

**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 2016

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

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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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class

Name of each exchange on which registered

| <u>Title of each class</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 | New York Stock Exchange |
| 6.375% Notes due 2040 (issued January 2010) | New York Stock Exchange |
| 5.375% Notes due 2020 (issued January 2010) | New York Stock Exchange |
| 4.375% Notes due 2021 (issued January 2011) | New York Stock Exchange |
| 6.875% Notes due 2019 (issued February 2011) | New York Stock Exchange |
| 1.375% Notes due 2017 (issued July 2012) | New York Stock Exchange |
| 2.500% Notes due 2022 (issued July 2012) | New York Stock Exchange |
| 3.750% Notes due 2042 (issued July 2012) | New York Stock Exchange |
| 1.250% Notes due 2018 (issued January 2013) | New York Stock Exchange |
| 2.625% Notes due 2023 (issued January 2013) | New York Stock Exchange |
| 4.000% Notes due 2043 (issued January 2013) | New York Stock Exchange |
| Floating Rate Notes due 2019 (issued January 2014) | New York Stock Exchange |
| 2.150% Notes due 2019 (issued January 2014) | New York Stock Exchange |
| 3.700% Notes due 2024 (issued January 2014) | New York Stock Exchange |
| 4.625% Notes due 2044 (issued January 2014) | New York Stock Exchange |
| 1.900% Notes due 2019 (issued January 2016) | New York Stock Exchange |
| 2.650% Notes due 2021 (issued January 2016) | New York Stock Exchange |
| 3.300% Notes due 2023 (issued January 2016) | New York Stock Exchange |
| 3.650% Notes due 2026 (issued January 2016) | New York Stock Exchange |
| 4.700% Notes due 2036 (issued January 2016) | New York Stock Exchange |
| 4.900% Notes due 2046 (issued January 2016) | New York Stock Exchange |
| Floating Rate Notes due 2021 (issued January 2016) | New York Stock Exchange |
| 2.200% Notes due 2018 (issued December 2016) | New York Stock Exchange |
| Floating Rate Notes due 2018 (issued December 2016) | New York Stock Exchange |
| 3.750% Notes due 2022 (issued December 2016) | New York Stock Exchange |
| 4.950% Notes due 2042 (issued December 2016) | New York Stock Exchange |
| 6.500% Notes due 2018 (issued December 2016) | New York Stock Exchange |
| 6.625% Notes due 2033 (issued December 2016) | New York Stock Exchange |
| 5.875% Notes due 2035 (issued December 2016) | 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.

1,608,242,156 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).* ☐ Yes ☐ No

* This requirement does not apply to the registrant in respect of this filing.

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

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;
- “**AB InBev Group**” or “**Combined 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 (as described in “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Ambev Stock Swap Merger”);
- “**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;
- “**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 Transaction;
- “**Grupo Modelo**” are to Grupo Modelo, S. de R.L. de C.V., a Mexican limited liability company;
- “**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 SABMiller shareholders in connection with the Transaction, 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;
- “**SABMiller**” are, as the context requires, to SABMiller Limited (formerly SABMiller plc) or to SABMiller Limited and the group of companies owned and/or controlled by SABMiller Limited;
- “**SABMiller Group**” are to SABMiller Limited and the group of companies owned and/or controlled by SABMiller Limited; and
- “**Transaction**” are to the business combination between SABMiller Limited and AB InBev, which completed on 10 October 2016.

PRESENTATION OF FINANCIAL AND OTHER DATA

We have prepared our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016, 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016. Unless otherwise specified, all financial information included in this Form 20-F has been stated in U.S. dollars.

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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) “R\$,” “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) “RUB” (Russian ruble) are to the currency of Russia and (ix) “UAH” (Ukrainian hryvnia) are to the currency of Ukraine.

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.

Following the combination with Grupo Modelo, we are fully consolidating Grupo Modelo in our financial reporting as of 4 June 2013. Effective 1 April 2014, we discontinued the reporting of volumes sold to Constellation Brands, Inc. under the interim supply agreement, since these volumes do not form part of the underlying performance of our business.

The Oriental Brewery business is reported in the Asia Pacific region as from 1 April 2014.

From 1 October 2016, we are reporting our financial results under the following six regions: North America, Latin America West, Latin America North, Latin America South, EMEA and Asia Pacific. We are continuing to separately report the results of Global Export and Holding Companies, which includes our global headquarters, the export businesses which have not been allocated to the regions and the interim supply agreement with Constellation Brands, Inc. until its termination in December 2016. Our six geographic regions plus our Global Export and Holding Companies comprise our seven 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.”

Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

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 2016.

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 Plato Logic Limited and AC Nielsen, as well as internal estimations based on data from the Beer Institute and IRI (for the United States), the Brewers Association of Canada (for Canada), CIES (for Bolivia), AC Nielsen (for Argentina, Brazil, Chile, the Dominican Republic, Guatemala, Paraguay, Russia, Ukraine and Uruguay), Cámara Nacional de la Industria de la Cerveza y de la Malta (commonly known as Cerveceros de Mexico) (for Mexico), Belgian Brewers Association (for Belgium), German Brewers Association (for Germany), Seema International Limited (for China), the British Beer and Pub Association (for the United Kingdom), Centraal

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Brouwerij Kantoor—CBK (for the Netherlands), Association des Brasseurs de France and IRI (for France), Plato Logic Limited (for Australia, Italy, Peru, South Africa and Uganda), the Korean International Trade Association (for South Korea) and other local brewers' associations. 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 many 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;
- 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 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;

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- 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 (including the Transaction), 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;
- an inability to realize synergies from the Transaction;
- the outcome of pending and future litigation, investigations and governmental proceedings;
- natural and other disasters;
- any inability to economically hedge certain risks;
- inadequate impairment provisions and loss reserves;
- technological changes and threats to cybersecurity;
- 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.

Certain of the cost savings and synergies information related to the Transaction set forth in “Item 4. Information on the Company—B. Strengths and Strategy—Strengths” of this Form 20-F constitute forward-looking statements and may not be representative of the actual cost savings and synergies that will result from the Transaction. Such information included in this Form 20-F reflects potential opportunities for savings and synergies identified by us based on estimates and assumptions that are inherently subject to significant uncertainties which are difficult to predict, and accordingly there can be no assurance that these cost savings and synergies will be realized. The statements relating to the synergies, cost savings and business growth opportunities we expect to continue to achieve following the Transaction are based on assumptions. However, these expected synergies, cost savings and business growth opportunities may not be achieved. There can be no assurance that we will be able to continue to implement successfully the strategic and operational initiatives that are intended.

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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 2016, 2015, 2014, 2013 and 2012, and for the five years ended 31 December 2016, has been derived from our audited 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 consolidated financial statements and the accompanying notes. The audited consolidated financial statements and the accompanying notes as of 31 December 2016 and 2015 and for the three years ended 31 December 2016 have been included in this Form 20-F.

The financial information this Form 20-F and our consolidated financial statements represent the continuation of the financial statements of former AB InBev, our predecessor-in-interest.

| | 2016(7) | 2015 | 2014 | 2013 | 2012 |
|---|----------------|--------|--------|--------|--------|
| | (USD millions) | | | | |
| <i>Income Statement Data</i> | | | | | |
| Revenue ⁽¹⁾ | 45,517 | 43,604 | 47,063 | 43,195 | 39,758 |
| Profit from operations | 12,882 | 13,904 | 15,111 | 20,443 | 12,747 |
| Profit from continuing operations | 2,721 | 9,867 | 11,302 | 16,518 | 9,325 |
| Profit | 2,769 | 9,867 | 11,302 | 16,518 | 9,325 |
| Profit attributable to our equity holders | 1,241 | 8,273 | 9,216 | 14,394 | 7,160 |
| Weighted average number of Ordinary and Restricted Shares (million shares) ⁽²⁾ | 1,717 | 1,638 | 1,634 | 1,617 | 1,600 |
| Diluted weighted average number of Ordinary and Restricted Shares (million shares) ⁽³⁾ | 1,755 | 1,668 | 1,665 | 1,650 | 1,628 |
| Basic earnings per share (USD) ⁽⁴⁾ | 0.72 | 5.05 | 5.64 | 8.90 | 4.48 |

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| | 2016 ⁽⁷⁾ | 2015 | 2014 | 2013 | 2012 |
|--|---------------------|---------|---------|---------|---------|
| | (USD millions) | | | | |
| Basic earnings per share from continuing operations (USD) ⁽⁴⁾ | 0.69 | 5.05 | 5.64 | 8.90 | 4.48 |
| Diluted earnings per share (USD) ⁽⁵⁾ | 0.71 | 4.96 | 5.54 | 8.72 | 4.40 |
| Dividends per share (USD) | 3.85 | 3.95 | 3.52 | 2.83 | 2.24 |
| Dividends per share (EUR) | 3.60 | 3.60 | 3.00 | 2.05 | 1.70 |
| Financial Position Data | | | | | |
| Total assets | 258,381 | 134,635 | 142,550 | 141,666 | 122,621 |
| Equity | 81,425 | 45,719 | 54,257 | 55,308 | 45,453 |
| Equity attributable to our equity holders | 71,339 | 42,137 | 49,972 | 50,365 | 41,154 |
| Issued capital | 1,736 | 1,736 | 1,736 | 1,735 | 1,734 |
| Other Data | | | | | |
| Volumes (million hectoliters) | 500 | 457 | 459 | 426 | 403 |

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 cancelled, 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 Shares, adjusted by the effect of share options 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) 2012 as reported, adjusted to reflect the changes to the revised IAS 19 Employee Benefits.
- (7) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016. For more information on the Transaction, see “Item 4. Information on the Company—A. History and Development of the Company.”

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, 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, which could result in lower revenue and reduced profit.

Beer, other alcoholic beverage and soft drink consumption 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 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 markets 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 changes in policies governing foreign trade and imports, may be significant drivers of capital and credit market volatility. 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.

Our results of operations are affected by fluctuations in exchange rates.

Although we report our consolidated results in U.S. dollars, in 2016, we derived approximately 67% 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 2015 and 2016, several currencies, such as the Argentine peso, the Mexican peso, the Canadian dollar, the Brazilian real, the Chinese yuan, the Russian ruble, the South African rand and the euro, depreciated against the U.S. dollar, which generally strengthened during the same period. Our total consolidated revenue was USD 45.5 billion for the year ended 31 December 2016, an increase of USD 1.9 billion compared to the year ended 31 December 2015. The negative impact of unfavorable currency translation effects on our consolidated revenue in the year ended 31 December 2016 was USD 2.8 billion, primarily as a result of the impact of the currencies listed above.

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 2016 Compared to the Year Ended 31 December 2015” 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, particularly over the long term.

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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016, for further details on our approach to hedging commodity price and foreign currency risk.

Changes in the availability or price of raw materials, commodities and energy 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, 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. 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 consumed in the agricultural supply chain, 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 (including as a result of the Transaction), 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 through public or private financing, strategic relationships or other arrangements. There can be no assurance that the funding, if needed, will be available on attractive terms, or at all.

Following completion of the Transaction, 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. To fund the Transaction, former AB InBev entered into a USD 75.0 billion senior facilities agreement (the “**2015 Senior Facilities Agreement**”) on 28 October 2015. Former AB InBev subsequently cancelled certain of the facilities under the 2015 Senior Facilities Agreement in connection with the following transactions:

- in January 2016, our subsidiary Anheuser-Busch InBev Finance Inc. (“**ABIFT**”) issued bonds in debt capital markets offerings resulting in aggregate net proceeds of approximately USD 47.0 billion, as a result of which former AB InBev cancelled a total of USD 42.5 billion under the 2015 Senior Facilities Agreement; and

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- 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 and as a result of which former AB InBev cancelled an additional USD 12.5 billion under the 2015 Senior Facilities Agreement.

In October 2016, former AB InBev borrowed USD 18.0 billion under the 2015 Senior Facilities Agreement, of which USD 8.0 billion under a five-year term facility remains outstanding and unpaid.

See “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources—Funding Sources—Borrowings” for more information on Transaction-related financing activities, including the 2015 Senior Facilities Agreement, and “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SABMiller—2015 Senior Facilities Agreement” for more information on the 2015 Senior Facilities Agreement. 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 the financial indebtedness related to the Transaction. Prior to 15 September 2015, the date on which renewed public speculation relating to the possible business combination between former AB InBev and SABMiller began, former AB InBev had been assigned a rating of A (stable outlook) by Standard & Poor’s Ratings Services and A2 (positive outlook) by Moody’s Investors Service. Since 15 September 2015, S&P Global Ratings (formerly Standard & Poor’s Ratings Services) downgraded its rating for former AB InBev’s long-term debt obligations to A- with stable outlook. In September 2015, Moody’s Investors Service changed former AB InBev’s outlook to “Developing,” citing downward rating pressure following completion of the Transaction due to higher leverage and certain integration risks. In May 2016, Moody’s Investors Service concluded its ratings review and assigned a definitive rating of A3 (stable outlook) to former AB InBev’s long-term debt obligations. As of the date of this annual report, our credit rating from 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 A3 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 Transaction, 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 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 Transaction, 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.

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 2016, after certain hedging and fair value adjustments, USD 24.0 billion, or 19.5%, of our interest-bearing financial liabilities (which include loans, borrowings and bank overdrafts) bore a variable interest rate, while USD 98.8 billion, or 80.5%, 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 for further details on our approach, currency and interest rate risk.

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 government-controlled or privately owned but independent wholesale distributors for distribution of our products for resale to retail outlets. 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 remaining obligations under the SABMiller 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. 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.

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 emerging 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 statutory requirements and standards applicable to our business, there is a risk that employees or representatives of our subsidiaries, affiliates, associates, joint ventures or other business interests may take actions that violate applicable laws and regulations that generally prohibit the making of improper payments to foreign government officials for the purpose of obtaining or keeping business, including laws relating to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, such as 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 was enacted 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.

In respect of the FCPA, we cooperated with the U.S. Securities and Exchange Commission (the “SEC”) and the U.S. Department of Justice in connection with their investigations into the relationships of our current and former affiliates in India, including our former non-consolidated Indian joint venture, which we exited during 2015. See “Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings.” 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 approximately USD 6 million to the SEC and assume certain ongoing reporting and cooperation obligations.

In Brazil, governmental authorities are currently investigating consulting services provided by a firm part-owned by a former elected government official who has been subject to prosecution. Our subsidiary, Ambev, has, in the past, hired the services of this consulting firm. We have reviewed our internal controls and compliance procedures in relation to these services and have not identified any evidence of misconduct.

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 subsidiaries in Russia and Ukraine, the net combined revenues of which accounted for less than 1.5% of our total revenues in 2016. 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, our associate Anadolu Efes Biracılık ve Malt Sanayii AŞ (“Anadolu Efes”) has an indirect interest in a Syrian soft drinks bottler and has limited distribution to Iran and Crimea. 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.”

If we or any of our associates fail to comply with economic sanctions or trade restrictions imposed by the United States, the European Union or other national or international authorities that are applicable to us or them, we may be exposed to potential legal liability and the costs associated with investigating potential misconduct, as well as potential reputational damage. Moreover, new or expanded export control regulations, economic sanctions, embargoes or other forms of trade restrictions imposed on Russia, Ukraine, Syria, Cuba 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 subsidiaries’ operations, and may result in impairment charges on goodwill or other intangible assets.

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. Consolidation activity has also increased along our distribution channels—in the case of both on-trade points of sale, such as pub companies, and off-trade retailers, such as supermarkets. Such consolidation could increase the purchasing power of players in our distribution channels. For more information, see “—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.”

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 changing levels of health consciousness among target consumers (including concerns about obesity and alcohol consumption), changes in prevailing economic conditions, changes in the demographic make-up of target consumers, changing social trends and attitudes regarding alcoholic beverages, changes in travel, vacation or leisure activity patterns, negative publicity resulting from regulatory action or litigation against us or comparable companies or a downturn in economic conditions. Consumers also may begin to prefer the products of competitors or may generally reduce their demand for products in the category.

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

Additionally, the absence of level playing fields in some markets and the lack of transparency, or even certain unfair or illegal practices, such as tax evasion and corruption, may skew the competitive environment in favor of our competitors with material adverse effects on our profitability or ability to operate.

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, 28.8% (USD 13.1 billion) of our total revenue of USD 45.5 billion in 2016 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. 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 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 a major cost-saving and efficiency program and we are pursuing a number of initiatives to improve operational efficiency. If we fail for any reason to successfully complete these 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 52.8% of our 2016 revenue, which include Argentina, Bolivia, Brazil, China, Colombia, Ecuador, El Salvador, Honduras, India, Mexico, Mozambique, Nigeria, Paraguay, Peru, Russia, South Africa, Tanzania, Ukraine and Zambia.

Our operations and equity investments in these markets are subject to the customary risks of operating in developing countries, which include political instability or insurrection, 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, Argentina, Turkey and Russia have periodically experienced extremely high rates of inflation), devaluation (see “—Our results of operations are affected by fluctuations in exchange rates”) (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.

In particular, the results of our Argentinian operations have been significantly impacted in U.S. dollar terms in recent years by political instability, fluctuations in the Argentine economy (such as the devaluation of the Argentine peso in December 2015), governmental actions concerning the economy of Argentina (such as Argentina’s selective default on its restructured debt in July 2014), inflation and deteriorating macroeconomic conditions in the country. Our subsidiary Ambev indirectly owns 100% of the issued share capital of a holding company with operating subsidiaries in Argentina and other South American countries. 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.

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. 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.

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 reduced 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 and messages used. In a number of countries, for example, television is a prohibited medium for advertising beer and other alcoholic beverage products, and in other countries, television advertising, while permitted, is carefully regulated. 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.

Negative publicity, perceived health risks and associated government regulation may harm our business.

Media coverage, and publicity generally, can exert significant influence on consumer behavior and actions. If the social acceptability of beer, other alcoholic beverages or soft drinks were to decline significantly, sales of our products could decrease materially. 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 health concerns related to the harmful use of alcohol, including drunk driving, excessive, abusive and underage drinking and drinking while pregnant, as well as health concerns such as obesity and diabetes related to the overconsumption of food and soft drinks. Negative publicity regarding beer, other alcoholic beverage or soft drink consumption, publication of studies that indicate a significant health risk from the consumption of beer, other alcoholic beverages or soft drinks, or changes in consumer perceptions in relation to beer, other alcoholic beverages or soft drinks generally could adversely affect the sale and consumption of our products and could harm our business, results of operations, cash flows or financial condition as consumers and customers change their purchasing patterns.

For example, in May 2013, the World Health Assembly endorsed the World Health Organization’s Global Action Plan for the Prevention and Control of Noncommunicable Diseases (NCDs) 2013–2020. The harmful use of alcohol has been cited as a risk factor for NCDs. The action plan for NCDs calls for at least a 10% relative reduction in the harmful use of alcohol, as appropriate, within national contexts. The United Nations’ Sustainable Development Goals, approved in September 2015, also aim to strengthen the prevention and treatment of substance abuse.

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. Concerns over alcohol abuse and underage drinking have also caused governments, including those in Argentina, Belgium, Mexico, Bolivia, Ecuador, Panama, Brazil, Peru, Chile, Australia, Vietnam, Singapore, the Netherlands, Russia and Ukraine, among others, to consider measures such as increased taxation (see “—The beer and beverage industry may be subject to adverse changes in taxation”), implementation of minimum alcohol pricing regimes or other changes to the regulatory framework governing our marketing and other commercial practices. For example, in December 2016, a ruling by the Supreme Court of India prohibited the sale of alcohol within 500 meters of all national and state highways in India effective 1 April 2017. Additional regulatory restrictions on our business, such as those on alcohol advertising, opening hours, drinking ages or marketing activities (including the marketing or selling of beer at sporting events), may cause the social acceptability of beer, other alcoholic beverages or soft drinks to decline significantly and consumption trends to shift away from these products, 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 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.

Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for our products.

Seasonal consumption cycles and adverse weather conditions in the markets in which we operate may have an impact on our operations. This is particularly true in the summer months, when unseasonably cool or wet weather can affect sales volumes. Demand for beer is normally more depressed in our major markets in the Northern Hemisphere during the first and fourth quarters of each year, and our consolidated net revenue from those markets is therefore normally lower during this time. Although this risk is somewhat mitigated by our relatively balanced, global footprint in both hemispheres, we are still exposed to seasonality risks, which could adversely impact our business, results of operations 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, sugar and corn. 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 causes 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. 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. For example, in May 2014, the State Council of the People’s Republic of China issued a plan that sets compulsory reduction goals related to pollutant emissions, energy consumption and carbon emissions that could require additional investment, business capabilities or operational changes.

More generally, 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.

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

We take precautions to ensure that our beverage products and our associated packaging materials (such as bottles, crowns, cans and other containers) meet accepted food safety and regulatory standards. Such precautions include quality-control programs and various technologies for primary materials, the production process and our final products. We have established procedures to correct issues or concerns that are detected.

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.

We may not be able to protect our intellectual property rights.

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 taken appropriate action to protect our portfolio of intellectual property rights (including patent applications, trademark registration and domain names), 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 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, 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 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 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. 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 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), environmental protection, transportation, distributor relationships and sales. 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. 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. 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 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.

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.

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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016, 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 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 alcoholic beverages and soft drinks. As an illustration, certain beer and other alcoholic 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 alcoholic 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 Grupo Modelo settlement agreement could adversely affect our financial condition and results of operations.

The settlement agreement we reached with the U.S. Department of Justice in relation to the combination with Grupo Modelo includes certain transition services agreements as well as certain distribution guarantees for Constellation Brands, Inc. in the 50 states of the United States, the District of Columbia and Guam. 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. See “Item 10. Additional Information—C. Material Contracts—Grupo Modelo Settlement Agreement.”

Our failure to satisfy our obligations under the SABMiller 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 Transaction 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 Transaction, (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 will expire ten years after its approval by the U.S. federal district court in the District of Columbia, unless the court grants an extension. 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. 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 Transaction, and we are now in the process of fulfilling these commitments. For more information on commitments related to the Transaction, 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, the Transaction has been subject to the review and authorization of various regulatory authorities, which have imposed conditions with which we are required to comply.”

The beer and beverage industry may be subject to adverse changes in taxation.

Taxation on beer, other alcoholic beverage and soft drink 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 VAT). In many jurisdictions, excise and other indirect taxes and duties, including additional duties resulting from 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 of our products and by encouraging consumers to switch to other categories of beverages. These increases also adversely affect the affordability of our products and our profitability. In recent years, Russia, Ukraine, Australia, South Africa, Egypt and Singapore, among others, increased beer excise taxes.

In Russia, between 2009 and 2016, the beer excise rate increased nearly tenfold—from RUB 3/liter to RUB 20/liter. Similarly, in Ukraine, between 2013 and 2017, the beer excise tax increased 219.5% from UAH 0.87/liter in 2013 to UAH 2.78/liter in January 2017. These tax increases have resulted in significant price increases in both countries, have had a significant impact on our sales of beer in those countries, and may continue to do so. See “—Negative publicity, perceived health risks and associated government regulation may harm our business.”

In the United States, the brewing industry is subject to significant taxation. The U.S. federal government currently levies an excise tax of USD 18 per barrel (equivalent to approximately 117 liters) on beer sold for consumption in the United States. All states also levy excise and/or sales taxes on alcoholic beverages. From time to time, there are proposals to increase these taxes, and in the future, these taxes could increase. Increases in excise taxes on alcohol could adversely affect our United States business and its profitability.

In addition to excise taxes, additional charges may be levied in relation to tax stamps and other forms of fiscal marking. The cost of these marking schemes could adversely affect our businesses in the relevant countries (including their profitability).

Minimum pricing is another form of fiscal regulation that could affect our profitability. In 2012, the Scottish government legislated to introduce a minimum unit price for alcoholic beverages; the legality of this measure was upheld by the Scottish Court of Session in October 2016 after referral to the Court of Justice of the European Union in December 2015. The decision of the Court of Session is currently being appealed to the Supreme Court of the United Kingdom. In October 2013, Northern Ireland and the Republic of Ireland decided to implement a cross-border minimum unit price for alcoholic beverages calculated on a sale price per gram of alcohol, although the question of legality under the laws of the European Union remains to be determined.

Proposals to increase excise or other indirect taxes, including legislation regarding minimum alcohol pricing, may result from the current economic climate and may also be influenced by changes in public perceptions regarding the consumption of beer, other alcoholic beverages and soft drinks. To the extent that the effect of the tax reforms described above or other proposed changes to excise and other indirect duties in the countries in which we operate is to increase the total burden of indirect taxation on our products, our results of operations in those countries could be adversely affected.

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 national, local 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 Organisation for Economic Co-operation and Development 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. Additionally, international global climate change negotiations and other international treaties, such as the Montreal Protocol, increasingly encourage countries to introduce regulations and other measures to mitigate greenhouse gas emissions, including carbon taxes. For more information on environmental regulations and taxation, 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.” Any such increases or changes in taxation would tend to adversely impact our results of operations.

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, the Transaction has been subject to the review and authorization of various regulatory authorities, which have 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 and our Brazilian listed subsidiary, Ambev, has been subject to monitoring by antitrust authorities in Brazil. 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. 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.

We had to obtain regulatory clearances for the Transaction in a number of jurisdictions. In connection with such regulatory clearances, we completed several divestitures on 11 October 2016 following completion of the Transaction, including the divestitures of SABMiller’s interest in MillerCoors, SABMiller’s portfolio of Miller brands, SABMiller’s Peroni, Grolsch and Meantime brand families and SABMiller’s 49% interest in CR Snow. In addition, on 13 December 2016, we announced that we had entered into an agreement to sell the SABMiller businesses in Central and Eastern Europe (Hungary, Romania, the Czech Republic, Slovakia and Poland) for divestiture to Asahi Group Holdings, Ltd. (“**Asahi**”), conditional on the European Commission’s approval of Asahi as a suitable purchaser. On 15 December 2016, we announced we had entered into an agreement to sell SABMiller’s stake in Distell Group Limited, comprised of 58,674,000 ordinary shares or approximately 26.4% of Distell’s issued share capital, to the Public Investment Corporation (SOC) Limited (the “**Distell Divestiture**”), which remains subject to the approval of the South African competition authorities. Certain regulatory authorities have imposed further conditions in connection with their approval of the Transaction, including the United States, South Africa, Botswana, Malawi, Zambia, Zimbabwe, Ecuador, Colombia, El Salvador, Australia and Moldova.

The terms and conditions of any authorizations, approvals and/or clearances obtained to date, or other actions taken by a regulatory authority following the closing of the Transaction to obtain further authorizations, approvals and/or clearances may require, among other things, the divestiture of our assets or businesses to third parties, changes to our operations, restrictions on our ability to operate in certain jurisdictions, restrictions on the two businesses combining their operations in certain jurisdictions or other commitments to regulatory authorities regarding ongoing operations. Any such actions could have a material adverse effect on our business and diminish substantially the synergies and the advantages which we expect to achieve from the Transaction.

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.

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.

On 28 January 2014, a subsidiary of our subsidiary Ambev acquired from us 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 2016, Cervecería Bucanero S.A. sold 1.7 million hectoliters, representing about 0.3% of our global volume of 500 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, 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. Although this section of the Helms-Burton Act is currently suspended by discretionary presidential action, the suspension may not continue in the future. Claims accrue notwithstanding the suspension and may be asserted if the suspension is discontinued. The Helms-Burton Act also includes a section that 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. In 2009, we 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 us through our former ownership and management of the company. Although we have attempted to review and evaluate the validity of the claim, due to the uncertain underlying circumstances, we are currently unable to express a view as to the validity of such claim or as to the claimants' standing to pursue it.

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 tougher 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 clients 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 Teamsters, which expire on 28 February 2019.

Information technology failures could disrupt our operations.

We rely on information technology systems to process, transmit and store electronic information. 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.

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 have also entered into various information technology services agreements pursuant to which our information technology infrastructure is outsourced to leading vendors.

The information systems of former AB InBev and SABMiller are subject to integration. Any failure or delay to such integration could have a material adverse effect on our business, results of operations, cash flows or financial condition.

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, loss of customers, business disruptions, 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 disaster recovery plans and reviewing risk management processes. Notwithstanding our efforts, technology disruptions could disrupt our business. For example, if outside parties gained access to confidential data or strategic information and appropriated such information or made such information public, this could harm our reputation or our competitive advantage. More generally, technology disruptions could have a material adverse effect on our business, results of operations, cash flows or financial condition.

While we continue to invest in new technology monitoring and cyberattack prevention systems, we nonetheless experience attempted breaches of our technology systems and networks from time to time. In 2016, as in previous years, we experienced 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 material unauthorized access to our data or our customers' data.

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 (or concerns over the possibility of such an emergency), earthquakes, hurricanes, 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. In accordance with the Co-operation Agreement, we have also procured the provision of directors' and officers' insurance for former directors and officers of SABMiller for a period of six years following the completion of the Transaction. 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.

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 are deprived of the benefits of such inspection.

Auditors of companies that are registered with 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.

We may not be able to realize all of the anticipated benefits and synergies of the Transaction, including as a result of difficulty in integrating the businesses of the companies involved, and any such benefits and synergies will be offset by the significant transaction fees and other costs we incurred in connection with the Transaction.

Achieving the advantages of the Transaction depends partly on the rapid and efficient combination of our activities with SABMiller, two companies of considerable size that functioned independently and were incorporated in different countries, with geographically dispersed operations, and with different business cultures and compensation structures.

The integration process continues to involve inherent costs and uncertainties. These uncertainties are exacerbated because SABMiller was active in new or developing markets in which former AB InBev did not have significant operations, and because former AB InBev had little opportunity to perform detailed due diligence on SABMiller prior to the announcement of the Transaction. We may face increased exposure to certain risks as a result of the Transaction. For example:

- SABMiller had entered into important strategic partnerships in a number of Eurasian and African countries. We may face challenges in continuing to develop collaborative relationships with these partners in order to ensure that decisions are taken in such partnerships which promote our strategic and business objectives.
- SABMiller operated its business and markets its products in certain countries that are less developed, have less stable legal systems and financial markets, and are potentially more corrupt business environments than Europe and the United States, and therefore present greater political, economic and operational risks. There is a risk that improper actions taken by our employees or representatives of our subsidiaries, affiliates, associates, joint ventures or other business interests may expose us to potential liability and the costs associated with investigating potential misconduct. In addition, any press coverage associated with such misconduct, even if unwarranted or baseless, could damage our reputation and sales.

Furthermore, there is no assurance that the Transaction will achieve the benefits we anticipate from the integration. We believe that the consideration paid was justified, in part, by the procurement and engineering savings, brewery and distribution efficiency gains, best practice sharing and other cost savings, synergies and benefits that we expect to achieve by combining our operations with SABMiller's operations. However, these expected savings, gains, synergies and other benefits may not be achieved, and the assumptions upon which we determined the consideration paid to the former SABMiller shareholders in connection with the

Transaction may prove to be incorrect. The implementation of the Transaction and the successful integration of SABMiller's operations also requires a significant amount of management time and, thus, may affect or impair management's ability to implement the integration of the businesses effectively.

In addition, we have incurred and may continue to incur significant transaction fees and other costs associated with the Transaction. These fees and costs are substantial and include financing, financial advisory, legal and accounting fees and expenses. In addition, we may face additional unanticipated costs as a result of the integration, which would offset any realized synergy benefits resulting from the Transaction.

Finally, the agreement which we have entered into with Altria Group Inc. ("**Altria**"), pursuant to which we agreed to provide assistance and co-operation and to 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**"), imposes some limits on our ability to effect some reorganizations after the completion of the Transaction, which may limit our capacity to integrate SABMiller's operations. See "Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SABMiller—Tax Matters Agreement" for more information.

Although the cost savings and other synergies contemplated by the Transaction are significant, there can be no assurance that we will realize these benefits in the time expected, or at all. Any failures, material delays or unexpected costs of the integration process could therefore have a material adverse effect on our business, results of operations and financial condition.

The uncertainties about the effects of the Transaction could materially and adversely affect our businesses and operations.

Uncertainty regarding the effect of the Transaction could cause disruptions to our businesses. Customers, distributors, other business partners and other parties that have business relationships with us may defer the consummation of other transactions or other decisions concerning our businesses, or seek to change existing business relationships. For example, on 21 December 2016, we announced that we entered into an agreement to sell our stake in Africa's largest bottler, Coca-Cola Beverages Africa (Pty) Ltd ("**CCBA**") to The Coca-Cola Company pursuant to SABMiller's prior contractual arrangements with The Coca-Cola Company. In addition, key employees of either former AB InBev or the SABMiller Group could leave their employment because of the uncertainties about their roles in the AB InBev Group or because of a general desire not to remain with the AB InBev Group. Such uncertainties and disruptions related to the Transaction could disrupt our business and have an unfavorable material effect on our financial position, our income from operations and our competitive position.

Our size, contractual limitations we are subject to and our position in the markets in which we operate may decrease our ability to successfully carry out further acquisitions and business integrations.

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, in addition to the Transaction, the combination of Interbrew S.A. and Ambev in 2004, the combination of InBev and Anheuser-Busch in 2008 and the combination of AB InBev and Grupo Modelo in 2013.

We may be unsuccessful in the implementation of future acquisitions, investments or joint ventures or alliances.

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.

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. 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 future business growth.

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, as a result of the combination with Grupo Modelo in 2013, we recognized USD 19.6 billion of goodwill on our balance sheet and recorded several brands from the Grupo Modelo business (including brands in the Corona brand family, among others) as intangible assets with indefinite useful lives with a fair value of USD 4.7 billion. Similarly, as a result of the 2008 Anheuser-Busch acquisition, we recognized USD 32.9 billion of goodwill on our balance sheet and recorded several brands from the Anheuser-Busch business (including brands in the Budweiser brand family, among others) as intangible assets with indefinite useful lives with a fair value of USD 21.4 billion.

Additionally, upon completion of the Transaction, we recognized USD 73.7 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 Transaction, we recorded brands and other intangibles from the SABMiller business as intangible assets with indefinite useful lives, with a fair value of USD 19.9 billion.

As of 31 December 2016, our goodwill amounted to USD 136.5 billion and intangible assets with indefinite useful lives amounted to USD 42.3 billion. If the continuing integration of our businesses with SABMiller'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.

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, and through our investment in Anadolu Efes, we have exposure to Turkey and countries in the Commonwealth of Independent States. 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.”

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 Transaction 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 in 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.

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

As of 31 December 2016, our largest shareholder, Stichting Anheuser-Busch InBev (the “**Stichting**”), owned 34.29% 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 holdings in listed companies) held, in aggregate, 43.84% of our voting rights), based on the number of shares outstanding on 31 December 2016, excluding the 85,540,392 treasury shares held by us and our subsidiaries, Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. (see “Item 7. Major Shareholders and Related Party Transactions —A. Major Shareholders”). 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, it has control of us. It is also able to have a significant influence on the outcome of corporate actions requiring shareholder approval, including dividend policy, mergers, share capital increases, going private transactions 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 and other factors, including tax and other regulatory considerations. In particular, in light of the increased debt that resulted from completion of the Transaction, 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.

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 euros 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 euros 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 Transaction, 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 Transaction, 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 SABMiller” 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, that is, 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 listed U.S. company to be independent while, in Belgium, only three directors need be independent. Our board currently comprises three independent directors and twelve 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 Executive Board of Management 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 five consumer products companies by revenue. As a consumer-centric, sales-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, Castle Lager (except in the United States), Castle Lite (except in the United States), and Redd's (except in the United States); and brands primarily distributed to local markets such as Bud Light and Michelob Ultra in the United States; Corona Light, Modelo Especial, Negra Modelo, Victoria and Pacifico in Mexico; Skol, Brahma and Antarctica in Brazil; Quilmes in Argentina; Jupiler in Belgium and the Netherlands; Franziskaner in Germany; Klinskoye and Sibirskaya Korona in Russia; Chernigivske in Ukraine; Harbin and Sedrin in China; Cass in South Korea; Carling Black Label and Hansa Pilsener in South Africa; Aguila and Poker in Colombia; Hero in Nigeria; Cristal and Pilsen Callao in Peru; Victoria Bitter and Carlton Draught in Australia; and Safari and Kilimanjaro in Tanzania. We also produce and distribute soft drinks, particularly in Central and South America and Africa, and other near beer products, such as Lime-A-Rita and other Rita family products in the United States and Mexico; MixxTail in China, Argentina and other countries; and Skol Beats in Brazil.

Our dedication to quality goes back to a brewing tradition of more than 600 years with the Den Hooch 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 2016, we employed more than 200,000 people, with operations in 50 countries across the world. Given the breadth of our operations, we report our results under the following six regions: North America, Latin America West, Latin America North, Latin America South, EMEA and Asia Pacific. We also report the results of Global Export and Holding Companies, which includes our global headquarters, the export businesses which have not been allocated to the regions and the interim supply agreement with Constellation Brands, Inc. 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.

Our 2016 volumes (beer and non-beer) were 500 million hectoliters and our revenue amounted to USD 45.5 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 Hoom brewery in Leuven, Belgium. In 1717, Sébastien Artois, master brewer of Den Hoom, 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 SA. 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 2016, we had a 61.9% voting and economic interest in Ambev.
- In July 2008, InBev combined with Anheuser-Busch 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 July 2009, we completed the sale of our South Korean subsidiary, Oriental Brewery, to an affiliate of Kohlberg Kravis Roberts & Co. L.P. ("KKR") for USD 1.8 billion. We retained the right, but not the obligation, to reacquire Oriental Brewery five years after the closing of the transaction based on predetermined financial terms. In 2014, we completed the reacquisition of Oriental Brewery from KKR and Affinity Equity Partners.
- In 2009, we completed the sale of our operations in Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Montenegro, Romania, Serbia and Slovakia to CVC Capital Partners for an enterprise value of USD 2.2 billion.
- 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.
- 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 and perpetual rights to certain of Grupo Modelo's brands in the United States. As a consequence, we have granted Constellation Brands, Inc. the exclusive and perpetual right to market and sell Corona and certain other Grupo Modelo 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 2015, we acquired all outstanding Grupo Modelo shares held by third parties through a mandatory tender offer and, by August 2015, Grupo Modelo was transformed from a publicly listed Mexican company into a Mexican limited liability company (*sociedad de responsabilidad limitada*) and became 100% owned by us.

On 11 November 2015, our board and the board of SABMiller announced that an agreement had been reached on the terms of a recommended acquisition by us of the entire issued and to be issued share capital of SABMiller, pursuant to a Belgian-law merger by absorption under the Belgian Companies Code (the "**Belgian Merger**") whereby a holding company is merged into its subsidiary, with the subsidiary being the surviving company. On 7 October 2016, we acquired control of SABMiller and on 10 October 2016, we completed the business combination. The Transaction was valued at a gross purchase consideration of USD 114 billion.

As a result of the Belgian Merger, former AB InBev merged into Newbelco, and Newbelco became the holding company for the Combined Group. All assets and liabilities of former AB InBev were transferred to Newbelco, and Newbelco was automatically substituted for former AB InBev in all its rights and obligations by operation of Belgian law. Newbelco was renamed Anheuser-Busch InBev SA/NV, and former AB InBev was dissolved by operation of Belgian law.

In connection with the Transaction, we have transferred SABMiller's business in Panama to Ambev in exchange for Ambev's businesses in Colombia, Peru and Ecuador. We have also completed or announced certain divestitures, in each case with the goal of proactively addressing potential regulatory considerations regarding the Transaction, including the following:

- On 11 October 2016, we completed the previously announced sale of SABMiller's entire interest in MillerCoors LLC (a joint venture in the U.S. and Puerto Rico between Molson Coors and SABMiller), together with rights to the Miller brand globally, to Molson Coors for USD 12 billion.
- On 11 October 2016, we completed the previously announced sale of SABMiller's Peroni, Grolsch and Meantime brand families and their associated businesses in Italy, the Netherlands, the United Kingdom and internationally (excluding certain rights in the United States) to Asahi Group Holdings, Ltd. ("**Asahi**"), valued by the transaction at EUR 2,550 million on a debt free/cash-free basis.
- On 11 October 2016, we completed the previously announced sale of SABMiller's 49% interest in CR Snow to China Resources Beer (Holdings) Co. Ltd. for USD 1.6 billion.
- On 13 December 2016, we announced that, pursuant to our commitments to the European Commission in connection with the Transaction, we had entered into a binding agreement with Asahi to sell the former SABMiller businesses in Poland, the Czech Republic, Slovakia, Hungary and Romania for EUR 7.3 billion. The sale of SABMiller's businesses in Central and Eastern Europe is conditional on the European Commission's approval of Asahi as a suitable purchaser and is expected to close in the first half of 2017.
- On 15 December 2016, we announced that we had entered into a binding agreement to sell our interest in Distell Group Limited (comprised of 58,674,000 ordinary shares or approximately 26.4% of Distell's issued share capital) to Public Investment Corporation Limited, acting on behalf of the Government Employees Pension Fund. The Distell Divestiture remains subject to the approval of the South African competition authorities.

Furthermore, during 2015 and 2016, 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 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

We are the world's largest brewer and believe 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 reach 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.

We have been the global leader in the brewing industry by volume for the past nine years, and, in 2016, were one of the largest consumer products companies worldwide, measured by EBITDA, as defined. 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.

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 47.2% of our 2016 revenue and developing markets represented 52.8% of our 2016 revenue. Our developing markets include Argentina, Brazil, Bolivia, China, Colombia, Ecuador, El Salvador, Honduras, India, Mexico, Mozambique, Nigeria, Paraguay, Peru, Russia, South Africa, Tanzania, Ukraine and Zambia.

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

Our strong brand portfolio addresses a broad range of demand for different types of beer, comprising three brand 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 the strength to be marketed worldwide;
- *Multi-country brands:* With a strong consumer base in their home market, our multi-country brands, Beck's, Castle Lager, Castle Lite, Hoegaarden and Leffe, 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, Skol Victoria and Victoria Bitter connect particularly well with consumers in their home markets.

With well over 500 brands, of which 18 had an estimated retail sales value of over USD 1 billion in 2016, we believe our portfolio is the strongest in the industry. Seven of our brands—Budweiser, Bud Light, Stella Artois, Skol, Corona, Aguila and Brahma—are ranked among the Global Top Ten most valuable beer brands by BrandZ™.

Our strategy is to focus our attention on our core to premium brands. As a result, we make clear brand choices and seek to invest in those brands that build deep connections with consumers and meet their needs. We seek to replicate our successful brand initiatives, market programs and best practices across multiple geographic markets.

Africa plays a unique role in the AB InBev Group

We believe that Africa, as a continent, has hugely attractive markets with increasing GDPs, a growing middle class and expanding economic opportunities. Africa is also growing in importance in the context of the global beer industry. It is expected that the African continent will represent approximately 8.1% of the global beer industry by volumes by 2025, up from approximately 6.5% in 2014, with beer volumes in Africa expected to grow at nearly three times the rate of global beer volumes between 2014 and 2025.

Former AB InBev did not have any significant operations in Africa and we believe that the continent will play a vital role in our future, building upon the strong history and success of SABMiller in the region dating back to the nineteenth century.

On 14 April 2016, we announced that we had entered into an agreement with the South African Government in terms of which we made commitments to contribute to South Africa (the “**EDD Agreement**”). Such commitments, which were largely included on the conditions issued by the South African Competition Commission when approving the Transaction, relate to sustained employment numbers, agricultural development, enterprise development, local production and procurement, the maintenance of the former SABMiller’s Zenzele Broad Based Black Economic Empowerment Scheme (the “**Zenzele Scheme**”) until it matures in 2020 and the creation of a new ownership scheme, the participation of small beer brewers in the South African market, investment in initiatives aimed at promoting advancements in education, business and environmental sustainability and the reduction of harmful use of alcohol in South African society, and a commitment to locate the regional head office for Africa in and manage and operate from Johannesburg.

We will disburse equally over a five-year period running from the completion of the Transaction, through direct investments and through a fund established by us, an aggregate amount of ZAR 1.0 billion (USD 0.07 billion) for investment in the programs in South Africa contemplated by the EDD Agreement.

As a sign of our commitment to South Africa, in January 2016, former AB InBev completed a secondary (inward) listing of its Ordinary Shares on the Johannesburg Stock Exchange. On 11 October 2016, our Ordinary Shares were listed on the Johannesburg Stock Exchange, through a secondary listing, which replaced former AB InBev’s previous secondary listing. We have also announced our commitment to working in partnership with the City of Johannesburg to reduce the harmful use of alcohol.

Strong consumer insights-driven brand development capabilities

As a consumer insights-driven company, we continue to strive to understand the values, lifestyles and preferences of both today’s and tomorrow’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 include Budweiser Prohibition Brew (Canada), Corona Cero (Mexico), Jupiler 0.0 (Belgium), Best Damn Root Beer and Michelob Ultra 16 ounce aluminum bottle (United States), Brahma Extra Lager, Red Lager and Weiss, and Skol Beats Secret (Brazil), Mixtail Bartender Series and Patagonia Draught (Argentina), Brahma and Pilsen 340ml (Paraguay), Harbin Wheat (China), and Mixtail (Korea).

We believe that our internal excellence programs, such as our World Class Commercial Program, are a major competitive advantage. The World Class Commercial Program 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.

We expect the Transaction to generate synergies and cost savings as we continue our integration with SABMiller. We have updated our synergy and cost savings expectation from USD 2.45 billion per annum as of August 2016 to USD 2.8 billion per annum on a constant currency basis. Of our original expectation of USD 2.45 billion per annum, we announced USD 1.4 billion per annum as transaction synergies, and USD 1.05 billion per annum was previously announced by SABMiller as cost savings initiatives. From this total, USD 547 million per annum was reported by SABMiller as of 31 March 2016, and USD 282 million per annum was captured between 1 April 2016 and 31 December 2016. The balance of approximately USD 2.0 billion is expected to be captured in the next three to four years and is expected to come mainly from:

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

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 in November 2008, the combination with Grupo Modelo in June 2013, the reacquisition of Oriental Brewery, the leading brewer in South Korea, in April 2014, and the Transaction 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 are utilizing these skills and experiences with the goal of completing the integration of former AB InBev and SABMiller in a timely fashion, with minimal disruption to the business, and maximizing the capture of cost synergies.

Strategy

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 communities, 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: 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 provide more choices for consumers around the world and believe we can 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.

Building on what both AB InBev and SABMiller have done in the past, we will demonstrate our commitments through our Better World platform. Through our reach, resources and energy, we are addressing the needs of our communities by building:

- **A growing world**, where everyone has the opportunity to improve their livelihood;
- **A cleaner world**, where natural resources are shared and preserved for the future; and
- **A healthier world**, where every experience with beer is a positive one, for lives well-lived.

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.

Organic revenue growth

We aim to grow our revenue organically ahead of the industry benchmark of volume growth plus inflation, on a country-by-country basis. To achieve this goal, we build on the work undertaken by former AB InBev and SABMiller in developing a deep understanding of both consumers’ needs and the occasions when they enjoy beer and other alcohol beverages. Some of our insights from this work include the following:

- consumers around the world are more similar than different;
- our brands must remain relevant to existing consumers, be capable of winning new consumers, and secure their long-term brand loyalty. We should continue to invest to drive strong consumer preference for our brands and continued premiumization of our brand portfolio;
- opportunities exist to develop brands and offerings to gain share of alcohol in non-traditional beer occasions. We should further strengthen brand innovation in order to stay ahead of market trends and maintain consumer appeal;
- we should seek to build connections with our consumers at the point-of-sale, in partnership with distributors, off-trade retailers and on-trade points-of-sale, by further improving the quality of the consumer’s shopping experience and consumption occasions; and
- we must leverage social and digital media platforms to reach out to existing and potential consumers and build connections with our brands.

These insights enable us to better understand 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 revenue growth and deliver increased shareholder value.

These insights have led to the identification of our four global commercial priorities:

- growing our global brands;
- premiumizing and invigorating beer;
- elevating lager; and
- developing the near beer segment.

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 Zero-Based Budgeting and Voyager Plant Optimization, internal and external benchmarking, as well as from our size;
- leverage the 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 strong 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 2016. We expect that significant growth opportunities will arise from marketing our brand portfolio through a largely complementary distribution network, and applying the best practices of former AB InBev and SABMiller across the Combined Group.

| <u>Country by Region</u> | <u>Brands</u> |
|---------------------------|--|
| North America | |
| Canada | Beer: Alexander Keith's, Archibald, Bass, Beck's, Bud Light, Budweiser, Busch, Corona, Hoegaarden, Kokanee, Labatt 50, Labatt Blue, Labatt Blue Light, Lakeport, Leffe, Lucky, Michelob Ultra, Mike's Hard Lemonade, Mill Street, Okanagan, Oland, Palm Bay, Stanley Park, Stella Artois |
| United States | Beer: 10 Barrel, Bass, Beck's, Best Damn, Blue Point, Breckenridge, Bud Light, Bud Light Lime, Budweiser, Busch, Busch Light, Devil's Backbone, Elysian, Four Peaks, Golden Road, Goose Island, Hoegaarden, Karbach, Leffe, Lime-A-Rita Family, Michelob Ultra, Natural Light, Rolling Rock, Shock Top, Spiked Seltzer, Stella Artois |
| Latin America West | |
| Colombia | Beer: Bahia, Aguila family, Bogota Beer Company, Bud Light, Budweiser, Club Colombia family, Cola y Pola, Corona, Costeña family, Modelo Especial, Pilsen family, Poker family, Redd's, Stella Artois Non-Beer: Pony Malta |
| Ecuador | Beer: Budweiser, Club, Conquer, Manantial, Pony Malta, Pilsener family Non-Beer: Manantial water, Pony Malta |
| El Salvador | Beer: Barena, Camagua, Cantina, Golden Light, Pilsener family |

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Country by Region

| | Brands |
|----------------------------|---|
| Honduras | Beer: Barena, Corona, Imperial, Port Royal, SalvaVida |
| Mexico | Beer: Barilito, Bocanegra, Bud Light, Budweiser, Corona, Corona Cero (non-alcoholic), Corona Light, Cucapá, Day of the Dead, Estrella, Ideal, Leon, Mexicali, Modelo Ambar, Modelo Especial, Modelo Trigo, Montejo, Negra Modelo, Pacifico, Stella Artois, Tijuana, Tropical, Victoria |
| Peru | Beer: Arequipaña, Backus Ice, Brahma, Budweiser, Corona, Cristal, Cristal Ultra, Cusqueña family, Fiesta Real, Löwenbräu, Pilsen Callao, Pilsen Trujillo, San Juan Non-Beer: Agua Tónica Backus, Cristalina Backus, Guarana Backus, Maltin Power, San Mateo water, Viva Backus |
| Latin America North | |
| Brazil | Beer: Antarctica, Bohemia, Brahma, Budweiser, Colorado, Corona, Hoegaarden, Leffe, Skol, Stella Artois Non-Beer: Guaraná Antarctica, Pepsi, Fusion, Catorade, Lipton |
| Dominican Republic | Beer: Bohemia, Brahma, Budweiser, Corona, Hoegaarden, Leffe, Presidente, Stella Artois, The One Non-Beer: 7UP, Pepsi, Red Rock |
| Guatemala | Beer: Beck's, Brahma, Bud Light, Budweiser, Corona, Hoegaarden, Leffe, Modelo Especial, Stella Artois |
| Panama | Beer: 507, Atlas, Balboa family Non-Beer: 7UP, Agua Brisa, Malta Alfa, Malta Vigor, Mirinda, Pepsi family, Pony Malta |
| Latin America South | |
| Argentina ⁽¹⁾ | Beer: Andes, Beck's, Brahma, Budweiser, Corona, Franziskaner, Hoegaarden, Iguana, Leffe, Löwenbräu, MixxTail, Negra Modelo, Norte, Patagonia, Pilsen, Quilmes, Stella Artois Non-Beer: 7UP, Catorade, H2OH!, Mirinda, Paso de los Toros, Pepsi, Tropicana |
| Bolivia | Beer: Corona, Huari, MixxTail, Paceña, Stella Artois, Taquiña Non-Beer: 7UP, Pepsi |
| Chile | Beer: Baltica, Becker, Brahma, Budweiser, Corona, Stella Artois |
| Paraguay | Beer: Baviera, Brahma, Budweiser, Corona, Mixxtail, Ouro Fino, Pilsen, Stella Artois |
| Uruguay | Beer: Norteña, Patricia, Pilsen, Zillertal Non-Beer: 7UP, H2OH!, Pepsi |
| EMEA | |
| United Kingdom | Beer: Bass, Beck's, Boddingtons, Brahma, Budweiser, Camden Town, Corona, Cubanisto, Hoegaarden, Leffe, Stella Artois |
| France | Beer: Beck's, Belle-Vue, Boomerang, Budweiser, Corona, Cubanisto, Hoegaarden, Leffe, Loburg, Stella Artois |
| Italy | Beer: Beck's, Birra Del Borgo family, Budweiser, Corona, Franziskaner, Hoegaarden, Leffe, Löwenbräu, Spaten, Stella Artois |
| Spain | Beer: Beck's, Budweiser, Cervezas La Virgen, Corona, Dorada family, Estrella Canaria, Franziskaner, Kelson, Leffe, Saturday, Stella Artois, Tropical family |
| Russia | Beer: Bagbier, Brahma, Bud, Corona, Franziskaner, Hoegaarden, Klinskoye, Leffe, Löwenbräu, Sibirskaia Korona, Spaten, Stella Artois, T, Tolstiak |
| Ukraine | Beer: Beck's, Bud, Chemigivske, Corona, Hoegaarden, Leffe, Rogan, Staropramen, Stella Artois, Taller, Yantar |
| Belgium | Beer: Beck's, Belle-Vue, Budweiser, Corona, Ginette family, Hoegaarden, Jupiler, Kwak, Leffe, Stella Artois, Tripel Karmeliet, Vieux Temps |
| Netherlands | Beer: Beck's, Corona, Dommelsch, Hertog Jan, Hoegaarden, Jupiler, Leffe, Stella Artois |
| Luxembourg | Beer: Beck's, Diekirch, Hoegaarden, Jupiler, Leffe, Mousel, Stella Artois |
| Germany | Beer: Beck's, Corona, Diebels, Franziskaner, Haake-Beck, Hasseröder, Löwenbräu, Spaten |
| Botswana | Beer: Carling Black Label, Carling Blue Label, Castle Lager, Castle Lite, Flying Fish, Hansa Pilsener, Redd's, St. Louis family Non-Beer: Bonaqua, Chibuku, Keone Mooka Mague |
| Ghana | Beer: Castle Milk Stout, Club Premium Lager, Club Shandy, Eagle, Stone Lager Non-Beer: Beta Malt, Chibuku |
| Kenya | Beer: Castle Lager, Castle Lite, Castle Milk Stout, Crown Lager, Nile Special, Redd's Non-Beer: Konyagi |
| Lesotho | Beer: Carling Black Label, Castle Lager, Castle Lite, Castle Milk Stout, Flying Fish, Hansa Pilsener, Maluti Premium Lager, Redd's |

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| Country by Region | Brands |
|---------------------|---|
| Malawi | Beer: Carling Black Label, Castle Lager, Castle Lite Non-Beer: Chibuku, Chibuku Super, Maheu |
| Mozambique | Beer: 2M, Carling Black Label, Castle Lite, Flying Fish, Hansa Pilsener, Impala, Laurentina family, Manica, Redd's |
| Namibia | Beer: Carling Black Label, Castle Lager, Castle Lite, Flying Fish |
| Nigeria | Beer: Castle Lager, Castle Lite, Castle Milk Stout, Eagle, Grand Lager, Hero, Redd's, Trophy Non-Beer: 1960 Rootz, Beta Malt, Chibuku, Grand Malt, Maheu, Royal Eagle spirits |
| South Africa | Beer: Brutal Fruit, Carling Black Label, Carling Blue Label, Castle Lager, Castle Lite, Castle Milk Stout, Flying Fish, Hansa Marzen Gold, Hansa Pilsener, Lion, No 3 Fransen Street, Redd's family, Sarita Non-Beer: Chibuku, Imphilo, Imvelo |
| Swaziland | Beer: Carling Black Label, Castle Lager, Castle Lite, Castle Milk Stout, Flying Fish, Hansa Pilsener, Redd's, Sibebe |
| Tanzania | Beer: Balimi, Bingwa, Castle Lager, Castle Lite, Castle Milk Stout, Eagle, Kilimanjaro, Ndovu Special Malt, Redd's, Safari Non-Beer: Chibuku, Chibuku Super, Grand Malt, Konyagi, Nzagamba |
| Uganda | Beer: Chaiman's ESB, Castle Lite, Castle Milk Stout, Club Pilsener, Eagle family, Flying Fish, Nile family, Redd's Non-Beer: Chibuku |
| Zambia | Beer: Carling Black Label, Carling Blue Label, Castle Lager, Castle Lite Eagle, Flying Fish, Mosi, Redd's, Rhino Non-Beer: Chibiku, Chibuku Super, Super Maheu |
| Asia Pacific | |
| Australia | Beer: Abbotsford Invalid Stout, Aguila, Alpha Pale Ale, Beck's, Beez Neez, Budweiser, Carlton family, Carlton Dry family, Cascade family, Corona, Crown Lager, Dogbolter, Yak family, Foster's family, Great Northern Brewing Co family, Helga, Hoegaarden, Leffe, Matilda Bay family, Melbourne Bitter, Minimum Chips, NT Draught, Pacific Radler, Powers Gold, Pure Blonde family, Redback, Reschs, Sheaf Stout, Stella Artois, Victoria Bitter Non-Beer: Black Douglas spirits, Bulmers family, Cougar spirits, Dirty Granny, Kopparberg family, Mercury family, Strongbow family |
| China | Beer: Beck's, Big Boss, Budweiser, Corona, Ginsber, Harbin, Hoegaarden, Leffe, MixTail, Sedrin, Stella Artois |
| India | Beer: Black Partridge, Budweiser, Foster's, Haywards 2000, Haywards 5000, Knock Out, Royal Challenge |
| South Korea | Beer: Budweiser, Cass, Corona, Hoegaarden, OB, Stella Artois, Victoria Bitter |
| Vietnam | Beer: Budweiser, Zima, Zorok |

- (1) In connection with obtaining regulatory clearance for the Transaction in Argentina, we are holding separate SABMiller's businesses in Argentina until approval is granted by the Argentine antitrust authorities. For more information, see "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—The uncertainties about the effects of the Transaction could materially and adversely affect our businesses and operations," and "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, the Transaction has been subject to the review and authorization of various regulatory authorities, which have imposed conditions with which we are required to comply."

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

| Market | 2016(3) | | 2015(2) | | 2014(2) | |
|-------------------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
| | Revenue(1) (USD million) | Revenue (% of total) | Revenue(1) (USD million) | Revenue (% of total) | Revenue(1) (USD million) | Revenue (% of total) |
| North America | 15,698 | 34.5% | 15,603 | 35.8% | 16,093 | 34.2% |
| Latin America West | 5,188 | 11.4% | 4,079 | 9.4% | 4,756 | 10.1% |
| Latin America North | 8,461 | 18.6% | 9,096 | 20.9% | 11,269 | 23.9% |
| Latin America South | 2,850 | 6.3% | 3,331 | 7.6% | 2,825 | 6.0% |
| EMEA | 6,010 | 13.2% | 4,128 | 9.5% | 4,973 | 10.6% |
| Asia Pacific | 6,074 | 13.3% | 5,784 | 13.3% | 5,230 | 11.1% |
| Global Export and Holding Companies | 1,237 | 2.7% | 1,582 | 3.6% | 1,917 | 4.1% |
| Total | 45,517 | 100.0% | 43,604 | 100.0% | 47,063 | 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").

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- (2) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

For a discussion of changes in revenue, see “Item 5. Operating and Financial Review—E. Results of Operations—Year Ended 31 December 2016 Compared to the Year Ended 31 December 2015—Revenue” and “Item 5. Operating and Financial Review—E. Results of Operations—Year Ended 31 December 2015 Compared to the Year Ended 31 December 2014—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 12.4% of consolidated volumes in 2016, 9.6% of consolidated volumes in 2015 and 10.2% of consolidated volumes in 2014. In terms of revenue, our non-beer activities generated 9.0% of consolidated revenue in 2016 compared to 6.9% in 2015 and 8.4% in 2014 based on our actual historical financial information for these periods.

| | Beer(1)(3) | | | Non-Beer(4) | | | Consolidated | | |
|------------------------------|------------|--------|--------|-------------|-------|-------|--------------|--------|--------|
| | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| Volume (million hectoliters) | 438 | 413 | 411 | 62 | 44 | 47 | 500 | 457 | 459 |
| Revenue(2) (USD million) | 41,421 | 40,595 | 43,116 | 4,096 | 3,009 | 3,947 | 45,517 | 43,604 | 47,063 |

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 flavored malt beverages, such as the Rita family of beverages and MixTail.
- (4) The non-beer category includes soft drinks and certain other beverages.

Beer

Our brands are our 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 this 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 1.3% in 2016. Budweiser sales outside the United States represented over 65.4% of global Budweiser volume in 2016, driven by strong growth in Asia, Brazil and Europe. Budweiser was a sponsor of the 2014 FIFA World Cup™ and has confirmed its sponsorship of the 2018 and 2022 FIFA World Cups™.
- 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 to 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 11 countries and continues to innovate brewing techniques to keep its beer "extra cold."
- Corona is the best-selling Mexican beer in the world and the leading beer brand in Mexico. Corona is available in more than 120 countries. In 2016, it was ranked number six 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 70 countries worldwide.
- Redd's was originally launched in South Africa as a bold, crisp apple ale in 1996. It led South African Breweries' efforts to compete in the cider category in South Africa. As SABMiller expanded, Redd's has since launched in surrounding southern African countries, the United States, Poland, Russia, Romania and Colombia. Flavor and alcohol by volume extensions have characterized launches beyond South Africa. We granted Molson Coors a perpetual, exclusive right to market and sell Redd's and certain other former SABMiller brands in the United States.
- Stella Artois is the number one Belgian beer in the world according to Plato Logic Limited. Stella Artois is distributed in over 90 countries worldwide and has strong global potential. Stella Artois is a premium lager whose roots trace back as early as 1366 in the town of Leuven, Belgium. This legacy of quality and elegance is reflected in its iconic chalice and exacting 9-step Pouring Ritual. Stella Artois is a premium lager with a heritage dating back more than 600 years. The top three markets for Stella Artois are the United Kingdom, the United States and Canada. Building upon the strength of this brand in the United Kingdom, we launched Stella Artois Cidre in 2011, Stella Artois Cidre Pear in 2012 and Stella Artois Cidre Raspberry in 2014. In the United States, Stella Artois Cidre was launched in 2013.

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. In the United States, its share of the premium light category in 2016 was approximately 55%, more than the combined share of the next two largest brands (based on IRI estimates).
- Michelob Ultra was rolled out nationally in the United States in 2002 and is estimated to be the number eight brand by volume in the United States in 2016 according to Beer Marketer's Insights. Michelob Ultra was the fastest growing beer brand in the United States in 2015 and 2016, according to IRI.

Latin America West

- 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 beer and was first brewed in 1913.
- Cristal is Peru's leading beer, brewed since 1922. With a clean, crisp taste and dedication to quality, Cerveza Cristal is a favorite among Peruvians.
- Pilsen Callao, first brewed 150 years ago in Peru, offers a clean and simple taste of a true Pilsner.
- Poker is a Pilsner lager which has been enjoyed by Colombians for its traditional, bittersweet taste since 1929.

Latin America North

- Antarctica is the third-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 2014 FIFA World Cup™ in Brazil.
- 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 entertainment initiatives such as music festivals and as a sponsor of the Rio Olympics.

Latin America South

- Quilmes is the leading beer 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

- Chernigivske is the best-selling brand of beer in Ukraine and is a favorite brand among football fans, as sponsor of the Ukrainian national team.
- Jupiler is the market leader in Belgium and the official sponsor of the most important Belgian professional football league, the Jupiler League. It is also the sponsor of the Belgian national football team.
- Klinskoye, which is our largest brand in Russia, originated near Moscow.
- Sibirskaia Korona, first established as a local Siberian brand with proud Siberian values, has grown into a national premium brand sold throughout Russia.
- Carling Black Label is a pale lager brewed in South Africa with a distinctive banana aroma.
- Hero, a Nigerian beer brewed using local sorghum and malted barley, reached sales of 1 million hectoliters within two years of launch.
- Hansa Pilsener is brewed in true pilsener style, using Saaz hops which are responsible for the brand's unique hoppy aroma.
- Kilimanjaro is a beer balanced by both malt and maize, reflecting its Tanzanian origins. Light in color, it is a refreshing and light drinking beer.
- Safari is a full-flavored, full-bodied beer brewed in Tanzania with a rich golden color and taste.

Asia Pacific

- Cass is the market leader in South Korea.
- Harbin is a national brand with its roots in the northeast of China. Harbin was the 10th largest beer brand in the world in 2015 according to Plato Logic.
- Sedrin is a strong regional brand that originated in China's Fujian province.
- Carlton Draught is a traditional, full-strength lager and one of Australia's most popular selling tap beers.
- Victoria Bitter was first brewed in the 1850s by the founder of Victoria Brewery. Today, it is brewed with a unique combination of ingredients, including Australian pale malt, the brewery's own special yeast and "Pride of Ringwood" hops grown in Victoria and Tasmania.

In certain markets, we also distribute products of other brewers under licenses, such as Kirin in the United States and Staropramen in Russia and Ukraine. Within Europe, Compañía Cerveçera de Canarias (in the Canary Islands) brews Carlsberg under license. Additionally, Compañía Cerveçera de Canarias has an agreement to distribute Guinness in the Canary Islands.

