxembourg law, notwithstanding anything to the contrary in the Guarantees to be provided by BrandBrew S.A. or Brandbev S.à r.l., (each, a “**Luxembourg Guarantor**”), for the purposes of any such Guarantees, the maximum aggregate liability of such Luxembourg Guarantor under its Guarantee (including any actual or contingent liabilities as a guarantor under the Other Guaranteed Facilities (as defined below)) shall not exceed an amount equal to the aggregate of (without double counting):

- (1) the aggregate amount of all moneys received by such Luxembourg Guarantor and its Subsidiaries as a borrower or issuer under the Other Guaranteed Facilities;
- (2) the aggregate amount of all outstanding intercompany loans made to such Luxembourg Guarantor and its Subsidiaries by other members of the AB InBev Group which have been directly or indirectly funded using the proceeds of borrowings under the Notes and the Other Guaranteed Facilities; and
- (3) an amount equal to 100% of the greater of:
 - (a) the sum of such Luxembourg Guarantor’s own capital (*capitaux propres*) and its subordinated debt (*dettes subordonnées*) (other than any subordinated debt already accounted for under sub-paragraph (2) above) (both as referred to in article 34 of the Luxembourg Law of 2002) as reflected in such Luxembourg Guarantor’s then most recent annual accounts approved by the competent organ of such Luxembourg Guarantor (as audited by its external auditor (*réviseur d’entreprises*), if required by law) at the date an enforcement is made under such Luxembourg Guarantor’s Guarantee; and
 - (b) the sum of such Luxembourg Guarantor’s own capital (*capitaux propres*) and its subordinated debt (*dettes subordonnées*) (other than any subordinated debt already accounted for under sub-paragraph (2) above) (both as referred to in article 34 of the Luxembourg Law of 2002) as reflected in its most recent annual accounts available as of the date of the indenture.

For the avoidance of doubt, the limitation on the Guarantee provided by such Luxembourg Guarantor shall not apply to any Guarantee by it of any obligations owed by its Subsidiaries under the Other Guaranteed Facilities.

In addition, the obligations and liabilities of BrandBrew S.A. under its Guarantee and under any of the Other Guaranteed Facilities shall not include any obligation which, if incurred, would constitute a breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended, to the extent such or an equivalent provision is applicable to BrandBrew S.A.

“**Other Guaranteed Facilities**” means: (1) the 2010 Senior Facilities Agreement (as defined in the Annual Report under the heading “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources”); (2) the 2012 Facilities Agreement (as defined and in note 16 to the financial statements contained in our Six-Month Report); (3) any debt securities guaranteed pursuant to the guarantee dated 18 November 2008 entered into by the Parent Guarantor (formerly InBev NV) and Anheuser-Busch Worldwide Inc. (formerly InBev Worldwide S.à r.l.); (4) the US\$850,000,000 note purchase and guarantee agreement dated 22 October 2003 between, amongst others, the Parent Guarantor as issuer, Cobrew NV and BrandBrew S.A.; (5) any debt securities issued or guaranteed by BrandBrew S.A. or the Parent Guarantor under the €15,000,000,000 Euro Medium Term Note Programme entered into on 16 January 2009; (6) the debt securities issued pursuant to the indenture dated 12 January 2009, and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide, Inc., as Issuer, the Parent Guarantor, certain of the Subsidiary Guarantors and the Trustee; (7) the debt securities issued pursuant to the indenture dated 16 October 2009, and the indentures supplemental thereto, in each case between Anheuser-Busch InBev Worldwide, Inc., as Issuer, the Parent Guarantor, certain of the Subsidiary Guarantors and the Trustee; (8) any debt securities guaranteed by BrandBrew S.A. under the U.S. Commercial Paper Program of short-term notes due up to a maximum of 364 days from the date of issue issued by Anheuser-Busch InBev Worldwide Inc. pursuant to dealer agreements, an issuing and paying agency agreement, the master note, guarantees and private placement memoranda, each dated on or around 6 June 2011;

(9) any debt securities to be guaranteed by BrandBrew S.A. and Brandbev S.à r.l. pursuant to the U.S. Commercial Paper Program to be entered into by the Company, the Parent Guarantor, BrandBrew S.A., Brandbev S.à r.l. and the other subsidiary guarantors listed therein on or prior to 31 March 2013; and (10) any refinancing (in whole or part) of any of the above items or for the same or a lower amount. In this respect, Brandbev S.à r.l. will accede as a guarantor to the above items (other than (9)) on or around 20 December 2012.

The Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee and principal paying agent under the indenture. The trustee has two principal functions:

- first, it can enforce a holder's rights against us if we default on debt securities issued under the indenture. There are some limitations on the extent to which the trustee acts on a holder's behalf, described under "—Events of Default"; and
- second, the trustee performs administrative duties for us, such as sending the holder's interest payments, transferring debt securities to a new buyer and sending notices to holders.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee and affiliates of the trustee in the ordinary course of our respective businesses. The address of The Bank of New York Mellon Trust Company, N.A. is 911 Washington Avenue, 3rd Floor; St. Louis, Missouri 63101.

Substitution of the Issuer or Guarantor; Consolidation, Merger and Sale of Assets

In all cases subject to any provisions contained in the applicable prospectus supplement describing the Holders' option to require repayment upon a change in control, (i) the Issuer or a Guarantor, without the consent of the Holders of any of the debt securities, may consolidate with or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any corporation and (ii) the Issuer may at any time substitute for the Issuer either a Guarantor or any Affiliate (as defined below) of a Guarantor as principal debtor under the debt securities (a "Substitute Issuer"); provided that:

- (a) the Substitute Issuer or any other successor company shall expressly assume the Issuer's or such Guarantor's respective obligations under the debt securities or the Guarantees, as the case may be, and the indenture;
- (b) any other successor company is organized under the laws of a member country of the Organization for Economic Co-Operation and Development;
- (c) the Issuer is not in default of any payments due under the debt securities and immediately before and after giving effect to such consolidation, merger, sale, transfer, lease or conveyance, no Event of Default shall have occurred and be continuing;
- (d) in the case of a Substitute Issuer:
 - (i) the obligations of the Substitute Issuer arising under or in connection with the debt securities and the indenture are fully, irrevocably and unconditionally guaranteed by the Parent Guarantor and each Subsidiary Guarantor (if any) on the same terms as existed immediately prior to such substitution under the Guarantees given by such Guarantors;
 - (ii) the Parent Guarantor, the Issuer and the Substitute Issuer jointly and severally indemnify each Holder for any income tax or other tax (if any) recognized by such Holder solely as a result of the substitution of the Substitute Issuer (and not as a result of any transfer by such Holder) , *provided, however*, that such indemnification shall not apply to any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and shall not require the payment of additional amounts on account of any such withholding or deduction;

- (iii) each stock exchange on which the debt securities are listed shall have confirmed that, following the proposed substitution of the Substitute Issuer, such debt securities will continue to be listed on such stock exchange; and
- (iv) each rating agency that rates the debt securities shall have confirmed that, following the proposed substitution of the Substitute Issuer, such debt securities will continue to have the same or better rating as immediately prior to such substitution; and
- (e) written notice of such transaction shall be promptly provided to the Holders.

For purposes of the foregoing, “Affiliate” shall mean, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person.

Upon the effectiveness of any substitution, all of the foregoing provisions will apply mutatis mutandis, and references elsewhere herein to the Issuer or a Guarantor will, where the context so requires, be deemed to be or include references, to any successor company.

Discharge and Defeasance

Discharge of Indenture

The indenture provides that the Issuer and the Guarantors will be discharged from any and all obligations in respect of the indenture (except for certain obligations to register the transfer of or exchange debt securities, replace stolen, lost or mutilated debt securities, make payments of principal and interest and maintain paying agencies) if:

- the Issuer or the Guarantors have paid or caused to be paid in full the principal of and interest on all debt securities outstanding thereunder;
- the Issuer or the Guarantors shall have delivered to the Trustee for cancellation all debt securities outstanding theretofore authenticated; or
- all debt securities not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable in accordance with their terms within one year or (iii) are to be, or have been, called for redemption as described under “—Optional Redemption” within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and, in any such case, the Issuer or the Guarantors shall have irrevocably deposited with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such debt securities, (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than the due date of any payment, cash in U.S. dollars in an amount, or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest (and Additional Amounts, if any) on, all such debt securities not theretofore delivered to the Trustee for cancellation on the dates such payments are due in accordance with the terms of the debt securities and all other amounts payable under the indenture by the Issuer.

“U.S. Government Obligations” means securities which are (i) direct obligations of the U.S. government or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government, the payment of which is unconditionally guaranteed by the U.S. government, which, in either case, are full faith and credit obligations of the U.S. government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof.

Covenant Defeasance

The indenture also provides that the Issuer and the Guarantors need not comply with certain covenants of the indenture (including those described under “—Certain Covenants—Limitation on Liens”), and the Guarantors shall be released from their obligations under the Guarantees, if:

- the Issuer (or the Guarantors) irrevocably deposit with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of such debt securities, (i) cash in U.S. dollars in an amount, or (ii) U.S. government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than one day before the due date of any payment cash in U.S. dollars in an amount, or (iii) any combination of (i) and (ii), sufficient to pay all the principal of, and interest on, the debt securities then outstanding on the dates such payments are due in accordance with the terms of the debt securities;
- certain events of default, or events which with notice or lapse of time or both would become such an event of default, shall not have occurred and be continuing on the date of such deposit;
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would be the case if such Covenant Defeasance had not occurred;
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing in its jurisdiction of incorporation to the effect that such deposit and related Covenant Defeasance will not cause the Holders, other than Holders who are or who are deemed to be residents of such jurisdiction of incorporation or use or hold or are deemed to use or hold their debt securities in carrying on a business in such jurisdiction of incorporation, to recognize income, gain or loss for income tax purposes in such jurisdiction of incorporation, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of such jurisdiction of incorporation or political subdivision thereof or therein having power to tax, except in the case of debt securities beneficially owned (i) by a person who is or is deemed to be a resident of such jurisdiction of incorporation or (ii) by a person who uses or holds or is deemed to use or hold such debt securities in carrying on a business in such jurisdiction of incorporation; and
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an officers’ certificate and an opinion of legal counsel of recognized standing, each stating that all conditions precedent provided for relating to such Covenant Defeasance have been complied with.

The effecting of these arrangements is also known as “Covenant Defeasance.”

Certain Covenants

Limitation on Liens

So long as any of the debt securities remains outstanding, the Parent Guarantor will not, nor will it permit any Restricted Subsidiary to, create, assume, guarantee or suffer to exist any mortgage, pledge, security interest or lien (an “Encumbrance”) on any of its Principal Plants or on any capital stock of any Restricted Subsidiary without effectively providing that the debt securities (together with, if the Parent Guarantor shall so determine, any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the debt securities and any other indebtedness of such Restricted Subsidiary then existing or thereafter created) shall be secured by the security for such secured indebtedness equally and ratably therewith, provided, however, the above limitation does not apply to:

- (a) purchase money liens, so long as such liens attach only to the assets so acquired and improvements thereon;
- (b) Encumbrances existing at the time of acquisition of property (including through merger or consolidation) or securing indebtedness the proceeds of which are used to pay or reimburse the Parent Guarantor or a Restricted Subsidiary for the cost of such property (provided such indebtedness is incurred within 180 days after such acquisition);
- (c) Encumbrances on property of a Restricted Subsidiary existing at the time it becomes a Restricted Subsidiary;

- (d) Encumbrances to secure the cost of development or construction of property, or improvements thereon, provided that the recourse of the creditors in respect of such indebtedness is limited to such property and improvements;
- (e) Encumbrances in connection with the acquisition or construction of Principal Plants or additions thereto financed by tax-exempt securities;
- (f) Encumbrances securing indebtedness owing to the Parent Guarantor or a Restricted Subsidiary by a Restricted Subsidiary;
- (g) Encumbrances existing at the date of the indenture;
- (h) Encumbrances required in connection with state or local governmental programs which provide financial or tax benefits, provided the obligations secured are in lieu of or reduce an obligation that would have been secured by an Encumbrance permitted under the indenture;
- (i) any Encumbrance arising by operation of law and not securing amounts more than ninety (90) days overdue or otherwise being contested in good faith;
- (j) judgment Encumbrances not giving rise to an event of default;
- (k) any Encumbrance incurred or deposits made in the ordinary course of business, including, but not limited to, (i) any mechanics', materialmen's, carriers', workmen's, vendors' or other like Encumbrances, (ii) any Encumbrances securing amounts in connection with workers' compensation, unemployment insurance and other types of social security, and (iii) any easements, rights-of-way, restrictions and other similar charges;
- (l) any Encumbrance upon specific items of inventory or other goods and proceeds of the Parent Guarantor or any Restricted Subsidiary securing the Parent Guarantor's or any such Restricted Subsidiary's obligations in respect of bankers' acceptances issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (m) any Encumbrance incurred or deposits made securing the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of like nature incurred in the ordinary course of business;
- (n) any Encumbrance on any Principal Plant of the Parent Guarantor or any Restricted Subsidiary in favor of the Federal Government of the United States or the government of any State thereof, or the government of the United Kingdom, or any state in the European Union, or any instrumentality of any of them, securing the obligations of the Parent Guarantor or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes;
- (o) any Encumbrance securing taxes or assessments or other applicable governmental charges or levies;
- (p) extensions, renewals or replacements of the Encumbrances referred to in clauses (a) through (o), provided that the amount of indebtedness secured by such extension, renewal or replacement shall not exceed the principal amount of indebtedness being extended, renewed or replaced, together with the amount of any premiums, fees, costs and expenses associated with such extension, renewal or replacement, nor shall the pledge, mortgage or lien be extended to any additional Principal Plant unless otherwise permitted under this covenant;
- (q) as permitted under the provisions described in the following two paragraphs herein; and
- (r) in connection with sale-leaseback transactions permitted under the indenture.

Notwithstanding the provisions described in the immediately preceding paragraph, the Parent Guarantor or any Restricted Subsidiary may, without ratably securing the debt securities, create, assume, guarantee or suffer to exist any indebtedness which would otherwise be subject to such restrictions, and renew, extend or replace such indebtedness, provided that the aggregate amount of such indebtedness, when added to the fair market value of property transferred in certain sale and leaseback transactions permitted by the indenture as described below under "Sale-Leaseback Financings" (computed without duplication of amount) does not at the time exceed 15% of Net Tangible Assets.

If the Parent Guarantor or any Restricted Subsidiary merges or consolidates with, or purchases all or substantially all of the assets of, another corporation, or the Parent Guarantor sells all or substantially all of its assets to another corporation, and if such other corporation has outstanding obligations secured by an Encumbrance which, by reason of an after-acquired property clause or similar provision, would extend to any Principal Plant owned by the Parent Guarantor or such Restricted Subsidiary immediately prior thereto, the Parent Guarantor or such Restricted Subsidiary, as the case may be, will in such event be deemed to have created an Encumbrance, within the prohibition of the covenant described above, unless (a) such merger or consolidation involving a Restricted Subsidiary constitutes a disposition by the Parent Guarantor of its interest in the Restricted Subsidiary or (b) (i) at or prior to the effective date of such merger, consolidation, sale or purchase, such Encumbrance shall be released of record or otherwise satisfied to the extent it would extend to such Principal Plant, (ii) prior thereto, the Parent Guarantor or such Restricted Subsidiary shall have created, as security for the debt securities (and, if the Parent Guarantor shall so determine, as security for any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the debt securities and any other indebtedness of such Restricted Subsidiary then existing or thereafter created), a valid Encumbrance which will rank equally and ratably with the Encumbrances of such other corporation on such Principal Plant of the Parent Guarantor or such Restricted Subsidiary, as the case may be, or (iii) such Encumbrance is otherwise permitted or complies with the Covenant described above.

In each instance referred to in the preceding paragraphs where the Parent Guarantor is obligated to provide security for the debt securities (except, for certain issues of indebtedness, in the case of transactions relating to stock of a Restricted Subsidiary), the Parent Guarantor would be required to provide comparable security for other outstanding indebtedness under the indenture and other agreements relating thereto.

Sale-Leaseback Transactions Relating to Principal Plants

- (a) Except to the extent permitted under paragraph (c) below, and except for any transaction involving a lease for a temporary period, not to exceed three years, by the end of which it is intended that the use of the leased property by the Parent Guarantor or any Restricted Subsidiary will be discontinued and except for any transaction with a state or local authority that is required in connection with any program, law, statute or regulation that provides financial or tax benefits not available without such transaction, the Parent Guarantor shall not sell any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property and the Parent Guarantor will not permit any Restricted Subsidiary to sell to anyone other than the Parent Guarantor or a Restricted Subsidiary any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property unless:
- (b) the net proceeds of such sale (including any purchase money mortgages received in connection with such sale) are at least equal to the fair market value (as determined by an officer of the Parent Guarantor) of such property and
- (c) subject to paragraph (d) below, the Parent Guarantor shall, within 120 days after the transfer of title to such property (or, if the Parent Guarantor holds the net proceeds described below in cash or cash equivalents, within two years)
 - (i) purchase, and surrender to the Trustee for retirement as provided in this covenant, a principal amount of debt securities equal to the net proceeds derived from such sale (including the amount of any such purchase money mortgages), or
 - (ii) repay other pari passu indebtedness of the Parent Guarantor or any Restricted Subsidiary in an amount equal to such net proceeds, or
 - (iii) expend an amount equal to such net proceeds for the expansion, construction or acquisition of a Principal Plant, or
 - (iv) effect a combination of such purchases, repayments and plant expenditures in an amount equal to such net proceeds.
- (d) At or prior to the date 120 days after a transfer of title to a Principal Plant which shall be subject to the requirements of this covenant, the Parent Guarantor shall furnish to the Trustee:
- (e) an Officers' Certificate stating that paragraph (a) of this covenant has been complied with and setting forth in detail the manner of such compliance, which certificate shall contain information as to

- (i) the amount of debt securities theretofore redeemed and the amount of debt securities theretofore purchased by the Parent Guarantor and cancelled by the Trustee and the amount of debt securities purchased by the Parent Guarantor and then being surrendered to the Trustee for cancellation,
 - (i) the amount thereof previously credited under paragraph (d) below,
 - (ii) the amount thereof which it then elects to have credited on its obligation under paragraph (d) below, and
 - (iii) any amount of other indebtedness which the Parent Guarantor has repaid or will repay and of the expenditures which the Parent Guarantor has made or will make in compliance with its obligation under paragraph (a), and
- (f) a deposit with the Trustee for cancellation of the debt securities then being surrendered as set forth in such certificate.
- (g) Notwithstanding the restriction of paragraph (a) above, the Parent Guarantor and any one or more Restricted Subsidiaries may transfer property in sale-leaseback transactions which would otherwise be subject to such restriction if the aggregate amount of the fair market value of the property so transferred and not reacquired at such time, when added to the aggregate principal amount of indebtedness for borrowed money permitted by the last paragraph of the covenant described under “—Limitation on Liens” which shall be outstanding at the time (computed without duplication of the value of property transferred as provided in this paragraph (c)), does not at the time exceed 15% of Net Tangible Assets.
- (h) The Parent Guarantor, at its option, shall be entitled to a credit, in respect of its obligation to purchase and retire debt securities under this covenant, for the principal amount of any debt securities deposited with the Trustee for the purpose and also for the principal amount of (i) any debt securities theretofore redeemed at the option of the Parent Guarantor and (ii) any debt securities previously purchased by the Parent Guarantor and cancelled by the Trustee, and in each case not theretofore applied as a credit under this paragraph (d) or as part of a sinking fund arrangement for the debt securities.
- (i) For purposes of this covenant, the amount or the principal amount of debt securities which are issued with original issue discount shall be the principal amount of such debt securities that on the date of the purchase or redemption of such debt securities referred to in this covenant could be declared to be due and payable pursuant to the indenture.

Additional Amounts

To the extent that any Guarantor is required to make payments in respect of the debt securities, such Guarantor will make all payments in respect of the debt securities without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of any jurisdiction in which such Guarantor is incorporated, organized or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax (the “Relevant Taxing Jurisdiction”) unless such withholding or deduction is required by law. Where a Guarantor is a Luxembourg resident, please refer to the section entitled “Tax Considerations—Luxembourg Taxation” for a description of tax consequences under Luxembourg law. In such event, such Guarantor will pay to the Holders such additional amounts (the “Additional Amounts”) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Guarantor from payment of principal or interest made by it;
- (b) are payable by reason of the Holder or beneficial owner having, or having had, some personal or business connection with such Relevant Taxing Jurisdiction and not merely by reason of the fact that payments in respect of the debt securities or the Guarantees are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Relevant Taxing Jurisdiction;

- (c) are imposed or withheld by reason of the failure of the Holder or beneficial owner to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder and beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice, as a precondition to exemption from, or a reduction in the rate of withholding or deduction of, such taxes;
- (d) consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes;
- (e) are imposed on or with respect to any payment by the applicable Guarantors to the registered Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such registered Holder been the sole beneficial owner of such debt security;
- (f) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income; (ii) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding;
- (g) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and written notice thereof is provided to the Holders, whichever occurs later ;
- (h) are payable because any debt security was presented to a particular paying agent for payment if the debt security could have been presented to another paying agent without any such withholding or deduction; or
- (i) are payable for any combination of (a) through (h) above.

References to principal or interest in respect of the debt securities shall be deemed to include any Additional Amounts, which may be payable as set forth in the indenture.

In addition, any amounts to be paid by the Company or any Guarantor on the debt securities will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (“**FATCA Withholding**”). Neither any Guarantor nor the Company will be required to pay Additional Amounts on account of any FATCA Withholding.

The preceding covenant regarding Additional Amounts will not apply to any Guarantor at any time when such Guarantor is incorporated in a jurisdiction in the United States; provided, however, that such covenant will apply to the Issuer at any time when it is incorporated in a jurisdiction outside of the United States. The prospectus supplement relating to the debt securities may describe additional circumstances in which the Guarantors would not be required to pay additional amounts.

Terms Applicable to the 3.750% Notes due 2042 and the 2.500% Notes due 2022

The fixed rate notes due 2022 (the “**2022 Notes**”) will bear interest at a rate of 2.500% per year and the fixed rate notes due 2042 (the “**2042 Notes**”, and together with the 2022 Fixed Rate Notes, the “**July 2012 Notes**”) will bear interest at a rate of 3.750% per year.

The July 2012 Notes were issued by Anheuser-Busch InBev Worldwide Inc. (the “**Issuer**”, with respect to the July 2012 Notes) and will be fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), Brandbrew S.A., Cobrew NV/SA, and Anheuser-Busch Companies, LLC (the “**Subsidiary Guarantors**”, together with the Parent Guarantor, the “**Guarantors**”, with respect to the July 2012 Notes). The July 2012 Notes are listed on the New York Stock Exchange.

Each series of the July 2012 Notes was issued under a supplemental indenture to the indenture, dated as of 16 October 2009, as amended by the supplemental indentures thereto (the “**Indenture**”, with respect to the July 2012 Notes), among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, each of the subsidiary guarantors listed under “Terms Applicable to the July 2012 Notes and the 2021 Notes —Guarantees” below and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer

agent and registrar (the “**Trustee**”). The information below on certain provisions of the July 2012 Notes and the Indenture should be read together with “Description of Debt Securities—Terms Applicable to the July 2012 Notes and the 2021 Notes” below. This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the July 2012 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The July 2012 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The July 2012 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The July 2012 Notes are issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The July 2012 Notes do not provide for any sinking fund. The Notes will be recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including Euroclear S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”).

“**Business Day**” means a day on which commercial banks and exchange markets are open, or not authorized to close, in the City of New York, London and Brussels.

The 2022 Notes are initially limited to \$3,000,000,000 aggregate principal amount and will mature on 15 July 2022. The 2042 Notes are initially limited to \$1,000,000,000 aggregate principal amount and will mature on 15 July 2042. Interest on the July 2012 Notes will be payable semi-annually in arrears on 15 January and 15 July of each year, commencing on 15 January 2013.

Interest will accrue on the July 2012 Notes until the principal of the July 2012 Notes is paid or duly made available for payment. Interest on the July 2012 Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. If the date of maturity of interest on or principal of any July 2012 Note or the date fixed for redemption or payment in connection with an acceleration of any July 2012 Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

Interest on the July 2012 Notes will be paid to the persons in whose names the July 2012 Notes are registered at the close of business on the 1 January and 1 July, immediately preceding the applicable interest payment date, whether or not such date is a Business Day. The July 2012 Notes may be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” and “—Optional Tax Redemption.”

Additional Notes

The July 2012 Notes were issued in the initial aggregate principal amount set forth above. The Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional July 2012 Notes (the “**Additional Notes**”) maturing on the same maturity date as the other July 2012 Notes of a series and having the same terms and conditions under the Indenture (including with respect to the Guarantors and the Guarantees) as the previously outstanding July 2012 Notes of that series in all respects (or in all respects except for the issue date and the amount and, in some cases, the date of the first payment of interest thereon) so that such Additional Notes shall be consolidated and form a single series with the previously outstanding July 2012 Notes of that series. Without limiting the foregoing, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional series of notes with additional or different terms and maturity dates than the July 2012 Notes.

Optional Redemption

The Issuer may, at its option, redeem the July 2012 Notes as a whole or in part at any time upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the July 2012 Notes to be redeemed; and

- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the July 2012 Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points in the case of the 2022 Notes and 20 basis points in the case of the 2042 Notes;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) such redemption date.

“Treasury Rate” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. treasury securities adjusted to constant maturity under the caption “Treasury constant maturities—Nominal,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the July 2012 Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third Business Day preceding such redemption date.

“Comparable Treasury Issue” means the U.S. Treasury security (not inflation-indexed) selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the July 2012 Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such July 2012 Notes.

“Comparable Treasury Price” means, with respect to a redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Deutsche Bank Securities Inc. or J.P. Morgan Securities LLC, as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

“Reference Treasury Dealer” means (i) Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC, and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the City of New York (a **“Primary Treasury Dealer”**), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Unless the Issuer (and/or the Guarantors) defaults on payment of the redemption price, from and after the redemption date interest will cease to accrue on the July 2012 Notes or portions thereof called for redemption. On the redemption date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in the Indenture) money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on such date. If fewer than all of the July 2012 Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular July 2012 Notes of such series or portions thereof for redemption from the outstanding July 2012 Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate.

Optional Tax Redemption

A series of July 2012 Notes may be redeemed at any time, at the Issuer's or the Parent Guarantor's option, as a whole, but not in part, upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of the July 2012 Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts (see "Description of Debt Securities – Terms Applicable to the July 2012 Notes and 2021 Notes – Additional Amounts"), if any) to (but excluding) the redemption date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a jurisdiction in which the Issuer or any Guarantor is incorporated, organized, or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax, or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after 11 July 2012 (any such change or amendment, a "**Change in Tax Law**"), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to the July 2012 Notes of such series and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described under "Description of Debt Securities – Terms Applicable to the July 2012 Notes and 2021 Notes – Additional Amounts" below; *provided, however*, that the July 2012 Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under the July 2012 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the July 2012 Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Terms Applicable to the 4.375% Notes due 2021

The notes due 2021 (the "**2021 Notes**") will bear interest at a rate of 4.375% per year. The 2021 Notes were issued by Anheuser-Busch InBev Worldwide Inc. (the "**Issuer**", with respect to the 2021 Notes) and will be fully and unconditionally guaranteed by Anheuser-Busch InBev SA/NV (the "**Parent Guarantor**"), Brandbrew S.A., Cobrew NV/SA, and Anheuser-Busch Companies, Inc. (the "**Subsidiary Guarantors**", together with the Parent Guarantor, the "**Guarantors**", with respect to the 2021 Notes). The 2021 Notes are listed on the New York Stock Exchange.

The 2021 Notes were issued under a supplemental indenture to the indenture, dated as of 16 October 2009, as amended by the supplemental indentures thereto (the "**Indenture**", with respect to the 2021 Notes), among Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch InBev SA/NV, each of the subsidiary guarantors listed under "Terms Applicable to the July 2012 Notes and the 2021 Notes below and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the "**Trustee**"). The information below on certain provisions of the Notes and the Indenture should be read together with "Description of Debt Securities – Terms Applicable to the July 2012 Notes and 2021 Notes" below. This information, however, does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the 2021 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The 2021 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The 2021 Notes will be repaid at maturity in U.S. dollars at a price equal to 100% of the principal amount thereof. The 2021 Notes were issued in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The 2021 Notes do not provide for any sinking fund. The 2021 Notes will be recorded on, and transferred through, the records maintained by DTC and its direct and indirect participants, including Euroclear S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”).

“**Business Day**” means a day on which commercial banks are open, or not authorized to close, in the City of New York, London and Brussels.

The 2021 Notes were initially limited to \$500,000,000 aggregate principal amount and will mature on 15 February 2021. Interest on the 2021 Notes will be payable semi-annually in arrears on 15 February and 15 August of each year, commencing on 15 August 2011. Interest will accrue on the 2021 Notes until the principal of the 2021 Notes is paid or duly made available for payment. Interest on the 2021 Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. If the date of maturity of interest on or principal of any 2021 Note or the date fixed for redemption or payment in connection with an acceleration of any 2021 Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or payment in connection with an acceleration, and no interest shall accrue as a result of the delayed payment.

Interest on the 2021 Notes will be paid to the persons in whose names the 2021 Notes (or one or more predecessor notes) are registered at the close of business on the 1 February and 1 August, immediately preceding the applicable interest payment date, whether or not such date is a Business Day. Each series of 2021 Notes may be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” and “—Optional Tax Redemption.”

Additional Notes

The 2021 Notes were issued in the initial aggregate principal amount set forth above. The Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional 2021 Notes (the “**Additional Notes**”) maturing on the same maturity date as the other 2021 Notes of a series and having the same terms and conditions under the Indenture (including with respect to the Guarantors and the Guarantees) as the previously outstanding 2021 Notes of that series in all respects (or in all respects except for the issue date and the amount and, in some cases, the date of the first payment of interest thereon) so that such Additional Notes shall be consolidated and form a single series with the previously outstanding 2021 Notes of that series. Without limiting the foregoing, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue, pursuant to the Indenture and in accordance with applicable laws and regulations, additional series of notes with additional or different terms and maturity dates than the 2021 Notes.