We also have an agreement for the long-term licensing of the family-owned Kopparberg cider products in selected markets where Kopparberg does not have an existing interest.

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 15 brands. Brahma 0.0% is the number one non-alcoholic beer in Brazil, reaching over 70% market share in the non-alcoholic beer category in 2016, according to AC Nielsen. Jupiler, Budweiser and Corona each launched non-alcoholic variants in 2016. Hoegaarden continues to expand its Radler solution, with the launch of a 0.0% alcohol by volume ("ABV") variant also in 2016. See "—Beer" for more information.

Near Beer

Some of our recent innovations, which often involve other malt beverages, have stretched beyond typical beer occasions, such as the Rita family in the United States and MixTail in China and Argentina. These innovations 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, including, for example, a preference for sweeter tasting liquids with higher alcohol content.

Non-Beer

Soft Drinks

While our core business is beer, we also have an important presence in the soft drink market. We have soft drink operations in Africa and Latin America, and our subsidiary Ambev has soft drinks operations in South America and the Caribbean. Soft drinks include both carbonated and non-carbonated soft drinks.

As of 31 March 2016, SABMiller bottled and distributed Coca-Cola products in Honduras, El Salvador, Panama, South Africa, Botswana, Comores, Lesotho, Mayotte, Swaziland and Zambia.

On 2 July 2016, SABMiller completed a transaction with The Coca-Cola Company and Gutsche Family Investments to combine the bottling operations of their non-alcoholic ready-to-drink beverages businesses in southern and east Africa, to form Coca-Cola Beverages Africa (Pty) Ltd ("CCBA"). CCBA is Africa's largest bottler, initially serving 10 countries. In addition, in a related transaction on 2 July 2016, the SABMiller Group's Appletiser brands were sold to The Coca-Cola Company and a further nine non-alcoholic ready-to-drink brands in Africa were acquired by, or perpetually licensed to, The Coca-Cola Company.

On 10 October 2016, The Coca-Cola Company announced its intention to acquire SABMiller's stake in CCBA, following completion of the Transaction. On 21 December 2016, we announced that we entered into an agreement to sell our stake in CCBA to The Coca-Cola Company.

Our soft drinks business includes both our own brands and agreements with PepsiCo related to bottling and distribution of PepsiCo brands. Ambev is one of PepsiCo's largest independent bottlers in the world. Major brands that are distributed under these agreements are Pepsi, 7UP and Gatorade. Ambev has long-term agreements with PepsiCo whereby Ambev has the exclusive right to bottle, sell and distribute certain brands of PepsiCo's portfolio of carbonated and non-carbonated soft drinks in Brazil. The agreements will expire on 31 December 2017 and are automatically extended for additional 10-year terms if certain conditions set forth in that agreement are met. Ambev also has agreements with PepsiCo to bottle, sell, distribute and market some of its brands in the Dominican Republic. Through our Latin America South operations, Ambev is also PepsiCo's bottler for Argentina, Bolivia and Uruguay. In Panama, we also produce and bottle PepsiCo soft drinks under an exclusive bottling agreement and also bottle Schweppes soft drinks under license.

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 2016, Fusion became the second largest brand within the energy drink market in Brazil.

We also have interests in certain water bottling and distribution businesses in Mexico, Argentina, Brazil, Ecuador, El Salvador, Honduras, Panama, Peru and throughout Africa.

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 Australia, Dominican Republic, Kenya, Mozambique, Nigeria and Tanzania.

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.

To maximize growth opportunities and build on the strengths of both SABMiller and former AB InBev in their respective markets, we are organized into seven business segments.

The business segments and their corresponding countries are:

- *North America:* the United States and Canada;
- *Latin America West:* Colombia, Ecuador, El Salvador, Honduras, Mexico and Peru;
- *Latin America North:* Brazil, the Dominican Republic, Guatemala, Panama, St. Vincent, Cuba, Puerto Rico, Barbados, Dominica and the Caribbean;
- *Latin America South:* Argentina, Uruguay, Chile, Paraguay and Bolivia;
- *EMEA:* the United Kingdom, Ireland, France, Italy, Spain, Russia, Ukraine, Belgium, Netherlands, Luxembourg, Germany, Switzerland, Austria, African Islands, Botswana, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, South Africa, Spain, Swaziland, Switzerland, Tanzania, Uganda, and Zambia and export activities in Europe and Middle East;

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- *Asia Pacific:* Australia, China, India, Japan, New Zealand, South Korea, Vietnam and other South 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 | 2016(3) | | 2015(2) | | 2014(2) | |
|-------------------------------------|-------------------------------------|----------------------------|-------------------------------------|----------------------------|-------------------------------------|----------------------------|
| | Volumes (million hectoliters) | Volumes (% of total) | Volumes (million hectoliters) | Volumes (% of total) | Volumes (million hectoliters) | Volumes (% of total) |
| North America | 117 | 23.4% | 118 | 25.8% | 121 | 26.4% |
| Latin America West | 64 | 12.7% | 44 | 9.6% | 42 | 9.2% |
| Latin America North | 118 | 23.6% | 123 | 26.9% | 125 | 27.2% |
| Latin America South | 32 | 6.4% | 34 | 7.4% | 34 | 7.4% |
| EMEA | 75 | 15.1% | 45 | 9.8% | 47 | 10.2% |
| Asia Pacific(1) | 92 | 18.4% | 90 | 19.7% | 84 | 18.3% |
| Global Export and Holding Companies | 2 | 0.4% | 3 | 0.7% | 6 | 1.3% |
| Total | 500 | 100.0% | 457 | 100.0% | 459 | 100.0% |

Notes:

- (1) Following the reacquisition of Oriental Brewery, we are fully consolidating Oriental Brewery in our financial reporting as of 1 April 2014 and are reporting the Oriental Brewery volumes in the reported volumes as of that date. Oriental Brewery results are reported in the Asia Pacific segment.
- (2) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

On an individual country basis, our largest markets by volume listed, during the year ended 31 December 2016, in alphabetical order, were Argentina, Belgium, Brazil, Canada, China, Colombia, the Dominican Republic, Germany, Mexico, Russia, South Africa, South Korea, Ukraine, 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 will be Heineken, Carlsberg, Tsingtao (Group) and Molson Coors Brewing Company based on information from the Plato Logic Limited report for the calendar year 2015 (published in October 2016).

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 Anheuser-Busch acquisition in November 2008;
- the combination with Grupo Modelo in June 2013;
- the reacquisition of Oriental Brewery in April 2014; and
- the combination with SABMiller in October 2016.

The ten largest brewers in the world in 2015 in terms of volume are as set out in the table below.

| Rank | Name | Volume (million hectoliters)(1) |
|------|------------------------------|---------------------------------------|
| 1 | Former AB InBev | 414.1 |
| 2 | SABMiller (pre-Transaction) | 293.6 |
| 3 | Heineken | 217.8 |
| 4 | Carlsberg | 123.9 |
| 5 | Tsingtao (Group) | 84.8 |
| 6 | Molson Coors Brewing Company | 62.9 |
| 7 | Beijing Yanjing | 48.3 |
| 8 | Kirin | 41.3 |
| 9 | Castel BGI | 29.8 |
| 10 | Asahi | 28.1 |

Note:

- (1) Source: Plato Logic Limited report for the calendar year 2015 (published in October 2016). AB InBev volumes indicated here are for former AB InBev only and are Plato Logic Limited's estimates of our beer-only volumes and do not include volumes of associates. Our own beer volumes for the year ended 31 December 2015 were 410 million hectoliters and were 434 million hectoliters for the year ended 31 December 2016. Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

In each of our regional markets, we compete against a mixture of national, regional, local and imported beer brands. In many countries in Latin America, we compete mainly with local players and local beer brands. In North America, Brazil and in 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, corn, 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 flavor and desired 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 eleven 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 malted barley, corn grits, corn syrup, rice, hops 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016, 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.

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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 264 breweries and/or non-beer plants as of 31 December 2016 spread across our regions. Of these 264 plants, 215 produced only beer and other alcoholic malt beverages, 25 produced only soft drinks and 24 produced beer, other alcoholic malt 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 2016, 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 2016(4)(6) | 2016 volumes(1)(4) | | Annual engineering capacity as of 31 December 2016(4) | |
|---------------------|---|--------------------|-------------------|---|-------------------|
| | | Beer (khl)(2) | Non-Beer(3) (khl) | Beer (khl)(2) | Non-Beer(3) (khl) |
| North America | 31 | 116,890 | 0 | 136,552 | 0 |
| Latin America West | 32 | 58,637 | 4,979 | 119,617 | 20,147 |
| Latin America North | 40 | 88,382 | 29,630 | 150,179 | 62,386 |
| Latin America South | 22 | 21,972 | 10,186 | 30,957 | 20,296 |
| EMEA | 82 | 58,238 | 17,110 | 143,112 | 6,698 |
| Asia Pacific | 57 | 92,278 | — | 172,864 | 0 |
| Total(5) | 264 | 436,936 | 61,906 | 753,281 | 109,527 |

Notes:

- (1) Reported volumes.
- (2) For purposes of this table, the beer category includes near beer beverages, such as the Rita family of beverages and MixxTail.
- (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 2016 beer volumes of 1.9 million hectoliters.
- (6) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

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 2016.

| Type of plant / facility | Number of plants / facilities(1) | Countries in which plants / facilities are located(1) |
|--------------------------|----------------------------------|---|
| Malt plants | 24 | Argentina, Brazil, Colombia, Ecuador, Mexico, Peru, Russia, South Africa, South Korea, Tanzania, Uganda, United States, Uruguay, Zambia, Zimbabwe |
| Rice / Corn grits mill | 6 | Argentina, Bolivia, Brazil, United States |
| Hop farms | 4 | Argentina, Germany, United States, South Africa |
| Hop pellet plant | 1 | Argentina |
| Guaraná farm | 1 | Brazil |

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| <u>Type of plant / facility</u> | <u>Number of plants / facilities(1)</u> | <u>Countries in which plants / facilities are located(1)</u> |
|--|---|--|
| Glass bottle plants | 6 | Brazil, Mexico, Paraguay, United States |
| Bottle cap plants | 4 | Argentina, Brazil, Colombia, Mexico |
| Label plants | 2 | 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 |
| Total | 61 | — |

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 portfolio 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 2016, we invested in additional brewing, packaging and distribution capacities in China, Mexico, the U.S., Argentina, Dominican Republic, Brazil, Nigeria, South Korea and Belgium 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 the 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 a warehouse that is 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 customers either 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), or because of historical market practice (for example, in China, Russia and Argentina). 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 more than 450 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 2016, we owned 17 of these wholesalers and have ownership stakes in another two 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 markets where we have no local affiliate, we may choose to 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, 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.
- Budweiser is brewed and sold in Japan through a license and distribution agreements with Kirin Brewery Company, Limited. A licensing agreement allows Diageo Ireland to brew and sell Budweiser and Bud Light in the Republic of Ireland and Northern Ireland. Budweiser is also brewed under license and sold by Heineken in Panama. Compañía Cervecerías Unidas, a subsidiary of Compañía Cervecerías Unidas S.A., a leading Chilean brewer, brews and distributes Budweiser in Argentina through a subsidiary. We also sell various brands, including Budweiser, by exporting from our license partners' breweries to other countries.

- Corona is perpetually licensed to Constellation Brands, Inc. for production in Mexico and marketing and sales in 50 states of the United States, the District of Columbia and Guam. Corona is also distributed either through our own network or by third parties in over 120 other countries worldwide.
- Aguila, Castle Lager, Castle Lite, 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.

We also manufacture and distribute other third-party brands, such as Kirin in the United States and Molson Coors Brewing Company's brand Staropramen in Russia and Ukraine. Ambev, our listed Brazilian subsidiary, and some of our other subsidiaries have entered into manufacturing and distribution agreements with PepsiCo. Pursuant to the agreements between Ambev and PepsiCo, Ambev is one of PepsiCo's largest independent bottlers in the world. Major brands that are distributed under this agreement are Pepsi, 7UP and Gatorade. See "—2. Principal Activities and Products—Non-Beer—Soft Drinks" for further information in this respect. Ambev also has a license agreement with us which allows it to exclusively produce, distribute and market Budweiser and Stella Artois in Brazil and Canada. Ambev also distributes Budweiser in Paraguay, Guatemala, Dominican Republic, El Salvador, Nicaragua, Uruguay and Chile and Corona in Argentina, Bolivia, Paraguay, Uruguay, Chile, Guatemala, El Salvador, Panama, Nicaragua and Canada.

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.

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, Castle Lager, Castle Lite, Hoegaarden and Leffe), and many "local champions" (Jupiler, Skol, Quilmes, Bud Light, Modelo Especial, Aguila, Pilsen, Hero, Mosi, Kilimanjaro, and Harbin, to name but a few). 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; 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. We have defined 37 different consumer values (such as ambition, authenticity or friendship) to establish a connection between consumers and our products. The value-based brands approach first involves the determination of consumer portraits; secondly, brand attributes (that is, tangible characteristics of the brand that support the brand's positioning) and brand personality (that is, the way the brand would behave as a person) are defined; and, finally, a positioning statement to help ensure the link between the consumer and the brand is made. 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 on our growth strategy for each of our brands based on different growth driver platforms, which depend on the occasion at which our products are consumed (e.g., relaxing at home with friends; or socializing in a bar). These growth driver platforms are a global company-wide initiative, incorporating the whole organization from supply, to operations, to sales and marketing, 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 brands and certain former SABMiller brands licensed in the United States as described under “—8. Licensing” above).

10. INTELLECTUAL PROPERTY; 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 advisors. 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 (for example, 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 135 pending patent families, each of which covers one or more technological inventions. This means we have or are seeking to obtain patent protection for more than 140 different 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 or beer packaging.

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.

Research and Development

Given our focus on innovation, we place a high value on research and development (“R&D”). In 2016, we spent USD 244 million (USD 207 million in 2015 and USD 217 million in 2014) on R&D. Part of this was spent in the area of market research, but the majority is related to innovation in the areas of process optimization and product development.

R&D in product innovation covers liquid, packaging and dispense innovation. Product innovation consists 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 dispense 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 six geographic regions focusing on the short-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 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 (that is, 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 (for example, in the off-trade

channel of certain Canadian provinces) to the common system of licensed on-trade outlets (for example, licensed bars and restaurants) which prevails in many countries (for example, 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 were found to have violated 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 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, the Transaction has been subject to the review and authorization of various regulatory authorities, which have 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 18 per barrel (equivalent to approximately 117 liters) of beer sold for consumption in the United States. All states also levy excise taxes on alcoholic beverages. Proposals have been made to increase the federal excise tax as well as the excise taxes in some states. In recent years, Argentina, Belgium, Mexico, Bolivia, Ecuador, Panama, Brazil, Peru, Chile, Australia, Vietnam, Singapore, the Netherlands, Russia and Ukraine, among others, have all 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—The beer and beverage industry may be subject to adverse changes in taxation.”

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.”

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 SABMiller for a period of six years following the completion of the Transaction. 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 to bring 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.

In October 2016, we introduced our updated Better World platform, aligning our environmental, social and community efforts around three core principles. Through our reach, resources and energy, we are addressing the needs of our communities by building:

- **A growing world**, where everyone has the opportunity to improve their livelihood;
- **A cleaner world**, where our natural resources are shared and preserved for the future; and
- **A healthier world**, where every experience with beer is a positive one, for lives well lived.

We have made significant headway on key initiatives in support of these objectives, for example:

- Our 4c program has helped over 20,000 shopkeepers in six countries develop the skills they need to improve their business sustainability and quality of life;
- Our SmartBarley program works with over 3,200 growers in nine countries to cultivate the highest quality barley with the best yields and lowest cost;
- Stella Artois' Buy a Lady a Drink program with Water.org aims to tackle the global water crisis and has helped provide clean water to more than 800,000 people in the developing world;

A Growing World

One of the most powerful contributions we make to economic development is through direct and indirect employment, and through the value we create in our operations, value chain and local economies. We envision a growing world where everyone has the opportunity to improve their livelihood. To get there, we are working to accelerate growth and social development across our value chain – from our growers to our retailers. We aim to drive agricultural productivity, innovation and resilience, supporting our growers and their communities. We are also committed to helping small retailers grow—providing the next generation of entrepreneurs across our markets with the business skills and opportunities they need to thrive.

Operating ethically is also part of our mission. We have a Responsible Sourcing Policy which applies to our suppliers, as well as our Human Rights Policy, that include standards on labor and human rights issues and business conduct. We are committed to operating ethically and with high integrity, maintaining our commitment to quality, and encouraging similar conduct for our business.

partners. We are a member of AIM-PROGRESS, a global forum of consumer goods companies sponsored by the European Brands Association and the Grocery Manufacturers Association. The group's purpose is to enable and promote responsible sourcing practices and sustainable supply chains covering labor practices, health and safety, environmental management and business integrity. As a member, we work to reduce duplication of audits in our supply chain and work collaboratively to build capacity with suppliers. We are also members of SEDEX, a not-for-profit organization dedicated to driving visibility in ethical and responsible business practices in global supply chains.

4e Retailer Programme

We sell our beers through millions of small retailers. In Latin America, many of these shopkeepers, known locally as tenderos, run on a subsistence basis and lack formal business registration and permits. Nearly 70% of them are women-owned. To assist tenderos, we introduced an innovative model for reducing poverty, formalizing businesses and promoting social inclusion. The program, called 4e (Camino al Progreso), offers tenderos the opportunity to develop skills that can help them grow their businesses and meet the needs of their broader communities, improving the quality of life for their families and the communities in which they live. Since 4e's inception, more than 20,000 tenderos have participated in the program, and reported achieving an average sales growth rate of 13% in the year after their training.

SmartBarley

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. We developed our SmartBarley program to cultivate quality, local barley by accelerating innovations that can improve crop productivity and enhance grower livelihoods. Since 2014, over 3,200 growers have participated in this program across nine countries.

Supporting Smallholder Farmers

Agriculture is a critical source of income and livelihoods in a number of markets in Africa. In Uganda, Eagle Lager is an affordable, locally produced beer brewed with sorghum, traditionally a subsistence crop. By developing a new beer brand and value chain using locally-grown sorghum, we have been helping to create a secure income stream for more than 20,000 smallholder farmers. Eagle's market share has grown significantly and now accounts for more than half of our volumes in Uganda.

A Cleaner World

Climate change has far-reaching consequences for our business and the communities where we live and work, from water scarcity and energy constraints, to reduced food security and increased health risks. We are working to create a cleaner world where natural resources are shared and preserved for the future. We are dedicated to enhancing water access and security for people across our markets through watershed restoration and conservation programs and by mobilizing a global movement for water access with our brands. We also aim to reduce our carbon emissions, invest in sourcing renewable electricity and increase our use of reusable and recycled packaging materials.

Environmental key performance indicators and targets are fully integrated into our VPO global management system. It is designed to bring greater efficiency to our brewery operations, generate cost savings and improve environmental management, in accordance with our Environmental Policy and Strategy.

We work with suppliers, wholesalers and procurement companies, as well as packaging experts, to help make decisions that minimize the cost and environmental impact of packaging materials. We use many types of product packaging, from bulk packaging (i.e., beer kegs, crates and pallets), which is almost always returnable and reusable, to cardboard boxes, glass bottles, aluminum cans and PET bottles, which are recyclable. A large proportion of our glass packaging is also in returnable bottles. We also continue the light-weighting of packaging to reduce material costs, minimize the use of natural resources, reduce waste and lessen our transportation fuel consumption. We are continually exploring new forms of packaging that meet consumer needs with fewer resources.

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, we have sold more than 225,000 chalices around the world and the campaign has donated over USD 3 million to provide more than 800,000 people with access to five years of clean water. At the World Economic Forum in January 2017, Stella Artois announced a multi-year partnership with Water.org that aims to provide 3.5 million people with sustainable access to clean water by 2020.

Watershed Protection

In 2016, we continued 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, Mexico, Peru, South Africa, the United States and Zambia. Together with local authorities, other water users, and non-governmental organizations like 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. Through these initiatives, 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 and are committed to significantly increasing 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 December 2016, we signed a contract to purchase 100% renewable electricity in our Mexico breweries and vertical operations plants by the third quarter of 2019.

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 are an important component of this effort, and increasing recycling, recovery and reuse also helps avoid loss of value.

Global Environment Goals

In 2013, we announced seven global goals that focus on operational efficiencies and key areas outside the brewery walls that are vital to our business and our stakeholders. We added an additional goal focused on logistics in 2014. With the reduction of our global water usage ratio to 3.2 hl/hl and an over 10% decrease in our global greenhouse gas emissions, we achieved two of the eight goals in 2014. We have made further progress against the remaining goals in 2016, five of which have an external focus reflecting our increased attention to our supply chain. We continue to both optimize internal management systems and best practices and rely on external partnerships to drive environmental and social progress. We aim to reach these goals by the end of 2017. The global environmental goals are:

- Reduce water risks and improve water management in 100% of our key barley-growing regions in partnership with local stakeholders;
- Engage in watershed protection measures at 100% of our facilities located in key areas in Argentina, Bolivia, Brazil, China, Mexico, Peru and the United States, in partnership with local stakeholders;
- Reduce global water usage to a leading-edge 3.2 hectoliters of water per hectoliter of production;
- Reduce global greenhouse gas emissions per hectoliter of production by 10%, including a 15% reduction per hectoliter in China;
- Reduce global energy usage per hectoliter of production by 10%, which is equivalent to the amount of electricity needed to light about a quarter of a million night football matches;
- Reduce packaging materials by 100,000 tons, which is equivalent to the weight of about a quarter of a billion full cans of beer;
- Reach a 70% global average of eco-friendly cooler purchases annually; and
- Reduce carbon emissions in our logistics operations by 15%.

We report annual progress on our environmental goals in our Global Citizenship Report, which is typically released in April each year.

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 multi-faceted 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, to help protect watersheds that serve our breweries and local communities and to help 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.

A Healthier World

Beer brings people together, adding to the enjoyment of life. We are passionate about brewing great beers for our consumers to enjoy. We also have a long-standing commitment to reducing the harmful use of alcohol. To ensure a long-term and sustainable reduction in harmful drinking, consumer behaviors need to shift.

We continue to make progress on our Global Smart Drinking Goals, empowering consumers to make smart drinking choices and change behaviors by shifting social norms.

Smart Drinking

As the world's leading brewer, we are committed to promoting the responsible enjoyment of our products. To support that commitment, we develop and implement alcohol education and awareness programs, while opposing the harmful use of alcohol, including underage drinking, excessive drinking and drunk driving.

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.

In 2015, after four years of working towards the achievement of our original Global Responsible Drinking Goals and after more than 30 years of investing in efforts to promote responsible drinking and discourage the harmful uses of alcohol, we reflected on our progress and lessons learned through our experiences. We acknowledged the accomplishments that we made through strategic partnerships, public education initiatives and joint efforts with retailers, all focused on driving awareness of alcohol responsibility, and we determined that, by taking an evolved approach to positively changing behavior by investing in longer-term, evidence-based approaches, we have an opportunity to continue to make an impact on underage drinking, binge drinking and drunk driving.

With this as our vision, in 2015 we launched our new set of Global Smart Drinking Goals (2015-2025), which focus on two key areas: changing behaviors through social norms and empowering consumers through choice.

In order to achieve our vision of a global culture of smart drinking, we aim to implement effective and collaborative solutions through our four established goals:

- reduce the harmful use of alcohol by at least 10% in six cities by the end of 2020 (the “**City Pilot Initiative**”) and implement best practices globally by the end of 2025;
- 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;
- ensure no-alcohol (by which we mean ABV 0.0%-0.5%) and lower-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
- 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.

As part of the City Pilot Initiative of the Global Smart Drinking Goals, launches were held in the communities of Zacatecas, Mexico; Leuven, Belgium; Jiangshan, China; Brasília, Brazil and Columbus, Ohio (United States). Additional specific information related to progress on our Global Smart Drinking Goals will be communicated annually in our Global Citizenship Report, which is typically released in April each year.

We have also announced our commitment to working in partnership with the City of Johannesburg to reduce the harmful use of alcohol.

We are dedicated to reducing the harmful use of alcohol in all of its markets. To do this, we announced at the time of the Transaction that we were extending and expanding our Global Smart Drinking Goals and making the reduction of the harmful use of alcohol a key priority. We established the AB InBev Foundation in 2016 with a commitment that aims, by 2026, to help address harmful alcohol use and spread ideas for advancing broader health and social issues globally. The AB InBev Foundation has a Board of Directors having a majority of independent members, as well as work with a technical advisory group of experts to ensure that the programs and initiatives launched in support of our goals are both credible, impactful and shared globally.

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—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.

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 2016) 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 3º Andar Itaim Bibi São Paulo | Brazil | 61.9% | 61.9% |
| Grupo Modelo, S. de R.L. de C.V. Javier Barros Sierra No. 555 Piso 3 Zedec Santa Fe, 01210 Mexico City, Mexico | Mexico | 100% | 100% |
| SABMiller Limited AB InBev House, Church Street West Woking GU21 6HT, 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

D. PROPERTY, PLANTS AND EQUIPMENT

For a further discussion of property, plants and equipment, see “Item 3. Key Information—D. Risk Factors—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 4. Information on the Company—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 2016 and 2015, and for the three years ended 31 December 2016, 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 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

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 and weather and seasonality 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 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 2016, 2015, and 2014 are described below. See also note 6 and note 8 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2015 included in this Form 20-F.

Grupo Modelo Combination

On 4 June 2013, we announced the completion of our combination with Grupo Modelo, following which, we owned approximately 95% of Grupo Modelo's outstanding shares. We established and funded a trust to accept further tender of shares by Grupo Modelo shareholders at a price of USD 9.15 per share over a period of up to 25 months from the completion of the combination. On 7 June 2013, in a transaction related to the combination, Grupo Modelo completed the sale of its business in the 50 states of the United States, the District of Columbia and Guam to Constellation Brands, Inc. for approximately USD 4.75 billion, in aggregate, subject to post-closing adjustment of USD 558 million, which was paid by Constellation Brands, Inc. on 6 June 2014. In a transaction related to the combination with Grupo Modelo, select Grupo Modelo shareholders 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. This investment occurred on 5 June 2013.

During 2014, we purchased USD 1.0 billion of Grupo Modelo shares through the trust established on 4 June 2013, to accept further tender of shares by Grupo Modelo shareholders over a period of up to 25 months and, during 2015, we performed a mandatory tender offer and purchased all outstanding Grupo Modelo shares held by third parties for a total consideration of USD 483 million. Following the tender offer, Grupo Modelo became our wholly owned subsidiary and Grupo Modelo was delisted. During the first quarter of 2015, Constellation Brands, Inc. notified us that it was exercising its rights under the final judgment issued in connection with our purchase of Grupo Modelo to require us to sell all U.S. local distribution rights held by us at the purchase price formula specified by the final judgment.

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.

Oriental Brewery Acquisition

In April 2014, we announced the completion of our acquisition of Oriental Brewery, the leading brewer in South Korea, from KKR and Affinity Equity Partners. The enterprise value for the transaction was USD 5.8 billion, and as a result of an agreement entered into with KKR and Affinity Equity Partners in 2009, we received approximately USD 320 million in cash at closing from this transaction, subject to closing adjustments according to the terms of the transaction. This acquisition returned Oriental Brewery to our portfolio after we sold the company in July 2009, following the combination of InBev and Anheuser-Busch in support of our deleveraging target.

Acquisition of SABMiller

On 11 November 2015, the board of former AB InBev and the board of SABMiller announced that they had reached an agreement on the terms of the Transaction.

The Transaction was implemented through a series of steps, including the acquisition of SABMiller by Newbelco, a newly incorporated Belgian company formed for the purposes of the Transaction, and completed on 10 October 2016. During the final step of the Transaction, former AB InBev merged into Newbelco (the "**Belgian Merger**") so that, following completion of the Transaction, Newbelco, now named Anheuser-Busch InBev SA/NV, became the new holding company for the Combined Group.

Under the terms of the Transaction, each SABMiller shareholder was entitled to receive GBP 45.00 in cash in respect of each SABMiller share. The Transaction also included a partial share alternative (the "**Partial Share Alternative**"), under which SABMiller shareholders could elect to receive GBP 4.6588 in cash and 0.483969 Restricted Shares in respect of each SABMiller share in lieu of the full cash consideration to which they would otherwise be entitled under the Transaction (subject to scaling back in accordance with the terms of the Partial Share Alternative).

The Partial Share Alternative was limited to a maximum of 326,000,000 Restricted Shares and GBP 3,138,153,064 in cash, which was available for approximately 41.6% of the SABMiller shares. Altria and BEVCO Ltd. ("**BEVCO**"), which held in aggregate approximately 40% of the ordinary share capital of SABMiller, gave irrevocable undertakings to us to elect for the Partial Share Alternative in respect of their entire beneficial holdings in SABMiller.

The Transaction was implemented through a series of equity reorganizations:

- On 6 October 2016, Newbelco issued 163,276,737,100 ordinary shares (“**Initial Newbelco Shares**”) to SABMiller shareholders through a capital increase of EUR 85,531 million (equivalent to GBP 75.4 billion), as consideration for 1,632,767,371 ordinary shares of SABMiller pursuant to a U.K. law court-sanctioned scheme of arrangement between SABMiller and the applicable shareholders of SABMiller under Part 26 of the United Kingdom Companies Act 2006 (the “**U.K. Scheme**”).
- Former AB InBev then made a voluntary cash tender offer pursuant to the Belgian Law of 1 April 2007 on public takeover bids and the Belgian Royal Decree of 27 April 2007 on public takeover bids, for all the Initial Newbelco Shares issued in the U.K. Scheme (the “**Belgian Offer**”), pursuant to which former AB InBev acquired 102,890,758,014 Initial Newbelco Shares tendered into the Belgian Offer.
- Based on the terms of the U.K. Scheme, all Initial Newbelco Shares not tendered to former AB InBev in the context of the Belgian Offer (i.e. 60,385,979,086 Initial Newbelco Shares) were reclassified into 325,999,817 Restricted Shares, in accordance with the mechanism by which any Initial Newbelco Shares that were retained after closing of the Belgian Offer were automatically reclassified and consolidated. 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 Ordinary Shares. Except in limited circumstances, the Restricted Shares will only 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 Transaction. From completion of the Transaction, such Restricted Shares will rank equally with the Ordinary Shares with respect to dividends and voting rights. Following completion of the Transaction, AB InBev acquired 105,246 SABMiller shares from option holders that had not exercised their option rights prior to the completion of the Transaction for a total consideration of EUR 5 million and now owns 100% of SABMiller shares.
- After the Belgian Offer and, upon completion of the Belgian Merger, all shares acquired by former AB InBev in the Belgian Offer were cancelled except for the equivalent of 85,000,000 of Ordinary Shares, which were retained by Newbelco and held as treasury after completion of the Belgian Merger, as decided by the general meeting of Newbelco in the notarial deed approving the merger of former AB InBev into Newbelco and in accordance with the Belgian Companies Code.
- As a result of the Belgian Merger, the share premium was reduced by EUR 52,522 million (USD 58,510 million) against undistributable reserves, EUR 44,485 million (USD 49,556 million) of such reserves were cancelled upon cancellation of the shares acquired by AB InBev in the Belgian Offer, and EUR 8,037 million (USD 8,953 million) undistributable reserves remained outstanding against the 85,000,000 treasury shares in accordance with the Belgian Companies Code.
- After the merger, the capital and share premium of Newbelco were further reorganized. Newbelco’s share capital was reduced by EUR 8,553 million (USD 9,528 million) and its issue premium account was reduced by EUR 24,456 million (USD 27,244 million) to create distributable reserves of EUR 33,009 million (USD 36,772 million) as decided by the general meeting of Newbelco in the notarial deed approving the Belgian Merger and in accordance with the Belgian Companies Code. Each such step became effective simultaneously with the Belgian Merger and completion of the Transaction.

On 10 October 2016, we announced the completion of the Belgian Merger and the successful completion of the Transaction.

As a result of the Belgian Merger, former AB InBev has merged into Newbelco, and Newbelco has become the holding company for the Combined Group. All assets and liabilities of former AB InBev were transferred to Newbelco, and Newbelco was automatically substituted for former AB InBev in all its rights and obligations by operation of Belgian law. Newbelco was renamed Anheuser-Busch InBev SA/NV, and former AB InBev was dissolved by operation of Belgian law.

In connection with the Transaction, shares in former AB InBev were delisted from Euronext Brussels, the Bolsa Mexicana de Valores and the Johannesburg Stock Exchange. Our Ordinary Shares were admitted to listing and trading on Euronext Brussels, the Johannesburg Stock Exchange and the Bolsa Mexicana de Valores at the opening of business in each market on 11 October 2016. In addition, ADSs trading on the New York Stock Exchange, each of which used to represent one Ordinary Share of former AB InBev, now each represent one of our Ordinary Shares, effective as of the opening of business in New York on 11 October 2016.

We now own 100% of the SABMiller shares, our share capital amounts to EUR 1,238,608,344 and is represented by 2,019,241,973 shares without nominal value, of which 85,540,392 are held in treasury by AB InBev and its subsidiaries. All of our shares are Ordinary Shares, except for 325,999,817 Restricted Shares.

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In accordance with IFRS, the Transaction is considered for accounting purposes as a reverse acquisition, by operation of which Newbelco legally absorbed the assets and liabilities of former AB InBev. As a consequence, the legal acquiror (Newbelco) is considered as the accounting acquiree and the legal acquiree (former AB InBev) is considered the accounting acquirer. Therefore, the consolidated financial statements represent the continuation of the financial statements of former AB InBev. The assets and liabilities of former AB InBev remained recognized at their pre-combination carrying amounts. The identified assets, liabilities and non-controlling interests of SABMiller are recognized in accordance with IFRS 3 Business Combinations and have only been provisionally determined at the end of the reporting period.

The SABMiller purchase consideration is calculated as follows:

| | Newbelco number of shares | Newbelco valuation in million pound sterling | Newbelco valuation in million euro |
|---|------------------------------|---|--|
| Tender offer (cash consideration) | 102,890,758,014 | 46,301 | 52,522 |
| Converted to Restricted Shares | 60,385,979,086 | 29,099 | 33,009 ⁽ⁱ⁾ |
| | 163,276,737,100 | 75,400 | 85,531 |
| In millions | | | |
| Total equity value at offer in euro | | | 85,531 |
| Purchase from option holders in euro | | | 5 |
| Total equity value in euro | | | 85,536 |
| Total equity value in US dollar | | | 95,288 |
| Foreign exchange hedges and other in US dollar | | | 7,848 ⁽ⁱⁱ⁾ |
| Purchase consideration in US dollar | | | 103,136 |
| Add: fair market value of total debt assumed in US dollar | | | 11,870 |
| Less: total cash acquired in US dollar | | | (1,198) |
| Gross purchase consideration in US dollar | | | 113,808 |

- (i) The Restricted Share valuation is based on the valuation of the Newbelco shares that were not tendered into the Belgian Offer and has regard to the share price of former AB InBev of the day of the closing of the Transaction, adjusted for the specificities of the Restricted Shares in line with fair value measurement rules under IFRS.
- (ii) During 2015 and 2016, we entered into derivative foreign exchange forward contracts, as well as other non-derivative items also documented in a hedge accounting relationship, in order to economically hedge against exposure to changes in the U.S. dollar exchange rate for the cash component of the purchase consideration in pound sterling and South African rand. Although these derivatives and non-derivative items were considered to be economic hedges, only a portion of such derivatives could qualify for hedge accounting under IFRS rules. Since inception of the derivative contracts in 2015 and upon the completion of the Transaction, USD 12.3 billion negative mark-to-market adjustment related to such hedging were recognized cumulatively over 2015 and 2016, of which USD 7.4 billion qualified for hedge accounting and was, accordingly, allocated as part of the consideration paid. The settlement of the portion of the derivatives that did not qualify as hedge accounting was classified as cash flow from financing activities in the consolidated cash flow statement.

The Transaction resulted in USD 74.1 billion of goodwill provisionally allocated primarily to the businesses in Colombia, Ecuador, Peru, Australia, South Africa and other African, Asia Pacific and Latin American countries. 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 SABMiller. 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 preliminary 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.

See also note 6 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

We financed the cash consideration of the transaction with USD 18.0 billion drawn down under the 2015 Senior Facilities Agreement dated 28 October 2015, together with excess liquidity resulting from the issuance of bonds in 2016. See “—G. Liquidity and Capital Resources” and note 24 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 for more information.

The transaction costs incurred in connection with the Transaction, which include transaction taxes, advisory, legal, audit, valuation and other fees and costs, amounted to approximately USD 1.0 billion. In addition AB InBev incurred approximately USD 0.7 billion of costs in connection with the transaction-related financing arrangements.

On 11 November 2015, we also announced an agreement with Molson Coors Brewing Company, conditional on completion of the Transaction, regarding a complete divestiture of SABMiller's interest in MillerCoors LLC (a joint venture in the U.S. and Puerto Rico between Molson Coors Brewing Company and SABMiller) and in the Miller Global Brand Business to Molson Coors Brewing Company. The total transaction, valued at USD 12 billion on a debt-free/cash-free basis, was completed on 11 October 2016.

On 10 February 2016, we announced that we had received a binding offer from Asahi to acquire SABMiller's Peroni, Grolsch and Meantime brand families and their associated business (excluding certain rights in the U.S.). The offer valued the Peroni, Grolsch, and Meantime brand families and associated businesses in Italy, the Netherlands, the United Kingdom and internationally at EUR 2,550 million on a debt free/cash-free basis. On 11 October 2016, we announced the successful completion of this transaction.

On 2 March 2016, we announced that we had entered into an agreement to sell SABMiller's 49% interest in CR Snow to China Resources Beer (Holdings) Co. Ltd., which then owned 51% of CR Snow. The agreement valued SABMiller's 49% stake in CR Snow at USD 1.6 billion. On 11 October 2016, we announced the successful completion of this divestiture.

On 29 April 2016, we announced that we had offered the assets of SABMiller in Central and Eastern Europe (Hungary, Romania, the Czech Republic, Slovakia and Poland) for divestiture, subject to certain third-party rights. On 13 December 2016, we announced that we had entered into a binding agreement with Asahi Group Holdings, Ltd. to sell SABMiller's businesses in Central and Eastern Europe for EUR 7.3 billion. The sale of SABMiller's businesses in Central and Eastern Europe is conditional on the European Commission's approval of Asahi as a suitable purchaser and is expected to close in the first half of 2017.

Other Acquisition, Disposals and Structural Changes

In 2014, we completed the acquisition of the Siping Gingsber Draft Beer Co., Ltd., which owns the Gingsber brand, as well as a transaction to acquire three breweries in China. The aggregate purchase price of such acquisitions was approximately USD 868 million.

In 2014, we sold our investment in the company Comercio y Distribución Modelo, which operated convenience stores under the name of "Tiendas Extra" in Mexico, and we also completed the sale of the glass plant located in Piedras Negras, Coahuila, Mexico.

On 14 August 2014, Monster Energy Company ("Monster") announced that it had entered into a long-term strategic partnership in the global energy drink category with The Coca-Cola Company and that The Coca-Cola Company would become Monster's preferred global distributor, including in the United States. In 2015, Monster entered into an investment and distribution arrangement with The Coca-Cola Company. As a result, during 2015 Monster terminated most of its agreements with Anheuser-Busch wholesalers relating to local distribution of Monster products in the United States, including all such agreements with Anheuser-Busch's wholly owned wholesalers.

In February 2015, we announced the entry into an agreement with RJ Corp Limited under which we would exit our Indian joint venture with RJ Corp Limited. Later in February 2015, we exited the Indian joint venture. We now operate independently in India via our wholly owned subsidiary Crown Beers India Private Limited and other legal entities.

During 2016, we completed the acquisition of the Canadian rights to a range of primarily spirit-based beers and ciders from Mark Anthony Group. In a separate transaction, Mark Anthony Group agreed to sell certain non-U.S. and non-Canadian trademark rights and other intellectual property to one of our subsidiaries. The aggregate purchase price of such acquisitions was approximately USD 413 million. Mark Anthony Group retains full ownership of its U.S. business, as well as the Canadian wine, spirits and beer import and distribution business.

During 2015 and 2016, we undertook a series of additional acquisitions and disposals with no significant impact to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 included in this Form 20-F.

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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 Latin America West, Latin America North, Latin America South, 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 Latin America North and Latin America South regions and in certain countries within the EMEA region. For instance, Brazil has periodically experienced extremely high rates of inflation. In 1993, the annual rate of inflation, as measured by the National Consumer Price Index (*Índice Nacional de Preços ao Consumidor*), reached a hyperinflationary peak of 2,489%. As measured by the same index, Brazilian inflation was approximately 6.29% in 2016. Similarly, Argentina has, in the past, experienced periods of hyper-inflation. Argentine inflation in 1989 was 4,924% according to the *Instituto Nacional de Estadística y Censos*. As measured by the *Fundación de Investigaciones Económicas Latinoamericanas*, in 2016, Argentine inflation was approximately 37.7%. 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.

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 cafés, 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”).

The main raw materials used in our beer and other alcoholic malt beverage production are malted barley, corn grits, corn syrup, rice, hops 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, 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) 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, Russia and Ukraine in “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—The beer and beverage industry may be subject to adverse changes in taxation.”

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 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). 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 2015 and 2016, several currencies, such as the Argentine peso, the Mexican peso, the Canadian dollar, the Brazilian real, the Chinese yuan, the Russian ruble, the South African rand and the euro, depreciated against the U.S. dollar, which generally strengthened during the same period. Our total consolidated revenue was USD 45.5 billion for the year ended 31 December 2016, an increase of USD 1.9 billion compared to the year ended 31 December 2015. The negative impact of unfavorable currency translation effects on our consolidated revenue in the year ended 31 December 2016 was USD 2.8 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—Our results of operations are affected by fluctuations in exchange rates” 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 Latin America North and Latin America South regions (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 Latin America West 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 2016 information, for example, we realized 53% of our total 2016 volumes in Europe in the second and third quarters, compared to 47% in the first and fourth quarters of the year, whereas in Latin America South, we realized 42% of our sales volume in the second and third quarters, compared to 58% 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.

B. SIGNIFICANT ACCOUNTING POLICIES

For a summary of all of our significant accounting policies, see note 3 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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

Given the transformational nature of our combination with SABMiller and to facilitate the understanding of our underlying performance, we updated our segment reporting for purposes of results announcements and internal review by senior management.

From 1 October 2016, our six geographic regions of North America, Latin America West, Latin America North, Latin America South, EMEA and Asia Pacific plus our Global Export and Holding Companies comprise our seven segments for financial reporting purposes. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.

Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016. The former SABMiller geographies were included in the existing six regions of AB InBev: Colombia, Peru, Ecuador, Honduras and El Salvador are reported together with Mexico as Latin America West, Panama is reported within Latin America North, Africa is reported together with Europe as EMEA, and Australia, India and Vietnam are reported within Asia Pacific. Exports to countries in which AB InBev has operations following the Transaction, were allocated to the respective regions in the segment reporting.

We continue to report the results of Global Export and Holding Companies, which includes our global headquarters, the export businesses which have not been allocated to the regions, and the interim supply agreement with Constellation Brands, Inc. until its termination in December 2016.

The results of the Central and Eastern European businesses, acquired through the SABMiller combination exclusively with a view to resale, qualify as discontinued operations and have been presented as such in our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 included in this Form 20-F.

Revenue Recognition

Our products are sold for cash or on credit terms. In relation to the sale of beverages and packaging, we recognize revenue when the significant risks and rewards of ownership have been transferred to the buyer, and no significant uncertainties remain regarding recovery of the consideration due, associated costs or the possible return of goods, and there is no continuing management involvement with the goods. Our terms of sale do not allow for a right of return.

Our customers can earn certain incentives, which are treated as deductions from revenue. These incentives primarily include volume-based incentive programs, free beer and cash discounts. In preparing the financial statements, management must make estimates related to the contractual terms, customer performance and sales volume to determine the total amounts recorded as deductions from revenue. Management also considers past results in making such estimates. The actual amounts ultimately paid may be different from our estimates. Such differences are recorded once they have been determined and have historically not been significant.

In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to our customers. The aggregate deductions from revenue recorded by us in relation to these taxes was approximately USD 11.6 billion, USD 11.2 billion and USD 13.2 billion for the years ended 31 December 2016, 2015 and 2014, 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, Grupo Modelo and SABMiller.

As of 31 December 2016, our total goodwill amounted to USD 136.5 billion, and our intangible assets with indefinite useful lives amounted to USD 42.3 billion.

The allocation of the purchase price related to the Transaction has been only provisionally determined at the end of the reporting period. The completion of the purchase price allocation may result in further adjustment to the carrying value of SABMiller's recorded assets, liabilities and non-controlling interests and the determination of any residual amount that will be allocated to goodwill. We expect to complete the initial allocation of goodwill to the business units during 2017, as permitted by IFRS 3 Business combinations and IAS 36 Impairment of assets.

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 the assumptions and criteria which 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 our major business units and the business units showing a high invested capital to EBITDA, as defined, multiple, and valuation multiples for our other business 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. Impairments can also occur when we decide to dispose of assets.

For the business units that are not linked to the Transaction, the key judgments, estimates and assumptions used in the discounted free cash flow calculations are generally as follows:

- The first year of the model is based on management's best estimate of the free cash flow outlook for the current year;
- In the second to fourth years of the model, free cash flows are based on our strategic plan as approved by key management. Our strategic plan is prepared per business unit and is based on external sources in respect of macroeconomic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;
- For the subsequent six years of the model, data from the strategic plan is extrapolated generally using simplified assumptions such as constant volumes and variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources;
- Cash flows after the first ten-year period are extrapolated generally using expected annual long-term consumer price indices, based on external sources, in order to calculate the terminal value, considering sensitivities on this metric. For the three main cash-generating units, the terminal growth rate applied ranged between 0.0% and 2.3% for the United States, 0.0% and 3.3% for Brazil, and 0.0% and 2.6% for Mexico;
- Projections are made in the functional currency of the business unit and discounted at the unit's weighted average cost of capital ("WACC"), considering sensitivities on this metric. The WACC ranged primarily between 7% and 14% in U.S. dollar nominal terms for goodwill impairment testing conducted for 2016. For the three main cash generating units, the WACC applied in U.S. dollar nominal terms ranged between 6% and 8% for the United States, 9% and 11% for Brazil, and 8% and 10% for Mexico; and
- Cost to sell is assumed to reach 2% of the entity value based on historical precedents.

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

The initial allocation of goodwill to the business units acquired through the Transaction was not concluded by 31 December 2016. Management assessed whether there would be any triggering event or indicator that could lead to an impairment of the goodwill acquired through the Transaction and concluded that there were no indicators of impairment of goodwill.

Although we believe that our judgments, assumptions and estimates are appropriate, actual results may differ from these estimates under different assumptions or market or macroeconomic conditions.

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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

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. Re-measurements, 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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. In the determination of the expected volatility, we excluded the volatility measured during the period 15 July 2008 to 30 April 2009 given the extreme market conditions experienced during that 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016, 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 re-measured 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, as well as certain intra-group transactions and the interim supply agreement with Constellation Brands, Inc.

Effective 1 October 2016, we are reporting our financial results under the following six regions: North America, Latin America West, Latin America South, Latin America North, EMEA and Asia Pacific. Our six geographic regions plus our Global Export and Holding Companies comprise our seven 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.”

Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

Following the combination with Grupo Modelo, we are fully consolidating Grupo Modelo in our financial reporting as of 4 June 2013 and are reporting the Grupo Modelo volumes in the reported volumes as of that date. The Grupo Modelo operations are reported according to their geographical presence in the following segments: the Mexico beer and packaging businesses are reported in the Latin America West region, the sale of Grupo Modelo brands by our affiliates or in geographies where our affiliates operate is reported in the respective regions where these affiliates operate, and the Export business is reported in the Global Export and Holding Companies segment. Effective 1 April 2014, we discontinued the reporting of volumes sold to Constellation Brands, Inc. under the interim supply agreement, since these volumes do not form part of the underlying performance of our business.

The Oriental Brewery business is reported in the Asia Pacific region as from 1 April 2014.

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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 2016, Latin America North accounted for 23.6% of our consolidated volumes; North America for 23.4%; Asia Pacific for 18.4%; EMEA for 15.1%; Latin America West for 12.7%; Latin America South accounted for 6.4% and Global Export and Holding Companies for 0.4%. A substantial portion of our operations is carried out through our four largest subsidiaries: Anheuser-Busch (wholly owned); Ambev (61.9% owned as of 31 December 2016); Grupo Modelo (wholly owned); SABMiller (wholly owned) and their respective subsidiaries.

Throughout the world, we are primarily active in the beer business. However, we also have non-beer activities (primarily consisting of soft drinks) within certain countries in EMEA, in particular in South Africa, Uganda, Kenya, Ethiopia, Mozambique, Ghana, Tanzania, Namibia and Zambia; and Latin America, in particular Brazil, the Dominican Republic, Bolivia, Uruguay and Argentina. 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.

D. EQUITY INVESTMENTS

Following the completion of the Transaction, we recognized interests in associates with a fair value at acquisition date of USD 4.4 billion. The main equity investments contributing to such fair value adjustments were the beverage operations with Société des Brasseries et Glacières Internationales and B.I.H. Brasseries Internationales Holding Limited and Anadolu Efes. See note 16 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 for more information.

E. RESULTS OF OPERATIONS

Year Ended 31 December 2016 Compared to the Year Ended 31 December 2015

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. Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

The table below summarizes the volume evolution by business segment.

| | Year ended 31 December 2016 ⁽³⁾ | Year ended 31 December 2015 ⁽²⁾ | Change (%)(1) |
|-------------------------------------|---|---|------------------|
| | (thousand hectoliters) | | |
| North America | 116,890 | 118,151 | (1.1) |
| Latin America West | 63,618 | 43,617 | 45.9 |
| Latin America North | 118,012 | 123,468 | (4.4) |
| Latin America South | 32,158 | 34,009 | (5.4) |
| EMEA | 75,348 | 45,481 | 65.7 |
| Asia Pacific | 92,278 | 90,068 | 2.5 |
| Global Export and Holding Companies | 1,940 | 2,522 | (23.1) |
| Total | 500,242 | 457,317 | 9.4 |

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) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the year ended 31 December 2015 have been restated to reflect this allocation.

(3) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

Our consolidated volumes were 500 million hectoliters for the year ended 31 December 2016. This represented an increase of 43 million hectoliters, or 9.4%, as compared to our consolidated volumes for the year ended 31 December 2015. The results for the year ended 31 December 2016 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2015 and 2016.

- The Transaction, which was included as from the fourth quarter of 2016 within our consolidated results for the year ended 31 December 2016, increased our volumes by 51.4 million hectoliters. The acquisition of the SABMiller retained businesses primarily affects our EMEA, Latin America West and Asia Pacific regions, and, to a lesser degree, our Latin America North region.
- Other 2016 acquisitions and disposals mainly include the acquisition of certain craft breweries in the United States, Canada, Europe and the Caribbean and the disposal of a brewery in Germany. The 2015 acquisitions and disposals include the termination of certain distribution rights in Europe, the termination of agreements with Crown Imports for the distribution of Grupo Modelo products through some of our company-owned distributors in the United States, and with Monster, for the distribution of its brands in the United States, as well as the disposal of our soft drink business in Peru. These 2015 and 2016 transactions positively impacted our volumes, in the aggregate, by 0.1 million hectoliters (net) for the year ended 31 December 2016 compared to the year ended 31 December 2015.

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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 included in this Form 20-F.

Excluding volume changes attributable to the Transaction and the acquisitions and disposals described above, total volumes declined 1.9% in the year ended 31 December 2016 compared to our volumes for the year ended 31 December 2015.

North America

In the year ended 31 December 2016, our volumes in North America decreased by 1.3 million hectoliters, or 1.1%, compared to the year ended 31 December 2015.

We estimate that the United States industry's beer sales-to-retailers adjusted for the number of selling days declined by 1.0% in the year ended 31 December 2016 compared to the same period last year. On the same basis, 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 1.7% and 2.0%, respectively. We estimate that our total market share, based on beer sales-to-retailers adjusted for the number of selling days, declined by approximately 50 bps during 2016 compared to 2015, which is a 15 bps trend improvement over 2015.

We estimate that Budweiser sales-to-retailers adjusted for the number of selling days declined by mid-single single digits, with the brand's share of total market down approximately 25 bps in 2016. On the same basis, we estimate that Bud Light's share of total market was down approximately 50 bps, with some share loss in the premium light category. Our portfolio of above premium brands performed well during the year, with sales-to-retailers adjusted for the number of selling days up by mid-single digits, leading to a gain of approximately 45 bps of total market share, based on our estimate.

In Canada, our volumes increased by low single digits in the year ended 31 December 2016 compared to the same period last year due to a soft industry.

Latin America West

In the year ended 31 December 2016, our volumes in Latin America West increased by 20.0 million hectoliters, or 45.9%, compared to the year ended 31 December 2015.

The Transaction, which was included as from the fourth quarter of 2016 within our consolidated results for the year ended 31 December 2016, increased our volumes by 17.5 million hectoliters.

Excluding volume changes attributable to the Transaction and the other acquisitions and disposals described above, our total volumes increased by high single digits compared to the year ended 31 December 2015.

Mexico had another solid year, with strong volume growth following increased investment behind our core brands and further expansion in the northern region, as well as benefiting from a favorable macroeconomic environment. Bud Light and Victoria delivered particularly strong performances, fueled by successful brand activations. Based on our estimates, we gained approximately 20 bps of beer market share in 2016.

In Colombia, our beer volumes contracted by mid-single digits on a year-over-year basis for the Combined Group as the business cycled a demanding prior year comparable.

Latin America North

In the year ended 31 December 2016, our volumes in Latin America North decreased by 5.5 million hectoliters, or 4.4%, compared to the year ended 31 December 2015, with our beer volumes and soft drinks decreasing 4.3% and 4.7%, respectively.

The Transaction, which was included as from the fourth quarter of 2016 within our consolidated results for the year ended 31 December 2016, increased our volumes by 0.7 million hectoliters.

Excluding volume changes attributable to the Transaction and the other acquisitions and disposals described above, as well as the transfer of certain activities from Global Export and Holding Companies, our volumes decreased by 5.9%.

In Brazil, volume performance remained under pressure due to a challenging consumer environment, with declining real disposable income and the rising of unemployment rate to its highest level since 1995. We estimate that the beer industry volumes declined by approximately 5.3% in the year ended 31 December 2016 compared to the same period last year, and that our market share declined by 120 bps to 66.3%, based on AC Nielsen data.

Latin America South

In the year ended 31 December 2016, our volumes in Latin America South decreased by 1.8 million hectoliters, or 5.4%, compared to the year ended 31 December 2015.

Excluding the other acquisitions and disposals described above, as well as the transfer of certain activities to Latin America West, our volumes decreased by 5.6%, driven by consumption contraction in Argentina due to structural reforms implemented in the country coupled with high inflation, which is the primary driver of our double digit revenue increases.

EMEA

In EMEA, our volumes, including subcontracted volumes, for the year ended 31 December 2016 increased by 29.9 million hectoliters, or 65.7%, compared to the year ended 31 December 2015.

The Transaction, which was included as from the fourth quarter of 2016 within our consolidated results for the year ended 31 December 2016, increased our volumes by 30.6 million hectoliters.

Excluding volume changes attributable to the Transaction and the other acquisitions and disposals described above, our beer volumes for the year ended 31 December 2016 decreased by low single digits compared to the year ended 31 December 2015. Western Europe total volumes grew by low single digits in the year ended 31 December 2016 compared to the same period last year, driven by market share gains in the majority of our markets, while Eastern Europe total volumes declined by high single digits on the same basis, due to industry weakness and share loss, following price increases mainly on value segment brands in Russia.

Our beer volumes in South Africa declined by mid-single digits on a year-over-year basis for the Combined Group as a result of macroeconomic weakness and a sizable price increase, due to currency and commodity headwinds. However, our premium brands, Castle Lite and Flying Fish, delivered solid volume growth. Nigeria continued to experience double digit volume growth on a year-over-year basis for the Combined Group on the back of increased capacity and further market penetration. Tanzania posted low-single digit total volumes decline on a year-over-year basis for the Combined Group due to pressure on consumers' disposable incomes and as it cycles a difficult comparable. Total volumes in Mozambique grew by low-single digits on a year-over-year basis for the Combined Group as we grew market share, despite a difficult macroeconomic situation. In Zambia, an economic slowdown and lower consumer disposable income resulted in a double digit volume decline on a year-over-year basis for the Combined Group despite improvements in our market share.

Asia Pacific

For the year ended 31 December 2016, our volumes increased by 2.0 million hectoliters, or 2.2%, compared to the year ended 31 December 2015.

The Transaction, which was included as from the fourth quarter of 2016 within our consolidated results for the year ended 31 December 2016, increased our volumes by 2.5 million hectoliters.

Excluding the acquisitions and disposals described above and the Transaction, our beer volumes for the year ended 31 December 2016 remained basically flat compared to the year ended 31 December 2015.

In China, we continue to see industry weakness with estimated total industry volumes declining by approximately 3.8% in the year ended 31 December 2016 compared to the same period last year, with our volumes contracting by only 1.2%. This resulted in approximately 45 bps of share gain for us on the back of our strategy to pursue long term growth in the most profitable core plus, premium and super premium segments due to growing number of urban middle class and affluent class consumer households. The combined volumes of our core plus, premium and super premium brands now account for over 55% of our total China volumes.

In Australia, we took over distribution rights for Budweiser, Stella Artois, and Corona, and other premium brands as part of the Transaction and became the market leader in the country, especially as Corona is the largest premium imported brand. Despite a soft fourth quarter 2016, we estimate that we gained share in the country in 2016 on a year-over-year basis for the Combined Group.

Global Export and Holding Companies

For the year ended 31 December 2016, Global Export and Holding Companies volumes decreased by 0.2 million hectoliters.

Revenue

Revenue refers to turnover less excise taxes and discounts. See “—A. Key Factors Affecting Results of Operations—Excise Taxes.”

The following table reflects changes in revenue across our business segments for the year ended 31 December 2016, as compared to our revenue for the year ended 31 December 2015.

| | Year ended 31 December 2016(3) | Year ended 31 December 2015(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD millions) | | |
| North America | 15,698 | 15,603 | 0.6 |
| Latin America West | 5,188 | 4,079 | 27.2 |
| Latin America North | 8,461 | 9,096 | (7.0) |
| Latin America South | 2,850 | 3,331 | (14.4) |
| EMEA | 6,010 | 4,128 | 45.5 |
| Asia Pacific | 6,074 | 5,784 | 5.0 |
| Global Export and Holding Companies | 1,237 | 1,582 | (21.8) |
| Total | 45,517 | 43,604 | 4.4 |

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) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the year ended 31 December 2015 have been restated to reflect this allocation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

Our consolidated revenue was USD 45,517 million for the year ended 31 December 2016. This represented an increase of USD 1,913 million, or 4.4%, as compared to our consolidated revenue for the year ended 31 December 2015. The results for the year ended 31 December 2016 reflect the performance of our business after the completion of the Transaction, certain acquisitions and disposals we undertook in 2015 and 2016 and currency translation effects.

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- The Transaction, which was included from the fourth quarter of 2016 within our consolidated results for the year ended 31 December 2016, positively impacted our consolidated revenue by USD 3,753 million for the year ended 31 December 2016 compared to the year ended 31 December 2015.
- Our 2015 consolidated results were impacted by the phasing out of inventory sales and transition services provided under agreements with Constellation Brands, Inc. in connection with the disposal of the Piedras Negras glass plant, the termination of certain distribution rights in Europe and the termination of agreements with Crown Imports, for the distribution of Grupo Modelo products through some of our company-owned distributors in the United States and with Monster, for the distribution of its brands in the United States, as well as the disposal of our soft drink business in Peru (collectively, the “**other 2015 acquisitions and disposals**”). Furthermore, our 2016 consolidated results were impacted by the continued phasing out of inventory sales and transition services provided under agreements with Constellation Brands, Inc. and by the acquisition of certain craft breweries in the United States, Canada, Europe and the Caribbean and the disposal of a brewery in Germany (collectively, the “**other 2016 acquisitions and disposals**”) and together with the 2015 acquisitions and disposals, the “**other 2015 and 2016 acquisitions and disposals**”). These acquisitions and disposals negatively impacted our consolidated revenue by USD 87 million (net) for the year ended 31 December 2016 compared to the year ended 31 December 2015.
- Our consolidated revenue for the year ended 31 December 2016 also reflects an unfavorable currency translation impact of USD 2,794 million mainly arising from currency translation effects in Latin America South, Latin America North and Latin America West.

Excluding the effects of the business acquisitions and disposals described above, the Transaction and currency translation effects, our revenue increased 2.4%, and by 4.4% on a per hectoliter basis, in the year ended 31 December 2016 compared to the year ended 31 December 2015, driven by our revenue management initiatives and brand mix, as we continue to implement premiumization strategies. Our consolidated revenue for the year ended 31 December 2016 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) Latin America South, as a result of high inflation; (ii) Latin America West, driven by our revenue management initiatives as well as packaging mix in Mexico; (iii) EMEA, mainly driven by European revenue growth due to premiumization, largely through the continued growth of our global brand portfolio; and (iv) Asia Pacific, driven by the growth of our premium and super premium portfolio, as well as improved regional mix. Furthermore, the growth in revenue was partly offset by a challenging consumer environment in Brazil.

Combined revenues of our three global brands grew by 6.5% in 2016, with global revenues for Budweiser growing by 2.8%, for Stella Artois by 6.3% and for Corona by 14.3%.

Cost of Sales

The following table reflects changes in the cost of sales across our business segments for the year ended 31 December 2016 as compared to the year ended 31 December 2015:

| | Year ended 31 December 2016(3) | Year ended 31 December 2015(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD millions) | | |
| North America | (5,858) | (6,122) | 4.3 |
| Latin America West | (1,470) | (1,118) | (31.5) |
| Latin America North | (3,169) | (3,032) | (4.5) |
| Latin America South | (927) | (1,148) | 19.3 |
| EMEA | (2,590) | (1,712) | (51.2) |
| Asia Pacific | (2,855) | (2,840) | (0.5) |
| Global Export and Holding Companies | (935) | (1,166) | 19.8 |
| Total | (17,803) | (17,137) | (3.9) |

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) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the year ended 31 December 2015 have been restated to reflect this allocation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

Our consolidated cost of sales was USD 17,803 million for the year ended 31 December 2016. This represented an increase of USD 666 million or 3.9%, as compared to our consolidated cost of sales for the year ended 31 December 2015. The results for the year ended 31 December 2016 reflect the performance of our business after the completion of the Transaction, certain acquisitions and disposals we undertook in 2015 and 2016 and currency translation effects.

- The Transaction negatively impacted our consolidated cost of sales by USD 1,428 million for the year ended 31 December 2016 compared to the year ended 31 December 2015.
- The 2015 and 2016 acquisitions and disposals described above positively impacted our consolidated cost of sales by USD 129 million for the year ended 31 December 2016 compared to year ended 31 December 2015.
- Our consolidated cost of sales for the year ended 31 December 2016 also reflects a positive currency translation impact of USD 913 million mainly arising from currency translation effects in Latin America South, Latin America North and Latin America West.

Excluding the effects of the business acquisitions and disposals described above, the Transaction and currency translation effects, our cost of sales increased by 1.7%. On a per hectoliter basis, our cost of sales increased by mid-single digits, driven primarily by unfavorable foreign exchange transactional impacts, higher depreciation from recent investments and product mix. Our consolidated cost of sales for the year ended 31 December 2016 was partly impacted by the developments in volumes discussed above.

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 2016 as compared to the year ended 31 December 2015. Our operating expenses do not include exceptional charges, which are reported separately.

Our operating expenses for the year ended 31 December 2016 were USD 14,439 million, representing an increase of USD 1,740 million, or 13.7% compared to our operating expenses for 2015.

| | Year ended 31 December 2016(2) | Year ended 31 December 2015 | Change (%)(1) |
|-----------------------------------|-----------------------------------|--------------------------------|------------------|
| | (USD millions) | | |
| Distribution Expenses | (4,543) | (4,259) | (6.7) |
| Sales and Marketing Expenses | (7,745) | (6,913) | (12) |
| Administrative Expenses | (2,882) | (2,560) | (12.6) |
| Other Operating Income/(Expenses) | 732 | 1,032 | (29.1) |
| Total Operating Expenses | (14,439) | (12,700) | (13.7) |

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) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

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 2016 as compared to the year ended 31 December 2015:

| | Year ended 31 December 2016(3) | Year ended 31 December 2015(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD millions) | | |
| North America | (4,438) | (4,113) | (7.9) |
| Latin America West | (1,805) | (1,541) | (17.1) |
| Latin America North | (2,618) | (2,601) | (0.7) |
| Latin America South | (704) | (780) | 9.7 |
| EMEA | (2,163) | (1,647) | (31.4) |
| Asia Pacific | (2,364) | (2,253) | (4.9) |
| Global Export and Holding Companies | (1,080) | (797) | (35.6) |
| Total | (15,171) | (13,731) | (10.5) |

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 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the year ended 31 December 2015 have been restated to reflect this allocation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

Our consolidated selling, general and administrative expenses were USD 15,171 million for the year ended 31 December 2016. This represented an increase of USD 1,440 million, or 10.5%, as compared to the year ended 31 December 2015. The results for the year ended 31 December 2016 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2015 and 2016 and currency translation effects.