Optional Redemption

The Issuer may, at its option, redeem any series of the 2021 Notes as a whole or in part at any time upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the 2021 Notes to be redeemed; and
- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the 2021 Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points in the case of the 2021 Notes;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) such redemption date.

“Treasury Rate” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. treasury securities adjusted to constant maturity under the caption “Treasury constant maturities—Nominal,” for the maturity corresponding to the applicable Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the related 2021 Notes, yields for the two published maturities most closely corresponding to the applicable Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated using a price for such Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the related Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third Business Day preceding such redemption date.

“Comparable Treasury Issue” means the U.S. Treasury security (not inflation-indexed) selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the 2021 Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2021 Notes.

“Comparable Treasury Price” means, with respect to a redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means Barclays Capital Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated or Mitsubishi UFJ Securities (USA), Inc., as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

“Reference Treasury Dealer” means (i) Barclays Capital Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Mitsubishi UFJ Securities (USA), Inc. and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in The City of New York (a **“Primary Treasury Dealer”**), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Unless the Issuer (and/or the Guarantors) defaults on payment of the redemption price, from and after the redemption date interest will cease to accrue on the 2021 Notes or portions thereof called for redemption. On the redemption date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in the Indenture) money sufficient to pay the redemption price of and accrued interest on the 2021 Notes to be redeemed on such date. If fewer than all of the 2021 Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular Notes of such series or portions thereof for redemption from the outstanding 2021 Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate.

Optional Tax Redemption

A series of 2021 Notes may be redeemed at any time, at the Issuer's or the Parent Guarantor's option, as a whole, but not in part, upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of the 2021 Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts (see "Description of Debt Securities—Terms Applicable to the July 2012 Notes and the 2021 Notes—Additional Amounts" below), if any) to (but excluding) the redemption date, if (i) as a result of any change in, or amendment to, the laws, treaties, regulations or rulings of a Relevant Taxing Jurisdiction (see "Description of Debt Securities—Terms Applicable to the July 2012 Notes and the 2021 Notes—Additional Amounts" below) or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after the issue date of the Notes (any such change or amendment, a "**Change in Tax Law**"), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to the 2021 Notes of such series and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described under "Description of Debt Securities—Terms Applicable to the July 2012 Notes and the 2021 Notes—Additional Amounts" below; *provided, however*, that the 2021 Notes of such series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under the 2021 Notes of such series to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the 2021 Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Terms Applicable to the July 2012 Notes and the 2021 Notes

For the purposes of this section "—Terms Applicable to the July 2012 Notes and the 2021 Notes": (i) the term "Notes" or "debt securities" shall refer to the July 2012 Notes and the 2021 Notes, (ii) the term "Issuer" shall refer to the Issuer under the July 2012 Notes and the 2021 Notes, (iii) the term "Guarantor" shall refer to any Guarantor under the July 2012 Notes and the 2021 Notes and (iv) the term "Indenture" shall refer to the Indenture under the July 2012 Notes and the 2021 Notes.

Events of Default

The occurrence and continuance of one or more of the following events will constitute an "Event of Default" under the Indenture and under the Notes:

- (a) *payment default*—(i) the Issuer or a Guarantor fails to pay interest within 30 days from the relevant due date, or (ii) the Issuer or a Guarantor fails to pay the principal (or premium, if any) due on the Notes at maturity; *provided* that to the extent any such failure to pay principal or premium is caused by a technical or administrative error, delay in processing payments or events beyond the control of the Issuer or Guarantors, no Event of Default shall occur for three days following such failure to pay; *provided further* that, in the case of a redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment;
- (b) *breach of other material obligations*—the Issuer or a Guarantor defaults in the performance or observance of any of its other material obligations under or in respect of the Notes or the Indenture and such default remains unremedied for 90 days after a written notice has been given to the Issuer and the Parent Guarantor by the Trustee or to the Issuer, the Parent Guarantor and the Trustee by the Holders of at least 25% in principal amount of the outstanding Notes of the applicable series affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a "**Notice of Default**" under the Notes;

- (c) *cross-acceleration*—any obligation for the payment or repayment of borrowed money having an aggregate outstanding principal amount of at least €100,000,000 (or its equivalent in any other currency) of the Issuer or a Guarantor becomes due and payable prior to its stated maturity by reason of a default and is not paid within 30 days;
- (d) *bankruptcy or insolvency*—a court of competent jurisdiction commences bankruptcy or other insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary under the applicable laws of their respective jurisdictions of incorporation, or the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary applies for or institutes such proceedings or offers or makes an assignment for the benefit of its creditors generally, or a third party institutes bankruptcy or insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary and such proceedings are not discharged or stayed within 90 days;
- (e) *impossibility due to government action*—any governmental order, decree or enactment shall be made in or by Belgium or the jurisdiction of incorporation of a Guarantor that is a Significant Subsidiary whereby the Issuer, the Parent Guarantor, or such Guarantor that is a Significant Subsidiary is prevented from observing and performing in full its obligations as set forth in the terms and conditions of the Notes and the Guarantees, respectively, and this situation is not cured within 90 days; or
- (f) *invalidity of the Guarantees*—the Guarantees provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary cease to be valid and legally binding for any reason whatsoever or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under the Guarantee.

If an Event of Default occurs and is continuing with respect to the Notes, then, unless the principal of all of the Notes shall already have become due and payable (in which case no action is required for the acceleration of the Notes), the Holders of not less than 25% in aggregate principal amount of Notes then outstanding, by written notice to the Issuer, the Parent Guarantor and the Trustee as provided in the Indenture, may declare the entire principal of all the Notes of such series, and the interest accrued thereon, to be due and payable immediately, *provided, however*, that if an Event of Default specified in paragraph (d) above with respect to the Notes at the time outstanding occurs, the principal amount of that series shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable. Under certain circumstances, the Holders of a majority in aggregate principal amount of the Notes then outstanding may, by written notice to the Issuer and the Trustee as provided in the Indenture, waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the indenture at the request of any Holders unless the Holders offer the Trustee reasonable protection from costs, expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding seeking any remedy available to the Trustee. These majority Holders may also direct the Trustee in performing any other action under the Indenture, so long as such direction would not involve the Trustee in personal liability.

Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- The Trustee must be given written notice that an event of default has occurred and remains uncured.
- The Holders of not less than 25% in principal amount of all outstanding Notes of the relevant series must make a written request that the Trustee institute proceedings because of the default, and must offer indemnity and/or security satisfactory to the Trustee against the costs, expenses and liabilities of taking such request.
- The Trustee must have not taken action for 60 days after receipt of the above notice, request and offer of indemnity.

- No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of the majority in principal amount of the outstanding Notes of that series.
- However, you are entitled at any time to bring a lawsuit for the payment of money due on your security on or after its due date.

We will furnish to the Trustee every year a written statement of certain of our officers and directors, certifying that, to their knowledge, we are in compliance with the Indenture and the Notes, or else specifying any default.

Modifications and Amendment

The Issuer, the Guarantors and the Trustee may execute agreements adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental agreement or modifying in any manner the rights of the Holders under the Notes or the Guarantees only with the consent of the Holders of not less than a majority in aggregate principal amount of the notes then outstanding (irrespective of series) that would be affected by the proposed modification or amendment; *provided* that no such agreement shall (a) change the maturity of the principal of, or any installment of interest on, any Note, or reduce the principal amount or the interest thereof, or extend the time of payment of any installment of interest thereon, or change the currency of payment of principal of, or interest on, any Note, or change the Issuer's or a Guarantor's obligation to pay Additional Amounts, impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption on or after the redemption date) or change in any manner adverse to the interests of the Holders the terms and provisions of the Guarantees in respect of the due and punctual payment of principal amount of the Notes then outstanding plus accrued and unpaid interest (and all Additional Amounts, if any) without the consent of the Holder of each Note so affected; or (b) reduce the aforesaid percentage of notes, the consent of the Holders of which is required for any such agreement, without the consent of all of the Holders of the affected series of the notes then outstanding. To the extent that any changes directly affect fewer than all the series of the notes issued under the Indenture, only the consent of the Holders of notes of the relevant series (in the respective percentages set forth above) will be required.

The Issuer, the Guarantors and the Trustee may, without the consent of the Holders, from time to time execute agreements or amendments or enter into an indenture or indentures supplemental thereto (including in respect of one series of notes only) for one or more of the following purposes:

- to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for the Notes;
- to evidence the succession of another person to the Issuer or any Guarantors, or successive successions, and the assumption by the successor person of the covenants of the Issuer or any of the Guarantors, pursuant to the Indenture and the Notes;
- to evidence and provide for the acceptance of appointment of a successor or successors to the Trustee in any of its capacities and to add to or change any of the provisions of the Indenture to facilitate the administration of the trusts created thereunder by more than one trustee;
- to add to the covenants of the Issuer or the Guarantors, for the benefit of the Holders of the Notes issued under the Indenture, or to surrender any rights or powers conferred on the Issuer or the Guarantors in the Indenture;
- to add any additional events of default for the benefit of the Holders of the Notes;
- to add to, change or eliminate any of the provisions of the Indenture in respect of the Notes, provided that any such addition, change or elimination (A) shall neither (i) apply to any Note created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Note with respect to such provision or (B) shall become effective only when there is no such Note outstanding;

- to modify the restrictions on and procedures for, resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to provide for the issues of securities in exchange for one or more series of outstanding debt securities;
- to provide for the issuance and terms of any particular series of securities, the rights and obligations of the Guarantors and the holders of the securities of such series, the form or forms of the securities of such series and such other matters in connection therewith as the Issuer and the Guarantors shall consider appropriate, including, without limitation, provisions for (a) additional or different covenants, restrictions or conditions applicable to such series, (b) additional or different events of default in respect of such series, (c) a longer or shorter period of grace and/or notice in respect of any provision applicable to such series than is otherwise provided, (d) immediate enforcement of any event of default in respect of such series or (e) limitations upon the remedies available in respect of any events of default in respect of such series or upon the rights of the holders of securities of such series to waive any such event of default;
- (a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, the Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement, (b) to eliminate any conflict between the terms thereof and the Trust Indenture Act or (c) to make such other provision in regard to matters or questions arising under the Indenture or under any supplemental agreement as the Issuer may deem necessary or desirable and which will not adversely affect the interests of the Holders to which such provision relates in any material respect;
- to “reopen” the Notes and create and issue additional Notes having identical terms and conditions as the Notes (or in all respects except for the issue date, issue price, first interest accrual date and first interest payment date) so that the additional notes are consolidated and form a single series with the outstanding Notes;
- to add any Subsidiary of the Parent Guarantor as a Guarantor with respect to any series of notes, subject to applicable regulatory or contractual limitations relating to such subsidiary’s Guarantee;
- to provide for the release and termination of any Subsidiary Guarantor’s Guarantee in the circumstances described under “Description of the Debt Securities and Guarantees—Guarantees” in the Prospectus;
- to provide for any amendment, modification or alteration of any Subsidiary Guarantor’s Guarantee and the limitations applicable thereto in the circumstances described under “Description of the Debt Securities and Guarantees—Guarantees” in the Prospectus; or
- to make any other change that does not materially adversely affect the interests of the holders of the notes affected thereby.

The Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee and principal paying agent under the indentures. The trustee has two principal functions:

- first, it can enforce a holder’s rights against us if we default on debt securities issued under the indenture. There are some limitations on the extent to which the trustee acts on a holder’s behalf, described under “—Events of Default”; and
- second, the trustee performs administrative duties for us, such as sending the holder’s interest payments, transferring debt securities to a new buyer and sending notices to holders.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee and affiliates of the trustee in the ordinary course of our respective businesses. The address of The Bank of New York Mellon Trust Company, N.A. is 911 Washington Avenue, 3rd Floor; St. Louis, Missouri 63101.

If an event of default occurs, or an event occurs that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded, the trustee may therefore be considered to have a conflicting interest with respect to the debt securities or the applicable indenture for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign as trustee under the applicable indenture and we would be required to appoint a successor trustee.

Substitution of the Issuer or Guarantor; Consolidation, Merger and Sale of Assets

In all cases subject to any provisions contained in the applicable prospectus supplement describing the Holders' option to require repayment upon a change in control, (i) the Issuer or a Guarantor, without the consent of the Holders of any of the debt securities, may consolidate with or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any corporation and (ii) the Issuer may at any time substitute for the Issuer either a Guarantor or any Affiliate (as defined below) of a Guarantor as principal debtor under the debt securities (a "Substitute Issuer"); provided that:

- (a) the Substitute Issuer or any other successor company shall expressly assume the Issuer's or such Guarantor's respective obligations under the debt securities or the Guarantees, as the case may be, and the Indenture;
- (b) any other successor company is organized under the laws of a member country of the Organization for Economic Co-Operation and Development;
- (c) the Issuer is not in default of any payments due under the debt securities and immediately before and after giving effect to such consolidation, merger, sale, transfer, lease or conveyance, no Event of Default shall have occurred and be continuing;
- (d) in the case of a Substitute Issuer:
 - (i) the obligations of the Substitute Issuer arising under or in connection with the debt securities and the Indenture are fully, irrevocably and unconditionally guaranteed by the Parent Guarantor and each Subsidiary Guarantor (if any) on the same terms as existed immediately prior to such substitution under the Guarantees given by such Guarantors;
 - (ii) the Parent Guarantor, the Issuer and the Substitute Issuer jointly and severally indemnify each Holder for any income tax or other tax (if any) recognized by such Holder solely as a result of the substitution of the Substitute Issuer (and not as a result of any transfer by such Holder);
 - (iii) each stock exchange on which the debt securities are listed shall have confirmed that, following the proposed substitution of the Substitute Issuer, such debt securities will continue to be listed on such stock exchange; and
 - (iv) each rating agency that rates the debt securities shall have confirmed that, following the proposed substitution of the Substitute Issuer, such debt securities will continue to have the same or better rating as immediately prior to such substitution; and
- (e) written notice of such transaction shall be promptly provided to the Holders.

For purposes of the foregoing, "Affiliate" shall mean, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person.

Upon the effectiveness of any substitution, all of the foregoing provisions will apply mutatis mutandis, and references elsewhere herein to the Issuer or a Guarantor will, where the context so requires, be deemed to be or include references, to any successor company.

Discharge and Defeasance

Discharge of Indenture

The Indenture provides that the Issuer and the Guarantors will be discharged from any and all obligations in respect of the Indenture (except for certain obligations to register the transfer of or exchange debt securities, replace stolen, lost or mutilated debt securities, make payments of principal and interest and maintain paying agencies) if:

- the Issuer or the Guarantors have paid or caused to be paid in full the principal of and interest on all debt securities outstanding thereunder;
- the Issuer or the Guarantors shall have delivered to the Trustee for cancellation all debt securities outstanding theretofore authenticated; or
- all debt securities not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable in accordance with their terms within one year or (iii) are to be, or have been, called for redemption as described under “—Optional Redemption” within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and, in any such case, the Issuer or the Guarantors shall have irrevocably deposited with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such debt securities, (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than the due date of any payment, cash in U.S. dollars in an amount, or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest (and Additional Amounts, if any) on, all such debt securities not theretofore delivered to the Trustee for cancellation on the dates such payments are due in accordance with the terms of the debt securities and all other amounts payable under the Indenture by the Issuer.

“U.S. Government Obligations” means securities which are (i) direct obligations of the U.S. government or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government, the payment of which is unconditionally guaranteed by the U.S. government, which, in either case, are full faith and credit obligations of the U.S. government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof.

Covenant Defeasance

The Indenture also provides that the Issuer and the Guarantors need not comply with certain covenants of the Indenture (including those described under “—Certain Covenants—Limitation on Liens”), and the Guarantors shall be released from their obligations under the Guarantees, if:

- the Issuer (or the Guarantors) irrevocably deposit with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of such debt securities, (i) cash in U.S. dollars in an amount, or (ii) U.S. government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than one day before the due date of any payment cash in U.S. dollars in an amount, or (iii) any combination of (i) and (ii), sufficient to pay all the principal of, and interest on, the debt securities then outstanding on the dates such payments are due in accordance with the terms of the debt securities;
- certain events of default, or events which with notice or lapse of time or both would become such an event of default, shall not have occurred and be continuing on the date of such deposit;
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the debt securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would be the case if such Covenant Defeasance had not occurred;
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing in its jurisdiction of incorporation to the effect that such deposit and related Covenant Defeasance will not cause the Holders, other than Holders who are or who are deemed to be residents of such jurisdiction of incorporation or use or hold or are deemed to use or hold their

debt securities in carrying on a business in such jurisdiction of incorporation, to recognize income, gain or loss for income tax purposes in such jurisdiction of incorporation, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of such jurisdiction of incorporation or political subdivision thereof or therein having power to tax, except in the case of debt securities beneficially owned (i) by a person who is or is deemed to be a resident of such jurisdiction of incorporation or (ii) by a person who uses or holds or is deemed to use or hold such debt securities in carrying on a business in such jurisdiction of incorporation; and

- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an officers' certificate and an opinion of legal counsel of recognized standing, each stating that all conditions precedent provided for relating to such Covenant Defeasance have been complied with.

The effecting of these arrangements is also known as "Covenant Defeasance."

Guarantee

Each debt security will benefit from an unconditional, full and irrevocable guarantee by the Parent Guarantor. One or more of the following Subsidiary Guarantors, which are subsidiaries of the Parent Guarantor, may, along with the Parent Guarantor, jointly and severally guarantee the debt securities on a full, unconditional and irrevocable basis:

- BrandBrew S.A.;
- Cobrew NV/SA; and
- Anheuser-Busch Companies, Inc.

The Subsidiary Guarantors, if any, for any particular series of debt securities will be specified in the applicable prospectus supplement.

Each guarantee to be provided is referred to as a "**Guarantee**" and collectively, the "**Guarantees**;" the subsidiaries of the Parent Guarantor providing Guarantees are referred to as the "**Subsidiary Guarantors**" and the Parent Guarantor and Subsidiary Guarantors collectively are referred to as the "**Guarantors**."

All such Guarantees are set forth in the Indenture, or a supplement thereto. The Guarantees provided by several of the Guarantors will be subject to certain limitations set forth below under "—Guarantee Limitations."

Under the Guarantees, the Guarantors will guarantee to each Holder the due and punctual payment of any principal, accrued and unpaid interest (and all Additional Amounts, if any) due under the debt securities in accordance with the Indenture. Each Guarantor will also pay Additional Amounts (if any) in respect of payments under its Guarantee. The Guarantees will be the full, direct, unconditional, unsecured and unsubordinated general obligations of the Guarantors. The Guarantees will rank *pari passu* among themselves, without any preference of one over the other by reason of priority of date of issue or otherwise, and at least equally with all other unsecured and unsubordinated general obligations of the Guarantors from time to time outstanding.

Each of the Subsidiary Guarantors shall be entitled to terminate its Guarantee, and the Trustee shall execute a release and termination agreement effecting such termination, in the event that at the time its Guarantee of the debt securities is terminated, (i) the relevant Subsidiary Guarantor is released from its guarantee of the Issuer's 2008 Senior Facilities Agreement and the Issuer's 2010 Senior Facilities Agreement, or is no longer a guarantor under either facility and (ii) the aggregate amount of indebtedness for borrowed money for which the relevant Guarantor is an obligor (as a guarantor or borrower) does not exceed 10% of the consolidated gross assets of the Parent Guarantor as reflected in the balance sheet included in its most recent publicly released interim or annual consolidated financial statements. For purposes of this clause, the amount of a Guarantor's indebtedness for borrowed money shall not include (A) the debt securities (or the January Notes, the May Notes, October Notes or March Notes), (B) any other debt the terms of which permit the termination of the Guarantor's guarantee of such debt under similar circumstances, as long as such Guarantor's obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the debt securities, and (C) any debt that is being refinanced at substantially the same time that the Guarantee of the debt securities is being released, *provided* that any obligations of the Guarantor in respect of the debt that is incurred in the refinancing shall be included in the calculation of the Guarantor's indebtedness for borrowed money.

In addition, BrandBrew, whose guarantee is subject to certain limitations described below shall be entitled to terminate its Guarantee, and the Trustee shall execute a release and termination agreement effecting such termination, with respect to any or all series of the notes issued under the Indenture, in the event that BrandBrew determines that under the rules, regulations or interpretations of the SEC it would be required to include its financial statements in any registration statement filed with the SEC with respect to any series of notes or guarantees issued under the Indenture or in periodic reports filed with or furnished to the SEC (by reason of such limitations or otherwise). Furthermore, BrandBrew will be entitled to amend or modify by execution of an indenture supplemental to the Indenture the terms of its Guarantee or the limitations applicable to its Guarantee, as set forth below, in any respect reasonably deemed necessary by BrandBrew to meet the requirements of Rule 3-10 under Regulation S-X under the Securities Act (or any successor or similar regulation or exemption) in order for financial statements of such Subsidiary Guarantor not to be required to be included in any registration statement or in periodic reports filed with or furnished to the SEC.

Supplemental Information on Subsidiary Guarantors

BrandBrew S.A., whose Guarantees are subject to the limitations described below under “—Guarantee Limitations,” accounted for less than 1% of the total consolidated EBITDA, as defined, of AB InBev Group for the six month period ended 30 June 2010 and approximately 5% of the total consolidated debt of AB InBev Group as of 30 June 2010.

Guarantee Limitations

BrandBrew S.A.

Notwithstanding anything to the contrary in the Guarantee provided by BrandBrew S.A., the maximum aggregate liability of BrandBrew S.A. under its Guarantee and as a guarantor of the BrandBrew Guaranteed Facilities (excluding its Guarantee) shall not exceed an amount equal to the aggregate of (without double counting):

- (1) the aggregate amount of all moneys received by BrandBrew S.A. and the BrandBrew Subsidiaries as a borrower or issuer under the BrandBrew Guaranteed Facilities;
- (2) the aggregate amount of all outstanding intercompany loans made to BrandBrew S.A. and the BrandBrew Subsidiaries by other members of the AB InBev Group which have been directly or indirectly funded using the proceeds of borrowings under the BrandBrew Guaranteed Facilities; and
- (3) an amount equal to 100% of the greater of:
 - a. the sum of BrandBrew S.A.’s own capital (*capitaux propres*) and its subordinated debt (*dettes subordonnées*) (other than any subordinated debt already accounted for under (B) above) (both as referred to in article 34 of the Luxembourg law 19 December 2002 on the commercial register and annual accounts, as amended (the “**Law of 2002**”) as reflected in BrandBrew S.A.’s most recent annual accounts approved by the competent organ of BrandBrew S.A. (as audited by its *réviseur d’entreprises* (external auditor), if required by law); and
 - b. the sum of BrandBrew S.A.’s own capital (i) and its subordinated debt (*dettes subordonnées*) (both as referred to in article 34 of the Law of 2002) as reflected in its filed annual accounts available as of the date of its Guarantee.

For the avoidance of doubt, the limitation on the Guarantee provided by BrandBrew S.A. shall not apply to any Guarantee by BrandBrew S.A. of any obligations owed by the BrandBrew Subsidiaries under the BrandBrew Guaranteed Facilities.

In addition to the limitation referred to above in respect of the Guarantee provided by BrandBrew S.A., the obligations and liabilities of BrandBrew S.A. under the Guarantee provided by BrandBrew S.A. and under any of the BrandBrew Guaranteed Facilities shall not include any obligation which, if incurred, would constitute a breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended, to the extent such or an equivalent provision is applicable to BrandBrew S.A.

“BrandBrew Guaranteed Facilities” means: (i) the €2,500,000,000 syndicated credit facility agreement dated 8 December 2005 among the Parent Guarantor, Fortis Bank and others; (ii) the €150,000,000 facility agreement dated 13 May 2008 between the Parent Guarantor, Cobrew NV/SA and BNP Paribas as lender; (iii) the €150,000,000 facility agreement dated 20 June 2008 between, among others, the Parent Guarantor, Cobrew and The Royal Bank of Scotland plc as lender; (iv) the Existing Target Debt; (v) the USD 850,000,000 note purchase and guarantee agreement dated 22 October 2003 and entered into between, among others, the Parent Guarantor as issuer, Cobrew and BrandBrew; (vi) any notes issued by BrandBrew S.A. or the Parent Guarantor under the Programme; (vii) the 2008 Senior Facilities Agreement; (viii) the January Notes; (ix) the May Notes; (x) the October Notes; (xi) the March Notes; (xii) the 2010 Facilities Agreement; and (xiii) the debt securities, or any refinancing (in whole or part) of any of the above items for the same or a lower amount.

“BrandBrew Subsidiaries” means each entity of which BrandBrew S.A. has direct or indirect control or owns directly or indirectly more than 50% of the voting share capital or similar right of ownership; and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

“Existing Target Debt” means the following notes, debentures and bonds of Anheuser-Busch Companies, Inc.: (i) 6.450% Debentures due 1 September 2037; (ii) 5.50% Notes due 15 January 2018; (iii) 9.0% Debentures due 1 December 2009; (iv) 6.75% Debentures due 15 December 2027; (v) 6.50% Debentures due 1 January 2028; (vi) 5.75% Notes due 1 April 2010; (vii) 7.50% Notes due 15 March 2012; (viii) 7.55% Debentures due 1 October 2030; (ix) 6.80% Debentures due 15 January 2031; (x) 6.00% Notes due 15 April 2011; (xi) 6.80% Debentures due 20 August 2032; (xii) 5.625% Notes due 1 October 2010; (xiii) 6.00% Debentures due 1 November 2041; (xiv) 6.50% Debentures due 1 May 2042; (xv) 6.50% Debentures due 1 February 2043; (xvi) 4.375% Notes due 15 January 2013; (xvii) 5.95% Debentures due 15 January 2033; (xviii) 4.625% Notes due 1 February 2015; (xix) 4.50% Notes due 1 April 2018; (xx) 5.35% Notes due 15 May 2023; (xxi) 4.95% Notes due 15 January 2014; (xxii) 5.05% Notes due 15 October 2016; (xxiii) 5.00% Notes due 1 March 2019; (xxiv) 4.70% Notes due 15 April 2012; (xxv) 5.00% Notes due 15 January 2015; (xxvi) 5.491% Notes due 15 November 2017; (xxvii) 5.75% Debentures due 1 April 2036; (xxviii) 5.60% Notes due 1 March 2017; (xxix) Notes issued on 1 December 1989 by the Development Authority of Cartersville*; (xxx) Notes issued on 1 November 1990 by the Development Authority of Cartersville*; (xxxi) Notes issued on 1 May 1991 by The Industrial Development Authority of the City of St. Louis, Missouri*; (xxxii) Notes issued on 1 April 1997 by the Industrial Development Authority of the County of James City, Virginia*; (xxxiii) Notes issued on 1 April 1997 by the Development Authority of Cartersville*; (xxxiv) Notes issued on 1 August 1999 by the Ohio Water Development Agency*; (xxxv) Notes issued on 1 December 1999 by The Onondaga County Industrial Development Agency*; (xxxvi) Notes issued on 1 July 2000 by the Ohio Water Development Agency*; (xxxvii) Notes issued on 1 November 2001 by the Ohio Water Development Agency*; (xxxviii) Notes issued on 1 March 2002 by the Development Authority of Cartersville*; (xxxix) Notes issued on 1 April 2002 by the Gulf Coast Waste Disposal Authority*; (xl) Notes issued on 1 October 2002 by the City of Jonesboro, Arkansas*; (xli) Notes issued on 1 July 2006 by The Onondaga County Industrial Development Agency*; (xlii) Notes issued on 1 February 2007 by The Business Finance Authority of the State of New Hampshire*; (xliii) Notes issued on 1 February 2007 by the Jacksonville Economic Development Commission*; (xliv) Notes issued on 1 February 2007 by the City of Fort Collins, Colorado*; (xlv) Notes issued on 1 February 2007 by The Industrial Development Authority of the City of St. Louis, Missouri*; (xlvi) Notes issued on 1 February 2007 by the California Statewide Communities Development Authority*; (xlvii) Notes issued on 31 May 2007 by the New Jersey Economic Development Authority*; (xlviii) Notes issued on 1 August 2007 by the Development Authority of Cartersville*; and (xlix) Notes issued on 1 September 2007 by the California Enterprise Development Authority*.

* Anheuser-Busch Companies, Inc. has subsequently become the principal debtor in respect of the debt securities listed in sub-paragraphs (xxix) to (xlix).

“Programme” means the Euro Medium Term Note Programme established by BrandBrew S.A. and Anheuser-Busch InBev SA/NV, as issuers, in January 2009 and subsequently recommenced on 24 February 2010.