- The Transaction negatively impacted our consolidated selling, general and administrative expenses by USD 1,213 million for the year ended 31 December 2016 compared to the year ended 31 December 2015.
- The 2015 and 2016 acquisitions and disposals described above negatively impacted our consolidated operating expenses by USD 149 million for the same period last year.
- Our consolidated operating expenses for the year ended 31 December 2016 also reflect a positive currency translation impact of USD 977 million.

Excluding the effects of the business acquisitions and disposals described above, the Transaction and currency translation effects, our consolidated selling, general and administrative expenses increased by 7.7%, with increased support behind the long-term growth of our brands and sales activations. The increased investments included further support for the growth of our global brands and our premiumization initiatives.

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 2016 as compared to the year ended 31 December 2015:

| | Year ended 31 December 2016(3) | Year ended 31 December 2015(2) | Change (%)(1) |
|---------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD millions) | | |
| North America | 39 | 50 | (22.0) |
| Latin America West | 75 | 231 | (67.5) |
| Latin America North | 328 | 557 | (41.1) |
| Latin America South | 20 | 7 | 185.7 |

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| | Year ended 31 December 2016(3) | Year ended 31 December 2015(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD millions) | | |
| EMEA | 44 | 28 | 54.1 |
| Asia Pacific | 131 | 146 | (9.9) |
| Global Export and Holding Companies | 95 | 11 | 764.4 |
| Total | 732 | 1,032 | (29.1) |

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 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the year ended 31 December 2015 have been restated to reflect this allocation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

The net positive effect of our other operating income and expenses for the year ended 31 December 2016 was USD 732 million. This represented a decrease of USD 300 million, or 29.1%, compared to the year ended 31 December 2015. The results for the year ended 31 December 2016 reflect a positive impact from the Transaction of USD 61 million, a negative impact from other acquisitions and disposals of USD 111 million and negative currency translation impact of USD 44 million.

Excluding the effects of the business acquisitions and disposals, currency translation effects described above and a change in the presentation of certain commercial agreements in Mexico to sales and marketing expenses, our net other operating income and expenses would have decreased by 13.9% for the year ended 31 December 2016 as compared to the same period in 2015, due to lower government grants in China and Brazil.

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 2016, 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 2016 and 2015:

| | Year ended 31 December 2016(1) | Year ended 31 December 2015 |
|--|-----------------------------------|--------------------------------|
| | (USD millions) | |
| Restructuring | (323) | (171) |
| Acquisition costs business combination | (448) | (55) |
| Business and asset disposal | 377 | 524 |
| Impairment of assets | — | (82) |
| Judicial settlement | — | (80) |
| Total | (394) | 136 |

Note:

- (1) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

Restructuring

Exceptional restructuring charges amounted to a net cost of USD 323 million for the year ended 31 December 2016 as compared to a net cost of USD 171 million for the year ended 31 December 2015. These charges primarily relate to the integration of SABMiller, and to organizational alignments in EMEA, Asia Pacific and Latin America West. 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 and Business Combinations

Acquisition costs of USD 448 million for the year ended 31 December 2016 primarily related to costs incurred in relation to the Transaction.

Business and Asset Disposal

Business and asset disposals amounted to a net benefit of USD 377 million for the year ended 31 December 2016, mainly attributable to the proceeds from the sale of our brewery located in Obregón, Sonora, Mexico to Constellation Brands, Inc.

Profit from Operations

The following table reflects changes in profit from operations across our business segments for the year ended 31 December 2016 as compared to the year ended 31 December 2015:

| | Year ended 31 December 2016 ⁽³⁾ | Year ended 31 December 2015 ⁽²⁾ | Change (%)(1) |
|-------------------------------------|---|---|------------------|
| | (USD millions) | | |
| North America | 5,412 | 5,520 | (2.0) |
| Latin America West | 2,240 | 1,681 | 33.3 |
| Latin America North | 2,981 | 3,937 | (24.3) |
| Latin America South | 1,228 | 1,400 | (12.3) |
| EMEA | 1,184 | 870 | 36.1 |
| Asia Pacific | 903 | 928 | (2.7) |
| Global Export and Holding Companies | (1,066) | (434) | — |
| Total | 12,882 | 13,904 | (7.4) |

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) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the year ended 31 December 2015 have been restated to reflect this allocation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

Our profit from operations amounted to USD 12,882 million for the year ended 31 December 2016. This represented a decrease of USD 1,022 million, or 7.4%, as compared to our profit from operations for the year ended 31 December 2015. The results for the year ended 31 December 2016 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2015 and 2016, currency translation effects and the effects of certain exceptional items as described above.

- Our consolidated profit from operations for the year ended 31 December 2016 also reflects a negative currency translation impact of USD 1,004 million.
- The 2015 and 2016 acquisitions and disposals described above and the Transaction positively impacted our consolidated profit from operations by USD 796 million for the year ended 31 December 2016 compared to the same period last year.
- Our profit from operations for the year ended 31 December 2016 was negatively impacted by USD 394 million of certain exceptional items, as compared to a positive impact of USD 136 million for the year ended 31 December 2015. See “—Exceptional Items” above for a description of the exceptional items during the years ended 31 December 2016 and 2015.
- Our profits from operations was affected by volume, revenue and cost devaluations, particularly in Brazil, where beer volumes were down, revenues suffered and costs of sales rose compared with 2015 due to devaluation of the Brazilian Real.

EBITDA, as defined

The following table reflects changes in our EBITDA, as defined, for the year ended 31 December 2016 as compared to the year ended 31 December 2015:

| | Year ended 31 December 2016(2) | Year ended 31 December 2015 | Change (%)(1) |
|--|-----------------------------------|--------------------------------|------------------|
| | (USD millions) | | |
| Profit of the year | 2,769 | 9,867 | (71.9) |
| Profit from discontinued operations | (48) | — | — |
| Net finance cost | 8,564 | 1,453 | 489.4 |
| Income tax expense | 1,613 | 2,594 | (37.8) |
| Share of result of associates and joint ventures | (16) | (10) | 60.0 |
| Profit from operations | 12,882 | 13,904 | (7.4) |
| Depreciation, amortization and impairment | 3,479 | 3,153 | 10.3 |
| EBITDA, as defined | 16,361 | 17,057 | (4.1) |

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) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

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, 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 Transaction;
- 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 16,361 million for the year ended 31 December 2016. This represented a decrease of USD 696 million, or 4.1%, as compared to our EBITDA, as defined, for the year ended 31 December 2015. The results for the year ended 31 December 2016 reflect the performance of our business after the completion of the acquisitions and disposals we undertook in 2015 and 2016 discussed above, the Transaction and currency translation effects. Furthermore, our EBITDA, as defined, was negatively impacted by USD 394 million (before impairment losses) of certain exceptional items in the year ended 31 December 2016, as compared to a positive impact of USD 218 million (before impairment losses) during the year ended 31 December 2015. See "—Exceptional Items" above for a description of the exceptional items during the years ended 31 December 2016 and 2015.

Net Finance Cost

Our net finance cost items were as follows for the years ended 31 December 2016 and 2015:

| | Year ended 31 December 2016(2) | Year ended 31 December 2015 | Change (%)(1) |
|--|-----------------------------------|--------------------------------|------------------|
| | (USD millions) | | |
| Net interest expense | (3,519) | (1,466) | (140.0) |
| Net interest on net defined benefit liabilities | (113) | (118) | 4.2 |
| Accretion expense | (648) | (326) | (98.8) |
| Other financial results | (928) | 671 | — |
| Net finance cost before exceptional finance results | (5,208) | (1,239) | (320.3) |
| Mark-to-market (Grupo Modelo deferred share instrument) | (304) | 511 | — |
| Mark-to-market (Portion of the FX hedging of the purchase price of the Transaction that does not qualify for hedge accounting) | (2,693) | (688) | (291.4) |
| Other mark-to-market adjustments (Restricted Shares and euro bonds) | 39 | (18) | — |
| Other | (398) | (19) | — |
| Exceptional net finance income/(cost) | (3,356) | (214) | — |
| Net finance income/(cost) | (8,564) | (1,453) | (489.4) |

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) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

Our net finance cost for the year ended 31 December 2016 was USD 8,564 million, as compared to USD 1,453 million for the year ended 31 December 2015, representing an increase of USD 7,111 million.

The increase in net finance costs before exceptional financial items is driven primarily by the additional net interest expenses resulting from the bond issuances in January and March 2016 related to the funding of the Transaction, as well as higher accretion expenses and net losses on hedging instruments that are not part of a hedge accounting relationship. Accretion expenses increased by USD 322 million primarily due to the additional net interest expenses resulting from the bond issuances in first quarter 2016 related to the funding of the Transaction. Other financial results include a negative mark-to-market adjustment of USD 384 million in 2016, linked to the hedging of our share-based payment programs compared to a mark-to-market gain of USD 844 million for the period ended 31 December 2015.

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 2016 | Year ended 31 December 2015 |
|---|--------------------------------|--------------------------------|
| Share price at the start of the period (<i>in euro</i>) | 114.40 | 93.86 |
| Share price at the end of the period (<i>in euro</i>) | 100.55 | 114.4 |
| Number of derivative equity instruments at the end of the period (<i>in millions</i>) | 53.5 | 35.5 |

Exceptional net finance costs in 2016 include a negative mark-to-market adjustment of USD 2,693 million as a result of derivative foreign exchange forward contracts and other non-derivative items entered into in order to economically hedge against exposure to changes in the U.S. dollar exchange rate for the cash component of the purchase consideration of SABMiller in pound sterling and South African rand, for which a portion of the hedges could not qualify for hedge accounting. Since inception of the derivative contracts in 2015 and upon the completion of the Transaction, USD 12.3 billion negative mark-to-market adjustment related to such hedging were recognized cumulatively over 2015 and 2016, of which USD 7.4 billion qualified for hedge accounting and was, accordingly, allocated as part of the SABMiller consideration paid.

Exceptional net finance cost also includes mark-to-market losses of USD 304 million on derivative instruments entered into to hedge the deferred share instrument issued in a transaction related to the combination with Grupo Modelo, compared to a mark-to-market gain of USD 511 million for the period ended 31 December 2015, and a mark-to-market loss of USD 127 million related to derivative instruments entered into to hedge part of the Restricted Shares issued in relation to the Transaction. 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 2016 | Year ended 31 December 2015 |
|---|--------------------------------|--------------------------------|
| Ordinary Share price at the start of the period (<i>in euro</i>)(1) | 114.40 | 93.86 |
| Ordinary Share price at the end of the period (<i>in euro</i>)(1) | 100.55 | 114.4 |
| Number of derivative equity instruments at the end of the period (<i>in millions</i>) | 38.1 | 23.1 |

Note:

- (1) Upon completion of the Transaction on 10 October 2016, former AB InBev Ordinary Shares have been converted into AB InBev Ordinary Shares.

Other exceptional net finance costs of USD 398 million in 2016 mainly relate to commitment fees for the 2015 Senior Facilities Agreement paid during the period, as well as costs linked to the early redemption of SABMiller bonds.

Share of Result of Associates and Joint Ventures

Our share of result of associates and joint ventures for the year ended 31 December 2016 was USD 16 million as compared to USD 10 million for the year ended 31 December 2015.

Income Tax Expense

Our total income tax expense for the year ended 31 December 2016 amounted to USD 1,613 million, with an effective tax rate of 37.4%, as compared to an income tax expense of USD 2,594 million and an effective tax rate of 20.8% for the year ended 31 December 2015. The increase in the effective tax rate is mainly due to the unfavorable impact on profit before tax of the negative mark-to-market adjustment related to the hedging of the purchase price of the Transaction that could not qualify for hedge accounting.

In 2016 and 2015, we recognized the benefit at the Ambev level from the impact of interest on equity payments and tax deductible goodwill resulting from the merger of Beverage Associates Holding Limited into Ambev in August 2006. 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 2016 by USD 41 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, except for the tax deductibility of existing goodwill in Brazil, which will significantly reduce as from 2017. 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 1,528 million for the year ended 31 December 2016, a decrease of USD 66 million from USD 1,594 million for the year ended 31 December 2015, primarily due to currency translation effects and the unfavorable operating performance of Brazil.

Profit Attributable to Our Equity Holders

Profit attributable to our equity holders for the year ended 31 December 2016 was USD 1,241 million (compared to USD 8,273 million for the year ended 31 December 2015) with basic earnings per share of USD 0.72, based on 1,717 million shares outstanding, representing the weighted average number of ordinary and Restricted Shares outstanding during the year ended 31 December 2016. 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 2016 would have been USD 4,853 million, and basic earnings per share would have been USD 2.83.

Earnings per share excluding exceptional items declined from USD 5.20 per share in 2015 to USD 2.83 per share in 2016. USD 1.87 per share, or 79% of the year-over-year change, resulted from changes outside of the ordinary course of business. USD 0.74 per share resulted from the funding of the Transaction prior to the closing of the transaction and full consolidation of SABMiller in the results. USD 0.39 per share resulted from foreign exchange translational gains on U.S. dollar cash held in Mexico in 2015 that did not re-occur in 2016 and USD 0.74 per share relates to year-over-year changes on the non-cash mark to market adjustments relating to our share based payments.

Year-over-year changes in the ordinary course of business include the SABMiller results since completion of the Transaction and the post-closing acquisition funding cost. The net negative impact on our earnings per share of USD 0.50 per share in the ordinary course of business is largely due to the foreign currency devaluation of USD 0.60 per share.

| | Year ended 31 December 2016(1) | Year ended 31 December 2015 |
|--|-----------------------------------|--------------------------------|
| | (USD per share) | |
| Profit from operations attributable to equity holders of AB InBev excluding exceptional items ⁽²⁾ | 7.52 | 7.00 |
| Funding of the Transaction post-closing ⁽³⁾ | (0.29) | — |
| Other net finance costs ⁽²⁾ | (1.80) | (1.56) |
| Foreign exchange translation and other items | (0.60) | — |
| Income tax expense ⁽²⁾ | (1.08) | (1.19) |
| Pre-funding of the Transaction pre-closing | (0.74) | — |
| Mexico foreign exchange gains (non-cash items) | 0.04 | 0.43 |
| Mark-to-market (Hedging of our share-based payment programs) | (0.22) | 0.52 |
| Earnings per share excluding exceptional items and discontinued operations | 2.83 | 5.20 |
| Exceptional items, after taxes, attributable to equity holders of AB InBev | (0.18) | (0.02) |
| Exceptional finance net finance income/(cost), attributable to equity holders of AB InBev | (1.96) | (0.13) |
| Profit from discontinued operations | 0.03 | — |
| Basic earnings per share | 0.72 | 5.05 |

Note:

- (1) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

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- (2) Calculated at 2015 average foreign exchange rate.
(3) Current impact of translating items converted at 2015 average foreign exchange rate to 2016 average foreign exchange rate.

Year Ended 31 December 2015 Compared to the Year Ended 31 December 2014

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. Following the closing of the Oriental Brewery acquisition in South Korea on 1 April 2014, we are reporting the results and volumes of the company as of that date.

Effective 1 April 2014, we discontinued the reporting of volumes sold to Constellation Brands, Inc. under the interim supply agreement, since these volumes do not form part of the underlying performance of our business.

The table below summarizes the volume evolution by business segment.

| | Year ended 31 December 2015(2) | Year ended 31 December 2014(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | <i>(thousand hectoliters)</i> | | |
| North America | 118,151 | 121,150 | (2.5) |
| Latin America West | 43,617 | 41,897 | 4.1 |
| Latin America North | 123,468 | 125,418 | (1.6) |
| Latin America South | 34,009 | 33,738 | 0.8 |
| EMEA | 45,481 | 46,557 | (2.3) |
| Asia Pacific | 90,068 | 84,298 | 6.8 |
| Global Export and Holding Companies | 2,522 | 5,743 | (56.1) |
| Total | 457,317 | 458,801 | (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 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.

Our consolidated volumes were 457 million hectoliters for the year ended 31 December 2015. This represented a decrease of 1.5 million hectoliters, or 0.3%, as compared to our consolidated volumes for the year ended 31 December 2014. The results for the year ended 31 December 2015 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2014 and 2015.

- The 2014 acquisitions include the acquisition of Oriental Brewery, which was included as from 1 April 2014 in our consolidated financial reporting for the year ended 31 December 2014, the acquisition of the Siping Ginsber Draft Beer Co., Ltd. and three breweries in China. The 2014 disposals of Comercio y Distribución Modelo, which operated convenience stores under the name of “Tiendas Extra” in Mexico, and the glass plant located in Piedras Negras, Coahuila, Mexico had an immaterial impact on our 2014 consolidated volumes.
- The 2015 acquisitions and disposals include the termination of certain distribution rights in Europe, the termination of agreements with Crown Imports for the distribution of Grupo Modelo products through some of our company-owned distributors in the United States, and with Monster, for the distribution of its brands in the United States, as well as the disposal of our soft drink business in Peru. Furthermore, our 2015 volumes compared to 2014 volumes were impacted by the discontinuance of the reporting of volumes sold to Constellation Brands, Inc. mentioned above.
- These 2014 and 2015 transactions positively impacted our volumes, in the aggregate, by 1.3 million hectoliters (net) for the year ended 31 December 2015 compared to the year ended 31 December 2014.

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 consolidated financial statements as of 31 December 2015 and 2014, and for the three years ended 31 December 2015 included in this Form 20-F.

Excluding volume changes attributable to the acquisitions and disposals described above, total volumes declined 0.6%, with our own beer volumes essentially flat and non-beer volumes decreasing 4.7% in the year ended 31 December 2015 compared to our beer volumes for the year ended 31 December 2014.

North America

In the year ended 31 December 2015, our volumes in North America decreased by 3.0 million hectoliters, or 2.5%, compared to the year ended 31 December 2014. Excluding volume changes attributable to the acquisitions and disposals described above, our volumes would have declined by 1.9% compared to the same period in 2015.

We estimate that the United States industry’s beer sales-to-retailers adjusted for the number of selling days declined by 0.3% in the year ended 31 December 2015 compared to the same period last year. On the same basis, 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 2.2% and 1.7%, respectively. We estimate that our total market share, based on beer sales-to-retailers adjusted for the number of selling days, declined by approximately 65 bps during 2015 compared to 2014. We estimate that Budweiser sales-to-retailers adjusted for the number of selling days declined by low single digits, with the brand’s share of total market down approximately 20 bps in 2015. On the same basis, we estimate that Bud Light’s share of the total market was down approximately 40 bps, with some share loss in the premium light category. Our portfolio of above premium brands performed well during the year, with sales-to-retailers adjusted for the number of selling days up mid-single digits, leading to a gain of approximately 30 bps of total market share, based on our estimate.

In Canada, beer volumes increased by low single digits in 2015, on the back of a good industry performance. We estimate we gained market share.

Latin America West

In the year ended 31 December 2015, our volumes in Latin America West increased by 1.7 million hectoliters, or 4.1%, compared to the year ended 31 December 2014. Excluding the acquisitions and disposals described above, our volumes would have increased by 6.8%.

In Mexico, beer volumes and soft drinks increased by 2.8 million hectoliters, or 7.3%, compared to the year ended 31 December 2014, driven by a favorable macroeconomic environment and good performances by Corona, Bud Light and Victoria. Our focus brands, which represent approximately 90% of our total volumes, continue to grow ahead of the total portfolio, increasing by 9.0% during 2015. We estimate that beer gained share of total alcohol sold in Mexico, with good volume growth in all regions of the country. We estimate that our market share was marginally up in the year ended 31 December 2015, reaching a level of just over 58%, driven by the strong performance of our focus brands.

Latin America North

In the year ended 31 December 2015, our volumes in Latin America North decreased by 2.0 million hectoliters, or 1.6%, compared to the year ended 31 December 2014, with our beer volumes and soft drinks decreasing 0.9% and 3.6%, respectively.

In Brazil, beer volumes and soft drinks decreased by 1.8% and 5.2%, respectively. These results were delivered despite a very challenging macroeconomic environment, a difficult FIFA World Cup™ comparable, and unfavorable weather in the fourth quarter of 2015. We estimate that the volumes of our premium and near beer brands, which now account for almost 10% of our total beer volumes, delivered good growth, led by Budweiser, Stella Artois, Corona, Original and Skol Beats Senses. We estimate that our total beer market share, according to AC Nielsen, was 67.5% in 2015.

Latin America South

In the year ended 31 December 2015, our volumes in Latin America South increased by 0.3 million hectoliters, or 0.8%, compared to the year ended 31 December 2014. Excluding the acquisitions and disposals described above, our volumes would have increased by low single digits, with beer volumes increasing by mid-single digits and non-beer volumes decreasing by mid-single digits. Our beer volumes in Argentina increased by low single digits, as a result of growth of our premium brands, Stella Artois and Corona, as well as a good performance by MixxTail.

EMEA

In Europe, our volumes, including subcontracted volumes, for the year ended 31 December 2015 decreased by 1.0 million hectoliters, or 2.3%, compared to the year ended 31 December 2014. Excluding the acquisitions and disposals described above, own beer volumes for the year ended 31 December 2015 decreased 1.3% compared to the year ended 31 December 2014, mainly driven by a weak beer industry in Russia and Ukraine. On the same basis, our beer volumes declined by low-single digits in Belgium and Germany mainly due to a difficult FIFA World Cup™ comparable. In the United Kingdom, our own products volumes grew by mid-single digits, driven by the strong performance from our Stella Artois and Corona activations. We estimate we gained market share in the majority of our markets, driven by organic growth from our focus brands, especially in France, Italy and the Netherlands.

Asia Pacific

For the year ended 31 December 2015, our volumes increased by 5.8 million hectoliters, or 6.8%, compared to the year ended 31 December 2014. Excluding the acquisitions described above, our total volumes remained basically flat over the same period. In China, we estimate that the total industry volumes declined by approximately 6.0% in 2015, mainly driven by continuing economic headwinds, with most of the impact being felt in the value and core categories. Our own beer volumes grew by 0.4% and we estimate we gained approximately 100 bps market share in 2015, reaching 18.6%, driven by our commercial strategy of growing the premium and super premium brands nationally, and increasing distribution in the growth channels. The combined volumes of our core+, premium and super premium brands grew double digits in the year, and now represent more than 50% of our total China volume.

The acquisition of Oriental Brewery closed on 1 April 2014. Year-over-year, for the period Oriental Brewery was consolidated, our beer volumes in South Korea were down mid-single digits, due to an estimated market share loss in a very competitive environment.

Global Export and Holding Companies

For the year ended 31 December 2015, Global Export and Holding Companies volumes decreased by 3.2 million hectoliters. The change in volume performance mainly results from the discontinued reporting of the volumes sold to Constellation Brands, Inc. referred to above.

Revenue

Revenue refers to turnover less excise taxes and discounts. See “—A. Key Factors Affecting Results of Operations—Excise Taxes.”

The following table reflects changes in revenue across our business segments for the year ended 31 December 2015 as compared to our revenue for the year ended 31 December 2014.

| | Year ended 31 December 2015(2) | Year ended 31 December 2014(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD millions) | | |
| North America | 15,603 | 16,093 | (3.0) |
| Latin America West | 4,079 | 4,756 | (14.2) |
| Latin America North | 9,096 | 11,269 | (19.3) |
| Latin America South | 3,331 | 2,825 | 17.9 |
| EMEA | 4,128 | 4,973 | (17.0) |
| Asia Pacific | 5,784 | 5,230 | 10.6 |
| Global Export and Holding Companies | 1,582 | 1,917 | (17.5) |
| Total | 43,604 | 47,063 | (7.3) |

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 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.

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Our consolidated revenue was USD 43,604 million for the year ended 31 December 2015. This represented a decrease of USD 3,459 million, or 7.3%, as compared to our consolidated revenue for the year ended 31 December 2014. The results for the year ended 31 December 2015 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2014 and 2015 and currency translation effects.

- The 2014 acquisitions and disposals include the acquisition of Oriental Brewery, which was included as from 1 April 2014 in our consolidated financial reporting for the year ended 31 December 2014, the acquisition of the Siping Ginsber Draft Beer Co., Ltd. and three breweries in China, as well as the disposal of Comercio y Distribución Modelo and the glass plant located in Piedras Negras, Coahuila, Mexico (collectively, the “**2014 acquisitions and disposals**”). Furthermore, our 2015 consolidated results were impacted by the phasing out of inventory sales and transition services provided under agreements with Constellation Brands, Inc. in connection with the disposal of the Piedras Negras glass plant, the termination of certain distribution rights in Europe and the termination of agreements with Crown Imports, for the distribution of Grupo Modelo products through some of our company-owned distributors in the United States, and with Monster, for the distribution of its brands in the United States, as well as the disposal of our soft drink business in Peru (collectively, the “**2015 acquisitions and disposals**,” and together with the 2014 acquisitions and disposals, the “**2014 and 2015 acquisitions and disposals**”). These acquisitions and disposals negatively impacted our consolidated revenue by USD 348 million (net) for the year ended 31 December 2015 compared to the year ended 31 December 2014.
- Our consolidated revenue for the year ended 31 December 2015 also reflects an unfavorable currency translation impact of USD 5,957 million mainly arising from currency translation effects in Latin America North and Latin America South, EMEA and Latin America West.

Excluding the effects of the business acquisitions and disposals described above, currency translation effects and a change in the presentation of government surcharges in Asia Pacific previously reported in administrative expenses, our revenue would have increased 6.3%, and by 7.0% on a per hectoliter basis, in the year ended 31 December 2015 compared to the year ended 31 December 2014 driven by revenue management initiatives and brand mix, as we continue to implement our premiumization strategies. Our consolidated revenue for the year ended 31 December 2015 was partly impacted by the developments in volumes discussed above. Revenues of our three global brands grew by 12.6% in 2015, with global revenues for Budweiser growing by 7.6%, for Stella Artois by 12.5% and for Corona by 23.0%.

The main business segments contributing to growth in our consolidated revenues were (i) Latin America North, benefitting from our revenue management initiatives, increased own distribution and premium brand mix; (ii) Latin America South, mainly as a result of growth of our premium and super premium brands, Stella Artois and Corona, and good performances by MixxTail in Argentina; (iii) Latin America West driven by our revenue management initiatives and a positive impact on our brands mix, driven by Bud Light; and (iv) Asia Pacific, with a 9.8% increase in China, mainly driven by improved brand mix, driven by the growth of Budweiser and our super premium portfolio.

Cost of Sales

The following table reflects changes in cost of sales across our business segments for the year ended 31 December 2015 as compared to the year ended 31 December 2014:

| | Year ended 31 December 2015(2) | Year ended 31 December 2014(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD millions) | | |
| North America | (6,122) | (6,391) | 4.2 |
| Latin America West | (1,118) | (1,480) | 24.5 |
| Latin America North | (3,032) | (3,741) | 19.0 |
| Latin America South | (1,148) | (973) | (18.0) |
| EMEA | (1,712) | (2,123) | 19.3 |
| Asia Pacific | (2,840) | (2,629) | (8.0) |
| Global Export and Holding Companies | (1,166) | (1,418) | 17.8 |
| Total | (17,137) | (18,756) | 8.6 |

Note:

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

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- (2) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.

Our consolidated cost of sales was USD 17,137 million for the year ended 31 December 2015. This represented a decrease of USD 1,619 million or 8.6%, as compared to our consolidated cost of sales for the year ended 31 December 2014. The results for the year ended 31 December 2015 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2014 and 2015 and currency translation effects.

- The 2014 and 2015 acquisitions and disposals described above positively impacted our consolidated cost of sales by USD 237 million for the year ended 31 December 2015 compared to year ended 31 December 2014.
- Our consolidated cost of sales for the year ended 31 December 2015 also reflects a positive currency translation impact of USD 2,097 million mainly arising from currency translation effects in Latin America North and Latin America South, EMEA and Latin America West.

Excluding the effects of the business acquisitions and disposals described above and currency translation effects, our cost of sales would have increased by 3.9%, and by 4.5% on a per hectoliter basis, driven primarily by unfavorable foreign exchange transactional impacts, higher depreciation from recent investments and product mix. These increases were partly offset by procurement savings and the synergies delivered in Mexico. Our consolidated cost of sales for the year ended 31 December 2015 was partly impacted by the developments in volumes discussed above.

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 2015 as compared to the year ended 31 December 2014. Our operating expenses do not include exceptional charges, which are reported separately.

Our operating expenses for the year ended 31 December 2015 were USD 12,700 million, representing a decrease of USD 299 million, or 2.3% compared to our operating expenses for 2014.

| | Year ended 31 December 2015 | Year ended 31 December 2014 | Change (%)(1) |
|-----------------------------------|--------------------------------|--------------------------------|------------------|
| | (USD millions) | | |
| Distribution Expenses | (4,259) | (4,558) | 6.6 |
| Sales and Marketing Expenses | (6,913) | (7,036) | 1.7 |
| Administrative Expenses | (2,560) | (2,791) | 8.3 |
| Other Operating Income/(Expenses) | 1,032 | 1,386 | (25.5) |
| Total Operating Expenses | (12,700) | (12,999) | 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.

Selling, General and Administrative Expenses

The following table reflects changes in our selling, general and administrative expenses across our business segments for the year ended 31 December 2015 as compared to the year ended 31 December 2014:

| | Year ended 31 December 2015(2) | Year ended 31 December 2014(2) | Change (%)(1) |
|---------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD million) | | |
| North America | (4,113) | (3,933) | (4.6) |
| Latin America West | (1,541) | (1,772) | 13.0 |
| Latin America North | (2,601) | (3,238) | 19.7 |
| Latin America South | (780) | (631) | (23.6) |
| EMEA | (1,647) | (1,929) | 14.6 |

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| | Year ended 31 December 2015(2) | Year ended 31 December 2014(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD million) | | |
| Asia Pacific | (2,253) | (2,102) | (7.2) |
| Global Export and Holding Companies | (797) | (780) | (2.1) |
| Total | (13,731) | (14,386) | 4.6 |

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 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.

Our consolidated selling, general and administrative expenses were USD 13,731 million for the year ended 31 December 2015. This represented a decrease of USD 655 million, or 4.6%, as compared to the year ended 31 December 2014. The results for the year ended 31 December 2015 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2014 and 2015 and currency translation effects.

- The 2014 and 2015 acquisitions and disposals described above negatively impacted our consolidated operating expenses by USD 91 million for the same period last year.
- Our consolidated selling, general and administrative expenses for the year ended 31 December 2015 also reflect a positive currency translation impact of USD 1,935 million.

Excluding the effects of the business acquisitions and disposals described above, our consolidated selling, general and administrative expenses would have increased by high single digits%, driven by (i) increased own distribution in Brazil, which is more than offset by the increase in net revenues, the growth of our premium and near beer brands, and inflationary increases in Latin America South; (ii) increased support behind the long-term growth of our brands, innovations and sales activations; and (iii) variable compensation accruals.

Other Operating Income/(Expense)

The following table reflects changes in other operating income and expenses across our business segments for the year ended 31 December 2015 as compared to the year ended 31 December 2014:

| | Year ended 31 December 2015(2) | Year ended 31 December 2014(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD million) | | |
| North America | 50 | 299 | (83.3) |
| Latin America West | 231 | 235 | (1.7) |
| Latin America North | 557 | 689 | (19.2) |
| Latin America South | 7 | 7 | 0.0 |
| EMEA | 28 | 37 | (24.1) |
| Asia Pacific | 146 | 97 | 50.7 |
| Global Export and Holding Companies | 11 | 23 | (52.0) |
| Total | 1,032 | 1,386 | (25.5) |

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 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.

The net positive effect of our other operating income and expenses for the year ended 31 December 2015 was USD 1,032 million. This represented a decrease of USD 355 million, or 25.6%, compared to the year ended 31 December 2014.

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Furthermore, the results for the year ended 31 December 2015 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2014 and 2015 and currency translation effects:

- The 2014 and 2015 acquisitions and disposals described above negatively impacted our consolidated, other operating income by USD 58 million for the year ended 31 December 2015 compared to the same period last year.
- Our other operating income for the year ended 31 December 2015 also reflects a negative currency translation impact of USD 266 million.

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 2015, exceptional items consisted of restructuring charges, acquisition costs of business combinations, business and asset disposal, impairment of assets and judicial settlement. Exceptional items were as follows for the years ended 31 December 2015 and 2014:

| | Year ended 31 December 2015 | Year ended 31 December 2014(1) |
|--|--------------------------------|-----------------------------------|
| | (USD millions) | |
| Restructuring | (171) | (158) |
| Acquisition costs business combination | (55) | (77) |
| Business and asset disposal | 524 | 157 |
| Impairment of assets | (82) | (119) |
| Judicial settlement | (80) | — |
| Total | 136 | (197) |

Note:

- (1) Reclassified to conform to the 2015 presentation.

Restructuring

Exceptional restructuring charges amounted to a net cost of USD 171 million for the year ended 31 December 2015 as compared to a net cost of USD 158 million for the year ended 31 December 2014. These charges primarily relate mainly to the integration of Grupo Modelo and to organizational alignments in North America and EMEA. 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 and Business Combinations

Acquisition costs of USD 55 million for the year ended 31 December 2015 primarily related to costs incurred in relation to the proposed acquisition of SABMiller.

Business and Asset Disposal

Business and asset disposals amounted to a net benefit of USD 524 million for the year ended 31 December 2015. This gain consists primarily of gains on property sales, and compensation for the termination agreements with Crown Imports for the distribution of Grupo Modelo products through our wholly owned distributors in the U.S., and with Monster for the distribution of its brands through the Anheuser-Busch distribution system.

Impairment of Assets

During the year ended 31 December 2015, we incurred USD 50 million impairment losses related to goodwill and other assets in respect of our operations in Ukraine and impairment of non-core brands for an amount of USD 32 million.

Judicial Settlement

The judicial settlement for the year ended 31 December 2015 relates to the settlement reached between CADE, the Brazilian Antitrust Authority and Ambev regarding the “Tô Contigo” customer loyalty program.

Profit from Operations

The following table reflects changes in profit from operations across our business segments for the year ended 31 December 2015 as compared to the year ended 31 December 2014:

| | Year ended 31 December 2015(2) | Year ended 31 December 2014(2) | Change (%)(1) |
|-------------------------------------|-----------------------------------|-----------------------------------|------------------|
| | (USD millions) | | |
| North America | 5,520 | 6,063 | (9.0) |
| Latin America West | 1,681 | 1,631 | 3.1 |
| Latin America North | 3,937 | 4,957 | (20.6) |
| Latin America South | 1,400 | 1,216 | 15.1 |
| EMEA | 870 | 826 | 5.4 |
| Asia Pacific | 928 | 511 | 81.4 |
| Global Export and Holding Companies | (434) | (94) | — |
| Total | 13,904 | 15,111 | (8.0) |

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) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.

Our profit from operations amounted to USD 13,904 million for the year ended 31 December 2015. This represented a decrease of USD 1,207 million, or 8.0%, as compared to our profit from operations for the year ended 31 December 2014. The results for the year ended 31 December 2015 reflect the performance of our business after the completion of certain acquisitions and disposals we undertook in 2014 and 2015, currency translation effects and the effects of certain exceptional items as described above.

- The 2014 and 2015 acquisitions and disposals negatively impacted our consolidated profit from operations by USD 493 million for the year ended 31 December 2015 compared to the same period in the prior year.
- Our consolidated profit from operations for the year ended 31 December 2015 also reflects a negative currency translation impact of USD 2,111 million.
- Our profit from operations for the year ended 31 December 2015 was positively impacted by USD 136 million of certain exceptional items, as compared to a negative impact of USD 197 million for the year ended 31 December 2014. See “—Exceptional Items” above for a description of the exceptional items during the years ended 31 December 2015 and 2014.

EBITDA, as defined

The following table reflects changes in our EBITDA, as defined, for the year ended 31 December 2015 as compared to the year ended 31 December 2014:

| | Year ended 31 December 2015 | Year ended 31 December 2014 | Change (%)(1) |
|--|--------------------------------|--------------------------------|------------------|
| | (USD millions) | | |
| Profit of the year | 9,867 | 11,302 | (12.7) |
| Net finance cost | 1,453 | 1,319 | (10.2) |
| Income tax expense | 2,594 | 2,499 | (3.8) |
| Share of result of associates and joint ventures | (10) | (9) | 11.1 |
| Profit from operations | 13,904 | 15,111 | (8.0) |
| Depreciation, amortization and impairment | 3,153 | 3,353 | 6.0 |
| EBITDA, as defined | 17,057 | 18,464 | (7.6) |

Note:

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

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A performance measure such as EBITDA, as defined, is a non-IFRS measure. The financial measure most directly comparable to EBITDA, as defined, 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.

See “—Year Ended 31 December 2016 Compared to Year Ended 31 December 2015—EBITDA, as defined” above for more information about our definition of EBITDA, as defined.

Our EBITDA, as defined, amounted to USD 17,057 million for the year ended 31 December 2015. This represented a decrease of USD 1,407 million, or 7.6%, as compared to our EBITDA, as defined, for the year ended 31 December 2014. The results for the year ended 31 December 2015 reflect the performance of our business after the completion of the acquisitions and disposals we undertook in 2014 and 2015 discussed above and currency translation effects. Furthermore, our EBITDA, as defined, was positively impacted by USD 218 million (before impairment losses) of certain exceptional items in the year ended 31 December 2015, as compared to a negative impact of USD 78 million (before impairment losses) during the year ended 31 December 2014. See “— Exceptional Items” above for a description of the exceptional items during the years ended 31 December 2015 and 2014.

Net Finance Cost

Our net finance cost items were as follows for the years ended 31 December 2015 and 2014:

| | Year ended 31 December 2015 | Year ended 31 December 2014 | Change (%)(1) |
|--|-----------------------------------|--------------------------------|------------------|
| | (USD millions) | | |
| Net interest expense | (1,466) | (1,634) | 10.3 |
| Net interest on net defined benefit liabilities | (118) | (124) | 4.8 |
| Accretion expense | (326) | (364) | 10.4 |
| Other financial results | 671 | 294 | — |
| Net finance cost before exceptional finance results | (1,239) | (1,828) | 32.2 |
| Mark-to-market adjustment on derivatives | (195) | 509 | — |
| Other | (19) | — | — |
| Exceptional net finance income/(cost) | (214) | 509 | — |
| Net finance income/(cost) | (1,453) | (1,319) | (10.2) |

Note:

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

Our net finance cost for the year ended 31 December 2015 was USD 1,453 million, as compared to USD 1,319 million for the year ended 31 December 2014, representing an increase of USD 134 million.

The decrease in net finance costs before exceptional items is driven primarily by lower net interest expenses and positive other financial results, mainly due to net foreign exchange gains on U.S. dollar cash held in Mexico and a positive mark-to-market adjustment of USD 844 million linked to the hedging of our share-based payment programs. In 2014, mark-to-market adjustment linked to the hedging of our share-based payment programs amounted to a gain of USD 711 million.

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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 2015 | Year ended 31 December 2014 |
|---|--------------------------------|--------------------------------|
| Share price at the start of the period (<i>in euro</i>) | 93.86 | 77.26 |
| Share price at the end of the period (<i>in euro</i>) | 114.4 | 93.86 |
| Number of derivative equity instruments at the end of the period (<i>in millions</i>) | 35.5 | 33.7 |

Exceptional net finance cost in 2015 includes a negative mark-to-market adjustment of USD 688 million related to the portion of the hedging of the purchase price of the proposed acquisition of SABMiller that does not qualify for hedge accounting under IFRS rules. This is partly offset by a favorable mark-to-market adjustment of USD 511 million on derivative instruments entered into to hedge the deferred share instrument issued in a transaction related to the combination with Grupo Modelo, compared to a favorable mark-to-market adjustment of USD 509 million in 2014.

The deferred share instrument was hedged at an average price of EUR 68 per share. The number of shares covered by the hedging of the deferred share instrument, and the opening and closing share prices are as follows:

| | Year ended 31 December 2015 | Year ended 31 December 2014 |
|---|--------------------------------|--------------------------------|
| Share price at the start of the period (<i>in euro</i>) | 93.86 | 77.26 |
| Share price at the end of the period (<i>in euro</i>) | 114.4 | 93.86 |
| Number of derivative equity instruments at the end of the period (<i>in millions</i>) | 23.1 | 23.1 |

Share of Result of Associates and Joint Ventures

Our share of result of associates and joint ventures for the year ended 31 December 2015 was USD 10 million as compared to USD 9 million for the year ended 31 December 2014.

Income Tax Expense

Our total income tax expense for the year ended 31 December 2015 amounted to USD 2,594 million, with an effective tax rate of 20.8%, as compared to an income tax expense of USD 2,499 million and an effective tax rate of 18.1% for the year ended 31 December 2014. The increase in the effective tax rate mainly results from non-deductible foreign exchange losses from certain derivatives entered into in relation to the proposed acquisition of SABMiller that could not qualify for hedge accounting under IFRS rules, as well as an unfavorable outcome of tax claims and uncertain tax positions. Changes in country profit mix are also impacting the effective tax rate. See also notes 8, 12 and 29 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 included in this Form 20-F.

In 2015 and 2014, we recognized the benefit at the Ambev level from the impact of interest on equity payments and tax deductible goodwill resulting from the merger of Beverage Associates Holding Limited into Ambev in August 2006. 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 2015 by USD 44 million. In October 2013, 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, except for the tax deductibility of existing goodwill in Brazil, which will significantly reduce as from 2017. We do not have significant benefits coming from low tax rates in any particular jurisdiction.

Profit Attributable to Non-Controlling Interests

The profit attributable to non-controlling interests was USD 1,594 million for the year ended 31 December 2015, a decrease of USD 492 million from USD 2,086 million for the year ended 31 December 2014, with an improved operating performance of Ambev being offset by currency translation effects.

Profit Attributable to Our Equity Holders

The profit attributable to our equity holders for the year ended 31 December 2015 was USD 8,273 million (compared to USD 9,216 million for the year ended 31 December 2014) with basic earnings per share of USD 5.05, based on 1,638 million shares outstanding, representing the weighted average number of shares outstanding during the year ended 31 December 2015. For the definition of 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 exceptional items, the profit attributable to our equity holders for the year ended 31 December 2015 would have been USD 8,513 million and basic earnings per share would have been USD 5.20.

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 2016, 2015 and 2014:

| | Year ended 31 December, | | |
|--------------------|-------------------------|-------|-------|
| | 2016 | 2015 | 2014 |
| U.S. dollar | 33.1% | 34.0% | 32.4% |
| Brazilian real | 15.8% | 18.5% | 22.1% |
| Mexican peso | 9.3% | 11.1% | 11.9% |
| Chinese yuan | 8.9% | 9.6% | 8.2% |
| Euro | 6.6% | 6.0% | 6.6% |
| Canadian dollar | 4.1% | 4.1% | 3.6% |
| Argentine peso | 3.5% | 4.8% | 4.2% |
| South Korean won | 2.9% | 3.0% | 2.4% |
| South African rand | 2.7% | — | — |
| Pound sterling | 1.8% | 2.1% | 1.9% |
| Colombian peso | 1.4% | 0.1% | — |
| Other | 9.9% | 6.7% | 6.7% |

As a result of the fluctuation of foreign exchange rates for the years ended 31 December 2016, 2015 and 2014:

- We recorded a negative translation impact of USD 2,794 million on our revenue for the year ended 31 December 2016 (as compared to a negative impact of USD 5,957 million on our revenue in 2015 and a negative impact of USD 2,371 million on our revenue in 2014) and a negative translation impact of USD 1,004 million on our profit from operations for the year ended 31 December 2016 (as compared to a negative impact of USD 2,111 million on our profit from operations in 2015 and a negative impact of USD 858 million in 2014).
- Our reported profit of the year was negatively affected by a USD 649 million translation impact for the year ended 31 December 2016 (as compared to a negative translation impact of USD 1,492 million in 2015 and a negative impact of USD 534 million in 2014), while the negative translation impact on our earnings per share base for the year ended 31 December 2016 was USD 505 million, or USD 0.27 per share, (as compared to a negative impact of USD 1,109 million, or USD 0.68 per share, in 2015 and USD 316 million, or USD 0.19 per share, in 2014).
- Our net debt decreased by USD 349 million in the year ended 31 December 2016 as a result of translation impacts (as compared to a decrease of USD 1,100 million in 2015, and a decrease of USD 447 million in 2014).
- Equity attributable to our equity holders decreased by USD 3,265 million in the year ended 31 December 2016 as a result of translation impacts (as compared to a decrease of USD 6,157 million in 2015 and a decrease of USD 4,374 million in 2014).

See note 29 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 81.4 billion as of 31 December 2016 (USD 45.7 billion as of 31 December 2015 and USD 54.2 billion as of 31 December 2014) and our net debt amounted to USD 107.9 billion as of 31 December 2016 (USD 42.2 billion as of 31 December 2015 and USD 42.1 billion as of 31 December 2014). 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.

In connection with the Transaction, former AB InBev entered into a USD 75.0 billion Senior Facilities Agreement (the “**2015 Senior Facilities Agreement**”), of which we currently have USD 8.0 billion outstanding, with a syndicate of banks on 28 October 2015. For more information on the 2015 Senior Facilities Agreement and other Transaction-related financing activities, see “—Funding Sources—Borrowings.”

In December 2016, we completed a debt exchange offer in which USD 6.8 billion of SABMiller Group notes with stated rates of 2.20% to 6.625% maturing between 2018 and 2042 were tendered and accepted in an exchange for USD 6.8 billion of new Anheuser-Busch InBev Worldwide Inc. global notes with stated rates of 2.20% to 6.625% maturing between 2018 and 2042, plus a USD 1.00 cash payment per USD 1,000 principal amount of SABMiller Group notes tendered. Concurrent with this, we completed a debt exchange offer for (i) AUD 700 million FBG Treasury Aust. Pty Ltd notes with a stated rate of 3.75% maturing 2020 for comparable notes issued by a new subsidiary, FBG Finance Pty Ltd and (ii) EUR 1.0 billion SABMiller Holdings Inc. (now Anheuser-Busch North American Holding Corporation) notes with a stated rate of 1.875% maturing 2020 for comparable notes issued by AB InBev. On 9 December 2016, we also redeemed in full the entire outstanding principal amount of three series of notes: (i) USD 1.2 billion of ABIFI notes with a stated rate of 1.125% maturing 2017; (ii) USD 2.0 billion of SABMiller notes with a stated rate of 2.450% maturing 2017; and (iii) EUR 600 million of AB InBev notes with a stated rate of 8.625% maturing 2017.

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, 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;

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- 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 2020. As of 31 December 2016, the revolving facility was fully undrawn.

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 (including as a result of the Transaction), 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 2016 amounted to USD 14.1 billion.

As of 31 December 2016, we had total liquidity of USD 23.1 billion, which consisted of USD 9.0 billion available under committed long-term credit facilities and USD 14.1 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 2016, 2015 and 2014:

| | Year ended 31 December (audited) | | |
|--|-------------------------------------|-------------|--------------|
| | 2016(2) | 2015 | 2014 |
| | (USD millions) | | |
| Cash flow from operating activities | 10,110 | 14,121 | 14,144 |
| Cash flow from (used in) investing activities ⁽¹⁾ | (60,077) | (4,930) | (11,060) |
| Cash flow from (used in) financing activities ⁽¹⁾ | 50,731 | (9,281) | (3,947) |
| Net increase/(decrease) in cash and cash equivalents | 764 | (90) | (863) |

Note:

(1) Reclassified to conform to the 2015 presentation.

(2) Following completion of the Transaction, we are consolidating SABMiller and reporting results of the retained SABMiller operations as of the fourth quarter of 2016.

Cash Flow from Operating Activities

Our cash flows from operating activities for the years ended 31 December 2016, 2015 and 2014 were as follows:

| | Year ended 31 December (audited) | | |
|---|-------------------------------------|---------------|---------------|
| | 2016(2) | 2015 | 2014 |
| | (USD millions) | | |
| Profit of the year | 2,769 | 9,867 | 11,302 |
| Interest, taxes and non-cash items included in profit | 13,572 | 6,859 | 7,029 |
| Cash flow from operating activities before changes in working capital and provisions | 16,341 | 16,726 | 18,331 |
| Change in working capital ⁽¹⁾ | 173 | 1,786 | 815 |
| Pension contributions and use of provisions | (470) | (449) | (458) |
| Interest and taxes (paid)/received | (5,977) | (3,964) | (4,574) |
| Dividends received | 43 | 22 | 30 |
| Cash flow from operating activities | 10,110 | 14,121 | 14,144 |

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) Following completion of the Transaction, we are consolidating SABMiller and reporting results of the retained SABMiller operations as of the fourth quarter of 2016.

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 result 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 acquisition, the 2013 Grupo Modelo combination and the Transaction), 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 Financing Activities” below.

Cash flow from operating activities in 2016 decreased by USD 4,011 million, or 28.4%, from USD 14,121 million in 2015 to USD 10,110 million in 2016, mainly explained by higher taxes and interest paid and a difficult comparable on working capital due to lower trade payables as a result of reduced production volumes in Brazil.

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 contributed USD 173 million to operational cash flow in 2016. This contribution includes USD 199 million cash inflow from derivatives.

Cash flow from operating activities in 2015 decreased by USD 23 million, or 0.2%, from USD 14,144 million in 2014 to USD 14,121 million in 2015. The decrease mainly results from unfavorable foreign exchange translational impacts, partly offset by strong working capital management and increases of trade payables at year-end, related to the timing of our capital expenditures, these payables having, on average, longer payment terms.

By the end of 2014, we had satisfied ahead of schedule our target of delivering USD 500 million of working capital improvements within two years of the completion of the combination with Grupo Modelo.

Cash Flow used in Investing Activities

Our cash flows used in investing activities for the years ended 31 December 2016, 2015 and 2014 were as follows:

| | Year ended 31 December (audited) | | |
|---|-------------------------------------|----------------|-----------------|
| | 2016(3) | 2015 | 2014 |
| | (USD millions) | | |
| Net capital expenditure ⁽¹⁾ | (4,768) | (4,337) | (4,122) |
| Acquisition of SABMiller, net of cash acquired | (65,166) | — | — |
| Proceeds from SABMiller transaction-related divestitures | 16,342 | — | — |
| Acquisition and sale of subsidiaries and associates, net of cash acquired/disposed of | (792) | (918) | (6,700) |
| Proceeds from the sale of / (investment in) short-term debt securities | (5,583) | 169 | (187) |
| Net of tax proceeds from the sale of assets held for sale | 146 | 397 | (65) |
| Other ⁽²⁾ | (256) | (241) | 14 |
| Cash flow from (used in) investing activities | (60,077) | (4,930) | (11,060) |

Note:

- (1) Net capital expenditure consists of acquisitions of plant, property and equipment and of intangible assets, minus proceeds from sale.
- (2) Reclassified to conform to the 2015 presentation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results of the retained SABMiller operations as of the fourth quarter of 2016.

Cash flow used in investing activities was USD 60,077 million in 2016 as compared to USD 4,930 million in 2015. Cash flow used in investing activities is mainly impacted by the payment associated with the Transaction net of the cash acquired and the proceeds from the announced divestitures.

Our net capital expenditures amounted to USD 4,768 million in 2016 and USD 4,337 million in 2015. Out of the total capital expenditures of 2016, approximately 50% was used to improve our production facilities while 34% was used for logistics and commercial investments. Approximately 16% was used for improving administrative capabilities and the purchase of hardware and software.

Cash flow used in investing activities was USD 4,930 million in 2015, as compared to USD 11,060 million in 2014. Cash flow used in investing activities in 2014 reflects the acquisition of Oriental Brewery.

Cash Flow from/(used in) Financing Activities

Our cash flows from/(used in) financing activities for the years ended 31 December 2016, 2015 and 2014 were as follows:

| | Year ended 31 December (audited) | | |
|--|-------------------------------------|----------------|----------------|
| | 2016(3) | 2015 | 2014 |
| | (USD millions) | | |
| Dividends paid ⁽¹⁾ | (8,450) | (7,966) | (7,400) |
| Net (payments on) / proceeds from borrowings | 62,675 | 457 | 3,223 |
| Net proceeds from the issue of share capital | — | 5 | 73 |
| Share buyback | — | (1,000) | — |
| Other (including net financing costs other than interest) ⁽²⁾ | (3,494) | (777) | 147 |
| Cash flow from (used in) financing activities | 50,731 | (9,281) | (3,947) |

Notes:

- (1) Dividends paid in 2016 consisted primarily of USD 7.1 billion paid by Anheuser-Busch InBev SA/NV and USD 1.2 billion paid by Ambev. Dividends paid in 2015 consisted primarily of USD 6.6 billion paid by Anheuser-Busch InBev SA/NV and USD 1.3 billion paid by Ambev. Dividends paid in 2014 consisted primarily of USD 5.4 billion paid by Anheuser-Busch InBev SA/NV and USD 2.0 billion paid by Ambev.
- (2) Reclassified to conform to the 2015 presentation.
- (3) Following completion of the Transaction, we are consolidating SABMiller and reporting results of the retained SABMiller operations as of the fourth quarter of 2016.

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Cash flow from financing activities amounted to USD 50,731 million in 2016, as compared to a cash used in financing activities of USD 9,281 million in 2015. The cash flow from financing activities in 2016 reflects the funding of the Transaction.

In connection with the Transaction, former AB InBev entered into the 2015 Senior Facilities Agreement on 28 October 2015. For more information on the 2015 Senior Facilities Agreement as well as other Transaction-related financing activities and long-term debt issuances in 2016, see “—Funding Sources—Borrowings.” Please also refer to note 24 of our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

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 19.9% of our profit from operations for the year ended 31 December 2016, 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 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, and certain capital transfers to and from Ukraine are subject to obtaining specific permits. As at 31 December 2016, 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 2016, 2015 and 2014 were as follows:

| | Year ended 31 December (audited) | | |
|---|-------------------------------------|--------------|--------------|
| | 2016(1) | 2015 | 2014 |
| | (USD millions) | | |
| Cash and cash equivalents | 8,579 | 6,923 | 8,357 |
| Bank overdrafts | (184) | (13) | (41) |
| Investment in short-term debt securities | 5,659 | 55 | 301 |
| Cash and Cash Equivalents and Short-Term Investments | 14,054 | 6,965 | 8,616 |

Notes:

- (1) Following completion of the Transaction, we are consolidating SABMiller and reporting results of the retained SABMiller operations as of the fourth quarter of 2016.

Borrowings

During 2016, we issued the following series of bonds (excluding the issuances related to our exchange offers, as described below):

| Issue date | Aggregate principal amount (in millions) | Currency | Interest rate | Maturity date |
|-----------------|--|-----------|---------------------|-----------------|
| 25 January 2016 | 4,000 | US dollar | 1.900% | 1 February 2019 |
| 25 January 2016 | 7,500 | US dollar | 2.650% | 1 February 2021 |
| 25 January 2016 | 6,000 | US dollar | 3.300% | 1 February 2023 |
| 25 January 2016 | 11,000 | US dollar | 3.650% | 1 February 2026 |
| 25 January 2016 | 6,000 | US dollar | 4.700% | 1 February 2036 |
| 25 January 2016 | 11,000 | US dollar | 4.900% | 1 February 2046 |
| 25 January 2016 | 500 | US dollar | 3M LIBOR + 126 bps | 1 February 2021 |
| 29 January 2016 | 1,470 | US dollar | 4.915% | 29 January 2046 |
| 29 March 2016 | 1,750 | Euro | 0.625% | 17 March 2020 |
| 29 March 2016 | 2,000 | Euro | 0.875% | 17 March 2022 |
| 29 March 2016 | 2,500 | Euro | 1.500% | 17 March 2025 |
| 29 March 2016 | 3,000 | Euro | 2.000% | 17 March 2028 |
| 29 March 2016 | 2,750 | Euro | 2.750% | 17 March 2036 |
| 29 March 2016 | 1,250 | Euro | 3M EURIBOR + 75 bps | 17 March 2020 |

Substantially all of the net proceeds of the two separate offerings was used to fund a portion of the purchase price for the Transaction and related transactions. The remainder of the net proceeds was used for general corporate purposes. The excess liquidity resulting from these bonds was mainly invested in U.S. Treasury Bills pending the closing of the combination.

In connection with the Transaction, former AB InBev entered into the 2015 Senior Facilities Agreement. The 2015 Senior Facilities Agreement made the following five facilities available to us and our wholly owned subsidiaries, subject to certain conditions: (i) “**Cash/DCM Bridge Facility A**,” a 364-day bridge facility for up to USD 15.0 billion principal amount available; (ii) “**Cash/DCM Bridge Facility B**,” a 364-day bridge facility, with an option to extend for an additional 12 months, for up to USD 15.0 billion principal amount available; (iii) “**Disposals Bridge Facility**,” a 364-day bridge facility for up to USD 10.0 billion principal amount available; (iv) “**Term Facility A**,” a two-year term facility, with an option to extend for an additional 12 months, for up to USD 25.0 billion principal amount available; and (v) “**Term Facility B**,” a five-year term facility for up to USD 10.0 billion principal amount available. The facilities are to be drawn in USD, except that a portion of each facility may be drawn in euro at our option. For more information on the terms of the 2015 Senior Facilities Agreement, see “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SABMiller—2015 Senior Facilities Agreement.”

In January 2016, we cancelled USD 42.5 billion of commitments under the 2015 Senior Facilities Agreement following debt capital market issuances by our subsidiary Anheuser-Busch InBev Finance Inc. announced on 13 January 2016 and 20 January 2016, in which we received approximately USD 47.0 billion of net proceeds. Following the receipt of the proceeds from the issuance announced on 13 January 2016, we were required to cancel Cash/DCM Bridge Facility A and Cash/DCM Bridge Facility B in accordance with the mandatory cancellation and prepayment provisions of the 2015 Senior Facilities Agreement.

In March 2016, former AB InBev issued bonds in a debt capital markets offering under our EMTN Programme resulting in aggregate net proceeds of approximately EUR 13.1 billion, to which we are the successor-in-interest. As a result, we elected to cancel the remaining USD 12.5 billion of Term Facility A.

In October 2016, former AB InBev (i) utilized USD 10.0 billion of the Disposals Bridge Facility and USD 8.0 billion of Term Facility B and (ii) canceled the remaining USD 2.0 billion of Term Facility B. On 20 October 2016, we fully repaid and canceled the Disposals Bridge Facility. We currently have only USD 8.0 billion outstanding under the Term Facility B of the 2015 Senior Facilities Agreement.

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As a result of such cancellations in January 2016, April 2016 and October 2016, as of the date of this Form 20-F, the total committed amount under the 2015 Senior Facilities Agreement comprised USD 8.0 billion under the Term Facility B. Please refer to note 6 of our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

A summary of the facilities, related cancellations and drawdowns as of 31 December 2016 is presented below:

| Facility | Term | Applicable Margin (bps) | Original Amount (billion USD) | 2016 Cancellation (billion USD) | 2016 Drawdown (billion USD) | Repayment (billion USD) | Outstanding Balance (billion USD) |
|---------------------------------|---------|-------------------------|-------------------------------|---------------------------------|-----------------------------|-------------------------|-----------------------------------|
| Term Facility A | 3 Years | LIBOR + 110 | 25.0 | (25.0) | — | — | — |
| Term Facility B | 5 Years | LIBOR + 125 | 10.0 | (2.0) | (8.0) | — | (8.0) |
| Disposal Bridge Facility | 1 Year | LIBOR + 100 | 10.0 | — | (10.0) | 10.0 | — |
| Bridge to Cash / DCM Facility A | 1 Year | LIBOR + 100 | 15.0 | (15.0) | — | — | — |
| Bridge to Cash / DCM Facility B | 2 Years | LIBOR + 100 | 15.0 | (15.0) | — | — | — |
| Total | | | 75.0 | (57.0) | (18.0) | 10.0 | (8.0) |

The facilities bear interest rate calculated at LIBOR for a period equal to the length of the interest period plus an applicable margin. The margins on each facility are determined based on ratings assigned by rating agencies to our long-term debt. For Term Facility B, the margin ranges between 1.00% per annum and 1.45% per annum.

Furthermore, in 2016, we completed the following early redemptions, exchange offers and credit facilities cancellation:

- On 9 December 2016, we and our wholly-owned subsidiaries, Anheuser-Busch InBev Finance Inc. and SABMiller Holdings Inc. (now Anheuser-Busch North American Holding Corporation), exercised our respective options to redeem in full the entire outstanding principal amount of certain series of notes, consisting of USD 1.2 billion aggregate principal amount of fixed rate notes due 2017 bearing interest at an annual rate of 1.125%; USD 2.0 billion aggregate principal amount of fixed rate notes due 2017 bearing interest at an annual rate of 2.45%; and EUR 0.6 billion aggregate principal amount of fixed rate notes due 2017 bearing interest at an annual rate of 8.625%.
- In November 2016, we cancelled USD 3.5 billion committed syndicated revolving credit facilities assumed as part of the Transaction, that were available for general corporate purposes.
- In December 2016, we completed the following exchange offers:

| Former Issuer | New Issuer | Title of series of notes issued exchanged | Aggregate principal amount | % of total outstanding principal of such series of notes tendered |
|---|------------------------------------|---|----------------------------|---|
| SABMiller Limited | Anheuser Bush InBev Worldwide Inc. | 6.500% Notes due 2018 | USD 700 million | 89.52% |
| SABMiller Holdings Inc. (now Anheuser-Busch North American Holding Corporation) | Anheuser Bush InBev Worldwide Inc. | 2.200% Fixed Rate Notes due 2018 | USD 750 million | 85.45% |
| SABMiller Holdings Inc. (now Anheuser-Busch North American Holding Corporation) | Anheuser Bush InBev Worldwide Inc. | Floating Rate Notes due 2018 | USD 350 million | 88.33% |
| SABMiller Holdings Inc. (now Anheuser-Busch North American Holding Corporation) | Anheuser Bush InBev Worldwide Inc. | 3.750% Notes due 2022 | USD 2,500 million | 94.02% |

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| | | | | |
|---|------------------------------------|---|-------------------|--------|
| SABMiller Limited | Anheuser Bush InBev Worldwide Inc. | 6.625% Guaranteed Notes due August 2033 | USD 300 million | 99.43% |
| FBG Finance Pty Ltd (previously FBG Finance Limited) | Anheuser Bush InBev Worldwide Inc. | 5.875% Notes due 2035 | USD 300 million | 100% |
| SABMiller Holdings Inc. (now Anheuser-Busch North American Holding Corporation) | Anheuser Bush InBev Worldwide Inc. | 4.950% Notes due 2042 | USD 1,500 million | 99.36% |
| SABMiller Limited | FBG Finance Pty Ltd. | 3.75% Notes due 2020 | AUD 700 million | 94.36% |
| SABMiller Holdings Inc. (now Anheuser-Busch North American Holding Corporation) | Anheuser-Busch InBev SA/NV | 1.875% Notes due 2020 | EUR 1,000 million | 81.05% |

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. 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. As of 31 December 2015, the revolving facility was fully undrawn.

The terms of the Revolving Facility and the 2015 Senior Facilities Agreement, as well as their intended uses, 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 (including as a result of the Transaction), 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 Cobrew 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 40.0 billion (USD 42.2 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 2016, the total outstanding debt under the EMTN Programme amounted to EUR 23.75 billion (USD 25.0 billion). Additionally, as of 31 December 2016, EUR 1 billion of SABMiller Holdings Inc. (now Anheuser-Busch North American Holding Corporation) notes with a stated rate of 1.875% maturing 2020 were scheduled to be exchanged for comparable notes issued under the EMTN Programme effective 20 January 2017. 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 Cobrew NV may issue and have outstanding at any time commercial paper notes up to a maximum aggregate amount of EUR 1.0 billion (USD 1.0 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 3.0 billion. As of 31 December 2016, the total outstanding commercial paper under these programs amounted to USD 2.1 billion. Our ability to borrow additional amounts under the programs is subject to investor demand. If we are ever unable to refinance under this 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 2016, after certain hedging and fair value adjustments, USD 24.0 billion, or 19.5%, of our interest-bearing financial liabilities (which include loans, borrowings and bank overdrafts) bore a variable interest rate, while USD 99.0 billion, or 80.5%, 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 2016 Compared to the Year Ended 31 December 2015—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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016, “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Market Risk, Hedging and Financial Instruments.”

We were in compliance with all our debt covenants as of 31 December 2016. The 2010 Senior Facilities Agreement and the 2015 Senior Facilities Agreement do not include restrictive financial covenants. For further details regarding our total current and non-current liabilities, please refer to note 24 of our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

The following table sets forth the level of our current and non-current interest-bearing loans and borrowings as of 31 December 2016 and 2015:

| | Year ended 31 December (audited) | |
|-----------------------|----------------------------------|--------|
| | 2016(1) | 2015 |
| | (USD millions) | |
| Secured bank loans | 862 | 277 |
| Commercial papers | 2,053 | 2,087 |
| Unsecured bank loans | 9,662 | 1,469 |
| Unsecured bond issues | 109,627 | 45,442 |

| | Year ended 31 December (audited) | |
|---------------------------|----------------------------------|---------------|
| | 2016(1) | 2015 |
| | (USD millions) | |
| Unsecured other loans | 121 | 52 |
| Finance lease liabilities | 234 | 126 |
| Total | 122,559 | 49,453 |

Notes:

- (1) Following completion of the Transaction, we are consolidating SABMiller and reporting results of the retained SABMiller operations as of the fourth quarter of 2016.