Certain Covenants

Limitation on Liens

So long as any of the debt securities remains outstanding, the Parent Guarantor will not, nor will it permit any Restricted Subsidiary to, create, assume, guarantee or suffer to exist any mortgage, pledge, security interest or lien (an "Encumbrance") on any of its Principal Plants or on any capital stock of any Restricted Subsidiary without effectively providing that the debt securities (together with, if the Parent Guarantor shall so determine, any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the debt securities and any other indebtedness of such Restricted Subsidiary then existing or thereafter created) shall be secured by the security for such secured indebtedness equally and ratably therewith, provided, however, the above limitation does not apply to:

- (a) purchase money liens, so long as such liens attach only to the assets so acquired and improvements thereon;
- (b) Encumbrances existing at the time of acquisition of property (including through merger or consolidation) or securing indebtedness the proceeds of which are used to pay or reimburse the Parent Guarantor or a Restricted Subsidiary for the cost of such property (provided such indebtedness is incurred within 180 days after such acquisition);
- (c) Encumbrances on property of a Restricted Subsidiary existing at the time it becomes a Restricted Subsidiary;
- (d) Encumbrances to secure the cost of development or construction of property, or improvements thereon, provided that the recourse of the creditors in respect of such indebtedness is limited to such property and improvements;
- (e) Encumbrances in connection with the acquisition or construction of Principal Plants or additions thereto financed by tax-exempt securities;
- (f) Encumbrances securing indebtedness owing to the Parent Guarantor or a Restricted Subsidiary by a Restricted Subsidiary;
- (g) Encumbrances existing at the date of the Indenture;
- (h) Encumbrances required in connection with state or local governmental programs which provide financial or tax benefits, provided the obligations secured are in lieu of or reduce an obligation that would have been secured by an Encumbrance permitted under the Indenture;
- (i) any Encumbrance arising by operation of law and not securing amounts more than ninety (90) days overdue or otherwise being contested in good faith;
- (j) judgment Encumbrances not giving rise to an event of default;
- (k) any Encumbrance incurred or deposits made in the ordinary course of business, including, but not limited to, (i) any mechanics', materialmen's, carriers', workmen's, vendors' or other like Encumbrances, (ii) any Encumbrances securing amounts in connection with workers' compensation, unemployment insurance and other types of social security, and (iii) any easements, rights-of-way, restrictions and other similar charges;
- (l) any Encumbrance upon specific items of inventory or other goods and proceeds of the Parent Guarantor or any Restricted Subsidiary securing the Parent Guarantor's or any such Restricted Subsidiary's obligations in respect of bankers' acceptances issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (m) any Encumbrance incurred or deposits made securing the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of like nature incurred in the ordinary course of business;

- (n) any Encumbrance on any Principal Plant of the Parent Guarantor or any Restricted Subsidiary in favor of the Federal Government of the United States or the government of any State thereof, or the government of the United Kingdom, or any state in the European Union, or any instrumentality of any of them, securing the obligations of the Parent Guarantor or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes;
- (o) any Encumbrance securing taxes or assessments or other applicable governmental charges or levies;
- (p) extensions, renewals or replacements of the Encumbrances referred to in clauses (a) through (o), provided that the amount of indebtedness secured by such extension, renewal or replacement shall not exceed the principal amount of indebtedness being extended, renewed or replaced, together with the amount of any premiums, fees, costs and expenses associated with such extension, renewal or replacement, nor shall the pledge, mortgage or lien be extended to any additional Principal Plant unless otherwise permitted under this covenant;
- (q) as permitted under the provisions described in the following two paragraphs herein; and
- (r) in connection with sale-leaseback transactions permitted under the Indenture.

Notwithstanding the provisions described in the immediately preceding paragraph, the Parent Guarantor or any Restricted Subsidiary may, without ratably securing the debt securities, create, assume, guarantee or suffer to exist any indebtedness which would otherwise be subject to such restrictions, and renew, extend or replace such indebtedness, provided that the aggregate amount of such indebtedness, when added to the fair market value of property transferred in certain sale and leaseback transactions permitted by the Indenture as described below under "Sale-Leaseback Financings" (computed without duplication of amount) does not at the time exceed 15% of Net Tangible Assets.

If the Parent Guarantor or any Restricted Subsidiary merges or consolidates with, or purchases all or substantially all of the assets of, another corporation, or the Parent Guarantor sells all or substantially all of its assets to another corporation, and if such other corporation has outstanding obligations secured by an Encumbrance which, by reason of an after-acquired property clause or similar provision, would extend to any Principal Plant owned by the Parent Guarantor or such Restricted Subsidiary immediately prior thereto, the Parent Guarantor or such Restricted Subsidiary, as the case may be, will in such event be deemed to have created an Encumbrance, within the prohibition of the covenant described above, unless (a) such merger or consolidation involving a Restricted Subsidiary constitutes a disposition by the Parent Guarantor of its interest in the Restricted Subsidiary or (b) (i) at or prior to the effective date of such merger, consolidation, sale or purchase, such Encumbrance shall be released of record or otherwise satisfied to the extent it would extend to such Principal Plant, (ii) prior thereto, the Parent Guarantor or such Restricted Subsidiary shall have created, as security for the debt securities (and, if the Parent Guarantor shall so determine, as security for any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the debt securities and any other indebtedness of such Restricted Subsidiary then existing or thereafter created), a valid Encumbrance which will rank equally and ratably with the Encumbrances of such other corporation on such Principal Plant of the Parent Guarantor or such Restricted Subsidiary, as the case may be, or (iii) such Encumbrance is otherwise permitted or complies with the Covenant described above.

In each instance referred to in the preceding paragraphs where the Parent Guarantor is obligated to provide security for the debt securities (except, for certain issues of indebtedness, in the case of transactions relating to stock of a Restricted Subsidiary), the Parent Guarantor would be required to provide comparable security for other outstanding indebtedness under the indentures and other agreements relating thereto.

Sale-Leaseback Transactions Relating to Principal Plants

- a. Except to the extent permitted under paragraph (c) below, and except for any transaction involving a lease for a temporary period, not to exceed three years, by the end of which it is intended that the use of the leased property by the Parent Guarantor or any Restricted Subsidiary will be discontinued and except for any transaction with a state or local authority that is required in connection with any program, law, statute or regulation that provides financial or tax benefits not available without such transaction, the Parent Guarantor shall not sell any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property and the Parent Guarantor will not permit any Restricted Subsidiary to sell to anyone other than the Parent Guarantor or a Restricted Subsidiary any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property unless:

- b. the net proceeds of such sale (including any purchase money mortgages received in connection with such sale) are at least equal to the fair market value (as determined by an officer of the Parent Guarantor) of such property and
- c. subject to paragraph (d) below, the Parent Guarantor shall, within 120 days after the transfer of title to such property (or, if the Parent Guarantor holds the net proceeds described below in cash or cash equivalents, within two years)
 - (i) purchase, and surrender to the Trustee for retirement as provided in this covenant, a principal amount of debt securities equal to the net proceeds derived from such sale (including the amount of any such purchase money mortgages), or
 - (ii) repay other pari passu indebtedness of the Parent Guarantor or any Restricted Subsidiary in an amount equal to such net proceeds, or
 - (iii) expend an amount equal to such net proceeds for the expansion, construction or acquisition of a Principal Plant, or
 - (iv) effect a combination of such purchases, repayments and plant expenditures in an amount equal to such net proceeds.
- d. At or prior to the date 120 days after a transfer of title to a Principal Plant which shall be subject to the requirements of this covenant, the Parent Guarantor shall furnish to the Trustee:
- e. an Officers' Certificate stating that paragraph (a) of this covenant has been complied with and setting forth in detail the manner of such compliance, which certificate shall contain information as to
 - (i) the amount of debt securities theretofore redeemed and the amount of debt securities theretofore purchased by the Parent Guarantor and cancelled by the Trustee and the amount of debt securities purchased by the Parent Guarantor and then being surrendered to the Trustee for cancellation,
 - (ii) the amount thereof previously credited under paragraph (d) below,
 - (iii) the amount thereof which it then elects to have credited on its obligation under paragraph (d) below, and
 - (iv) any amount of other indebtedness which the Parent Guarantor has repaid or will repay and of the expenditures which the Parent Guarantor has made or will make in compliance with its obligation under paragraph (a), and
- f. a deposit with the Trustee for cancellation of the debt securities then being surrendered as set forth in such certificate.
- g. Notwithstanding the restriction of paragraph (a) above, the Parent Guarantor and any one or more Restricted Subsidiaries may transfer property in sale-leaseback transactions which would otherwise be subject to such restriction if the aggregate amount of the fair market value of the property so transferred and not reacquired at such time, when added to the aggregate principal amount of indebtedness for borrowed money permitted by the last paragraph of the covenant described under "—Limitation on Liens" which shall be outstanding at the time (computed without duplication of the value of property transferred as provided in this paragraph (c)), does not at the time exceed 15% of Net Tangible Assets.

- h. The Parent Guarantor, at its option, shall be entitled to a credit, in respect of its obligation to purchase and retire debt securities under this covenant, for the principal amount of any debt securities deposited with the Trustee for the purpose and also for the principal amount of (i) any debt securities theretofore redeemed at the option of the Parent Guarantor and (ii) any debt securities previously purchased by the Parent Guarantor and cancelled by the Trustee, and in each case not theretofore applied as a credit under this paragraph (d) or as part of a sinking fund arrangement for the debt securities.
- i. For purposes of this covenant, the amount or the principal amount of debt securities which are issued with original issue discount shall be the principal amount of such debt securities that on the date of the purchase or redemption of such debt securities referred to in this covenant could be declared to be due and payable pursuant to the Indenture.

Additional Amounts

To the extent that any Guarantor is required to make payments in respect of the debt securities, such Guarantor will make all payments in respect of the debt securities without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of any jurisdiction in which such Guarantor is incorporated, organized or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax (the “Relevant Taxing Jurisdiction”) unless such withholding or deduction is required by law. Where a Guarantor is a Luxembourg resident, please refer to the section entitled “Tax Considerations—Luxembourg Taxation” for a description of tax consequences under Luxembourg law. In such event, such Guarantor will pay to the Holders such additional amounts (the “Additional Amounts”) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Guarantor from payment of principal or interest made by it;
- (b) are payable by reason of the Holder or beneficial owner having, or having had, some personal or business connection with such Relevant Taxing Jurisdiction and not merely by reason of the fact that payments in respect of the debt securities or the Guarantees are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Relevant Taxing Jurisdiction;
- (c) are imposed or withheld by reason of the failure of the Holder or beneficial owner to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder and beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice, as a precondition to exemption from, or a reduction in the rate of withholding or deduction of, such taxes;
- (d) consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes;
- (e) are imposed on or with respect to any payment by the applicable Guarantors to the registered Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such registered Holder been the sole beneficial owner of such debt security;
- (f) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income; (ii) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding;
- (g) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and written notice thereof is provided to the Holders, whichever occurs later;

- (h) are payable because any debt security was presented to a particular paying agent for payment if the debt security could have been presented to another paying agent without any such withholding or deduction; or
- (i) are payable for any combination of (a) through (h) above.

References to principal or interest in respect of the debt securities shall be deemed to include any Additional Amounts, which may be payable as set forth in the Indenture.

The preceding covenant regarding Additional Amounts will not apply to any Guarantor at any time when such Guarantor is incorporated in a jurisdiction in the United States; provided, however, that such covenant will apply to the Issuer at any time when it is incorporated in a jurisdiction outside of the United States. The prospectus supplement relating to the debt securities may describe additional circumstances in which the Guarantors would not be required to pay additional amounts.

Terms Applicable to the 8.200% Notes due 2039

The 8.20% Notes due 2039 (the “**2039 Notes**”) were issued under an indenture dated 16 October 2009 (as amended and supplemented, the “**Indenture**”, with respect to the 2039 Notes) among Anheuser-Busch InBev Worldwide Inc. (the “**Issuer**”, with respect to the 2039 Notes), Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), each of the subsidiary guarantors listed under “—Guarantees” below (the “**Subsidiary Guarantors**” and, together with the Parent Guarantor, the “**Guarantors**”, with respect to the 2039 Notes) and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). The following summaries of certain provisions of the 2039 Notes and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the 2039 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The 2039 Notes are limited to \$1,250,000,000 aggregate principal amount and will mature on 15 January 2039. The 2039 Notes are the direct, unconditional, unsecured and unsubordinated general obligations of the Issuer. The 2039 Notes will be senior unsecured obligations of the Issuer and will rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer.

The 2039 Notes will bear interest at a rate of 8.20% per annum from 15 January 2011 or the most recent interest payment date of the 8.20% Notes due 2039 issued by Anheuser-Busch InBev Worldwide Inc. in a private offering on 12 January 2009 (“**Old Notes**”) for which interest has been paid or duly provided, as applicable, payable semi-annually in arrears on 15 January and 15 July of each year, commencing on 15 July 2011, and until full repayment of the outstanding principal of the January Notes. Interest will be payable to the Holders of record at the close of business on 1 January and 1 July immediately preceding such interest payment date, whether or not such day is a Business Day (as defined above). Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The interest rates on the 2039 Notes will be subject to adjustment upon certain rating events as described under “—Interest Rate Adjustment Based on Rating Events.” The 2039 Notes will be repaid at maturity at a price equal to 100% of the principal amount thereof. Each series of 2039 Notes may be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” and “—Optional Tax Redemption.” The 2039 Notes will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The 2039 Notes do not provide for any sinking fund.

The term “**Business Day**” means any day other than a day on which commercial banks or foreign exchange markets are permitted or required to be closed in New York City, London or Brussels. If the date of maturity of interest on or principal of the 2039 Notes or the date fixed for redemption of any 2039 Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue as a result of the delayed payment.

Guarantees

Each 2039 Note will benefit from an unconditional, full and irrevocable guarantee by the Parent Guarantor. Each of the following companies, which are subsidiaries of the Parent Guarantor, will, along with the Parent Guarantor, jointly and severally guarantee the 2039 Notes on a full, unconditional and irrevocable basis:

- Brandbrew S.A.;
- Cobrew NV/SA; and
- Anheuser-Busch Companies, Inc.

Each guarantee to be provided is referred to as a “**Guarantee**” and collectively, the “**Guarantees**”; the subsidiaries of the Parent Guarantor providing Guarantees are referred to as the “**Subsidiary Guarantors**” and the Parent Guarantor and Subsidiary Guarantors collectively are referred to as the “**Guarantors**.”

All such Guarantees are set forth in the Indenture, or a supplement thereto. The Guarantees provided by certain of the Subsidiary Guarantors will be subject to certain limitations set forth below under “—Guarantee Limitations.”

Under the Guarantees, the Guarantors will guarantee to each Holder the due and punctual payment of any principal, accrued and unpaid interest (and all Additional Amounts, if any) due under the 2039 Notes in accordance with the Indenture. Each Guarantor will also pay Additional Amounts (if any) in respect of payments under its Guarantee. The Guarantees will be the full, direct, unconditional, unsecured and unsubordinated general obligations of the Guarantors. The Guarantees will rank *pari passu* among themselves, without any preference of one over the other by reason of priority of date of issue or otherwise, and at least equally with all other unsecured and unsubordinated general obligations of the Guarantors from time to time outstanding.

Each of the Guarantors other than the Parent Guarantor shall be entitled to terminate its Guarantee, and the Trustee shall execute a release and termination agreement effecting such termination, in the event that at the time its Guarantee of the 2039 Notes is terminated, (i) the relevant Guarantor is released from its guarantee of the Issuer’s 2010 Senior Facilities Agreement, or is no longer a guarantor under that facility and (ii) the aggregate amount of indebtedness for borrowed money for which the relevant Guarantor is an obligor (as a guarantor or borrower) does not exceed 10% of the consolidated gross assets of the Parent Guarantor as reflected in the balance sheet included in its most recent publicly released interim or annual consolidated financial statements. For purposes of this clause, the amount of a Guarantor’s indebtedness for borrowed money shall not include (A) the 2039 Notes (or the Old Notes, the October 2009 Notes or the March 2010 Notes), (B) any other debt the terms of which permit the termination of the Guarantor’s guarantee of such debt under similar circumstances, as long as such Guarantor’s obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the 2039 Notes, and (C) any debt that is being refinanced at substantially the same time that the Guarantee of the 2039 Notes is being released, *provided* that any obligations of the Guarantor in respect of the debt that is incurred in the refinancing shall be included in the calculation of the Guarantor’s indebtedness for borrowed money.

Prior Termination of Certain Subsidiary Guarantees

In addition to the Guarantees of the Subsidiary Guarantors, each Old Note was, at the time of issuance, guaranteed by certain other of our subsidiaries: InBev Belgium SA/NV, InBev France SAS, InBev Nederland N.V., Interbrew International B.V., Interbrew Central European Holding B.V., Sun Interbrew Limited, Nimbuspath Limited and AmBrew S.A. In May 2010, pursuant to the provisions of the Old Indenture, the guarantees of these subsidiaries were terminated and these subsidiaries ceased to be guarantors of the Old Notes. At the same time, the guarantees of these subsidiaries were also terminated under a significant portion of our outstanding long-term debt, including the October 2009 Notes, the March 2010 Notes and our 2010 Senior Facilities Agreement. As a result the Subsidiary Guarantors guaranteeing the 2039 Notes are the same entities currently guaranteeing the Old Notes.

Supplemental Information on Subsidiary Guarantors

Brandbrew S.A., whose Guarantees are subject to the limitations described below under “—Guarantee Limitations,” accounted for less than 1% of the total consolidated EBITDA, as defined, of AB InBev Group for the six month period ended 30 June 2010 and approximately 5% of the total consolidated debt of AB InBev Group as of 30 June 2010.

Guarantee Limitations

Brandbrew S.A.

Notwithstanding anything to the contrary in the Guarantee provided by Brandbrew S.A., the maximum aggregate liability of Brandbrew S.A. under its Guarantee and as a guarantor of the Brandbrew Guaranteed Facilities (excluding its Guarantee) shall not exceed an amount equal to the aggregate of (without double counting):

- (1) the aggregate amount of all moneys received by Brandbrew S.A. and the Brandbrew Subsidiaries as a borrower or issuer under the Brandbrew Guaranteed Facilities;
- (2) the aggregate amount of all outstanding intercompany loans made to Brandbrew S.A. and the Brandbrew Subsidiaries by other members of the AB InBev Group which have been directly or indirectly funded using the proceeds of borrowings under the Brandbrew Guaranteed Facilities; and
- (3) an amount equal to 100% of the greater of:
 - a. the sum of Brandbrew S.A.’s own capital (*capitaux propres*) and its subordinated debt (*dettes subordonnées*) (other than any subordinated debt already accounted for under (B) above) (both as referred to in article 34 of the Law of 2002) as reflected in Brandbrew S.A.’s most recent annual accounts approved by the competent organ of Brandbrew S.A. (as audited by its *réviseur d’entreprises* (external auditor), if required by law); and
 - b. the sum of Brandbrew S.A.’s own capital (i) and its subordinated debt (both as referred to in article 34 of the Law of 2002) as reflected in its filed annual accounts available as of the date of its Guarantee.

For the avoidance of doubt, the limitation on the Guarantee provided by Brandbrew S.A. shall not apply to any Guarantee by Brandbrew S.A. of any obligations owed by the Brandbrew Subsidiaries under the Brandbrew Guaranteed Facilities.

In addition to the limitation referred to above in respect of the Guarantee provided by Brandbrew S.A., the obligations and liabilities of Brandbrew S.A. under the Guarantee provided by Brandbrew S.A. and under any of the Brandbrew Guaranteed Facilities shall not include any obligation which, if incurred, would constitute a breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended, to the extent such or an equivalent provision is applicable to Brandbrew S.A.

“**Brandbrew Guaranteed Facilities**” means: (i) the €2,500,000,000 syndicated credit facility agreement dated 8 December 2005 among the Parent Guarantor, Fortis Bank and others; (ii) the €150,000,000 facility agreement dated 13 May 2008 between the Parent Guarantor, Cobrew NV/SA and BNP Paribas as lender; (iii) the €150,000,000 facility agreement dated 20 June 2008 between, among others, the Parent Guarantor, Cobrew and The Royal Bank of Scotland plc as lender; (iv) the Existing Target Debt; (v) the USD 850,000,000 note purchase and guarantee agreement dated 22 October 2003 and entered into between, among others, the Parent Guarantor as issuer, Cobrew and Brandbrew; (vi) any notes issued by Brandbrew S.A. or the Parent Guarantor under the Programme; (vii) the 2008 Senior Facilities Agreement; (viii) the Old Notes; (ix) the October 2009 Notes; (x) the March 2010 Notes; (xi) the 2010 Senior Facilities Agreement; and (xiii) the 2039 Notes, or any refinancing (in whole or part) of any of the above items for the same or a lower amount.

“**Brandbrew Subsidiaries**” means each entity of which Brandbrew S.A. has direct or indirect control or owns directly or indirectly more than 50% of the voting share capital or similar right of ownership; and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

“**Existing Target Debt**” means the following notes, debentures and bonds of Anheuser-Busch Companies, Inc.: (i) 6.450% Debentures due 1 September 2037; (ii) 5.50% Notes due 15 January 2018; (iii) 9.0% Debentures due 1 December 2009; (iv) 6.75% Debentures due 15 December 2027; (v) 6.50% Debentures due 1 January 2028;

(vi) 5.75% Notes due 1 April 2010; (vii) 7.50% Notes due 15 March 2012; (viii) 7.55% Debentures due 1 October 2030; (ix) 6.80% Debentures due 15 January 2031; (x) 6.00% Notes due 15 April 2011; (xi) 6.80% Debentures due 20 August 2032; (xii) 5.625% Notes due 1 October 2010; (xiii) 6.00% Debentures due 1 November 2041; (xiv) 6.50% Debentures due 1 May 2042; (xv) 6.50% Debentures due 1 February 2043; (xvi) 4.375% Notes due 15 January 2013; (xvii) 5.95% Debentures due 15 January 2033; (xviii) 4.625% Notes due 1 February 2015; (xix) 4.50% Notes due 1 April 2018; (xx) 5.35% Notes due 15 May 2023; (xxi) 4.95% Notes due 15 January 2014; (xxii) 5.05% Notes due 15 October 2016; (xxiii) 5.00% Notes due 1 March 2019; (xxiv) 4.70% Notes due 15 April 2012; (xxv) 5.00% Notes due 15 January 2015; (xxvi) 5.491% Notes due 15 November 2017; (xxvii) 5.75% Debentures due 1 April 2036; (xxviii) 5.60% Notes due 1 March 2017; (xxix) Notes issued on 1 December 1989 by the Development Authority of Cartersville*; (xxx) Notes issued on 1 November 1990 by the Development Authority of Cartersville*; (xxxi) Notes issued on 1 May 1991 by The Industrial Development Authority of the City of St. Louis, Missouri*; (xxxii) Notes issued on 1 April 1997 by the Industrial Development Authority of the County of James City, Virginia*; (xxxiii) Notes issued on 1 April 1997 by the Development Authority of Cartersville*; (xxxiv) Notes issued on 1 August 1999 by the Ohio Water Development Agency*; (xxxv) Notes issued on 1 December 1999 by The Onondaga County Industrial Development Agency*; (xxxvi) Notes issued on 1 July 2000 by the Ohio Water Development Agency*; (xxxvii) Notes issued on 1 November 2001 by the Ohio Water Development Agency*; (xxxviii) Notes issued on 1 March 2002 by the Development Authority of Cartersville*; (xxxix) Notes issued on 1 April 2002 by the Gulf Coast Waste Disposal Authority*; (xl) Notes issued on 1 October 2002 by the City of Jonesboro, Arkansas*; (xli) Notes issued on 1 July 2006 by The Onondaga County Industrial Development Agency*; (xlii) Notes issued on 1 February 2007 by The Business Finance Authority of the State of New Hampshire*; (xliii) Notes issued on 1 February 2007 by the Jacksonville Economic Development Commission*; (xliv) Notes issued on 1 February 2007 by the City of Fort Collins, Colorado*; (xlv) Notes issued on 1 February 2007 by The Industrial Development Authority of the City of St. Louis, Missouri*; (xlvi) Notes issued on 1 February 2007 by the California Statewide Communities Development Authority*; (xlvii) Notes issued on 31 May 2007 by the New Jersey Economic Development Authority*; (xlviii) Notes issued on 1 August 2007 by the Development Authority of Cartersville*; and (xlix) Notes issued on 1 September 2007 by the California Enterprise Development Authority*.

* Anheuser-Busch Companies, Inc. has subsequently become the principal debtor in respect of the notes listed in sub-paragraphs (xxix) to (xlix).

“**Programme**” means the Euro Medium-Term Note Programme established by Brandbrew S.A. and Anheuser-Busch InBev SA/NV, as issuers, in January 2009 and subsequently recommenced on 24 February 2010.

Optional Redemption

The Issuer may, at its option, redeem any series of 2039 Notes as a whole or in part at any time upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the 2039 Notes to be redeemed; and
- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the 2039 Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 80 basis points in the case of the 2039 Notes;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) such redemption date.

“**Treasury Rate**” means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. treasury securities adjusted to constant maturity under the caption “Treasury constant maturities—Nominal,” for the maturity corresponding to the applicable Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the related 2039 Notes, yields for the two published maturities most closely corresponding to the applicable Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or

- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated using a price for such Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the related Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third Business Day preceding such redemption date.

“Comparable Treasury Issue” means the U.S. Treasury security (not inflation-indexed) selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the 2039 Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2039 Notes.

“Comparable Treasury Price” means, with respect to a redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means Banc of America Securities LLC, Barclays Capital Inc., BNP Paribas Securities Corp., J.P. Morgan Securities Inc., or Deutsche Bank Securities Inc., as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

“Reference Treasury Dealer” means (i) Banc of America Securities LLC, Barclays Capital Inc., BNP Paribas Securities Corp., J.P. Morgan Securities Inc., and Deutsche Bank Securities Inc. and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in The City of New York (a **“Primary Treasury Dealer”**), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Unless the Issuer (and/or the Guarantors) defaults on payment of the redemption price, from and after the redemption date interest will cease to accrue on the 2039 Notes or portions thereof called for redemption. On the redemption date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in the Indenture) money sufficient to pay the redemption price of and accrued interest on the 2039 Notes to be redeemed on such date. If fewer than all of the 2039 Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular 2039 Notes of such series or portions thereof for redemption from the 2039 Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate.

Optional Tax Redemption

Each series of 2039 Notes may be redeemed at any time, at the Issuer’s or the Parent Guarantor’s option, as a whole, but not in part, upon not less than 30 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount of the 2039 Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts, if any) to (but excluding) the redemption date, if (i) any change in, or amendment to, the laws, treaties, regulations or rulings of a Relevant Taxing Jurisdiction (as defined below) or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after the issue date (any such change or amendment, a **“Change in Tax Law”**), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to such series of 2039 Notes and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described below under **“—Additional Amounts”**; *provided, however*, that any series of 2039 Notes may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under such 2039 Notes to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognized standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the 2039 Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Holders' Option to Require Repayment Upon a Change in Control

The following provisions (the “**Change in Control Clause**”) will not be effective unless and until they are approved by a resolution of the general meeting of shareholders of the Parent Guarantor. The Parent Guarantor will procure that a resolution to approve the Change in Control Clause is put to shareholders of the Parent Guarantor at the first annual general meeting after 1 May 2010, and at each successive annual general meeting of the Parent Guarantor thereafter until such a resolution is passed and, immediately following approval of such a resolution, will file a copy thereof with the Clerk of the Commercial Court of Brussels (“*greffe du tribunal de commerce/griffie van de rechtbank van koophandel*”). The Parent Guarantor will notify the Trustee promptly after the shareholder meeting of the results of the vote on the proposed resolution.

If the general meeting of shareholders of the Parent Guarantor has not approved a Change in Control Clause substantially in the form described below by the date that is 18 months following the initial issue date of the 2039 Notes, as applicable, the interest rate relating to such series of 2039 Notes will increase by 0.25% with effect from the next following day until the date that the Parent Guarantor notifies the Trustee that a Change in Control Clause benefiting Holders substantially in the form described below has been approved (or unless and until such approval is no longer required in order for the Change in Control Clause to be effective), following which the interest rate relating to such series of 2039 Notes will decrease by the same amount.

In the event that (a) a Change of Control occurs, and (b) within the Change of Control Period, a Ratings Downgrade in respect of that Change of Control occurs with respect to a series of 2039 Notes (an “**Early Redemption Event**”):

- (i) the Issuer will (A) within 30 days after becoming aware of the Early Redemption Event, provide written notice thereof to the Holders of the 2039 Notes of such series, and (B) determine and provide written notice of the effective date for the purposes of early repayment (the “**Effective Date**”). The Effective Date must be a Business Day not less than 60 and not more than 90 days after the giving of the notice regarding the Early Redemption Event pursuant to subparagraph (i)(A); and
- (ii) any Holder of the 2039 Notes of such series may, by submitting a redemption notice (the “**Early Redemption Notice**”), demand from the Issuer repayment as of the Effective Date of any (in integral multiples of \$1,000 provided that the unrepurchased portion must be in principal amount of at least \$2,000) or all of its 2039 Notes which have not otherwise been declared due for early redemption, at a repurchase price in cash of 101% of their principal amount plus interest accrued until (but excluding) the Effective Date (and all Additional Amounts, if any).

Any Early Redemption Notice shall be made in writing in English and shall be delivered by hand, registered mail or facsimile transmission to the Trustee not less than 30 days prior to the Effective Date at its specified office. The Early Redemption Notice must be accompanied by evidence showing that the relevant Holder is the Holder of the relevant 2039 Note(s) at the time the Early Redemption Notice is delivered. Such evidence may be provided in the form of a certificate issued by any custodian or in any other suitable manner. Early Redemption Notices shall be irrevocable.

The Issuer will not be required to redeem the 2039 Notes under this clause following an Early Redemption Event if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Issuer and such third party purchases all the 2039 Notes properly tendered and not withdrawn under its offer. The Issuer will also not be required to redeem the 2039 Notes of a particular series under this clause if it has exercised its right to redeem the 2039 Notes of such series in full as described above or has defeased the 2039 Notes as described below.

A **“Change of Control”** means any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the Parent Guarantor; *provided* that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the Parent Guarantor with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the Parent Guarantor.

“Acting in concert” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the Parent Guarantor by any of them, either directly or indirectly, to obtain Control of the Parent Guarantor. “Stichting Anheuser-Busch InBev” means the company incorporated under the laws of The Netherlands under registered number 34144185 with registered address at Hofplein 20, 3032AC, Rotterdam, The Netherlands, and its successors.

“Change of Control Announcement” for these purposes means the public announcement by the Parent Guarantor or any actual purchaser relating to a Change of Control.

The **“Change of Control Period”** shall commence on the date of the Change of Control Announcement, but not later than on the date of the Change of Control, and shall end 60 days after the Change of Control (which period shall be extended with respect to a rating agency so long as the rating of the relevant 2039 Notes is under publicly announced consideration for possible downgrade by that rating agency, such extension not to exceed 60 days after the public announcement of such consideration).

“Control” in relation to any entity means either the direct or indirect ownership of more than 50% of the share capital or similar rights of ownership of the entity or the power to direct the management and the policies of the entity whether through the ownership of share capital, contract or otherwise.

A **“Ratings Downgrade”** shall occur if any two solicited credit ratings for the Parent Guarantor’s long-term unsecured debt fall below investment grade or if all three Rating Agencies (as defined below) cease to assign (other than temporarily) a credit rating to the Parent Guarantor. A credit rating below investment grade shall mean, in relation to Standard & Poor’s Rating Services, a rating of BB+ or below, in relation to Moody’s Investor Services Inc., a rating of Ba1 or below, in relation to Fitch, Inc. a rating of BB+ or below and, where another “nationally recognized statistical rating agency” has been designated by the Parent Guarantor, a comparable rating. A Ratings Downgrade shall not occur with respect to a particular Rating Agency in respect of a Change of Control unless the Rating Agency downgrading the Parent Guarantor announces or publicly confirms or informs the Parent Guarantor in writing at its request that the downgrade was the result, in whole or in part, of the applicable Change of Control. If one or more Rating Agencies issues an improved credit rating for the Parent Guarantor prior to the Effective Date so that the circumstances giving rise to the Ratings Downgrade terminate, then the Ratings Downgrade shall be deemed not to have occurred and the Holders shall have no right to demand redemption of their 2039 Notes under this clause.

“Rating Agencies” shall mean each of Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., Fitch, Inc., or Moody’s Investors Services, Inc., their respective successors, or any other nationally recognized statistical rating agency designated by the Parent Guarantor.

If, as a result of this clause, Holders submit Early Redemption Notices in respect of at least 85% of the aggregate principal amount of a series of the 2039 Notes outstanding, the Issuer will have the ability by notice to the Trustee to redeem the entire outstanding principal amount of such series of 2039 Notes on the Effective Date at the same price as for the 2039 Notes being redeemed under this clause. Such notice shall be irrevocable and shall be given to the Trustee no later than 15 days prior to the Effective Date. Notice of such redemption shall be given by the Issuer to the Holders of the 2039 Notes of the relevant series in accordance with the Indenture, or at the Issuer’s request, by the Trustee, in each case as soon as practicable after receipt by the Trustee of the foregoing notice from the Issuer.

Interest Rate Adjustment Based on Rating Events

The interest rate payable on a series of 2039 Notes will be subject to adjustment from time to time if any of the three Rating Agencies downgrades (or subsequently upgrades) its rating assigned to that series of 2039 Notes, as set forth below.

If the debt rating on a series of 2039 Notes from any one or more of the three Ratings Agencies is decreased to a rating set forth in the table below, the interest rate on that series of 2039 Notes will increase from the interest rate otherwise payable on the original issue date by the sum of the rates set forth in the table below opposite that rating level (calculated per agency), *provided* that, at no time shall the interest rate on any series increase by more than 2.00%, irrespective of ratings, from the original interest rate effective as of the date of issuance of such notes; *provided, further* that only the two lowest ratings assigned to a series of 2039 Notes will be taken into account for purposes of any interest rate adjustment.

<u>S&P/Fitch</u>	<u>Moody's</u>	<u>Adjustment from Original Interest Rate (per Rating Agency)</u>
BB+	Ba1	.25%
BB	Ba2	.50%
BB-	Ba3	.75%
B+	B1	1.00%
B	B2	1.25%
B-	B3	1.50%
CCC+	Caa	1.75%
CCC	Ca	2.00%

If at any time the interest rate on a series of 2039 Notes has been increased as a result of a ratings downgrade by a Rating Agency and such Rating Agency subsequently increases its rating of that series to any of the ratings set forth in the table above, the interest rate on that series will be decreased to the interest rate otherwise payable on that series on the date of the issuance of such notes plus the sum of the applicable interest rates set forth opposite the ratings in the table above. If any of the Rating Agencies subsequently increases its rating of a series of 2039 Notes to better than BB+/Ba1 or its equivalent, the adjustment from the original interest rate attributable to that Rating Agency shall no longer apply, and unless one or more other Rating Agencies rates that series BB+/Ba1 or lower, the interest rate shall revert to the interest rate payable on that series at the date of their issuance.

If at any time during the term of the 2039 Notes, any series is rated A-/A3 or above by any two of the Rating Agencies, the provisions described under this "Interest Rate Adjustment Based on Ratings Event" section will cease to apply to such series and the effective interest rate on such series at original issuance will remain in effect until the maturity or redemption of that series.

Any interest rate increase or decrease described above will take effect from the first Business Day of the interest period during which a rating change requiring an adjustment in the interest rate occurs. If any Rating Agency changes its rating of a series more than once during any particular interest period, the last such change to occur will control in the event of a conflict. For purposes of this section, the term "interest period" shall mean the period from and including an interest payment date to and excluding the next succeeding interest payment date, or in connection with the first interest period, the period from and including the issue date of relevant notes to and excluding the first interest payment date.

Modifications and Amendment

The Issuer, the Guarantors and the Trustee may execute agreements adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental agreement or modifying in any manner the rights of the Holders under the 2039 Notes or the Guarantees only with the consent of the Holders of not less than a majority in aggregate principal amount of the notes then outstanding (irrespective of

series) that would be affected by the proposed modification or amendment; *provided* that no such agreement shall (a) change the maturity of the principal of, or any installment of interest on, any 2039 Note, or reduce the principal amount or the interest thereof, or extend the time of payment of any installment of interest thereon, or change the currency of payment of principal of, or interest on, any 2039 Note, or change the Issuer's or a Guarantor's obligation to pay Additional Amounts, impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption on or after the redemption date) or change in any manner adverse to the interests of the Holders the terms and provisions of the Guarantees in respect of the due and punctual payment of principal amount of the 2039 Notes then outstanding plus accrued and unpaid interest (and all Additional Amounts, if any) without the consent of the Holder of each 2039 Note so affected; or (b) reduce the aforesaid percentage of notes, the consent of the Holders of which is required for any such agreement, without the consent of all of the Holders of the affected series of the notes then outstanding. To the extent that any changes directly affect fewer than all the series of the notes issued under the Indenture, only the consent of the Holders of notes of the relevant series (in the respective percentages set forth above) will be required.

The Issuer, the Guarantors and the Trustee may, without the consent of the Holders, from time to time execute agreements or amendments or enter into an indenture or indentures supplemental thereto (including in respect of one series of notes only) for one or more of the following purposes:

- to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for the 2039 Notes;
- to evidence the succession of another person to the Issuer or any Guarantors, or successive successions, and the assumption by the successor person of the covenants of the Issuer or any of the Guarantors, pursuant to the Indenture and the 2039 Notes;
- to evidence and provide for the acceptance of appointment of a successor or successors to the Trustee in any of its capacities and to add to or change any of the provisions of the Indenture to facilitate the administration of the trusts created thereunder by more than one trustee;
- to add to the covenants of the Issuer or the Guarantors, for the benefit of the holders of all or any series of the notes issued under the Indenture, or to surrender any rights or powers conferred on the Issuer or the Guarantors in the Indenture;
- to add any additional events of default for the benefit of the Holders of all or any series of 2039 Notes (and if such additional events of default are to be for the benefit of less than all series of Holders, stating that such additional events of default are expressly being included solely for the benefit of such series);
- to add to, change or eliminate any of the provisions of the Indenture in respect of one or more series of 2039 Notes, provided that any such addition, change or elimination (A) shall neither (i) apply to any 2039 Note of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such 2039 Note with respect to such provision or (B) shall become effective only when there is no such 2039 Note outstanding;
- to modify the restrictions on and procedures for, resale and other transfers of the 2039 Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to provide for the issues of securities in exchange for one or more series of outstanding debt securities;
- to provide for the issuance and terms of any particular series of securities, the rights and obligations of the Guarantors and the holders of the securities of such series, the form or forms of the securities of such series and such other matters in connection therewith as the Issuer and the Guarantors shall consider appropriate, including, without limitation, provisions for (a) additional or different covenants, restrictions or conditions applicable to such series, (b) additional or different events of default in respect of such series, (c) a longer or shorter period of grace and/or notice in respect of any provision applicable to such series than is otherwise provided, (d) immediate enforcement of any event of default in respect of such series or (e) limitations upon the remedies available in respect of any events of default in respect of such series or upon the rights of the holders of securities of such series to waive any such event of default;

- (a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, any series of 2039 Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement, (b) to eliminate any conflict between the terms thereof and the Trust Indenture Act or (c) to make such other provision in regard to matters or questions arising under the Indenture or under any supplemental agreement as the Issuer may deem necessary or desirable and which will not adversely affect the interests of the Holders to which such provision relates in any material respect;
- to “reopen” the 2039 Notes of any series and create and issue additional 2039 Notes having identical terms and conditions as the 2039 Notes of such series (or in all respects except for the issue date, issue price, first interest accrual date and first interest payment date) so that the additional notes are consolidated and form a single series with the outstanding 2039 Notes;
- to add any Subsidiary of the Parent Guarantor as a Guarantor with respect to any series of notes, subject to applicable regulatory or contractual limitations relating to such subsidiary’s Guarantee;
- to provide for the release and termination of any Subsidiary Guarantor’s Guarantee in the circumstances described under “—Guarantees” above;
- to provide for any amendment, modification or alteration of any Subsidiary Guarantor’s Guarantee and the limitations applicable thereto in the circumstances described under “—Guarantees” above; or
- to make any other change that does not materially adversely affect the interests of the holders of the series of notes affected thereby.

Certain Covenants

Limitation on Liens

So long as any of the 2039 Notes remains outstanding, the Parent Guarantor will not, nor will it permit any Restricted Subsidiary to, create, assume, guarantee or suffer to exist any mortgage, pledge, security interest or lien (an “**Encumbrance**”) on any of its Principal Plants or on any capital stock of any Restricted Subsidiary without effectively providing that the 2039 Notes (together with, if the Parent Guarantor shall so determine, any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the 2039 Notes and any other indebtedness of such Restricted Subsidiary then existing or thereafter created) shall be secured by the security for such secured indebtedness equally and ratably therewith, *provided, however*, the above limitation does not apply to:

- (a) purchase money liens, so long as such liens attach only to the assets so acquired and improvements thereon;
- (b) Encumbrances existing at the time of acquisition of property (including through merger or consolidation) or securing indebtedness the proceeds of which are used to pay or reimburse the Parent Guarantor or a Restricted Subsidiary for the cost of such property (provided such indebtedness is incurred within 180 days after such acquisition);
- (c) Encumbrances on property of a Restricted Subsidiary existing at the time it becomes a Restricted Subsidiary;
- (d) Encumbrances to secure the cost of development or construction of property, or improvements thereon, *provided* that the recourse of the creditors in respect of such indebtedness is limited to such property and improvements;
- (e) Encumbrances in connection with the acquisition or construction of Principal Plants or additions thereto financed by tax-exempt securities;
- (f) Encumbrances securing indebtedness owing to the Parent Guarantor or a Restricted Subsidiary by a Restricted Subsidiary;
- (g) Encumbrances existing at the date of the Indenture;
- (h) Encumbrances required in connection with state or local governmental programs which provide financial or tax benefits, *provided* the obligations secured are in lieu of or reduce an obligation that would have been secured by an Encumbrance permitted under the Indenture;

- (i) any Encumbrance arising by operation of law and not securing amounts more than ninety (90) days overdue or otherwise being contested in good faith;
- (j) judgment Encumbrances not giving rise to an event of default;
- (k) any Encumbrance incurred or deposits made in the ordinary course of business, including, but not limited to, (i) any mechanics', materialmen's, carriers', workmen's, vendors' or other like Encumbrances, (ii) any Encumbrances securing amounts in connection with workers' compensation, unemployment insurance and other types of social security, and (iii) any easements, rights-of-way, restrictions and other similar charges;
- (l) any Encumbrance upon specific items of inventory or other goods and proceeds of the Parent Guarantor or any Restricted Subsidiary securing the Parent Guarantor's or any such Restricted Subsidiary's obligations in respect of bankers' acceptances issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (m) any Encumbrance incurred or deposits made securing the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of like nature incurred in the ordinary course of business;
- (n) any Encumbrance on any Principal Plant of the Parent Guarantor or any Restricted Subsidiary in favor of the Federal Government of the United States or the government of any State thereof, or the government of the United Kingdom, or any state in the European Union, or any instrumentality of any of them, securing the obligations of the Parent Guarantor or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes;
- (o) any Encumbrance securing taxes or assessments or other applicable governmental charges or levies;
- (p) extensions, renewals or replacements of the Encumbrances referred to in clauses (a) through (o), *provided* that the amount of indebtedness secured by such extension, renewal or replacement shall not exceed the principal amount of indebtedness being extended, renewed or replaced, together with the amount of any premiums, fees, costs and expenses associated with such extension, renewal or replacement, nor shall the pledge, mortgage or lien be extended to any additional Principal Plant unless otherwise permitted under this covenant;
- (q) as permitted under the provisions described in the following two paragraphs herein; and
- (r) in connection with sale-leaseback transactions permitted under the Indenture.

Notwithstanding the provisions described in the immediately preceding paragraph, the Parent Guarantor or any Restricted Subsidiary may, without ratably securing the 2039 Notes, create, assume, guarantee or suffer to exist any indebtedness which would otherwise be subject to such restrictions, and renew, extend or replace such indebtedness, *provided* that the aggregate amount of such indebtedness, when added to the fair market value of property transferred in certain sale and leaseback transactions permitted by the Indenture as described below under "Sale-Leaseback Financings" (computed without duplication of amount) does not at the time exceed 15% of Net-Tangible Assets.

If the Parent Guarantor or any Restricted Subsidiary merges or consolidates with, or purchases all or substantially all of the assets of, another corporation, or the Parent Guarantor sells all or substantially all of its assets to another corporation, and if such other corporation has outstanding obligations secured by an Encumbrance which, by reason of an after-acquired property clause or similar provision, would extend to any Principal Plant owned by the Parent Guarantor or such Restricted Subsidiary immediately prior thereto, the Parent Guarantor or such Restricted Subsidiary, as the case may be, will in such event be deemed to have created an Encumbrance, within the prohibition of the covenant described above, unless (a) such merger or consolidation involving a Restricted Subsidiary constitutes a disposition by the Parent Guarantor of its interest in the Restricted Subsidiary or (b) (i) at or prior to the effective date of such merger, consolidation, sale or purchase, such Encumbrance shall be released of record or otherwise satisfied to the extent it would extend to such Principal Plant, (ii) prior thereto, the Parent Guarantor or such Restricted Subsidiary shall have created, as security for the 2039 Notes (and, if the Parent Guarantor shall so determine, as security for any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the 2039 Notes and any other indebtedness of such Restricted Subsidiary then existing or thereafter created), a valid Encumbrance which will rank equally and ratably with the Encumbrances of such other corporation on such Principal Plant of the Parent Guarantor or such Restricted Subsidiary, as the case may be, or (iii) such Encumbrance is otherwise permitted or complies with the Covenant described above.

In each instance referred to in the preceding paragraphs where the Parent Guarantor is obligated to provide security for the 2039 Notes (except, for certain issues of indebtedness, in the case of transactions relating to stock of a Restricted Subsidiary), the Parent Guarantor would be required to provide comparable security for other outstanding indebtedness under the Indenture and other agreements relating thereto.

Sale-Leaseback Transactions Relating to Principal Plants

- (a) Except to the extent permitted under paragraph (c) below, and except for any transaction involving a lease for a temporary period, not to exceed three years, by the end of which it is intended that the use of the leased property by the Parent Guarantor or any Restricted Subsidiary will be discontinued and except for any transaction with a state or local authority that is required in connection with any program, law, statute or regulation that provides financial or tax benefits not available without such transaction, the Parent Guarantor shall not sell any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property and the Parent Guarantor will not permit any Restricted Subsidiary to sell to anyone other than the Parent Guarantor or a Restricted Subsidiary any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property unless:
 - (i) the net proceeds of such sale (including any purchase money mortgages received in connection with such sale) are at least equal to the fair market value (as determined by an officer of the Parent Guarantor) of such property and
 - (ii) subject to paragraph (d) below, the Parent Guarantor shall, within 120 days after the transfer of title to such property (or, if the Parent Guarantor holds the net proceeds described below in cash or cash equivalents, within two years)
 - (A) purchase, and surrender to the Trustee for retirement as provided in this covenant, a principal amount of 2039 Notes equal to the net proceeds derived from such sale (including the amount of any such purchase money mortgages), or
 - (B) repay other *pari passu* indebtedness of the Parent Guarantor or any Restricted Subsidiary in an amount equal to such net proceeds, or
 - (C) expend an amount equal to such net proceeds for the expansion, construction or acquisition of a Principal Plant, or
 - (D) effect a combination of such purchases, repayments and plant expenditures in an amount equal to such net proceeds.
- (b) At or prior to the date 120 days after a transfer of title to a Principal Plant which shall be subject to the requirements of this covenant, the Parent Guarantor shall furnish to the Trustee:
 - (i) an Officers' Certificate stating that paragraph (a) of this covenant has been complied with and setting forth in detail the manner of such compliance, which certificate shall contain information as to
 - (A) the amount of 2039 Notes theretofore redeemed and the amount of 2039 Notes theretofore purchased by the Parent Guarantor and cancelled by the Trustee and the amount of 2039 Notes purchased by the Parent Guarantor and then being surrendered to the Trustee for cancellation,
 - (B) the amount thereof previously credited under paragraph (d) below,
 - (C) the amount thereof which it then elects to have credited on its obligation under paragraph (d) below, and
 - (D) any amount of other indebtedness which the Parent Guarantor has repaid or will repay and of the expenditures which the Parent Guarantor has made or will make in compliance with its obligation under paragraph (a), and

- (ii) a deposit with the Trustee for cancellation of the 2039 Notes then being surrendered as set forth in such certificate.
- (c) Notwithstanding the restriction of paragraph (a) above, the Parent Guarantor and any one or more Restricted Subsidiaries may transfer property in sale-leaseback transactions which would otherwise be subject to such restriction if the aggregate amount of the fair market value of the property so transferred and not reacquired at such time, when added to the aggregate principal amount of indebtedness for borrowed money permitted by the last paragraph of the covenant described under “—Limitation on Liens” which shall be outstanding at the time (computed without duplication of the value of property transferred as provided in this paragraph (c)), does not at the time exceed 15% of Net Tangible Assets.
- (d) The Parent Guarantor, at its option, shall be entitled to a credit, in respect of its obligation to purchase and retire 2039 Notes under this covenant, for the principal amount of any 2039 Notes deposited with the Trustee for the purpose and also for the principal amount of (i) any 2039 Notes theretofore redeemed at the option of the Parent Guarantor and (ii) any 2039 Notes previously purchased by the Parent Guarantor and cancelled by the Trustee, and in each case not theretofore applied as a credit under this paragraph (d) or as part of a sinking fund arrangement for the 2039 Notes.
- (e) For purposes of this covenant, the amount or the principal amount of 2039 Notes which are issued with original issue discount shall be the principal amount of such 2039 Notes that on the date of the purchase or redemption of such 2039 Notes referred to in this covenant could be declared to be due and payable pursuant to the Indenture.

Events of Default

The occurrence and continuance of one or more of the following events will constitute an “Event of Default” under the Indenture and under each series of 2039 Notes:

- (a) *payment default*—(i) the Issuer or a Guarantor fails to pay interest within 30 days from the relevant due date, or (ii) the Issuer or a Guarantor fails to pay the principal (or premium, if any) due on the 2039 Notes at maturity; *provided* that to the extent any such failure to pay principal or premium is caused by a technical or administrative error, delay in processing payments or events beyond the control of the Issuer or Guarantors, no Event of Default shall occur for three days following such failure to pay; *provided further* that, in the case of a redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment;
- (b) *breach of other material obligations*—the Issuer or a Guarantor defaults in the performance or observance of any of its other material obligations under or in respect of the 2039 Notes of a series or the Indenture and such default remains unremedied for 90 days after a written notice has been given to the Issuer and the Parent Guarantor by the Trustee or to the Issuer, the Parent Guarantor and the Trustee by the Holders of at least 25% in principal amount of the outstanding 2039 Notes of the applicable series affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a “**Notice of Default**” under the 2039 Notes of such series;
- (c) *cross-acceleration*—any obligation for the payment or repayment of borrowed money having an aggregate outstanding principal amount of at least €100,000,000 (or its equivalent in any other currency) of the Issuer or a Guarantor becomes due and payable prior to its stated maturity by reason of a default and is not paid within 30 days;
- (d) *bankruptcy or insolvency*—a court of competent jurisdiction commences bankruptcy or other insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary under the applicable laws of their respective jurisdictions of incorporation, or the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary applies for or institutes such proceedings or offers or makes an assignment for the benefit of its creditors generally, or a third party institutes bankruptcy or insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary and such proceedings are not discharged or stayed within 90 days;

- (e) *impossibility due to government action*—any governmental order, decree or enactment shall be made in or by Belgium or the jurisdiction of incorporation of a Guarantor that is a Significant Subsidiary whereby the Issuer, the Parent Guarantor, or such Guarantor that is a Significant Subsidiary is prevented from observing and performing in full its obligations as set forth in the terms and conditions of the 2039 Notes and the Guarantees, respectively, and this situation is not cured within 90 days; or
- (f) *invalidity of the Guarantees*—the Guarantees provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary cease to be valid and legally binding for any reason whatsoever or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under the Guarantee.

If an Event of Default occurs and is continuing with respect to the 2039 Notes of any series, then in each and every case, unless the principal of all of the 2039 Notes of such series shall already have become due and payable (in which case no action is required for the acceleration of the 2039 Notes of such series), the Holders of not less than 25% in aggregate principal amount of 2039 Notes of such series then outstanding, by written notice to the Issuer, the Parent Guarantor and the Trustee as provided in the Indenture, may declare the entire principal of all the 2039 Notes of such series, and the interest accrued thereon, to be due and payable immediately, *provided, however*, that if an Event of Default specified in paragraph (d) above with respect to any series of the 2039 Notes at the time outstanding occurs, the principal amount of that series shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable. Under certain circumstances, the Holders of a majority in aggregate principal amount of a series of 2039 Notes then outstanding may, by written notice to the Issuer and the Trustee as provided in the Indenture, waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Except in cases of default, where the Trustee has some special duties, the Trustee is not required to take any action under the indenture at the request of any Holders unless the Holders offer the Trustee reasonable protection from costs, expenses and liability. This protection is called an indemnity. If reasonable indemnity is provided, the Holders of a majority in principal amount of the outstanding 2039 Notes of any series may direct the time, method and place of conducting any proceeding seeking any remedy available to the Trustee. These majority Holders may also direct the Trustee in performing any other action under the Indenture, so long as such direction would not involve the Trustee in personal liability.

Before you bypass the Trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- The Trustee must be given written notice that an event of default has occurred and remains uncured.
- The Holders of not less than 25% in principal amount of all outstanding 2039 Notes of the relevant series must make a written request that the Trustee institute proceedings because of the default, and must offer indemnity and/or security satisfactory to the Trustee against the costs, expenses and liabilities of taking such request.
- The Trustee must have not taken action for 60 days after receipt of the above notice, request and offer of indemnity.
- No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of the majority in principal amount of the outstanding 2039 Notes of that series.
- However, you are entitled at any time to bring a lawsuit for the payment of money due on your security on or after its due date.

We will furnish to the Trustee every year a written statement of certain of our officers and directors, certifying that, to their knowledge, we are in compliance with the Indenture and the 2039 Notes, or else specifying any default.

Substitution of the Issuer or Guarantor; Consolidation, Merger and Sale of Assets

In all cases subject to the provisions described above under “—Holders’ Option to Require Repayment upon a Change in Control,” (i) the Issuer or a Guarantor, without the consent of the Holders of any of the 2039 Notes, may consolidate with or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any corporation and (ii) the Issuer may at any time substitute for the Issuer either a Guarantor or any Affiliate (as defined below) of a Guarantor as principal debtor under the 2039 Notes (a “**Substitute Issuer**”); *provided that*:

- (a) the Substitute Issuer or any other successor company shall expressly assume the Issuer's or such Guarantor's respective obligations under the 2039 Notes or the Guarantees, as the case may be, and the Indenture;
- (b) any other successor company is organized under the laws of a member country of the Organization for Economic Co-Operation and Development;
- (c) the Issuer is not in default of any payments due under the 2039 Notes and immediately before and after giving effect to such consolidation, merger, sale, transfer, lease or conveyance, no Event of Default shall have occurred and be continuing;
- (d) in the case of a Substitute Issuer:
 - (i) the obligations of the Substitute Issuer arising under or in connection with the 2039 Notes and the Indenture are fully, irrevocably and unconditionally guaranteed by the Parent Guarantor and each Subsidiary Guarantor (if any) on the same terms as existed immediately prior to such substitution under the Guarantees given by such Guarantors;
 - (ii) the Parent Guarantor, the Issuer and the Substitute Issuer jointly and severally indemnify each Holder for any income tax or other tax (if any) recognized by such Holder solely as a result of the substitution of the Substitute Issuer (and not as a result of any transfer by such Holder);
 - (iii) each stock exchange on which the 2039 Notes are listed shall have confirmed that, following the proposed substitution of the Substitute Issuer, such 2039 Notes will continue to be listed on such stock exchange; and
 - (iv) each rating agency that rates the 2039 Notes shall have confirmed that, following the proposed substitution of the Substitute Issuer, such 2039 Notes will continue to have the same or better rating as immediately prior to such substitution; and
- (e) written notice of such transaction shall be promptly provided to the Holders.

For purposes of the foregoing, "**Affiliate**" shall mean, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person.

Upon the effectiveness of any substitution, all of the foregoing provisions will apply *mutatis mutandis*, and references elsewhere herein to the Issuer or a Guarantor will, where the context so requires, be deemed to be or include references, to any successor company.

Discharge and Defeasance

Discharge of Indenture

The Indenture provides that the Issuer and the Guarantors will be discharged from any and all obligations in respect of the Indenture (except for certain obligations to register the transfer of 2039 Notes, replace stolen, lost or mutilated 2039 Notes, make payments of principal and interest and maintain paying agencies) if:

- the Issuer or the Guarantors have paid or caused to be paid in full the principal of and interest on all 2039 Notes outstanding thereunder;
- the Issuer or the Guarantors shall have delivered to the Trustee for cancellation all 2039 Notes outstanding theretofore authenticated; or

- all 2039 Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable in accordance with their terms within one year or (iii) are to be, or have been, called for redemption as described under “—Optional Redemption” or “—Optional Tax Redemption” within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and, in any such case, the Issuer or the Guarantors shall have irrevocably deposited with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such 2039 Notes, (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than the due date of any payment, cash in U.S. dollars in an amount, or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest (and Additional Amounts, if any) on, all such 2039 Notes not theretofore delivered to the Trustee for cancellation on the dates such payments are due in accordance with the terms of the Notes and all other amounts payable under the Indenture by the Issuer.

“**U.S. Government Obligations**” means securities which are (i) direct obligations of the U.S. government or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government, the payment of which is unconditionally guaranteed by the U.S. government, which, in either case, are full faith and credit obligations of the U.S. government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof.

Covenant Defeasance

The Indenture also provides that the Issuer and the Guarantors need not comply with certain covenants of the Indenture (including those described under “—Certain Covenants—Limitation on Liens”), and the Guarantors shall be released from their obligations under the Guarantees, if:

- the Issuer (or the Guarantors) irrevocably deposit with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of such 2039 Notes, (i) cash in U.S. dollars in an amount, or (ii) U.S. government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than one day before the due date of any payment cash in U.S. dollars in an amount, or (iii) any combination of (i) and (ii), sufficient to pay all the principal of, and interest on, the 2039 Notes then outstanding on the dates such payments are due in accordance with the terms of the 2039 Notes;
- certain events of default, or events which with notice or lapse of time or both would become such an event of default, shall not have occurred and be continuing on the date of such deposit;
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the 2039 Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would be the case if such Covenant Defeasance had not occurred;
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognized standing in its jurisdiction of incorporation to the effect that such deposit and related Covenant Defeasance will not cause the Holders, other than Holders who are or who are deemed to be residents of such jurisdiction of incorporation or use or hold or are deemed to use or hold their 2039 Notes in carrying on a business in such jurisdiction of incorporation, to recognize income, gain or loss for income tax purposes in such jurisdiction of incorporation, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of such jurisdiction of incorporation or political subdivision thereof or therein having power to tax, except in the case of 2039 Notes beneficially owned (i) by a person who is or is deemed to be a resident of such jurisdiction of incorporation or (ii) by a person who uses or holds or is deemed to use or hold such 2039 Notes in carrying on a business in such jurisdiction of incorporation; and
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an officers’ certificate and an opinion of legal counsel of recognized standing, each stating that all conditions precedent provided for relating to such Covenant Defeasance have been complied with.

The effecting of these arrangements is also known as “**Covenant Defeasance**.”

Additional Amounts

To the extent that any Guarantor is required to make payments in respect of the 2039 Notes, such Guarantor will make all payments in respect of the 2039 Notes without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of any jurisdiction in which such Guarantor is incorporated, organized or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax (the “**Relevant Taxing Jurisdiction**”) unless such withholding or deduction is required by law. In such event, such Guarantor will pay to the Holders such additional amounts (the “**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Guarantor from payment of principal or interest made by it;
- (b) are payable by reason of the Holder or beneficial owner having, or having had, some personal or business connection with such Relevant Taxing Jurisdiction and not merely by reason of the fact that payments in respect of the 2039 Notes or the Guarantees are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Relevant Taxing Jurisdiction;
- (c) are imposed or withheld by reason of the failure of the Holder or beneficial owner to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder and beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice, as a precondition to exemption from, or a reduction in the rate of withholding or deduction of, such taxes;
- (d) consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes;
- (e) are imposed on or with respect to any payment by the applicable Guarantors to the registered Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such registered Holder been the sole beneficial owner of such 2039 Note;
- (f) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income; (ii) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding;
- (g) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and written notice thereof is provided to the Holders, whichever occurs later;
- (h) are payable because any 2039 Note was presented to a particular paying agent for payment if the 2039 Note could have been presented to another paying agent without any such withholding or deduction; or
- (i) are payable for any combination of (a) through (h) above.

References to principal or interest in respect of the 2039 Notes shall be deemed to include any Additional Amounts, which may be payable as set forth in the Indenture.

The preceding covenant regarding Additional Amounts will not apply to any Guarantor at any time when such Guarantor is incorporated in a jurisdiction in the United States; *provided, however*, that such covenant will apply to the Issuer at any time when it is incorporated in a jurisdiction outside the United States.

The Trustee, principal paying agent, transfer agent and registrar is The Bank of New York Mellon Trust Company, N.A.