The following table sets forth the contractual maturities of our interest-bearing liabilities as of 31 December 2016:

| | Carrying Amount(1) | Less than 1 year | 1-2 years | 2-3 years | 3-5 years | More than 5 years |
|---------------------------|--------------------|------------------|--------------|---------------|---------------|-------------------|
| | | (USD millions) | | | | |
| Secured bank loans | 862 | 652 | 107 | 26 | 21 | 56 |
| Commercial papers | 2,053 | 2,053 | — | — | — | — |
| Unsecured bank loans | 9,662 | 1,396 | 195 | 91 | 7,980 | — |
| Unsecured bond issues | 109,627 | 4,481 | 6,234 | 10,032 | 18,697 | 70,183 |
| Unsecured other loans | 121 | 10 | 20 | 15 | 22 | 54 |
| Finance lease liabilities | 234 | 26 | 26 | 31 | 46 | 105 |
| Total | 122,559 | 8,618 | 6,582 | 10,195 | 26,766 | 70,398 |

Note:

- (1) “Carrying Amount” refers to net book value as recognized on the balance sheet at 31 December 2016.

Please refer to note 29 of our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 Standard & Poor’s 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 A3 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 4,768 million during 2016 on acquiring capital assets (net of proceeds from the sale of property, plant, equipment and intangible assets). Out of the total capital expenditures of 2016, approximately 50% was used to improve our production facilities while 34% was used for logistics and commercial investments. Approximately 16% was used for improving administrative capabilities and purchase of hardware and software. Our capital expenditures are primarily funded through cash from operating activities.

We spent USD 4,337 million during 2015 on acquiring capital assets (net of proceeds from the sale of property, plant, equipment and intangible assets). Out of the total capital expenditures of 2015, approximately 52% was used to improve our production facilities while 36% was used for logistics and commercial investments. Approximately 12% was used for improving administrative capabilities and purchase of hardware and software.

We spent USD 4,122 million during 2014 on acquiring capital assets (net of proceeds from the sale of property, plant, equipment and intangible assets). Out of the total capital expenditures of 2014, approximately 50% was used to improve our production facilities while 40% was used for logistics and commercial investments. Approximately 10% was used for improving administrative capabilities and purchase of hardware and software.

Research and Development

In 2016, we spent USD 244 million (USD 207 million in 2015 and USD 217 million in 2014) on research and development. Part of this was spent in the area of market research, but the majority is related to innovation in the areas of process optimization and product development. For further information, see “Item 4. Information on the Company—B. Business Overview—10. Intellectual Property; Research and Development—Research and Development.”

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 2016, 2015, and 2014. See also note 6 and note 8 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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) | |
|--|------------------------------|---------------|
| | 2016(2) | 2015 |
| | <i>(USD million)</i> | |
| Non-current interest bearing loans and borrowings | 113,941 | 43,541 |
| Current interest bearing loans and borrowings | 8,618 | 5,912 |
| Total | 122,559 | 49,453 |
| Bank overdrafts | 184 | 13 |
| Cash and cash equivalents | (8,579) | (6,923) |
| Interest-bearing loans granted (included within Trade and other receivables) | (528) | (286) |
| Non-current and current debt securities (included within Investment securities) ⁽¹⁾ | (5,683) | (72) |
| Net debt | 107,953 | 42,185 |

Note:

- (1) See note 24 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.
- (2) Following completion of the Transaction, we are consolidating SABMiller and reporting results of the retained SABMiller operations as of the fourth quarter of 2016.

Net debt as of 31 December 2016 was USD 108.0 billion, an increase of USD 65.8 billion as compared to 31 December 2015. Apart from operating results net of capital expenditures, the net debt is mainly impacted by the payment associated with the Transaction net of the cash acquired and the proceeds from the announced divestitures completed at 31 December 2016 (USD 48.8 billion), the SABMiller debt assumed as part of the Transaction (USD 11.9 billion), the settlement of the portion of the derivatives hedging the SABMiller purchase consideration that did not qualify as hedge accounting (USD 4.5 billion), dividend payments to shareholders of former AB InBev and Ambev (USD 8.5 billion), the payment of interests and taxes (USD 6.0 billion) and the impact of changes in foreign exchange rates (USD 0.3 billion decrease of net debt).

Net debt as of 31 December 2015 was USD 42.2 billion, an increase of USD 0.1 billion as compared to 31 December 2014. Apart from operating results net of capital expenditures, net debt was mainly impacted by share buyback (USD 1.0 billion), dividend payments to shareholders of former AB InBev and Ambev (USD 8.0 billion), the payment of interests and taxes (USD 4.0 billion) and the impact of changes in foreign exchange rates (USD 1.1 billion decrease of net debt).

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Consolidated equity attributable to equity holders of AB InBev as at 31 December 2016 was USD 71,339 million, compared to USD 42,137 million as at 31 December 2015. The increase in equity is mainly related to the Transaction which resulted in the issuance of 325,999,817 Restricted Shares valued at 33.0 billion euro or (USD 36.8 billion).

The equity attributable to equity holders was negatively impacted by the mark-to-market adjustments related to the hedging of the purchase price of the Transaction for the portion of the hedge that did not qualify for hedge accounting under IFRS rules. Following the Transaction, USD (12.3) billion negative mark-to-market adjustment related to such hedging and other non-derivative items were recognized cumulatively over 2015 and 2016, of which USD (7.4) billion qualified for hedge accounting and was, accordingly, reclassified from equity and allocated as part of the consideration paid.

Furthermore, the combined effect of the weakening of mainly the closing rates of the Argentine peso, the Australian dollar, the Chinese yuan, the Colombian peso, the euro, the Mexican peso, the pound sterling and the South Korean won and the strengthening of mainly the closing rates of the Brazilian real, the Canadian dollar, the Peruvian nuevo sol, the Russian ruble and the South African rand resulted in a foreign exchange translation adjustment of USD (3.3) billion.

Consolidated equity attributable to equity holders of AB InBev as at 31 December 2015 was USD 42,137 million, compared to USD 49,972 million as at 31 December 2014. The combined effect of the weakening of mainly the closing rates of the Argentine peso, the Brazilian real, the Canadian dollar, the Chinese yuan, the euro, the Mexican peso, the pound sterling, the Russian ruble and the South Korean won resulted in a negative foreign exchange translation adjustment of USD 6,157 million.

Further details on equity movements can be found in our consolidated statement of changes in equity in our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

Our optimal capital structure remains a net debt to EBITDA, as defined (adjusted for exceptional items), ratio of around 2x.

See “—Funding Sources—Borrowings” above for details of long-term debt we entered into during 2016.

H. CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

Contractual Obligations

The following table reflects certain of our contractual obligations, and the effect such obligations are expected to have on our liquidity and cash flows in future periods, as of 31 December 2016:

| 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 | (937) | (676) | (116) | (33) | (32) | (80) |
| Commercial papers | (2,054) | (2,054) | — | — | — | — |
| Unsecured bank loans | (11,057) | (1,618) | (535) | (365) | (8,535) | (4) |
| Unsecured bond issues | (162,300) | (7,284) | (10,262) | (13,713) | (25,383) | (105,658) |
| Unsecured other loans | (279) | (27) | (41) | (33) | (41) | (137) |
| Finance lease liabilities | (346) | (44) | (42) | (44) | (70) | (146) |
| Bank overdraft | (184) | (184) | — | — | — | — |
| Operating lease liabilities | (1,658) | (248) | (199) | (173) | (317) | (721) |
| Purchase commitments | (6,260) | (3,852) | (1,240) | (620) | (501) | (47) |
| Trade and other payables | (25,398) | (23,717) | (449) | (209) | (331) | (692) |
| Total⁽¹⁾ | (210,473) | (39,704) | (12,884) | (15,190) | (35,210) | (107,485) |

Notes:

- (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.

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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 31 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016, 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.

Please refer to note 30 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 for more information regarding our operating lease obligations.

Information regarding our pension commitments and funding arrangements is described in our Significant Accounting Policies and in note 25 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016. 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 2017 onwards. In 2016, our employer contributions to defined benefit and defined contribution pension plans amounted to USD 379 million. Contributions to defined benefit pension plans for 2017 are estimated to be approximately USD 251 million for our funded defined benefit plans, and USD 80 million in benefit payments to our unfunded defined benefit plans and post-retirement medical plans. Please refer to note 25 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 2016 and 2015:

| | Year ended 31 December (audited) | |
|---|-------------------------------------|-------|
| | 2016(1) | 2015 |
| | (USD million) | |
| Collateral given for own liabilities | 490 | 562 |
| Collateral and financial guarantees received for own receivables and loans to customers | 228 | 194 |
| Contractual commitments to purchase property, plant and equipment | 816 | 750 |
| Contractual commitments to acquire loans to customers | 11 | 14 |
| Other commitments | 1,768 | 1,713 |

Note:

- (1) Following completion of the Transaction, we are consolidating SABMiller and reporting results of the retained SABMiller operations as of the fourth quarter of 2016.

As at 31 December 2016, the following M&A related commitments existed with respect to the combination with Grupo Modelo:

- In a transaction related to the combination with Grupo Modelo, select Grupo Modelo shareholders 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. This investment occurred on 5 June 2013. Pending the delivery of AB InBev shares, we will pay a coupon on each undelivered share, so that the deferred share instrument holders are compensated on an after-tax basis, for dividends they would have received had AB InBev shares been delivered to them prior to the record date for such dividend.

- In December 2016, we 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, and simultaneously therewith we entered into a six-month transition services agreement with Constellation Brands, Inc. by virtue of which Grupo Modelo or its affiliates agreed to provide certain transition services to Constellation Brands, Inc., to ensure a smooth operational transition of the Obregón brewery.

As at 31 December 2016, the following M&A related commitments existed with respect to the acquisition of SABMiller:

- On 29 April 2016, we announced that we had offered the assets of SABMiller in Central and Eastern Europe (Hungary, Romania, the Czech Republic, Slovakia and Poland) for divestiture, subject to certain third-party rights. On 13 December 2016, we announced that we had entered into a binding agreement with Asahi Group Holdings, Ltd. to sell SABMiller's businesses in Central and Eastern Europe for EUR 7.3 billion. The sale of SABMiller's businesses in Central and Eastern Europe is conditional on the European Commission's approval of Asahi as a suitable purchaser and is expected to close in the first half of 2017.
- We have agreed to sell SABMiller's stake in Distell Group Limited, comprised of 58,674,000 ordinary shares or approximately 26.4% of Distell Group Limited's issued share capital, in order to address regulatory considerations raised in the context of the Transaction by the Competition Commission of South Africa. On 15 December 2016, we announced that we had entered into a binding agreement to sell our interest in Distell Group Limited to Public Investment Corporation Limited, acting on behalf of the Government Employees Pension Fund. The Distell Divestiture remains subject to the approval of the South African competition authorities.

Please refer to note 31 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

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 29 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

In order to fulfill our commitments under various outstanding stock option plans, we entered into stock lending arrangements for up to 15 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 2016, 13 million loaned securities were used to fulfill our stock option plan commitments. Please also refer to note 31 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

J. OUTLOOK AND TREND INFORMATION

While recognizing the increased volatility in some of our key markets, we expect to accelerate total revenue growth in 2017, driven by the solid growth of our global brands and strong commercial plans, including revenue and management initiatives.

We expect cost of sales per hectoliter to increase low single digits on a constant geographic basis, despite unfavorable foreign exchange transactional impacts, and growth in our premium brands.

We expect selling, general and administrative expenses to remain broadly flat, as we will continue to find savings in overhead to invest behind our brands.

We are updating our USD 2.45 billion synergy expectation to USD 2.8 billion on a constant currency basis as of August 2016. From this total, USD 547 million was reported by SABMiller as of 31 March 2016, and USD 282 million was captured between 1 April 2016 and 31 December 2016. The balance of approximately USD 2.0 billion is expected to be captured in the next three to four years.

We expect the average rate of interest on net debt in 2017 to be in the range of 3.5% to 4.0%. Net pension interest expenses and accretion expenses are expected to be approximately USD 30 million and USD 150 million USD per quarter, respectively. Other financial results will continue to be impacted by any gains and losses related to the hedging of our share-based payment programs.

We expect net capital expenditure of approximately USD 3.7 billion in 2017.

Approximately one-third of our gross debt is denominated in currencies other than the U.S. dollar, principally the euro. Our optimal capital structure remains a net debt to EBITDA, as defined (adjusted for exceptional items), ratio of around 2x.

We continue to expect dividends to be a growing flow over time, although growth is expected to be modest given the importance of deleveraging.

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 board of management chaired by our Chief Executive Officer. 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 and its composition, structure and organization are described in detail in our corporate governance charter (“**Corporate Governance Charter**”), which is available on our website: <http://www.ab-inbev.com/investors/corporate-governance/corporate-governance-charter.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. (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 Stichting board and subsequently elected at our shareholders' meeting. Directors are appointed for a maximum term of four years.

Independent directors on our Board are required to meet the following requirements of independence pursuant to our current Corporate Governance Charter. Such requirements are derived from but not fully identical to the requirements of Belgian company law (when legally required, we shall apply the criteria of independence provided by Belgian company law). Based on the provisions of the Belgian Corporate Governance Code of March 2009 and the Belgian Company Code, the requirements of independence contained in our Corporate Governance Charter are the following:

- the director is not an executive or managing director of us or an associated company, and has not been in such a position for the previous five years;
- the director has not served for more than three successive terms as a non-executive director on our board, or for a total term of more than 12 years;
- the director is not an employee of us or an associated company and has not been in such a position for the previous three years;
- the director does not receive significant additional remuneration or benefits from us or an associated company apart from a fee received as non-executive director;
- the director is not the representative of a controlling shareholder or a shareholder with a shareholding of more than 10%, or a director or executive officer of such a shareholder;
- the director does not have or has not had within the financial reported year a significant business relationship with us or an associated company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;
- the director is not or has not been within the last three years a partner or an employee of our external auditor or the external auditor of an associated company; and
- the director is not a close family member of an executive or managing director or of persons in the situations described above.

When an independent director has served on the Board for three terms, any proposal to renew his mandate as independent director must expressly indicate why the Board considers that his independence as a director is preserved.

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.

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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 chairman 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 |
|--------------------------------|---|---|----------------------------|---------------------|
| Maria Asunción Aramburuzabala | Director | Non-executive | 2016 | 2018 |
| Martin J. Barrington | Director ¹ | Non-executive, nominated by the holders of Restricted Shares | 2016 | 2017 |
| Alexandre Behring | Director | Non-executive, nominated by the holders of class B Stichting certificates | 2016 | 2018 |
| M. Michele Burns | Independent Director | Non-executive | 2016 | 2020 |
| Paul Cornet de Ways Ruat | Director | Non-executive, nominated by the holders of class A Stichting certificates | 2016 | 2018 |
| Stéfan Descheemaeker | Director | Non-executive, nominated by the holders of class A Stichting certificates | 2016 | 2018 |
| William F. Gifford Jr. | Director | Non-executive, nominated by the holders of Restricted Shares | 2016 | 2017 |
| Olivier Goudet | Independent Director, Chairman of the Board | Non-executive | 2016 | 2020 |
| Paulo Alberto Lemann | Director | Non-executive, nominated by the holders of class B Stichting certificates | 2016 | 2018 |
| Alejandro Santo Domingo Dávila | Director | Non-executive, nominated by the holders of Restricted Shares | 2016 | 2017 |
| Elio Leoni Sceti | Independent Director | Non-executive | 2016 | 2020 |
| Carlos Alberto Sicupira | Director | Non-executive, nominated by the holders of class B Stichting certificates | 2016 | 2018 |

¹ We have determined that Mr. Barrington is an independent director for purposes of Rule 10A-3 of the Exchange Act.

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| <u>Name</u> | <u>Principal function</u> | <u>Nature of directorship</u> | <u>Initially appointed</u> | <u>Term expires</u> |
|------------------------|---------------------------|---|----------------------------|---------------------|
| Grégoire de Spoelberch | Director | Non-executive, nominated by the holders of class A Stichting certificates | 2016 | 2018 |
| Marcel Herrmann Telles | Director | Non-executive, nominated by the holders of class B Stichting certificates | 2016 | 2018 |
| Alexandre Van Damme | Director | Non-executive, nominated by the holders of class A Stichting certificates | 2016 | 2018 |

The mandates of Martin J. Barrington, William F. Gifford Jr. and Alejandro Santo Domingo Dávila are scheduled to come to an end at the annual shareholders' meeting to be held on 26 April 2017. 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 Company Code between any duties he/she owes to us and any private interests and/or other duties.

Ms. Aramburuzabala is a non-executive Board member. 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 chairman of the Boards of Directors of Tresalia Capital, KIO Networks, Abilia and Red Universal. 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 Chairman, Chief Executive Officer and President of Altria Group. During his more than 20 years at Altria Group, he has served in numerous executive roles – business and legal, domestic and international – for virtually all the companies in the Altria family. 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.

Mr. Behring is a representative of the main shareholders (nominated by BRC S.à.R.L., the holder of the class B Stichting certificates). Born in 1967, he is a Brazilian citizen and received a BS in Electrical Engineering from Pontificia Universidade Católica in Rio de Janeiro and an MBA from Harvard Business School, having graduated as a Baker Scholar and Loeb Scholar. He is a co-founder and the Managing Partner of 3G Capital, a global investment firm with offices in New York and Rio de Janeiro, since 2004. Mr. Behring has served as Chairman of Restaurant Brands International since 3G Capital's acquisition of Burger King in October 2010 and following Burger King's subsequent acquisition of Tim Hortons in December 2014. Mr. Behring also serves as Chairman of the Kraft Heinz Company following the acquisition of H.J. Heinz Company by Berkshire Hathaway and 3G Capital in June 2013 and subsequent combination with Kraft Foods Group in July 2015. Additionally, Mr. Behring formerly served as a Director of CSX Corporation, a leading U.S. rail-based transportation company, from 2008 to 2011. Previously, Mr. Behring spent approximately ten years at GP Investments, one of Latin America's premier private-equity firms, including eight years as a partner and member of the firm's Investment Committee. He served for seven years, from 1998 through 2004, as a Director and CEO of one of Latin America's largest railroads, ALL (America Latina Logística).

Ms. Burns is an independent Board member. 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 Risk Committee, Alexion Pharmaceuticals, where she chairs the Strategy and Risk Committee, Cisco Systems, Etsy, where she chairs the Audit Committee and Circle Online Financial, a private

company. From 2003 until 2013, she served as a director of Wal-Mart Stores, where she chaired the Compensation and Nominating Committee and the Strategic Planning and Finance Committee. She also serves as the Center Fellow and Strategic Advisor to the Stanford Center on Longevity at Stanford University. Ms. Burns is on the Executive Board of the Elton John Aids Foundation, where she serves as Treasurer. 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.

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 member of the Board of Directors of Bunge Limited, EPS, Rayvax, Adrien Invest, Floridienne S.A. and several privately held companies.

Mr. Descheemaeker is a representative of the main shareholders (nominated by Eugénie Patri Sébastien S.A., the holder of the class A Stichting certificates). Born in 1960, he is a Belgian citizen and graduated from Solvay Business School. He is the CEO of Nomad Food, a leader in the European frozen food sector whose brands include Birds Eye, Findus & Iglo. He joined Interbrew in 1996 as head of Strategy & External Growth, managing its M&A activities, culminating with the combination of Interbrew and Ambev. In 2004, he transitioned to operational management, first in charge of Interbrew's operations in the United States and Mexico, and then as InBev's Zone President Central and Eastern Europe and eventually, Western Europe. In 2008, Mr. Descheemaeker ended his operational responsibilities at AB InBev and joined our Board as a non-executive Director. He was appointed Chief Financial Officer of Delhaize Group in late 2008 and served as Chief Executive Officer of Delhaize Europe from January 2012 until the end of 2013. He is a professor in Business Strategy at the Solvay Business School.

Mr. Goudet is an independent Board member. Born in 1964, he is a French citizen, holds a degree in Engineering from l'Ecole Centrale de Paris and graduated from the ESSEC Business School in Paris with a major in Finance. Mr. Goudet is Partner and CEO of JAB Holding Company, LLC, a position he has held since June 2012. He started his professional career in 1990 at Mars, Inc., serving on the finance team of the French business. After six years, he left Mars to join the VALEO Group, where he held several senior executive positions, including Group Finance Director. In 1998 he returned to Mars, where he became Chief Financial Officer in 2004. In 2008, his role was broadened to become the Executive Vice President as well as CFO. Between June 2012 and November 2015, he served as an Advisor to the Board of Mars. Mr. Goudet is also a Board member of Jacobs Douwe Egberts, the world's leading pure play FMCG coffee and tea company; a Board member of Keurig Green Mountain, a leader in single serve coffee and beverage technologies; Chairman of Peet's Coffee & Tea, a premier specialty coffee and tea company and of Caribou Einstein, a premium coffee and bagel restaurant chain; a Board member of Krispy Kreme, an iconic branded retailer of premium quality sweet treats, and Coty Inc., a global leader in beauty; a Board member of Espresso House, the largest branded coffee shop chain in Scandinavia; and a Board member of Jimmy Choo PLC, a luxury leather goods company.

Mr. Gifford is a representative of the Restricted Shareholders. Born in the USA in 1970, he is an American citizen and graduated from Virginia Commonwealth University with a Bachelor's Degree in Accountancy. He serves as Chief Financial Officer of Altria Group. In this role, he is responsible for the Accounting, Tax, Treasury, Audit, Investor Relations, Finance Decision Support and Strategy & Business Development organizations. 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. In May 2005, Mr. Lemann founded Pollux Capital and is currently the Portfolio Manager there. Mr. Lemann is a board member of Lojas Americanas, the Lemann Foundation and Ambev.

Mr. Leoni Sceti is an independent Board member. Born in 1966, he is an Italian citizen who lives in the U.K. 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 25 years' experience in the fast-moving consumer goods and media sectors. He was CEO of Iglo Group, a European food business whose brands are Birds Eye, Findus & Iglo. Iglo group was sold in May 2015 to Nomad Foods. He previously served as CEO of EMI Music from 2008 to 2010. Prior to EMI, Mr. Leoni Sceti had an international career in marketing and held senior leadership roles at Procter & Gamble and Reckitt Benckiser. Mr. Leoni Sceti is a private early investor in Media & Tech, the Chairman of London based LSG Holdings and a Counsellor and Trustee at One Young World.

Mr. Santo Domingo Dávila is a representative of the Restricted Shareholders. Born in 1977, he is a Colombian citizen and obtained a BA 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. He was also Vice-Chairman of SABMiller Plc. for Latin America. Mr. Santo Domingo was Chairman of the Board of Bavaria S.A. in Colombia, and Chairman of Backus & Johnston, in Perú. 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 Millicom, JDE (Jacobs Douwe Egberts), Keurig Green Mountain, 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 theater company. In the non-profit sector, he is Vice Chairman of the Wildlife Conservation Society, a member of the Board of Trustees of the Metropolitan Museum of Art, and the Educational Broadcasting Corporation (WNET Channel Thirteen). Mr. Santo Domingo is a member of the Board and Treasurer of Aid for AIDS, a foundation dedicated to helping HIV and AIDS patients. Furthermore, he is Chairman of Alas, a foundation focused on early childhood development which was founded by artists such as Shakira & Alejandro Sanz. Mr. Santo Domingo is also a member of the Board of DKMS Americas, a foundation dedicated to finding donors for leukemia patients. He is a member of the Board of Endeavor Colombia and Fundación Pies Descalzos.

Mr. 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 1948, he is a Brazilian citizen and received a Bachelor of Business Administration from Universidade Federal do Rio de Janeiro and attended the Owners/Presidents Management Program at Harvard Business School. He has been Chairman of Lojas Americanas since 1981, where he also served as Chief Executive Officer until 1992. He is a member of the Board of Directors of Restaurant Brands International Inc. and the Harvard Business School's Board of Dean's Advisors and a co-founder and Board member of Fundação Estudar, a non-profit organization that provides scholarships for Brazilians.

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 has been a member of the Board of Directors of Ambev since 2000. He served as member of the Board of Directors of H.J. Heinz Company and now serves as member of the Board of Directors of the Kraft Heinz Company and of the Board of associates of Inspier. He is co-founder and Board member of Fundação Estudar, a non-profit organization that provides scholarships for Brazilians and a founder and Chairman 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 Patri S.A. (Luxembourg), Restaurant Brands International (formerly Burger King Worldwide Holdings), Jacobs Douwe Egberts (JDE) and Keurig Green Mountain (KGM). He is also an administrator of the Baillet-Latour Fund, a foundation that encourages social, cultural, artistic, technical, sporting, educational and philanthropic achievements, as well as a director of the charitable, non-profit organization DKMS, the largest bone marrow donor center in the world.

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 board of management.

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 Universal, Consejo Mexicano de Negocios, Fresnillo, plc, El Universal, Compania Periodistica Nacional, Calidad de Vida Progreso y Desarrollo para la Ciudad de México and Instituto Tecnológico Autónomo de México (ITAM) School of Business, | Grupo Financiero Banamex, LLC, Banco Nacional de México, Telmex, América Móvil, Televisa, Cablevisión, Empresas ICA, Aeroméxico, Siemens, Tory Burch, LLC, Artega Automóvil, 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 and Médica Sur |
| Martin J. Barrington | Altria Group, Inc., Virginia Museum of Fine Arts, Richmond Performing Arts Center L.L.P., NextUp (formerly Middle School Renaissance 2020, LLC) | The College of Saint Rose |
| Alexandre Behring | 3G Capital Partners., Restaurant Brands International and The Kraft Heinz Company | CSX Corporation |
| M. Michele Burns | Cisco Systems Inc., The Goldman Sachs Group Inc., Alexion Pharmaceuticals Inc., Etsy Inc., Circle Internet Financial | Wal-Mart Stores Inc. |
| Paul Cornet | Bunge Ltd, Eugénie Patri Sébastien S.A., Rayvax Société d'Investissement S.A., Sebacoop SCRL, Adrien Invest SCRL, Floridienne S.A. and the Stichting | Sparflex |
| Stéfan Descheemacker | Nomad Foods, Eugénie Patri Sébastien S.A. and the Stichting | Telenet Group Holding NV, Delhaize Group |
| Olivier Goudet | JAB Holding Company, Peet's Coffee & Tea, Inc., Coty Inc., Jacobs Douwe Egberts (JDE) BV, Acom Holdings B.V., Jimmy Choo PLC, Espresso House Holding AB, Keurig Green Mountain Inc. and Caribou Coffee Company Inc. and Krispy Kreme Doughnuts Inc. | Mars Inc., Wm. Wrigley Jr. Company, Agence Française des Investissements Internationaux and the Washington Performing Arts Society |
| William F. Gifford Jr. | Altria Group Inc., Virginia Commonwealth University - School of Business Foundation, Greater Richmond Partnership, Inc. | Virginia Foundation for Independent Colleges, National Association of Manufacturers |
| Paulo Alberto Lemann | Pollux Capital, Lojas Americanas S.A., Lemann Foundation and Ambev, Lone Pine Capital LLC | |

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| Name | Current | Past |
|--------------------------------|---|--|
| Elio Leoni Sceti | LSG Holdings | EMI Music, Iglo Group, Beamly Ltd and Nomad Foods |
| Alejandro Santo Domingo Dávila | Quadrant Capital Advisors, Inc., Bavaria S.A., Union de Cervecerías Perunas Backus & Johnston S.A.A., Valorem S.A., Millicom International Cellular SA, Jacobs Douwe Egberts (JDE) Keurig Green Mountain (KGM) Cine Colombia S.A., Organización Decameron S. d R.L., Florida Crystals Corporation, Caracol Televisión S.A., Metropolitan Museum of Art, Wildlife Conservation Society, DKMS and Fundación Mario Santo Domingo | SABMiller plc., Celumóvil S.A., Avianca S.A., Sofasa S.A., Cervecería Nacional S.A. (Panamá), Compañía de Cervezas Nacionales S.A. (Ecuador) |
| Carlos Alberto Sicupira | Restaurant Brands International, Lojas Americanas S.A., 3G Capital Partners, Fundação Estudar and the Stichting | B2W Companhia Global do Varejo, São Carlos Empreendimentos e Participações S.A, Burger King Worldwide, Inc. |
| Grégoire de Spoelberch | Agemar S.A., Wernelin 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 Développement, ⁽¹⁾ Solferino Holding S.A., Zencar S.A., 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. |
| Marcel Hermann Telles | 3G Capital Partners, The Kraft Heinz Company, Fundação Estudar, Instituto Social Maria Telles, Ambev and the Stichting | 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 | Jacobs Douwe Egberts (JDE), Restaurant Brands International, Keurig Green Mountain (KGM), the Stichting, Eugénie Patri Sébastien, S.A. and Fonds Baillet Latour | UCB S.A. |

Notes:

(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.

Our Chief Executive Officer leads an executive board of management comprised of the Chief Executive Officer, nine global functional heads (or “**Chiefs**”), two transitional roles and nine zone presidents.

Effective 10 October 2016:

- Ricardo Tadeu was appointed to the newly created role of Zone President Africa, following his previous role as Zone President Mexico and member of the advisory board of Grupo Modelo;

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- Michel Doukeris was appointed to the newly created role of Zone President Asia Pacific North, following his previous role as Zone President Asia Pacific;
- Jan Craps was appointed to the newly created role of Zone President Asia Pacific South, following his previous role as Business Unit President for Canada under former AB InBev;
- Mauricio Leyva was appointed to the newly created role of Zone President Middle Americas, following his previous role as SABMiller Chairman and Managing Director for South Africa; and
- Ricardo Moreira was appointed to the newly created role of Zone President Latin America COPEC, following his previous role as former AB InBev's Marketing Vice President for the Mexico Zone.

Effective December 2016, David Kamenetzky was appointed to the newly created role of Chief Strategy & External Affairs Officer.

Effective January 2017:

- Michel Doukeris (formerly Zone President Asia Pacific North) became Chief Sales Officer, succeeding Luiz Fernando Edmond;
- Jean Jereissati (formerly Business Unit President China) became Zone President Asia Pacific North, succeeding Michel Doukeris; and
- Carlos Lisboa (formerly Marketing Vice President for Global Brands) became Zone President Latin America South, succeeding Marcio Froes.

The members of the executive board of management work with our Chief Executive Officer to enable our Chief Executive Officer to properly perform his duties of daily management.

Although exceptions can be made in special circumstances, the upper age limit for the members of our executive board of management is 65, unless their employment contract provides otherwise.

Our executive board of management currently consists of the following members:

| Name | Function |
|----------------------|---|
| Carlos Brito | Chief Executive Officer |
| David Almeida | Chief Integration Officer |
| Claudio Braz Ferro | Chief Supply Integration Officer |
| Sabine Chalmers | Chief Legal Officer |
| Felipe Dutra | Chief Financial and Technology Officer |
| Michel Doukeris | Chief Sales Officer |
| Pedro Earp | Chief Disruptive Growth Officer |
| Claudio Garcia | Chief People Officer |
| David Kamenetzky | Chief Strategy and External Affairs Officer |
| Peter Kraemer | Chief Supply Officer |
| Tony Milikin | Chief Procurement & Sustainability Officer |
| Miguel Patricio | Chief Marketing Officer |
| Jan Craps | Zone President Asia Pacific South |
| Jean Jereissati | Zone President Asia Pacific North |
| Stuart MacFarlane | Zone President Europe |
| Carlos Lisboa | Zone President Latin America South |
| Bernardo Pinto Paiva | Zone President Latin America North |
| Ricardo Moreira | Zone President Latin America COPEC |
| Mauricio Leyva | Zone President Middle Americas |
| João Castro Neves | Zone President North America |
| Ricardo Tadeu | Zone President Africa |

The business address for all of these executives is: Brouwerijplein 1, 3000 Leuven, Belgium

David Almeida is our Chief Integration Officer. Born in 1976, David 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 Vice President, U.S. Sales, a role he took on in 2011, having previously held the position 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 in 2008 and subsequent integration activities in the U.S. Before joining InBev in 1998, he worked at Salomon Brothers in New York as a financial analyst in the Investment Banking division.

Claudio Braz Ferro is our Chief Supply Integration Officer. Born in 1955, Mr. Ferro is a Brazilian citizen and holds a Degree in Industrial Chemistry from the Universidade Federal de Santa Maria, RS, and has studied Brewing Science at the Catholic University of Leuven. Mr. Ferro joined Ambev in 1977, where he held several key positions, including plant manager of the Skol brewery, Industrial Director of Brahma operations in Brazil and later VP Operations at Ambev in Latin America. Mr. Ferro also played a key role in structuring the supply organization when Brahma and Antarctica combined to form Ambev in 2000. He was appointed our Chief Supply Officer in January 2007.

Carlos Brito is our Chief Executive Officer. 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. He held positions at Shell Oil and Daimler Benz prior to joining Ambev in 1989. At Ambev, he had 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 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.

João Castro Neves is our Zone President North America. Born in 1967, Mr. Castro Neves is a Brazilian citizen and holds a Degree in Engineering from Pontificia Universidade Católica do Rio de Janeiro and an MBA from the University of Illinois. He joined Ambev in 1996 and has held positions in various departments such as Mergers and Acquisitions, Treasury, Investor Relations, Business Development, Technology and Shared Services. He was Ambev's Chief Financial Officer and Investor Relations Officer before being appointed Zone President Latin America South in January 2007. He took on the role of Zone President Latin America North and CEO of Ambev in January 2009 and was appointed Zone President North America effective 1 January 2015. He is also a member of the Board of Directors of Ambev.

Sabine Chalmers is our Chief Legal Officer and Secretary to the Board of Directors. Born in 1965, Ms. Chalmers is a U.S. citizen of German and Indian origin and holds an LL.B. from the London School of Economics. She is qualified as a solicitor in England and is a member of the New York State Bar. Ms. Chalmers joined us in January 2005 after over 12 years with Diageo plc where she held a number of senior legal positions in various geographies across Europe, the Americas and Asia including as General Counsel of the Latin American and North American businesses. Prior to Diageo, she was an associate at the law firm of Lovells in London, specializing in mergers and acquisitions. Ms. Chalmers is a member of the Advisory Board of Grupo Modelo and was formerly a member of the Grupo Modelo Board of Directors. She also serves on several professional councils and not-for-profit boards, including the Association of Corporate Counsel and Legal Momentum, the United States' oldest legal defense and education fund dedicated to advancing the rights of women and girls.

Jan Craps is our Zone President Asia Pacific South. Born in 1977, Mr. Craps is a Belgian citizen and received a Degree in Business Engineering from KU Brussels and a Master's Degree in Business Engineering from KU Leuven, both in Belgium. Mr. Craps joined InBev in 2002 following two years as an associate consultant with McKinsey & Company and subsequently acquired a range of international experience in a number of senior marketing and sales executive positions in France and Belgium. In 2011, he relocated to Canada to lead AB InBev's Quebec Sales Region and was then appointed Head of Sales for Canada followed by his appointment as Business Unit President of Canada in 2014.

Michel Doukeris is our Chief Sales Officer. 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 our company in 1996 and held sales positions of increasing responsibility before becoming Vice President, Soft Drinks for our 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 our Chief Sales Officer.

Felipe Dutra is our Chief Financial and Technology Officer. 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 Ambev 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 our subsidiaries. Mr. Dutra was appointed Ambev's Chief Financial

Officer in 1999, our Chief Financial Officer in January 2005 and Global Vice President, Consumer Connections in 2013. In 2014, Mr. Dutra became our 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 Disruptive Growth Officer. 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 us in 2000 as a Global Management Trainee in our Latin America North Zone. In 2002, he became responsible for the Zone's M&A team and in 2005, he moved to our 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 in February 2015.

Claudio Garcia is our Chief People Officer. Born in 1968, he is a Brazilian citizen and holds a Degree in Economics from the Universidade Estadual do Rio de Janeiro. Mr. Garcia joined Ambev as a management trainee in 1991 and thereafter held various positions in Finance and Operations before being appointed Information Technology and Shared Services Director in 2002. Mr. Garcia was appointed InBev's Chief Information and Services Officer in January 2005 and its Chief People and Technology Officer in September 2006. To ensure a greater focus on building the best people pipeline globally, Mr. Garcia was appointed Chief People Officer in 2014, focusing on our People organization globally. This includes the Global Management Trainee Program, Global MBA recruitment, executive education and training and engagement initiatives.

Jean Jereissati is our Zone President Asia Pacific North. Born in 1974, Mr. Jereissati is a Brazilian citizen and earned a Bachelor's Degree in Business Administration from Fundação Getúlio Vargas in Brazil. Mr. Jereissati joined Ambev in 1998 in the commercial area. Prior to his appointment as AB InBev's Business Unit President China in 2013, he served as Business Unit President Hispanic Latin America, during which time he led the integration of Cerveceria Nacional Dominicana. Mr. Jereissati also integrated Corona and Modelo Especial into AB InBev's portfolio in Guatemala.

David Kamenetzky is our Chief Strategy and External Affairs Officer. Born in 1969, he is a Swiss citizen and graduated from the University of St. Gallen, Switzerland, with a lic. oec. (diploma) in finance, accounting and controlling, and from Georgetown University, Washington DC, with a master of science in foreign service. Until September 2016, Mr. Kamenetzky served on the management team of Mars, Incorporated, one of the largest privately held companies and among the top food manufacturers, with responsibilities for corporate strategy, corporate affairs and enterprise wide strategic initiatives. He left Mars after a ten-year tenure and successfully set up his own growth capital fund for disruptive food and beverage companies. Prior to joining Mars, Mr. Kamenetzky worked for Goldman Sachs & Co. in London and Frankfurt. Before going into the private sector, he worked for many years in the not-for-profit world.

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 AB InBev 27 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 VP, 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.

Mauricio Leyva is our Zone President Middle Americas. Born in 1970, Mr. Leyva is a Colombian citizen and received a Bachelor's Degree in Business Administration from Universidad de Los Andes in Colombia and an International Management Diploma from ICN Postgraduate Business School, University de Nancy in France. Mr. Leyva joined SABMiller Colombia in January 2005 as Commercial Vice President. His background includes senior roles in Sales and Marketing. In 2009, he was appointed President of SABMiller Honduras and later moved to Peru as the President and CEO. In 2013, he was named Chairman and Managing Director for South Africa.

Carlos Lisboa is our Zone President Latin America South. 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 Ambev 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.

Stuart MacFarlane is our Zone President Europe. Born in 1967, he is a citizen of the United Kingdom and received a Degree in Business Studies from Sheffield University in the United Kingdom. He is also a qualified Chartered Management Accountant. He joined our company in 1992 and since then has held senior roles in Finance, Marketing and Sales and was Managing

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Director for our company's business in Ireland. Mr. MacFarlane was appointed President of AB InBev U.K. & Ireland in January 2008, and, in January 2012, became our Zone President Central & Eastern Europe. In January 2014, he was appointed as Zone President, Europe to lead our new single European zone.

Tony Milikin is our Chief Procurement & Sustainability Officer. Born in 1961, he is a U.S. citizen and holds an undergraduate Finance Degree from the University of Florida and an MBA in Marketing from Texas Christian University in Fort Worth, Texas. Mr. Milikin joined us in May 2009 from MeadWestvaco, where he was Vice President, Supply Chain and Chief Purchasing Officer, based in Richmond, Virginia, since 2004. Prior to joining MeadWestvaco, he held various purchasing and supply chain positions with increasing responsibilities at Monsanto and Alcon Laboratories.

Ricardo Moreira is our Zone President Latin America COPEC. Born in 1971, Mr. Moreira 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 U.S. Mr. Moreira joined Ambev in 1995 and held various positions in 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 AB InBev's Sales, Marketing and Distribution organizations and lead the commercial integration of Grupo Modelo. Mr. Moreira was previously AB InBev's Marketing Vice President for the Mexico Zone.

Miguel Patricio is our Chief Marketing Officer. Born in 1966, he is a Portuguese citizen and holds a Degree in Business Administration from Fundação Getulio Vargas in São Paulo. Prior to joining Ambev in 1998, Mr. Patricio held several senior positions across the Americas at Philip Morris, The Coca-Cola Company and Johnson & Johnson. At Ambev, he was Vice President, Marketing before being appointed Vice President, Marketing of InBev's North American zone based in Toronto in January 2005. In January 2006, he was promoted to Zone President North America, and in January 2008 he moved to Shanghai to take on the role of Zone President Asia Pacific. He became our Chief Marketing Officer in July 2012.

Bernardo Pinto Paiva is our Zone President Latin America North. Born in 1968, he is a Brazilian citizen and holds a Degree in Engineering from Universidade Federal do Rio de Janeiro and an Executive MBA from Pontifícia Universidade Católica do Rio de Janeiro. Mr. Pinto Paiva joined Ambev in 1991 as a management trainee and during his career at our company has held leadership positions in Sales, Supply, Distribution and Finance. He was appointed Zone President, North America in January 2008 and Zone President, Latin America South in January 2009 before becoming Chief Sales Officer in January 2012. Effective 1 January 2015, he became Zone President, Latin America North and CEO of Ambev.

Ricardo Tadeu is our Zone President Africa and Chief Executive Officer of Grupo Modelo. Born in 1976, he is a Brazilian citizen, and received a law degree from the Universidade Cândido Mendes in Brazil and a Master of Law from Harvard Law School in Cambridge, Massachusetts. He joined AB InBev in 1995 and has held various roles across the Commercial area. He was appointed Business Unit President for our operations in Hispanic Latin America in 2005, and served as Business Unit President, Brazil from 2008 to 2012. He is also a member of the Advisory Board of Grupo Modelo and was formerly a member of the Grupo Modelo Board of Directors. He served as Zone President, Mexico from 2013 until his appointment as Zone President Africa upon completion of the Transaction.

General Information on the Members of the Executive Board of Management

In relation to each of the members of the executive board of management, 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 our executive board of management has any conflicts of interests between any duties he/she owes to us and any private interests and/or other duties.

No member of our executive board of management has a family relationship with any director or member of executive management.

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Over the five years preceding the date of this Form 20-F, the current members of the executive board of management 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 |
|----------------------|--|---|
| David Almeida | — | — |
| Claudio Braz Ferro | Member of the Board of Touch Foundation | — |
| Carlos Brito | Member of the Board of Trustees and Finance Committee of the Greenwich Academy, Inc. Member of the Advisory Board of the Tsinghua University School of Economics and Management Chairman of the CEO Group at the International Alliance for Responsible Drinking (IARD) Member of the Global Brewers Initiative (GBI) | Advisory Council Member of Stanford Graduate School of Business IAB Council Member of the China Europe International Business School (CEIBS) |
| João Castro Neves | — | Director of Fundação Antonio e Helena Zerrenner |
| Sabine Chalmers | Director of the Association of Corporate Counsel (ACC), Legal Momentum | — |
| Jan Craps | — | — |
| Michel Doukeris | — | — |
| Felipe Dutra | — | Director of Whitby School |
| Pedro Earp | — | Voxus |
| Claudio Garcia | — | Director of Lojas Americanas |
| Jean Jereissati | — | — |
| David Kamenetzky | DKSH Holding | — |
| Pete Kraemer | — | American Malting and Barley Association |
| Mauricio Leyva | — | — |
| Carlos Lisboa | — | — |
| Stuart MacFarlane | Efes | — |
| Tony Milikin | — | Director of the Institute of Supply Management and Director of Supply Chain Council |
| Ricardo Moreira | — | — |
| Miguel Patricio | — | — |
| Bernardo Pinto Paiva | Director of Fundação Antonio e Helena Zerrenner | — |
| Ricardo Tadeu | — | — |

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 warrant plan ("**LTI Warrant Plan**"), established in 1999 and replaced by the long-term incentive stock option plan for directors ("**LTI Stock Option Plan Directors**") in 2014, 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 executives ("**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 or options under plans established by us or by certain of our subsidiaries.

LTI Warrant Plan

Before 2014, we regularly issued warrants (*droits de souscription/warrants*, or rights to subscribe for newly issued shares) under our LTI Warrant Plan for the benefit of our directors and, until 2006, for the benefit of members of our executive board of management and other senior employees.

Each LTI warrant gave its holder the right to subscribe for one newly issued share. Shares subscribed for upon the exercise of LTI warrants were ordinary registered shares of former AB InBev. Holders of such shares had the same rights as any other registered shareholder. The exercise price of LTI warrants was equal to the average price of our shares on the regulated market of Euronext Brussels during the 30 days preceding their issue date. LTI warrants granted in the years prior to 2007 (except for 2003) had a duration of ten years. From 2007 onwards (and in 2003), LTI warrants have a duration of five years. LTI warrants are subject to a vesting period ranging from one to three years. Except as a result of the death of the holder, LTI warrants may not be transferred. Forfeiture of a warrant occurs in certain circumstances when the holder leaves our employment. At the annual shareholders' meeting of former AB InBev on 30 April 2014, all outstanding LTI warrants under our LTI Warrant Plan were converted into LTI stock options, *i.e.*, the right to purchase existing shares of Anheuser-Busch InBev SA/NV instead of the right to subscribe to newly issued shares. All other terms and conditions of the existing grants under the LTI Warrant Plan remain unchanged.

Since 2007, members of our executive board of management and other employees are no longer eligible to receive warrants under the LTI Warrant Plan, but instead receive a portion of their compensation in the form of shares and options granted under our Share-Based Compensation Plan and LTI Stock Option Plan Executives. See "**Share-Based Compensation Plan**" and "**LTI Stock Option Plan Executives**" below. Since 2014, our directors are no longer eligible to receive warrants under the LTI Warrant Plan. Instead, on 30 April 2014, the annual shareholders' meeting of former AB InBev decided to replace the LTI Warrant Plan with the LTI Stock Option Plan Directors. As a result, grants to our directors now consist of LTI stock options instead of LTI warrants, *i.e.*, the right to purchase existing shares instead of the right to subscribe to newly issued shares. Grants are made annually at our shareholders' meeting on a discretionary basis upon recommendation of our Remuneration Committee. See "**C. Board Practices—Information about Our Committees—The Remuneration Committee.**"

Following the completion of the Transaction 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).

LTI stock options have an exercise price that is set equal to the market price of our shares at the time of granting, with a maximum lifetime of ten years and an exercise period that starts after five years. The LTI stock options vest after five years. Unvested options are subject to specific forfeiture provisions in the event that the directorship is not renewed upon the expiry of its term or is terminated in the course of its term, both due to a breach of duty by the director.

The table below provides an overview of all of the options outstanding under our LTI Warrant Plan as of 31 December 2016:

| LTI Plan | Issue date of Options | Expiry date of options | Number of options granted(1)(2) | Number of options outstanding(1) | | Exercise price | Number of options outstanding(1) | | Exercise price |
|----------|-----------------------|------------------------|---------------------------------|----------------------------------|---------------|----------------|---|----------|----------------|
| | | | | Unadjusted ⁽³⁾ | | | As adjusted as a result of rights offering ⁽⁴⁾ | | |
| | | | | (in millions) | (in millions) | (in EUR) | (in millions) | (in EUR) | |
| 1 | 29 June 1999 | 28 June 2009 | 1.301 | 0 | 14.23 | 0 | 8.90 | | |
| 2 | 26 October 1999 | 25 October 2009 | 0.046 | 0 | 13.76 | — | — | | |
| 3 | 25 April 2000 | 24 April 2010 | 2.425 | 0 | 11.64 | 0 | 7.28 | | |
| 4 | 31 October 2000 | 30 October 2010 | 0.397 | 0 | 25.02 | 0 | 15.64 | | |
| 5 | 13 March 2001 | 12 March 2011 | 1.186 | 0 | 30.23 | 0 | 18.90 | | |
| 6 | 23 April 2001 | 22 April 2011 | 0.343 | 0 | 29.74 | 0 | 18.59 | | |
| 7 | 4 September 2001 | 3 September 2011 | 0.053 | 0 | 28.69 | 0 | 17.94 | | |
| 8 | 11 December 2001 | 10 December 2011 | 1.919 | 0 | 28.87 | 0 | 18.05 | | |
| 9 | 13 June 2002 | 12 June 2012 | 0.245 | 0 | 32.70 | 0 | 20.44 | | |
| 10 | 10 December 2002 | 9 December 2012 | 3.464 | 0 | 21.83 | 0 | 13.65 | | |
| 11 | 29 April 2003 | 28 April 2008 | 0.066 | 0 | 19.51 | — | — | | |
| 12 | 27 April 2004 | 26 April 2014 | 3.881 | 0 | 23.02 | 0 | 14.39 | | |
| 13 | 26 April 2005 | 25 April 2015 | 2.544 | 0 | 27.08 | 0 | 16.93 | | |
| 14 | 25 April 2006 | 24 April 2016 | 0.688 | 0 | 38.70 | 0 | 24.20 | | |
| 15 | 24 April 2007 | 23 April 2012 | 0.120 | 0 | 55.41 | — | — | | |
| 16 | 29 April 2008 | 28 April 2013 | 0.120 | 0 | 58.31 | — | — | | |
| 17 | 28 April 2009 | 27 April 2014 | 1.199 ⁽⁵⁾ | 0 | 21.72 | — | — | | |
| 18 | 27 April 2010 | 26 April 2015 | 0.215 | 0 | 37.51 | — | — | | |
| 19 | 26 April 2011 | 25 April 2016 | 0.215 | 0 | 40.92 | — | — | | |
| 20 | 27 April 2012 | 26 April 2017 | 0.200 | 0.140 | 54.71 | — | — | | |
| 21 | 24 April 2013 | 23 April 2018 | 0.185 | 0.185 | 76.20 | — | — | | |
| | Total | | 20.812 | 0.325 | | 0 | | | |

Notes:

- (1) At the annual shareholders' meeting of former AB InBev on 30 April 2014, all outstanding LTI warrants under our LTI Warrant Plan (see "—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.
- (2) The number of stock options granted reflects the number of warrants originally granted under the LTI Warrant Plan, plus the number of additional warrants granted to holders of those warrants as a result of the adjustment resulting from the rights offering by former AB InBev in December 2008, as described in more detail below. The number of stock options remaining outstanding from such grants, and their respective exercise prices, are shown separately in the table based on whether or not the relevant warrants, which have subsequently been converted to stock options, were adjusted in connection with the rights offering in December 2008.
- (3) Entries in the "unadjusted" columns reflect the number of stock options outstanding, and the exercise price of such stock options, in each case that were not adjusted as a result of the rights offering in December 2008, as described in more detail below.
- (4) Entries in the "adjusted" columns reflect the adjusted number of stock options outstanding, and the adjusted exercise price of such stock options as a result of the rights offering in December 2008, as described in more detail below.
- (5) 984,203 of the 1,199,203 warrants granted on 28 April 2009 were granted to persons whose outstanding warrants were not adjusted as a result of the rights offering by former AB InBev in December 2008 to compensate such persons for the effects of this non-adjustment as described in more detail below.

As of 31 December 2016, the total number of stock options and warrants granted under the LTI Warrant Plan, including the additional warrants granted to compensate for the effects of the December 2008 rights offering, is approximately 20.8 million. As of 31 December 2016, of the 0.325 million outstanding stock options, 0.263 million were vested.

The LTI Warrant 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 LTI stock options, their exercise price and/or the number of our shares to which they give rights will be adjusted to protect the interests of their holders. The rights offering by former AB InBev in December 2008 constituted such a corporate change and triggered an adjustment. Pursuant to the LTI Warrant Plan terms and

conditions, we determined that the most appropriate manner to account for the impact of the rights offering on the unexercised warrants was to apply the “ratio method” as set out in the NYSE Euronext “Liffe’s Harmonised Corporate Action Policy,” pursuant to which both the number of warrants and their exercise price were adjusted on the basis of a (P-E)/P ratio where “E” represented the theoretical value of the December 2008 rights and “P” represented the closing price of our shares on Euronext Brussels on the day immediately preceding the beginning of the relevant rights subscription period. The unexercised warrants were adjusted on 17 December 2008, the day after the closing of the rights offering. Based on the above “ratio method,” we used an adjustment ratio of 0.6252. The adjusted exercise price of the warrants equals the original exercise price multiplied by the adjustment ratio. The adjusted number of warrants equals the original number of warrants divided by the adjustment ratio. In total, 1,615,453 new warrants were granted pursuant to the adjustment.

The adjustment was not applied to warrants owned by persons who were directors of former AB InBev at the time the warrants were granted. In order to compensate such persons, an additional 984,203 warrants were granted under the LTI grant on 28 April 2009, as authorized by the 2009 shareholders’ meeting of former AB InBev. The table above reflects the adjusted exercise price and adjusted number of warrants.

The table below provides an overview of all of the stock options outstanding under our new LTI Stock Option Plan Directors as of 31 December 2016:

| Grant date of stock options | Expiry date of stock options | Number of options granted (in millions) | Number of options outstanding (in millions) | Exercise price (in EUR) |
|-----------------------------|------------------------------|--|--|----------------------------|
| 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 |
| Total | | 0.657 | 0.657 | |

As of 31 December 2016, the total number of stock options granted under the LTI Stock Option Plan Directors is 0.657 million. As of 31 December 2016, of the 0.657 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 board of management, see “—Compensation of Directors and Executives.”

Share-Based Compensation Plan

Since 2006, members of our executive board of management 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 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.

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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 ten 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 Transaction 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 2016:

| Issue Date | Number of shares granted (in millions) | Number of matching options granted ⁽³⁾ (in millions) | Number of matching options outstanding (in millions) | Exercise price (in EUR) | Expiry date of options |
|---------------------------------|---|---|--|-------------------------------|---------------------------|
| 27 April 2006 | 0.28 | 0.98 | 0 | 24.78 | 26 April 2016 |
| 2 April 2007 ⁽¹⁾ | 0.44 | 1.42 | 0.009 | 33.59 | 1 April 2017 |
| 3 March 2008 | 0.42 | 1.66 | 0.095 | 34.34 | 2 March 2018 |
| 6 March 2009 | 0.16 | 0.40 | 0.108 | 20.49 | 5 March 2019 |
| 14 August 2009 | 1.10 | 3.76 | 0.728 | 27.06 | 13 August 2019 |
| 1 December 2009 ⁽²⁾ | — | 0.23 | 0 | 33.24 | 26 April 2016 |
| 1 December 2009 ⁽²⁾ | — | 0.39 | 0 | 33.24 | 1 April 2017 |
| 1 December 2009 ⁽²⁾ | — | 0.46 | 0.004 | 33.24 | 2 March 2018 |
| 1 December 2009 ⁽²⁾ | — | 0.02 | 0 | 33.24 | 5 March 2019 |
| 5 March 2010 | 0.28 | 0.70 | 0.248 | 36.52 | 4 March 2020 |
| 30 November 2010 ⁽²⁾ | — | 0.03 | 0 | 42.41 | 26 April 2016 |
| 30 November 2010 ⁽²⁾ | — | 0.02 | 0 | 42.41 | 1 April 2017 |
| 30 November 2010 ⁽²⁾ | — | 0.02 | 0.002 | 42.41 | 2 March 2018 |
| 30 November 2010 ⁽²⁾ | — | 0.03 | 0.003 | 42.41 | 13 August 2019 |
| 30 November 2010 ⁽²⁾ | — | 0.03 | 0.025 | 42.41 | 4 March 2020 |
| 30 November 2011 ⁽²⁾ | — | 0.01 | 0 | 44.00 | 26 April 2016 |
| 30 November 2011 ⁽²⁾ | — | 0.01 | 0 | 44.00 | 1 April 2017 |
| 30 November 2011 ⁽²⁾ | — | 0.01 | 0 | 44.00 | 2 March 2018 |
| 30 November 2011 ⁽²⁾ | — | 0.01 | 0 | 44.00 | 5 March 2019 |
| 30 November 2011 ⁽²⁾ | — | 0.03 | 0.002 | 44.00 | 13 August 2019 |
| 30 November 2011 ⁽²⁾ | — | 0.01 | 0 | 44.00 | 4 March 2020 |
| 25 January 2013 ⁽²⁾ | — | 0.01 | 0 | 67.60 | 2 March 2018 |
| 25 January 2013 ⁽²⁾ | — | 0.01 | 0 | 67.60 | 13 August 2019 |
| 25 January 2013 ⁽²⁾ | — | 0.01 | 0 | 67.60 | 4 March 2020 |

| Issue Date | Number of shares granted <i>(in millions)</i> | Number of matching options granted(3) <i>(in millions)</i> | Number of matching options outstanding <i>(in millions)</i> | Exercise price <i>(in EUR)</i> | Expiry date of options |
|--------------------------------|--|--|---|--------------------------------------|---------------------------|
| 15 May 2013 ⁽²⁾ | — | 0.05 | 0.049 | 75.82 | 2 March 2018 |
| 15 May 2013 ⁽²⁾ | — | 0.04 | 0.042 | 75.82 | 5 March 2019 |
| 15 May 2013 ⁽²⁾ | — | 0.08 | 0.078 | 75.82 | 13 August 2019 |
| 15 May 2013 ⁽²⁾ | — | 0.01 | 0 | 75.82 | 4 March 2020 |
| 15 January 2014 ⁽²⁾ | — | 0.002 | 0.002 | 75.29 | 2 March 2018 |
| 15 January 2014 ⁽²⁾ | — | 0.005 | 0 | 75.29 | 5 March 2019 |
| 15 January 2014 ⁽²⁾ | — | 0.005 | 0.005 | 75.29 | 13 August 2019 |
| 15 January 2014 ⁽²⁾ | — | 0.007 | 0.007 | 75.29 | 4 March 2020 |
| 12 June 2014 ⁽²⁾ | — | 0.006 | 0.006 | 83.29 | 13 August 2019 |
| 12 June 2014 ⁽²⁾ | — | 0.002 | 0.002 | 83.29 | 4 March 2020 |
| 1 December 2014 ⁽²⁾ | — | 0.002 | 0.002 | 94.46 | 4 March 2020 |
| Total | 2.68 | 10.469 | 1.418 | | |

Notes:

- (1) Certain matching options granted in April 2007 have an exercise price of EUR 33.79 (USD 35.62).
- (2) Following the establishment of our New York functional support office, we established a “dividend waiver” program, which aims at encouraging the international mobility of executives 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 executives who moved to the United States has been cancelled. In order to compensate for the economic loss resulting from this cancellation, a number of new matching options have been granted to these executives 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 cancelled. The table above includes the new options.
- (3) 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 2016, of the 1.418 million outstanding matching options, all were vested.

Share-Based Compensation Plan from 2010

On 5 March 2010, we modified the structure of the Share-Based Compensation Plan for certain executives, including members of our executive board of management and other senior management in our general headquarters. These executives 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 board of management currently may take up to a maximum of 60% of their variable compensation with matching shares. The current maximum for executives below the executive board of management is 40% or less. From 1 January 2011, the new plan structure applies to all other senior management.

Voluntary shares are:

- our existing Ordinary Shares;
- entitled to dividends paid as from the date of granting;
- subject to a lock-up period of five years; and

- granted at market price. The discount is at the discretion of our Board of Directors. Currently, the discount is 10%, which is delivered as restricted stock units subject to specific restrictions or forfeiture provisions in case of termination of service.

Matching shares and discounted shares are granted in the form of restricted stock units which will be vested after five years. In case of termination of service before the vesting date, special forfeiture rules will apply. 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 bonus, 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 bonus in company shares that are locked up for a five-year period (ownership condition).

Depending on local regulations, the cash element in the variable compensation may be replaced by options which are linked to a stock market index or an investment fund of listed European blue-chip companies.

In accordance with the authorization granted in our bylaws, the variable compensation system deviates from article 520 of the Belgian Company Code, as it allows:

1. 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, executives are encouraged to invest some or all of their variable compensation in voluntary shares, which are locked up for five years. Such voluntary investment also leads to a grant of matching shares in the form of restricted stock units which only vest after five years, ensuring sustainable long-term performance; and
2. 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, as indicated above, the voluntary shares remain locked up for five years. On the other hand, any matching shares that are granted will only vest after five years.

During 2016, former AB InBev issued 0.73 million matching restricted stock units pursuant to the new Share-Based Compensation Plan as described above, in relation to the 2015 bonus.

Following the completion of the Transaction 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.

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 that is set equal to the market price of our share or our ADS at the time of granting;
- a maximum lifetime of ten 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 Transaction 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 Plan outstanding as of 31 December 2016:

| 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 |
|------------------|--|--|--------------------------------------|------------------------|
| 18 December 2009 | 1.54 | 0.71 | 35.90 | 17 December 2019 |
| 30 November 2010 | 2.80 | 1.48 | 42.41 | 29 November 2020 |
| 30 November 2011 | 2.85 | 2.09 | 44.00 | 29 November 2021 |
| 30 November 2012 | 2.75 | 2.37 | 66.56 | 29 November 2022 |
| 14 December 2012 | 0.22 | 0.18 | 66.88 | 13 December 2022 |
| 2 December 2013 | 2.48 | 2.22 | 75.15 | 1 December 2023 |
| 19 December 2013 | 0.37 | 0.33 | 74.49 | 18 December 2023 |
| 1 December 2014 | 2.48 | 2.29 | 94.46 | 30 November 2024 |
| 17 December 2014 | 0.53 | 0.52 | 88.53 | 16 December 2024 |
| 1 December 2015 | 1.70 | 1.56 | 121.95 | 30 November 2025 |
| 22 December 2015 | 1.90 | 1.85 | 113.00 | 21 December 2025 |
| 1 December 2016 | 2.32 | 2.32 | 98.04 | 30 November 2026 |
| 15 December 2016 | 0.98 | 0.98 | 97.99 | 14 December 2026 |

The table below gives an overview of the LTI stock options on our ADS that have been granted under the LTI Stock Option Plan outstanding as of 31 December 2016:

| 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 USD)</i> | Expiry date of options |
|------------------|--|--|--------------------------------------|------------------------|
| 30 November 2010 | 1.23 | 0.55 | 56.02 | 29 November 2020 |
| 30 November 2011 | 1.17 | 0.85 | 58.44 | 29 November 2021 |
| 30 November 2012 | 1.16 | 0.86 | 86.43 | 29 November 2022 |
| 14 December 2012 | 0.17 | 0.15 | 87.34 | 13 December 2022 |
| 2 December 2013 | 1.05 | 0.81 | 102.11 | 1 December 2023 |
| 19 December 2013 | 0.09 | 0.08 | 103.39 | 18 December 2023 |
| 1 December 2014 | 1.04 | 0.85 | 116.99 | 30 November 2024 |
| 17 December 2014 | 0.22 | 0.19 | 108.93 | 16 December 2024 |
| 1 December 2015 | 1.00 | 0.93 | 128.46 | 30 November 2025 |
| 22 December 2015 | 0.14 | 0.14 | 123.81 | 21 December 2025 |
| 1 December 2016 | 1.29 | 1.29 | 103.27 | 30 November 2026 |

Long-Term Restricted Stock Unit Programs

As of 2010, we have in place three 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 to compensate for assignments of expatriates in countries with difficult living conditions. The characteristics of the restricted stock units are identical to the characteristics of the corresponding share that are granted as part of the Share-Based Compensation Plan. See “—Share-Based Compensation Plan from 2010.” 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 2016, 0.38 million restricted stock units were granted under the program to our senior management.

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 ten years. 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. In 2016, 0.16 million restricted stock units were granted under the program to our senior management.

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 (“**People Bet Share Purchase Program**”) 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. The discount and 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. In 2016, our employees purchased 0.01 million shares under the program.

Following the completion of the Transaction 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).

Ambev Exchange of Share-Ownership Program

From time to time certain members of Ambev’s senior management 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 managers of their Ambev shares into our shares. 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 total, members of our senior management exchanged 4.4 million Ambev shares for a total of 0.25 million of our shares in 2016 (0.28 million in 2015 and 0.62 million in 2014). The fair value of these transactions amounted to approximately USD 5 million in 2016 (USD 5.90 million in 2015 and USD 12.01 million in 2014).

Programs for Maintaining Consistency of Benefits Granted and for Encouraging Global Mobility of Executives

Two programs aimed at maintaining consistency of benefits granted to executives and encouraging the international mobility of executives 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 Grant² and the Options granted under the April 2009 Exceptional Grant³ could be released, e.g., for executives who moved to the United States. These executives were then offered the opportunity to exchange their options against a number of our shares that remain locked up until 31 December 2018.

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, executives who are relocated, e.g., to the United States, can elect to exchange their options against a number of our Ordinary Shares that remain locked up until 31 December 2023.

² The Series A Options have a duration of ten 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 EUR 10.32 (USD 12.53) or EUR 10.50 (USD 12.75), 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.

³ The options have a duration of ten 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 26.64) or EUR 23.28 (USD 28.26), which corresponds to the fair market value of the shares at the time of the option grant.

In 2016, no exchanges were executed under this program.

Under a variant of this plan, our Board has approved the recommendation of the Remuneration Committee 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 executives who are relocated, e.g., to the United States. The shares that result from the exercise of these options will remain blocked until 31 December 2023. In accordance with this approval, Michel Doukeris, a member of our executive board of management, exercised 0.18 million options in 2016. No other members of the senior management have exercised options under the variant of this program.

The Dividend Waiver Program: The dividend protection feature of the outstanding options, where applicable, owned by executives who move to the United States will be cancelled. In order to compensate for the economic loss which results from this cancellation, a number of new options will be granted to these executives 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 cancelled. As a consequence, the grant of these new options does not result in the grant of any additional economic benefit to the executives concerned. In 2016, under this program:

- On 15 December 2016, 0.23 million options were granted to our senior management and have a strike price of EUR 97.99 (USD 103.29), i.e., the closing share price on 14 December 2016.

All other terms and conditions of the options are identical to the outstanding options for which the dividend protection was cancelled.

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. Under this program, Michel Doukeris, a member of our executive board of management, has exercised 0.05 million options with an exercise price of EUR 44.00 and whose vesting had been accelerated. In 2016, other members of our senior management have exercised approximately 0.01 million stock options whose vesting had been accelerated.

Exceptional Long-Term Incentive Stock Options

2020 Incentive Plan: On 22 December 2015, approximately 4.7 million options were granted to a select group of approximately 65 members of our senior management, who are considered to be instrumental in helping us achieve our ambitious growth target. Each option gives the grantee the right to purchase one existing share. The exercise price of the options is EUR 113.00, which corresponds to the closing share price on the day preceding the grant date.

The options have a duration of ten years from granting and vest after five years. The exercise of the exceptional long-term incentive stock options is subject to a performance test under which we must meet a net revenue target by 2022 at the latest.

No exceptional incentive stock options were granted to members of the executive board of management.

Following the completion of the Transaction 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).

Integration Incentive Plan: On 15 December 2016, approximately 13.17 million options were granted to a select group of approximately 300 members of the senior management of the company considering the significant contribution that these employees can make to the success of the company and the achievement of integration benefits. In January 2017, certain other options were also granted to senior management under the 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 EUR 97.99, which corresponds to the closing share price on the day preceding the grant date.

The options have a duration of ten years from grant and vest on 1 January 2022.

The options only become exercisable provided we meet a performance test. 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. 100% of the options will become exercisable if the performance test is achieved by 31 December 2019, 90% of the options will become exercisable if the performance test is achieved by 31 December 2020 and 80% of the options will become exercisable if the performance test is achieved by 31 December 2021. Specific forfeiture rules apply if the employee leaves the company before the performance test achievement or the vesting date.

No stock options were granted to members of the executive board of management.

Incentive Plan for SABMiller Employees: On 15 December 2016, approximately 1.32 million options were granted to employees of SABMiller. The grant results from the commitment that we have made under the terms of the Transaction, that we would, for at least one year, preserve the terms and conditions for employment of all employees that remain with the SABMiller Group.

Each option gives the grantee the right to purchase one existing ordinary AB InBev share. The exercise price of the options is EUR 97.99 (USD 103.29), which corresponds to the closing share price on the day preceding the grant date.

The options have a duration of ten years as from granting and vest after three years. Specific forfeiture rules apply if the employee leaves the company before the vesting date.

New 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 executives in the Disruptive Growth Function. 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 Disruptive Growth 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.

Executives 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.

In 2016, approximately 2.36 million performance units were granted to senior management under this program. Out of these, 513,861 performance units were granted to Pedro Earp, a member of the executive board of management.

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 supplemental fees for physical attendance at Board committee meetings or supplemental Board meetings, and variable compensation in the form of LTI stock options. Our Remuneration Committee recommends the level of remuneration for directors, including the Chairman 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 2016

The base annual fee for our directors in 2016 amounted to EUR 75,000 (USD 83,073) based on attendance at ten Board meetings. The base supplement for each additional physical Board meeting or for each Committee meeting attended amounted to EUR 1,500 (USD 1,661).

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The fees received by the Chairman of our Board in 2016 were double the respective base amounts. The Chairman of the Audit Committee was granted fees in 2016 which were 70% higher than the respective base amounts, which is higher than the fixed annual fee for the other directors.

All other directors received the base amount of fees. We do not provide pensions, medical benefits, benefits upon termination or end of service or other benefit programs to directors.

On 27 April 2016, the annual shareholders' meeting of former AB InBev granted each director 15,000 LTI stock options. The Chairman of the Board was granted 30,000 LTI stock options and the Chairman of the Audit Committee was granted 25,500 LTI stock options. The LTI stock options have an exercise price of EUR 113.25 per share, which is the closing price of our shares on the day preceding the grant date, *i.e.*, on 26 April 2016. The LTI stock options have a lifetime of ten years and cliff vest after five years, *i.e.*, on 27 April 2021. See “—Share-Based Payment Plans—LTI Warrant Plan” for a description of the LTI Stock Option Plan Directors.

The table below provides an overview of the fixed and variable compensation that our directors received in 2016. The amounts for each director are aggregate amounts comprising both (i) the remuneration received for the exercise of their mandate with the former AB InBev before the completion of the Transaction and (ii) the remuneration received for the exercise of their mandate with us after the completion of the Transaction.

| Name | Number of Board meetings attended | Annual fee for Board meetings (EUR) | Fees for Committee meetings (EUR) | Total fee (EUR) | Number of stock options granted(1)(2) |
|--|-----------------------------------|-------------------------------------|-----------------------------------|------------------|---------------------------------------|
| Maria Asuncion Aramburuzabala | 12 | 75,000 | 0 | 75,000 | 15,000 |
| Martin J. Barrington (as of 8 October 2016) ⁽³⁾ | 2 | 0 | 0 | 0 | 0 |
| Alexandre Behring | 11 | 75,000 | 6,000 | 81,000 | 15,000 |
| Michele Bums | 12 | 127,500 | 28,500 | 156,000 | 25,500 |
| Paul Cornet de Ways Ruart | 9 | 75,000 | 0 | 75,000 | 15,000 |
| Stéfan Descheemaeker | 12 | 75,000 | 4,500 | 79,500 | 15,000 |
| Grégoire de Spoelberch | 13 | 75,000 | 6,000 | 81,000 | 15,000 |
| Valentin Diez (until 8 October 2016) | 8 | 56,250 | 0 | 56,250 | 15,000 |
| William F. Gifford Jr. (as of 8 October 2016) ⁽³⁾ | 2 | 0 | 0 | 0 | 0 |
| Olivier Goudet | 13 | 150,000 | 31,500 | 181,500 | 30,000 |
| Paulo Lemann | 13 | 75,000 | 6,000 | 81,000 | 15,000 |
| Elio Leoni Sceti | 13 | 75,000 | 10,500 | 85,500 | 15,000 |
| Kasper Rorsted (until 8 October 2016) | 5 | 56,250 | 7,500 | 63,750 | 15,000 |
| Alejandro Santo Domingo (as of 8 October 2016) | 2 | 18,750 | 0 | 18,750 | 0 |
| Carlos Alberto Sicupira | 11 | 75,000 | 6,000 | 81,000 | 15,000 |
| Marcel Hermann Telles | 13 | 75,000 | 33,000 | 108,000 | 15,000 |
| Alexandre Van Damme | 12 | 75,000 | 30,000 | 105,000 | 15,000 |
| All directors as group | — | 1,158,750 | 169,500 | 1,328,250 | 235,500 |

Notes:

- (1) Stock options were granted under the LTI Stock Option Plan Directors on 27 April 2016. See “—Share-Based Payment Plans—LTI Warrant Plan.” The stock options have an exercise price of EUR 113.25 (USD 119.38) per share, have a term of ten years and cliff vest after five years.
- (2) Following the completion of the Transaction 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).
- (3) Mr. Barrington and Mr. Gifford have waived their entitlement to any type of remuneration, including long-term incentive stock options, relating to the exercise of their mandate.

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 2016⁽¹⁾:

| Grant date | LTI 24(2) | LTI 23 | LTI 22 | LTI 21 | LTI 20(3) | LTI 19(3) | LTI 1(3) | Total options |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 27 April 2016 | 29 April 2015 | 30 April 2014 | 24 April 2013 | 25 April 2012 | 26 April 2011 | 25 April 2006 | |
| Expiry date | 26 April 2025 | 28 April 2025 | 29 April 2024 | 23 April 2018 | 24 April 2017 | 25 April 2016 | 24 April 2016 | |
| María Asuncion Aramburuzabala | 15,000 | 15,000 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Martin J. Barrington ⁽⁴⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Alexandre Behring | 15,000 | 15,000 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| M. Michele Burns | 25,500 | 0 | 0 | 0 | 0 | 0 | 0 | 25,500 |
| Paul Cornet de Ways Ruat | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 0 | 0 | 75,000 |
| Stéfan Descheemacker | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 0 | 0 | 75,000 |
| Grégoire de Spoelberch | 15,000 | 15,000 | 15,000 | 15,000 | 0 | 0 | 0 | 60,000 |
| William F. Gifford, Jr. ⁽⁴⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Olivier Goudet | 30,000 | 25,500 | 20,000 | 20,000 | 15,000 | 0 | 0 | 110,500 |
| Paulo Alberto Lemann | 15,000 | 15,000 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Elio Leoni Sceti | 15,000 | 15,000 | 0 | 0 | 0 | 0 | 0 | 30,000 |
| Alejandro Santo Domingo Dávila | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Carlos Alberto da Veiga Sicupira | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 0 | 0 | 75,000 |
| Marcel Hermann Telles | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 0 | 0 | 75,000 |
| Alexandre Van Damme | 15,000 | 15,000 | 15,000 | 15,000 | 0 | 0 | 0 | 60,000 |
| Strike price (EUR) | 113.25 | 113.10 | 80.83 | 76.20 | 54.71 | 40.92 | 38.70 | — |

Notes:

- (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 merger between Anheuser-Busch InBev SA/NV (formerly Newbelco) and former AB InBev that took place on 10 October 2016 in the framework of the Transaction, 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).
- (2) Stock options were granted under the LTI Stock Option Plan Directors in April 2016. See "—Share-Based Payment Plans—LTI Warrant Plan." The stock options have an exercise price of EUR 113.25 (USD 119.38) per share, have a term of ten years and cliff vest after five years.
- (3) In April 2016, Carlos Sicupira and Marcel Telles each exercised 15,000 options of the LTI 19 Series and 8,269 options of the LTI 14 Series, both of which expired in April 2016. In April 2016, Grégoire de Spoelberch exercised 15,000 options of the LTI 20 Series. In December 2016, Alexandre Van Damme exercised 15,000 options of the LTI 20 Series.
- (4) Mr. Barrington and Mr. Gifford have waived their entitlement to any type of remuneration, including long-term incentive stock options, relating to the exercise of their mandate.

Board Share Ownership

The table below sets forth, as of 15 February 2017, the number of our shares owned by our directors serving in 2016 and year-to-date 2017:

| Name | Number of our shares held | % of our outstanding shares |
|-------------------------------|---------------------------|-----------------------------|
| María Asuncion Aramburuzabala | (*) | (*) |
| Martin J. Barrington | (*) | (*) |
| Alexandre Behring | (*) | (*) |
| M. Michele Burns | (*) | (*) |
| Paul Cornet de Ways Ruat | (*) | (*) |
| Stéfan Descheemacker | (*) | (*) |
| William F. Gifford Jr. | (*) | (*) |
| Olivier Goudet | (*) | (*) |
| Paulo Alberto Lemann | (*) | (*) |

| Name | Number of our shares held | % of our outstanding shares |
|--------------------------------|---------------------------------|-----------------------------------|
| Elio Leoni Sceti | (*) | (*) |
| Alejandro Santo Domingo Dávila | (*) | (*) |
| Grégoire de Spoelberch | (*) | (*) |
| Marcel Herrmann Telles | (*) | (*) |
| Alexandre Van Damme | (*) | (*) |
| Carlos Alberto Sicupira | (*) | (*) |
| TOTAL | 5,683,580 | <1% |

Notes:

(*) Each director owns less than 1% of our outstanding shares as of 15 February 2017.

Executive Board of Management

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) post-employment benefits and (v) 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 compensation of our Chief Executive Officer to the Board for approval. Upon the recommendation of our Chief Executive Officer, the Remuneration Committee also submits recommendations on the compensation of the other members of our executive board of management to our Board for approval. Such submissions to our Board include recommendations on the annual targets and corresponding variable compensation scheme. Further, in certain exceptional circumstances, the Remuneration Committee or its appointed designees 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. The Nomination Committee approves our targets and individual annual targets and the Remuneration Committee approves the target achievement and corresponding annual and long-term incentives of members of our executive board of management. See “C. Board Practices—Information about Our Committees—The Remuneration Committee.” The remuneration policy and any schemes that grant shares or rights to acquire shares are submitted to our annual shareholders’ meeting for approval.

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 industry’s best talent at global levels.

Through our Share-Based Compensation Plan, executives who demonstrate personal financial commitment to us by investing (all or part of) their annual variable compensation in our shares will be rewarded with the potential for significantly higher long-term compensation.

Unless otherwise specified, the information and amounts in this section relate to the members of our executive board of management as of 1 January 2017.

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 Apple, Coca Cola Enterprises, Procter & Gamble, PepsiCo International and Unilever. If Peer Group data are not available for a given level in certain geographies, 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 more and 50% of companies pay less. Executives’ total compensation is intended to be 10% above the third quartile.

In 2016, based on his employment contract, our Chief Executive Officer earned a fixed salary of EUR 1.48 million (USD 1.64 million). The other members of our executive board of management earned an aggregate base salary of EUR 11.2 million (USD 12.4 million). These amounts are aggregate amounts comprising both (i) the remuneration received with former AB InBev before the completion of the Transaction and (ii) the remuneration received with us after the completion of the Transaction.

Variable Performance-Related Compensation – Share-Based Compensation Plan

The variable performance-related compensation element of remuneration for members of our executive board of management 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 on Peer Group or other data (as described above).

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 CEO and the executive board of management 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 that are also important for sustainable 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. The variable compensation may be paid out semi-annually at the discretion of the Board based on the achievement of semi-annual targets. In such cases, the first half of the variable compensation is paid immediately after publication of the half-year results, and the second half of the variable compensation is paid after publication of the full-year results. In 2015, in order to align the U.S. organization against the delivery of specific targets for this market, the Board decided to apply semi-annual targets which resulted in a semi-annual payment of 50% of the annual incentive in August 2015 and in March 2016, respectively. For 2016, the variable compensation for the executives will be paid in arrears after publication of our full-year results in or around March 2017.

Variable Compensation for Performance in 2016 – Expected to Be Paid in March 2017

For the full year 2016, the Chief Executive Officer earned no variable compensation. The other members of the executive board of management earned aggregate variable compensation of EUR 2.3 million (USD 2.5 million).

The amount of variable compensation is based on our company’s performance during the year 2016 and the executives’ individual target achievements. Because performance targets for 2016 were not met, the Chief Executive Officer and most of his management team received zero variable compensation. The variable compensation is expected to be paid in March 2017. The amounts are aggregate amounts comprising both (i) the variable compensation for performance with former AB InBev before the Transaction and (ii) the variable compensation for performance after the completion of Transaction.

Variable Compensation for Performance in 2015 for Former AB InBev – Paid in March 2016

For the full year 2015, the Chief Executive Officer earned variable compensation of EUR 2.96 million (USD 3.29 million). The other members of the executive board of management earned aggregate variable compensation of EUR 13.19 million (USD 14.67 million). These amounts relate to the members of the executive board of management as of 1 January 2016.

The amount of variable compensation is based on our company's performance during the year 2015 and the executives' individual target achievements. The variable compensation was paid in March 2016. No variable compensation was paid to members of the executive board of management in August 2015 for performance in the first half of 2015.

Long-Term Incentive Stock Options

The following table sets forth information regarding the number of stock options granted for performance in 2016 under the 2009 Long-Term Incentive Stock Option Plan to our Chief Executive Officer and the other members of our executive board of management serving in 2016 and year-to-date 2017. See “—Share-Based Payment Plans—LTI Stock Option Plan Executives” above.

The options were granted on 20 January 2017, have an exercise price of EUR 98.85 (USD 104.20) and become exercisable after five years:

| Name | Long-Term Incentive options granted(2) |
|---|--|
| Carlos Brito – CEO | 396,266 |
| David Almeida | 29,137 |
| Sabine Chalmers | 0 |
| Jan Craps (as of 10 October 2016)(1) | 0 |
| Michel Doukeris | 46,619 |
| Felipe Dutra | 125,873 |
| Pedro Earp | 0 |
| Luiz Fernando Edmond (until 1 January 2017) | 0 |
| Claudio Braz Ferro | 0 |
| Marcio Froes (until 1 January 2017) | 0 |
| Claudio Garcia | 0 |
| Jean Jereissati (as of 1 January 2017)(2) | 17,323 |
| David Kamenetzky | 0 |
| Peter Kraemer | 29,137 |
| Mauricio Leyva (as of 10 October 2016) | 19,203 |
| Carlos Lisboa (as of 1 January 2017)(2) | 22,616 |
| Stuart MacFarlane | 69,929 |
| Tony Milikin | 43,705 |
| Ricardo Moreira (as of 10 October 2016)(2) | 17,323 |
| João Castro Neves | 125,873 |
| Miguel Patricio | 69,929 |
| Bernardo Pinto Paiva(1) | 0 |
| Ricardo Tadeu | 34,964 |

Notes:

- (1) Bernardo Pinto Paiva, Zone President Latin America North, participated in 2016 in the incentive plans of Ambev S.A. that are disclosed separately by Ambev. Similarly, Jan Craps participated in 2016 in the incentive plans of Ambev S.A. since he was an executive of Labatt, which is a subsidiary of Ambev S.A.
- (2) The options were granted on 1 December 2016, have an exercise price of EUR 98.04 (USD 103.34) and become exercisable after five years.

Programs for Maintaining Consistency of Benefits Granted and for Encouraging Global Mobility of Executives

In 2016, in accordance with the decision of the Remuneration Committee to approve a variant of the Exchange Program and to allow the early release of the vesting conditions of the Series B Options granted under the November 2008 Exceptional Grant for executives who are relocated, *e.g.*, to the United States, Michel Doukeris, a member of the executive board of management, has exercised 0.18 million Series B Options. The shares that resulted from the exercise of these options will remain locked up until 31 December 2023.

None of the members of our executive board of management participated in the Dividend Waiver Program in 2016.

See “—Share-Based Payment Plans” above.

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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 for further details on our employee benefits.

Our Chief Executive Officer participates in a defined contribution plan. Our annual contribution to his plan amounts to approximately USD 0.24 million. The total amount we had set aside to provide pension, retirement or similar benefits for members of our executive board of management in the aggregate was USD 2 million as of 31 December 2015 and USD 0.4 million as of 31 December 2016. See note 34 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

Other Compensation

We also provide executives with life and medical insurance and perquisites and other benefits that are competitive with market practice in the markets where such executives are employed. In addition to life and medical insurance, our Chief Executive Officer enjoys a schooling allowance in accordance with local market practice for a limited period of time.

Employment Agreements and Termination Arrangements

Terms of hiring of our executive board of management are included in individual employment agreements. 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.

Termination arrangements are in line with legal requirements and/or jurisprudential practice. The termination arrangements for the members of the executive board of management 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. There is no “claw-back” provision in case of misstated financial statements.

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 board of management in aggregate as of 31 December 2016 under the LTI Stock Option Plan Executives, the Share-Based Compensation Plans, the 2008 Exceptional Grant and the 2020 Incentive Plan. Our executive board of management does not hold any warrants or stock options relating to our shares under our other incentive plans.

| Program(s) | Options held in aggregate by our executive board of management | Strike price (EUR) | Grant date | Expiry date |
|----------------------------|--|--------------------|------------------|------------------|
| LTI Stock Option Plan 2009 | 371,698 | 35.90 | 18 December 2009 | 17 December 2019 |

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| Program (1) | Options held in aggregate by our executive board of management | Strike price (EUR) | Grant date | Expiry date |
|--|--|--------------------|------------------|------------------|
| LTI Stock Option Plan 2009 | 620,719 | 42.41 | 30 November 2010 | 29 November 2020 |
| LTI Stock Option Plan 2009 ⁽²⁾ | 21,880 | 56.02 | 30 November 2010 | 29 November 2020 |
| LTI Stock Option Plan 2009 | 742,459 | 44.00 | 30 November 2011 | 29 November 2021 |
| LTI Stock Option Plan 2009 ⁽²⁾ | 23,257 | 58.44 | 30 November 2011 | 29 November 2021 |
| LTI Stock Option Plan 2009 | 1,017,909 | 66.56 | 30 November 2012 | 29 November 2022 |
| LTI Stock Option Plan 2009 ⁽²⁾ | 15,685 | 86.43 | 30 November 2012 | 29 November 2022 |
| LTI Stock Option Plan 2009 | 843,204 | 75.15 | 2 December 2013 | 1 December 2023 |
| LTI Stock Option Plan 2009 ⁽²⁾ | 12,893 | 102.11 | 2 December 2013 | 1 December 2023 |
| LTI Stock Option Plan 2009 | 656,438 | 94.46 | 1 December 2014 | 30 November 2024 |
| LTI Stock Option Plan 2009 ⁽²⁾ | 11,473 | 116.99 | 1 December 2014 | 30 November 2024 |
| LTI Stock Option Plan 2009 | 54,160 | 121.95 | 1 December 2015 | 30 November 2025 |
| LTI Stock Option Plan 2009 ⁽²⁾ | 10,521 | 128.46 | 1 December 2015 | 30 November 2025 |
| LTI Stock Option Plan 2009 | 1,039,226 | 113.00 | 22 December 2015 | 21 December 2025 |
| LTI Stock Option Plan 2009 | 57,262 | 98.04 | 1 December 2016 | 30 November 2026 |
| Matching options 2007 | 0 | 33.59 | 2 April 2007 | 1 April 2017 |
| Matching options 2008 | 61,974 | 34.34 | 3 March 2008 | 2 March 2018 |
| Matching options 2009 | 80,765 | 20.49 | 6 March 2009 | 5 March 2019 |
| Matching options 2009 | 140,106 | 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 A | 0 | 10.32 | 25 November 2008 | 24 November 2018 |
| November 2008 Exceptional Grant Options Series A | 0 | 10.50 | 25 November 2008 | 24 November 2018 |
| November 2008 Exceptional Grant Options Series A – Dividend Waiver 09 ⁽³⁾ | 0 | 33.24 | 1 December 2009 | 24 November 2018 |
| November 2008 Exceptional Grant Options Series B | 722,968 | 10.50 | 25 November 2008 | 24 November 2023 |
| November 2008 Exceptional Grant Options Series B | 4,337,809 | 10.32 | 25 November 2008 | 24 November 2023 |
| November 2008 Exceptional Grant Options Series B – Dividend Waiver 09 ⁽³⁾ | 2,291,935 | 33.24 | 1 December 2009 | 24 November 2023 |
| November 2008 Exceptional Grant Options Series B – Dividend Waiver 11 ⁽³⁾ | 243,901 | 40.35 | 11 July 2011 | 24 November 2023 |
| November 2008 Exceptional Grant Options Series B – Dividend Waiver 13 ⁽³⁾ | 286,977 | 75.82 | 15 May 2013 | 24 November 2023 |
| Matching options 2007 – Dividend Waiver 09 ⁽³⁾ | 0 | 33.24 | 1 December 2009 | 1 April 2017 |
| Matching options 2008 – Dividend Waiver 09 ⁽³⁾ | 0 | 33.24 | 1 December 2009 | 2 March 2018 |
| Matching options 2008 – Dividend Waiver 13 ⁽³⁾ | 49,468 | 75.82 | 15 May 2013 | 2 March 2018 |
| Matching options 2009 – Dividend Waiver 13 ⁽³⁾ | 37,131 | 75.82 | 15 May 2013 | 5 March 2019 |
| Matching options 2009 – Dividend Waiver 13 ⁽³⁾ | 74,869 | 75.82 | 15 May 2013 | 13 August 2019 |
| 2020 Incentive Options ⁽⁴⁾ | 286,942 | 113.00 | 22 December 2015 | 21 December 2025 |

Notes:

- (1) Following the completion of the Transaction 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.”

Executive Share Ownership

The table below sets forth, as of 15 February 2017, the number of our shares owned by the members of the executive board of management serving in 2016 and year-to-date 2017:

| Name | Number of our shares held | % of our outstanding shares |
|----------------------|------------------------------|-----------------------------------|
| Carlos Brito – CEO | (*) | (*) |
| David Almeida | (*) | (*) |
| Sabine Chalmers | (*) | (*) |
| Jan Craps | (*) | (*) |
| Michel Doukeris | (*) | (*) |
| Felipe Dutra | (*) | (*) |
| Pedro Earp | (*) | (*) |
| Luiz Fernando Edmond | (*) | (*) |
| Claudio Braz Ferro | (*) | (*) |
| Marcio Froes | (*) | (*) |
| Claudio Garcia | (*) | (*) |
| Jean Jereissati | (*) | (*) |
| David Kamenetzky | (*) | (*) |
| Peter Kraemer | (*) | (*) |
| Mauricio Leyva | (*) | (*) |
| Carlos Lisboa | (*) | (*) |
| Stuart MacFarlane | (*) | (*) |
| Tony Milikin | (*) | (*) |
| Ricardo Moreira | (*) | (*) |
| João Castro Neves | (*) | (*) |
| Miguel Patricio | (*) | (*) |
| Bernardo Pinto Paiva | (*) | (*) |
| Ricardo Tadeu | (*) | (*) |
| TOTAL | 15.3 million | <1% |

Notes:

(*) Each member of our executive board of management serving in 2016 and year-to-date 2017 owns less than 1% of our outstanding shares as of 15 February 2017.

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." 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 and our executive board of management (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 Chairman and the Committee members are appointed by the Board from among the non-executive directors. The Chairman of the Audit Committee is not the Chairman 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 Officer and Chief Financial and Technology Officer are invited to the meetings of the Audit Committee, unless the Chairman or a majority of the members decide to meet in closed session.

The current members of the Audit Committee are M. Michele Burns (Chairman), Michael J. Barrington, Olivier Goudet and Elio Leoni Sceti.

Our Board of Directors has determined that M. Michele Burns and Olivier Goudet are each "audit committee financial experts" 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 Chairman and, if deemed appropriate, a Vice-Chairman 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 (Chairman), Stéfán Descheemaeker, Paulo Alberto Lemann, Alexandre Behring, 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 Chairman 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 Chairman of the 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 the Belgian Company Law. The Chairman 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.

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The current members of the Remuneration Committee are Marcel Hermann Telles (Chairman), Olivier Goudet 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 Chairman 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 and the executive board of management, and on their individual remuneration packages. The Committee ensures that the Chief Executive Officer and members of the executive board of management 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 is to be based on meritocracy with a view to aligning the interests of its employees with the interests of all shareholders. In certain exceptional circumstances, the Remuneration Committee or its appointed designees 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.

The Nomination Committee

The Nomination Committee consists of five members appointed by the Board. The five members include the Chairman of the Board and the Chairman 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 Chief Legal Officer 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 Hermann Telles (Chairman), Carlos Alberto Sicupira, Grégoire de Spoelberch, Olivier Goudet and Alexandre Van Damme.

The Nomination Committee's principal role is to guide the Board succession process. The Committee identifies persons qualified to become Board members and recommends director candidates for nomination by the Board and election at the shareholders' meeting. The 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 2016, we employed more than 200,000 people as compared to 150,000 as of 31 December 2015. The increase of 50,000 year-over-year mainly results from the completion of the Transaction.

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 | | |
|-------------------------------------|-------------------|----------------|----------------|
| | 2016(2) | 2015(1) | 2014(1) |
| North America | 19,314 | 16,844 | 15,348 |
| Latin America West | 51,418 | 32,201 | 32,122 |
| Latin America North | 40,416 | 39,359 | 38,381 |
| Latin America South | 9,571 | 9,615 | 9,677 |
| EMEA | 43,456 | 11,749 | 13,865 |
| Asia Pacific | 39,213 | 40,101 | 42,727 |
| Global Export and Holding Companies | 3,245 | 2,454 | 1,910 |
| Total | 206,633 | 152,321 | 154,029 |

Notes:

- (1) Effective 1 October 2016, our business segments changed to be as follows: North America, Latin America West, Latin America North, Latin America South, EMEA, Asia Pacific and Global Export and Holding Companies. The figures for the years ended 31 December 2015 and 31 December 2014 have been restated to reflect this allocation.
- (2) Following completion of the Transaction, we are consolidating SABMiller and reporting results and volumes of the retained SABMiller operations as of the fourth quarter of 2016.

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 Board of Management.” 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 a low proportion of membership in the United Kingdom and the Netherlands, and a high proportion of membership in Belgium and Germany. 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, which expire on 28 February 2019. Approximately 2,100 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 duration 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 on 31 December 2016 based on the notifications made to us and to the Belgian Financial Services and Markets Authority (the “FSMA”) by the shareholders specified below in accordance with Article 6 of the Belgian Law of 2 May 2007 on the disclosure of significant shareholdings in listed companies or information based on public filings with the SEC.

The first twelve 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 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, and (ii) the eleventh and twelfth 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, in aggregate, 847,648,483 of our shares, representing 43.84% of the voting rights attached to our shares outstanding as of 31 December 2016 excluding the 85,540,392 treasury shares held by us and our subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. 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.

| | Number of Shares | % of voting rights attached to our outstanding shares held ⁽⁹⁾ |
|--|---------------------|--|
| Major shareholders | | |
| <i>Holders of Ordinary Shares</i> | | |
| Stichting Anheuser-Busch InBev , a stichting incorporated under Dutch law (the “Stichting”)(1)(2) | 663,074,832 | 34.29% |
| 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”) | 130,257,459 | 6.74% |
| 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”) | 37,598,236 | 1.94% |
| Rayvax Société d’Investissements SA , a company incorporated under Belgian law (“Rayvax”) | 484,794 | 0.03% |
| Sébastien Holding SA , a company incorporated under Belgian law, affiliated with Rayvax Société d’Investissements SA, 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 with social purpose, 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 SPRL , a company with a social purpose 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 Hermann Telles within the meaning of Article 3, § 2 of the Belgian Law of 1 April 2007 on public takeover bids | 3,645,605 | 0.19% |

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| | Number of Shares | % of voting rights attached to our outstanding shares held(9) |
|--|---------------------|--|
| Major shareholders | | |
| LTS Trading Company LLC , a company incorporated under Delaware law, acting in concert with Marcel Hermann 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% |
| Holders of Restricted Shares | | |
| Altria Group, Inc. (7) | 185,115,417 | 9.57% |
| BEVCO Lux Sàrl (8) | 96,862,718 | 5.01% |

Notes:

- (1) See section “—Controlling Shareholder.” By virtue of their responsibilities as directors of the Stichting, Stéfán Descheemaeker, Paul Cornet de Ways Ruart, Grégoire de Spoelberch, Alexandre Van Damme, Marcel Hermann 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.”
- (3) By virtue of their responsibilities as directors of Eugénie Patri Sébastien (EPS) S.A. and EPS Participations S.à.R.L., Stéfán Descheemaeker, 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 Eugénie Patri Sébastien (EPS) S.A. and EPS Participations S.à.R.L. However, each of these individuals disclaims such beneficial ownership in such capacity.
- (4) Marcel Hermann Telles, Jorge Paulo Lemann and Carlos Alberto Sicupira have disclosed to us that they control BRC S.à.R.L. and as a result, under the rules of the SEC, they are deemed to be beneficial owners of our Ordinary Shares held by BRC S.à.R.L. By virtue of their responsibilities as directors of BRC S.à.R.L., Alexandre Behring and Paulo Alberto Lemann may also be deemed, under the rules of the SEC, to be the beneficial owners of our Ordinary Shares held by BRC S.à.R.L. However, Alexandre Behring and Paulo Alberto Lemann disclaim such beneficial ownership in such capacity.
- (5) On 18 December 2013, Eugénie Patri Sébastien (EPS) S.A. contributed to EPS Participations S.à.R.L. 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 SPRL with a social purpose.
- (7) In addition to the Restricted Shares listed above, Altria Group Inc. announced in its Schedule 13D beneficial ownership report on 11 October 2016 that, following completion of the Transaction, it purchased 11,941,937 Ordinary Shares in the company, thereby increasing its voting control in the company to 10.2%.
- (8) In addition to the Restricted Shares listed above, Bevco Lux Sàrl announced in a notification made on 16 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, thereby increasing its aggregate ownership to 5.23% of the total shares with voting rates issued and outstanding as of 16 January 2017.
- (9) Percentages are calculated on the total number of outstanding shares as at 31 December 2016 (2,019,241,973 shares) minus the number of outstanding shares held in treasury by us and our subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. as at 31 December 2016 (85,540,392 Ordinary Shares).

Since 10 October 2016 and until 31 December 2016, there have been no significant changes for the first ten entities mentioned in the table above.

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 2016, we had 560,880,400 registered Ordinary Shares and 325,999,817 registered Restricted Shareholders held by 262 record holders in the United States, representing approximately 208,226,288 million of the voting rights attached to our shares outstanding as of such date. As of 31 December 2016, we also had 114,190,239 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 Eugénie Patri Sébastien S.A.) and the interests of the Brazilian families which were previously the controlling shareholders of Ambev (represented by BRC S.à.R.L.).

As of 31 December 2016, the Stichting owned 663,074,832 of our shares, which represented a 34.29% voting interest based on the number of our shares outstanding as of 31 December 2016, excluding the 85,540,392 treasury shares held by us and our subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. The Stichting and certain other entities acting in concert (within the meaning of Article 3, 13° of the Belgian Law of 2 May on disclosure of significant holdings in listed companies 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, in the aggregate, 43.84% of our shares based on the number of our shares outstanding on 31 December 2016, excluding the 85,540,392 treasury shares held by us and our subsidiaries Brandbrew S.A., Brandbev S.à.R.L. and Mexbrew S.à.R.L. As of 31 December 2016, BRC S.à.R.L. held 331,537,416 class B Stichting certificates (indirectly representing 17.15% of our shares), Eugénie Patri Sébastien S.A. held one class A Stichting certificate and EPS Participations S.à.R.L. held 331,537,415 class A Stichting certificates (together indirectly representing 17.15% 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 S.à.R.L., 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 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 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.

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 ten years each unless, not later than two years prior to the expiration of the initial or any successive ten-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 October 16, 2008, which was due to expire on October 16, 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 November 1, 2034.

The Fonds Voting Agreement is filed at Exhibit 3.1 to this Form 20-F.

Voting Agreement between the Stichting and 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 Transaction, to enter into an agreement with the Stichting. Each of Altria and BEVCO entered into the Restricted Shareholder 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).

As of 27 October 2016, Altria held 185,115,417 Restricted Shares and 12,341,937 Ordinary Shares, representing 10.21% of the total shares with voting rights issued and outstanding as of 27 October 2016. As of 16 January 2017, BEVCO held 4,215,794 Ordinary Shares and 96,862,718 Restricted Shares, representing 5.23% of the total shares with voting rights issued and outstanding as of 17 January 2017.

Each of the first twelve entities mentioned in the table appearing under Shareholder 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 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 34 “AB InBev Companies” to our audited consolidated financial statements as of 31 December 2016 and 2015 and for the three years ended 31 December 2016.

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 Board of Management Members (Key Management Personnel)

Total compensation of our directors and executive board of management included in our income statement for 2016 set out below can be detailed as follows:

| | Year ended 31 December 2016 | |
|-----------------------------------|-----------------------------|-------------------------------|
| | Directors | Executive Board of Management |
| | (USD million) | |
| Short-term employee benefits | 2 | 18 |
| Post-employment benefits | — | — |
| Other long-term employee benefits | — | — |
| Share-based payments | 3 | 64 |
| Total | 5 | 82 |

In addition to short-term employee benefits (primarily salaries), our executive board of management members are entitled to post-employment benefits. More particularly, members of the executive board of management participate in the pension plan of their respective country. See also note 25 “Employee benefits” and note 34 “Related parties” to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016. 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

Directors’ compensation consists mainly of directors’ fees. Key management personnel did not have any significant outstanding balances with our company. During 2016, 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 Asuncion 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. This investment occurred on 5 June 2013. At such time, María Asuncion 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 Transaction, María Asuncion Aramburuzabala was appointed to our Board of Directors with a two year term. They have also agreed to a non-competition provision for three years following the completion of the combination with Grupo Modelo.

Other Transactions

In 2016, our subsidiary Bavaria SA paid approximately 4 billion Colombian pesos (USD 1.34 million) 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) Chairman of the Board of a significant or controlling shareholder of such companies.

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In 2015 and 2016, Grupo Modelo paid MXN 67.3 million (USD 4.3 million) and MXN 22.2 million (USD 1.2 million) to a company of which María Asuncion Aramburuzabala, a member of our Board of Directors, is Chairman of the Board. These payments were made for information technology infrastructure services provided by that company to Grupo Modelo in 2015 and 2016.

On 7 April 2014, Valentin Diez Morodo, also a member of our Board of Directors, purchased real estate located in Toluca, Mexico from Modelo Museum of Technology, a non-consolidated, non-profit affiliate of Grupo Modelo, for USD 28 million, a price corresponding to the average of two independent external valuation reports. Mr. Diez has agreed to lease part of the premises back to another affiliate of Grupo Modelo pursuant to a sublease contract entered into in June 2015 at a rate of MXN 6 million (USD 0.4 million) per year. In addition, in 2015, Grupo Modelo entered into a sponsorship agreement with a sports team owned by Mr. Diez. The sponsorship agreement provides for payments of MXN 66.7 million (USD 4.2 million) per year for three years.

Transactions with Significant Shareholders

We have entered into certain agreements with Altria and BEVCO in connection with the Transaction. These agreements are described further under “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SABMiller—Information Rights Agreement,” “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SABMiller—Tax Matters Agreement” and “Item 10. Additional Information—C. Material Contracts—Material Contracts Related to the Acquisition of SABMiller—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 2016 |
|---------------------------------------|-------------------------------|
| | <i>(USD million)</i> |
| Non-current assets | 11 |
| Current assets | 5 |
| Non-current liabilities | 9 |
| Current liabilities | 6 |
| Result from operations | (6) |
| Profit attributable to equity holders | (7) |

Transactions with Associates

Our transactions with associates were as follows:

| | Year ended 31 December 2016 |
|---------------------|------------------------------------|
| | <i>(USD million)</i> |
| Gross profit | (47) |
| Current assets | (8) |
| Current liabilities | 20 |

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, the Brazilian Securities Commission. Such amortization will be carried out within the ten 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.

Ambev Stock Swap Merger

On 7 December 2012, Companhia de Bebidas das Américas—Ambev ("**Companhia de Bebidas**"), a majority-owned subsidiary of AB InBev, announced its intention to propose for deliberation by its shareholders, at an extraordinary general shareholders' meeting, a corporate restructuring to combine Companhia de Bebidas's dual-class capital structure comprised of voting common and non-voting preferred shares into a new, single-class capital structure comprised exclusively of voting common shares. The purpose of the proposed corporate restructuring is to simplify Companhia de Bebidas's corporate structure and improve its corporate governance with a view to increasing liquidity to all Companhia de Bebidas shareholders, eliminating certain administrative, financial and other costs and providing more flexibility for management of Companhia de Bebidas's capital structure.

The extraordinary general shareholders' meeting was held on 30 July 2013, and the proposed corporate restructuring was approved. The restructuring has been implemented by means of a stock swap merger under the Brazilian Corporate Law (*incorporação de ações*) of Companhia de Bebidas with Ambev S.A. As a result of this stock swap merger, Companhia de Bebidas became a wholly owned subsidiary of Ambev S.A. and the Companhia de Bebidas shareholders received five Ambev S.A. common shares in exchange for each Companhia de Bebidas common or preferred share, and holders of ADRs representing common or preferred shares of Companhia de Bebidas received five Ambev S.A. ADRs in exchange for each Companhia de Bebidas ADR.

On 30 October 2013, the Brazilian Securities Commission (*Comissão de Valores Mobiliários—CVM*) granted Ambev S.A.'s registration as a publicly held company and its shares and ADRs began to be traded, respectively, on the BM&FBOVESPA and on the NYSE on 11 November 2013. The shares issued by Companhia de Bebidas have no longer been traded on the traditional segment of BM&FBOVESPA since 8 November 2013.

On 2 January 2014, the Ambev S.A. shareholders approved the merger of Companhia de Bebidas into Ambev S.A. Thereafter, we retained an unchanged 61.9% economic interest in Ambev S.A., which will continue the Companhia de Bebidas operations, and our voting interest in Ambev S.A. was reduced to 61.9%.

Keurig Green Mountain Joint Venture

In December 2016, we entered into an agreement with Keurig Green Mountain, Inc. to establish a joint venture for conducting research and development of an in-home alcohol drink system, focusing on the US and Canadian markets. The transaction, which closed in the first quarter of 2017, includes the contribution of intellectual property and manufacturing assets from Keurig Green Mountain, Inc. Pursuant to the terms of the joint venture agreement, we own 70% of the voting and economic interest in the joint venture and Keurig Green Mountain, Inc. owns 30% and has certain minority protection rights. The chairman of our board, Olivier Goudet, sits on the board of Keurig Green Mountain, Inc. and is a partner in and CEO of JAB Holding Company, which indirectly controls Keurig Green Mountain, Inc. In addition, Alexandre Van Damme and Alejandro Santo Domingo, two members of our board of directors, sit on the board of Keurig Green Mountain, Inc. 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 a period between 1 January 2015 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 80 cases pending in around 40 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.

Starbev Litigation

At the time of the 2009 sale of our Central European operations to CVC Capital Partners (“CVC”), we received rights under a Contingent Value Right Agreement (“CVR Agreement”) to a future payment that was contingent on CVC’s return on its initial investments. On 15 June 2012, CVC sold the business to Molson Coors Brewing Company (“Molson Coors”) for an aggregate consideration of EUR 2.65 billion (USD 3.50 billion). We believe that as a result of the sale to Molson Coors, the return earned by CVC triggered our right to a further payment under the CVR Agreement. On 25 October 2012, CVC issued proceedings against us in the English Commercial Court in relation to the CVR Agreement and sought a declaration that the return it received following the sale to Molson Coors did not trigger our right to payment. We served our defense and counterclaim on 19 December 2012. In April 2014, the English Commercial Court ruled in favor of us and found that CVC had breached certain contractual obligations under the CVR Agreement. Under the CVR Agreement, we received approximately EUR 32 million (USD 42 million) in 2013 and EUR 143 million (USD 192 million) in 2014 from CVC. In May 2016, the English Court of Appeal dismissed an appeal relating to the Commercial Court’s April 2014 judgment. No further appeals were filed and the matter is closed.

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.

Alcohol-by-Volume Litigation

In the first quarter of 2013, nine lawsuits were filed against us relating to the alcohol-by-volume in several of our beer brands. Eight of these lawsuits were filed in federal courts located in California, Colorado, New Jersey, Ohio, Pennsylvania and Texas. The ninth was filed in state court in Missouri. The lawsuits generally allege that such products contain lower alcohol-by-volume levels than what is stated on the labels, in violation of various federal and state laws. In June 2013, the lawsuits in federal courts were consolidated into a multi-district litigation in Ohio. In June 2014, the lawsuits in federal courts were dismissed with prejudice. Plaintiffs appealed the ruling to the U.S. Court of Appeals for the Sixth Circuit, which affirmed the dismissal in March 2016. The dismissal is now final. Following the Sixth Circuit ruling, the Missouri state case, which was stayed pending appeal, was also dismissed. All nine lawsuits are now concluded.

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 must now determine which companies have benefitted from the system and the precise amounts of incompatible aid to be recovered from each company. We had a Belgian excess profit ruling, but Belgium has not yet formally required any recovery. In addition, 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 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 carry-forwards 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 2016.

Antitrust Matters

European Commission Antitrust Investigation

On 30 June 2016, the European Commission announced an investigation into alleged abuse of a dominant position by AB InBev through certain practices aimed at restricting trade from other European Union member states to Belgium. The fact that an investigation has been initiated does not mean that the European Commission has concluded that there is an infringement. We are fully cooperating with the investigation. 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. There is no connection between this investigation and the Transaction.

German Antitrust Investigation

In August 2011, the German Federal Cartel Office (*Bundeskartellamt*) launched an investigation against several breweries and retailers in Germany in connection with an allegation of anti-competitive vertical price maintenance by breweries vis-à-vis their trading partners in Germany. On 18 June 2015 and on 9 May 2016, the *Bundeskartellamt* announced that it partially concluded these proceedings and issued fines against a number of German retailers. On 13 December 2016, the investigation of the *Bundeskartellamt* was closed. Due to our cooperation with the *Bundeskartellamt*, we received full immunity from fines, which was confirmed by the *Bundeskartellamt* by a letter dated 13 December 2016.

Grupo Modelo Transaction

Under the Hart-Scott-Rodino Act, before the combination with Grupo Modelo could be completed, Grupo Modelo and we were each required to file a notification and report form and to wait until the applicable waiting period had expired or been terminated. In July 2012, we and Grupo Modelo filed notification and report forms under the Hart-Scott-Rodino Act with the U.S. Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice. The initial 30-day waiting period was extended on 17 August 2012 for a period of time necessary for us and Grupo Modelo to respond to requests for additional information we and Grupo Modelo received from the U.S. Department of Justice, plus an additional 30 days for the relevant U.S. authorities to review after both parties substantially complied with the requests.

On 31 January 2013, the U.S. Department of Justice filed suit in the U.S. District Court for the District of Columbia challenging the proposed combination with Grupo Modelo and seeking an injunction to block the transaction.

Thereafter, on 19 April 2013, we announced that, together with Grupo Modelo and Constellation Brands, Inc., we had reached a final settlement agreement with the U.S. Department of Justice. The terms of the settlement were substantially in line with the revised transaction announced on 14 February 2013, and included binding commitments to the revised transaction, designed to

ensure a prompt divestiture of assets by us to Constellation Brands, Inc. and the necessary build-out of the Piedras Negras brewery by Constellation Brands, Inc., as well as certain distribution guarantees for Constellation Brands, Inc. in the 50 states of the United States, the District of Columbia and Guam. For more information on the settlement agreement, see “Item 10—C. Material Contracts—Grupo Modelo Settlement Agreement.”

SABMiller 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 Transaction. 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 Transaction. For more information on the terms of the consent decree, see “Item 10. Additional Information—Material Contracts—Material Contracts Related to the Acquisition of SABMiller—U.S. Department of Justice Consent Decree.”

Ambev and Its Subsidiaries

Cerveceria Bucanero Trademark Claim

In 2009, we received notice of a claim purporting to be made under the Helms-Burton Act relating to the use of a trademark by Cerveceria Bucanero S.A., which is alleged to have been confiscated by the Cuban government and trafficked by us through our ownership and management of this company. Although we have attempted to review and evaluate the validity of the claim, due to the uncertain underlying circumstances, we are currently unable to express a view as to the validity of such claims, or as to the standing of the claimants to pursue them.

Tax Matters

ICMS Value-Added Tax, IPI Excise Tax and Taxes on Net Sales

Ambev has been party to legal proceedings with the state of Rio de Janeiro where it is challenging such State’s attempt to assess *Imposto Sobre Operações Relativas à Circulação de Mercadorias e Serviços de Transporte Interestadual e Intermunicipal e de Comunicações* (“**ICMS**”) value-added tax with respect to unconditional discounts granted by Ambev from January 1996 to February 1998. In 2015, these proceedings were before the Brazilian Superior Court of Justice and the Brazilian Supreme Court (*Supremo Tribunal Federal*). In October 2015 and January 2016, Ambev paid the amounts related to the state of Rio de Janeiro’s proceedings with discounts under an incentive tax payment program granted by that state in the total amount of R\$271 million (USD 78 million). In 2013, 2014 and 2015, we received similar tax assessments issued by the States of Pará and Piauí relating to the same issue, which are currently under discussion. Ambev management estimates the amount involved in these proceedings to be approximately R\$559.5 million (USD 172 million) as of 31 December 2016 (which reflects the payments made in October 2015 and January 2016), which is classified as a possible loss and, therefore, for which no provision has been made.

Goods manufactured within the Manaus Free Trade Zone (“**ZFM**”) intended for remittance elsewhere in Brazil are exempt from the Brazilian *Imposto Sobre Produtos Industrializados* (“**IPF**”) excise tax. Ambev has been registering IPI excise tax presumed credits upon the acquisition of exempted inputs manufactured in the Manaus Free Trade Zone. Since 2009, Ambev has been receiving a number of tax assessments from the Brazilian federal tax authorities relating to the disallowance of such presumed tax credits, which are under discussion before the Brazilian Supreme Court. Ambev management estimates the possible losses in relation to these assessments to be R\$2.0 billion (USD 610 million) as of 31 December 2016. Ambev has not recorded any provision in connection with these assessments.

In addition, over the years, Ambev has received tax assessments from the Brazilian federal tax authorities charging federal taxes that they considered unduly offset with the disallowed IPI excise tax credits which are under discussion in the other proceedings. Ambev is currently challenging those charges in the courts. Ambev management estimates the possible losses related to these assessments to be approximately R\$735.5 million (USD 226 million) as of 31 December 2016.

In 2014, Ambev received tax assessments from the Brazilian federal tax authorities relating to IPI excise tax, associated with remittances of manufactured goods to other related factories. Ambev management estimates the possible losses related to these assessments to be approximately R\$1.5 billion (USD 460 million) as of 31 December 2016.

In June 2015, Ambev received a tax assessment issued by the State of Pernambuco, relating to ICMS value-added tax differences, based on alleged non-compliance with a state tax incentive agreement, PRODEPE, related to February 2014. In 2015,

Ambev was notified of new tax assessments related to the same matter. In March 2016, Ambev achieved a partial victory relating to one of the tax assessments, where the respective fine was definitively annulled by the administrative court. Ambev management estimates the possible losses related to this matter to be approximately R\$ 404.1 million (USD 124 million) as of 31 December 2016. Ambev has recorded provisions in the total amount of R\$2.6 million (USD 0.8 million) in relation to the proceedings for which Ambev considers the chances of loss to be probable, considering specific procedural issues.

Over the years, Ambev has received tax assessments relating to ICMS value-added tax differences that some Brazilian states consider due in the tax substitution system in cases where the price of certain products sold by a factory reached levels close to or above the price table basis established by such states. Ambev is currently challenging those charges before the courts. In 2015, Ambev received new tax assessments related to the same issue, in the amount of approximately R\$332 million (USD 102 million). In August 2016, Ambev received a new assessment, issued by the State of Minas Gerais, in the amount of R\$1.4 billion, regarding the same matter (USD 430 million). Considering this new assessment and others received in 2016, Ambev management estimates the amount related to this issue to be approximately R\$4.5 billion (USD 1.4 billion) as of 31 December 2016, classified as a possible loss and, therefore, for which we have made no provision. We have recorded provisions in the total amount of R\$1.7 million (USD 0.5 million) for proceedings where we consider the chances of loss to be probable, considering specific procedural issues.

State Tax Incentives of the National Council on Fiscal Policy (Conselho Nacional de Política Fazendária or “CONFAZ”)

Many states in Brazil offer tax incentive programs to attract investments to their regions, pursuant to the rules of the CONFAZ, a council formed by the Treasury Secretaries from each of the 27 Brazilian states. Ambev participates in ICMS value-added tax credit programs offered by various Brazilian states which provide (i) tax credits to offset ICMS value-added tax payables and (ii) ICMS value-added tax deferrals. In return, Ambev is required to meet certain operational requirements, including, depending on the state, production volume and employment targets, among others. All of these conditions are included in specific agreements between Ambev and the relevant state governments.

There is a controversy regarding whether these benefits are constitutional when granted without the prior approval of every Brazilian state participating in the CONFAZ. Some states and public prosecutors have filed direct actions of unconstitutionality (*Ação Direta de Inconstitucionalidade*) before the Brazilian Supreme Court to challenge the constitutionality of certain state laws granting tax incentive programs unilaterally, without the prior approval of the CONFAZ.

Since 2007, Ambev has received tax assessments from the states of São Paulo, Rio de Janeiro, Minas Gerais and other states in the aggregate amount of R\$1.8 billion (USD 550 million) as of 31 December 2016, challenging the legality of tax credits arising from existing tax incentives received by Ambev in other states. Ambev has treated these proceedings as a possible (but not probable) loss. Such estimate is based on Ambev management assessments, but should Ambev lose such proceedings, the expected net impact on its income statement would be an expense for this amount. Moreover, Ambev cannot rule out the possibility of other Brazilian states issuing similar tax assessments relating to other of Ambev’s state tax incentives. In 2011, the Brazilian Supreme Court ruled 14 Brazilian state laws granting tax incentives without the prior approval of the CONFAZ to be unconstitutional, including one granting incentives to Ambev in the federal district, which Ambev has ceased to benefit from since such decision. In a meeting held on 30 September 2011, the CONFAZ issued a resolution suspending the right of the states to claim the return of the tax incentives incurred by the beneficiaries of the state laws declared unconstitutional. There are a number of other lawsuits before the Brazilian Supreme Court challenging the constitutionality of incentives laws offered by some states without the prior approval of the CONFAZ, which may impact Ambev’s state tax incentives.

In 2012, the Brazilian Supreme Court issued a binding precedent proposal (*Proposta de Súmula Vinculante* No. 69/2012), which would automatically declare as unconstitutional all tax incentives granted without prior unanimous approval of the CONFAZ. In order to become effective, such proposal must be approved by two-thirds of the members of the Brazilian Supreme Court. Ambev does not expect that the Brazilian Supreme Court will vote on this matter before the Brazilian Congress votes a bill of law aimed at regulating this issue. There are currently a number of different proposals before the Brazilian Congress, which generally provide for (i) existing tax incentives to be grandfathered for a number of years; (ii) new tax incentives to be approved by a majority of the Brazilian states (rather than unanimously); and (iii) a reduction on interstate ICMS value-added taxes in order to decrease the effect of tax benefits on interstate transactions. However, no assurance can be given that the Brazilian Supreme Court will not vote on the binding precedent proposal before the matter is ultimately legislated by the Brazilian Congress. It is also unclear whether the Supreme Court decision would forgive the already availed incentives or establish a transition period.

Ambev Profits Generated Abroad

During the first quarter of 2005, certain subsidiaries of Ambev received a number of assessments from Brazilian federal tax authorities relating to profits obtained by its subsidiaries domiciled outside Brazil. In December 2008, the Administrative Tax Court

rendered a decision on one of these tax assessments relating to Ambev's foreign profits. This decision was partially favorable to Ambev, and in connection with the remaining part, Ambev filed an appeal to the Upper House of Administrative Tax Court, which, in March 2017, rendered a decision fully against us. With respect to another of the tax assessments relating to foreign profits, the Administrative Tax Court rendered a decision favorable to Ambev in September 2011. Ambev received two new tax assessments related to this matter in December 2013 and December 2016. As of 31 December 2016, Ambev estimated its exposure to possible losses in relation to these assessments to be R\$4.9 billion (USD 1.5 billion) as of 31 December 2016 and its exposure to probable losses to be R\$42 million (USD 13 million), for which Ambev has recorded a provision in the corresponding amount. The recent Administrative decision does not change the likelihood of loss.

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, Ambev was notified of the end of the administrative phase, and, consequently, Ambev filed lawsuits on the matter. In September 2016, Ambev received a favorable court decision. Ambev management estimates the total exposures of possible losses in relation to these assessments to be approximately R\$0.5 billion (USD 0.2 billion) as of 31 December 2016. 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 InBev Brasil's merger with Ambev referred to under "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Ambev Special Goodwill Reserve." In June 2012, Ambev filed an appeal against the unfavorable first-level administrative decision. In November 2014, the Lower Administrative Tax Court concluded the judgment. The decision was partially favorable, and Ambev presented a motion to clarify the decision of the Lower Administrative Tax Court to the Upper House of the Administrative Tax Court in September 2016. Ambev is currently waiting for the clarified decision. 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. Ambev has not recorded any provisions for this matter and its management estimates possible losses in relation to this assessment to be approximately R\$7.8 billion (USD 2.4 billion) as of 31 December 2016. 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 Associate Holding into Ambev. Ambev filed its defense in November 2013, and in November 2014, the Lower Administrative Tax Court published a decision unfavorable to Ambev. Ambev filed an appeal on 2 December 2014 and has been awaiting the decision of the Appeals Administrative Tax Court. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately R\$1.5 billion (USD 460 million) as of 31 December 2016. Ambev has not recorded any provision in connection with this assessment.

Disallowance of Expenses and Deductibility of Losses

In December 2014, Ambev received a tax assessment from the Brazilian federal tax authorities related to disallowance of alleged non-deductible expenses and certain loss deductions mainly associated with financial investments and loans. Ambev's defense was presented on 28 January 2015. In July 2016, Ambev was notified of the unfavorable decision of the Lower Administrative Tax Court and filed an appeal to the Upper Administrative Court.

In December 2015 and December 2016, Ambev also received two new tax assessments related to the same matter. Ambev estimates its exposure to possible losses in relation to these assessments to be approximately R\$5.6 billion (USD 1.7 billion) as of 31 December 2016, Ambev has not recorded any provision in connection with these assessments.

Disallowance of Taxes Paid Abroad

Between 2014 and 2016, Ambev received tax assessments from the Brazilian federal tax authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad, for which the decision from the Upper House of the Administrative Tax Court is still pending. As of 31 December 2016, Ambev management estimated the exposure of approximately R\$2.8 billion (USD 860 million) as a possible risk, and accordingly Ambev has not recorded a provision for such amount, and estimated approximately R\$194 million (USD 60 million) as a probable loss for which Ambev has recorded a provision in the same 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. Arosuco has filed a defense and is awaiting the decision of the Lower Administrative Tax Court. Arosuco management estimates the amount of possible losses in relation to this assessment to be approximately R\$569.6 million (USD 175 million) as of 31 December 2016. Arosuco has not recorded any provision in connection therewith.

In December 2016, CRBS, a subsidiary of Ambev, received a tax assessment regarding the same matter. CRBS has filed a defense and is awaiting the decision of the Lower Administrative Tax Court. CRBS estimates that the possible losses related to this matter are approximately R\$3.6 billion (USD 1.1 billion).

Social Contributions

In December 2015, Ambev received a tax assessment 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 in the first quarter of 2011. In 2016, Ambev received new assessments related to the same issue for subsequent periods. Ambev management estimates the possible losses related to these assessments to be approximately R\$1.45 billion (USD 0.5 billion) as of 31 December 2016. Ambev filed defenses against these assessments and currently awaits judgment. No related provision has been made.

Labor Matters

Ambev is involved in more than 25,000 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 2016, Ambev has made provisions totaling R\$165.7 million (USD 51 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.

Civil Claims

As of 31 December 2016, Ambev was involved in more than 7,800 civil claims pending, including third-party distributors and product-related claims. Ambev has established provisions totaling R\$43.9 million (USD 12 million) reflecting applicable adjustments, such as accrued interest, as of 31 December 2016 in connection with civil claims.

Subscription Warrants

In 2002, Ambev decided to request a ruling from the CVM (*Comissao de Valores Mobiliarios*, the Securities and Exchange Commission of Brazil) 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. Two of them were ruled favorably to Ambev by the appellate court of the State of São Paulo. Both decisions were confirmed by the Superior Court of Justice. The plaintiffs have appealed to the Special Court of the Superior Court of Justice and such appeals are pending. Of the four other claims, Ambev received a favorable ruling in one claim by a first level court in Rio de Janeiro, and the appellate court of the state of Rio de Janeiro ruled against Ambev in another three claims. Ambev has appealed to the Brazilian Superior Court of Justice with respect to the final decisions issued by the appellate court of the State of Rio de Janeiro. In 2016, Ambev received a favorable ruling in one such appeal, to which the plaintiff filed a further appeal, which is currently pending judgment. In the beginning of 2017, the Supreme Court of Justice ruled two other appeals favorable to Ambev, but the plaintiffs may appeal such decision to the Special Court. The remaining appeal is still pending final disposition.

The warrant holders of both claims that were denied by the appellate court of the State of São Paulo have also appealed to the Superior Court of Justice. The Superior Court of Justice decided in favor of Ambev on both claims, although the decisions are subject to appeal. 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 2016, 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\$761.7 million (USD 234 million) as of 31 December 2016.

Ambev believes, based on its management assessments, that its chances of receiving unfavorable final decisions in this matter are either possible or 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.

Environmental Matters

Riachuelo

In 2004, an environmental complaint was initiated by certain neighbors residing in the Riachuelo Basin against the State of Argentina, the Province of Buenos Aires, the city of Buenos Aires and more than 40 corporate entities (including Ambev's subsidiary, Cerveceria y Malteria Quilmes S.A.) with premises located in the Riachuelo Basin or that discharge their waste into the Riachuelo River. In this complaint, the Argentine Supreme Court of Justice ruled that the State of Argentina, the Province of Buenos Aires and the city of Buenos Aires remain primarily responsible for the remediation of the environment, and further resolved that the Riachuelo Basin Authority, an environmental authority created in 2006 pursuant to the Argentine Law No. 26, 168, would be responsible for the implementation of a Remediation Plan for the Riachuelo Basin. The Argentine Supreme Court of Justice also decided that any claim on damages should be initiated before a civil court. No further claims have been initiated against Cerveceria y Malteria Quilmes S.A.

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 860 million) (of which approximately R\$2.1 billion (USD 640 million) 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 860 million), 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 lower court judge dismissed the case in May 2016, rejecting all claims filed by the Federal Prosecutor's Office.

The Federal Prosecutor's Office has appealed to the Federal Court, but 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, Brewers Retail Inc. (known as The Beer Store or "TBS") and the owners of Brewers Retail Inc. (Molson Coors Canada, Sleeman Breweries Ltd. and Labatt Breweries of Canada LP). The lawsuit was brought in Canada pursuant to the Ontario Class Proceedings Act, and sought, among other things: (i) to obtain a declaration that the defendants conspired with each other to allocate markets for the supply of beer sold in Ontario since 1 June 2000; (ii) to obtain a declaration that Brewers Retail Inc. and the owners of Brewers Retail Inc. conspired to fix, increase and/or maintain prices charged to Ontario licensees (on-trade) for beer and the fees charged by TBS to other competitive brewers who wished to sell their products through TBS; and (iii) damages for unjust enrichment.

As part of this third allegation, the plaintiffs allege illegal trade practices by the owners of Brewers Retail Inc. They are seeking damages not exceeding CAD \$1.4 billion (USD 1.0 billion), as well as punitive, exemplary and aggravated damages of CAD \$5 million (USD 3.7 million) and changes/revokes of the affected legislation. Ambev has not recorded any provision in connection therewith. A motion for summary judgment has been filed by the defendants and should be heard in the fourth quarter of 2017. The class certification and trial on the merits is not expected to be held before 2018.

Anheuser-Busch

Dispositions Pension Litigation

On 1 December 2009, Anheuser-Busch InBev SA/NV, Anheuser-Busch Companies, LLC and the Anheuser-Busch Companies Pension Plan were sued in the United States District Court for the Eastern District of Missouri in a lawsuit styled Richard F. Angevine v. Anheuser-Busch InBev SA/NV, et al. The plaintiff sought to represent a class of certain employees of Busch Entertainment Corporation, which was divested on 1 December 2009, and the four Metal Container Corporation plants which were divested on 1 October 2009. He also sought to certify a class action and represent certain employees of any other subsidiary of Anheuser-Busch Companies, LLC that has been divested or may be divested during the three-year period from the date of the Anheuser-Busch acquisition, 18 November 2008 through 17 November 2011. Among other things, the lawsuit claimed that we failed to provide him and the other class members (if certified) with certain enhanced benefits, and breached our fiduciary duties under the U.S. Employee Retirement Income Security Act of 1974. On 16 July 2010, the court dismissed plaintiff's lawsuit. The court ruled that the claims for breach of fiduciary duty and punitive damages were not proper. The court also found that the plaintiff did not exhaust all of his administrative remedies, which he must first do before filing a lawsuit. On 9 August 2010, the plaintiff filed an appeal of this decision to the Eighth Circuit Court of Appeals, which was denied on 22 July 2011. No further appeals were filed.

On 15 September 2010, Anheuser-Busch InBev SA/NV and several of its related companies were sued in Federal Court for the Southern District of Ohio in a lawsuit entitled Rusby Adams et al. v. AB InBev, et al. This lawsuit was filed by four employees of Metal Container Corporation's facilities in Columbus, Ohio, Gainesville, Florida, and Ft. Atkinson, Wisconsin that were divested on 1 October 2009. Similar to the Angevine lawsuit, these plaintiffs seek to represent a class of participants of the Anheuser-Busch Companies Salaried Employees' Pension Plan (the "Plan") who had been employed by subsidiaries of Anheuser-Busch Companies, LLC that had been divested during the period of 18 November 2008 through 17 November 2011. The plaintiffs also allege claims similar to the Angevine lawsuit, namely, that by failing to provide plaintiffs with these enhanced benefits, we breached our fiduciary duties under the U.S. Employee Retirement Income Security Act of 1974. We filed a Motion to Dismiss and obtained dismissal of the breach of fiduciary duty claims in April 2011, leaving only the claims for benefits remaining. On 28 March 2012, the Court certified that the case could proceed as a class action comprised of former employees of the divested Metal Container Corporation operations. On 9 January 2013, the Court granted our Motion for Judgment on the Administrative Record. The plaintiffs appealed the decision on 5 February 2013. On 11 July 2014, the Sixth Circuit Court of Appeals reversed the lower court and remanded the case for judgment. On 16 September 2014, our Motion for Rehearing En Banc was denied. A Final Order and Judgment was then entered by the district court on 24 December 2014, which ordered the Plan to provide the enhanced pension benefits to members of the certified class. We believe the total amount of the enhanced benefits is approximately USD 8 million.

On 10 January 2012, a class action complaint asserting claims very similar to those asserted in the Angevine lawsuit was filed in Federal Court for the Eastern District of Missouri, styled Nancy Anderson et al. v. Anheuser-Busch Companies Pension Plan et al. Unlike the Angevine case, however, the plaintiff in this matter alleges complete exhaustion of all administrative remedies. On 11 March 2013 the court consolidated the case with the Knowlton case mentioned below. A three-count consolidated complaint was filed on 19 April 2013. On 30 October 2013, the court dismissed Counts II and III, including the breach of fiduciary claims, but granted plaintiff leave to amend. On 19 November 2013, the plaintiff filed an amended Count III. We filed an Answer to amended Count III on 30 May 2014. On 16 May 2014, the Court granted the plaintiff's class certification motion on Count I, which certified a class of divested employees of Busch Entertainment Corporation.