Terms Applicable to the 6.375% Notes due 2040

The 6.375% notes due 2040 (the “**2040 Notes**”) were issued under an Indenture dated 16 October 2009 (as amended and supplemented, the “**Indenture**”, with respect to the 2040 Notes), among Anheuser-Busch InBev Worldwide Inc. (the “**Issuer**”, with respect to the 2040 Notes), Anheuser-Busch InBev SA/NV (the “**Parent Guarantor**”), each of the Subsidiary Guarantors listed under “—Guarantees” below (the “**Subsidiary Guarantors**” and, together with the Parent Guarantor, the “**Guarantors**”, with respect to the 2040 notes) and The Bank of New York Mellon Trust Company, N.A., as trustee, principal paying agent, transfer agent and registrar (the “**Trustee**”). The following summaries of certain provisions of the 2040 Notes and the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all the provisions of the 2040 Notes and the Indenture, including the definitions of certain terms contained therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended.

The 2040 Notes are initially limited to \$500,000,000 aggregate principal amount and will mature on 15 January 2040. The 2040 Notes will be the direct, unconditional, unsecured and unsubordinated general obligations of the Issuer. The 2040 Notes are senior unsecured obligations of the Issuer and rank equally with all other existing and future unsecured and unsubordinated debt obligations of the Issuer. The 2040 Notes will bear interest at a rate of 6.375% per annum from 16 October 2009, payable semi-annually in arrears on 15 April and 15 October of each year, commencing on 15 July 2010, and until full repayment of the outstanding principal of the 2040 Notes. Interest will be payable to the Holders of record at the close of business on 1 January and 1 July, immediately preceding such interest payment date, whether or not such day is a Business Day (as defined below). Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The interest rate on the 2040 Notes will be subject to adjustment upon certain rating events as described under “—Interest Rate Adjustment Based on Rating Events”. The 2040 Notes will be repaid at maturity at a price equal to 100% of the principal amount thereof. Each series of 2040 Notes may be redeemed at any time prior to maturity in the circumstances described under “—Optional Redemption” and “—Optional Tax Redemption”. The 2040 Notes will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The 2040 Notes do not provide for any sinking fund.

The term “**Business Day**” means any day other than a day on which commercial banks or foreign exchange markets are permitted or required to be closed in New York City, London or Brussels. If the date of maturity of interest on or principal of the 2040 Notes or the date fixed for redemption of any 2040 Note is not a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue as a result of the delayed payment.

Guarantees

Each 2040 Note will benefit from an unconditional, full and irrevocable guarantee by the Parent Guarantor. Each of the following companies, which are subsidiaries of the Parent Guarantor, will, along with the Parent Guarantor, jointly and severally guarantee the 2040 Notes on a full, unconditional and irrevocable basis:

- InBev Belgium SA/NV;
- BrandBrew S.A.;
- Cobrew NV/SA;
- AB InBev France S.A.S.;
- InBev Nederland N.V.;
- Interbrew International B.V.;
- Interbrew Central European Holding B.V.;
- Nimbuspath Limited;
- AmBrew S.A.; and
- Anheuser-Busch Companies, Inc.

Each guarantee to be provided is referred to as a “**Guarantee**” and collectively, the “**Guarantees**”; the subsidiaries of the Parent Guarantor providing Guarantees are referred to as the “**Subsidiary Guarantors**” and the Parent Guarantor and Subsidiary Guarantors collectively are referred to as the “**Guarantors**”.

All such Guarantees are set forth in the Indenture, or a supplement thereto. The Guarantees provided by several of the Guarantors will be subject to certain limitations set forth below under “—Guarantee Limitations”.

Under the Guarantees, the Guarantors will guarantee to each Holder the due and punctual payment of any principal, accrued and unpaid interest (and all Additional Amounts, if any) due under the 2040 Notes in accordance with the Indenture. Each Guarantor will also pay Additional Amounts (if any) in respect of payments under its Guarantee. The Guarantees will be the full, direct, unconditional, unsecured and unsubordinated general obligations of the Guarantors. The Guarantees will rank *pari passu* among themselves, without any preference of one over the other by reason of priority of date of issue or otherwise, and at least equally with all other unsecured and unsubordinated general obligations of the Guarantors from time to time outstanding.

Each of the Guarantors other than the Parent Guarantor shall be entitled to terminate its Guarantee, and the Trustee shall execute a release and termination agreement effecting such termination, in the event that at the time its Guarantee of the 2040 Notes is terminated, (i) the relevant Guarantor is released from its guarantee of or is no longer a guarantor under the Issuer’s \$45,000,000,000 senior facilities agreement and (ii) the aggregate amount of indebtedness for borrowed money for which the relevant Guarantor is an obligor (as a guarantor or borrower) does not exceed 10% of the consolidated gross assets of the Parent Guarantor as reflected in the balance sheet included in its most recent publicly released interim or annual consolidated financial statements. For purposes of this clause, the amount of a Guarantor’s indebtedness for borrowed money shall not include (A) the 2040 Notes (or the Old Notes, January Notes or the May Notes), (B) any other debt the terms of which permit the termination of the Guarantor’s guarantee of such debt under similar circumstances, as long as such Guarantor’s obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the 2040 Notes, and (C) any debt that is being refinanced at substantially the same time that the Guarantee of the 2040 Notes is being released, *provided that* any obligations of the Guarantor in respect of the debt that is incurred in the refinancing shall be included in the calculation of the Guarantor’s indebtedness for borrowed money.

In addition, any Subsidiary Guarantor whose Guarantee is subject to the limitations described below shall be entitled to terminate its Guarantee, and the Trustee shall execute a release and termination agreement effecting such termination, with respect to any or all series of the notes issued under the Indenture, in the event that such Subsidiary Guarantor determines that under the rules, regulations or interpretations of the SEC such Subsidiary Guarantor would be required to include its financial statements in any registration statement filed with the SEC with respect to any series of notes or guarantees issued under the Indenture or in periodic reports filed with or furnished to the SEC (by reason of such limitations or otherwise). Furthermore, each such Subsidiary Guarantor will be entitled to amend or modify by execution of an indenture supplemental to the Indenture the terms of its Guarantee or the limitations applicable to its Guarantee, as set forth below, in any respect reasonably deemed necessary by such Subsidiary Guarantor to meet the requirements of Rule 3-10 under Regulation S-X under the Securities Act (or any successor or similar regulation or exemption) in order for financial statements of such Subsidiary Guarantor not to be required to be included in any registration statement or in periodic reports filed with or furnished to the SEC.

Supplemental Information on Subsidiary Guarantors

AB InBev France S.A.S., Interbrew International B.V., Interbrew Central European Holding B.V., InBev Nederland N.V., AmBrew S.A. and BrandBrew S.A., the six Subsidiary Guarantors whose Guarantees are subject to the limitations described below under “—Guarantee Limitations”, accounted for approximately two percent (2%) of the total consolidated EBITDA of AB InBev Group for the first six months of 2009 and approximately two percent (2%) of the total consolidated debt of AB InBev Group as of 30 June 2009.

Guarantee Limitations

AB InBev France S.A.S.

Notwithstanding anything to the contrary in the Guarantee provided by AB InBev France S.A.S., such Guarantee will be subject to the following limitations:

- (A) the obligations and liabilities of AB InBev France S.A.S. under its Guarantee will not include any obligation or liability which if incurred would constitute the provision of financial assistance within the meaning of article L.225-216 of the French Commercial Code and/or would constitute a “misuse of corporate assets” within the meaning of article L.241-3 or L.242-6 of the French Commercial Code or any other law or regulations having the same effect, as interpreted by French courts; and
- (B) the obligations and liabilities of AB InBev France S.A.S. under its Guarantee for the obligations of the Issuer shall be limited, at any time, to an amount equal to the aggregate nominal amount of all notes issued by the Issuer to the extent directly or indirectly on-lent or otherwise provided to AB InBev France S.A.S. and/or any AB InBev France Subsidiary(ies) under intercompany loan or similar arrangements and outstanding at the date a payment is to be made by AB InBev France S.A.S. under its Guarantee.

For the avoidance of doubt, any obligations or liabilities that may arise from AB InBev France acting jointly and severally with the other Guarantors (including as applicable as “*co-débiteur solidaire*”) are subject always to the limitations set out in the preceding paragraphs.

Interbrew International B.V., Interbrew Central European Holding B.V. and InBev Nederland N.V.

With respect to the Guarantees provided by Interbrew International B.V., Interbrew Central European Holding B.V. and InBev Nederland N.V., such Guarantees will not apply to any liability to the extent that it would result in such Guarantee constituting unlawful financial assistance.

AmBrew S.A.

Notwithstanding anything to the contrary in the Guarantee provided by AmBrew S.A., the maximum aggregate liability of AmBrew S.A. under such Guarantee shall not exceed an amount equal to the aggregate of (without double counting):

- (A) the aggregate amount of all moneys received by AmBrew S.A. and the AmBrew Subsidiaries as a borrower or issuer under the AmBrew Guaranteed Facilities;
- (B) the aggregate amount of all outstanding intercompany loans made to AmBrew S.A. and the AmBrew Subsidiaries by other members of the Anheuser-Busch InBev Group which have been directly or indirectly funded using the proceeds of borrowings under the AmBrew Guaranteed Facilities; and
- (C) an amount equal to 100% of the greater of:
 - I. the sum of AmBrew S.A.’s own capital (*capitaux propres*) and its subordinated debt (*dettes subordonnées*) (other than any subordinated debt already accounted for under (B) above) (both as referred to in article 34 of the Luxembourg law of 19 December 2002 on the commercial register and annual accounts, as amended (the “**Law of 2002**”)) as reflected in AmBrew S.A.’s most recent annual accounts approved by the competent organ of AmBrew S.A. (as audited by its *réviseur d’entreprises* (external auditor), if required by law); and
 - II. the sum of AmBrew S.A.’s own capital (*capitaux propres*) and its subordinated debt (*dettes subordonnées*) (both as referred to in article 34 of the Law of 2002) as reflected in its filed annual accounts available as of the date of its Guarantee.

For the avoidance of doubt, the limitation on AmBrew S.A.’s Guarantee shall not apply to the Guarantee by AmBrew S.A. of any obligations owed by the AmBrew Subsidiaries under the AmBrew Guaranteed Facilities.

In addition to the limitation referred to above in respect of AmBrew’s Guarantee, the obligations and liabilities of AmBrew S.A. under AmBrew’s Guarantee and under any of the AmBrew Guaranteed Facilities shall not include any obligation which, if incurred, would constitute a breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended, to the extent such or an equivalent provision is applicable to AmBrew S.A.

BrandBrew S.A.

Notwithstanding anything to the contrary in the Guarantee provided by BrandBrew S.A., the maximum aggregate liability of BrandBrew S.A. under its Guarantee and as a guarantor of the Brandbrew Guaranteed Facilities (excluding its Guarantee) shall not exceed an amount equal to the aggregate of (without double counting):

- (A) the aggregate amount of all moneys received by BrandBrew S.A. and the Brandbrew Subsidiaries as a borrower or issuer under the Brandbrew Guaranteed Facilities;
- (B) the aggregate amount of all outstanding intercompany loans made to BrandBrew S.A. and the Brandbrew Subsidiaries by other members of the AB InBev Group which have been directly or indirectly funded using the proceeds of borrowings under the Brandbrew Guaranteed Facilities; and
- (C) an amount equal to 100% of the greater of:
 - I. the sum of BrandBrew S.A.'s own capital (*capitaux propres*) and its subordinated debt (*dettes subordonnées*) (other than any subordinated debt already accounted for under (B) above) (both as referred to in article 34 of the Law of 2002) as reflected in BrandBrew S.A.'s most recent annual accounts approved by the competent organ of BrandBrew S.A. (as audited by its *réviseur d'entreprises* (external auditor), if required by law); and
 - II. the sum of BrandBrew S.A.'s own capital (i) and its subordinated debt (*dettes subordonnées*) (both as referred to in article 34 of the Law of 2002) as reflected in its filed annual accounts available as of the date of its Guarantee.

For the avoidance of doubt, the limitation on the Guarantee provided by BrandBrew S.A. shall not apply to any Guarantee by BrandBrew S.A. of any obligations owed by the Brandbrew Subsidiaries under the Brandbrew Guaranteed Facilities.

In addition to the limitation referred to above in respect of the Guarantee provided by BrandBrew S.A., the obligations and liabilities of Brandbrew S.A. under the Guarantee provided by BrandBrew S.A. and under any of the Brandbrew Guaranteed Facilities shall not include any obligation which, if incurred, would constitute a breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg Law on Commercial Companies dated 10 August 1915, as amended, to the extent such or an equivalent provision is applicable to Brandbrew S.A.

“AmBrew Guaranteed Facilities” means: (i) the €2,500,000,000 syndicated credit facility agreement dated 8 December 2005 among AB InBev, Fortis Bank and others; (ii) the €200,000,000 facility agreement dated 15 April 2008 between Brandbrew and Fortis Bank as lender; (iii) the €150,000,000 facility agreement dated 20 March 2008 between Brandbrew and Santander Benelux S.A./NV as lender; (iv) the €250,000,000 facility agreement dated 3 April 2008 between BrandBrew S.A. and Société Générale as lender; (v) the €50,000,000 facility agreement dated as of 29 August 2007 among BrandBrew S.A., AB InBev and S G Immo SA as lender; (vi) the €150,000,000 facility agreement dated 13 May 2008 between AB InBev, Cobrew NV/SA and BNP Paribas as lender; (vii) the €150,000,000 facility agreement dated 20 June 2008 between, amongst others, AB InBev, Cobrew NV/SA and The Royal Bank of Scotland plc as lender; (viii) the Existing Target Debt; (ix) any notes issued by BrandBrew S.A. or AB InBev under the Programme; (x) the Senior Facility Agreement; and (xi) the 2040 Notes, or any refinancing (in whole or part) of any of the above items for the same or a lower amount;

“AmBrew Subsidiaries” means each entity of which AmBrew has direct or indirect control or owns directly or indirectly more than 50% of the voting share capital or similar right of ownership; and “control” for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise;

“Brandbrew Guaranteed Facilities” means: (i) the €2,500,000,000 syndicated credit facility agreement dated 8 December 2005 among AB InBev, Fortis Bank and others; (ii) the €150,000,000 facility agreement dated 13 May 2008 between AB InBev, Cobrew and BNP Paribas as lender; (iii) the €150,000,000 facility agreement dated 20 June 2008 between, amongst others, AB InBev, Cobrew and The Royal Bank of Scotland plc as lender; (iv) the Existing Target Debt; (v) the US\$850,000,000 note purchase and guarantee agreement dated 22 October 2003 and entered into between, amongst others, AB InBev as issuer, Cobrew and Brandbrew; (vi) any notes issued by Brandbrew S.A. or AB InBev under the Programme; (vii) the Senior Facility Agreement; and (viii) the 2040 Notes, or any refinancing (in whole or part) of any of the above items for the same or a lower amount;

“Brandbrew Subsidiaries” means each entity of which Brandbrew S.A. has direct or indirect control or owns directly or indirectly more than 50% of the voting share capital or similar right of ownership; and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise;

“Existing Target Debt” means the following notes, debentures and bonds of Anheuser-Busch Companies, Inc.: (i) 6.450% Debentures due 1 September 2037; (ii) 5.50% Notes due 15 January 2018; (iii) 9.0% Debentures due 1 December 2009; (iv) 6.75% Debentures due 15 December 2027; (v) 6.50% Debentures due 1 January 2028; (vi) 5.75% Notes due 1 April 2010; (vii) 7.50% Notes due 15 March 2012; (viii) 7.55% Debentures due 1 October 2030; (ix) 6.80% Debentures due 15 January 2031; (x) 6.00% Notes due 15 April 2011; (xi) 6.80% Debentures due 20 August 2032; (xii) 5.625% Notes due 1 October 2010; (xiii) 6.00% Debentures due 1 November 2041; (xiv) 6.50% Debentures due 1 May 2042; (xv) 6.50% Debentures due 1 February 2043; (xvi) 4.375% Notes due 15 January 2013; (xvii) 5.95% Debentures due 15 January 2033; (xviii) 4.625% Notes due 1 February 2015; (xix) 4.50% Notes due 1 April 2018; (xx) 5.35% Notes due 15 May 2023; (xxi) 4.95% Notes due 15 January 2014; (xxii) 5.05% Notes due 15 October 2016; (xxiii) 5.00% Notes due 1 March 2019; (xxiv) 4.70% Notes due 15 April 2012; (xxv) 5.00% Notes due 15 January 2015; (xxvi) 5.491% Notes due 15 November 2017; (xxvii) 5.75% Debentures due 1 April 2036; (xxviii) 5.60% Notes due 1 March 2017; (xxix) Notes issued on 1 December 1989 by the Development Authority of Cartersville*; (xxx) Notes issued on 1 November 1990 by the Development Authority of Cartersville*; (xxxi) Notes issued on 1 May 1991 by The Industrial Development Authority of the City of St. Louis, Missouri*; (xxxii) Notes issued on 1 April 1997 by the Industrial Development Authority of the County of James City, Virginia*; (xxxiii) Notes issued on 1 April 1997 by the Development Authority of Cartersville*; (xxxiv) Notes issued on 1 August 1999 by the Ohio Water Development Agency*; (xxxv) Notes issued on 1 December 1999 by The Onondaga County Industrial Development Agency*; (xxxvi) Notes issued on 1 July 2000 by the Ohio Water Development Agency*; (xxxvii) Notes issued on 1 November 2001 by the Ohio Water Development Agency*; (xxxviii) Notes issued on 1 March 2002 by the Development Authority of Cartersville*; (xxxix) Notes issued on 1 April 2002 by the Gulf Coast Waste Disposal Authority*; (xl) Notes issued on 1 October 2002 by the City of Jonesboro, Arkansas*; (xli) Notes issued on 1 July 2006 by The Onondaga County Industrial Development Agency*; (xlii) Notes issued on 1 February 2007 by The Business Finance Authority of the State of New Hampshire*; (xliii) Notes issued on 1 February 2007 by the Jacksonville Economic Development Commission*; (xliv) Notes issued on 1 February 2007 by the City of Fort Collins, Colorado*; (xlv) Notes issued on 1 February 2007 by The Industrial Development Authority of the City of St. Louis, Missouri*; (xlvi) Notes issued on 1 February 2007 by the California Statewide Communities Development Authority*; (xlvii) Notes issued on 31 May 2007 by the New Jersey Economic Development Authority*; (xlviii) Notes issued on 1 August 2007 by the Development Authority of Cartersville*; and (xlix) Notes issued on 1 September 2007 by the California Enterprise Development Authority*;

* Anheuser-Busch Companies, Inc. has subsequently become the principal debtor in respect of the notes listed in sub-paragraphs (xxix) to (xlix).

“AB InBev France Subsidiary” means an entity of which AB InBev France has direct or indirect control or owns directly or indirectly more than 50% of the voting share capital or similar right of ownership; and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise; and

“Programme” means the Euro Medium Term Note Programme established by Brandbrew S.A. and Anheuser-Busch InBev SA/NV, as issuers, in January 2009.

Optional Redemption

The Issuer may, at its option, redeem any series of 2040 Notes as a whole or in part at any time upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to the greater of:

- 100% of the aggregate principal amount of the 2040 Notes to be redeemed; and
- as determined by the Independent Investment Banker (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the 2040 Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 35 basis points;

plus, in each case described above, accrued and unpaid interest on the principal amount being redeemed to (but excluding) such redemption date.

"Treasury Rate" means, with respect to any redemption date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. treasury securities adjusted to constant maturity under the caption "Treasury constant maturities—Nominal", for the maturity corresponding to the applicable Comparable Treasury Issue (if no maturity is within three months before or after the remaining term of the related 2040 Notes, yields for the two published maturities most closely corresponding to the applicable Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or
- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated using a price for such Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the related Comparable Treasury Price for such redemption date.

The Treasury Rate will be calculated on the third Business Day preceding such redemption date.

"Comparable Treasury Issue" means the U.S. Treasury security (not inflation-indexed) selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the 2040 Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2040 Notes.

"Comparable Treasury Price" means, with respect to a redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means J.P. Morgan Securities Inc., Banc of America Securities LLC, Barclays Capital Inc., BNP Paribas Securities Corp. or Deutsche Bank Securities Inc., as specified by the Issuer, or if all of these firms are unwilling or unable to serve in that capacity, an independent investment banking institution of national standing in the United States appointed by the Issuer.

"Reference Treasury Dealer" means (i) J.P. Morgan Securities Inc., Banc of America Securities LLC, Barclays Capital Inc., BNP Paribas Securities Corp. and Deutsche Bank Securities Inc. and their respective successors, *provided, however*, that if any of the foregoing shall cease to be a primary U.S. government securities dealer in The City of New York (a **"Primary Treasury Dealer"**), the Issuer will substitute therefor another Primary Treasury Dealer and (ii) any three other Primary Treasury Dealers selected by the Issuer after consultation with an Independent Investment Banker.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Unless the Issuer (and/or the Guarantors) defaults on payment of the redemption price, from and after the redemption date interest will cease to accrue on the 2040 Notes or portions thereof called for redemption. On the redemption date, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in the Indenture) money sufficient to pay the redemption price of and accrued interest on the 2040 Notes to be redeemed on such date. If fewer than all of the 2040 Notes of any series are to be redeemed, the Trustee will select, not more than 60 days prior to the redemption date, the particular 2040 Notes of such series or portions thereof for redemption from the 2040 Notes of that series not previously called for redemption, on a pro rata basis across such series, or by such method as the Trustee deems fair and appropriate.

Optional Tax Redemption

Each series of 2040 Notes may be redeemed at any time, at the Issuer's or the Parent Guarantor's option, as a whole, but not in part, upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount of the 2040 Notes of such series then outstanding plus accrued and unpaid interest on the principal amount being redeemed (and all Additional Amounts, if any) to (but excluding) the redemption date, if (i) any change in, or amendment to, the laws, treaties, regulations or rulings of a Relevant Taxing Jurisdiction (as defined below) or in the interpretation, application or administration of any such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) which becomes effective on or after the issue date (any such change or amendment, a "**Change in Tax Law**"), the Issuer (or if a payment were then due under a Guarantee, the relevant Guarantor) would be required to pay Additional Amounts, with respect to such series of 2040 Notes and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Issuer under the circumstances described below under "**Additional Amounts**"; *provided, however*, that any series of 2040 Notes may not be redeemed to the extent such Additional Amounts arise solely as a result of the Issuer assigning its obligations under such 2040 Notes to a Substitute Issuer, unless this assignment to a Substitute Issuer is undertaken as part of a plan of merger by Parent Guarantor.

Prior to the mailing of any notice of redemption pursuant to the foregoing, the Issuer or the relevant Guarantor will deliver to the Trustee an opinion of independent tax counsel of recognised standing to the effect that the Issuer or the relevant Guarantor is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

No notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to pay Additional Amounts if a payment in respect of the 2040 Notes were then due.

The foregoing provisions shall apply *mutatis mutandis* to any successor person, after such successor person becomes a party to the Indenture.

Holders' Option to Require Repayment Upon a Change in Control

The following provisions (the "**Change in Control Clause**") will not be effective unless and until they are approved by a resolution of the general meeting of shareholders of the Parent Guarantor. The Parent Guarantor will procure that a resolution to approve the Change in Control Clause is put to shareholders of the Parent Guarantor at the first annual general meeting after 16 October 2009, and at each successive annual general meeting of the Parent Guarantor thereafter until such a resolution is passed and, immediately following approval of such a resolution, will file a copy thereof with the Clerk of the Commercial Court of Brussels ("*greffe du tribunal de commerce/griffie van de rechtbank van koophandel*"). The Parent Guarantor will notify the Trustee promptly after the shareholder meeting of the results of the vote on the proposed resolution.

If the general meeting of shareholders of the Parent Guarantor has not approved a Change in Control Clause substantially in the form described below by the date that is 18 months following the initial issue date of the 6.375% Notes due 2040 issued by Anheuser-Busch InBev Worldwide Inc. in a private offering (the "**Old Notes**"), the interest rate applicable to the 2040 Notes will increase by 0.25% with effect from the next following day until the date that the Parent Guarantor notifies the Trustee that a Change in Control Clause benefiting Holders substantially in the form described below has been approved (or unless and until such approval is no longer required in order for the Change in Control Clause to be effective), following which the interest rate applicable to the 2040 Notes will decrease by the same amount.

In the event that (a) a Change of Control occurs, and (b) within the Change of Control Period, a Ratings Downgrade in respect of that Change of Control occurs with respect to a series of 2040 Notes (an “**Early Redemption Event**”):

- (i) the Issuer will (A) within 30 days after becoming aware of the Early Redemption Event, provide written notice thereof to the Holders of the 2040 Notes of such series, and (B) determine and provide written notice of the effective date for the purposes of early repayment (the “**Effective Date**”). The Effective Date must be a Business Day not less than 60 and not more than 90 days after the giving of the notice regarding the Early Redemption Event pursuant to subparagraph (i)(A); and
- (ii) any Holder of the 2040 Notes of such series may, by submitting a redemption notice (the “**Early Redemption Notice**”), demand from the Issuer repayment as of the Effective Date of any (in integral multiples of \$1,000 provided that the unrepurchased portion must be in principal amount of at least \$2,000) or all of its 2040 Notes which have not otherwise been declared due for early redemption, at a repurchase price in cash of 101% of their principal amount plus interest accrued until (but excluding) the Effective Date (and all Additional Amounts, if any).

Any Early Redemption Notice shall be made in writing in English and shall be delivered by hand, registered mail, or by facsimile transmission to the Trustee not less than 30 days prior to the Effective Date at its specified office. The Early Redemption Notice must be accompanied by evidence showing that the relevant Holder is the Holder of the relevant 2040 Note(s) at the time the Early Redemption Notice is delivered. Such evidence may be provided in the form of a certificate issued by any custodian or in any other suitable manner. Early Redemption Notices shall be irrevocable.

The Issuer will not be required to redeem the 2040 Notes under this clause following an Early Redemption Event if a third party makes an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Issuer and such third-party purchases all the 2040 Notes properly tendered and not withdrawn under its offer. The Issuer will also not be required to redeem the 2040 Notes of a particular series under this clause if it has exercised its right to redeem the 2040 Notes of such series in full as described above or has defeased the 2040 Notes as described below.

A “**Change of Control**” means any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the Parent Guarantor; *provided* that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the Parent Guarantor with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the Parent Guarantor.

“**Acting in concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the Parent Guarantor by any of them, either directly or indirectly, to obtain Control of the Parent Guarantor. “Stichting Anheuser-Busch InBev” means the company incorporated under the laws of The Netherlands under registered number 34144185 with registered address at Hofplein 20, 3032AC, Rotterdam, The Netherlands, and its successors.

“**Change of Control Announcement**” for these purposes means the public announcement by the Parent Guarantor or any actual purchaser relating to a Change of Control.

The “**Change of Control Period**” shall commence on the date of the Change of Control Announcement, but not later than on the date of the Change of Control, and shall end 60 days after the Change of Control (which period shall be extended with respect to a rating agency so long as the rating of the relevant 2040 Notes is under publicly announced consideration for possible downgrade by that rating agency, such extension not to exceed 60 days after the public announcement of such consideration).

“**Control**” in relation to any entity means either the direct or indirect ownership of more than 50% of the share capital or similar rights of ownership of the entity or the power to direct the management and the policies of the entity whether through the ownership of share capital, contract or otherwise.

A “**Ratings Downgrade**” shall occur if any two solicited credit ratings for the Parent Guarantor’s long-term unsecured debt fall below investment grade or if all three Rating Agencies (as defined below) cease to assign (other than temporarily) a credit rating to the Parent Guarantor. A credit rating below investment grade shall mean, in relation to Standard & Poor’s Rating Services, a rating of BB+ or below, in relation to Moody’s Investor Services Inc., a rating of Ba1 or below, in relation to Fitch, Inc. a rating of BB+ or below and, where another “nationally recognised statistical rating agency” has been designated by the Parent Guarantor, a comparable rating. A Ratings Downgrade shall not occur with respect to a particular Rating Agency in respect of a Change of Control unless the Rating Agency downgrading the Parent Guarantor announces or publicly confirms or informs the Parent Guarantor in writing at its request that the downgrade was the result, in whole or in part, of the applicable Change of Control. If one or more Rating Agencies issues an improved credit rating for the Parent Guarantor prior to the Effective Date so that the circumstances giving rise to the Ratings Downgrade terminate, then the Ratings Downgrade shall be deemed not to have occurred and the Holders shall have no right to demand redemption of their 2040 Notes under this clause.

“**Rating Agencies**” shall mean each of Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., Fitch, Inc., or Moody’s Investors Services, Inc., their respective successors, or any other nationally recognised statistical rating agency designated by the Parent Guarantor.

If, as a result of this clause, Holders submit Early Redemption Notices in respect of at least 85% of the aggregate principal amount of a series of 2040 Notes and Old Notes outstanding, the Issuer will have the ability by notice to the Trustee to redeem the entire outstanding principal amount of such series of 2040 Notes and Old Notes on the Effective Date at the same price as for the 2040 Notes and Old Notes being redeemed under this clause. Such notice shall be irrevocable and shall be given to the Trustee no later than 15 days prior to the Effective Date. Notice of such redemption shall be given by the Issuer to the Holders of the 2040 Notes and the Old Notes of the relevant series in accordance with the Indenture, or at the Issuer’s request, by the Trustee, in each case as soon as practicable after receipt by the Trustee of the foregoing notice from the Issuer.

Interest Rate Adjustment Based on Rating Events

The interest rate payable on a series of 2040 Notes will be subject to adjustment from time to time if any of the three Rating Agencies downgrades (or subsequently upgrades) its rating assigned to that series of 2040 Notes and Old Notes, as set forth below.

If the debt rating on a series of 2040 Notes and Old Notes from any one or more of the three Ratings Agencies is decreased to a rating set forth in the table below, the interest rate on that series will increase from the interest rate otherwise payable on the original issue date by the sum of the rates set forth in the table below opposite that rating level (calculated per agency), *provided* that, at no time shall the interest rate on any of the 2040 Notes or the Old Notes increase by more than 2.00%, irrespective of ratings, from the original interest rate effective as of the date of issuance of such notes; *provided, further* that only the two lowest ratings assigned to a series of 2040 Notes and the Old Notes will be taken into account for purposes of any interest rate adjustment.