On 10 October 2012, another class action complaint was filed against Anheuser-Busch Companies, LLC, Anheuser-Busch Companies Pension Plan, Anheuser-Busch Companies Pension Plan Appeals Committee and the Anheuser-Busch Companies Pension Plan Administrative Committee by Brian Knowlton and several other former Busch Entertainment Corporation Employees in the Southern District of California. Like the other lawsuits, the Knowlton case claims that the employees of any divested assets were entitled to enhanced retirement benefits under section 19.11(f) of the Plan. However, it specifically excluded the divested Metal Container Corporation facilities that were included in the Adams class action. On 11 March 2013 the court consolidated the case with the Anderson matter. On 30 October 2013, the court dismissed Counts II and III of the Consolidated Complaint, including the breach of fiduciary claims, but granted plaintiff leave to amend. On 19 November 2013, the plaintiff filed an amended Count III, which was answered. On 16 May 2014, the Court granted plaintiffs' request for class certification, which certified a class of divested employees of Busch Entertainment Corporation. On 8 July 2015, the Court granted plaintiffs' Motion for Judgment on the Pleadings, which was

based on the decision by the Sixth Circuit Court of Appeals in the Adams case. On 9 October 2015, the Court issued a final, appealable order, as well as a stay pending appeal. On 22 February 2017, the Eighth Circuit Court of Appeals affirmed the lower court's decision awarding enhanced pension benefits to the class of divested employees of Busch Entertainment Corporation, but remanded the case to the lower court and in so doing asked the lower court to reconsider whether plaintiffs were entitled to a judgment containing the specific benefits owed. We believe that the total amount of enhanced pension benefit at issue in this case is approximately USD 67.8 million.

Tax Matters

In early 2014, Anheuser-Busch InBev Worldwide Inc., an indirectly wholly owned subsidiary of Anheuser-Busch InBev SA/NV, received a net proposed tax assessment from the U.S. Internal Revenue Service ("IRS") of USD 306 million, predominately involving certain intercompany transactions related to tax returns for the years 2008 and 2009. In November 2015, the IRS issued an additional proposed tax assessment of USD 130 million for tax years 2010 and 2011. Anheuser-Busch InBev Worldwide Inc. has contested the proposed assessments for the 2008 to 2011 tax years with the IRS and intends to vigorously defend its position.

SAP Arbitration

On 21 February 2017, SAP America, Inc. ("SAP") commenced an arbitration in New York against Anheuser-Busch Companies, LLC pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The statement of claim asserts multiple breaches of a 30 September 2010 Software License Agreement (together with related amendments and ancillary documents, the "SLA") based on allegations that company employees used SAP systems and data—directly and indirectly—without appropriate licenses, and that the company underpaid fees due under the SLA. The statement of claim seeks both reformation of the SLA in certain respects and also damages potentially in excess of USD 600 million. We intend to defend against SAP's asserted claims vigorously.

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.

Any matter relating to our dividend payout policy (except that the actual amount of any dividend remains subject to approval at our shareholders' meeting in accordance with the Belgian Companies Code) is within the jurisdiction of our shareholders' meetings and shall be adopted with a positive vote of at least 75% of the shares attending or represented at the meeting, regardless of the number of shares attending or represented, if and only if any four of our directors request that the matter be submitted at our shareholders' meeting.

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.

The dividends payable for any given fiscal year are paid in November of such year and in May of the following year. The dividend payable in November is an advance amount decided by the Board of Directors in the form of an interim dividend. The dividend payable in May of the following year is decided at the shareholders' meeting and supplements the amount already distributed in November. In both cases, the 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) |
|----------------|--|---|---|------------------|
| 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

Price History of Stock

Ordinary Shares Listed on Euronext Brussels

The table below shows the quoted high and low closing sales prices in euro on Euronext Brussels for our shares for the indicated periods.

| | | Per Share | |
|----------------|--|-----------|--------|
| | | High | Low |
| | | (in EUR) | |
| Annual | | | |
| 2016 | | 118.80 | 92.13 |
| 2015 | | 123.25 | 89.68 |
| 2014 | | 94.80 | 69.55 |
| 2013 | | 78.66 | 63.90 |
| 2012 | | 69.94 | 46.35 |
| Quarterly | | | |
| 2016 | | | |
| Fourth Quarter | | 117.40 | 93.76 |
| Third Quarter | | 118.80 | 108.95 |
| Second Quarter | | 117.60 | 106.05 |
| First Quarter | | 116.15 | 100.60 |
| 2015 | | | |
| Fourth Quarter | | 123.25 | 94.29 |
| Third Quarter | | 118.80 | 91.28 |
| Second Quarter | | 118.50 | 104.80 |
| First Quarter | | 115.85 | 89.68 |
| Monthly | | | |
| 2017 | | | |
| February | | 103.60 | 96.65 |
| January | | 101.10 | 96.15 |
| 2016 | | | |
| December | | 100.95 | 92.13 |
| November | | 106.40 | 94.02 |
| October | | 117.40 | 104.55 |
| September | | 118.80 | 108.95 |

ADSs Listed on NYSE

On 16 September 2009, former AB InBev listed 1,608,663,943 ADSs on the NYSE.

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Following the completion of the Transaction 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).

Each ADS represents one of our Ordinary Shares. The table below shows the quoted high and low closing sales prices in USD on NYSE for our shares for the indicated periods.

| | | Per Share | |
|----------------|--|-----------|--------|
| | | High | Low |
| | | (in USD) | |
| Annual | | | |
| 2016 | | 133.44 | 98.28 |
| 2015 | | 129.14 | 103.86 |
| 2014 | | 116.99 | 94.17 |
| 2013 | | 106.46 | 84.29 |
| 2012 | | 90.27 | 58.92 |
| Quarterly | | | |
| 2016 | | | |
| Fourth Quarter | | 131.91 | 98.28 |
| Third Quarter | | 133.44 | 121.94 |
| Second Quarter | | 131.77 | 120.54 |
| First Quarter | | 126.71 | 111.50 |
| 2015 | | | |
| Fourth Quarter | | 129.14 | 106.67 |
| Third Quarter | | 128.51 | 103.86 |
| Second Quarter | | 126.66 | 117.20 |
| First Quarter | | 127.69 | 107.85 |
| Monthly | | | |
| 2017 | | | |
| February | | 109.49 | 104.35 |
| January | | 106.80 | 104.26 |
| 2016 | | | |
| December | | 106.20 | 98.28 |
| November | | 116.34 | 101.00 |
| October | | 129.26 | 115.49 |
| September | | 133.44 | 122.55 |

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 “ANB” 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 listed on the NYSE on 16 September 2009 (such number equal to the number of our shares plus the number of warrants on our shares).

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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 in the Euro zone with more than 1,300 listed issuers worth more than EUR 3.0 trillion in market capitalization as of the end of December 2016, an unmatched blue chip franchise consisting of 25 issuers in the EURO STOXX 50® benchmark and a strong diverse domestic and international client base. Its total product offering includes Equities, 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.

Trading Platform and Market Structure. Euronext operates five securities markets in Amsterdam, Brussels, Lisbon, London and Paris as well as four derivatives markets in Amsterdam, Brussels, Lisbon and Paris, 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.Clearnet (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 10 October 2016 has been filed as Exhibit 99.4 to the Form 6-K filed by Anheuser-Busch InBev SA/NV on 11 October 2016 at 5:07 p.m. EDT.

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

We may, within the scope of our corporate purpose, engage in all civil, commercial, industrial operations and financial transactions either in or outside Belgium. We may take interests by way of asset contribution, merger, subscription, equity investment, financial support or otherwise in all undertakings, companies or associations having a corporate purpose similar or related to or likely to promote the furtherance of our corporate purpose.

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 Board of Management Members (Key Management Personnel).”

In addition, Article 523 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 513 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 SABMiller—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.”

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).

A proposal to grant an authorization to increase the capital for an amount up to 3% of our capital will be submitted for approval to our Ordinary Shareholders’ meeting on 26 April 2017. If approved by our shareholders’ meeting, such authorization will be in place for a period of five years from the date of publication of the amendment to the articles of association decided by our shareholders’ meeting in respect of the authorized 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 592 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. 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 596 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 cancelled 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 cancelled 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).

If any Restricted Shareholder exercises its preferential subscription right in respect of its holding of Restricted Shares, we 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 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 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 is 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).

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 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 first shareholders' meeting of shareholders holding 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 is 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).

On 28 September 2016, our shareholders' meeting granted an authorization allowing us to dispose of our own shares, either on or off the stock exchange under conditions to be determined by our Board. This authorization is valid for a period of five years beginning from 28 September 2016.

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 Scheme) 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-fifth 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 the 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 540 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 or legal form or 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 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).

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 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 securities 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 securities.

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 SABMiller

2015 Senior Facilities Agreement

On 28 October 2015, we entered into a USD 75.0 billion Senior Facilities Agreement with a syndicate of banks in connection with the Transaction, of which we currently have USD 8.0 billion outstanding (the “**2015 Senior Facilities Agreement**”).

The 2015 Senior Facilities Agreement contains customary representations, covenants and events of default. Among other things and subject to certain thresholds and limitations, an event of default is triggered if any of our or our subsidiaries’ financial indebtedness is accelerated following an event of default. Our obligations as borrower under the 2015 Senior Facilities Agreement will be jointly and severally guaranteed by us (in the event an additional borrower is added at a later date), Anheuser-Busch InBev Worldwide Inc., Anheuser-Busch Companies, LLC, ABIFI, Brandbrew S.A., Brandbev S.à.R.L. and Cobrew SA/NV. Within six months of the settlement of the Transaction, to the extent such entities remain obligors under SABMiller’s existing publicly held debt securities (and subject to certain other conditions, including the absence of financial assistance, general statutory limitations, corporate benefit considerations, the absence of fraudulent preference or similar principles that may affect the ability of entities to provide a guarantee), SABMiller and certain of its key subsidiaries are required to accede as guarantors to the 2015 Senior Facilities Agreement.

All proceeds from the drawdown under the 2015 Senior Facilities Agreement were required to be applied to finance the cash consideration payable pursuant to former AB InBev’s proposed offer for all Newbelco shares and, following the settlement date of the proposed offer, for financing fees, costs and expenses incurred in connection with the Transaction and the refinancing of any existing SABMiller Group indebtedness.

The availability of funds under the 2015 Senior Facilities Agreement is subject to the satisfaction of customary conditions precedent. In addition to these conditions, the utilizations under the 2015 Senior Facilities Agreement also require that no default is continuing or would result from the proposed utilizations and that certain representations made by the borrower and each guarantor remain true in all material respects.

The 2015 Senior Facilities Agreement made the following five facilities available to us and our wholly owned subsidiaries, subject to certain conditions: (i) “**Cash/DCM Bridge Facility A**,” a 364-day bridge facility for up to USD 15.0 billion principal amount available; (ii) “**Cash/DCM Bridge Facility B**,” a 364-day bridge facility, with an option to extend for an additional 12 months, for up to USD 15.0 billion principal amount available; (iii) “**Disposals Bridge Facility**,” a 364-day bridge facility for up to USD 10.0 billion principal amount available; (iv) “**Term Facility A**,” a two-year term facility, with an option to extend for an additional 12 months, for up to USD 25.0 billion principal amount available; and (v) “**Term Facility B**,” a five-year term facility for up to USD 10.0 billion principal amount available. The facilities are to be drawn in USD, except that a portion of each facility may be drawn in euro at our option. The 2015 Senior Facilities Agreement is filed as Exhibit 4.5 to this Form 20-F.

The interest rates applicable under the 2015 Senior Facilities Agreement are equal to LIBOR (or EURIBOR, for euro-denominated loans) plus the applicable margin on each facility, based on ratings assigned by rating agencies to our long-term debt. For Cash/DCM Bridge Facility A and Cash/DCM Bridge Facility B, the margin ranges between 0.85% per annum and 1.30% per annum, which margin will increase in fixed increments of 0.20% per annum from the date falling three months after the settlement date of our proposed offer for all Newbelco shares and on the last day of each three-month period thereafter. For the Disposals Bridge Facility, the margin ranges between 0.85% per annum and 1.30% per annum. For Term Facility A, the margin ranges between 0.90% per annum and 1.35% per annum. For Term Facility B, the margin ranges between 1.00% per annum and 1.45% per annum, which margin will increase in fixed increments of 0.0625% per annum from the date falling thirty-six months after the settlement date of our proposed offer for all Newbelco shares and on the last day of each three-month period thereafter. Based on our ratings as of 31 December 2015, the applicable margins for each facility were: (i) for Cash/DCM Bridge Facility A, Cash/DCM Bridge Facility B and the Disposals Bridge Facility, 1.00% per annum; (ii) for Term Facility A, 1.10% per annum and (iii) for Term Facility B, 1.25% per annum. Customary ticking fees are payable on any undrawn but available funds under the facilities.

In January 2016, we cancelled USD 42.5 billion of commitments under the 2015 Senior Facilities Agreement following debt capital market issuances by our subsidiary Anheuser-Busch InBev Finance Inc. announced on 13 January 2016 and 20 January 2016, in which we received approximately USD 47.0 billion of net proceeds. Following the receipt of the proceeds from the issuance announced on 13 January 2016, we were required to cancel Cash/DCM Bridge Facility A and Cash/DCM Bridge Facility B in accordance with the mandatory cancellation and prepayment provisions described below.

Additionally, in March 2016, former AB InBev issued bonds in a debt capital markets offering under our Euro Medium-Term Note Programme resulting in aggregate net proceeds of approximately EUR 13.1 billion, to which we are the successor-in-interest. As a result, we elected to cancel the remaining USD 12.5 billion of Term Facility A. See “Item 5. Operating and Financial Review—G. Liquidity and Capital Resources—Funding Sources” for further details on our debt capital markets issuances.

In October 2016, former AB InBev (i) utilized USD 10.0 billion of the Disposals Bridge Facility and USD 8.0 billion of Term Facility B and (ii) canceled the remaining USD 2.0 billion of Term Facility B. On 20 October 2016, we fully repaid and canceled the Disposals Bridge Facility. We currently have only USD 8.0 billion outstanding under the Term Facility B of the 2015 Senior Facilities Agreement.

Mandatory prepayments are not required to be made under the 2015 Senior Facilities Agreement, except in certain limited circumstances, including (i) for Cash/DCM Bridge Facility A, Cash/DCM Bridge Facility B and the Disposals Bridge Facility, an amount equal to (a) the net proceeds of any disposal made by SABMiller or its subsidiaries or us or our subsidiaries and (b) 80% of the net proceeds received by us or our subsidiaries from funds raised in the public international debt capital markets, in each case subject to certain exceptions, and (ii) for all facilities, 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.

Co-operation Agreement

On 11 November 2015, we entered into an agreement with SABMiller relating to, among other things, the implementation of the Transaction (as amended from time to time, the “**Co-operation Agreement**”). The Co-operation Agreement contains certain obligations that we must meet following completion of the Transaction. For example, in accordance with the Co-operation Agreement, we have procured the provision of directors’ and officers’ insurance for former directors and officers of SABMiller for a period of six years following the completion of the Transaction.

On 1 July 2016, we entered into a deed of amendment amending the Co-operation Agreement to clarify the scope of the retention and other Transaction-related arrangements for SABMiller employees. On 17 August 2016, AB InBev and SABMiller entered into a further deed of amendment amending the Co-operation Agreement in order to modify the transitional bonus arrangements for SABMiller employees in respect of the period following completion of the Transaction to take account of the impact on bonus targets of the planned divestments of various SABMiller businesses by AB InBev on and following completion. The Co-operation Agreement, the deed of amendment dated 1 July 2016 and the deed of amendment dated 17 August 2016 have been filed as Exhibits 4.19, 4.20 and 4.21, respectively, to this Form 20-F.

Information Rights Agreement

On 11 November 2015, former AB InBev and Altria entered into an 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 Transaction, this Information Rights Agreement replaced the existing relationship agreement that was in place between Altria and SABMiller.

Under the terms of the Transaction, any former SABMiller shareholder other than Altria is entitled, from completion of the Transaction, 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. 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 has been filed as Exhibit 4.26 to this Form 20-F.

Deed of Indemnity

Former AB InBev and SABMiller entered into a deed of indemnity on 19 August 2016 pursuant to which, in consideration for SABMiller:

- providing us selected financial and commercial information and representation letters for various purposes, including certain regulatory filings made in connection with our bond financing arrangements, assessments by certain ratings agencies of the potential credit rating of a new entity to be carved out of SABMiller in the event of completion of the Transaction under a range of different scenarios, the preparation of certain reports by Ernst & Young LLP at the instruction of former AB InBev relating to the Peroni, Grolsch and Meantime brands and their associated businesses in Italy, the Netherlands and the United Kingdom, and for information purposes in connection with the sale of the Peroni, Grolsch and Meantime businesses;
- agreeing to consider and/or conduct a bondholder consent solicitation process with regard to SABMiller's USD 300,000,000 6.625% guaranteed notes due 2033; and
- entering into an engagement letter with and agreeing to indemnify the third-party agent appointed by certain shareholders of SABMiller pursuant to the scheme of arrangement under Part 26 of the United Kingdom Companies Act 2006 in connection with the Transaction and hold it and its connected persons harmless against any liabilities (other than those that are finally judicially determined to have arisen out of the gross negligence or willful misconduct of the scheme agent) which arise out of matters contemplated by or consequent upon the scheme agent's engagement in relation to the Transaction.

We have agreed to indemnify and hold SABMiller and its connected persons harmless from and against any losses, liabilities and claims made against SABMiller and its connected persons (and any costs and expenses stemming from such claims) in connection with the items mentioned above, other than when finally judicially determined to have arisen from the gross negligence, willful misconduct, bad faith or fraud by SABMiller or its connected persons, as well as to reimburse SABMiller for any expenses incurred in connection with the bondholder consent solicitation process. SABMiller consented to the ongoing inclusion and/or provision of such information and letters in certain places and/or situations. The Deed of Indemnity is filed as Exhibit 4.29 to this Form 20-F.

Tax Matters Agreement

On 11 November 2015, former AB InBev entered into 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 Transaction.

The Tax Matters Agreement sets out the framework for ongoing co-operation between us and Altria after completion of the Transaction 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 Transaction, the existing tax matters agreement in place between Altria and SABMiller 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 Transaction to reflect additional details that had developed since 11 November 2015.

Under the terms of the Transaction, as stated in the November Rule 2.7 Announcement, any SABMiller shareholder other than Altria is entitled to enter into an agreement with us on substantially the same terms as the Tax Matters Agreement, *provided that* it is able to demonstrate to the reasonable satisfaction of our board of directors that it meets the following criteria:

- it is a United States corporation;
- it owned (or was deemed to own for U.S. federal income tax purposes) no less than 5% of the SABMiller shares; and
- it owned (or was deemed to own for U.S. federal income tax purposes) no less than 10% of the Restricted Shares at completion of the Transaction.

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 Transaction, Molson Coors acquired all of SABMiller’s interest in MillerCoors LLC, a joint venture between SABMiller and Molson Coors (“**MillerCoors**”), and certain assets (including trademarks, other intellectual property, contracts, inventory and other assets) related to SABMiller’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. Following the closing of the MillerCoors divestiture on 11 October 2016, MillerCoors has become a wholly owned subsidiary of Molson Coors and Molson Coors has full control of the operations and resulting economic benefits of MillerCoors.

We agreed to indemnify Molson Coors for losses arising out of: (i) certain breaches of representations, warranties, covenants and agreements of AB InBev contained in the Molson Coors Purchase Agreement; (ii) all liabilities of AB InBev, SABMiller and any of their respective affiliates that are not expressly assumed by Molson Coors in the MillerCoors divestiture; and (iii) certain other liabilities (including in connection with actions required to be taken by Molson Coors to obtain necessary regulatory consents and approvals). Our indemnification obligations arising from breaches of our representations and warranties in the Molson Coors Purchase Agreement survive for twenty-four months after closing of the MillerCoors divestiture and are subject to a USD 5 million deductible and a USD 750 million cap.

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, and to provide certain other transition services for one year following the closing of the MillerCoors divestiture. We also agreed to enter into amendments to certain existing agreements between SABMiller and its affiliates and MillerCoors in respect of the license and/or supply of certain brands owned by SABMiller 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 also contains other customary representations, warranties and covenants by each party that are subject, in some cases, to specified exceptions and qualifications contained in the Molson Coors Purchase Agreement.

On 25 March 2016, former AB InBev and Molson Coors entered into Amendment No. 1 to the Molson Coors Purchase Agreement, pursuant to which we and Molson Coors (i) agreed to include in the MillerCoors divestiture certain rights and assets relating to MillerCoors and SABMiller’s business operations in the U.S. that were intended to be included in the MillerCoors divestiture but were unintentionally omitted from the Molson Coors Purchase Agreement, (ii) clarified the process by which we and Molson Coors would seek certain third-party consents, approvals and assignments in connection with the MillerCoors divestiture and (iii) clarified the inapplicability of certain restrictions on SABMiller’s portfolio of Miller brands outside of the U.S. On 3 October 2016, former AB InBev and Molson Coors entered into Amendment No. 2 to the Molson Coors Purchase Agreement, pursuant to which we and Molson Coors (i) clarified our respective rights and obligations with respect to the intellectual property of MillerCoors, (ii) agreed to terminate or assign to Molson Coors certain agreements between MillerCoors and SABMiller and (iii) clarified the scope of our obligation to remove commercial limitations on Molson Coors’ activities from our existing contractual arrangements.

The Molson Coors Purchase Agreement, Amendment No. 1 and Amendment No. 2 have been 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 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 Transaction, 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 Transaction. The terms of the consent decree formalize former AB InBev's agreement to divest SABMiller's U.S. interest in MillerCoors to Molson Coors, previously announced on 11 November 2015, 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 Transaction.

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 ten years after its approval by the U.S. federal district court in the District of Columbia, unless the court grants an extension. 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 proposed final judgment which is attached as Exhibit 4.28 to this Form 20-F.

Revolving Facility

As of 31 December 2016, we have fully repaid our obligations under the Revolving Facility (as defined below), and USD 9.0 billion remains available to be drawn.

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 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 cancelled 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 our Annual Report on Form 20-F for the fiscal year ended 31 December 2009, filed with the SEC on 15 April 2010.

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, ABIFL, 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.

Grupo Modelo Settlement Agreement

On 19 April 2013, former AB InBev, Grupo Modelo, Constellation Brands, Inc. and Crown Imports LLC, reached a final agreement with the U.S. Department of Justice on the terms of a settlement of the Department of Justice's litigation challenging our acquisition of Grupo Modelo. The settlement required the divestiture to Constellation Brands, Inc. of Grupo Modelo's brewery in Piedras Negras, Mexico and Grupo Modelo's 50% stake in Crown Imports LLC, as well as the grant of perpetual brand licenses to Constellation Brands, Inc. The final judgment was approved by the Court in October 2013.

Under the terms of the stipulation order and final judgment, (i) Constellation Brands, Inc. was joined as a party to the action for the purposes of settlement and for the entry of a final judgment, (ii) we and Grupo Modelo agreed to the prompt and certain divestiture of certain rights and assets held by them, (iii) we and Constellation Brands, Inc. agreed to amend certain agreements that were executed in connection with the acquisition of the equity interest in Crown Imports LLC and the brewery, (iv) Constellation Brands, Inc. is obligated to build out and expand the Grupo Modelo's brewery to a nominal capacity of at least 20 million hectoliters of packaged beer annually by 31 December 2016, and to use its best efforts to achieve certain construction milestones by specified dates, (v) the United States has approval rights, in its sole discretion, for amendments or modifications to the agreements between us and Constellation Brands, Inc., and (vi) the United States has a right of approval, in its sole discretion, of any extension beyond three years of the term of the interim supply agreement, which was executed by us and Constellation Brands, Inc. at the closing of the acquisition. In December 2016, we 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. The final judgment is filed as Exhibit 4.18 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 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 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, persons that hold, or will hold, our shares or ADSs in a position, in a straddle, share-repurchase transaction, conversion transaction, synthetic security or other integrated financial transaction. Investors should consult their own advisors 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. 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.

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.

A reduced withholding tax rate of 1.6995% (the “**Reduced Withholding Tax**”) 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 has a legal form similar to the ones listed in the Annex to the European Union Parent-Subsidiary Directive of November 30, 2011 (2011/96/EU) (“**EU Parent-Subsidiary Directive**”), as amended from time to time, (ii) 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, (iii) the U.S. company holds our shares or ADSs in full legal ownership for an uninterrupted period of at least one year, (iv) the U.S. company submits an affidavit to us or our paying agent (see below). The Reduced Withholding Tax only applies if and to the extent that the Belgian dividend withholding tax is, in principle, neither creditable nor reimbursable in the hands of the U.S. resident company.

In order to benefit from the Reduced Withholding Tax, 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 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 only apply if the U.S. pension fund provides a certificate confirming that it is the full legal owner or usufruct holder 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 Bureau Central de Taxation Bruxelles-Etranger, 33 Boulevard Roi Albert II, 33 (North Galaxy Tower B7), 1030 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 35.51% (33% to be increased with a surcharge of currently 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 surcharge of currently 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 (that is, a shareholding of 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 the modalities under which the donation is carried out.

Belgian Tax on Stock Exchange Transactions

A stock market tax 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 applicable rate amounts to 0.27% of the consideration paid, but with a cap of EUR 1,600 (USD 1,722) per transaction and per party.

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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 sworn affidavit to the intermediary in Belgium confirming their non-resident status.

In addition to the above, no stock market tax is payable by: (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 stock market tax 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 sworn affidavit evidencing 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 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 liable for alternative minimum tax;
- a person that actually or constructively owns 10% or more of our voting 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.

You are a U.S. holder if you are a beneficial owner of shares or ADSs and you are:

- 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 advisor 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.

If a partnership 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 advisor with regard to the United States federal income tax treatment of an investment in our shares or ADSs.

Taxation of Dividends

Under the United States federal income tax laws, and subject to the passive foreign investment company (or “**PFIC**”) rules discussed below, if you are a U.S. holder, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) 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.

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 depository 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 euros, the amount of the dividend distribution that you must include in your income as a U.S. holder 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 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 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 depending on your circumstances, will generally be either “passive” or “general” income for purposes of computing the foreign tax credit allowable to you.

Taxation of Capital Gains

Subject to the PFIC rules discussed below, 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 be treated as stock of a PFIC for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. 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, unless a U.S. holder elects to be taxed annually on a mark-to-market basis with respect to the shares or ADSs or makes a “qualified electing fund” (“**QEF**”) election the first taxable year in which we are treated as a PFIC, gain realized on the sale or other disposition of your shares or ADSs would in general not be treated as capital gain. Instead, if you are a U.S. holder, 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 treated as a PFIC 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 under “—Belgian Taxation—Belgian Tax on Stock Exchange Transactions”). U.S. holders are urged to consult their own tax advisors 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 at the public reference rooms of the SEC at 100 F Street, N.E., Washington, D.C. 20549, and at the SEC’s regional offices located at 3 World Financial Center, Suite 400, New York, NY 10281 and 175 W. Jackson Boulevard, Suite 900, Chicago, IL 60604. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Electronic filings made through the Electronic Data Gathering, Analysis and Retrieval system are also publicly available 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 10 October 2016 has been filed as Exhibit 99.4 to the Form 6-K filed on 11 October 2016, regarding the Anheuser-Busch InBev SA/NV Articles of Association, and is also available on our website under <http://www.ab-inbev.com/investors/corporate-governance/bylaws.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 <http://www.ab-inbev.com/investors/reports-and-filings.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 Global Citizenship Report, 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

Foreign Exchange Risk on the Acquisition of SABMiller

During 2015 and 2016, we entered into derivative foreign exchange forward contracts, as well as other non-derivative items also documented in a hedge accounting relationship, in order to economically hedge against exposure to changes in the U.S. dollar exchange rate for the cash component of the purchase consideration in pound sterling and South African rand. Although these derivatives and non-derivative items were considered to be economic hedges, only a portion of such derivatives could qualify for hedge accounting under IFRS rules. Since inception of the derivative contracts in 2015 and upon the completion of the Transaction, USD 12.3 billion negative mark-to-market adjustment related to such hedging were recognized cumulatively over 2015 and 2016, of which USD 7.4 billion qualified for hedge accounting and was, accordingly, allocated as part of the consideration paid.

See notes 8, 11 and 29 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 & 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 2016, we have substantially locked in our anticipated exposures related to firm commitments and forecasted transactions for 2017 for the most important currency pairs such as USD/Brazilian real, USD/Mexican peso and euro/USD. 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 2016, factoring in the possible volatility in those exchange rates (see note 29 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016). Based on such analysis, we estimate that if certain currencies had weakened or strengthened against the U.S. dollar or euro during 2016, our 2016 profit before taxes would have been USD 112 million higher or lower, respectively, while the pre-tax translation reserves in equity would have been USD 774 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 2016, after certain hedging and fair value adjustments, USD 24.0 billion, or 19.5%, 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016). We have estimated that a change in market interest rates based on the range of volatilities considered in our analysis could have impacted our 2016 interest expense by plus or minus USD 23 million in relation to our floating rate debt. Such increase or decrease would be more than offset by a USD 53 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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.

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As of 31 December 2016, we had the following commodity derivatives outstanding, by maturity:

| Commodities | Notional | | | | Fair Value |
|-----------------------------|----------|-----------|----------|-------|------------|
| | <1 year | 1-5 years | >5 years | Total | |
| Aluminum swaps | 1,211 | 31 | — | 1,242 | 61 |
| Other commodity derivatives | 1,124 | 189 | — | 1,313 | 64 |

Notes:

- (1) Represents the excess of assets over liabilities as of 31 December 2016.

These hedges are designated in a cash flow hedge accounting relationship in accordance with IAS 39.

See note 29 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016) and some share-based payments in connection with the acquisition of SABMiller. 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 2016, an exposure for an equivalent of 91.6 million of our shares was hedged, resulting in a total loss of USD 851 million recognized in the profit or loss account for the period, of which USD 384 million related to our share-based payment programs, and USD 340 million and USD 127 million related to the Grupo Modelo and SABMiller acquisitions, respectively.

The sensitivity analysis on the share-based payments hedging program, calculated based on a 22.84% reasonable possible volatility of our share price, and with all the other variables held constant, would show USD 2,236 million positive/negative impact on our 2016 profit before tax.

Other Risks

See note 29 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016 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 DEPOSITORY SHARES

Upon completion of the Transaction, we assumed the rights and obligations of former AB InBev under its 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 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 “—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 101 Barclay Street, New York, New York 10286. 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 American Depositary Shares, also referred to as 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 101 Barclay Street, New York, NY 10286. The Bank of New York Mellon’s principal executive office is located at One Wall Street, New York, NY 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as 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 Direct Registration System, 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.

Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2016.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, also referred to as 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.

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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> |
|--|--|
| \$5.00 (or less) 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 |
| The greater of (a) \$0.02 per ADS (or portion thereof) and (b) 6% of the cash distribution amount per ADS | Any 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 |
| \$0.02 (or less) per ADS per calendar year | Depositary services. The fee for depositary services will not exceed \$0.02 per ADS for any year |
| 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, advisor, 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

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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 2016, 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 11,507,002.91.

| <u>Expenses the depositary reimbursed us</u> | <u>Amount (in USD)</u> |
|--|------------------------|
| Maintenance expenses | 11,362,513.10 |
| Total | 11,362,513.10 |

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 2016.

| <u>Expenses the depositary paid to third parties on our behalf</u> | <u>Amount (in USD)</u> |
|--|------------------------|
| Standard out-of-pocket maintenance costs | 144,489.81 |
| Total | 144,489.81 |

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 cancelled 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

We completed the Transaction on 10 October 2016. Our management has excluded the SABMiller Group from its assessment, as of 31 December 2016, of the effectiveness of internal controls over financial reporting and disclosure controls and procedures, to the extent subsumed by internal control over financial reporting. The assessment of internal control over financial reporting for the SABMiller Group will be included in our management's assessment of the effectiveness of internal controls over financial reporting as of 31 December 2017. The Transaction, which was included as from the fourth quarter of 2016 within our consolidated results for the year ended 31 December 2016, positively impacted our consolidated revenue by USD 3,753 million for the year ended 31 December 2016 compared to the year ended 31 December 2015.

For more information on the effects of the Transaction, see note 6 to our audited consolidated financial statements as of 31 December 2016 and 2015, and for the three years ended 31 December 2016.

Our majority-owned Brazilian subsidiary, Ambev, is listed on the New York Stock Exchange and subject to the reporting requirements under the Exchange Act. In Ambev's management report on internal control over financial reporting contained in its annual report on Form 20-F for the year ended December 31, 2016, Ambev disclosed a material weakness in its internal control over financial reporting. The material weakness relates to the design and documentation of Ambev's management review controls and other controls over the accounting and presentation of complex, non-routine transactions. In the period covered by Ambev's financial statements, the complex, non-routine transaction that exposed the material weakness was the transfer of SABMiller's business in Panama from AB InBev to Ambev in exchange for the transfer of Ambev's businesses in Colombia, Peru and Ecuador to AB InBev. See "Item 4. Information on the Company—A. History and Development of the Company." Ambev disclosed that the material weakness did not result in a misstatement to Ambev's consolidated financial statements. The transaction was an exchange of businesses between AB InBev and a consolidated subsidiary, Ambev, that did not and could not have had a material impact on the AB InBev financial statements. Therefore, it was not deemed to be a deficiency in AB InBev's internal control over financial reporting.

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial & 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 2016. 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 2016, the Chief Executive Officer and Chief Financial & 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 Commission'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 & 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 & 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 2016 was effective.

The effectiveness of internal control over financial reporting as of 31 December 2016 has been audited by Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, our independent registered public accounting firm, as represented by Joël Brehmen. Their audit report, including their opinion on management's assessment of internal control over financial reporting, is included in our audited 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, we have not made any change to our internal control over financial reporting that has materially affected, or is 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 and Olivier Goudet are "audit committee financial experts" as defined in Item 16A of Form 20-F under the Exchange Act and are independent directors 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.

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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

Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA acted as our independent auditor for the fiscal year ended 31 December 2016. PwC Bedrijfsrevisoren bcvba acted as our independent auditor for the fiscal year ended 31 December 2015. The table below sets forth the total amount billed to us by Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA and PwC Bedrijfsrevisoren bcbva for services performed in 2016 and 2015, respectively, and breaks down these amounts by category of service:

| | 2016 | 2015 |
|--------------------|-----------------------|---------------|
| | <i>(USD thousand)</i> | |
| Audit Fees | 7,450 | 6,939 |
| Audit-Related Fees | 1,802 | 2,164 |
| Tax Fees | 6,662 | 2,664 |
| All Other Fees | — | 204 |
| Total | 15,914 | 11,971 |

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 the acquisition of SABMiller and services in connection with interim dividends.

Tax Fees

Tax fees in 2016 were related to expat services and other services. In 2015, the majority of our tax fees related to expat services and other services.

All Other Fees

All other fees were primarily related to economic analyses in 2016 and to the review of an e-commerce project in 2015.

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.

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The Audit Committee decided as of 27 April 2012 to change the Pre-Approval Procedure. The advance approval of the Chairman 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 2015 and 2016. The Vice-President of Corporate Audit can no longer pre-approve services provided by our auditors.

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) | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs | Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs |
|--------------------------------------|--|---------------------------------|--|--|
| | (number of shares) | (USD) | (number of shares) | (USD million) |
| 1 January 2016 – 31 January 2016 | — | — | — | — |
| 1 February 2016 – 29 February 2016 | — | — | — | — |
| 1 March 2016 – 31 March 2016 | — | — | — | — |
| 1 April 2016 – 30 April 2016 | — | — | — | — |
| 1 May 2016 – 31 May 2016 | — | — | — | — |
| 1 June 2016 – 30 June 2016 | — | — | — | — |
| 1 July 2016 – 31 July 2016 | — | — | — | — |
| 1 August 2016 – 31 August 2016 | — | — | — | — |
| 1 September 2016 – 30 September 2016 | — | — | — | — |
| 1 October 2016 – 31 October 2016(2) | — | — | — | — |
| 1 November 2016 – 30 November 2016 | — | — | — | — |
| 1 December 2016 – 31 December 2016 | — | — | — | — |
| Total | — | — | — | — |

Notes:

- (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.
- (2) In connection with completion of the Transaction, we also engaged the following transactions related to our shares and ADSs:
 - (a) On 7 October 2016, former AB InBev made a voluntary cash takeover offer pursuant to the Belgian Law of 1 April 2007 on public takeover bids and the Belgian Royal Decree of 27 April 2007 on public takeover bids for all of our shares issued to the former shareholders of SABMiller as part of the Transaction (the “**Belgian Offer**”). Following completion of the Belgian Offer, such shares were reclassified and consolidated into 555,466,167 Ordinary Shares and 325,999,817 Restricted Shares.
 - (b) On 10 October 2016, former AB InBev merged into AB InBev through a Belgian-law merger by absorption under the Belgian Companies Code (the “**Belgian Merger**”), as a consequence of which we acquired all of the Ordinary Shares held by former AB InBev following the Belgian Offer and the reclassification and consolidation described above. Upon completion of the Transaction, all such Ordinary Shares were canceled, except for 85,000,000 such shares which we retained and held as treasury shares. Former AB InBev shareholders received one Ordinary Share for each former AB InBev share held at the record date for the Belgian Merger and, following the exchange of former AB InBev shares for Ordinary Shares, former AB InBev ADSs, each then representing one former AB InBev share, instead represented one Ordinary Share, thereby becoming AB InBev ADSs. Following completion of the Transaction, the share capital of AB InBev is 2,019,241,973 shares without nominal value. All shares are new Ordinary Shares, except for 325,999,817 Restricted Shares.

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 2009 Belgian Corporate Governance Code (the “Code”) that applies to us 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 2016, our Board of Directors comprised three independent directors and twelve directors deemed not to be “independent” under the NYSE listing standards, none of which serve as part of our management. Of these twelve directors, eight are considered non-independent solely because they serve as directors of our majority shareholder, the Stichting, three are considered non-independent because of their relationships with Altria and BEVCO, the two largest holders of Restricted Shares, and the remaining director, María Asuncion Aramburuzabala, member of the Advisory Board of Grupo Modelo and former member of the Board of Directors of Grupo Modelo, is considered non-independent under the NYSE listing standards because she and former AB InBev director 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, on 5 June 2013.

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 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. As of 1 January 2017, 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, four 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 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 Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, independent registered public accounting firm, is included herein preceding the audited consolidated financial statements. The financial statements as of 31 December 2015 and for each of the two years in the period ended 31 December 2015 (prior to adjustments to retrospectively reflect the change in presentation of the our segment information) have been audited by PricewaterhouseCoopers Bedrijfsrevisoren bcvba. The audit report by PricewaterhouseCoopers Bedrijfsrevisoren bcvba, an independent registered public accounting firm, is included herein preceding the audited consolidated financial statements.

ITEM 19. EXHIBITS

- 1.1* Consolidated Articles of Association of Anheuser-Busch InBev SA/NV, dated as of 10 October 2016 (English-language translation) (incorporated by reference to Exhibit 99.4 to Form 6-K filed by Anheuser-Busch InBev SA/NV on 10 October 2016).
- 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 as 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.
- 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).

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- 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 Schedule 13D filed by Altria Group, Inc. 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* 2015 Senior Facilities Agreement for Anheuser-Busch InBev SA/NV, dated 28 October 2015 (incorporated by reference to Exhibit 99.4 to Form 6-K filed by former AB InBev on 12 November 2015).
- 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 4.4 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. 333-169272) filed by former AB InBev on 8 September 2010).
- 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).

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|-------|---|
| 4.19* | Co-operation Agreement, dated as of 11 November 2015, between Anheuser-Busch InBev SA/NV and SABMiller plc (incorporated by reference to Exhibit 99.3 to Form 6-K filed by former AB InBev on 12 November 2015). |
| 4.20* | Deed of Amendment, dated as of 1 July 2016, to the Co-operation Agreement, dated as of 11 November 2015, between Anheuser-Busch InBev SA/NV and SABMiller plc (incorporated by reference to Exhibit 99.2 to Form 6-K filed by former AB InBev on 29 July 2016). |
| 4.21* | Deed of Amendment, dated as of 17 August 2016, to the Co-operation Agreement, dated as of 11 November 2015, between Anheuser-Busch InBev SA/NV and SABMiller plc (incorporated by reference to Exhibit 99.1 to Form 6-K filed by former AB InBev on 23 August 2016). |
| 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. |
| 4.27 | Registration Rights Agreement, dated as of 10 October 2016, among Anheuser-Busch InBev SA/NV and the Holders as defined therein. |
| 4.28* | Proposed Final Judgment of the United States District Court for the District of Columbia, dated as of 20 July 2016, relating to the Transaction (incorporated by reference to Exhibit 10.14 to Form F-4 (File No. 333-213328) filed by Anheuser-Busch InBev SA/NV on 26 August 2016). |
| 4.29* | Deed of Indemnity, dated as of 19 August 2016, between Anheuser-Busch InBev SA/NV and SABMiller plc (now SABMiller Limited) (incorporated by reference to Exhibit 99.2 to Form 6-K filed by former AB InBev on 23 August 2016). |
| 6.1 | Description of earnings per share (included in note 23 to our audited consolidated financial statements included in this Form 20-F). |
| 7.1 | Ratio of Earnings to Fixed Charges. |
| 8.1 | List of significant subsidiaries (included in note 37 to our audited consolidated financial statements included in this Form 20-F). |
| 11.1 | Anheuser-Busch InBev Code of Dealing, dated as of January 2017. |
| 11.2 | Anheuser-Busch InBev Code of Business Conduct, dated as of December 2016. |
| 12.1 | Principal Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 12.2 | Principal Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 13.1 | Principal Executive Officer and Principal Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 15.1 | Consent of Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA. |
| 15.2 | Consent of PricewaterhouseCoopers Bedrijfsrevisoren. |
| 15.3 | Consent of Deloitte Touche Tohmatsu Auditores Independentes. |

Notes:

* 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: 22 March 2017

By: /s/ Sabine Chalmers
Name: Sabine Chalmers
Title: Chief Legal Officer

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AB INBEV GROUP AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and board of directors of Anheuser-Busch InBev SA/NV

We have audited the accompanying consolidated statement of financial position of Anheuser-Busch InBev SA/NV (the “Company”) as of 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the Company for the years ended 31 December 2015 and 2014, before the effects of the adjustments to retrospectively reflect the change in presentation of the segment information, as described in Note 5 to the consolidated financial statements, were audited by other auditors whose report, dated 14 March 2016 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 2016 consolidated financial statements present fairly, in all material respects, the financial position of Anheuser-Busch InBev SA/NV and subsidiaries as of 31 December 2016, and the results of their operations and their cash flows for the year then ended 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 have also audited the adjustments to the 2015 and 2014 consolidated financial statements to retrospectively reflect the change in presentation of the segment information, as described in note 5 to the consolidated financial statements. Our audit procedures that were applied to the revised disclosures for comparative 2015 and 2014 reportable segments included: (i) agreeing the adjusted amounts of each segment to the underlying records obtained from management, and (ii) determining the mathematical accuracy of the reconciliations of the underlying records to derive the segment amounts presented in the consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2015 and 2014 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 2015 and 2014 consolidated financial statements taken as a whole.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of 31 December 2016, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated 22 March 2017 expressed an unqualified opinion on the Company’s internal control over financial reporting.

Zaventem, 22 March 2017

/s/ Joël Brehmen

DELOITTE Bedrijfsrevisoren / Reviseurs d’Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Anheuser-Busch Inbev SA/NV

We have audited the internal control over financial reporting of Anheuser-Busch Inbev SA/NV (the “Company”) as of 31 December 2016, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in management’s annual report on internal control over financial reporting, management excluded from its assessment the internal control over financial reporting at SABMiller Limited which was acquired on October 7, 2016, and whose financial statements constitute respectively 8 % of revenues of the group and 18 % of the total assets of the group (excluding goodwill which was integrated in the Company’s control environment) as of and for the year ended 31 December 2016. Accordingly, our audit did not include the internal control over financial reporting at SABMiller Limited. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management’s annual report on internal control over financial reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of 31 December 2016, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2016 of the Company and our report dated 22 March 2017 expressed an unqualified opinion on those consolidated financial statements.

Zaventem, 22 March 2017

/s/ Joël Brehmen
DELOITTE Bedrijfsrevisoren / Reviseurs d’Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Ambev S.A. and Subsidiaries
Sao Paulo, Brazil

We have audited the consolidated balance sheet of Ambev S.A. and subsidiaries (the “Company”) as of December 31, 2015, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended. These financial statements, none of which are included herein, are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ambev S.A. and subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the year then ended in conformity with International Financial Reporting Standards – IFRS, as issued by the International Accounting Standards Board – IASB.

/s/ DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Sao Paulo, Brazil

March 22, 2017

To the Board of Directors and Shareholders of Anheuser-Busch InBev SA/NV

Report of Independent Registered Public Accounting Firm

In our opinion, based on our audits and the report of other auditors, the accompanying consolidated statements of financial position and the related consolidated statements of income, comprehensive income, changes in equity and cash flows before the effects of the adjustments to retrospectively reflect the change in the composition of reportable segments described in Note 5 present fairly, in all material respects, the financial position of Anheuser-Busch InBev SA/NV and its subsidiaries at 31 December 2015 and 2014, and the results of their operations and their cash flows for each of the two years in the period ended 31 December 2015 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. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of AmBev S.A. and its subsidiaries as of and for the year ended December 31, 2015. Those statements reflect total assets of USD 23,094 million as of 31 December 2015, and total revenues of USD 14,333 million in the year then ended. The consolidated financial statements of AmBev S.A. and its subsidiaries were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the consolidated financial statements expressed herein, insofar as it relates to the amounts included for AmBev S.A. and its subsidiaries is based solely on the reports of the other auditors. We conducted our audits, before the effects of the adjustments described above, in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits and the report of other auditors provide a reasonable basis for our opinions.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively reflect the change in the composition of reportable segments described in Note 5 and accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by other auditors.

PwC Bedrijfsrevisoren BCVBA
Represented by

/s/ Koen Hens
Koen Hens
Bedrijfsrevisor

Sint-Stevens-Woluwe, 14 March 2016

Consolidated financial statements

Consolidated income statement

For the year ended 31 December

Million US dollar, except earnings per shares in US dollar

| | Notes | 2016 | 2015 | 2014 ¹ |
|---|-------|----------------|----------------|-------------------|
| Revenue | | 45 517 | 43 604 | 47 063 |
| Cost of sales | | (17 803) | (17 137) | (18 756) |
| Gross profit | | 27 715 | 26 467 | 28 307 |
| Distribution expenses | | (4 543) | (4 259) | (4 558) |
| Sales and marketing expenses | | (7 745) | (6 913) | (7 036) |
| Administrative expenses | | (2 883) | (2 560) | (2 791) |
| Other operating income/(expenses) | 7 | 732 | 1 032 | 1 386 |
| Restructuring | 8 | (323) | (171) | (158) |
| Business and asset disposal | 8 | 377 | 524 | 157 |
| Acquisition costs business combinations | 8 | (448) | (55) | (77) |
| Impairment of assets | 8 | — | (82) | (119) |
| Judicial settlement | 8 | — | (80) | — |
| Profit from operations | | 12 882 | 13 904 | 15 111 |
| Finance cost | 11 | (9 382) | (3 142) | (2 797) |
| Finance income | 11 | 818 | 1 689 | 1 478 |
| Net finance income/(cost) | | (8 564) | (1 453) | (1 319) |
| Share of result of associates and joint ventures | | 16 | 10 | 9 |
| Profit before tax | | 4 334 | 12 461 | 13 801 |
| Income tax expense | 12 | (1 613) | (2 594) | (2 499) |
| Profit from continuing operations | | 2 721 | 9 867 | 11 302 |
| Profit from discontinued operations | 22 | 48 | — | — |
| Profit of the year | | 2 769 | 9 867 | 11 302 |
| Profit from continuing operations attributable to: | | | | |
| Equity holders of AB InBev | | 1 193 | 8 273 | 9 216 |
| Non-controlling interest | | 1 528 | 1 594 | 2 086 |
| Profit of the year attributable to: | | | | |
| Equity holders of AB InBev | | 1 241 | 8 273 | 9 216 |
| Non-controlling interest | | 1 528 | 1 594 | 2 086 |
| Basic earnings per share | 23 | 0.72 | 5.05 | 5.64 |
| Diluted earnings per share | 23 | 0.71 | 4.96 | 5.54 |
| Basic earnings per share from continuing operations | 23 | 0.69 | 5.05 | 5.64 |
| Diluted earnings per share from continuing operations | 23 | 0.68 | 4.96 | 5.54 |

The accompanying notes are an integral part of these consolidated financial statements.

¹ Reclassified to conform to the 2015 presentation.

Consolidated statement of comprehensive income

For the year ended 31 December
 Million US dollar

Profit

Other comprehensive income: Items that will not be reclassified to profit or loss:

Re-measurements of post-employment benefits

Other comprehensive income: Items that may be reclassified subsequently to profit or loss:

Exchange differences on translation of foreign operations

Foreign exchange contracts recognized in equity in relation to the SABMiller combination

Foreign exchange contracts reclassified from equity in relation to the SABMiller combination

Effective portion of changes in fair value of net investment hedges

Cash flow hedges recognized in equity

Cash flow hedges reclassified from equity to profit or loss

Other comprehensive income, net of tax

Total comprehensive income

Attributable to:

Equity holders of AB InBev

Non-controlling interest

| 2016 | 2015 | 2014 |
|----------------|----------------|----------------|
| 2 769 | 9 867 | 11 302 |
| (226) | 45 | (491) |
| (226) | 45 | (491) |
| (2 918) | (6 898) | (4 793) |
| (7 099) | (1 738) | — |
| 8 837 | — | — |
| (161) | (201) | 33 |
| 110 | 281 | 314 |
| (3) | (240) | (190) |
| (1 234) | (8 796) | (4 636) |
| (1 460) | (8 751) | (5 127) |
| 1 309 | 1 116 | 6 175 |
| (275) | 389 | 4 465 |
| 1 584 | 727 | 1 710 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at
Million US dollar

| | Notes | 31 December 2016 | 31 December 2015 |
|--|-------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 27 522 | 18 952 |
| Goodwill | 14 | 136 533 | 65 061 |
| Intangible assets | 15 | 44 568 | 29 677 |
| Investments in associates and joint ventures | 16 | 4 324 | 212 |
| Investment securities | 17 | 82 | 48 |
| Deferred tax assets | 18 | 1 261 | 1 181 |
| Employee benefits | 25 | 10 | 2 |
| Derivatives | 29H | 146 | 295 |
| Trade and other receivables | 20 | 874 | 913 |
| | | 215 320 | 116 341 |
| Current assets | | | |
| Investment securities | 17 | 5 659 | 55 |
| Inventories | 19 | 3 913 | 2 862 |
| Income tax receivables | | 1 112 | 687 |
| Derivatives | 29H | 971 | 3 268 |
| Trade and other receivables | 20 | 6 391 | 4 451 |
| Cash and cash equivalents | 21 | 8 579 | 6 923 |
| Assets classified as held for sale | 22 | 16 439 | 48 |
| | | 43 061 | 18 294 |
| | | 258 381 | 134 635 |
| Total assets | | | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Issued capital | 23 | 1 736 | 1 736 |
| Share premium | | 17 620 | 17 620 |
| Reserves | | 23 769 | (13 168) |
| Retained earnings | | 28 214 | 35 949 |
| Equity attributable to equity holders of AB InBev | | 71 339 | 42 137 |
| Non-controlling interests | 33 | 10 086 | 3 582 |
| | | 81 425 | 45 719 |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 24 | 113 941 | 43 541 |
| Employee benefits | 25 | 3 014 | 2 725 |
| Deferred tax liabilities | 18 | 16 678 | 11 961 |
| Derivatives | 29H | 471 | 315 |
| Trade and other payables | 28 | 1 328 | 1 241 |
| Provisions | 27 | 1 409 | 677 |
| | | 136 841 | 60 460 |
| Current liabilities | | | |
| Bank overdrafts | 21 | 184 | 13 |
| Interest-bearing loans and borrowings | 24 | 8 618 | 5 912 |
| Income tax payables | | 3 922 | 669 |
| Derivatives | 29H | 1 263 | 3 980 |
| Trade and other payables | 28 | 23 086 | 17 662 |
| Provisions | 27 | 869 | 220 |
| Liabilities associated with assets held for sale | 22 | 2 174 | — |
| | | 40 116 | 28 456 |
| Total equity and liabilities | | 258 381 | 134 635 |

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

| Million US dollar | Attributable to equity holders of AB InBev | | | | | | | | Non-controlling interest | Total equity |
|--|--|---------------|-----------------|------------------------------|--|---------------------------|-------------------|---------------|--------------------------|---------------|
| | Issued capital | Share premium | Treasury shares | Share-based payment reserves | Other comprehensive income reserves ¹ | Deferred share instrument | Retained earnings | Total | | |
| As per 1 January 2014 | 1 735 | 17 608 | (874) | 885 | (1 475) | 1 482 | 31 004 | 50 365 | 4 943 | 55 308 |
| Profit | — | — | — | — | — | — | 9 216 | 9 216 | 2 086 | 11 302 |
| Other comprehensive income | | | | | | | | | | |
| Exchange differences on translation of foreign operations (gains/(losses)) | — | — | — | — | (4 374) | — | — | (4 374) | (386) | (4 760) |
| Cash flow hedges | — | — | — | — | 102 | — | — | 102 | 22 | 124 |
| Re-measurements of post-employment benefits | — | — | — | — | (479) | — | — | (479) | (12) | (491) |
| Total comprehensive income | — | — | — | — | (4 751) | — | 9 216 | 4 465 | 1 710 | 6 175 |
| Shares issued | 1 | 12 | — | — | — | — | — | 13 | — | 13 |
| Dividends | — | — | — | — | — | (75) | (5 244) | (5 319) | (2 296) | (7 615) |
| Treasury shares | — | — | 55 | — | — | — | — | 55 | — | 55 |
| Share-based payments | — | — | — | 195 | — | — | — | 195 | 18 | 213 |
| Scope and other changes | — | — | — | — | — | — | 198 | 198 | (90) | 108 |
| As per 31 December 2014 | 1 736 | 17 620 | (819) | 1 080 | (6 226) | 1 407 | 35 174 | 49 972 | 4 285 | 54 257 |

| Million US dollar | Attributable to equity holders of AB InBev | | | | | | | | Non-controlling interest | Total equity |
|--|--|---------------|-----------------|------------------------------|--|---------------------------|-------------------|---------------|--------------------------|---------------|
| | Issued capital | Share premium | Treasury shares | Share-based payment reserves | Other comprehensive income reserves ¹ | Deferred share instrument | Retained earnings | Total | | |
| As per 1 January 2015 | 1 736 | 17 620 | (819) | 1 080 | (6 226) | 1 407 | 35 174 | 49 972 | 4 285 | 54 257 |
| Profit | — | — | — | — | — | — | 8 273 | 8 273 | 1 594 | 9 867 |
| Other comprehensive income | | | | | | | | | | |
| Exchange differences on translation of foreign operations (gains/(losses)) | — | — | — | — | (6 157) | — | — | (6 157) | (942) | (7 099) |
| Foreign exchange contracts recognized in equity in relation to the SABMiller combination | — | — | — | — | (1 738) | — | — | (1 738) | — | (1 738) |
| Cash flow hedges | — | — | — | — | (36) | — | — | (36) | 77 | 41 |
| Re-measurements of post-employment benefits | — | — | — | — | 47 | — | — | 47 | (2) | 45 |
| Total comprehensive income | — | — | — | — | (7 884) | — | 8 273 | 389 | 727 | 1 116 |
| Dividends | — | — | — | — | — | (103) | (7 191) | (7 294) | (1 305) | (8 559) |
| Treasury shares | — | — | (807) | — | — | — | — | (807) | — | (807) |
| Share-based payments | — | — | — | 184 | — | — | — | 184 | 20 | 204 |
| Scope and other changes | — | — | — | — | — | — | (307) | (307) | (145) | (452) |
| As per 31 December 2015 | 1 736 | 17 620 | (1 626) | 1 264 | (14 110) | 1 304 | 35 949 | 42 137 | 3 582 | 45 719 |

¹ See Note 23 *Changes in equity and earnings per share*.

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| | 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 2016 | 1 736 | 17 620 | (1 626) | — | 1 264 | (14 110) | 1 304 | 35 949 | 42 137 | 3 582 | 45 719 |
| Profit | — | — | — | — | — | — | — | 1 241 | 1 241 | 1 528 | 2 769 |
| Other comprehensive income | — | — | — | — | — | — | — | — | — | — | — |
| Exchange differences on translation of foreign operations (gains/(losses)) | — | — | — | — | — | (3 265) | — | — | (3 265) | 186 | (3 079) |
| Foreign exchange contracts recognized in equity in relation to the SABMiller combination | — | — | — | — | — | (7 099) | — | — | (7 099) | — | (7 099) |
| Foreign exchange contracts reclassified from equity in relation to the SABMiller combination | — | — | — | — | — | 8 837 | — | — | 8 837 | — | 8 837 |
| Cash flow hedges | — | — | — | — | — | 223 | — | — | 223 | (116) | 107 |
| Re-measurements of post-employment benefits | — | — | — | — | — | (212) | — | — | (212) | (14) | (226) |
| Total comprehensive income | — | — | — | — | — | (1 516) | — | 1 241 | (275) | 1 584 | 1 309 |
| Issuance of restricted shares for SABMiller ordinary shares | 9 528 | 27 244 | — | — | — | — | — | — | 36 772 | — | 36 772 |
| Transfer to reserves ¹ | (9 528) | (27 244) | (8 953) | 45 726 | — | — | — | — | — | — | — |
| Acquisitions through business combinations ² | — | — | — | — | — | — | — | — | — | 6 201 | 6 201 |
| Dividends | — | — | — | — | — | — | (92) | (7 041) | (7 133) | (1 347) | (8 480) |
| Treasury shares | — | — | 174 | — | — | — | — | (124) | 50 | — | 50 |
| Share-based payments | — | — | — | — | 173 | — | — | — | 173 | 7 | 180 |
| Scope and other changes ³ | — | — | 1 425 | — | — | — | — | (1 812) | (386) | 59 | (327) |
| As per 31 December 2016 | 1 736 | 17 620 | (8 980) | 45 726 | 1 437 | (15 626) | 1 212 | 28 214 | 71 339 | 10 086 | 81 425 |

¹ See Note 23 *Changes in equity and earnings per share*.

² See Note 6 *Acquisitions and disposals*.

³ During 2016, the company reclassified the results of treasury shares of 1 452m US dollar to retained earnings.

Consolidated cash flow statement

For the year ended 31 December
 Million US dollar

OPERATING ACTIVITIES

| Notes | 2016 | 2015 | 2014 ¹ |
|-------|---------------|---------------|-------------------|
| | 2 769 | 9 867 | 11 302 |
| 10 | 3 477 | 3 153 | 3 353 |
| | 110 | 64 | 108 |
| | 293 | 324 | (85) |
| 11 | 8 564 | 1 453 | 1 319 |
| | (4) | (189) | 4 |
| | (410) | (362) | (219) |
| 26 | 231 | 221 | 249 |
| 12 | 1 613 | 2 594 | 2 499 |
| | (286) | (389) | (190) |
| | (16) | (10) | (9) |
| | 16 341 | 16 726 | 18 331 |
| | (714) | (138) | (371) |
| | (364) | (424) | (354) |
| | 1 251 | 2 348 | 1 540 |
| | (470) | (449) | (458) |
| | 16 044 | 18 063 | 18 688 |
| | (3 279) | (1 943) | (2 476) |
| | 558 | 334 | 273 |
| | 43 | 22 | 30 |
| | (3 256) | (2 355) | (2 371) |
| | 10 110 | 14 121 | 14 144 |

CASH FLOW FROM OPERATING ACTIVITIES

INVESTING ACTIVITIES

| | | | |
|-------|-----------------|----------------|-----------------|
| | 211 | 412 | 273 |
| 6 | 653 | 72 | 426 |
| 6 | (65 166) | — | — |
| 6 | 16 342 | — | — |
| 6 | (1 445) | (990) | (7 126) |
| 13/15 | (4 979) | (4 749) | (4 395) |
| | 146 | 397 | (65) |
| 17 | (5 583) | 169 | (187) |
| | (27) | (195) | 15 |
| | (229) | (46) | (1) |
| | (60 077) | (4 930) | (11 060) |

CASH FLOW FROM INVESTING ACTIVITIES

FINANCING ACTIVITIES

| | | | |
|----|---------------|----------------|----------------|
| 23 | (10) | (296) | (92) |
| 23 | — | 5 | 83 |
| | 86 292 | 16 237 | 18 382 |
| | (23 617) | (15 780) | (15 159) |
| | (3 484) | (481) | 239 |
| | — | (1 000) | — |
| | (8 450) | (7 966) | (7 400) |
| | 50 731 | (9 281) | (3 947) |
| | 764 | (90) | (863) |
| | 6 910 | 8 316 | 9 833 |
| | 721 | (1 316) | (654) |
| 21 | 8 395 | 6 910 | 8 316 |

The accompanying notes are an integral part of these consolidated financial statements.

¹ Reclassified to conform to the 2015 presentation.

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1. CORPORATE INFORMATION

On 10 October 2016, AB InBev announced the completion of the Belgian merger and the successful completion of the business combination with SABMiller.

As a result of the Belgian merger, the former AB InBev has merged into Newbelco, and Newbelco has become the holding company for the combined former AB InBev and SABMiller groups. All assets and liabilities of the former AB InBev have been transferred to Newbelco, and Newbelco has automatically been substituted for the former AB InBev in all its rights and obligations by operation of Belgian law. Newbelco has been renamed Anheuser-Busch InBev, and the former AB InBev has been dissolved by operation of Belgian law.

The shares in the former AB InBev were delisted from Euronext Brussels, the Bolsa Mexicana de Valores and the Johannesburg Stock Exchange. The new ordinary shares were admitted to listing and trading on Euronext Brussels, the Johannesburg Stock Exchange and the Bolsa Mexicana de Valores at the opening of business in each market on 11 October 2016. In addition, ADSs trading on the New York Stock Exchange, each of which used to represent one ordinary share of the former AB InBev, now each represent one new ordinary share, effective as of the opening of business in New York on 11 October 2016.

The share capital of AB InBev now amounts to 1 238 608 344 euro. It is represented by 2 019 241 973 shares without nominal value, of which 85,540,392 are held in treasury by AB InBev and its subsidiaries. All shares are new ordinary shares, except for 325 999 817 restricted shares.

Following the combination, AB InBev is consolidating SABMiller and reporting the results of the retained SABMiller operations in its income statement as of the fourth quarter 2016.

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®, Castle®, Castle Lite®, Hoegaarden® and Leffe®; and local champions such as Aguila®, Antarctica®, Bud Light®, Brahma®, Cass®, Chernigivske®, Cristal®, Harbin®, Jupiler®, Klinskoye®, Michelob Ultra®, Modelo Especial®, Quilmes®, Victoria®, Sedrin®, Sibirskaya Korona® and Skol®. Our brewing heritage dates back more than 600 years, spanning continents and generations. From our European roots at the Den Hooch 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 200 000 employees based in more than 50 countries worldwide. For 2016, AB InBev's reported revenue was 45.5 billion US dollar (excluding joint ventures and associates).

The consolidated financial statements of the company for the year ended 31 December 2016 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 financial statements were authorized for issue by the Board of Directors on 1 March 2017.

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 2016 (collectively "IFRS"). AB InBev did not early apply any new IFRS requirements that were not yet effective in 2016 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 have 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 associate Efes are reported on a three month lag.

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

A number of new standards, amendment to standards and new interpretations became mandatory for the first time for the financial year beginning 1 January 2016, and have not been listed in these consolidated financial statements because of either their non-applicability to or their immateriality to AB InBev's consolidated financial statements.

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

Translation of the Results and Financial Position of Foreign Operations

Assets and liabilities of foreign operations are translated to 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).

In hyperinflationary economies, re-measurement of the local currency denominated non-monetary assets, liabilities, income statement accounts as well as equity accounts is made by applying a general price index. These re-measured accounts are used for conversion into US dollar at the closing exchange rate. AB InBev did not have material operations in hyperinflationary economies in 2016 and 2015.

Exchange Rates

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

| | Closing rate | | | Average rate | | |
|---------------------|--------------|-----------|-----------|--------------|-----------|-----------|
| | 2016 | 2015 | 2014 | 2016 | 2015 | 2014 |
| 1 US dollar equals: | | | | | | |
| Argentinean peso | 15.850116 | 13.004955 | 8.552034 | 14.762591 | 9.101728 | 8.119265 |
| Australian dollar | 1.384689 | — | — | 1.3440978 | — | — |
| Brazilian real | 3.259106 | 3.904803 | 2.656197 | 3.474928 | 3.259601 | 2.348760 |
| Canadian dollar | 1.345983 | 1.388446 | 1.158305 | 1.318844 | 1.270237 | 1.099011 |
| Colombian peso | 3 002.14 | 3 145.64 | — | 2 986.89 | 2 792.222 | — |
| Chinese yuan | 6.944520 | 6.485535 | 6.206895 | 6.607635 | 6.256495 | 6.165793 |
| Euro | 0.948677 | 0.918527 | 0.823655 | 0.902821 | 0.899096 | 0.747695 |
| Mexican peso | 20.663842 | 17.206357 | 14.718112 | 18.464107 | 15.730837 | 13.224411 |
| Pound sterling | 0.812238 | 0.674152 | 0.641544 | 0.737400 | 0.653179 | 0.605515 |
| Peruvian nuevo sol | 3.352820 | 3.413342 | 2.973155 | 3.394121 | 3.135481 | 2.834909 |
| Russian ruble | 60.657097 | 72.881615 | 56.256744 | 66.905365 | 59.186097 | 36.741769 |
| South Korean won | 1 203.90 | 1 176.09 | 1 090.93 | 1 154.50 | 1 129.52 | 1 045.73 |
| South African rand | 13.714953 | — | — | 14.0166901 | — | — |
| Turkish lira | 3.516940 | — | — | 3.50148 | — | — |
| Ukrainian hryvnia | 27.190513 | 24.000600 | 15.768560 | 25.408674 | 21.493019 | 11.426006 |

(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 P).

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 has 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 P).

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 significant risks and rewards of ownership have 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 P).

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 P). 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 significant risks and rewards of ownership have 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) Accounting for Leases

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

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

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

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

(L) Investments

All investments are accounted for at trade date.

Investments in Equity Securities

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

On disposal of an investment, the cumulative gain or loss previously recognized directly in other comprehensive income is recognized in profit or loss.

Investments in Debt Securities

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

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

In general, investments in debt securities with maturities of more than three months when acquired and remaining maturities of less than one year are classified as short-term investments. Investments with maturities beyond one year may be classified as short-term based on their highly liquid nature and because such marketable securities represent the investment of cash that is available for current operations.

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Other Investments

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

(M) 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.

(N) Trade and Other Receivables

Trade and other receivables are carried at amortized cost less impairment losses. An estimate of impairment losses for doubtful receivables is made based on a review of all outstanding amounts at the balance sheet date.

An allowance for impairment of trade and other receivables is established if the collection of a receivable becomes doubtful. Such receivable becomes doubtful when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows. An impairment loss is recognized in the income statement, as are subsequent recoveries of previous impairments.

(O) 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.

(P) Impairment

The carrying amounts of financial assets, property, plant and equipment, goodwill and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. In addition, goodwill, intangible assets that are not yet available for use and intangibles with an indefinite useful life are tested for impairment annually at the business 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 the company's investments in unquoted debt securities is calculated as the present value of expected future cash flows, discounted at the debt securities' original effective interest rate. For equity investments classified as available for sale and quoted debt securities the recoverable amount is their fair value.

The recoverable amount of other assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. 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 are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Reversal of Impairment Losses

Non-financial assets other than goodwill and equity investments classified as available for sale 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.

(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 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 AB InBev 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, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Bonuses

Bonuses received by company employees and management are based on 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

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

Goods Sold

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

Rental and Royalty Income

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

Government Grants

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

Finance Income

Finance income comprises interest received or receivable on funds invested, dividend income, foreign exchange gains, losses on currency hedging instruments offsetting currency gains, gains on hedging instruments that are not part of a hedge accounting relationship, gains on financial assets classified as trading as well as any gains from hedge ineffectiveness (refer 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 available-for-sale 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 U). The interest expense component of finance lease payments is also recognized in the income statement using the effective interest rate method.

Research and Development, Advertising and Promotional Costs and Systems Development Costs

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

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. Derivative financial instruments that are economic hedges but that do not meet the strict IAS 39 *Financial Instruments: Recognition and Measurement* hedge accounting rules, however, are accounted for as financial assets or liabilities at fair value through profit or loss.

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

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

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

Cash Flow Hedge Accounting

When a derivative financial instrument hedges the variability in cash flows of a recognized asset or liability, the foreign currency risk of a firm commitment or a highly probable forecasted transaction, the effective part of any resulting gain or loss on the derivative financial instrument is recognized directly in other comprehensive income (hedging reserves). When the firm commitment in foreign currency or the forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, the cumulative gain or loss is removed from other comprehensive income and included in the initial measurement of the asset or liability. When the

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hedge relates to financial assets or liabilities, the cumulative gain or loss on the hedging instrument is reclassified from other comprehensive income into the income statement in the same period during which the hedged risk affects the income statement (e.g. when the variable interest expense is recognized). The ineffective part of any gain or loss is recognized immediately in the income statement.

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

Fair Value Hedge Accounting

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

Net Investment Hedge Accounting

When a foreign currency liability hedges a net investment in a foreign operation, exchange differences arising on the translation of the liability to the functional currency are recognized directly in 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 an effective hedge is recognized directly in other comprehensive income (translation reserves), while the ineffective portion is reported in the income statement.

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

Offsetting Derivative Assets with Derivative Liabilities

A derivative asset and a derivative liability shall be 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 recognized amounts; and intends either to settle 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.

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 has nine operating segments.

Given the transformational nature of the combination with SABMiller, the company has updated its segment reporting in order to add the former SABMiller geographies into the previous AB InBev geographies. Colombia, Peru, Ecuador, Honduras and El Salvador will be reported together with Mexico as Latin America West, Panama will be reported within Latin America North, Africa will be reported together with Europe as EMEA, and Australia, India and Vietnam will be reported within APAC.

The company's six geographic regions: North America, Latin America West, Latin America North, Latin America South, EMEA and Asia Pacific, plus its Global Export and Holding Companies comprise the company's seven reportable segments for financial reporting purposes.

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, the continuation of the previous AB InBev geographies, peer comparison (e.g. APAC and EMEA being a commonly reported regions amongst the company's peers), as well 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, the export businesses in countries in which AB InBev has no operations, and the interim supply agreement with Constellation Brands, Inc., are reported separately. The company six geographic regions plus the Global Export and Holding Companies will comprise the company's seven reportable segments for all 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 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.

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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 been listed hereafter. For the year ended 31 December 2016 they have not been applied in preparing these consolidated financial statements.

The following standards, amendments and interpretations have been issued recently, but are not yet effective:

IFRS 9 Financial Instruments (effective from annual periods beginning on or after 1 January 2018) is the standard issued as part of a wider project to replace IAS 39. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held; defines a new expected-loss impairment model that will require more timely recognition of expected credit losses; and introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. 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.

IFRS 15 Revenue from Contracts with Customers (effective from annual periods beginning on or after 1 January 2018). The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

IFRS 16 Leases (effective from annual periods beginning on or after 1 January 2019, not yet endorsed by the European Union) replaces the existing lease accounting requirements and represents a significant change in the accounting and reporting of leases that were previously classified as operating leases, with more assets and liabilities to be reported on the balance sheet and a different recognition of lease costs.

The company is in process of assessing the full impact of the above standards and, apart from changes in the presentation of operating leases in the balance sheet, does not expect material impacts in the consolidated income statement.

Other Standards, Interpretations and Amendments to Standards

A number of other amendments to standards are effective for annual periods beginning after 1 January 2016, and have not been listed above because of either their non-applicability to or their 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.

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

Although each of its significant accounting policies reflects judgments, assessments or estimates, AB InBev believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and the understanding of its results: 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 expense and liability. 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 in determining 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, 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.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are 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 estimating uncertainty mainly related to the valuation of the individual assets acquired and liabilities assumed as part of the allocation of the SABMiller purchase price. The company is in the process of finalizing the allocation of the purchase price to the individual assets acquired and liabilities assumed in compliance with IFRS 3. Following the AB InBev and SABMiller combination, AB InBev is fully consolidating SABMiller in the AB InBev consolidated financial statements as of the fourth quarter 2016. Detail is provided in Note 6 *Acquisitions and disposals of Subsidiaries* of these consolidated financial statements.

5. SEGMENT REPORTING

Segment information is presented by geographical segments, consistent with the information that is available and evaluated regularly by the chief operating decision maker. AB InBev operates its business through seven business segments. Regional and operating company management is responsible for managing performance, underlying risks, and 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 allocation of resources. These measures are reconciled to segment profit in the tables presented (figures may not add up due to rounding).

The company's six geographic regions: North America, Latin America West, Latin America North, Latin America South, EMEA and Asia Pacific, plus its Global Export and Holding Companies comprise the company's seven reportable segments for financial reporting purposes.

Given the transformational nature of the transaction with SABMiller, that closed on 10 October 2016, and to facilitate the understanding of AB InBev's underlying performance, AB InBev has updated its 2015 segment reporting for purposes of result announcement and internal review by management. This presentation (further referred to as the "2015 Reference base") includes, for comparative purposes, the SABMiller results as from the fourth quarter 2015. The tables below provide the segment information per segment for the twelve-month period ended 31 December 2015 and 2016 in the format that is used by management to monitor performance. The former SABMiller geographies: Colombia, Peru, Ecuador, Honduras and El Salvador are reported together with Mexico as Latin America West, Panama is reported within Latin America North, Africa is reported together with Europe as EMEA, and Australia, India and Vietnam are reported within Asia Pacific. Exports to countries in which AB InBev has operations following the combination, were allocated to the respective regions in the 2015 Reference Base.

The 2015 Reference Base and 2016 segment reporting exclude the results of the SABMiller businesses sold since the combination was completed, including the joint venture stakes in MillerCoors and CR Snow, and the sale of the Peroni, Grolsch and Meantime brands and associated businesses in Italy, the Netherlands, the UK and internationally. The 2015 Reference Base and 2016 segment reporting also exclude the results of the Central and Eastern Europe business and the stake in Distell. The results of the Central and Eastern Europe business will be reported as "Results from discontinued operations" until the sale is completed. The results of Distell will be reported as share of results of associates, and accordingly, are excluded from normalized EBIT and EBITDA.

The differences between the 2015 Reference base and the 2015 audited income statement as Reported represent the effect of the combination with SABMiller.

All figures in the tables below are stated in million US dollar, except volume (million hls) and Normalized EBITDA margin (in %).

Segment Reporting (Reference Base) - Unaudited

| | North America | | Latin America West | | Latin America North | | Latin America South | | EMEA | | Asia Pacific | | Global Export and holding companies | | Effect of acquisition | | Consolidated | |
|---|---------------|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------|---------------------|--------------|---------------------|-------------------------------------|---------------------|-----------------------|-------------------------|--------------|---------------|
| | 2016 | 2015 Reference base | 2016 | 2015 Reference base | 2016 | 2015 Reference base | 2016 | 2015 Reference base | 2016 | 2015 Reference base | 2016 | 2015 Reference base | 2016 | 2015 Reference base | 2016 | 2015 Bridge to Reported | 2016 | 2015 Reported |
| Volumes | 117 | 118 | 64 | 61 | 118 | 124 | 32 | 34 | 75 | 69 | 92 | 93 | 2 | 3 | — | (45) | 500 | 457 |
| Revenue | 15 698 | 15 603 | 5 188 | 5 396 | 8 461 | 9 156 | 2 850 | 3 331 | 6 010 | 5 638 | 6 074 | 6 220 | 1 237 | 1 582 | — | (3 322) | 45 517 | 43 604 |
| Normalized EBITDA | 6 250 | 6 172 | 2 376 | 2 680 | 3 751 | 4 727 | 1 431 | 1 592 | 1 774 | 1 723 | 1 645 | 1 625 | (474) | (373) | — | (1 307) | 16 753 | 16 839 |
| Normalized EBITDA margin % | 39.8% | 39.6% | 45.8% | 49.7% | 44.3% | 51.6% | 50.2% | 47.8% | 29.5% | 30.6% | 27.1% | 26.1% | | | | | 36.8% | 38.6% |
| Depreciation, amortization and impairment | (809) | (754) | (388) | (423) | (750) | (695) | (191) | (181) | (473) | (419) | (658) | (631) | (210) | (159) | — | 191 | (3 477) | (3 071) |
| Normalized profit from operations (EBIT) | 5 441 | 5 418 | 1 988 | 2 256 | 3 001 | 4 032 | 1 240 | 1 411 | 1 302 | 1 305 | 987 | 994 | (683) | (534) | — | (1 115) | 13 276 | 13 768 |

Segment Reporting (2015 and 2014 Reported)

| | North America | | | Latin America West | | | Latin America North | | | Latin America South | | | EMEA | | |
|---|---------------|-------------------|-------------------|--------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|--------------|-------------------|-------------------|
| | 2016 | 2015 ¹ | 2014 ¹ | 2016 | 2015 ¹ | 2014 ¹ | 2016 | 2015 ¹ | 2014 ¹ | 2016 | 2015 ¹ | 2014 ¹ | 2016 | 2015 ¹ | 2014 ¹ |
| Volume | 117 | 118 | 121 | 64 | 44 | 42 | 118 | 123 | 125 | 32 | 34 | 34 | 75 | 46 | 47 |
| Revenue | 15 698 | 15 603 | 16 093 | 5 188 | 4 079 | 4 756 | 8 461 | 9 096 | 11 269 | 2 850 | 3 331 | 2 825 | 6 010 | 4 128 | 4 973 |
| Normalized EBITDA | 6 250 | 6 172 | 6 820 | 2 376 | 2 002 | 2 149 | 3 751 | 4 709 | 5 742 | 1 431 | 1 593 | 1 389 | 1 774 | 1 142 | 1 395 |
| Normalized EBITDA margin % | 39.8% | 39.6% | 42.4% | 45.8% | 49.1% | 45.2% | 44.3% | 51.8% | 51.0% | 50.2% | 47.8% | 49.2% | 29.6% | 27.7% | 28.0% |
| Depreciation, amortization and impairment | (809) | (754) | (752) | (388) | (350) | (411) | (750) | (689) | (764) | (191) | (182) | (161) | (473) | (342) | (437) |
| Normalized profit from operations (EBIT) | 5 441 | 5 418 | 6 068 | 1 988 | 1 652 | 1 738 | 3 001 | 4 020 | 4 979 | 1 240 | 1 411 | 1 228 | 1 302 | 800 | 958 |
| Non-recurring items (refer Note 8) | (29) | 102 | (5) | 252 | 29 | (107) | (20) | (84) | (21) | (12) | (11) | (11) | (118) | 70 | (132) |
| Profit from operations (EBIT) | 5 412 | 5 520 | 6 063 | 2 240 | 1 681 | 1 631 | 2 981 | 3 937 | 4 957 | 1 228 | 1 400 | 1 216 | 1 184 | 870 | 826 |
| Net finance income/(cost) | | | | | | | | | | | | | | | |
| Share of results of associates | | | | | | | | | | | | | | | |
| Income tax expense | | | | | | | | | | | | | | | |
| Profit from continuing operations | | | | | | | | | | | | | | | |
| Discontinued operations | | | | | | | | | | | | | | | |
| Profit/(loss) | | | | | | | | | | | | | | | |
| Segment assets (non-current) ² | 62 467 | 61 870 | 61 693 | 71 041 | 21 749 | 25 239 | 13 614 | 11 357 | 14 553 | 2 357 | 2 301 | 2 534 | 41 975 | 4 316 | 4 875 |
| Gross capex | 895 | 1 112 | 542 | 710 | 515 | 461 | 709 | 1 056 | 1 464 | 389 | 488 | 363 | 1 001 | 466 | 445 |
| FTE ³ | 19 314 | 16 844 | 15 348 | 51 418 | 32 201 | 32 122 | 40 416 | 39 359 | 38 381 | 9 571 | 9 615 | 9 677 | 43 456 | 11 749 | 13 865 |

| | Asia Pacific | | | Global Export and holding companies | | | Consolidated | | |
|---|--------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------|---------------|-------------------|-------------------|
| | 2016 | 2015 ¹ | 2014 ¹ | 2016 | 2015 ¹ | 2014 ¹ | 2016 | 2015 ¹ | 2014 ¹ |
| Volume | 92 | 90 | 84 | 2 | 3 | 6 | 500 | 457 | 459 |
| Revenue | 6 074 | 5 784 | 5 230 | 1 237 | 1 582 | 1 917 | 45 517 | 43 604 | 47 063 |
| Normalized EBITDA | 1 639 | 1 444 | 1 147 | (474) | (225) | (99) | 16 753 | 16 839 | 18 542 |
| Normalized EBITDA margin % | 27.1% | 25.0% | 21.9% | — | — | — | 36.8% | 38.6% | 39.4% |
| Depreciation, amortization and impairment | (658) | (606) | (551) | (210) | (148) | (160) | (3 477) | (3 071) | (3 234) |
| Normalized profit from operations (EBIT) | 987 | 838 | 596 | (683) | (373) | (259) | 13 276 | 13 768 | 15 308 |
| Non-recurring items (refer Note 8) | (84) | 90 | (84) | (383) | (61) | 165 | (394) | 136 | (197) |
| Profit from operations (EBIT) | 903 | 928 | 512 | (1 066) | (434) | (94) | 12 882 | 13 904 | 15 111 |
| Net finance income/(cost) | | | | | | | (8 564) | (1 453) | (1 319) |
| Share of results of associates | | | | | | | 16 | 10 | 9 |
| Income tax expense | | | | | | | (1 613) | (2 594) | (2 499) |
| Profit from continuing operations | | | | | | | 2 721 | 9 867 | 11 302 |
| Discontinued operations | | | | | | | 48 | — | — |
| Profit/(loss) | | | | | | | 2 769 | 9 867 | 11 302 |
| Segment assets (non-current) | 21 436 | 12 761 | 13 053 | 2 430 | 1 987 | 2 062 | 215 320 | 116 341 | 124 009 |
| Gross capex | 837 | 1 166 | 987 | 379 | 225 | 80 | 4 919 | 5 028 | 4 342 |
| FTE | 39 213 | 40 101 | 42 727 | 3 245 | 2 454 | 1 910 | 206 633 | 152 321 | 154 029 |

FOR THE PERIOD ENDED 31 DECEMBER 2016, NET REVENUE FROM THE BEER BUSINESS AMOUNTED TO 41 421M US DOLLAR (2015: 40 595M US DOLLAR; 2014: 43 116M US DOLLAR) WHILE THE NET REVENUE FROM THE NON-BEER BUSINESS (SOFT DRINKS AND OTHER BUSINESS) ACCOUNTED FOR 4 096M US DOLLAR (2015: 3 009M US DOLLAR; 2014: 3 947M US DOLLAR). ON THE SAME BASIS, NET REVENUE FROM EXTERNAL CUSTOMERS ATTRIBUTABLE TO AB INBEV'S COUNTRY OF DOMICILE (BELGIUM) REPRESENTED 687M US DOLLAR (2015: 690M US DOLLAR; 2014: 896M US DOLLAR) AND NON-CURRENT ASSETS LOCATED IN THE COUNTRY OF DOMICILE REPRESENTED 1 440M US DOLLAR (2015: 1 169M US DOLLAR; 2014: 1 176M US DOLLAR).

1 2015 and 2014 as Reported, adjusted to reflect the effects of SABMiller Combination on the AB InBev's historical segmental information.

2 The increase in the non-current segment assets is mainly related to the intangible assets and goodwill recognized following the combination with SABMiller. See also Note 6 – *Acquisition and disposal of subsidiaries*.

3 Includes FTE from SABMiller retained operations at year end 2016 per AB InBev's definition in the glossary. This definition is different than the one formerly applied by SABMiller.

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 2016 and 2015:

| Million US dollar | 2016 Acquisitions | 2015 Acquisitions | 2016 Disposal | 2015 Disposal |
|---|----------------------|----------------------|------------------|------------------|
| Non-current assets | | | | |
| Property, plant and equipment | 9 346 | 121 | (115) | (51) |
| Intangible assets | 20 719 | 270 | — | (19) |
| Investments in associates | 4 448 | — | — | — |
| Investment securities | 21 | — | — | — |
| Deferred tax assets | 183 | — | — | — |
| Employee benefits | 3 | — | — | — |
| Derivatives | 579 | — | — | — |
| Trade and other receivables | 59 | — | — | — |
| Current assets | | | | |
| Inventories | 1 018 | 20 | (17) | (1) |
| Income tax receivable | 189 | — | — | — |
| Derivatives | 60 | — | — | — |
| Trade and other receivables | 1 285 | 40 | (4) | — |
| Cash and cash equivalents | 1 455 | 14 | (75) | — |
| Assets held for sale | 24 805 | — | — | 1 |
| Non-current liabilities | | | | |
| Interest-bearing loans and borrowings | (9 130) | (7) | — | — |
| Employee benefits | (196) | — | — | 1 |
| Deferred tax liabilities | (5 812) | (7) | 6 | — |
| Derivatives | (24) | — | — | — |
| Trade and other payables | (140) | (45) | 10 | — |
| Provisions | (688) | — | — | (3) |
| Current liabilities | | | | |
| Bank overdraft | (212) | — | — | — |
| Interest-bearing loans and borrowings | (2 852) | (3) | — | — |
| Income tax payable | (4 310) | — | — | — |
| Derivatives | (156) | — | — | — |
| Trade and other payables | (3 598) | (12) | 41 | — |
| Provisions | (847) | — | — | — |
| Net identifiable assets and liabilities | 36 205 | 391 | (156) | (72) |
| Non-controlling interest | (6 214) | — | — | — |
| Goodwill on acquisitions and goodwill disposed of | 74 886 | 288 | (187) | — |
| Loss/(gain) on disposal | — | — | (406) | (21) |
| Prior year payments | (143) | — | — | — |
| Consideration to be paid | (365) | (25) | — | — |
| Net cash paid on prior years acquisitions | 34 | 485 | (5) | — |
| Consideration paid/(received) | 104 403 | 1 139 | (754) | (93) |
| Cash (acquired)/ disposed of | (1 243) | (14) | 75 | — |
| Converted to restricted shares | (36 772) | — | — | — |
| Net cash outflow/ (inflow) | 66 388 | 1 125 | (679) | (93) |

2016 Acquisitions

The following transactions took place in 2016:

Combination with SabMiller

On 11 November 2015, the boards of AB InBev and SABMiller plc (“SABMiller”) announced that they had reached an agreement on the terms of the proposed business combination between SABMiller and AB InBev (the “Combination”).

The Combination was implemented through a series of steps and completed on the 10th of October. During the final step of the proposed structure, Anheuser Busch InBev SA/NV, the holding of the AB InBev group, merged into Newbelco SA/NV (Newbelco), which was formed for the purpose of effecting the Combination, so that following completion of the Combination, Newbelco became the new holding company for the combined AB InBev and SABMiller group. Newbelco has been renamed Anheuser-Busch InBev SA/NV.

Under the terms of the Combination, each SABMiller shareholder was entitled to elect to receive 45.00 pounds sterling in cash in respect of each SABMiller share (subject to the terms and conditions of the Combination). The Combination also included a partial share alternative (the “Partial Share Alternative”), under which SABMiller shareholders could elect to receive 4.6588 pounds sterling in cash and 0.483969 restricted shares in respect of each SABMiller share in lieu of the full cash consideration to which they would otherwise be entitled under the Combination (subject to scaling back in accordance with the terms of the Partial Share Alternative and the other terms and conditions of the Combination).

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The Partial Share Alternative was limited to a maximum of 326,000,000 restricted shares and 3.1 billion pounds sterling in cash, Altria Inc. and Bevco Ltd. which held in aggregate approximately 40% of the ordinary share capital of SABMiller, had given irrevocable undertakings to AB InBev to elect for the Partial Share Alternative in respect of their entire beneficial holdings in SABMiller.

On 6 October 2016, Newbelco issued 163 276 737 100 ordinary shares (“Initial Newbelco Shares”) to SABMiller shareholders through a capital increase of 85 531meuro equivalent to 75.4 billion pound sterling, as consideration for 1 632 767 371 ordinary shares of SABMiller pursuant to a UK law court-sanctioned scheme of arrangement (the “UK Scheme”). Following completion of the tender offer, AB InBev acquired 102 890 758 014 Initial Newbelco Shares tendered into the Belgian offer. Based on the terms of the UK Scheme, all Initial Newbelco Shares not tendered to AB InBev in the context of the Belgian offer (i.e. 60 385 979 086 Initial Newbelco Shares) were reclassified into 325 999 817 restricted shares, in accordance with the mechanism by which any Initial Newbelco Shares that were retained after closing of the Belgian offer were automatically reclassified and consolidated.

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. Subject to limited exceptions, the restricted shares will only 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 Combination. From completion of the Combination, such restricted shares rank equally with the new ordinary shares with respect to dividends and voting rights. Following completion of the combination, AB InBev acquired 105 246 SABMiller shares from option holders that had not exercised their option rights prior to the completion of the combination for a total consideration of 5meuro. Following this transaction AB InBev owns 100 % of the SABMiller shares.

The SABMiller purchase consideration is calculated as follows:

| | Newbelco number of shares | Newbelco valuation in million pound sterling | Newbelco valuation in million euro |
|--|------------------------------|---|--|
| Tender offer (cash consideration) | 102 890 758 014 | 46 301 | 52 522 |
| Converted to restricted shares | 60 385 979 086 | 29 099 | 33 009(i) |
| | 163 276 737 | | |
| | 100 | 75 400 | 85 531 |
| Total equity value at offer in million euro | | | 85 531 |
| Purchase from option holders | | | 5 |
| Total equity value in million euro | | | 85 536 |
| Total equity value in million US dollar | | | 95 288 |
| Foreign exchange hedges and other | | | 7 848(ii) |
| Purchase consideration | | | 103 136 |
| Add: fair market value of total debt assumed | | | 11 870 |
| Less: total cash acquired | | | (1 198) |
| Gross purchase consideration | | | 113 808 |

- (i) The restricted share valuation is based on the valuation of the Newbelco shares that were not tendered into the Belgian offer and has regard to the AB InBev share price of the day of the closing of the SABMiller transaction, adjusted for the specificities of the restricted shares in line with fair value measurement rules under IFRS.
- (ii) During 2015 and 2016, AB InBev entered into derivative foreign exchange forward contracts, as well as other non-derivative items also documented in a hedge accounting relationship, in order to economically hedge against exposure to changes in the US dollar exchange rate for the cash component of the purchase consideration in pound sterling and South African rand. Although these derivatives and non-derivative items were considered to be economic hedges, only a portion of such derivatives could qualify for hedge accounting under IFRS rules. Since inception of the derivative contracts in 2015 and upon the completion of the combination with SABMiller, 12.3 billion US dollar negative mark-to-market adjustment related to such hedging were recognized cumulatively over 2015 and 2016, of which 7.4 billion US dollar qualified for hedge accounting and was, accordingly, allocated as part of the consideration paid. The settlement of the portion of the derivatives that did not qualify as hedge accounting was classified as cash flow from financing activities in the consolidated cash flow statement.

On 10 October 2016, AB InBev announced completion of the Belgian merger and the successful completion of the business combination with SABMiller.

As a result of the Belgian merger, the former Anheuser-Busch InBev SA/NV (the “former AB InBev”) has merged into Newbelco SA/NV (“Newbelco”), and Newbelco has become the holding company for the combined former AB InBev and SABMiller groups. All assets and liabilities of the former AB InBev have been transferred to Newbelco, and Newbelco has automatically been substituted for the former AB InBev in all its rights and obligations by operation of Belgian law. Newbelco has been renamed Anheuser-Busch InBev SA/NV, and the former AB InBev has been dissolved by operation of Belgian law.

The shares in the former AB InBev were delisted from Euronext Brussels, the Bolsa Mexicana de Valores and the Johannesburg Stock Exchange. The new ordinary shares were admitted to listing and trading on Euronext Brussels, the Johannesburg Stock Exchange and the Bolsa Mexicana de Valores at the opening of business in each market on 11 October 2016. In addition, ADSs trading on the New York Stock Exchange, each of which used to represent one ordinary share of the former AB InBev, now each represent one new ordinary share, effective as of the opening of business in New York on 11 October 2016.

The share capital of AB InBev now amounts to 1 238 608 344 euro. It is represented by 2 019 241 973 shares without nominal value, of which 85 540 392 are held in treasury by AB InBev and its subsidiaries. All shares are new ordinary shares, except for 325 999 817 restricted shares.

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AB InBev financed the cash consideration of the transaction with 18.0 billion US dollar drawn down under the 75.0 billion US dollar Committed Senior Acquisition Facilities agreement dated 28 October 2015, together with excess liquidity resulting from the issuance of bonds in 2016. See Note 24 *Interest bearing loans and borrowings*.

The transaction costs incurred in connection with the transaction, which include transaction taxes, advisory, legal, audit, valuation and other fees and costs, amounted to approximately USD 1.0 billion. In addition AB InBev incurred approximately USD 0.7 billion of costs in connection with the transaction-related financing arrangements.

In accordance with IFRS, the merger between the former AB InBev into Newbelco is considered for accounting purposes as a reverse acquisition, operation by which Newbelco legally absorbed assets and liabilities of former AB InBev. As a consequence, the legal acquirer (Newbelco) is considered as the accounting acquiree and the legal acquiree (former AB InBev) is considered the accounting acquirer. Therefore, the consolidated financial statements represent the continuation of the financial statements of former AB InBev. The assets and liabilities of former AB InBev remained recognized at their pre-combination carrying amounts. The identified assets, liabilities and non-controlling interests of SABMiller are recognized in accordance with IFRS 3 Business Combinations and have only been provisionally determined at the end of the reporting period.

The provisional allocation of the purchase price included in the balance sheet and detailed in the table below is based on the current best estimates of AB InBev's management with input from independent third parties. The completion of the purchase price allocation may result in further adjustment to the carrying value of SABMiller's recorded assets, liabilities and non-controlling interests and the determination of any residual amount that will be allocated to goodwill.

The following table presents the provisional allocation of purchase price to the SABMiller business:

| Million US dollar | Provisional fair values |
|--|-------------------------|
| Non-current assets | |
| Property, plant and equipment | 9 060 |
| Intangible assets | 20 040 |
| Investment in associates | 4 386 |
| Investment securities | 21 |
| Deferred tax assets | 179 |
| Derivatives | 579 |
| Trade and other receivables | 59 |
| Current assets | |
| Inventories | 977 |
| Income tax receivable | 189 |
| Derivatives | 60 |
| Trade and other receivables | 1 257 |
| Cash and cash equivalents | 1 410 |
| Assets held for sale | 24 805 |
| Non-current liabilities | |
| Interest-bearing loans and borrowings | (9 021) |
| Employee benefits | (195) |
| Deferred tax liabilities | (5 801) |
| Derivatives | (24) |
| Trade and other payables | (146) |
| Provisions | (688) |
| Current liabilities | |
| Bank overdraft | (212) |
| Interest-bearing loans and borrowings | (2 849) |
| Income tax payable | (4 310) |
| Derivatives | (156) |
| Trade and other payables | (3 520) |
| Provisions | (847) |
| Net identified assets and liabilities | 35 253 |
| Non-controlling interests | (6 200) |
| Goodwill on acquisition | 74 083 |
| Purchase consideration | 103 136 |

The transaction resulted in 74.1 billion US dollar of goodwill provisionally allocated primarily to the businesses in Colombia, Ecuador, Peru, Australia, South Africa and other African, Asia Pacific and Latin American countries. 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 SABMiller. Management's assessment of the future economic benefits supporting recognition of this goodwill is in part based on expected savings through the implementation of AB InBev 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 preliminary 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.

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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 are based on the current best estimates of AB InBev's management, with input from independent third parties.

The majority of the intangible asset valuation relates to brands with indefinite life, valued for a total amount of 19.9 billion US dollar. The valuation of the brands with indefinite life is based on a series of factors, including the brand history, the operating plan and the countries in which the brands are sold. The fair value of brands was estimated by applying a combination of known valuation methodologies, such as the royalty relief and excess earnings valuation approaches.

The intangibles with an indefinite life mainly include the Castle and Carling brand families in Africa, the Aguila and Poker brand families in Colombia, the Cristal and Pilsner brand families in Ecuador, and the Carlton brand family in Australia.

A deferred tax liability has been accrued on the fair value adjustments considering tax rates expected to apply to the period when the assets are realized or liabilities are settled, based on enacted tax rates in the relevant tax jurisdictions.

Assets held for sale were recognized in relation to the divestiture of SABMiller's interests in the MillerCoors LLC joint venture and certain of SABMiller's portfolio of Miller brands outside of the U.S. to Molson Coors Brewing company; the divestiture of SABMiller's European premium brands to Asahi Group Holdings, Ltd and the divestiture of SABMiller's interest in China Resources Snow Breweries Ltd. to China Resources Beer (Holdings) Co. Ltd. These divestments were completed on 11 October 2016.

Assets held for sale were also recognized in relation to the agreement to sell SABMiller's assets in Central and Eastern Europe (Hungary, Romania, the Czech Republic, Slovakia and Poland) to Asahi and the agreement to divest SABMiller's interests in Distell Group Limited in South Africa to the Public Investment Corporation (SOC) Limited. By 31 December 2016, these disposals had not closed. In addition, the company has announced its agreement to transfer SABMiller's Panamanian business to its Brazilian-listed subsidiary Ambev S.A. ("Ambev") in exchange for Ambev's businesses in Colombia, Peru and Ecuador, to allow Ambev to initiate operations in Panama through the established SABMiller business and further expand its businesses in Central America; however, no effect has been given to such asset exchange within the provisional allocation of the purchase price as all businesses will remain within the Combined Group.

Non-controlling interests recognized at acquisition date were measured by the reference to their fair values and amounted to 6.2 billion US dollar. The fair value of non-controlling interests were estimated by applying primarily a market-based multiple valuation and assumed adjustments because of lack of control or lack of marketability that market participants would consider when estimating the fair value of non-controlling interests in SABMiller's owned businesses. The Market Approach analyzes market conditions and transactions comparable to the subject asset being valued, and estimates the fair value where reliable and available data on guideline transactions can be found.

Following the completion date of the transaction, SABMiller contributed 3.8 billion US dollar to the revenue and 0.7 billion US dollar to the profit of AB InBev. If the acquisition date had been 1 January 2016 it is estimated that AB InBev's combined revenue and profit from operations would have been higher by 8.4 billion US dollar, and 2.2 billion US dollar respectively. The combined data includes certain purchase accounting adjustments such as the estimated changes in depreciations and amortization expenses on acquired tangible and intangible assets. However, the combined results do not include any anticipated cost savings or other effects of the planned integration of SABMiller. Accordingly, such amounts are not necessarily indicative of the results if the combination had occurred on 1 January 2016 or that may result in the future.

Other Acquisitions and Disposals

2016 Acquisitions

During 2016, AB InBev completed the acquisition of the Canadian rights to a range of primarily spirit-based beers and ciders from Mark Anthony Group. In a separate transaction, Mark Anthony Group agreed to sell certain non-U.S. and non-Canadian trademark rights and other intellectual property to one of the company's subsidiaries. The aggregate purchase price of such acquisitions was approximately 413m US dollar. Mark Anthony Group retains full ownership of its U.S. business, as well as the Canadian wine, spirits and beer import and distribution business.

2015 Acquisitions

During 2015, AB InBev performed a mandatory tender offer and purchased all outstanding Grupo Modelo's shares held by third parties for a total consideration of 483m US dollar. Following the tender offer, Modelo became a wholly owned subsidiary of AB InBev and Modelo was delisted.

The company undertook a series of additional acquisitions and disposals during 2015 and 2016, with no significant impact in the company's consolidated financial statements.

7. OTHER OPERATING INCOME/(EXPENSES)

| Million US dollar | 2016 | 2015 | 2014 |
|---|------------|--------------|--------------|
| Government grants | 432 | 668 | 697 |
| License income | 65 | 73 | 123 |
| Net (additions to)/reversals of provisions | (50) | (31) | (10) |
| Net gain on disposal of property, plant and equipment, intangible assets and assets held for sale | 37 | 20 | 5 |
| Net rental and other operating income | 248 | 302 | 573 |
| | 732 | 1 032 | 1 387 |
| Research expenses as incurred | 244 | 207 | 217 |

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 2016, the company expensed 244m US dollar in research, compared to 207m US dollar in 2015 and 217m US dollar in 2014. Part of this was expensed in the area of market research, but the majority is related to innovation in the areas of process optimization especially as it pertains to capacity, new product developments and packaging initiatives.

8. EXCEPTIONAL ITEMS

IAS 1 *Presentation of financial statements* requires material items of income and expense to be disclosed separately. Exceptional items are items, which in management's judgment, need to be disclosed by virtue of their size or incidence in order for the user to obtain a proper understanding of the financial information. The company considers these items to be of significance in nature, and accordingly, management has excluded these 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 | 2016 | 2015 | 2014 |
|---|--------------|------------|--------------|
| Restructuring | (323) | (171) | (158) |
| Acquisition costs business combinations | (448) | (55) | (77) |
| Business and asset disposal | 377 | 524 | 157 |
| Impairment of assets | — | (82) | (119) |
| Judicial settlement | — | (80) | — |
| Impact on profit from operations | (394) | 136 | (197) |

The exceptional restructuring charges for 2016 total (323)m US dollar. These charges primarily relate to the integration of SABMiller and to organizational alignments in EMEA, Asia Pacific and Latin America West. These changes aim to eliminate overlap or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. These one-time expenses, as a result of the series of decisions, provide the company with a lower cost base in addition to a stronger focus on AB InBev's core activities, quicker decision making and improvements to efficiency, service and quality.

Acquisition costs of business combinations amount to (448)m US dollar by the end of December 2016, primarily related to costs incurred in relation to the combination with SABMiller.

Business and asset disposals resulted in a net gain of 377m US dollar as per 31 December 2016, mainly attributable to the proceeds from the sale of the company's brewery plant located in Obregón, Sonora, México to Constellation Brands, Inc.

The exceptional restructuring charges for 2015 total (171)m US dollar. These charges primarily relate to the integration of Grupo Modelo and to organizational alignments in North America and EMEA.

Business and asset disposals resulted in a net gain of 524m US dollar as per 31 December 2015, which consists primarily of gains on property sales, and compensation for the termination agreements with Crown imports for the distribution of Grupo Modelo products through the company's wholly owned distributors in the US, and with Monster for the distribution of its brands through the Anheuser-Busch distribution system.

The exceptional restructuring charges for 2014 total (158)m US dollar. These charges primarily relate to the integration of Grupo Modelo and to organizational alignments in Asia Pacific and Europe.

Acquisition costs of business combinations amount to (77)m US dollar by the end of December 2014 primarily relating to cost incurred for the acquisition of OB that closed on 1 April 2014.

The business and asset disposals resulted in a net gain of 157m US dollar as per 31 December 2014 mainly attributable to the additional proceeds from the sale of the Central European operations to CVC Capital Partners and the disposal of Extra and the glass production plant located in Piedras Negras, Coahuila, Mexico.

Impairment of assets for the period ended 31 December 2014 mainly relate to the closure of the Angarsk and Perm breweries in Russia.

1 Reclassified to conform to the 2015 presentation.

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All the above amounts are before income taxes. The exceptional items as of 31 December 2016 decreased income taxes by 77m US dollar (31 December 2015: (201)m US dollar increase of income taxes; 31 December 2014: 25m US dollar decrease of income taxes).

Non-controlling interest on the exceptional items amounts to 13m US dollar for period ended 31 December 2016 (31 December 2015: 39m US dollar; 31 December 2014: 14m US dollar).

9. PAYROLL AND RELATED BENEFITS

| Million US dollar | 2016 | 2015 | 2014 |
|---|----------------|----------------|----------------|
| Wages and salaries | (4 404) | (3 706) | (3 844) |
| Social security contributions | (647) | (633) | (663) |
| Other personnel cost | (580) | (648) | (682) |
| Pension expense for defined benefit plans | (194) | (212) | 206 |
| Share-based payment expense | (228) | (225) | (251) |
| Contributions to defined contribution plans | (77) | (90) | (145) |
| | (6 130) | (5 514) | (5 379) |
| Number of full time equivalents (FTE) at year-end | 206 633 | 152 321 | 154 029 |

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

| | 2016 | 2015 | 2014 |
|------------------------------|----------------|----------------|----------------|
| AB InBev NV (parent company) | 225 | 191 | 185 |
| Other subsidiaries | 206 408 | 152 130 | 153 844 |
| | 206 633 | 152 321 | 154 029 |

The 2016 increase in payroll and related benefits and FTEs is mainly due to the business combination with SABMiller. See also Note 6 – *Acquisition and disposal of subsidiaries*.

10. ADDITIONAL INFORMATION ON OPERATING EXPENSES BY NATURE

Depreciation, amortization and impairment charges are included in the following line items of the 2016 income statement:

| Million US dollar | Depreciation and impairment of property, plant and equipment | Amortization and impairment of intangible assets | Impairment of goodwill |
|------------------------------|--|--|------------------------|
| Cost of sales | 2 292 | 21 | — |
| Distribution expenses | 143 | 1 | — |
| Sales and marketing expenses | 363 | 208 | — |
| Administrative expenses | 222 | 218 | — |
| Other operating expenses | 2 | 1 | — |
| | 3 025 | 452 | — |

Depreciation, amortization and impairment charges were included in the following line items of the 2015 income statement:

| Million US dollar | Depreciation and impairment of property, plant and equipment | Amortization and impairment of intangible assets | Impairment of goodwill |
|------------------------------|--|--|------------------------|
| Cost of sales | 2 122 | 17 | — |
| Distribution expenses | 122 | 1 | — |
| Sales and marketing expenses | 285 | 173 | — |
| Administrative expenses | 170 | 177 | — |
| Other operating expenses | 4 | — | — |
| Exceptional items | 12 | 32 | 38 |
| | 2 715 | 400 | 38 |

Depreciation, amortization and impairment charges were included in the following line items of the 2014 income statement:

| Million US dollar | Depreciation and impairment of property, plant and equipment | Amortization and impairment of intangible assets | Impairment of goodwill |
|------------------------------|--|--|------------------------|
| Cost of sales | 2 258 | 12 | — |
| Distribution expenses | 127 | 1 | — |
| Sales and marketing expenses | 292 | 189 | — |
| Administrative expenses | 170 | 180 | — |
| Other operating expenses | — | 5 | — |
| Exceptional items | 119 | — | — |
| | 2 967 | 388 | — |

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The depreciation, amortization and impairment of property, plant and equipment included a full-cost reallocation of 9m US dollar in 2016 from the aggregate depreciation, amortization and impairment expense to cost of goods sold (2015: 3m US dollar and 2014: 4m US dollar).

The 2016 increase in depreciation, amortization and impairment charges is mainly due to the business combination with SABMiller. See also Note 6 *Acquisition and disposal of subsidiaries*.

11. FINANCE COST AND INCOME

Recognized in Profit or Loss

Finance Costs

| Million US dollar | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|
| Interest expense | (4 092) | (1 833) | (2 008) |
| Capitalization of borrowing costs | 12 | 28 | 39 |
| Net interest on net defined benefit liabilities | (113) | (118) | (124) |
| Accretion expense | (648) | (326) | (364) |
| Net foreign exchange losses (net of the effect of foreign exchange derivative instruments) | (21) | — | — |
| Net losses on hedging instruments that are not part of a hedge accounting relationship | (797) | — | — |
| Tax on financial transactions | (70) | (61) | (36) |
| Other financial costs, including bank fees | (131) | (107) | (304) |
| | (5 860) | (2 417) | (2 797) |
| Exceptional finance cost | (3 522) | (725) | — |
| | (9 382) | (3 142) | (2 797) |

Finance costs, excluding exceptional items, increased by 3 443m US dollar compared to 2015 driven by higher interest expense, mainly as a result of the issuance of bonds in January and March 2016 in connection with the funding of the combination with SABMiller, as well as higher accretion expenses and net losses on hedging instruments that are not part of a hedge accounting relationship. 2015 finance costs, excluding exceptional items, decreased by 380m US dollar compared to 2014 mainly driven by lower interest expenses and other financial costs.

Mark-to-market result on certain derivatives related to the hedging of share-based payment programs reached net losses of 384m US dollar in 2016 (31 December 2015: 844m US dollar income; 31 December 2014: 711m US dollar income).

Borrowing costs capitalized relate to the capitalization of interest expenses directly attributable to the acquisition and construction of qualifying assets mainly in Brazil and China. Interest is capitalized at a borrowing rate ranging from 4% to 8%.

In the light of the combination with SABMiller, AB InBev recognized exceptional expenses of 3 522m US dollar, of which:

- 2 693m US dollar negative mark-to-market adjustments as a result of derivative foreign exchange forward contracts entered into in order to economically hedge against exposure to changes in the US dollar exchange rate for the cash component of the purchase consideration of SABMiller in pound sterling and South African rand, for which a portion of the hedges could not qualify for hedge accounting – see also Note 29 *Risks arising from financial instruments*;
- 306m US dollar related to accelerated accretion expenses associated to the 2015 Senior Facilities Agreement, as well as commitment fees and other fees. The accelerated accretion follows the cancellation of 42.5, 12.5 and 2.0 billion US dollar commitments available under the 2015 Senior Facilities Agreement in January, April and October 2016, respectively. See also Note 24 *Interest-bearing loans and borrowings*;
- 304m US dollar resulting from mark-to-market adjustments on derivative instruments entered into to hedge the deferred share instrument issued in a transaction related to the combination with Grupo Modelo (31 December 2015: 511m US dollar income). By 31 December 2016, 100% of the deferred share instrument had been hedged at an average price of approximately 68 euro per share. See also Note 23 *Changes in equity and earnings per share*;
- 127m US dollar exceptional finance cost resulting from mark-to-market adjustments on derivative instruments entered into to hedge the shares issued in relation to the combination with SABMiller – see also Note 29 *Risks arising from financial instrument*;

- 92m US dollar mainly related to the early redemption of SABMiller bonds – see also Note 24 *Interest-bearing loans and borrowings*.

Interest expense 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*.

Finance Income

| <u>Million US dollar</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|--------------|--------------|
| Interest income | 561 | 339 | 335 |
| Net foreign exchange gains (net of the effect of foreign exchange derivative instruments) | — | 378 | 319 |
| Net gains on hedging instruments that are not part of a hedge accounting relationship | — | 399 | 275 |
| Other financial income | <u>91</u> | <u>62</u> | <u>40</u> |
| | 652 | 1 178 | 969 |
| Exceptional finance income | 166 | 511 | 509 |
| | 818 | 1 689 | 1 478 |

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Finance income, excluding exceptional items, decreased by 526m US dollar mainly as a result of net foreign exchange gains in 2015. Interest income for the period ended 31 December 2016 is positively impacted by the income on the excess liquidity following the issuance of bonds in the first quarter of 2016 that were mainly invested in US Treasury Bills pending the closing of the SABMiller acquisition.

Exceptional net finance income for the period ended 31 December 2016 includes 166m US dollar positive mark-to-market adjustments as a result of derivatives entered into in order to convert the 13.25 billion euro bond issuance on 29 March 2016, into US dollar – 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 | 2016 | 2015 | 2014 |
|---|------------|------------|------------|
| Cash and cash equivalents | 479 | 254 | 227 |
| Investment debt securities held for trading | 16 | 37 | 33 |
| Other loans and receivables | 66 | 48 | 75 |
| | 561 | 339 | 335 |

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 | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|
| Current tax expense | | | |
| Current year | (1 544) | (2 300) | (2 332) |
| (Underprovided)/overprovided in prior years | 47 | (95) | 18 |
| | (1 497) | (2 395) | (2 314) |
| Deferred tax (expense)/income | | | |
| Origination and reversal of temporary differences | (459) | (242) | (293) |
| (Utilization)/recognition of deferred tax assets on tax losses | 116 | 3 | 96 |
| Recognition of previously unrecognized tax losses | 227 | 40 | 12 |
| | (116) | (199) | (185) |
| Total income tax expense in the income statement | (1 613) | (2 594) | (2 499) |

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

| Million US dollar | 2016 | 2015 | 2014 |
|---|----------------|----------------|----------------|
| Profit before tax | 4 334 | 12 461 | 13 801 |
| Deduct share of result of associates and joint ventures | 16 | 10 | 9 |
| Profit before tax and before share of result of associates and joint ventures | 4 318 | 12 451 | 13 792 |
| Adjustments on taxable basis | | | |
| Foreign source income | (809) | (969) | (523) |
| Government incentives | (769) | (948) | (701) |
| Taxable intercompany dividends | 619 | 173 | 331 |
| Expenses not deductible for tax purposes | 4 351 | 1 559 | 1 186 |
| Other non-taxable income | (415) | (165) | (530) |
| | 7 296 | 12 101 | 13 555 |
| Aggregated weighted nominal tax rate | 32.7% | 30.5% | 31.6% |
| Tax at aggregated weighted nominal tax rate | (2 387) | (3 687) | (4 288) |
| Adjustments on tax expense | | | |
| Utilization of tax losses not previously recognized | 76 | 32 | 93 |
| Recognition of deferred taxes assets on previous years' tax losses | 229 | 40 | 12 |
| Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized | (975) | (195) | (151) |
| (Underprovided)/overprovided in prior years | 63 | (95) | 18 |
| Deductions from interest on equity | 644 | 643 | 971 |
| Deductions from goodwill | 63 | 66 | 113 |
| Other tax deductions | 869 | 1 033 | 1 006 |
| Change in tax rate | (1) | 12 | 46 |
| Withholding taxes | (286) | (450) | (436) |
| Other tax adjustments | 93 | 7 | 117 |
| | (1 613) | (2 594) | (2 499) |
| Effective tax rate | 37.4% | 20.8% | 18.1% |

The total income tax expense amounts to 1 613m US dollar in 2016 compared to 2 594m US dollar in 2015. The effective tax rate increase from 20.8% to 37.4% from 2015 to 2016 (2014: 18.1%), mainly resulting from the non-deductible negative mark-to-market

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adjustment related to the hedging of the purchase price of the combination with SABMiller that could not qualify for hedge accounting. Please refer to Note 29 *Risks arising from financial instruments* and Note 8 *Exceptional items* for details on the aforementioned derivatives.

The Company benefits from tax exempted income and tax credits which are expected to continue in the future, except for the tax deductibility of existing goodwill in Brazil, which will significantly reduce as from 2017. 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 | 2016 | 2015 | 2014 |
|---|-------|------|------|
| Income tax (losses)/gains | | | |
| Re-measurements of post-employment benefits | 54 | (37) | 308 |
| Cash flow and net investment hedges | (258) | 930 | 24 |
| | (204) | 893 | 332 |

13. PROPERTY, PLANT AND EQUIPMENT

| Million US dollar | 2016 | | | | 2015 |
|--|--------------------|--|--------------------|-----------------|-----------------|
| | Land and buildings | Plant and equipment, fixtures and fittings | Under construction | Total | Total |
| Acquisition cost | | | | | |
| Balance at end of previous year¹ | 9 239 | 24 157 | 1 933 | 35 329 | 37 485 |
| Effect of movements in foreign exchange | (40) | (33) | (83) | (156) | (5 047) |
| Acquisitions | 212 | 1 592 | 2 591 | 4 395 | 4 276 |
| Acquisitions through business combinations | 3 261 | 5 373 | 713 | 9 346 | 121 |
| Disposals | (159) | (1 523) | (1) | (1 683) | (1 206) |
| Disposals through the sale of subsidiaries | (39) | (48) | (2) | (88) | (184) |
| Transfer (to)/from other asset categories and other movements ² | 10 | 1 093 | (2 590) | (1 487) | (116) |
| Balance at end of the period | 12 483 | 30 611 | 2 561 | 45 655 | 35 329 |
| Depreciation and impairment losses | | | | | |
| Balance at end of previous year¹ | (2 745) | (13 632) | — | (16 377) | (17 222) |
| Effect of movements in foreign exchange | (53) | (137) | — | (190) | 2 386 |
| Depreciation | (399) | (2 587) | — | (2 986) | (2 670) |
| Disposals | 117 | 1 314 | — | 1 431 | 1 011 |
| Disposals through the sale of subsidiaries | 9 | (36) | — | (27) | 133 |
| Impairment losses | — | (38) | (1) | (39) | (48) |
| Transfer to/(from) other asset categories and other movements ² | 7 | 49 | 1 | 56 | 33 |
| Balance at end of the period | (3 065) | (15 068) | — | (18 132) | (16 377) |
| Carrying amount | | | | | |
| at 31 December 2015 | 6 494 | 10 525 | 1 933 | 18 952 | 18 952 |
| at 31 December 2016 | 9 418 | 15 543 | 2 561 | 27 522 | — |

The carrying amount of property, plant and equipment subject to restrictions on title amounts to 19m US dollar (2015: 21m US dollar).

Contractual commitments to purchase property, plant and equipment amounted to 816m US dollar as at 31 December 2016 compared to 750m US dollar as at 31 December 2015.

AB InBev's net capital expenditures in the statement of cash flow amounted to 4 768m US dollar in 2016 and 4 337m US dollar in 2015. Out of the total 2016 capital expenditures approximately 50% was used to improve the company's production facilities while 34% was used for logistics and commercial investments and 16% was used for improving administrative capabilities and purchase of hardware and software.

Leased Assets

The company leases land and buildings as well as equipment under a number of finance lease agreements. The carrying amount as at 31 December 2016 of leased land and buildings was 302m US dollar (31 December 2015: 141m US dollar).

1 Reclassified to conform to the 2016 presentation.

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 and 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*. See also Note 22 *Assets classified as held for sale and discontinued operations*.

14. GOODWILL

| Million US dollar | 2016 | 2015 |
|---|----------------|---------------|
| Acquisition cost | | |
| Balance at end of previous year | 65 099 | 70 765 |
| Effect of movements in foreign exchange | (2 222) | (5 956) |
| Purchases of non-controlling interest | — | 2 |
| Disposals through the sale of subsidiaries | (187) | — |
| Acquisitions through business combinations | 74 886 | 288 |
| Reclassified as held for sale ¹ | (1 008) | — |
| Balance at end of the period | 136 566 | 65 099 |
| Impairment losses | | |
| Balance at end of previous year | (38) | (7) |
| Impairment losses | — | (38) |
| Effect of movements in foreign exchange and other movements | 4 | 7 |
| Balance at end of the period | (34) | (38) |
| Carrying amount | | |
| at 31 December 2015 | 65 061 | 65 061 |
| at 31 December 2016 | 136 533 | — |

Current year acquisitions through business combinations primarily reflect the business combination with SABMiller. This transaction resulted in the recognition of goodwill of 74 083m US dollar. The other business combinations that took place in 2016 resulted in goodwill recognition of 803m US dollar – see also Note 6 *Acquisitions and disposals of subsidiaries*.

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

| Million US dollar | 2016 | 2015 |
|--|----------------|---------------|
| Business unit | | |
| SABMiller | 73 736 | — |
| USA | 33 056 | 32 831 |
| Mexico | 12 035 | 14 630 |
| Brazil | 5 531 | 4 613 |
| South Korea | 3 652 | 3 739 |
| China | 2 710 | 2 901 |
| Canada | 1 892 | 1 583 |
| Dominican Republic | 1 029 | 1 024 |
| Other countries | 3 899 | 3 470 |
| Reclassified as held for sale ¹ | (1 008) | — |
| | 136 533 | 65 061 |

The allocation of the purchase price related to the SABMiller combination has been only provisionally determined at the end of the reporting period. The completion of the purchase price allocation may result in further adjustment to the carrying value of SABMiller's recorded assets, liabilities and non-controlling interests and the determination of any residual amount that will be allocated to goodwill. The preliminary allocation of goodwill to different business units is demonstrated below:

| Million US dollar | 2016 |
|--------------------------------|---------------|
| Business unit | |
| Colombia | 19 143 |
| Ecuador | 5 998 |
| Peru | 12 153 |
| Australia | 5 692 |
| South Africa | 17 896 |
| Other African countries | 6 422 |
| Other Latin American countries | 5 423 |
| Reclassified as held for sale | 1 008 |
| | 73 736 |

The company expects to complete the initial allocation of goodwill to the business units during 2017, as permitted by IFRS 3 *Business combinations* and IAS 36 *Impairment of assets*.

AB InBev completed its annual impairment test for goodwill for the business units that are not linked to the SABMiller combination 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 asset values reported. AB InBev believes that all of its estimates are reasonable: they are consistent with the internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. 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 the US, Brazil and Mexico, countries that show the highest goodwill, as well as for Russia due to macroeconomic conditions. 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 business unit's carrying amount to materially exceed its recoverable amount.

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 53% of AB InBev's total assets as at 31 December 2016, is tested for impairment at the business unit level (that is one level below the reporting segments). The business 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 business units that are expected to benefit from the synergies of the combination whenever a business combination occurs.

1 See also Note 22 *Assets classified as held for sale and discontinued operations*.

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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 its major business units and the business units showing a high invested capital to EBITDA multiple, and valuation multiples for its other business units.

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

- The first year of the model is based on management's best estimate of the free cash flow outlook for the current year;
- In the second to fourth year 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 business 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 six years of the model, data from the strategic plan is extrapolated generally using simplified assumptions such as constant volumes and variable cost per hectoliter and fixed cost linked to inflation, as obtained from external sources;
- Cash flows after the first ten-year period are extrapolated generally using expected annual long-term consumer price indices (CPI), based on external sources, in order to calculate the terminal value, considering sensitivities on this metric. For the three main cash generating units, the terminal growth rate applied ranged between 0.0% and 2.3% for the US; 0.0% and 3.3% for Brazil and 0.0% and 2.6% for Mexico;
- Projections are made in the functional currency of the business unit and discounted at the unit's weighted average cost of capital (WACC), considering sensitivities on this metric. The WACC ranged primarily between 7% and 14% in US dollar nominal terms for goodwill impairment testing conducted for 2016. For the three main cash generating units, the WACC applied in US dollar nominal terms ranged between 6% and 8% for the US, 9% and 11% for Brazil, and 8% and 10% for Mexico.
- Cost to sell is assumed to reach 2% of the entity value based on historical precedents.

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

The initial allocation of goodwill to the business units acquired through the SABMiller combination was not concluded by 31 December 2016. Management assessed whether there would be any triggering event or indicator that could lead to an impairment of the goodwill acquired through the SABMiller combination and concluded that there were no indicators of impairment of goodwill.

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

15. INTANGIBLE ASSETS

Million US dollar

Acquisition cost

Balance at end of previous year

Effect of movements in foreign exchange

Acquisitions through business combinations

Acquisitions and expenditures

Disposals through the sales of subsidiaries

Disposals

Transfer (to)/from other asset categories and other movements¹

Balance at end of period

Amortization and impairment losses

Balance at end of previous year

Effect of movements in foreign exchange

Amortization

Impairment losses

Disposals through the sales of subsidiaries

Disposals

Transfer to/(from) other asset categories and other movements¹

Balance at end of period

Carrying value

at 31 December 2015

at 31 December 2016

| | 2016 | | | | | 2015 |
|--|---------------|------------------------|----------------|-------------|----------------|----------------|
| | Brands | Commercial intangibles | Software | Other | Total | Total |
| Balance at end of previous year | 27 426 | 2 227 | 1 399 | 667 | 31 719 | 31 880 |
| Effect of movements in foreign exchange | (791) | 54 | (38) | (31) | (805) | (1 267) |
| Acquisitions through business combinations | 15 422 | 5 076 | 161 | 64 | 20 723 | 270 |
| Acquisitions and expenditures | 23 | 265 | 140 | 135 | 563 | 1 018 |
| Disposals through the sales of subsidiaries | — | — | — | — | — | (20) |
| Disposals | (4) | (114) | (22) | (21) | (161) | (108) |
| Transfer (to)/from other asset categories and other movements ¹ | — | (4 794) | 232 | (508) | (5 070) | (54) |
| Balance at end of period | 42 077 | 2 715 | 1 872 | 306 | 46 969 | 31 719 |
| Amortization and impairment losses | (32) | (954) | (987) | (69) | (2 042) | (1 957) |
| Balance at end of previous year | — | (1) | 33 | 3 | 34 | 238 |
| Effect of movements in foreign exchange | — | (186) | (220) | (39) | (446) | (368) |
| Amortization | — | (2) | — | (1) | (3) | (32) |
| Impairment losses | — | — | — | — | — | 2 |
| Disposals through the sales of subsidiaries | — | 111 | 19 | 12 | 142 | 77 |
| Disposals | — | (91) | 4 | 1 | (86) | (2) |
| Balance at end of period | (32) | (1 124) | (1 151) | (94) | (2 401) | (2 042) |
| Carrying value | 27 394 | 1 273 | 412 | 598 | 29 677 | 29 677 |
| at 31 December 2015 | 27 394 | 1 273 | 412 | 598 | 29 677 | 29 677 |
| at 31 December 2016 | 42 045 | 1 591 | 720 | 212 | 44 568 | — |

Current year acquisitions through business combinations primarily reflect the combination with SABMiller which resulted in the recognition of brands and commercial intangibles with an indefinite life of 19 879m US dollar, mainly including the Castle and Carling brand families in Africa, the Aguila and Poker brand families in Colombia, the Cristal and Pilsner brand families in Ecuador, and the Carlton brand family in Australia. Additionally, 161m US dollar was recognized as intangible assets with a finite life, primarily consisting of software and distribution agreements. See also Note 6 *Acquisitions and disposals of subsidiaries*.

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 of 31 December 2016, the carrying amount of the intangible assets amounted to 44 568m US dollar (31 December 2015: 29 677m US dollar) of which 42 272m US dollar was assigned an indefinite useful life (31 December 2015: 27 722m US dollar) and 2 296m US dollar a finite life (31 December 2015: 1 955m US dollar).

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

| Million US dollar | 2016 | 2015 |
|-------------------------|---------------|---------------|
| Country | | |
| USA | 21 570 | 21 484 |
| Colombia | 3 803 | — |
| South Africa | 3 518 | — |
| Mexico | 2 920 | 3 503 |
| Peru | 2 731 | — |
| Australia | 2 373 | — |
| South Korea | 938 | 960 |
| Ecuador | 604 | — |
| China | 373 | 399 |
| Dominican Republic | 366 | 598 |
| Other African countries | 1 364 | — |
| Other countries | 1 712 | 778 |
| | 42 272 | 27 722 |

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 reasonable possible change in a key assumption used that would cause a business unit's carrying amount to materially exceed its recoverable amount.

¹ See also Note 22 *Assets classified as held for sale and discontinued operations*.

² Reclassified to conform to the 2016 presentation

16. INVESTMENTS IN ASSOCIATES

Following the combination with SABMiller, AB InBev recognized interests in associates with a fair value at acquisition date of 4.4 billion US dollar. Main associates contributing to such fair value adjustments are Castel and Anadolu Efes.

A reconciliation of the summarized financial information to the carrying amount of the company's interests in material associates is as follows:

| <u>Million US dollar</u> | 2016 | |
|---|---------------------|------------|
| | Castel ¹ | Efes |
| Balance at 1 January | — | — |
| Combination with SABMiller | 2 932 | 895 |
| Share of results of associates | 18 | (27) |
| Effect of movements in foreign exchange | (158) | (119) |
| Balance at 31 December | 2 | 2 |
| | 793 | 750 |

Summarized financial information of the company's material associates is as follows:

| <u>Million US dollar</u> | 2016 | |
|--|---------------------|------------|
| | Castel ¹ | Efes |
| Current assets | 3 970 | 1 058 |
| Non-current assets | 2 900 | 4 668 |
| Current liabilities | 1 391 | 561 |
| Non-current liabilities | 547 | 1 570 |
| Non-controlling interests | 762 | 1 464 |
| | 4 | 2 |
| Net assets | 170 | 131 |
| Revenue | 1 236 | 659 |
| Profit (loss) from continuing operations | 42 | (111) |
| Other comprehensive income (loss) | (108) | 75 |
| Total comprehensive income (loss) | (66) | (35) |

Reconciliation of the above summarized financial information to the carrying amount of the interest in Castel and Efes recognized in the consolidated financial statements is as follows:

| <u>Million US dollar</u> | 2016 | |
|---|---------------------|------------|
| | Castel ¹ | Efes |
| Net assets of the associate | 4 170 | 2 131 |
| Interest in associates (%) | 20-40 | 24 |
| Interest in associate | 939 | 511 |
| Goodwill | 1 854 | 239 |
| Carrying amount of investment in associates | 2 793 | 750 |

During 2016, associates that are not individually material contributed to 47m US dollar to the results of investment in associates.

In 2015, there were no significant investments in associates.

Additional information related to the significant associates is presented in Note 37 *AB InBev Companies*.

17. INVESTMENT SECURITIES

| Million US dollar | 2016 | 2015 |
|--|------------|-----------|
| Non-current investments | | |
| Investments in unquoted companies – available for sale | 58 | 31 |
| Debt securities held to maturity | 24 | 17 |
| | 82 | 48 |
| Current investments | | |
| Debt securities held for trading | 5 659 | 55 |
| | 5 | 55 |
| | 659 | 55 |

As of 31 December 2016, current debt securities of 5 659m US dollar mainly represented investments in T-Bills. The company's investments in such short-term debt securities are primarily to facilitate liquidity and for capital preservation.

¹ Brasseries Internationales Holding Ltd, Société des Brasseries et Glacières Internationales SA, Algerienne de Bavaroise Spa, BIH Brasseries Internationales Holding (Angola) Ltd, Marocaine d'Investissements et de Services SA, Skikda Bottling Company SARL, Société de Boissons de l'Ouest Algerien SARL, and Société des Nouvelles Brasseries together make up Castel's African beverage operations. Details of individual ownership percentages are included in Note 37 *AB InBev companies*.

The securities available for sale consist of investments in unquoted companies and are measured at cost as their fair value cannot be reliably determined.