<u>S&P/Fitch</u>	<u>Moody’s</u>	<u>Adjustment from Original Interest Rate (per Rating Agency)</u>
BB+	Ba1	.25%
BB	Ba2	.50%
BB-	Ba3	.75%
B+	B1	1.00%
B	B2	1.25%
B-	B3	1.50%
CCC+	Caa	1.75%
CCC	Ca	2.00%

If at any time the interest rate on a series of 2040 Notes and the Old Notes has been increased as a result of a ratings downgrade by a Rating Agency and such Rating Agency subsequently increases its rating of that series to any of the ratings set forth in the table above, the interest rate on that series will be decreased to the interest rate otherwise payable on that series on the date of the issuance of such notes plus the sum of the applicable interest rates set forth opposite the ratings in the table above. If any of the Rating Agencies subsequently increases its rating of a series of 2040 Notes and Old Notes to better than BB+/Ba1 or its equivalent, the adjustment from the original interest rate attributable to that Rating Agency shall no longer apply, and unless one or more other Rating Agencies rates that series BB+/Ba1 or lower, the interest rate shall revert to the interest rate payable on that series at the date of their issuance.

If at any time during the term of the 2040 Notes, its series is rated A-/A3 or above by any two of the Rating Agencies, the provisions described under this “Interest Rate Adjustment Based on Ratings Event” section will cease to apply to such series and the effective interest rate on such series at original issuance will remain in effect until the maturity or redemption of that series.

Any interest rate increase or decrease described above will take effect from the first Business Day of the interest period during which a rating change requiring an adjustment in the interest rate occurs. If any Rating Agency changes its rating of a series more than once during any particular interest period, the last such change to occur will control in the event of a conflict. The term “interest period” shall mean the period from and including an interest payment date to and excluding the next succeeding interest payment date, or in connection with the first interest period, the period from and including the issue date of the relevant notes to and excluding the first interest payment date.

Modifications and Amendment

The Issuer, the Guarantors and the Trustee may execute agreements adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental agreement or modifying in any manner the rights of the Holders under the 2040 Notes or the Guarantees only with the consent of the Holders of not less than a majority in aggregate principal amount of the notes then outstanding (irrespective of series) that would be affected by the proposed modification or amendment; *provided* that no such agreement shall (a) change the maturity of the principal of, or any installment of interest on, any 2040 Note, or reduce the principal amount or the interest thereof, or extend the time of payment of any installment of interest thereon, or change the currency of payment of principal of, or interest on, any 2040 Note, or change the Issuer’s or a Guarantor’s obligation to pay Additional Amounts, impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date thereof (or in the case of redemption on or after the redemption date) or change in any manner adverse to the interests of the Holders the terms and provisions of the Guarantees in respect of the due and punctual payment of principal amount of the 2040 Notes then outstanding plus accrued and unpaid interest (and all Additional Amounts, if any) without the consent of the Holder of each 2040 Note so affected; or (b) reduce the aforesaid percentage of notes, the consent of the Holders of which is required for any such agreement, without the consent of the Holders of the affected series of notes then outstanding. To the extent that any changes directly affect fewer than all the series of the notes issued under the Indenture, only the consent of the Holders of notes of the relevant series (in the respective percentages set forth above) will be required.

The Issuer, the Guarantors and the Trustee may, without the consent of the Holders, from time to time execute agreements or amendments or enter into an indenture or indentures supplemental thereto (including in respect of one series of notes only) for one or more of the following purposes:

- to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for the 2040 Notes;
- to evidence the succession of another person to the Issuer or any Guarantors, or successive successions, and the assumption by the successor person of the covenants of the Issuer or any of the Guarantors, pursuant to the Indenture and the 2040 Notes;
- to evidence and provide for the acceptance of appointment of a successor or successors to the Trustee in any of its capacities and to add to or change any of the provisions of the Indenture to facilitate the administration of the trusts created thereunder by more than one trustee;

- to add to the covenants of the Issuer or the Guarantors, for the benefit of the holders of all or any series of the notes issued under the Indenture, or to surrender any rights or powers conferred on the Issuer or the Guarantors in the Indenture;
- to add any additional events of default for the benefit of the Holders of all or any series of 2040 Notes (and if such additional events of default are to be for the benefit of less than all series of Holders, stating that such additional events of default are expressly being included solely for the benefit of such series);
- to add to, change or eliminate any of the provisions of the Indenture in respect of one or more series of 2040 Notes, *provided* that any such addition, change or elimination (A) shall neither (i) apply to any 2040 Note of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such 2040 Note with respect to such provision or (B) shall become effective only when there is no such 2040 Note outstanding;
- to modify the restrictions on and procedures for, resale and other transfers of the 2040 Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to provide for the issuance and terms of any particular series of securities, the rights and obligations of the Guarantors and the holders of the securities of such series, the form or forms of the securities of such series and such other matters in connection therewith as the Issuer and the Guarantors shall consider appropriate, including, without limitation, provisions for (a) additional or different covenants, restrictions or conditions applicable to such series, (b) additional or different events of default in respect of such series, (c) a longer or shorter period of grace and/or notice in respect of any provision applicable to such series than is otherwise provided, (d) immediate enforcement of any event of default in respect of such series or (e) limitations upon the remedies available in respect of any events of default in respect of such series or upon the rights of the holders of securities of such series to waive any such event of default;
- (a) to cure any ambiguity or to correct or supplement any provision contained in the Indenture, any series of 2040 Notes or the Guarantees, or in any supplemental agreement, which may be defective or inconsistent with any other provision contained therein or in any supplemental agreement, (b) to eliminate any conflict between the terms hereof and the Trust Indenture Act or (c) to make such other provision in regard to matters or questions arising under the Indenture or under any supplemental agreement as the Issuer may deem necessary or desirable and which will not adversely affect the interests of the Holders to which such provision relates in any material respect;
- to “reopen” the 2040 Notes of any series and create and issue additional 2040 Notes having identical terms and conditions as the 2040 Notes of such series (or in all respects except for the issue date, issue price, first interest accrual date and first interest payment date) so that the additional notes are consolidated and form a single series with the outstanding 2040 Notes and any outstanding Old Notes;
- to add any Subsidiary of the Parent Guarantor as a Guarantor with respect to any series of notes, subject to applicable regulatory or contractual limitations relating to such subsidiary’s Guarantee;
- to provide for the release and termination of any Subsidiary Guarantor’s Guarantee in the circumstances described under “—Guarantees” above;
- to provide for any amendment, modification or alteration of any Subsidiary Guarantor’s Guarantee and the limitations applicable thereto in the circumstances described under “—Guarantees” above;
- to make any other change that does not materially adversely affect the interests of the holders of the series of notes affected thereby.

Certain Covenants

Limitation on Liens

So long as any of the 2040 Notes remains outstanding, the Parent Guarantor will not, nor will it permit any Restricted Subsidiary to, create, assume, guarantee or suffer to exist any mortgage, pledge, security interest or lien (an “**Encumbrance**”) on any of its Principal Plants or on any capital stock of any Restricted Subsidiary without effectively providing that the 2040 Notes (together with, if the Parent Guarantor shall so determine, any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the 2040 Notes and any other indebtedness of such Restricted Subsidiary then existing or thereafter created) shall be secured by the security for such secured indebtedness equally and ratably therewith, *provided, however*, the above limitation does not apply to:

- (a) purchase money liens, so long as such liens attach only to the assets so acquired and improvements thereon,
- (b) Encumbrances existing at the time of acquisition of property (including through merger or consolidation) or securing indebtedness the proceeds of which are used to pay or reimburse the Parent Guarantor or a Restricted Subsidiary for the cost of such property (provided such indebtedness is incurred within 180 days after such acquisition),
- (c) Encumbrances on property of a Restricted Subsidiary existing at the time it becomes a Restricted Subsidiary,
- (d) Encumbrances to secure the cost of development or construction of property, or improvements thereon, *provided* that the recourse of the creditors in respect of such indebtedness is limited to such property and improvements,
- (e) Encumbrances in connection with the acquisition or construction of Principal Plants or additions thereto financed by tax-exempt securities,
- (f) Encumbrances securing indebtedness owing to the Parent Guarantor or a Restricted Subsidiary by a Restricted Subsidiary,
- (g) Encumbrances existing at the date of the Indenture,
- (h) Encumbrances required in connection with state or local governmental programmes which provide financial or tax benefits, *provided* the obligations secured are in lieu of or reduce an obligation that would have been secured by an Encumbrance permitted under the Indenture,
- (i) any Encumbrance arising by operation of law and not securing amounts more than ninety (90) days overdue or otherwise being contested in good faith,
- (j) judgment Encumbrances not giving rise to an event of default,
- (k) any Encumbrance incurred or deposits made in the ordinary course of business, including, but not limited to, (i) any mechanics’, materialmen’s, carriers’, workmen’s, vendors’ or other like Encumbrances, (ii) any Encumbrances securing amounts in connection with workers’ compensation, unemployment insurance and other types of social security, and (iii) any easements, rights-of-way, restrictions and other similar charges,
- (l) any Encumbrance upon specific items of inventory or other goods and proceeds of the Parent Guarantor or any Restricted Subsidiary securing the Parent Guarantor’s or any such Restricted Subsidiary’s obligations in respect of bankers’ acceptances issued or created for the account of such person to facilitate the purchase, shipment or storage of such inventory or other goods,
- (m) any Encumbrance incurred or deposits made securing the performance of tenders, bids, leases, statutory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of like nature incurred in the ordinary course of business,

- (n) any Encumbrance on any Principal Plant of the Parent Guarantor or any Restricted Subsidiary in favour of the Federal Government of the United States or the government of any State thereof, or the government of the United Kingdom, or any state in the European Union, or any instrumentality of any of them, securing the obligations of the Parent Guarantor or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes,
- (o) any Encumbrance securing taxes or assessments or other applicable governmental charges or levies,
- (p) extensions, renewals or replacements of the Encumbrances referred to in clauses (a) through (o), *provided* that the amount of indebtedness secured by such extension, renewal or replacement shall not exceed the principal amount of indebtedness being extended, renewed or replaced, together with the amount of any premiums, fees, costs and expenses associated with such extension, renewal or replacement, nor shall the pledge, mortgage or lien be extended to any additional Principal Plant unless otherwise permitted under this covenant,
- (q) as permitted under the provisions described in the following two paragraphs herein and
- (r) in connection with sale-leaseback transactions permitted under the Indenture.

Notwithstanding the provisions described in the immediately preceding paragraph, the Parent Guarantor or any Restricted Subsidiary may, without rateably securing the 2040 Notes, create, assume, guarantee or suffer to exist any indebtedness which would otherwise be subject to such restrictions, and renew, extend or replace such indebtedness, *provided* that the aggregate amount of such indebtedness, when added to the fair market value of property transferred in certain sale and leaseback transactions permitted by Indenture as described below under “Sale-Leaseback Financings” (computed without duplication of amount) does not at the time exceed 15% of Net-Tangible Assets.

If the Parent Guarantor or any Restricted Subsidiary merges or consolidates with, or purchases all or substantially all of the assets of, another corporation, or the Parent Guarantor sells all or substantially all of its assets to another corporation, and if such other corporation has outstanding obligations secured by an Encumbrance which, by reason of an after-acquired property clause or similar provision, would extend to any Principal Plant owned by the Parent Guarantor or such Restricted Subsidiary immediately prior thereto, the Parent Guarantor or such Restricted Subsidiary, as the case may be, will in such event be deemed to have created an Encumbrance, within the prohibition of the covenant described above, unless (a) such merger or consolidation involving a Restricted Subsidiary constitutes a disposition by the Parent Guarantor of its interest in the Restricted Subsidiary or (b) (i) at or prior to the effective date of such merger, consolidation, sale or purchase such Encumbrance shall be released of record or otherwise satisfied to the extent it would extend to such Principal Plant, (ii) prior thereto, the Parent Guarantor or such Restricted Subsidiary shall have created, as security for the 2040 Notes (and, if the Parent Guarantor shall so determine, as security for any other indebtedness of the Parent Guarantor then existing or thereafter created ranking equally with the 2040 Notes and any other indebtedness of such Restricted Subsidiary then existing or thereafter created), a valid Encumbrance which will rank equally and rateably with the Encumbrances of such other corporation on such Principal Plant of the Parent Guarantor or such Restricted Subsidiary, as the case may be, or (iii) such Encumbrance is otherwise permitted or complies with the Covenant described above.

In each instance referred to in the preceding paragraphs where the Parent Guarantor is obligated to provide security for the 2040 Notes (except, for certain issues of indebtedness, in the case of transactions relating to stock of a Restricted Subsidiary), the Parent Guarantor would be required to provide comparable security for other outstanding indebtedness under the indentures and other agreements relating thereto.

Sale-Leaseback Transactions Relating to Principal Plants

- (a) Except to the extent permitted under paragraph (c) below, and except for any transaction involving a lease for a temporary period, not to exceed three years, by the end of which it is intended that the use of the leased property by the Parent Guarantor or any Restricted Subsidiary will be discontinued and except for any transaction with a state or local authority that is required in connection with any programme, law, statute or regulation that provides financial or tax benefits not available without such transaction, the Parent Guarantor shall not sell any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property and the Parent Guarantor will not permit any Restricted Subsidiary to sell to anyone other than the Parent Guarantor or a Restricted Subsidiary any Principal Plant as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property unless:

- (i) the net proceeds of such sale (including any purchase money mortgages received in connection with such sale) are at least equal to the fair market value (as determined by an officer of the Parent Guarantor) of such property and
- (ii) subject to paragraph (d) below, the Parent Guarantor shall, within 120 days after the transfer of title to such property (or, if the Parent Guarantor holds the net proceeds described below in cash or cash equivalents, within two years)
 - (A) purchase, and surrender to the Trustee for retirement as provided in this covenant, a principal amount of 2040 Notes equal to the net proceeds derived from such sale (including the amount of any such purchase money mortgages), or
 - (B) repay other *pari passu* indebtedness of the Parent Guarantor or any Restricted Subsidiary in an amount equal to such net proceeds, or
 - (C) expend an amount equal to such net proceeds for the expansion, construction or acquisition of a Principal Plant, or
 - (D) effect a combination of such purchases, repayments and plant expenditures in an amount equal to such net proceeds.
- (b) At or prior to the date 120 days after a transfer of title to a Principal Plant which shall be subject to the requirements of this covenant, the Parent Guarantor shall furnish to the Trustee:
 - (i) an Officers' Certificate stating that paragraph (a) of this covenant has been complied with and setting forth in detail the manner of such compliance, which certificate shall contain information as to
 - (A) the amount of 2040 Notes theretofore redeemed and the amount of 2040 Notes theretofore purchased by the Parent Guarantor and cancelled by the Trustee and the amount of 2040 Notes purchased by the Parent Guarantor and then being surrendered to the Trustee for cancellation,
 - (B) the amount thereof previously credited under paragraph (d) below,
 - (C) the amount thereof which it then elects to have credited on its obligation under paragraph (d) below, and
 - (D) any amount of other indebtedness which the Parent Guarantor has repaid or will repay and of the expenditures which the Parent Guarantor has made or will make in compliance with its obligation under paragraph (a), and
 - (ii) a deposit with the Trustee for cancellation of the 2040 Notes then being surrendered as set forth in such certificate.
- (c) Notwithstanding the restriction of paragraph (a), the Parent Guarantor and any one or more Restricted Subsidiaries may transfer property in sale-leaseback transactions which would otherwise be subject to such restriction if the aggregate amount of the fair market value of the property so transferred and not reacquired at such time, when added to the aggregate principal amount of indebtedness for borrowed money permitted by the last paragraph of the covenant described under "—Limitation on Liens" which shall be outstanding at the time (computed without duplication of the value of property transferred as provided in this paragraph (c)), does not at the time exceed 15% of Net Tangible Assets.
- (d) The Parent Guarantor, at its option, shall be entitled to a credit, in respect of its obligation to purchase and retire 2040 Notes under this covenant, for the principal amount of any 2040 Notes deposited with the Trustee for the purpose and also for the principal amount of
 - (i) any 2040 Notes theretofore redeemed at the option of the Parent Guarantor and
 - (ii) any 2040 Notes previously purchased by the Parent Guarantor and cancelled by the Trustee, and in each case not theretofore applied as a credit under this paragraph (d) or as part of a sinking fund arrangement for the 2040 Notes.

- (e) For purposes of this covenant, the amount or the principal amount of 2040 Notes which are issued with original issue discount shall be the principal amount of such 2040 Notes that on the date of the purchase or redemption of such 2040 Notes referred to in this covenant could be declared to be due and payable pursuant to the Indenture.

Events of Default

The occurrence and continuance of one or more of the following events will constitute an “Event of Default” under the Indenture and under each series of 2040 Notes and Old Notes:

- (a) *payment default*—(i) the Issuer or a Guarantor fails to pay interest within 30 days from the relevant due date, or (ii) the Issuer or a Guarantor fails to pay the principal (or premium, if any) due on the 2040 Notes or the Old Notes at maturity; *provided* that to the extent any such failure to pay principal or premium is caused by a technical or administrative error, delay in processing payments or event beyond the control of the Issuer or Guarantors, no Event of Default shall occur for three days following such failure to pay; *provided further* that, in the case of a redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment; or
- (b) *breach of other material obligations*—the Issuer or a Guarantor defaults in the performance or observance of any of its other material obligations under or in respect of the 2040 Notes or the Old Notes of a series or the Indenture and such default remains unremedied for 90 days after there has been given a written notice to the Issuer and the Parent Guarantor by the Trustee or to the Issuer, the Parent Guarantor and the Trustee by the Holders of at least 25% in principal amount of the 2040 Notes and Old Notes of the series affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a “**Notice of Default**” under the 2040 Notes and the Old Notes of such series; or
- (c) *cross-acceleration*—any obligation for the payment or repayment of borrowed money having an aggregate outstanding principal amount of at least €100,000,000 (or its equivalent in any other currency) of the Issuer or a Guarantor becomes due and payable prior to its stated maturity by reason of a default and is not paid within 30 days; or
- (d) *bankruptcy or insolvency*—a court of competent jurisdiction commences bankruptcy or other insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary under the applicable laws of their respective jurisdictions of incorporation, or the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary applies for or institutes such proceedings or offers or makes an assignment for the benefit of its creditors generally, or a third party institutes bankruptcy or insolvency proceedings against the Issuer, the Parent Guarantor or a Guarantor that is a Significant Subsidiary and such proceedings are not discharged or stayed within 90 days; or
- (e) *impossibility due to government action*—any governmental order, decree or enactment shall be made in or by Belgium or the jurisdiction of incorporation of a Guarantor that is a Significant Subsidiary whereby the Issuer, the Parent Guarantor, or such Guarantor that is a Significant Subsidiary is prevented from observing and performing in full its obligations as set forth in the terms and conditions of the 2040 Notes and the Guarantees, respectively, and this situation is not cured within 90 days, or
- (f) *invalidity of the Guarantees*—the Guarantees provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary cease to be valid and legally binding for any reason whatsoever or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under the Guarantee.

If an Event of Default occurs and is continuing with respect to the 2040 Notes and the Old Notes of any series, then in each and every case, unless the principal of all of the 2040 Notes and Old Notes of such series shall already have become due and payable (in which case no action is required for the acceleration of the 2040 Notes and Old Notes of such series), the Holders of not less than 25% in aggregate principal amount of the 2040 Notes and Old Notes of such series then outstanding, by written notice to the Issuer, the Parent Guarantor and the Trustee as provided in the Indenture, may declare the entire principal of all the 2040 Notes and Old Notes of such series, and the interest accrued thereon, to be due and payable immediately, *provided, however*, that if an Event of Default specified in paragraph (d) above with respect to any series of 2040 Notes and Old Notes at the time outstanding occurs, the principal amount of that series shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable. Under certain circumstances, the Holders of a majority in aggregate principal amount of a series of 2040 Notes and Old Notes then outstanding may, by written notice to the Issuer and the Trustee as provided in the Indenture, waive all defaults and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

Substitution of the Issuer or Guarantor; Consolidation, Merger and Sale of Assets

In all cases subject to the provisions described above under “—Holders’ Option to Require Repayment upon a Change in Control”, (i) the Issuer or a Guarantor, without the consent of the Holders of any of the 2040 Notes, may consolidate with, or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any corporation and (ii) the Issuer may at any time substitute for the Issuer either a Guarantor or any Affiliate (as defined below) of a Guarantor as principal debtor under the 2040 Notes (a “**Substitute Issuer**”); *provided that*:

- (a) the Substitute Issuer or any other successor company shall expressly assume the Issuer’s or such Guarantor’s respective obligations under the 2040 Notes or the Guarantees, as the case may be, and the Indenture;
- (b) any other successor company is organized under the laws of a member country of Organisation for Economic Co-Operation and Development;
- (c) the Issuer is not in default of any payments due under the 2040 Notes and immediately before and after giving effect to such consolidation, merger, sale, transfer, lease or conveyance no Event of Default shall have occurred and be continuing;
- (d) in the case of a Substitute Issuer:
 - (i) the obligations of the Substitute Issuer arising under or in connection with the 2040 Notes and the Indenture are fully, irrevocably and unconditionally guaranteed by the Parent Guarantor and each Subsidiary Guarantor (if any) on the same terms as existed immediately prior to such substitution under the Guarantees given by such Guarantors;
 - (ii) the Parent Guarantor, the Issuer and the Substitute Issuer jointly and severally indemnify each Holder for any income tax or other tax (if any) recognised by such Holder solely as a result of the substitution of the Substitute Issuer (and not as a result of any transfer by such Holder);
 - (iii) each stock exchange on which the 2040 Notes are listed shall have confirmed that, following the proposed substitution of the Substitute Issuer, such 2040 Notes will continue to be listed on such stock exchange;
 - (iv) each rating agency that rates the 2040 Notes shall have confirmed that, following the proposed substitution of the Substitute Issuer, such 2040 Notes will continue to have the same or better rating as immediately prior to such substitution; and
- (e) written notice of such transaction shall be promptly provided to the Holders.

For purposes of the foregoing, “**Affiliate**” shall mean, with respect to any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person.

Upon the effectiveness of any substitution, all of the foregoing provisions will apply *mutatis mutandis*, and references elsewhere herein to the Issuer or a Guarantor will, where the context so requires, be deemed to be or include references, to any successor company.

Discharge and Defeasance

Discharge of Indenture

The Indenture provides that the Issuer and the Guarantors will be discharged from any and all obligations in respect of the Indenture (except for certain obligations to register the transfer of or 2040 Notes, replace stolen, lost or mutilated 2040 Notes, make payments of principal and interest and maintain paying agencies) if:

- the Issuer or the Guarantors have paid or caused to be paid in full the principal of and interest on all 2040 Notes outstanding thereunder;
- the Issuer or the Guarantors shall have delivered to the Trustee for cancellation all 2040 Notes outstanding theretofore authenticated; or
- all 2040 Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable; (ii) will become due and payable in accordance with their terms within one year or (iii) are to be, or have been, called for redemption as described under “—Optional Redemption” or “—Optional Tax Redemption” within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and, in any such case, the Issuer or the Guarantors shall have irrevocably deposited with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such 2040 Notes, (a) cash in U.S. dollars in an amount, or (b) U.S. Government Obligations (as defined below) which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than the due date of any payment, cash in U.S. dollars in an amount, or (c) any combination of (a) and (b), sufficient to pay all the principal of, and interest (and Additional Amounts, if any) on, all such 2040 Notes not theretofore delivered to the Trustee for cancellation on the dates such payments are due in accordance with the terms of the 2040 Notes and all other amounts payable under the Indenture by the Issuer.

“**U.S. Government Obligations**” means securities which are (i) direct obligations of the U.S. government or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government, the payment of which is unconditionally guaranteed by the U.S. government, which, in either case, are full faith and credit obligations of the U.S. government payable in U.S. dollars and are not callable or redeemable at the option of the issuer thereof.

Covenant Defeasance

The Indenture also provides that the Issuer and the Guarantors need not comply with certain covenants of the Indenture (including those described under “—Certain Covenants—Limitation on Liens”), and the Guarantors shall be released from their obligations under the Guarantees, if:

- the Issuer (or the Guarantors) irrevocably deposit with the Trustee as trust funds in irrevocable trust, specifically pledged as security for, and dedicated solely to, the benefit of the holders of such 2040 Notes, (i) cash in U.S. dollars in an amount, or (ii) U.S. government obligations which through the payment of interest thereon and principal thereof in accordance with their terms will provide not later than one day before the due date of any payment cash in U.S. dollars in an amount, or (iii) any combination of (i) and (ii), sufficient to pay all the principal of, and interest on, the 2040 Notes then outstanding on the dates such payments are due in accordance with the terms of the 2040 Notes;
- certain events of default, or events which with notice or lapse of time or both would become such an event of default, shall not have occurred and be continuing on the date of such deposit;

- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognised standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the 2040 Notes will not recognise income, gain or loss for U.S. federal income tax purposes as a result of the exercise of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would be the case if such Covenant Defeasance had not occurred;
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an opinion of tax counsel of recognised standing in its jurisdiction of incorporation to the effect that such deposit and related Covenant Defeasance will not cause the Holders, other than Holders who are or who are deemed to be residents of such jurisdiction of incorporation or use or hold or are deemed to use or hold their 2040 Notes in carrying on a business in such jurisdiction of incorporation, to recognise income, gain or loss for income tax purposes in such jurisdiction of incorporation, and to the effect that payments out of the trust fund will be free and exempt from any and all withholding and other income taxes of whatever nature of such jurisdiction of incorporation or political subdivision thereof or therein having power to tax, except in the case of 2040 Notes beneficially owned (i) by a person who is or is deemed to be a resident of such jurisdiction of incorporation or (ii) by a person who uses or holds or is deemed to use or hold such 2040 Notes in carrying on a business in such jurisdiction of incorporation; and
- the Issuer, or the Guarantors, as the case may be, deliver to the Trustee an officers' certificate and an opinion of legal counsel of recognised standing, each stating that all conditions precedent provided for relating to such Covenant Defeasance have been complied with.

The effecting of these arrangements is also known as “**Covenant Defeasance**”.

Additional Amounts

To the extent that any Guarantor is required to make payments in respect of the 2040 Notes, such Guarantor will make all payments in respect of the 2040 Notes without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction at source by or on behalf of any jurisdiction in which such Guarantor is incorporated, organised, or otherwise tax resident or any political subdivision or any authority thereof or therein having power to tax (the “**Relevant Taxing Jurisdiction**”) unless such withholding or deduction is required by law. In such event, such Guarantor will pay to the Holders such additional amounts (the “**Additional Amounts**”) as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Guarantor from payment of principal or interest made by it, or
- are payable by reason of the Holder or beneficial owner having, or having had, some personal or business connection with such Relevant Taxing Jurisdiction and not merely by reason of the fact that payments in respect of the 2040 Notes or the Guarantees are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Relevant Taxing Jurisdiction, or
- are imposed or withheld by reason of the failure of the Holder or beneficial owner to provide certification, information, documents or other evidence concerning the nationality, residence, or identity of the Holder and beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice, as a precondition to exemption from, or a reduction in the rate of withholding or deduction of such taxes, or
- consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes, or
- are imposed on or with respect to any payment by the applicable Guarantors to the registered Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such registered Holder been the sole beneficial owner of such 2040 Note, or

- (f) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding, or
- (g) are payable by reason of a change in law or practice that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and written notice thereof is provided to the Holders, whichever occurs later, or
- (h) are payable because any 2040 Note was presented to a particular paying agent for payment if the 2040 Note could have been presented to another paying agent without any such withholding or deduction, or
- (i) are payable for any combination of (a) through (h) above.

References to principal or interest in respect of the 2040 Notes shall be deemed to include any Additional Amounts, which may be payable as set forth in the Indenture.

The preceding covenant regarding Additional Amounts will not apply to any Guarantor at any time when such Guarantor is incorporated in a jurisdiction in the United States; *provided, however*, that such covenant will apply to the Issuer at any time when it is incorporated in a jurisdiction outside of the United States.

Definitions

“Net Tangible Assets” means the total assets of the Parent Guarantor and its Restricted Subsidiaries (including, with respect to the Parent Guarantor, its net investment in subsidiaries that are not Restricted Subsidiaries) after deducting therefrom (a) all current liabilities (excluding any thereof constituting debt by reason of being renewable or extendable) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense, organisation and developmental expenses and other like segregated intangibles, all as computed by the Parent Guarantor in accordance with generally accepted accounting principles applied by the Parent Guarantor as of a date within 90 days of the date as of which the determination is being made; provided, that any items constituting deferred income taxes, deferred investment tax credit or other similar items shall not be taken into account as a liability or as a deduction from or adjustment to total assets.

“Principal Plant” means (a) any brewery, or any manufacturing, processing or packaging plant, now owned or hereafter acquired by the Parent Guarantor or any Subsidiary, but shall not include (i) any brewery or manufacturing, processing or packaging plant which the Parent Guarantor shall by board resolution have determined is not of material importance to the total business conducted by the Parent Guarantor and its Subsidiaries, (ii) any plant which the Parent Guarantor shall by board resolution have determined is used primarily for transportation, marketing or warehousing (any such determination to be effective as of the date specified in the applicable board resolution) or (iii) at the option of the Parent Guarantor, any plant that (A) does not constitute part of the brewing operations of the Parent Guarantor and its Subsidiaries and (B) has a net book value, as reflected on the balance sheet contained in the Parent Guarantor’s financial statements of not more than \$100,000,000, and (b) any other facility owned by the Parent Guarantor or any of its Subsidiaries that the Parent Guarantor shall, by board resolution, designate as a Principal Plant. Following any determination, designation or election referred to herein that a brewery or plant shall not be included as a Principal Plant, the Parent Guarantor may, at its option, by board resolution, elect that such facility subsequently be included as a Principal Plant.

“Restricted Subsidiary” means (a) any Subsidiary which owns or operates a Principal Plant, (b) any other subsidiary which the Parent Guarantor, by board resolution, shall elect to be treated as a Restricted Subsidiary, until such time as the Parent Guarantor may, by further board resolution, elect that such Subsidiary shall no longer be a Restricted Subsidiary, successive such elections being permitted without restriction, and (c) the Issuer and the Subsidiary Guarantors; *provided* that each of Companhia de Bebidas das Américas—AmBev and Grupo Modelo S.A.B. de C.V. shall not be “Restricted Subsidiaries” until and unless the Parent Guarantor owns, directly or indirectly, 100% of the equity interests in such company. Any such election will be effective as of the date specified in the applicable board resolution.

“Significant Subsidiary” means any Subsidiary (i) the consolidated revenue of which represents 10% or more of the consolidated revenue of the Parent Guarantor, (ii) the consolidated earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) of which represents 10% or more of the consolidated EBITDA of the Parent Guarantor or (iii) the consolidated gross assets of which represent 10% or more of the consolidated gross assets of the Parent Guarantor, in each case as reflected in the most recent annual audited financial statements of the Parent Guarantor, *provided* that (A) in the case of a Subsidiary acquired by the Parent Guarantor during or after the financial year shown in the most recent annual audited financial statements of the Parent Guarantor, such calculation shall be made on the basis of the contribution of the Subsidiary considered on a pro-forma basis as if it had been acquired at the beginning of the relevant period, with the pro-forma calculation (including any adjustments) being made by the Parent Guarantor acting in good faith and (B) EBITDA shall be calculated by the Parent Guarantor in substantially the same manner as it is calculated for the amounts shown in the “Summary Financial Information” included in Form F-4.

“Subsidiary” means any corporation of which more than 50% of the issued and outstanding stock entitled to vote for the election of directors (otherwise than by reason of default in dividends) is at the time owned directly or indirectly by the Parent Guarantor or a Subsidiary or Subsidiaries or by the Parent Guarantor and a Subsidiary or Subsidiaries.

The Trustee, principal paying agent, transfer agent and registrar is The Bank of New York Mellon Trust Company, N.A.

American Depositary Shares

This section will summarize the material provisions of the Amended and Restated Deposit Agreement, dated as of March 23, 2018 (the “**Deposit Agreement**”), among AB InBev, The Bank of New York Mellon, as depositary, and the owners and holders of American Depositary Shares (“**ADSs**”) from time to time under the Deposit Agreement. As used in this section headed “—*American Depositary Shares*” all references to the “depositary” are references to The Bank of New York Mellon in its capacity as depositary under the Deposit Agreement, and all references to the “custodian” are to the principal Brussels office of ING Belgium SA/NV in its capacity as custodian under the Deposit Agreement as appointed by the depositary.

We do not, however, describe every aspect of the deposit agreement, which has been filed as Exhibit 4.2 to our registration statement on Form S-8, filed with the SEC on 14 September 2018. You should read the Deposit Agreement for a more detailed description of the terms of the ADRs. You may obtain copies of the Deposit Agreement and any amendments thereto from the SEC’s website at www.sec.gov. Copies of the Deposit Agreement are also on file at the ADR depositary’s corporate trust office and the office of the custodian. They are open to inspection by owners and holders during business hours.

Uncertificated ADSs may be registered on the books of the depositary in electronic book-entry form by means of the Direct Registration System (“**DRS**”) operated by The Depository Trust Company (“**DTC**”). Periodic statements will be mailed to our ADS holders that reflect their ownership interest in such ADSs. Alternatively, under the Deposit Agreement, our ADSs may be certificated by ADRs delivered by the depositary to evidence the ADSs. Unless otherwise specified in this description, references to “ADSs” include (i) our uncertificated ADSs, the ownership of which will be evidenced by periodic statements ADS holders will receive, and (ii) our certificated ADSs evidenced by our ADRs.

The depositary’s office is located at 240 Greenwich Street, New York, New York 10286, United States. Because the depositary or its nominee actually holds the underlying Ordinary Shares, ADS holders generally receive the benefit from such underlying AB InBev Ordinary Shares through the depositary. ADS holders must rely on the depositary to exercise the rights of a shareholder on their behalf, including the voting of the Ordinary Shares represented by the ADSs. If a person becomes an owner of our ADSs, it will become a party to the Deposit Agreement and therefore will be bound by its terms and by the terms of the ADSs and the ADRs. The Deposit Agreement specifies the rights and obligations of AB InBev, the ADS holders’ rights and obligations as owners of ADSs and the rights and obligations of the depositary. The Deposit Agreement, the ADSs and the ADRs will be governed by New York law. However, the underlying Ordinary Shares will continue to be governed by Belgian law, which may be different from New York law.

General

The Bank of New York Mellon, as depositary, will register and deliver ADSs. Each ADS will represent one share (or a right to receive one share) deposited with the principal Brussels office of ING Belgium SA/NV, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary’s corporate trust office at which the ADSs will be administered is located at 240 Greenwich Street, New York, New York 10286, United States. The Bank of New York Mellon’s principal executive office is located at 240 Greenwich Street, New York, New York 10286, United States.

You may hold ADSs either (A) directly (i) by having an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having ADSs registered in your name in the DRS, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

DRS is a system administered by DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Belgian law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and all other persons indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the Deposit Agreement and the ADSs.

Dividends and Other Distributions

The depositary will agree to pay to ADS holders the cash dividends or other distributions it or the custodian will receive on shares or other deposited securities, after deducting its fees and expenses. Shareholders will receive these distributions in proportion to the number of ordinary shares their ADSs represent.

Cash. The depositary will convert, as promptly as practicable, any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval that is required is not filed, sought or obtained in a reasonable period by the depositary, the Deposit Agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, adviser, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent.

Shares. The depositary may, and will, if we ask it to in writing, distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. The depositary will not be required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory assurance from us that it is legal to make that distribution. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares sufficient to pay its fees and expenses in connection with that distribution.

If we declare a distribution in which holders of deposited securities have a right to elect whether to receive cash, shares or other securities, or a right to elect to have a distribution sold on their behalf, the depositary shall endeavor to consult with us and, if we so request in writing, to make that right of election available for exercise by owners of ADSs in any manner the depositary considers to be lawful and practical. The depositary may require satisfactory assurances from us that doing so would not require registration of any securities under the Securities Act.

Rights to purchase additional shares or other rights. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may, after consulting with us, make these rights available to ADS holders or may sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold (either due to the terms of such rights offering or for any other reason) to lapse. In circumstances where rights would otherwise not be distributed, if an ADS holder requests a distribution of warrants or other instruments in order to exercise the rights allocable to the ADS of such holder, the depositary will make such right available to such holder upon our written notice that we permit such rights to be exercised and the holder has executed such documents as reasonably required under applicable law.

If the depositary makes rights available to ADS holders, upon the instruction from such ADS holders, it will exercise the rights and purchase the shares on their behalf. The depositary will then deposit the shares and deliver ADSs to the persons entitled to them. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

Other Distributions. The depositary will send to ADS holders anything else that we distribute on deposited securities by any means it may reasonably think is legal, equitable and practical. If it cannot make

the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. However, the depositary will not be required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory assurance from us that it is legal to make that distribution. The depositary will be permitted to sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary will not be responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We will have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also will have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. See Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Dividend Policy” in the 2019 Form 20-F for further information on our current dividend policy.

Deposit, Withdrawal, Cancellation and Transfer

The depositary will deliver ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

You may surrender your ADSs at the depositary’s corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

ADSs evidenced by an ADR, when the ADR is properly endorsed or accompanied by proper instruments of transfer, shall be transferable as certificated registered securities under the laws of the State of New York. ADSs not evidenced by ADRs shall be transferable as uncertificated registered securities under the laws of the State of New York. The depositary, notwithstanding any notice to the contrary, may treat the owner of ADSs as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes, and neither the depositary nor AB InBev shall have any obligation or be subject to any liability under this Deposit Agreement to any holder of ADSs (but instead only to the owner of those ADSs).

Voting Rights

ADS holders may instruct the depositary to vote the number of deposited shares their ADSs represent. The depositary will notify ADS holders of shareholders’ meetings and arrange to deliver at our expense, except as we may otherwise agree with the depositary, our voting materials to them if we so request. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary (the “**Instruction Cutoff Date**”).

The depositary will try, as far as practical, subject to the laws of Belgium and of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders (assuming such instruction was received prior to the Instruction Cutoff Date). The depositary will only vote or attempt to vote as instructed, or as provided below.

If (a) we made a request to the depositary and gave the depositary notice of the meeting, details concerning the matters to be voted upon and copies of materials to be made available to holders of ordinary shares in connection with the meeting at least 30 days prior to the meeting date and (b) no instructions are received by the depositary from an owner of ADSs with respect to an amount of deposited securities represented by ADSs of that owner and a matter on or before the Instruction Cutoff Date, the depositary shall deem that owner to have instructed the depositary to give, and the depositary shall give, a discretionary proxy to a person designated by us with respect to that amount of deposited securities to vote that amount of deposited securities as to that matter in accordance with any of our recommendations (including any recommendation by us to vote deposited securities on any issue in accordance with the majority shareholders' vote on that issue) as determined by the appointed proxy, except that such instruction shall not be deemed to have been given and the depositary shall not give a discretionary proxy with respect to any matter as to which we inform the depositary (and we agree to provide that information as promptly as practicable in writing, if applicable) that (i) we do not wish to receive a discretionary proxy, (ii) substantial opposition exists or (iii) the matter materially and adversely affects the rights of holders of ordinary shares.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions.

Amendment and Termination

The form of ADRs and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the us and the depositary without the consent of owners or holders of ADSs in any respect which we may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of owners of ADSs, shall, however, not become effective as to outstanding ADSs until the expiration of 30 days after notice of such amendment shall have been disseminated to the owners of outstanding ADSs. Every owner and holder of ADSs, at the time any amendment so becomes effective, shall be deemed, by continuing to hold such ADSs or any interest therein, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the owner of ADSs to surrender ADSs and receive therefor the ordinary shares represented thereby, except in order to comply with mandatory provisions of applicable law.

We may terminate the Deposit Agreement by instructing the depositary to mail notice of termination to the owners of ADSs then outstanding at least 30 days prior to the termination date included in such notice. The depositary may likewise terminate the Deposit Agreement, if at any time 90 days shall have expired after the depositary delivered to us a written resignation notice and if a successor depositary shall not have been appointed and accepted its appointment as provided in the Deposit Agreement; in such case the depositary shall disseminate a notice of termination to the owners of ADSs then outstanding at least 30 days prior to the termination date. On and after the date of termination, the owner of ADSs will, upon (a) surrender of such ADSs, (b) payment of the fee of the depositary for the surrender of ADSs referred, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of ordinary shares represented by those ADSs.

If any ADSs shall remain outstanding after the date of termination, the depositary thereafter shall discontinue the registration of transfers of ADSs, shall suspend the distribution of dividends to the owners thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the depositary shall continue to collect dividends and other distributions pertaining to the ordinary shares, shall sell rights and other property as provided in the Deposit Agreement, and shall continue to deliver ordinary shares, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, upon surrender of ADSs (after deducting, in each case, the fee of the depositary for the surrender of ADSs, any expenses for the account of the owner of such ADSs in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). At

any time after the expiration of four months from the date of termination, the depositary may sell the ordinary shares then held under the Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it thereunder, unsegregated and without liability for interest, for the pro rata benefit of the owners of ADSs that have not theretofore been surrendered, such owners thereupon becoming general creditors of the depositary with respect to such net proceeds and that other cash. After making such sale, the depositary shall be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the depositary for the surrender of ADSs, any expenses for the account of the owner of such ADSs in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the depositary with respect to indemnification, charges, and expenses.

Liability of AB InBev and the Depositary

Neither AB InBev nor the depositary, nor any of their respective directors, employees, agents or affiliates shall incur any liability to any owner or holder of ADSs:

- (i) if by reason of (A) any provision of any present or future law or regulation or other act of the government of the United States, any State of the United States or any other state or jurisdiction, or of any governmental or regulatory authority or stock exchange; (B) (in the case of the depositary only) any provision, present or future, of the articles of association or similar document of AB InBev, or by reason of any provision of any securities issued or distributed by us, or any offering or distribution thereof; or (C) any event or circumstance, whether natural or caused by a person or persons, that is beyond the ability of the depositary, its agents or us, as the case may be, to prevent or counteract by reasonable care or effort (including, but not limited to earthquakes, floods, severe storms, fires, explosions, war, terrorism, civil unrest, labor disputes or criminal acts; interruptions or malfunctions of utility services, internet or other communications lines or systems; unauthorized access to or attacks on computer systems or websites; or other failures or malfunctions of computer hardware or software or other systems or equipment), the depositary or the Company is, directly or indirectly, prevented from, forbidden to or delayed in, or could be subject to any civil or criminal penalty on account of doing or performing and therefore does not do or perform, any act or thing that, by the terms of the Deposit Agreement or the deposited securities, it is provided shall be done or performed;
- (ii) for any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement (including any determination by the depositary to take, or not take, any action that the Deposit Agreement provides the depositary may take);
- (iii) for the inability of any owner or holder of ADSs to benefit from any distribution, offering, right or other benefit that is made available to holders of deposited securities but is not, under the terms of the Deposit Agreement, made available to owners or holders of ADSs; or
- (iv) for any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement.

Where, by the terms of a distribution of cash, shares or other distributions, or an offering or distribution of rights to subscribe for additional shares, or for any other reason, such distribution or offering may not be made available to owners of ADRs, and the depositary may not dispose of such distribution or offering on behalf of such owners and make the net proceeds available to such owners, then the depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither we nor the depositary assume any obligation or shall be subject to any liability under the Deposit Agreement to owners or holders of ADSs, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The depositary shall not be a fiduciary or have any fiduciary duty to owners or holders of ADSs. The depositary shall not be subject to any liability with respect to the validity or worth of the deposited securities. Neither we nor the depositary shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any deposited securities or in respect of the ADSs, on behalf of any owner or holder of ADSs or other person. Neither we nor the depositary shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting ordinary shares for deposit, any owner or holder of ADSs, or any other person believed by it in good faith to be competent to give such advice or information.

Each of the depositary and AB InBev may rely, and shall be protected in relying upon, any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with a matter arising wholly after the removal or resignation of the depositary, provided that in connection with the issue out of which such potential liability arises, the depositary performed its obligations without negligence or bad faith while it acted as depositary. The depositary shall not be liable for the acts or omissions of any securities depositary, clearing agency or settlement system in connection with or arising out of book-entry settlement of deposited securities or otherwise. The depositary shall not be responsible for any failure to carry out any instructions to vote any of the deposited securities or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith. The depositary shall not be liable for the inability or failure of an owner or holder of ADSs to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

Notices and reports

If we take or decide to take any corporate action related to cash dividends, share distributions, the offering of rights to subscribe for additional shares, or other distributions, or that effects or will effect a change of our name or legal structure, or that effects or will effect a change to our ordinary shares, we shall notify the depositary and the custodian of that action or decision as soon as it is lawful and reasonably practical to give that notice.

We will arrange for the translation into English, if not already in English, to the extent required pursuant to any regulations of the SEC, and the prompt transmittal by us to the depositary and the custodian of such notices and any other reports and communications which are made generally available by us to holders of our ordinary shares. If we so request in writing, the depositary will disseminate, at our expense (except as otherwise agreed between us), of copies of such notices, reports and communications to all owners of ADSs or otherwise make them available to owners of ADSs in a manner that we specify as substantially equivalent to the manner in which those communications are made available to holders of ordinary shares and compliant with the requirements of any securities exchange on which the ADSs are listed. We will timely provide the depositary with the quantity of such notices, reports, and communications, as requested by the depositary from time to time, in order for the depositary to effect that dissemination. The depositary will disseminate to any owner of ADSs upon its request a copy of our most recent annual report, to the extent the Company has supplied copies of that report to the depositary for that purpose.

Changes Affecting Deposited Securities

Upon any change in par value, split-up, consolidation or any other reclassification of deposited securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting us or to which we are a party, or upon the redemption or cancellation by us of the deposited securities, any securities, cash or property which shall be received by the depositary or a custodian in exchange for, in conversion of, in lieu of or in respect of deposited securities, shall be treated as new deposited securities under the Deposit Agreement, and ADSs shall thenceforth represent, in addition to the existing deposited securities, the right to receive the new deposited securities so received, unless additional ADSs are delivered pursuant to the following sentence. In any such case the depositary may, and shall, if we so request in writing, deliver additional ADSs as in the case of a dividend in ordinary shares, or call for the surrender of outstanding ADRs to be exchanged for new ADRs specifically describing such new deposited securities.

Your Right to Transfer ADSs or Receive the Shares Underlying Your ADRs

ADS holders will have the right to transfer or cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the Deposit Agreement.

Pre-release of ADSs

The Deposit Agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depositary may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release will be closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (i) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the shares or ADSs to be deposited; (ii) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; (iii) the depositary must be able to close out the pre-release on not more than five business days' notice; and (iv) subject to such further indemnities and credit regulation as the depositary deems appropriate. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so.

Direct Registration System

In the Deposit Agreement, all parties to the Deposit Agreement acknowledge that the DRS and Profile Modification System ("**Profile**") will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the Deposit Agreement understand that the depositary will not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the Deposit Agreement, the parties will agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile and in accordance with the Deposit Agreement shall not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.



CODE OF DEALING

September 2019

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DEFINITIONS

In this Code of Dealing, the following definitions will apply, unless otherwise stated:

AB InBev Group	the Company and all Affiliates.
Affiliate	any subsidiary or affiliate of the Company over which the Company has, directly or indirectly, control in accordance with article 5 of the Belgian Companies Code.
Board	the board of directors of the Company.
Closed Period	(a) each period starting 30 calendar days before any financial results announcement to be made by the Company and ending at the end of the day of the relevant financial results announcement; and (b) each additional period established by the Board as a Closed Period from time to time.
Company	Anheuser-Busch InBev SA/NV (AB InBev).
Competent Authority	the Belgian Financial Services and Markets Authority (FSMA).
Dealing¹	any direct or indirect acquisition or disposal of, or agreement to acquire or dispose of a Financial Instrument and any direct or indirect grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call or put or both) or other right or obligation, present or future, conditional or unconditional, to acquire or dispose of a Financial Instrument, or any interest in a Financial Instrument; to avoid any doubt and without limitation, the following transactions constitute “Dealings” for the purpose of this Code of Dealing, and are consequently subject to it: (a) arrangements that involve a sale of Financial Instruments with the intention of repurchasing an equal number of such Financial Instruments soon afterwards; (b) Dealings between Employees and/or Executives and/or Persons Closely Associated; and (c) off-market Dealings (d) the granting of any pledge on Financial Instruments

¹ For the purpose of this Code of Dealing, the term “Deal” shall be construed in accordance with this definition.

Director	any member of the Board.
Employee	any person employed by the AB InBev Group (other than an Executive) as well as (i) any member of the immediate family (spouse/husband and children) of such person or anyone living with such member as part of the same household or (ii) any company controlled by such person or by such family member.
Executive	any (i) Director, (ii) member of the Executive Committee, (iii) member of the Senior Leadership Team, (iv) member of Global External Growth (M&A), Global Finance, Global Strategy and Global Legal and Corporate Affairs Departments of the AB InBev Group, and (v) assistant of any person mentioned under (i) to (iv).
Financial Instrument	any financial instrument, including, but not limited to, any share, ADR, bond, warrant or option, and any derivative instrument relating to such instruments.
Inside Information	information of a precise nature, which has not been made public, relating directly or indirectly (1) to the AB InBev Group or to any listed company outside the AB InBev Group or (2) to Financial Instruments of the AB InBev Group or any listed company outside the AB InBev Group, and which, if it were made public, would be likely to have a significant effect on the price of Financial Instruments of the AB InBev Group or such other company. A non-exhaustive list of items that constitute or may constitute Inside Information is set out in Annex 1 hereto.
Persons Closely Associated	(i) any member of the immediate family (spouse/husband or a partner considered to be equivalent to a spouse in accordance with national law as well as any dependent children) of any Executive or a relative who lives with an Executive as part of the same household for at least one year prior to the date of a relevant Dealing and (ii) any legal person, trust or partnership, the managerial responsibilities of which are discharged by an Executive or a person referred to under (i), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

I. INTRODUCTION

The present Code of Dealing applies to all Employees, Executives and Persons Closely Associated of the AB InBev Group.

The purpose of the present Code of Dealing is to ensure that the aforementioned persons do not abuse, nor place themselves under suspicion of abusing, and maintain the confidentiality of Inside Information that they may have or be thought to have, especially in periods leading up to an announcement of financial results or of price-sensitive events or decisions.

The present Code of Dealing sets out minimum standards to be followed in any event. Nevertheless, in addition to the Code of Dealing, Employees, Executives and Persons Closely Associated are subject to **EU regulations and national laws prohibiting insider dealing**. These regulations and laws may, for example, make it a **criminal offence** for an individual who has information as an insider to Deal on or off a regulated market, or as a professional intermediary, in Financial Instruments, the price of which would be significantly affected if the Inside Information were made public. It should be noted that the present Code of Dealing **does not attempt to replace these regulations and laws** which will apply in addition to the present Code of Dealing.

Furthermore, **more extensive restrictions** may be provided for in existing or subsequent **arrangements** to which Employees, Executives and Persons Closely Associated are party or subject such as (i) lock-up agreements or (ii) the terms of any stock option, warrant plan or share purchase plan. Such restrictions will apply **in addition** to the present Code of Dealing.

Any questions relating to the interpretation or implementation of this Code should be submitted to the AB InBev Chief Legal & Corporate Affairs Officer and Corporate Secretary (e-mail: john.blood@ab-inbev.com).
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The persons to whom this Code is addressed acknowledge being bound by its terms and commit to observe the confidentiality and other undertakings and restrictions set out herein. Executives may be asked to sign on a regular basis a written statement on their awareness of and compliance with the AB InBev Code of Dealing.

II. INSIDE INFORMATION – PROHIBITION TO USE INSIDE INFORMATION

Without prejudice to more stringent obligations under applicable European regulations and national laws prohibiting insider dealing, an Employee, an Executive or a Person Closely Associated shall not, at any time:

- (a) communicate Inside Information to anyone within the AB InBev Group or to a third party, except if he or she does so in order to comply with a statutory requirement or if such is necessary for the proper performance of his or her professional duties;
- (b) recommend to anyone within the AB InBev Group or to a third party to Deal or not to Deal, as a result of being in possession of such Inside Information; or
- (c) assist anyone who is engaged in any of the above activities.

III. INSIDE INFORMATION AND CLOSED PERIODS – PROHIBITION TO DEAL

An **Employee, an Executive or a Person Closely Associated** shall not Deal in Financial Instruments, whether issued by the Company or not, at any time when he or she is in possession of Inside Information with respect to such Financial Instruments or the company to which they relate, whether or not he or she is at such time subject to applicable European regulations and national laws on the prohibition of insider dealing. As an exception to the latter general prohibition and without prejudice to applicable European regulations and national laws on the prohibition of insider dealing, a Person Closely Associated may at any time, without any clearance (as provided under Section IV or Section V) being needed, grant any pledge or any kind of other security on any Financial Instruments, whether issued by the Company or not, provided that such pledge or security does not imply by the mere fact of its granting any transfer of ownership, even when such Person Closely Associated is in possession of Inside Information with respect to such Financial Instruments or the company to which they relate.

Without prejudice to applicable European regulations and national laws on the prohibition of insider dealing, the prohibition of **Dealings** in Financial Instruments – whether issued by the Company or not – shall not apply to **an Employee, an Executive or a Person Closely Associated** when (i) the Dealing at stake is carried out in the discharge of an obligation that has become due in good faith and (ii) that obligation results from an agreement concluded before the **Person Closely Associated** possessed Inside Information with respect to such Financial Instruments or the Company.

An **Employee, an Executive or a Person Closely Associated** shall not Deal in any of the Company's Financial Instruments during a Closed Period. As an exception to the latter prohibition, a Person Closely Associated may, without any clearance (as provided under Section IV or Section V) being needed, during such Closed Period, (i) grant any pledge or any kind of other security on any of the Company's Financial Instruments and/or (ii) carry out any action in connection with any pledge or security (whether or not this pledge or security has been granted before or during such Closed Period), including any transfer to another Person Closely Associated, any granting of any additional pledge due to a margin call or any sale due to an event of default under any financing agreement secured by a pledge or security on the Company's Financial Instruments.

An **Employee or an Executive** shall not Deal in any of the Company's Financial Instruments on considerations of a short-term nature. Any purchase or sale of any of the Company's Financial Instruments within a period of six months after having sold or purchased such Financial Instruments will automatically be considered a Deal on considerations of a short-term nature, unless (i) such Financial Instrument was acquired or disposed of in connection with a stock option plan established or sponsored by the Company or (ii) a specific clearance to Deal was given pursuant to Section V of this Code of Dealing.

IV. EXCEPTIONS TO PROHIBITION TO DEAL DURING A CLOSED PERIOD—EXCEPTIONAL CIRCUMSTANCES

As an exception to the prohibitions set out in Section III of this Code of Dealing, clearance may be given for an Employee, an Executive or a Person Closely Associated to sell (but not to acquire) the Company's shares (but no other Financial Instruments) during a Closed Period in exceptional circumstances, where the sale of the Company's shares is the only reasonable course of action available to such Employee, Executive or Person Closely Associated. A financial commitment on the part of the Employee, the Executive or the Person Closely Associated that cannot otherwise be satisfied, may, for instance, be considered exceptional for these purposes if such commitment is extremely urgent, unforeseen and compelling and its cause is external to the Employee, the Executive, or the Person Closely Associated.

The determination as to whether circumstances are exceptional for this purpose must be made by the persons authorised for giving a clearance under Section V of this Code of Dealing.

To the effect of obtaining clearance to Deal during a Closed Period in exceptional circumstances as provided in §1 above of this Section IV, a specific written request should be made in accordance with Section V of this Code of Dealing. The written request shall include a description of the reasons why the envisaged Dealing cannot be executed at another moment in time than during the Closed Period and, in the case of pressing financial commitment on the part of the Employee, the Executive or the Person Closely Associated, why the sale of the Company's shares is the only reasonable alternative to obtain the necessary financing.

V. REQUIREMENT TO OBTAIN PRIOR CLEARANCE FOR CERTAIN DEALINGS

V.1. An **Executive** must not Deal in any of the Company's Financial Instruments without receiving prior clearance:

- (a) as far as a Director is concerned, from the chairman of the Board or, in the case of the chairman of the Board, from at least two other Directors. The Director should make a specific written request to this effect, indicating the number of Financial Instruments for which clearance is requested, to the attention of Mr John Blood, Chief Legal & Corporate Affairs Officer and Corporate Secretary (e-mail: john.blood@ab-inbev.com).
- (b) as far as any Executive other than a Director is concerned, from the Clearance Committee. A specific written request should be made to this effect, indicating the number of Financial Instruments for which clearance is requested, to the attention of Mr Guy Ernotte Dumont, Global Director Equities, (e-mail: guy.ernotte-dumont@ab-inbev.com).

The Clearance Committee is composed of the Chief Financial Officer, the Corporate Secretary and the Chief People Officer of the Company. The Committee can only deliberate if at least two of its members are present.

In the case where the Clearance Committee is to decide on a request by one of its members, such member shall be substituted by any member of the Executive Committee or by a Director.

Within 48 hours after receipt of the Executive's written request, the Executive may be heard and clearance will be granted or refused by written decision, a copy of which will be provided to the Executive. The request for clearance will be deemed to be refused, if after five working days after receipt of such written notice, no decision has been communicated to the Executive.

The Clearance Committee may refuse to give clearance to Deal to an Executive during any period when there exists any matter about which there is Inside Information with respect to the AB InBev Group or the AB InBev Group's Financial Instruments (even if the Executive has no knowledge of such matter) and will refuse to give clearance when it has reason to believe that the proposed Dealing is in breach of this Code of Dealing for any reason whatsoever.

The intended Deal shall have to be passed for execution by the Executive concerned within five working days after having received clearance.

The Company must maintain a written record of any advice received from an Executive pursuant to this Section V, of any clearance given and of any Dealing in the Company's Financial Instruments made in accordance with this Section V. Written confirmation from the Company that such advice, clearance and Deal, if any, have been recorded must be given to the Executive concerned.

V.2. When this Code of Dealing provides for an **Employee** or a **Person Closely Associated** to request a prior clearance to Deal, such request shall be made and received *mutatis mutandis* as provided for an Executive other than a Director under V.1(b) hereabove.

VI. ADDITIONAL PROHIBITION FOR EMPLOYEES ASSIGNED TO A SPECIFIC PROJECT

When assigned on a temporary basis to a specific project of a sensitive nature, an Employee can be formally notified by one of his or her superiors that such Employee is, for the duration of such assignment, subject to the restrictions applicable to an Executive, i.e., that he or she must not at any time Deal in any of the Company's Financial Instruments without advising in advance and receiving clearance from the Clearance Committee in accordance with Section V of this Code of Dealing.

VII. DEALINGS BY FINANCIAL INTERMEDIARIES AND TRADING PLANS

Sections III to VI shall not apply to Dealings on behalf or for the account of an Employee or an Executive or a Person Closely Associated by investment managers, bankers, authorised financial intermediaries or other persons to whom the Employee or Executive or Person Closely Associated has granted powers under a trading plan when such investment managers bankers, authorised financial intermediaries and other persons are acting on the basis of an entirely discretionary mandate entered into at a moment when the Employee or Executive or Person Closely Associated does not hold any Inside Information and outside of a Closed Period.

Notwithstanding the first paragraph, the exercise of options granted by the Company under an incentive scheme during a Closed Period shall only be permitted if the entirely discretionary mandate referred to above has been entered into at least four months before the expiry date of the options.

Executives shall request clearance in accordance with Section V of this Code of Dealing before entering into any discretionary mandate with any investment managers, bankers, authorised financial intermediaries or other persons to whom the Executive intends to grant powers under a trading plan.

For the avoidance of doubt, Sections III to VI of this Code of Dealing, including the requirement to receive clearance pursuant to Section V of this Code of Dealing, shall apply, to Dealings on behalf or for the account of an Employee, an Executive or a Person Closely Associated that are not made under an entirely discretionary mandate. Each Employee, Executive or Person Closely Associated shall take appropriate steps in order to ensure that any investment manager, banker, other authorised financial intermediary or other persons to whom the Employee, Executive or Person Closely Associated has granted powers under a trading plan other than on the basis of an entirely discretionary mandate, will not Deal on his, her or its behalf or for his, her or its account in situations where Dealings are prohibited for him, her or it pursuant to this Code, including in situations where an Executive has not received clearance pursuant to Section V of this Code of Dealing. For the avoidance of doubt, this paragraph only applies to the Persons Closely Associated to the extent these persons are concerned by a relevant provision of Sections III to VI of this Code of Dealing.

VIII. DEALINGS BY DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE—DISCLOSURE TO MARKET

Directors, members of the Executive Committee and their Persons Closely Associated shall be required, in accordance with the relevant Belgian legislation, to notify the Competent Authority and the Company within three business days of the consummation of any transaction on Financial Instruments of AB InBev once a total amount of EUR 5,000 (without netting) has been reached within a calendar year. Belgian legislation provides for public access to the information provided in this respect to the Competent Authority.

Transactions that must be notified include, but are not limited to, acquisitions and disposals, acceptance of options, transactions in or related to derivatives (including cash-settled transactions), subscription to a capital increase or debt instrument issuance, conditional transactions, conversion of Financial Instruments, gifts and donations, borrowing, lending and pledging of the Company's Financial Instruments.

Please note that transactions undertaken by persons professionally arranging or executing transactions or by another person on behalf of a Director, a member of the Executive Committee or their Persons Closely Associated, including where discretion is exercised, shall also be subject to the notification obligation referred to above.

Assistance for the notification can be obtained from Guy Ernotte Dumont, Global Director Equities (e- mail: guy.ernotte-dumont@ab-inbev.com).

ANNEX I: INSIDE INFORMATION
(NON-EXHAUSTIVE LIST)

It is not possible to provide an exhaustive definition of the sort of information which, if made public, could have a significant effect on the market price of securities. Hereunder follows a non-exhaustive list of items which may constitute such information. Such items, however, will only be considered Inside Information if they could have a significant effect on the price of Financial Instruments. **IN CASE OF DOUBT, THE CLEARANCE COMMITTEE SHOULD BE CONSULTED.**

- (a) any yearly, half-yearly or quarterly financial results or any financial or business forecasts (including cash-flow forecasts);
- (b) any corporate action such as, but not limited to:
 - a decision to declare or pay any dividend or other distribution;
 - a rights issue;
 - a proposal to limit or cancel the preferential subscription rights;
 - a dissolution or liquidation;
 - a stock split;
 - an issuance of warrants, convertible or exchangeable bonds or bonds with warrants attached;
 - a corporate restructuring such as a merger or a split-up;
 - a material acquisition or disposal of assets;
- (c) any other material event or decision that may have a significant influence on the stock price such as, but not limited to:
 - the announcement of a proposed modification to the rights attached to different categories of Financial Instruments;
 - the acquisition of own shares;
 - the announcements in connection with annual or extraordinary shareholder's meetings;
 - any change of business year;
 - any change of corporate form;
 - any confirmation of any material take-over discussions, acquisitions, disposals of interests, joint-venture or profit and loss pooling agreements;
 - any material decision of anti-trust or other regulatory authorities (including securities, stock exchange, environmental or tax authorities);
 - any material development of orders received and utilisation of capacity;

- any discontinuance of products;
- any extraordinary gains or losses;
- any significant financing measures;
- any introduction of new products and the development of new markets or discontinuance of existing markets;
- any material investments/disinvestments;
- any new, or loss of, licenses;
- any material litigation, tax or other proceedings;
- any intellectual property acquisition, disposal, dispute or claim;
- any product contamination or product liability issue;
- any important change in regulatory or tax environment;
- any changes in management or composition of the Board;
- any material provisions and write-offs;
- any material collective labour dispute or agreement;
- any significant rationalisation measures;
- any significant production stoppage;
- any acquisition or loss of material supply agreements.

ANNEX II: PRACTICAL GUIDELINES²

- 1 You might possess, or have or customarily have access to, insider information concerning the AB InBev Group. In these cases, neither you nor your immediate family or a relative living with you for at least one year as part of the same household, nor companies and entities controlled by you, your immediate family or a relative living with you as part of the same household, should Deal in any securities of the AB InBev Group without first consulting and following the Code.
- 2 You might obtain insider information concerning an AB InBev Group Company. This can involve any sort of confidential, price-sensitive information, such as a new acquisition or another transaction with a company outside the AB InBev Group. If you do:
 - you must not Deal in the securities of the AB InBev Group unless permitted under the Code;
 - you must not suggest to anyone that they Deal (or refrain from Dealing) in the securities of the AB InBev Group; and
 - you must not disclose the information (either directly or indirectly), unless permitted under the Code.
- 3 You might obtain insider information concerning a company outside the AB InBev Group. This can arise, for example, where an AB InBev Group company is either involved in, or is contemplating, a transaction with or concerning any other company. If this happens:
 - you must not Deal in the securities of that other company;
 - you must not suggest to anyone that they Deal (or refrain from Dealing) in the securities of that other company; and
 - you must not disclose the information (either directly or indirectly), unless permitted under the Code.
- 4 You might receive tips from someone to Deal in the securities of a company, or be given some information concerning a company (whether or not the company is part of the AB InBev Group). If you suspect that the tip or information is confidential and price-sensitive:
 - you must not Deal in the securities of that company; and
 - you must not pass on the tip or information (either directly or indirectly) or reveal that the information exists.
- 5 You might need to involve other people in a particular transaction. In this case:
 - you should disclose insider information to other AB InBev personnel only where it is necessary for the proper execution of their professional duties; and
 - you should disclose insider information to any person outside the AB InBev Group only where it is necessary (for instance, to the AB InBev Group's professional advisers);
 - if you share Inside information with suppliers such as advisers, translation agencies, etc., confidentiality agreements have to be signed prior to disclosing the information; you can obtain a model of such confidentiality agreements from the AB InBev Corporate Legal Department, Brouwerijplein 1, B-3000 Leuven, Belgium, tel: +32 16 27 60 18; e-mail: jan.vandermeersch@ab-inbev.com

² This Annex should be read with the Code and forms part of it.



Introduction

As the world's leading brewer, Anheuser-Busch InBev SA/NV ("AB InBev" or the "Company", including its subsidiaries and affiliates in which Anheuser-Busch InBev SA/NV has management control) operate in countries having a broad range of cultures and business practices. As a result, it is critical that we are guided by a clear and consistent code of business conduct and guidelines.

In achieving our business objectives, we must always adhere to the highest standards of business integrity and ethics, and ensure that we comply with all applicable laws and regulations.

Our Code of Business Conduct applies to all directors, officers, and colleagues of AB InBev. It applies to all business transactions we make and expresses principles that we expect every individual or entity acting on our behalf to follow. We expect our suppliers, service providers and other business partners to act in a manner consistent with our Responsible Sourcing Policy.

It is everyone's responsibility to carefully read and understand this Code. Senior management must also ensure that, within their respective areas of responsibility, this Code is distributed and receives the appropriate attention and follow-up.

This Code of Business Conduct, together with our policies, plays an important role in building the foundation for our long-term success. No financial objective, no sales target, no effort to outdo the competition, outweighs our commitment to ethics, integrity, and compliance with applicable laws.

Colleagues are encouraged to report to the Company any activity or requested action that they believe to be, even potentially, in violation of applicable laws or this Code. Such reports should be made to a line manager, to the Legal or Ethics & Compliance team, or to our confidential Compliance Helpline. Only with your active support can AB InBev be a company lasting for the next 100+ year.



John Blood
Chief Legal & Corporate Affairs
Officer



Matt Galvin
VP, Ethics & Compliance

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1. Our Principles

Our Code of Business Conduct is a practical guide to living our principles and values every day. It is designed to be clear and must be the basic guideline upon which all Company's business decisions are based.

Dream

1. Our shared Dream energizes everyone to work in the same direction. Bringing people together for a better world.

People

2. Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.

3. We recruit, develop and retain people who can be better than ourselves. We will be judged by the quality of our teams.

Culture

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

5. The consumer is the boss. We serve our consumers by offering brand experiences that play a meaningful role in their lives, and always in responsible way.

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

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

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

9. Leadership by personal example is at the core of our culture. We do what we say.

10. We never take shortcuts. Integrity, hard work, quality, and responsibility are key to building our company.

2. Statement of Policy

It is our policy that our Board of Directors, officers and colleagues strictly comply with all applicable laws and regulations and observe the highest standards of business ethics. Our reputation for honesty and integrity is an invaluable asset.

All AB InBev directors, officers and colleagues must be honest, objective and diligent in the performance of their duties and responsibilities. You are trusted by the Company to exhibit professionalism in all matters pertaining to AB InBev's affairs and not to partake in any illegal or improper activity.

No Company officer has the authority to require or approve any action that would violate this Code. This Code is not subject to waivers or exceptions because of competitive or commercial demands, industry customs or other exigencies.

All managers shall be responsible for the enforcement of and compliance with our policies, including distributing and making them available to their teams.

Any colleague who violates this Code or authorizes or allows a subordinate to violate it will be subject to disciplinary action, including termination of employment, loss of compensation, or other measures deemed appropriate by AB InBev.

3. Reporting Misconduct

You are encouraged to report any activity that you believe is or might be a violation of applicable laws or regulations, this Code or our policies. In addition, you are required to report violations or potential violations of the Human Rights Policy. Managers also have mandatory reporting obligations for sexual harassment allegations. Reports can be made through the following channels:

- to your line manager;
- to the Legal or Ethics & Compliance team; or
- through our Compliance Helpline.

The Company does not restrict you from reporting to the government or regulators conduct that you believe to be a violation of applicable laws.

Compliance Helpline

Our Compliance Helpline is a secure means of reporting, provided by an independent company. It is available anywhere in the world and 24/7, and you can file your report in your language. It is available to all colleagues, where you can CONFIDENTIALLY and, if you choose and local laws permit, ANONYMOUSLY, report any concern in relation to potential violations of applicable laws or regulations, this Code or our policies.

To reach the Compliance Helpline, visit <http://talkopenly.ab-inbev.com> or call a toll-free number in your country, which can be found on the website.

How Are Reports Treated?

Reports made to the Company and investigations relating to such reports are treated confidentially.

If necessary, follow-up communications can be facilitated anonymously by the independent company via the Compliance Helpline.

Compliance Channel

In addition to the Compliance Helpline, you can also use the Compliance Channel (<http://compliancechannelglobal.ab-inbev.com>) to easily (i) request approvals related to certain compliance matters, (ii) access compliance-related policies, (iii) access the Compliance Helpline to file a report, and (iv) ask compliance-related questions.

No Retaliation

AB InBev prohibits and will not tolerate any threatened or actual retaliation against any persons, or their legitimate representatives, who, in good faith, (i) raise concerns, (ii) formally or informally report to AB InBev, (iii) assist another colleague to report to AB InBev, or (iv) participate in an investigation or legally protected litigation regarding a potential violation of applicable laws or regulations, this Code or Company policies. **Retaliation itself is a violation of this Code and our Whistleblower Policy, and can be reported.**

4. Honest and Ethical Conduct

All AB InBev directors, officers and colleagues must be honest, objective and diligent in the performance of their duties and responsibilities and cooperate in all internal investigations. They are trusted by the Company to exhibit professionalism in all matters pertaining to AB InBev's affairs and not to partake in any illegal or improper activity.

5. Environment, Health and Safety

In support of the Company's dream, all colleagues should work vigorously to achieve a high standard of environmental, health and safety performance throughout our organization. You should strive to prevent all accidents, injuries and occupational illnesses within our operations.

You should comply with all applicable environmental laws and regulations, Company standards and other requirements, and strive to produce our products in the most environmentally responsible way, while maintaining our commitment to quality and cost-efficiency.

All colleagues have a role to play in helping ensure that we take into account the environment in our daily work, helping limit our use of scarce resources and ensuring we continue our strong commitment to recycling throughout our operations. **See our Environmental Policy and our Health and Safety Policy for more details.**

6. Human Rights

As a signatory to the United Nations Global Compact, AB InBev is committed to business practices that respect human rights and that align with international standards of responsible business conduct, including the International Bill of Human Rights and the International Labor Organization's Declaration on the Fundamental Principles and Rights at Work.

AB InBev's Global Human Rights Policy outlines our approach and commitment to respecting human rights across our global operations and our value chain. In addition to its own operations, AB InBev is committed to upholding high standards of responsible behavior amongst its business partners, including its suppliers, through its Responsible Sourcing Policy.

7. Diversity and Inclusion

We believe that our greatest strength is our diverse team of people. Our focus is on attracting, hiring, engaging, developing and advancing the very best talent—regardless of gender, ethnicity, sexual orientation or any other characteristics that make our colleagues unique.

We are committed to a work environment where all colleagues are respected and valued. All our people deserve to feel comfortable being their authentic selves at work every day. Only then can we all be at our best.

AB InBev takes harassment and discrimination very seriously and all complaints of discrimination or harassment (including unfair discrimination, sexual harassment and sexual misconduct) will be promptly investigated. AB InBev will take disciplinary action in cases of discrimination or harassment (up to and including termination of employment). Colleagues who manage or supervise one or more colleagues have additional responsibilities to report violations. **Refer to our Diversity and Inclusion Policy and Global Anti-Harassment and Anti-Discrimination Policy for more information.**

8. Responsible Drinking

As the world's leading brewer, we are committed to promoting the responsible enjoyment of our products among consumers. As a responsible employer, the safety, security and welfare of our colleagues and others is our top priority. That is why we have a global policy regarding responsible drinking. **Our Responsible Drinking Policy outlines the responsibilities of the Company, as well as those of our colleagues, and it gives clear guidelines about what are expected for both.**

Our colleagues are ambassadors of the Company and are encouraged to exercise personal responsibility whenever they consume alcohol. A violation of the Responsible Drinking Policy may lead to disciplinary action, up to and including termination of employment.

9. Compliance with Competition and Antitrust Laws

We must understand and comply with all applicable competition and antitrust laws. These laws regulate our dealings with competitors, customers, distributors and other third parties. Infringement of competition and antitrust laws can result in very serious fines for AB InBev and for the colleagues involved, and have additional consequences such as reputational damage, litigation and even imprisonment. To ensure compliance with these laws, AB InBev and its directors, officers and employees:

- Must not participate in a cartel;
- Must not reach agreements or understandings with competitors that could restrict competition (e.g. to raise prices or to limit production volumes);
- Must not exchange confidential information with competitors (e.g. on future price increases, input costs or commercial strategy);
- Must not agree with competitors to limit competition in a market (e.g. agreement on exclusive territories or allocation of customers);
- Must not impose minimum or fixed resale prices on customers;
- Must not try to restrict customers' ability to ship and sell goods throughout the European Union; and
- Must not abuse AB InBev's market position in markets.

In countries where AB InBev has a significant market share, all market practices should be reviewed and pre-approved by the Legal or Ethics & Compliance team to ensure compliance with competition and antitrust laws.

Detailed advice and training for compliance with competition and antitrust laws are available from the Legal or Ethics & Compliance team. Not knowing the rules is not a defense – you should seek advice from the Legal or Ethics

& Compliance team through the Compliance Channel. If you have any suspicion that AB InBev is involved in any anti-competitive behavior, please use our Compliance Helpline or contact the Legal or Ethics & Compliance team without delay.

10. Conflict of Interest

Our directors, officers and colleagues are required to disclose all ethical, legal, financial, or other interests that may conflict with AB InBev's interests or give the appearance of conflicting with AB InBev's interests.

A conflict of interest can arise when any decision could be influenced, or might appear to be influenced, by the possibility of personal benefits. Having a conflict of interest is not necessarily wrong, but failure to promptly disclose it can be a violation of our Conflict of Interest Policy. A conflict of interest may arise in many situations - for example, when you or your immediate family members:

- Act as shareholders, directors, officers, partners, agents or consultants for a supplier, customer, competitor or other counterparties;
- Receive a personal benefit from a supplier, customer, competitor or other counterparties;
- Accept gifts or entertainment from suppliers, customers, competitors or other counterparties; or
- Use Company resources or your position for personal benefits.

In addition, the Company recognizes that colleagues may have or form personal relationships. The existence of any personal relationships between a manager or other supervisory colleagues and his or her direct or indirect report must be disclosed, both to the supervisory colleague's line manager and to the People or Ethics & Compliance team. Other types of personal relationships that have the potential to create a conflict of interest also must be disclosed both to the colleague's line manager and to the People or Ethics & Compliance team.

If you have any questions, you should seek guidance from the People or Ethics & Compliance team through Compliance Channel. Failure to promptly disclose a conflict of interest (including certain personal relationships) may lead to disciplinary action, up to and including termination of employment.

See our Global Conflict of Interest Policy for more details.

11. Compliance with Anti-Corruption Laws

Every director, officer and colleague of the Company must comply with applicable international and local laws that prohibit corruption and bribery everywhere we conduct business, including, the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. We have a zero-tolerance policy toward bribery or corrupt conduct in any form. AB InBev directors, officers, and colleagues are strictly prohibited from directly or indirectly giving, offering, promising, or authorizing anything of value to anyone, including but not limited to, any Public Official or any employee or representatives of our customers, suppliers, or business partners, to secure an improper business advantage, influence business or governmental decisions in connection with any of our activities, or otherwise induce the recipient to abuse his or her power or official position.

This prohibition must be interpreted broadly and applies to anyone acting on our behalf. Consequently, you must not:

- Instruct, authorize, or allow a third party to make a prohibited payment on your or the Company's behalf;
- Make a payment to a third party knowing or having reason to believe that all or a portion of such payment is likely to be used for a prohibited payment.
- Engage a Touch Point Vendor (intermediaries who have a high likelihood of interacting with Public Officials on the Company's behalf or in the course of providing goods or services to the Company, as defined under our Anti-Corruption Policy) without proper due diligence and approval by the Ethics & Compliance team.

For further details, see our Global Anti-Corruption Policy.

12. Gifts and Hospitality

Our colleagues are not allowed to accept any gifts, meals or entertainment or anything of value that could inappropriately bias future decision making or create an appearance of impropriety, from any current or future client, customer, supplier, service provider or any other counterparty. Details about what gifts are acceptable can be found in the Global Conflict of Interest Policy.

All gifts, entertainment or hospitality to Public Officials (as defined under our Global Anti-Corruption Policy) or commercial counterparties must be provided in compliance with our Global Anti-Corruption Policy.

Specifically, you may not offer or provide a gift, meal, entertainment, travel expenses or other corporate hospitality to a Public Official or commercial counterparty as an incentive, or in exchange or as a reward, for granting a regulatory request, clearing products or supplies through customs, or providing any other improper benefit or improper advantage to the Company. The expenses must be supported by receipts and accurately recorded in the Company's books and records. **For further details, see Global Anti-Corruption Policy.**



When required under our Global Anti-Corruption Policy, you should request approval for providing gifts and hospitality through the Compliance Channel.

13. Political Contributions and Mandates

Any direct or indirect contribution on behalf of the Company or with Company's funds to any political party, committee or candidate for public office is strictly forbidden, even if permitted by local regulations, unless the formal approval of AB InBev's Board of Directors, through the Audit Committee, has been obtained in advance. These restrictions apply not only to cash donations, but also to donations in kind, such as free beer, offering a client list for a political purpose, providing materials or service, taking a table at a political fundraising event, or paying for a research project.

AB InBev's officers and colleagues who wish to be a candidate for local, regional, provincial, national, federal or European elections are required to notify AB InBev's Ethics & Compliance team of their intentions.

14. Books, Records and Controls

It is essential that the integrity, accuracy and reliability of AB InBev's books, records and financial statements be maintained.

All payments must be accurately recorded in AB InBev's corporate books, records, and accounts in a timely manner and in reasonable detail. False, misleading, incomplete, inaccurate, or artificial entries in the Company's books and records are strictly prohibited.

Business records shall accurately reflect transactions and no transaction shall be entered into with the intention of it being documented or recorded in a deceptive manner.

Similarly, all funds, assets and transactions must be disclosed and recorded in the appropriate books and accounted for properly and punctually. All payments should be made through official bank transfer or by sending cheques directly to the official beneficiary's company address. Business records shall be interpreted broadly, meaning that every document, even an apparently insignificant one, shall be complete and accurate. Business records include but are not limited to:

- Expenses and travel reports;
- Target appraisals;
- Invoices;
- Market research;
- Purchase orders;
- Quality control tests;

- Gift logs;
- Accident reports; and
- Inventory records.

15. Economic Sanctions and Anti-Money Laundering

The United Nations, the United States, the European Union and some other countries and organizations restrict certain international trade through their economic sanctions regimes. Such sanctions usually prohibit particular transactions with certain countries or certain listed individuals, entities, or their representatives and certain entities owned or controlled by them.

Money laundering is the process of transferring illegally obtained money through legitimate people or accounts so that its original source cannot be traced. Terrorist financing is the process by which terrorists fund their operations, through legally or illegally obtained funds, in order to perform terrorist acts. Money laundering and terrorist financing, as well as any action that would facilitate money laundering or terrorist financing, are prohibited for all colleagues. In addition, facilitating tax evasion is a standalone criminal offense in some countries, but is also commonly considered a money laundering offense in many jurisdictions.

AB InBev is committed to complying with applicable anti-money laundering, anti-tax evasion, and international trade laws, including economic sanctions. **Consult the Legal or Ethics & Compliance team and our International Trade and Anti-Money Laundering Policy for guidance on compliance.**

If you have suspicions that a transaction may involve criminal proceeds or fund terrorist activity, you should consult the Legal or Ethics & Compliance team promptly.

16. Code of Dealing

AB InBev's Code of Dealing applies to all colleagues and certain "persons closely associated of" AB InBev and all its affiliates. These persons shall comply with specific requirements when handling "inside information" and dealing in AB InBev and other companies' financial instruments.

Inside information is information of a precise nature, which has not been made public, relating directly or indirectly (1) to AB InBev and all its affiliates or to any listed company outside the AB InBev and all its affiliates or (2) to financial instruments of AB InBev and all its affiliates or any listed company outside the AB InBev and all its affiliates, and which, if it were made public, would be likely to have a significant effect on the price of financial instruments of the AB InBev, its affiliates or such other company.

In particular, dealing in financial instruments while in possession of inside information with respect to such financial instruments or the issuer of such financial instruments is prohibited. “Tipping off” or misappropriation of inside information without proper authorization is also prohibited.

Colleagues shall not deal in AB InBev’s financial instruments during certain closed periods (which typically cover 30 calendar days before financial results announcements)

Please refer to the Code of Dealing for details on the scope of the policy as well as its prohibitions and requirements. Violations of the Code of Dealing may result in disciplinary action and may also be a criminal offense and give rise to civil liability. Further advice is available from your Legal or Ethics & Compliance team.

17. Confidentiality

Our directors, officers and colleagues may come into possession of private, confidential or proprietary information about the Company, our employees, customers, suppliers, or joint venture parties. The confidentiality of all such information should be strictly maintained, except when disclosure is authorized. Using Company confidential information for personal gain could be a potential violation of the Conflict of Interest Policy. Confidential or proprietary information includes any inside information, as well as any non-public information that would be harmful to the Company, its customers, suppliers, or joint venture parties or helpful to competitors if disclosed.

This obligation of confidentiality does not prohibit you from raising concerns about potential legal violations to government authorities.

18. Digital Ethics

In a world of digital transformation, AB InBev aims to not only comply with applicable data privacy laws, but also to ensure that its consumers, customers and employees’ data are secured and processed in an ethical manner. We have implemented security measures, data retention and handling procedures, and other internal controls. It is your responsibility to

- Follow established procedures and policies;
- Not process personal data unless there is a lawful basis (such as valid consent from the data subjects);
- Act transparently over the collection and processing of personal data; and
- Take measures to protect data in business process.



Please contact the Ethics & Compliance team through the Compliance Channel to assure your project, website or application is in compliance with our various Privacy Policies and all applicable laws.

19. Social Media

The Internet and social media have changed the way we work, offering new ways to engage with our colleagues, customers, consumers, and the world at large. Social media can help build a strong reputation and more successful business relationships. Candor and transparency are part of our culture, and we encourage the exchange of ideas. However, the disclosure of sensitive or inappropriate information through social media also has the potential to damage our brands, our Company and our people. Consistent with our ownership culture, we have adopted guidelines that must be followed by all directors, officers and colleagues:

- **Personal opinions:** Do not state personal opinions while creating any impression that you are speaking on behalf the company;
- **Proprietary information:** Maintain the confidentiality of the trade secrets, private or confidential information, and intellectual property of the Company, our colleagues, customers, suppliers and other stakeholder; and
- **Show respect:** Always be courteous to fellow employees, customers, members, competitors, suppliers or people who work on behalf of our Company.

There is no substitute for good judgment. By being cautious you will be protecting the Company and your personal image. **For further details, please refer to our Social Media Guidelines.**

20. Use of Company Assets

All directors, officers and colleagues should protect Company assets and ensure their efficient use. It is prohibited to use Company assets, funds, facilities, personnel or other resources for private purposes unless authorized by separate Company policies.

Company assets also include your work product, as well as the Company's equipment and vehicles, computers and software, Company information, trademarks and name.

All Company assets should be used for legitimate business purposes only. It is one of our 10 Principles to manage our costs tightly, and it is everyone's responsibility to protect Company funds. When managing our budgets, we must ensure that our specific policies are strictly followed.

21. Responsible Marketing and Communications Code

As a responsible brewer, AB InBev wants to ensure that our commercial communications are directed only to those above the legal drinking age and are carried out in a socially responsible manner.

Our Responsible Marketing and Communications Code applies to all forms of brand marketing and commercial communication for all AB InBev products that contain alcohol, use an alcohol trading name, or are an alcohol-free or non-alcohol beer products, including but not limited to: traditional advertising; direct and relationship marketing; digital media; branding, packaging and labeling; brand promotions; consumer, trade and brand public relations activities; experiential marketing programs and promotional activities; product placement; sponsorships; category marketing; and point-of-connection materials.

The Responsible Marketing and Communications Code shall be used as a Company reference for all commercial communications, along with the other values endorsed by this Code and other Company policies; together these policies shall be regarded as the minimum standard to be applied throughout the Company. Some countries have more stringent standards, and where they do we will meet them too. Thus, where national laws, regulations or self-regulatory codes apply to our commercial communications, these must be followed in addition to the criteria set out in the Responsible Marketing and Communications Code.

For further information, please see the Global Responsible Marketing and Communications Code.

22. External Communication

The AB InBev Disclosure Manual requires that only a limited number of key people talk to the media on behalf of the Company. No AB InBev colleagues should respond to media inquiries or give interviews, speeches or make presentations on behalf of the Company, without the prior authorization of the CEO, Zone President, Country Manager or the Corporate Affairs Representative.

23. Administration of the Code

In case of general questions about this Code or our policies, contact the Global Ethics & Compliance team through the Compliance Channel.

This Code is reviewed periodically by the Global Ethics & Compliance team to determine whether revisions may be needed.



Contact Details

John Blood

Chief Legal and Corporate Affairs Officer
john.blood@ab-inbev.com

Katie Barrett

General Counsel
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Matt Galvin

VP, Global Ethics & Compliance
matthew.galvin@ab-inbev.com

Flavio Sodre

VP, Global Risk Management
flavio.sodre@ab-inbev.com

I, Carlos Brito, certify that:

- 1) I have reviewed this annual report on Form 20-F of Anheuser-Busch InBev SA/NV (the “**Company**”);
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- 4) The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
- 5) The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: 23 March 2020

By: /s/ Carlos Brito

Name: Carlos Brito

Title: Chief Executive Officer

I, Felipe Dutra, certify that:

- 1) I have reviewed this annual report on Form 20-F of Anheuser-Busch InBev SA/NV (the “Company”);
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- 4) The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
- 5) The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: 23 March 2020

By: /s/ Felipe Dutra

Name: Felipe Dutra

Title: Chief Financial and Technology Officer

Exhibit 13.1

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each undersigned officer of Anheuser-Busch InBev SA/NV (the “**Company**”), hereby certifies, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the year ended 31 December 2019 (the “**Form 20-F**”) of the Company fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: 23 March 2020

By: /s/ Carlos Brito

Name: Carlos Brito

Title: Chief Executive Officer

Date: 23 March 2020

By: /s/ Felipe Dutra

Name: Felipe Dutra

Title: Chief Financial and Technology Officer



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement No. 333-223774 on Form F-3 and the Registration Statements Nos. 333-231556, 333-227335, 333-221808, 333-201386, 333-192806, 333-188517, 333-178664, 333-171231, 333-169272, 333-165566, 333-165065, 333-172069 and 333-208634 on Form S-8 of Anheuser-Busch InBev SA/NV of our report dated March 11, 2020 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F

Sint-Stevens-Woluwe, Belgium, March 23, 2020

PwC Bedrijfsrevisoren BV / Reviseurs d'Entreprises SRL
Represented by

/s/ Koen Hens
Statutory Auditor

*PwC Bedrijfsrevisoren BV—PwC Reviseurs d'Entreprises SRL - Financial Assurance Services
Registered Office: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
VAT BE 0429.501.944 RPR Brussel/ RPM Bruxelles—ING BE43 3101 3811 9501—BIC BBRUBEBB
BELFIUS BE92 0689 0408 8123—BIC GKCCBEBB*



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www.deloitte.com

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration No. 333-223774 on Form F-3 and Registration Statements Nos. 333-231556, 333-227335, 333-221808, 333-165065, 333-165566, 333-169272, 333-171231, 333-172069, 333-178664, 333-188517, 333-192806, 333-201386 and 333-208634 on Form S-8 of our report dated 13 March 2019 (23 April 2019 as to the adoption of IFRS 16 Leases and the retrospective adjustments for changes in the composition of reportable segment as described in Note 5 to the financial statements), relating to the 2018 and 2017 financial statements of Anheuser-Busch InBev SA/NV appearing in this Annual Report on Form 20-F for the year ended 31 December 2019.

Zaventem, Belgium, 23 March 2020

/s/ Joël Brehmen

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Joël Brehmen

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises
Coöperatieve vennootschap met beperkte aansprakelijkheid/Société coopérative à responsabilité limitée
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