18. DEFERRED TAX ASSETS AND LIABILITIES

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

| Million US dollar | 2016 | | |
|--|----------------|-----------------|-----------------|
| | Assets | Liabilities | Net |
| Property, plant and equipment | 533 | (4 017) | (3 484) |
| Intangible assets | 200 | (14 863) | (14 663) |
| Inventories | 145 | (95) | 50 |
| Trade and other receivables | 74 | (59) | 15 |
| Interest-bearing loans and borrowings | 322 | (456) | (134) |
| Employee benefits | 704 | (22) | 682 |
| Provisions | 578 | (234) | 344 |
| Derivatives | 42 | (30) | 12 |
| Other items | 147 | (1 119) | (972) |
| Loss carry forwards | 1 278 | — | 1 278 |
| Reclassified as held for sale | (4) | 1 459 | 1 455 |
| Gross deferred tax assets/(liabilities) | 4 019 | (19 436) | (15 417) |
| Netting by taxable entity | (2 758) | 2 758 | — |
| Net deferred tax assets/(liabilities) | 1 261 | (16 678) | (15 417) |

| Million US dollar | 2015 | | |
|--|----------------|-----------------|-----------------|
| | Assets | Liabilities | Net |
| Property, plant and equipment | 514 | (2 482) | (1 968) |
| Intangible assets | 221 | (9 709) | (9 488) |
| Inventories | 103 | (97) | 6 |
| Trade and other receivables | 91 | (59) | 32 |
| Interest-bearing loans and borrowings | 569 | (403) | 166 |
| Employee benefits | 751 | (28) | 723 |
| Provisions | 337 | (36) | 301 |
| Derivatives | 92 | (47) | 45 |
| Other items | 151 | (997) | (846) |
| Loss carry forwards | 249 | — | 249 |
| Gross deferred tax assets/(liabilities) | 3 078 | (13 858) | (10 780) |
| Netting by taxable entity | (1 897) | 1 897 | — |
| Net deferred tax assets/(liabilities) | 1 181 | (11 961) | (10 780) |

The change in net deferred taxes recorded in the consolidated statement of financial position can be detailed as follows:

| Million US dollar | 2016 | 2015 | 2014 ¹ |
|---|-----------------|-----------------|-------------------|
| Balance at 1 January | (10 780) | (11 643) | (11 661) |
| Recognized in profit or loss | (116) | (199) | (185) |
| Recognized in other comprehensive income | (204) | 893 | 332 |
| Acquisitions through business combinations | (5 623) | (7) | (250) |
| Reclassified as held for sale | 1 455 | — | — |
| Other movements and effect of changes in foreign exchange rates | (149) | 176 | 121 |
| Balance at 31 December | (15 417) | (10 780) | (11 643) |

Net deferred tax assets and liabilities increased compared to 2015 mainly due to deferred tax liabilities associated with the combination with SABMiller.

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.

On 31 December 2016, a deferred tax liability of 121m US dollar (2015: 235m US dollar) relating to investment in subsidiaries has not been recognized because management believes that this liability will not be incurred in the foreseeable future.

Tax losses carried forward and deductible temporary differences on which no deferred tax asset is recognized amount to 4 499m US dollar (2015: 2 766m US dollar). 858m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 51m US dollar, 95m US dollar and 165m US dollar expire within respectively 1, 2 and 3 years, while 3 330m US dollar have an expiration date of more than 3 years. Deferred tax assets have not been recognized on these items

¹ Reclassified to conform to the 2015 presentation.

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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

| <u>Million US dollar</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|
| Prepayments | 90 | 103 |
| Raw materials and consumables | 2 143 | 1 539 |
| Work in progress | 391 | 294 |
| Finished goods | 1 166 | 819 |
| Goods purchased for resale | 124 | 107 |
| | 3 913 | 2 862 |
| Inventories other than work in progress | | |
| Inventories stated at net realizable value | 42 | 46 |
| Carrying amount of inventories subject to collateral | — | — |

The cost of inventories recognized as an expense in 2016 amounts to 17 803m US dollar, included in cost of sales (2015: 17 137m US dollar; 2014: 18 756m US dollar).

Impairment losses on inventories recognized in 2016 amount to 70m US dollar (2015: 21m US dollar; 2014: 70m US dollar).

20. TRADE AND OTHER RECEIVABLES

Non-Current Trade and Other Receivables

| <u>Million US dollar</u> | <u>2016</u> | <u>2015</u> |
|---------------------------------------|-------------|-------------|
| Cash deposits for guarantees | 200 | 187 |
| Loans to customers | 15 | 37 |
| Deferred collection on disposals | 11 | 25 |
| Tax receivable, other than income tax | 105 | 86 |
| Trade and other receivables | 543 | 578 |
| | 874 | 913 |

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

| <u>Million US dollar</u> | <u>2016</u> | <u>2015</u> |
|---------------------------------------|--------------|--------------|
| Trade receivables and accrued income | 4 562 | 3 241 |
| Interest receivable | 10 | 21 |
| Tax receivable, other than income tax | 572 | 353 |
| Loans to customers | 85 | 57 |
| Prepaid expenses | 316 | 465 |
| Other receivables | 846 | 314 |
| | 6 391 | 4 451 |

The fair value of trade and other receivables equals their carrying amounts 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 2016 and 2015 respectively:

Trade receivables and accrued income
Loans to customers
Interest receivable
Other receivables

| Net carrying amount as of December 31, 2016 | 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 |
| 4 562 | 4 201 | 189 | 64 | 37 | 70 |
| 100 | 96 | — | 2 | 2 | — |
| 10 | 10 | — | — | — | — |
| 846 | 721 | 42 | 21 | 6 | 56 |
| 5 518 | 5 028 | 231 | 87 | 45 | 126 |

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| | Net carrying amount as of December 31, 2015 | 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 | 3 241 | 3 105 | 110 | 13 | 13 | — |
| Loans to customers | 94 | 88 | 3 | 2 | 1 | — |
| Interest receivable | 21 | 21 | — | — | — | — |
| Other receivables | 314 | 314 | — | — | — | — |
| | 3 670 | 3 528 | 113 | 15 | 14 | — |

In accordance with IFRS 7 *Financial Instruments: Disclosures*, the above analysis of the age of financial assets that are past due as at the reporting date but not impaired also includes 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 2016 amount to 40m US dollar (2015: 44m 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 | 2016 | 2015 |
|----------------------------------|--------------|-------------|
| Short-term bank deposits | 3 231 | 4 462 |
| Treasury Bills | 250 | — |
| Cash and bank accounts | 5 098 | 2 461 |
| Cash and cash equivalents | 8 | 6 |
| | 579 | 923 |
| Bank overdrafts | (184) | (13) |
| | 8 | 6 |
| | 395 | 910 |

The cash outstanding per 31 December 2016 includes restricted cash for an amount of 2m US dollar (2015: 5m US dollar). This restricted cash refers to outstanding consideration payable to former Anheuser-Busch who did not yet claim the proceeds from the 2008 combination.

22. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

| Million US dollar | 2016 | 2015 |
|--|---------------|------------|
| Balance at the end of previous year | 48 | 101 |
| Combination with SABMiller | 24 805 | — |
| Proceeds from SABMiller transaction-related divestitures | (16 342) | — |
| Reclassified to assets held for sale in the period | 7 959 | 148 |
| Disposals through sales of subsidiaries | (28) | (189) |
| Effect of movements in foreign exchange | (51) | (12) |
| Other movements | 48 | — |
| Balance at the end of year | 16 439 | 48 |

Assets held for sale through the Combination with SABMiller were recognized in relation to the divestiture of SABMiller's interests in the MillerCoors LLC joint venture and certain of SABMiller's portfolio of Miller brands outside of the U.S. to Molson Coors Brewing company; the divestiture of SABMiller's European premium brands to Asahi Group Holdings, Ltd and the divestiture of SABMiller's interest in China Resources Snow Breweries Ltd. to China Resources Beer (Holdings) Co. Ltd. These divestments were completed on 11 October 2016. See also Note 6 – *Acquisitions and disposals of Subsidiaries*.

Assets held for sale through the Combination with SABMiller were also recognized in relation to the agreement to sell SABMiller's assets in Central and Eastern Europe (Hungary, Romania, the Czech Republic, Slovakia and Poland) to Asahi; and the agreement to divest SABMiller's interests in Distell Group Limited in South Africa to the Public Investment Corporation (SOC) Limited. By 31 December 2016, these disposals had not closed. See also Note 6 – *Acquisitions and disposals of Subsidiaries*

Amounts reclassified to assets held for sale in the period mainly related to the agreement reached in December 2016, between The Coca-Cola Company and the company regarding the transition of the company's 54.5% equity stake in CCBA for 3.15 billion US dollar, after customary adjustments. CCBA includes the Coca-Cola bottling operations in South Africa, Namibia, Kenya, Uganda, Tanzania, Ethiopia, Mozambique, Ghana, Mayotte and Comoros.

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As discussed in Note 6 – *Acquisition and disposal of subsidiaries*, the company is in the process of finalizing the allocation of the purchase price to individual assets acquired and liabilities assumed in compliance with IFRS 3. Accordingly, on a provisional basis, the major classes of assets and liabilities of CCBA at the end of the reporting period, gross of non-controlling interests, are as follows:

| Million US dollar | CCBA |
|---|------------|
| Intangible assets and goodwill | 6 032 |
| Property, plant and equipment | 1 301 |
| Other assets | 584 |
| Assets classified as held for sale | 7 |
| | 917 |
| Trade payables | 558 |
| Deferred tax liabilities | 1 459 |
| Other liabilities | 157 |
| Liabilities associated with assets held for sale | 2 |
| | 174 |
| Net assets classified as held for sale | 5 |
| | 743 |

In addition, the companies have reached an agreement in principle for The Coca-Cola Company to acquire the companies's interest in bottling operations in Zambia, Zimbabwe, Botswana, Swaziland, Lesotho, El Salvador and Honduras for an undisclosed amount. The transactions are subject to the relevant regulatory and minority approvals and are expected to close by the end of 2017.

The results of the Central and Easter European businesses acquired through the SABMiller combination exclusively with a view to resale, qualify as discontinued operations and have been presented as such in these consolidated financial statements.

The condensed income statement and cash flows of the Central and Easter European business are as follows:

| Million US dollar | 2016 |
|--|-----------|
| Revenue | 388 |
| Profit from operations | 58 |
| Profit from discontinued operations | 48 |
| Operating cash inflows/(outflows) | 48 |

23. CHANGES IN EQUITY AND EARNINGS PER SHARE

Combination with Sabmiller

The Combination was implemented through a series of steps and completed on the 10th of October. During the final step of the proposed structure, the former Anheuser-Busch InBev SA/NV (the “former AB InBev”) has merged into Newbelco SA/NV (“Newbelco”), and Newbelco has become the holding company for the combined former AB InBev and SABMiller groups. All assets and liabilities of the former AB InBev have been transferred to Newbelco, and Newbelco has automatically been substituted for the former AB InBev in all its rights and obligations by operation of Belgian law. Newbelco has been renamed Anheuser-Busch InBev SA/NV, and the former AB InBev has been dissolved by operation of Belgian law.

The combination resulted in a series of equity reorganizations:

- On 6 October 2016, Newbelco issued 163 276 737 100 ordinary shares (“Initial Newbelco Shares”) to SABMiller shareholders through a capital increase of 85 531m euro represented by 8 553m euro capital (9 528 m US dollar) and 76 978m euro share premium (85 754m US dollar), as consideration for 1 632 767 371 ordinary shares of SABMiller pursuant to a UK law court-sanctioned scheme of arrangement (the “UK Scheme”).
- Following completion of the tender offer, AB InBev acquired 102 890 758 014 Initial Newbelco Shares tendered into the Belgian offer equivalent to 555 466 167 new ordinary shares considering the consolidation factor of 185.233168056448 defined in the UK Scheme.
- Based on the terms of the UK Scheme, all Initial Newbelco Shares not tendered to AB InBev in the context of the Belgian offer (i.e. 60 385 979 086 Initial Newbelco Shares) were reclassified into 325 999 817 restricted shares, in accordance with the mechanism by which any Initial Newbelco Shares that were retained after closing of the Belgian offer were automatically reclassified and consolidated.
- After the Belgian offer and, upon completion of the Belgian merger, all shares acquired by AB InBev in the Belgian offer were cancelled except for the equivalent of 85 000 000 of new ordinary shares, which were retained by Newbelco and held as treasury after completion of the Belgian Merger, as decided by the general meeting of Newbelco in the notarial deed approving the merger of former AB InBev into Newbelco and in accordance with the Belgian Companies Code. As a result of the merger the share premium was reduced by 52 522m euro (58 510m US dollar) against undistributable reserves, 44 485m euro (49 556m US dollar) of such reserves were cancelled upon cancellation of the shares acquired by AB InBev in the Belgian offer, and 8 037m euro (8 953m US dollar) undistributable reserves remained outstanding against the 85 000 000 treasury shares in accordance with Belgian Companies Code.

Upon the merger, the capital and share premium of Newbelco were further reorganized. Newbelco's share capital was reduced by 8 553m euro (9 528m US dollar) and its issue premium account was reduced by 24 456m euro (27 244m USD) to create distributable reserves of 33 009m euro (36 772m US dollar) as decided by the general meeting of Newbelco in the notarial deed approving the merger of former AB InBev into Newbelco and in accordance with the Belgian Companies Code. Each such step became effective simultaneously with the merger of former AB InBev into Newbelco upon completion of the SABMiller transaction.

As discussed in Note 6 – *Acquisition and disposal of subsidiaries*, in accordance with IFRS, the merger between the former AB InBev into Newbelco is considered for accounting purposes as a reverse acquisition, operation by which Newbelco legally absorbed assets and liabilities of former AB InBev. As a consequence, the legal acquirer (Newbelco) is the accounting acquiree and the legal acquiree (former AB InBev) is the accounting acquirer.

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IFRS 3 requires that the comparative equity structure of the accounting acquirer (former AB InBev) be restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent issued in the reverse acquisition. As the exchange ratio resulting from the Belgian Merger represented one new ordinary share issued to the AB InBev shareholders in exchange for one former AB InBev Share, without any cash compensation, no restatement of comparative figures was deemed needed.

Statement of Capital

The tables below summarize the changes in issued capital and treasury shares during the year:

2016:

FORMER AB INBEV – PRE MERGER

At the end of the previous year and pre-merger

ISSUED CAPITAL – IMPACT MERGER

6 October capital increase
Cancellation of acquired shares
Share for share exchange former AB InBev
Transfer to reserves

Of which:

Ordinary shares
Restricted shares

| Issued capital | |
|----------------|-------------------|
| Million shares | Million US dollar |
| 1 608 | 1 736 |
| 1 608 | 1 736 |
| Issued capital | |
| Million shares | Million US dollar |
| 881 | 9 528 |
| (470) | — |
| 1 608 | 1 736 |
| — | (9 528) |
| 2 019 | 1 736 |
| 1 693 | |
| 326 | |

TREASURY SHARES

At the end of the previous year
Treasury shares as a result of the Belgian Merger
Other changes during the period

| Treasury shares | | Result on the use of treasury shares ¹ |
|-----------------|-------------------|---|
| Million shares | Million US dollar | Million US dollar |
| 1.9 | (202) | (1 424) |
| 85.0 | (8 953) | — |
| (1.4) | 175 | (28) |
| 85.5 | (8 980) | (1 452) |

2015:

ISSUED CAPITAL

At the end of the previous year
Changes during the year

| Issued capital | |
|----------------|-------------------|
| Million shares | Million US dollar |
| 1 608 | 1 736 |
| — | — |
| 1 608 | 1 736 |

TREASURY SHARES

At the end of the previous year
Changes during the year

| Treasury shares | | Result on the use of treasury shares |
|-----------------|-------------------|--------------------------------------|
| Million shares | Million US dollar | Million US dollar |
| 0.9 | (63) | (756) |
| 1.0 | (139) | (668) |
| 1.9 | (202) | (1 424) |

As at 31 December 2016, the share capital of AB InBev amounts to 1,238,608,344.12 euro (1 736 billion US dollar). It is represented by 2,019,241,973 shares without nominal value, of which 85,540,392 are held in treasury by AB InBev and its subsidiaries. All shares are new ordinary shares following the completion of the Belgian Merger, except for 325,999,817 Restricted Shares. As at 31 December 2016, there is no authorized, un-issued capital.

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 Combination. From completion of the Combination, such restricted shares will rank equally with the new ordinary shares with respect to dividends and voting rights.

¹ During 2016, the company reclassified the results of treasury shares to retained earnings

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The shareholders' structure based on the notifications made to the company pursuant to the Belgian Law of 02 May 2007 on the disclosure of significant shareholdings in listed companies is included in the *Corporate Governance* section of AB InBev's annual report.

Changes in Ownership Interests

In compliance with IFRS 10, the acquisition of additional shares in a subsidiary is accounted for as an equity transaction with owners.

During 2016, AB InBev purchased non-controlling interests in subsidiaries for a total consideration of 10m US dollar. As the related subsidiaries were already fully consolidated, the purchases did not impact AB InBev's profit, but reduced the non-controlling interests and thus impacted the profit attributable to equity holders of AB InBev.

Report According to Article 624 of the Belgian Companies Code - Purchase of Own Shares

During the year ended 31 December 2015, AB InBev bought back 8 200 090 shares for a total amount of 1 billion US dollar, corresponding to 0.41% of the total shares outstanding. The shares acquired were mainly used to fulfill the company's various share delivery commitments under the stock ownership plan.

During 2016, the company proceeded with the following sale transactions:

- 194 132 shares were granted to executives of the group according to the company's executive remuneration policy;
- 1 139 599 shares were sold, as a result of the exercise of options granted to employees of the group.

At the end of the period, the group owned 85 540 392 own shares of which 85 000 000 were held directly by AB InBev.

The par value of the shares is 0.61 euro. As a consequence, the shares that were sold during the year 2016 represent 862 374 US dollar (818 114 euro) of the subscribed capital and the shares that the company still owned at the end of 2016 represent 54 959 956 US dollar (52 139 224 euro) of the subscribed capital.

Dividends

On 27 October 2016, an interim dividend of 1.60 euro per share or 3 091m euro was approved by the Board of Directors. This interim dividend was paid out on 17 November 2016. On 1 March 2017, in addition to the interim dividend paid on 17 November 2016, a dividend of 2.00 euro per share or 3 856m euro was proposed by the Board of Directors, reflecting a total dividend payment for 2016 fiscal year of 3.60 euro per share or 6 947m euro.

On 29 October 2015, an interim dividend of 1.60 euro per share or 2 570m euro was approved by the Board of Directors. This interim dividend was paid out on 16 November 2015. On 27 April 2016, in addition to the interim dividend paid on 16 November 2015, a dividend of 2.00 euro per share or approximately 3 206m euro was approved at the shareholders meeting, reflecting a total dividend payment for 2015 fiscal year of 3.60 euro per share or 5 776m euro. The dividend was paid out on 3 May 2016.

Translation Reserves

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

Hedging Reserves

The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent the hedged risk has not yet impacted profit or loss – see also Note 29 *Risks arising from financial instruments*.

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 2016, 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 its operating subsidiaries.

Dividends paid to AB InBev by certain of its subsidiaries are also subject to withholding taxes. Withholding tax, if applicable, generally does 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 23 076 923 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. Pending the delivery of the AB InBev shares, AB InBev will pay a coupon on each undelivered AB InBev share, so that the Deferred Share Instrument holders are 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.

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The deferred share instrument is classified as an equity instrument, in line with IAS 32, as the number of shares and consideration received are fixed. The coupon to compensate for the dividend equivalent is reported through equity. On 3 May 2016, the company paid a coupon of 2.00 euro per share or approximately 51m US dollar. On 17 November 2016, the company paid a coupon of 1.60 euro per share or approximately 41m US dollar.

Stock Lending

In order to fulfil AB InBev's commitments under various outstanding stock option plans, AB InBev entered into stock lending arrangements for up to 15 million of its own ordinary shares. As of 31 December 2016, the outstanding balance of loaned securities amounted to 15 million, of which 13 million were used to fulfil stock option plan commitments. AB InBev shall pay any dividend equivalent, after tax in respect of the loaned securities. This payment will be reported through equity as dividend.

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 2016 | (11 493) | (1 217) | (1 400) | (14 110) |
| Other comprehensive income | | | | |
| Exchange differences on translation of foreign operations (gains/(losses)) | (3 265) | — | — | (3 265) |
| Foreign exchange contracts recognized in equity in relation to the SABMiller combination | — | (7 099) | — | (7 099) |
| Foreign exchange contracts reclassified from equity in relation to the SABMiller combination | — | 8 837 | — | 8 837 |
| Cash flow hedges | — | 223 | — | 223 |
| Re-measurements of post-employment benefits | — | — | (212) | (212) |
| Total comprehensive income | (3 265) | 1 961 | (212) | (1 516) |
| As per 31 December 2016 | (14 758) | 744 | (1 612) | (15 626) |

| Million US dollar | Translation reserves | Hedging reserves | Post-employment benefits | Total OCI reserves |
|--|----------------------|------------------|--------------------------|--------------------|
| As per 1 January 2015 | (5 336) | 557 | (1 447) | (6 226) |
| Other comprehensive income | | | | |
| Exchange differences on translation of foreign operations (gains/(losses)) | (6 157) | — | — | (6 157) |
| Foreign exchange contracts recognized in equity in relation to the SABMiller combination | — | (1 738) | — | (1 738) |
| Cash flow hedges | — | (36) | — | (36) |
| Re-measurements of post-employment benefits | — | — | 47 | 47 |
| Total comprehensive income | (6 157) | (1 774) | 47 | (7 884) |
| As per 31 December 2015 | (11 493) | (1 217) | (1 400) | (14 110) |

| Million US dollar | Translation reserves | Hedging reserves | Post-employment benefits | Total OCI reserves |
|--|----------------------|------------------|--------------------------|--------------------|
| As per 1 January 2014 | (962) | 455 | (968) | (1 475) |
| Other comprehensive income | | | | |
| Exchange differences on translation of foreign operations (gains/(losses)) | (4 374) | — | — | (4 374) |
| Cash flow hedges | — | 102 | — | 102 |
| Re-measurements of post-employment benefits | — | — | (479) | (479) |
| Total comprehensive income | (4 374) | 102 | (479) | (4 751) |
| As per 31 December 2014 | (5 336) | 557 | (1 447) | (6 226) |

Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to equity holders of AB InBev of 1 241m US dollar (31 December 2015: 8 273m US dollar; 31 December 2014: 9 216m 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 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|
| Issued ordinary shares at 1 January, net of treasury shares | 1 606 | 1 607 | 1 607 |
| Effect of restricted share issuance – SABMiller combination | 94 | — | — |
| Effect of shares issued and share buyback programs | (20) | (2) | — |
| Effect of stock lending | 12 | 10 | 4 |
| Effect of undelivered shares under the deferred share instrument | 23 | 23 | 23 |
| Weighted average number of ordinary and restricted shares at 31 December | 1 717 | 1 638 | 1 634 |

The calculation of diluted earnings per share is based on the profit attributable to equity holders of AB InBev of 1 241m US dollar (31 December 2015: 8 273m US dollar; 31 December 2014: 9 216m US dollar) and a weighted average number of ordinary and restricted shares (diluted) outstanding (including deferred share instruments and stock lending) per end of the period, calculated as follows:

| Million shares | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|
| Weighted average number of ordinary and restricted shares at 31 December | 1 717 | 1 638 | 1 634 |
| Effect of share options, warrants and restricted stock units | 38 | 30 | 31 |
| Weighted average number of ordinary and restricted shares (diluted) at 31 December | 1 755 | 1 668 | 1 665 |

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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 profit before exceptional items and discontinued operations, attributable to equity holders of AB InBev to profit attributable to equity holders of AB InBev is calculated as follows:

| Million US dollar | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|
| Profit before exceptional items and discontinued operations, attributable to equity holders of AB InBev | 4 853 | 8 513 | 8 865 |
| Exceptional items, after taxes, attributable to equity holders of AB InBev (refer to Note 8) | (304) | (26) | (158) |
| Exceptional finance income/(cost), after taxes, attributable to equity holders of AB InBev (refer to Note 8) | (3) | — | — |
| | 356) | (214) | 509 |
| Profit from discontinued operations (refer to Note 22) | 48 | — | — |
| Profit attributable to equity holders of AB InBev | 1 241 | 8 273 | 9 216 |

The table below sets out the EPS calculation:

| Million US dollar | 2016 | 2015 | 2014 |
|--|-------------|-------------|-------------|
| Profit attributable to equity holders of AB InBev | 1 241 | 8 273 | 9 216 |
| Weighted average number of ordinary and restricted shares | 1 717 | 1 638 | 1 634 |
| Basic EPS from continuing and discontinued operations | 0.72 | 5.05 | 5.64 |
| Profit from continuing operations attributable to equity holders of AB InBev | 1 193 | 8 273 | 9 216 |
| Weighted average number of ordinary and restricted shares | 1 717 | 1 638 | 1 634 |
| Basic EPS from continuing operations | 0.69 | 5.05 | 5.64 |
| Profit from continuing operations before exceptional items, attributable to equity holders of AB InBev | 4 853 | 8 513 | 8 865 |
| Weighted average number of ordinary and restricted shares | 1 717 | 1 638 | 1 634 |
| EPS from continuing operations before exceptional items | 2.83 | 5.20 | 5.43 |
| Profit attributable to equity holders of AB InBev | 1 241 | 8 273 | 9 216 |
| Weighted average number of ordinary and restricted shares (diluted) | 1 755 | 1 668 | 1 665 |
| Diluted EPS from continuing and discontinued operations | 0.71 | 4.96 | 5.54 |
| Profit from continuing operations attributable to equity holders of AB InBev | 1 193 | 8 273 | 9 216 |
| Weighted average number of ordinary and restricted shares (diluted) | 1 755 | 1 668 | 1 665 |
| Diluted EPS from continuing operations | 0.68 | 4.96 | 5.54 |
| Profit from continuing operations before exceptional items, attributable to equity holders of AB InBev | 4 853 | 8 513 | 8 865 |
| Weighted average number of ordinary and restricted shares (diluted) | 1 755 | 1 668 | 1 665 |
| Diluted EPS from continuing operations before exceptional items | 2.77 | 5.10 | 5.32 |

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. 5m share options were anti-dilutive and not included in the calculation of the dilutive effect as at 31 December 2016.

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

Million US dollar

| | 2016 | 2015 |
|---------------------------|----------------|---------------|
| Secured bank loans | 210 | 175 |
| Unsecured bank loans | 8 266 | 89 |
| Unsecured bond issues | 105 146 | 43 112 |
| Unsecured other loans | 111 | 43 |
| Finance lease liabilities | 208 | 122 |
| | 113 941 | 43 541 |

CURRENT LIABILITIES

Million US dollar

| | 2016 | 2015 |
|---------------------------|--------------|--------------|
| Secured bank loans | 652 | 102 |
| Commercial papers | 2 053 | 2 087 |
| Unsecured bank loans | 1 396 | 1 380 |
| Unsecured bond issues | 4 481 | 2 330 |
| Unsecured other loans | 10 | 9 |
| Finance lease liabilities | 26 | 4 |
| | 8 618 | 5 912 |

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The current and non-current interest-bearing loans and borrowings amount to 122.6 billion US dollar as of 31 December 2016, compared to 49.5 billion US dollar as of 31 December 2015. Out of the 122.6 billion US dollar as of 31 December 2016, 12.2 billion US dollar represents the fair market value of the total SABMiller debt assumed.

Commercial papers amount to 2.1 billion US dollar as of 31 December 2016 and include programs in US dollar and euro with a total authorized issuance up to 3.0 billion US dollar and 1.0 billion euro, respectively.

During 2016, AB InBev completed the issuance of the following series of bonds:

| Issue date | Aggregate principal amount (in millions) | Currency | Interest rate | Maturity date |
|-----------------|--|-----------|---------------------|-----------------|
| 25 January 2016 | 4 000 | US dollar | 1.900% | 1 February 2019 |
| 25 January 2016 | 7 500 | US dollar | 2.650% | 1 February 2021 |
| 25 January 2016 | 6 000 | US dollar | 3.300% | 1 February 2023 |
| 25 January 2016 | 11 000 | US dollar | 3.650% | 1 February 2026 |
| 25 January 2016 | 6 000 | US dollar | 4.700% | 1 February 2036 |
| 25 January 2016 | 11 000 | US dollar | 4.900% | 1 February 2046 |
| 25 January 2016 | 500 | US dollar | 3M LIBOR + 126 bps | 1 February 2021 |
| 29 January 2016 | 1 470 | US dollar | 4.915% | 29 January 2046 |
| 29 March 2016 | 1 750 | Euro | 0.625% | 17 March 2020 |
| 29 March 2016 | 2 000 | Euro | 0.875% | 17 March 2022 |
| 29 March 2016 | 2 500 | Euro | 1.500% | 17 March 2025 |
| 29 March 2016 | 3 000 | Euro | 2.000% | 17 March 2028 |
| 29 March 2016 | 2 750 | Euro | 2.750% | 17 March 2036 |
| 29 March 2016 | 1 250 | Euro | 3M EURIBOR + 75 bps | 17 March 2020 |

Substantially all of the net proceeds of the offering was used to fund a portion of the purchase price for the combination with SABMiller and related transactions. The remainder of the net proceeds was used for general corporate purposes. The excess liquidity resulting from these bonds was mainly invested in US Treasury Bills pending the closing of the combination.

In connection with the combination with SABMiller, AB InBev entered into a 75.0 billion US dollar Committed Senior Acquisition Facilities agreement dated 28 October 2015 to fund the cash consideration of the transaction. The new financing consisted of a 10.0 billion US dollar Disposal Bridge Facility, a 15.0 billion US dollar Cash/DCM Bridge Facility A, a 15.0 billion US dollar Cash/DCM Bridge Facility B, a 25.0 billion US dollar Term Facility A, and a 10.0 billion US dollar Term Facility B, ("2015 Senior Facilities Agreement").

On 27 January 2016, AB InBev announced that it had cancelled 42.5 billion US dollar of the 75.0 billion US dollar Committed Senior Acquisition Facilities. Upon receipt of the net proceeds of the January 46 billion US dollar offering, the company was required to cancel the Bridge to Cash / DCM Facilities A & B totaling 30 billion US dollar. Additionally, the company chose to make a voluntary cancellation of 12.5 billion US dollar of the Term Facility A as permitted under the terms of the 2015 Senior Facilities. On 4 April 2016, AB InBev announced that it had chosen to make an additional voluntary cancellation of the remaining 12.5 billion US dollar of the Term Facility A.

On 6 October 2016, the company drew down 8.0 billion US dollar under the Term Facility B and 10.0 billion US dollar under the Disposal Bridge Facility to finance the acquisition of SABMiller and announced that it had chosen to make an additional voluntary cancellation of 2.0 billion US dollar of the Term Facility B. On 20 October 2016, the company fully repaid the Disposal Bridge Facility, following completion of the disposals of SABMiller's interests in MillerCoors and the global Miller brand, SABMiller's interest in China Resources Snow Breweries and part of SABMiller's European business – see also Note 6 – *Acquisitions and disposals of Subsidiaries*.

A summation of the Facilities, related cancellations and drawdowns as of 31 December 2016 is presented below:

| <u>Facility</u> | <u>Term</u> | <u>Applicable Margin (bps)</u> | <u>Original Amount (billion US dollar)</u> | <u>2016 Cancellation (billion US dollar)</u> | <u>2016 Drawdown (billion US dollar)</u> | <u>Repayment (billion US dollar)</u> | <u>Outstanding Balance (billion US dollar)</u> |
|---------------------------------|-------------|------------------------------------|--|--|--|--|--|
| Term Facility A | 3 Years | LIBOR + 110 | 25.0 | (25.0) | — | — | — |
| Term Facility B | 5 Years | LIBOR + 125 | 10.0 | (2.0) | (8.0) | — | (8.0) |
| Disposal Bridge Facility | 1 Year | LIBOR + 100 | 10.0 | — | (10.0) | 10.0 | — |
| Bridge to Cash / DCM Facility A | 1 Year | LIBOR + 100 | 15.0 | (15.0) | — | — | — |
| Bridge to Cash / DCM Facility B | 2 Years | LIBOR + 100 | 15.0 | (15.0) | — | — | — |
| | | | 75.0 | (57.0) | (18.0) | 10.0 | (8.0) |

The facilities bear interest rate calculated at LIBOR for a period equal to the length of the interest period plus an applicable margin. The margins on each facility are determined based on ratings assigned by rating agencies to AB InBev long-term debt. For Term Facility B, the margin ranges between 1.00% per annum and 1.45% per annum.

Customary commitment fees were payable on any undrawn but available funds under the 2015 Senior Facilities Agreement. These fees are recorded as exceptional finance cost – see also Note 8 *Exceptional items*.

As at 31 December 2016, there are no amounts drawn down under the 9.0 billion US dollar 2010 Senior Facilities.

Furthermore, in 2016, AB InBev completed the following early redemptions, exchange offers and credit facilities cancellation:

- On 9 December 2016, the company and its wholly-owned subsidiaries, Anheuser-Busch InBev Finance Inc. and Anheuser-Busch North American Holding Corporation (formerly SABMiller Holdings Inc.), exercised their respective options to redeem in full the entire outstanding principal amount of certain series of notes, consisting of 1.2 billion US

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dollar aggregate principal amount of fixed rate notes due 2017 bearing interest at an annual rate of 1.125%; 2.0 billion US dollar aggregate principal amount of fixed rate notes due 2017 bearing interest at an annual rate of 2.45% and; 0.6 billion euro aggregate principal amount of fixed rate notes due 2017 bearing interest at an annual rate of 8.625%.

- In November 2016, the company cancelled 3.5 billion US dollar committed syndicated revolving credit facilities assumed as part of the SABMiller combination, that were available for general corporate purposes.
- In December 2016, AB InBev closed the following exchange offers:

| Former Issuer | New Issuer | Title of series of notes issued exchanged | Aggregate principal amount | % of total outstanding principal of such series of notes tendered |
|---|------------------------------------|---|----------------------------|---|
| SABMiller Limited | Anheuser Bush InBev Worldwide Inc. | 6.500% Notes due 2018 | 700m US dollar | 89.52% |
| Anheuser-Busch North American Holding Corporation | Anheuser Bush InBev Worldwide Inc. | 2.200% Fixed Rate Notes due 2018 | 750m US dollar | 85.45% |
| Anheuser-Busch North American Holding Corporation | Anheuser Bush InBev Worldwide Inc. | Floating Rate Notes due 2018 | 350m US dollar | 88.33% |
| Anheuser-Busch North American Holding Corporation | Anheuser Bush InBev Worldwide Inc. | 3.750% Notes due 2022 | 2 500m US dollar | 94.02% |
| SABMiller Limited | Anheuser Bush InBev Worldwide Inc. | 6.625% Guaranteed Notes due August 2033 | 300m US dollar | 99.43% |
| FBG Finance Pty Ltd (formerly FBG Finance Limited) | Anheuser Bush InBev Worldwide Inc. | 5.875% Notes due 2035 | 300m US dollar | 100% |
| S Anheuser-Busch North American Holding Corporation | Anheuser Bush InBev Worldwide Inc. | 4.950% Notes due 2042 | 1 500m US dollar | 99.36% |
| SABMiller Limited | PBG Finance Pty Ltd. | 3.75% Notes due 2020 | 700m Australian dollar | 94.36% |
| Anheuser-Busch North American Holding Corporation | Anheuser-Busch InBev SA/NV | 1.875% Notes due 2020 | 1 000m euro | 81.05% |

AB InBev is in compliance with all its debt covenants as of 31 December 2016. The 2010 Senior Facilities and the 2015 Senior Facilities Agreement do not include restrictive financial covenants.

TERMS AND DEBT REPAYMENT SCHEDULE AT 31 DECEMBER 2016 Million US dollar

| |
|---------------------------|
| Secured bank loans |
| Commercial papers |
| Unsecured bank loans |
| Unsecured bond issues |
| Unsecured other loans |
| Finance lease liabilities |

| Total | 1 year or less | 1-2 years | 2-3 years | 3-5 years | More than 5 years |
|----------------|----------------|--------------|---------------|---------------|-------------------|
| 862 | 652 | 107 | 26 | 21 | 56 |
| 2 053 | 2 053 | — | — | — | — |
| 9 662 | 1 396 | 195 | 91 | 7 980 | — |
| 109 627 | 4 481 | 6 234 | 10 032 | 18 697 | 70 183 |
| 121 | 10 | 20 | 15 | 22 | 54 |
| 234 | 26 | 26 | 31 | 46 | 105 |
| 122 559 | 8 618 | 6 582 | 10 195 | 26 766 | 70 398 |

TERMS AND DEBT REPAYMENT SCHEDULE AT 31 DECEMBER 2015 Million US dollar

| |
|---------------------------|
| Secured bank loans |
| Commercial papers |
| Unsecured bank loans |
| Unsecured bond issues |
| Unsecured other loans |
| Finance lease liabilities |

| Total | 1 year or less | 1-2 years | 2-3 years | 3-5 years | More than 5 years |
|---------------|----------------|--------------|--------------|---------------|-------------------|
| 277 | 102 | 72 | 20 | 28 | 55 |
| 2 087 | 2 087 | — | — | — | — |
| 1 469 | 1 380 | 84 | — | 5 | — |
| 45 442 | 2 330 | 6 415 | 4 613 | 10 163 | 21 921 |
| 52 | 9 | 10 | 8 | 9 | 16 |
| 126 | 4 | 4 | 5 | 15 | 98 |
| 49 453 | 5 912 | 6 585 | 4 646 | 10 220 | 22 090 |

FINANCE LEASE LIABILITIES Million US dollar

| |
|------------------------------|
| Less than one year |
| Between one and two years |
| Between two and three years |
| Between three and five years |
| More than 5 years |

| 2016 Payments | 2016 Interests | 2016 Principal | 2015 Payments | 2015 Interests | 2015 Principal |
|---------------|----------------|----------------|---------------|----------------|----------------|
| 45 | 19 | 26 | 14 | 10 | 4 |
| 43 | 16 | 27 | 14 | 10 | 4 |
| 44 | 13 | 31 | 14 | 9 | 5 |
| 70 | 24 | 46 | 32 | 17 | 15 |
| 144 | 40 | 104 | 145 | 47 | 98 |
| 346 | 112 | 234 | 219 | 93 | 126 |

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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 as it is one of the primary measures AB InBev's management uses when evaluating its progress towards deleveraging.

AB InBev's net debt increased to 108.0 billion US dollar as of 31 December 2016, from 42.2 billion US dollar as of 31 December 2015. Apart from operating results net of capital expenditures, the net debt is mainly impacted by the payment associated with the combination with SABMiller net of the cash acquired and the proceeds from the announced divestitures completed at 31 December 2016 (48.8 billion US dollar), the SABMiller debt assumed as part of the combination (11.9 billion US dollar), the settlement of the portion of the derivatives hedging the SABMiller purchase consideration that did not qualify as hedge accounting (4.5 billion US dollar), dividend payments to shareholders of AB InBev and Ambev (8.5 billion US dollar), the payment of interests and taxes (6.0 billion US dollar) and the impact of changes in foreign exchange rates (0.3 billion US dollar decrease of net debt).

The following table provides a reconciliation of AB InBev's net debt as at 31 December:

| Million US dollar | 2016 | 2015 |
|---|------------|------------|
| Non-current interest-bearing loans and borrowings | 113 941 | 43 541 |
| Current interest-bearing loans and borrowings | 8 618 | 5 912 |
| | 122 | 49 |
| | 559 | 453 |
| Bank overdrafts | 184 | 13 |
| Cash and cash equivalents | (8 579) | (6 923) |
| Interest bearing loans granted and other deposits (included within Trade and other receivables) | (528) | (286) |
| Debt securities (included within Investment securities) | (5 683) | (72) |
| Net debt | 107 | 42 |
| | 953 | 185 |

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 2016, contributions paid into defined contribution plans for the company amounted to 77m US dollar compared to 90m US dollar for 2015 and 145m US dollar for 2014.

Defined Benefit Plans

During 2016, the company contributed to 101 defined benefit plans, of which 69 are retirement or leaving service plans, 25 are medical cost plans and 7 other long-term employee benefit plans. Most plans provide retirement and leaving service benefits related to pay and years of service. The Australian, Barbadian, Belgian, Brazilian, Canadian, Dominican Republic, Dutch, Mexican, Panamean, South Korean, South African, UK and US 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 Barbados, 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 210m 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 2016, 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 3 004m US dollar as of 31 December 2016 compared to 2 723m US dollar as of 31 December 2015. In 2016, the fair value of the plan assets increased by 102m US dollar and the defined benefit obligations increased by 358m US dollar. The increase in the employee benefit net liability is mainly driven by decreases in discount rates partially offset by positive asset returns. The combination with SABMiller is also impacting the employee benefit net liability (see Note 6 *Acquisitions and disposals*).

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

| Million US dollar | 2016 | 2015 |
|--|----------------|----------------|
| Present value of funded obligations | (7 044) | (6 905) |
| Fair value of plan assets | 5 177 | 5 075 |
| Present value of net obligations for funded plans | (1 867) | (1 830) |
| Present value of unfunded obligations | (908) | (689) |
| Present value of net obligations | (2 775) | (2 519) |
| Unrecognized asset | (168) | (137) |
| Net liability | (2 943) | (2 656) |
| Other long term employee benefits | (73) | (67) |
| Reclassified as held for sale | 12 | — |
| Total employee benefits | (3 004) | (2 723) |
| Employee benefits amounts in the balance sheet: | | |
| Liabilities | (3 014) | (2 725) |
| Assets | 10 | 2 |
| Net liability | (3 004) | (2 723) |

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

| Million US dollar | 2016 | 2015 | 2014 |
|---|----------------|----------------|----------------|
| Defined benefit obligation at 1 January | (7 594) | (8 585) | (9 073) |
| Current service costs | (73) | (81) | (74) |
| Interest cost | (347) | (354) | (438) |
| Past service gain/(cost) | 8 | 8 | 334 |
| Settlements | 174 | 3 | 176 |
| Benefits paid | 482 | 517 | 896 |
| Contribution by plan participants | (4) | (4) | (4) |
| Acquisition and disposal through business combination | (260) | — | (78) |
| Actuarial gains/(losses) – demographic assumptions | (1) | 4 | (210) |
| Actuarial gains/(losses) – financial assumptions | (607) | 283 | (962) |
| Experience adjustments | 37 | 14 | (40) |
| Exchange differences | 256 | 606 | 445 |
| Transfers and other movements | (23) | (5) | 443 |
| Defined benefit obligation at 31 December | (7 952) | (7 594) | (8 585) |

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately 1.9 billion US dollar relating to active employees, 1.5 billion US dollar relating to deferred members and 4.6 billion US dollar relating to members in retirement.

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

| Million US dollar | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|
| Fair value of plan assets at 1 January | 5 075 | 5 773 | 6 376 |
| Interest income | 249 | 253 | 328 |
| Administration costs | (24) | (20) | (24) |
| Return on plan assets exceeding interest income | 297 | (211) | 418 |
| Contributions by AB InBev | 302 | 275 | 326 |
| Contributions by plan participants | 4 | 4 | 4 |
| Benefits paid net of administration costs | (478) | (517) | (896) |
| Acquisition through business combination | 68 | — | 51 |
| Assets distributed on settlements | (164) | — | (82) |
| Exchange differences | (155) | (482) | (338) |
| Transfers and other movements | 3 | — | (392) |
| Fair value of plan assets at 31 December | 5 177 | 5 075 | 5 773 |

Actual return on plans assets amounted to a gain of 546m US dollar in 2016 compared to a gain of 42m US dollar in 2015. The increase is mainly driven by higher than expected market returns particularly in Brazil, the UK and the United States. Actual return on plans assets amounted to a gain of 42m US dollar in 2015 compared to a gain of 746m US dollar in 2014. The decrease is mainly driven by lower market returns particularly in the United States, the UK and Brazil.

Acquisitions through business combinations mainly refer to defined benefit plans in Colombia and South Africa following the combination with SABMiller. See also Note 6 – *Acquisition and disposal of subsidiaries*.

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The changes in the unrecognized asset are as follows:

| Million US dollar | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|
| Irrecoverable surplus impact at 1 January | (137) | (171) | (136) |
| Interest expense | (17) | (15) | (12) |
| Changes excluding amounts included in interest expense | (14) | 49 | (22) |
| Irrecoverable surplus impact at 31 December | (168) | (137) | (171) |

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

| Million US dollar | 2016 | 2015 | 2014 |
|---|--------------|--------------|------------|
| Current service costs | (73) | (81) | (74) |
| Administration costs | (24) | (20) | (24) |
| Past service cost | 8 | 8 | 334 |
| (Losses)/gains on settlements or curtailments | 10 | (2) | 94 |
| Profit from operations | (79) | (95) | 330 |
| Net finance cost | (115) | (116) | (124) |
| Total employee benefit expense | (194) | (211) | 206 |

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

| Million US dollar | 2016 | 2015 | 2014 |
|----------------------------------|--------------|--------------|------------|
| Cost of sales | (59) | (64) | (1) |
| Distribution expenses | (9) | (8) | (9) |
| Sales and marketing expenses | (13) | (14) | (14) |
| Administrative expenses | (15) | (17) | (15) |
| Other operating (expense)/income | 10 | 6 | 284 |
| Exceptional items | 7 | 2 | 85 |
| Net finance cost | (115) | (116) | (124) |
| | (194) | (211) | 206 |

Weighted average assumptions used in computing the benefit obligations of the company's significant plans at the balance sheet date are as follows:

| | 2016 | | | | | |
|---|---------------|--------|--------|--------|----------------|-----------|
| | United States | Canada | Mexico | Brazil | United Kingdom | AB InBev |
| Discount rate | 4.2% | 3.9% | 7.8% | 10.5% | 2.7% | 4.4% |
| Price inflation | 2.5% | 2.0% | 3.5% | 4.5% | 3.4% | 2.8% |
| Future salary increases | — | 1.0% | 4.8% | 5.8% | — | 3.5% |
| Future pension increases | — | 2.0% | 3.5% | 4.5% | 3.1% | 2.8% |
| Medical cost trend rate | 7.0%-5.0% | 4.5% | — | 8.2% | — | 7.2%-6.5% |
| Life expectation for a 65 year old male | 85 | 86 | 82 | 85 | 87 | 86 |
| Life expectation for a 65 year old female | 88 | 89 | 85 | 88 | 89 | 88 |

| | 2015 | | | | | |
|---|---------------|--------|--------|--------|----------------|-----------|
| | United States | Canada | Mexico | Brazil | United Kingdom | AB InBev |
| Discount rate | 4.4% | 4.1% | 7.0% | 12.1% | 4.0% | 4.6% |
| Price inflation | 2.5% | 2.0% | 3.5% | 4.5% | 3.2% | 2.7% |
| Future salary increases | 2.0% | 1.0% | 4.8% | 5.8% | — | 3.6% |
| Future pension increases | — | 2.0% | 3.5% | 4.5% | 2.9% | 2.7% |
| Medical cost trend rate | 6.2%-5.0% | 4.5% | — | 8.2% | — | 6.6%-5.9% |
| Life expectation for a 65 year old male | 85 | 86 | 82 | 85 | 87 | 85 |
| Life expectation for a 65 year old female | 88 | 89 | 85 | 88 | 89 | 88 |

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:

Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to high quality corporate yields; if plan assets underperform this yield, the company's net defined benefit obligation may increase. Most of the company's funded plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, the company usually reduces the level of investment risk by investing more in assets that better match the liabilities.

1 Reclassified to conform to the 2015 presentation.

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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.

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. In 2015, the company has started the implementation of a new 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.

The weighted average duration of the defined benefit obligation is 14.0 years (2015: 14.4 years).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Million US dollar | 2016 | | |
|-------------------------|----------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.5% | (505) | 549 |
| Future salary increase | 0.5% | 24 | (22) |
| Medical cost trend rate | 1% | 44 | (38) |
| Longevity | One year | 230 | (227) |

Sensitivities are what is 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 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.

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

| | 2016 | | | 2015 | | |
|--------------------------------|------------|-----------|-------------|------------|-----------|-------------|
| | Quoted | Unquoted | Total | Quoted | Unquoted | Total |
| Government bonds | 30% | — | 30% | 26% | — | 26% |
| Corporate bonds | 38% | — | 38% | 31% | — | 31% |
| Equity instruments | 22% | — | 22% | 29% | — | 29% |
| Property | — | 3% | 3% | — | 3% | 3% |
| Insurance contracts and others | 6% | 1% | 7% | 10% | 1% | 11% |
| | 96% | 4% | 100% | 96% | 4% | 100% |

AB InBev expects to contribute approximately 251m US dollar for its funded defined benefit plans and 80m US dollar in benefit payments to its unfunded defined benefit plans and post-retirement medical plans in 2017.

26. SHARE-BASED PAYMENTS¹

Different share and share option programs allow company 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”), established in 2006 and amended as from 2010, the long-term incentive warrant plan (“LTI Warrant Plan”), established in 1999 and replaced by a long-term incentive stock option plan for directors (“LTI Stock Option Plan Directors”) in 2014, and the long-term incentive stock-option plan for executives (“LTI Stock Option Plan Executives”), established in 2009. For all option plans, the fair value of share-based payment compensation is estimated at grant date, using a binomial Hull model, modified to reflect the IFRS 2 *Share-based Payment* requirement that assumptions about forfeiture before the end of the vesting period cannot impact the fair value of the option. All the company share-based payment plans are equity-settled.

Share-based payment transactions resulted in a total expense of 228m US dollar for the year 2016 (including the variable compensation expense settled in shares), as compared to 225m US dollar for the year 2015 and 251m US dollar for the year 2014.

¹ Amounts have been converted to US dollar at the average rate of the period, unless otherwise indicated.

AB InBev Share-Based Payment Programs

Share-Based Compensation Plan

As from 1 January 2010, the structure of the Share-Based Compensation Plan for certain executives, including the executive board of management and other senior management in the general headquarters, has been modified. From 1 January 2011, the new plan structure applies to all other senior management. Under this plan, the executive board of management and other senior employees will 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 will also match 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 2016, AB InBev issued 0.7m of matching restricted stock units in relation to bonus granted to company employees and management. These matching restricted stock units are valued at the share price at the day of grant representing a fair value of approximately 85m US dollar and cliff vest after five years. During 2015, AB InBev issued 0.4m of matching restricted stock units in relation to the 2014 bonus and 0.1m matching restricted stock units in relation to a 2015 bonus granted to company employees and management, with a fair value of approximately 54m US dollar.

LTI Stock Option Plan for Directors

Before 2014, the company issued regularly warrants, or rights to subscribe for newly issued shares under the LTI Warrant Plan for the benefit of directors and, until 2006, for the benefit of members of the executive board of management and other senior employees. LTI warrants were subject to a vesting period ranging from one to three years. Forfeiture of a warrant occurs in certain circumstances when the holder leaves the company's employment.

Since 2007, members of the executive board of management and other employees are no longer eligible to receive warrants under the LTI Warrant Plan, but instead receive a portion of their compensation in the form of shares and options granted under the Share-Based Compensation Plan and the LTI Stock Option Plan Executives.

Since 2014, directors are no longer eligible to receive warrants under the LTI Warrant Plan. Instead, on 30 April 2014, the annual shareholders meeting decided to replace the LTI Warrant Plan by a LTI Stock Option plan for directors. As a result, grants for directors now consist of LTI stock options instead of LTI warrants (i.e. the right to purchase existing shares instead of the right to subscribe to newly issued shares). Grants are made annually at the company's shareholders meeting on a discretionary basis upon recommendation of the Remuneration Committee. The LTI stock options have an exercise price that is set equal to the market price at the time of the granting, a maximum lifetime of 10 years and an exercise period that starts after 5 years. The LTI stock options cliff vest after 5 years. Unvested options are subject to specific forfeiture provisions in the event that the directorship is not renewed upon the expiry of its term or is terminated in the course of its term, both due to a breach of duty by the director.

AB InBev granted 0.2m stock options to members of the board of directors during 2016 representing a fair value of approximately 5m US dollar (2015: 0.2m stock options with a fair value of approximately 5m US dollar).

Furthermore, at the annual shareholders meeting of 30 April 2014, all outstanding LTI warrants granted under the company's LTI Warrant Plan were converted into LTI stock options, i.e. the right to purchase existing ordinary shares of Anheuser-Busch InBev SA/NV instead of the right to subscribe to newly issued shares. All other terms and conditions of the existing grants under the LTI Warrant Plan remain unchanged.

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 future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential.

In December 2016 AB InBev issued 4.6m LTI stock options with an estimated fair value of 83m US dollar, whereby 1.3m options relate to American Depositary Shares (ADSs) and 3.3m options to AB InBev shares. In December 2015 AB InBev issued 4.7m LTI stock options with an estimated fair value of 117m US dollar, whereby 1.1m options relate to American Depositary Shares (ADSs) and 3.6m options to AB InBev shares.

Exceptional incentive stock options

On 15 December 2016, approximately 13.2 million options were granted to a selected group of approximately 300 members of the senior management of the company considering the significant contribution that these employees can make to the success of the company and the achievement of integration benefits. Each option gives the grantee the right to purchase one existing AB InBev share. The exercise price of the options is 97.99 Euro which corresponds to the closing share price on the day preceding the grant date. The options granted have an estimated fair value of 228m US dollar.

The options have a duration of 10 years from grant and vest on 01 January 2022. The options only become exercisable provided a performance test is met.

No stock options were granted to members of the Executive Board of Management.

On 15 December 2016, approximately 1.3 million options were granted to employees of SABMiller. The grant results from the commitment that AB InBev has made under the terms of the combination with SABMiller, that it would, for at least one year, preserve the terms and conditions for employment of all employees that remain with the SABMiller Group. Each option gives the grantee the right to purchase one existing AB InBev share. The exercise price of the options is 97.99 Euro which corresponds to the closing share price on the day preceding the grant date. The options granted have an estimated fair value of 29m US dollar.

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The options have a duration of 10 years as from granting and vest after 3 years. Specific forfeiture rules apply if the employee leaves the company before the vesting date.

Performance related incentive plan for Disruptive Growth Function

In 2016 the company implemented a new performance related incentive plan which will substitute 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 in e-commerce, mobile, craft and branded experiences such as brew pubs.

During 2016, approximately 2.4 million performance units were granted to senior management of the Disruptive Growth Function. Out of these, approximately 0.5 million performance units were granted to a member of the Executive Board of Management. The value of the performance units will depend on the return of the Disruptive Growth business area.

The units vest after 5 years provided a performance test is met. Specific forfeiture rules apply in case the executive leaves the company.

Other Grants

AB InBev has in place three specific long-term restricted stock unit programs.

One program allows for the offer of restricted stock units to certain employees in certain specific circumstances, whereby grants are made at the discretion of the CEO, e.g. to compensate for assignments of expatriates in countries with difficult living conditions. The restricted stock units vest after five years and in case of termination of service before the vesting date, special forfeiture rules apply. In 2016, 0.4m restricted stock units with an estimated fair value of 40m US dollar were granted under this program to a selected number of employees (2015: 0.1m restricted stock units with an estimated fair value of 15m 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 as 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, the first half of the restricted stock units vesting after five years, the second half after ten years. In case of termination of service before the vesting date, special forfeiture rules apply. In 2016, 0.2m restricted stock units with an estimated fair value of 18m US dollar were granted under this program to a selected number of employees (2015: 0.2m restricted stock units with an estimated fair value of 26m US dollar).

A third program allows certain employees to purchase company shares at a discount aimed as 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) for newly hired employees. The voluntary investment in company shares leads to the grant of an amount of matching stock options which vest after 5 years. In case of termination before the vesting date, special forfeiture rules apply. In 2016, employees purchased shares under this program for the equivalent of 0.5m US dollar (2015: equivalent of 0.8m US dollar).

In order to maintain consistency of benefits granted to executives and to encourage international mobility of executives, an options exchange program can be executed whereby unvested options are exchanged against restricted shares that remain locked-up until 5 years after the end of the initial vesting period. In 2015 and 2016, no unvested options were exchanged against restricted shares. As a variant to this program, the Remuneration Committee has approved the early release of the vesting conditions of 0.2m unvested options. The shares that result from the exercise of the options must remain locked-up until 31 December 2023. Furthermore, certain options granted have been modified whereby the dividend protected feature of these options have been cancelled and compensated by the issuance of new additional options. In 2016, 0.2m new options were issued, representing the economic value of the dividend protection feature. In 2015 no new options were issued. The Remuneration Committee has also approved the early release of vesting conditions of 0.1m unvested options and 0.1m unvested restricted stock units. The shares that result from the exercise of the options or the accelerated vesting of restricted stock units must remain locked-up until the end of the initial vesting period.

As the vesting period for these stock options and restricted stock units was changed, an accelerated expense of 0.7m US dollar was recorded as a result of the modification.

The weighted average fair value of the options and assumptions used in applying the AB InBev option pricing model for the 2016 grants of awards described above are as follows:

Amounts in US dollar unless otherwise indicated¹

| | 2016 | 2015 | 2014 |
|--|--------|--------|--------|
| Fair value of options and warrants granted | 17.40 | 21.78 | 20.70 |
| Share price | 103.77 | 125.29 | 113.29 |
| Exercise price | 103.77 | 125.29 | 113.29 |
| Expected volatility | 24% | 24% | 24% |
| Expected dividends | 3.00% | 3.00% | 3.00% |
| Risk-free interest rate | 0.54% | 0.82% | 1.23% |

Expected volatility is based on historical volatility calculated using 3032 days of historical data. In the determination of the expected volatility, AB InBev is excluding the volatility measured during the period 15 July 2008 until 30 April 2009, in view of the extreme market conditions experienced during that 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.

¹ Amounts have been converted to US dollar at the closing rate of the respective period.

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The total number of outstanding AB InBev options and warrants developed as follows:

| <u>Million options and warrants</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|
| Options and warrants outstanding at 1 January | 47.6 | 45.6 | 52.5 |
| Options and warrants issued during the year | 20.4 | 9.7 | 4.5 |
| Options and warrants exercised during the year | (2.2) | (6.6) | (10.0) |
| Options and warrants forfeited during the year | (0.9) | (1.1) | (1.4) |
| Options and warrants outstanding at the end of December | 64.9 | 47.6 | 45.6 |

The range of exercise prices of the outstanding options and warrants is between 10.32 euro (10.88 US dollar)¹ and 121.95 euro (128.55 US dollar) while the weighted average remaining contractual life is 7.46 years.

Of the 64.9m outstanding options and warrants 9.9m are vested at 31 December 2016.

The weighted average exercise price of the AB InBev options and warrants is as follows:

| <u>Amounts in US dollar¹</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|
| Options and warrants outstanding at 1 January | 64.50 | 51.35 | 45.38 |
| Granted during the year | 104.71 | 126.67 | 113.29 |
| Exercised during the year | 32.45 | 32.47 | 24.40 |
| Forfeited during the year | 88.68 | 54.88 | 45.75 |
| Outstanding at the end of December | 76.25 | 64.50 | 51.35 |
| Exercisable at the end of December | 40.62 | 37.15 | 36.21 |

For share options and warrants exercised during 2016, the weighted average share price at the date of exercise was 109.32 euro (115.23 US dollar).

The total number of outstanding AB InBev restricted stock units developed as follows:

| <u>Million restricted stock units</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|
| Restricted stock units outstanding at 1 January | 5.6 | 5.8 | 4.7 |
| Restricted stock units issued during the year | 1.4 | 1.0 | 1.3 |
| Restricted stock units exercised during the year | (1.1) | (1.0) | — |
| Restricted stock units forfeited during the year | (0.1) | (0.2) | (0.2) |
| Restricted stock units outstanding at the end of December | 5.8 | 5.6 | 5.8 |

Ambev Share-Based Payment Programs

Since 2005, Ambev has had 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 7.3m restricted stock units in 2016 with an estimated fair value of 38.5m US dollar (2015: 2.7m restricted stock units with an estimated fair value of 15m US dollar).

As from 2010, senior employees are eligible for an annual long-term incentive to be paid out in Ambev LTI stock options (or, in future, similar share-based instruments), depending on management's assessment of the employee's performance and future potential. In 2016, Ambev granted 24.8m LTI stock options with an estimated fair value of 44.3m US dollar (2015: 16.5m LTI stock options with an estimated fair value of 40m US dollar).

The weighted fair value of the options and assumptions used in applying a binomial option pricing model for the 2016 Ambev grants are as follows:

| <u>Amounts in US dollar unless otherwise indicated¹</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|----------------|
| Fair value of options granted | 1.90 | 2.01 | 1.96 |
| Share price | 5.27 | 4.72 | 6.00 |
| Exercise price | 5.27 | 4.72 | 6.00 |
| Expected volatility | 27% | 27% | 32% |
| Expected dividends | 0.00% - 5.00% | 0.00% - 5.00% | 0.00% - 5.00% |
| Risk-free interest rate | 12.40% | 15.90% | 2.20% - 12.40% |

The total number of outstanding Ambev options developed as follows:

| <u>Million options</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|
| Options outstanding at 1 January | 121.8 | 126.1 | 147.7 |
| Options issued during the year | 24.8 | 16.6 | 17.0 |
| Options exercised during the year | (11.6) | (20.0) | (34.8) |
| Options forfeited during the year | (3.7) | (1.0) | (3.8) |
| Options outstanding at the end of December | 131.3 | 121.7 | 126.1 |

The range of exercise prices of the outstanding options is between 0.02 Brazilian real (0.00 US dollar) and 28.32 Brazilian real (8.69 US dollar) while the weighted average remaining contractual life is 5.96 years.

¹ Amounts have been converted to US dollar at the closing rate of the respective period.

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Of the 131.2m outstanding options 52.8m options are vested at 31 December 2016.

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

| Amounts in US dollar ¹ | 2016 | 2015 | 2014 |
|------------------------------------|------|------|------|
| Options outstanding at 1 January | 3.17 | 3.79 | 2.69 |
| Granted during the year | 5.27 | 4.72 | 6.03 |
| Exercised during the year | 0.77 | 1.29 | 1.45 |
| Forfeited during the year | 3.94 | 5.21 | 4.25 |
| Outstanding at the end of December | 4.26 | 3.17 | 3.79 |
| Exercisable at the end of December | 1.12 | 0.84 | 1.11 |

For share options exercised during 2016, the weighted average share price at the date of exercise was 18.41 Brazilian real (5.65 US dollar).

The total number of outstanding Ambev restricted stock units developed as follows:

| Million restricted stock units | 2016 | 2015 | 2014 |
|--|-------------|-------------|-------------|
| Restricted stock units outstanding at 1 January | 19.1 | 17.5 | 15.6 |
| Restricted stock units issued during the year | 7.3 | 2.7 | 5.2 |
| Restricted stock units exercised during the year | (6.1) | (0.8) | (2.3) |
| Restricted stock units forfeited during the year | (1.0) | (0.3) | (1.0) |
| Restricted stock units outstanding at the end of December | 19.3 | 19.1 | 17.5 |

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.

During 2016, 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 0.3m AB InBev shares (0.3m AB InBev shares in 2015) at a discount of 16.7% provided that they stay in service for another five years. The fair value of this transaction amounts to approximately 5m US dollar (6m US dollar in 2015) 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.

27. PROVISIONS

Million US dollar

Balance at 1 January 2016

Effect of changes in foreign exchange rates
Acquisitions through business combinations
Provisions made
Provisions used
Provisions reversed
Other movements

Balance at 31 December 2016

| Restructuring | Disputes | Other | Total |
|---------------|----------|-------|-------|
| 157 | 733 | 7 | 897 |
| (9) | 9 | (3) | (3) |
| 216 | 703 | 616 | 1 535 |
| 100 | 483 | 17 | 600 |
| (228) | (274) | (6) | (508) |
| (3) | (63) | (27) | (93) |
| (1) | 1 | (150) | (150) |
| 232 | 1 592 | 454 | 2 278 |

Million US dollar

Balance at 1 January 2015

Effect of changes in foreign exchange rates
Provisions made
Provisions used
Provisions reversed
Other movements

Balance at 31 December 2015

| Restructuring | Disputes | Other | Total |
|---------------|----------|-------|-------|
| 166 | 623 | 10 | 799 |
| (11) | (84) | (1) | (96) |
| 77 | 380 | — | 457 |
| (66) | (222) | (1) | (289) |
| (8) | (109) | (1) | (118) |
| (1) | 143 | — | 142 |
| 157 | 733 | 7 | 897 |

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.

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 | 232 | 149 | 9 | 70 | 4 |
| Disputes | | | | | |
| Income and indirect taxes | 1 178 | 514 | 499 | 32 | 133 |
| Labor | 161 | 67 | 14 | 53 | 26 |
| Commercial | 50 | 27 | 15 | 5 | 3 |
| Other disputes | 204 | 7 | 91 | 102 | 4 |
| | 1 592 | 615 | 619 | 192 | 166 |
| Other provisions | 454 | 76 | 27 | 24 | 327 |
| Total provisions | 2 278 | 841 | 655 | 286 | 497 |

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AB InBev is subject to the greenhouse gas emission allowance trading scheme in force in the European Union and a similar scheme in 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. At 31 December 2016, the emission allowances owned fully covered the expected CO₂ emissions. As such no provision needed to be recognized.

28. TRADE AND OTHER PAYABLES

Non-Current Trade and Other Payables

| <u>Million US dollar</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|
| Indirect taxes payable | 159 | 186 |
| Trade payables | 465 | 484 |
| Deferred consideration on acquisitions | 379 | 329 |
| Other payables | 325 | 242 |
| | 1 328 | 1 241 |

Current Trade and Other Payables

| <u>Million US dollar</u> | <u>2016</u> | <u>2015</u> |
|--|---------------|---------------|
| Trade payables and accrued expenses | 14 071 | 11 616 |
| Payroll and social security payables | 1 027 | 924 |
| Indirect taxes payable | 2 750 | 1 610 |
| Interest payable | 1 797 | 817 |
| Consigned packaging | 974 | 680 |
| Dividends payable | 447 | 239 |
| Deferred income | 52 | 49 |
| Deferred consideration on acquisitions | 1 640 | 1 474 |
| Other payables | 327 | 253 |
| | 23 086 | 17 662 |

Deferred consideration on acquisitions is mainly comprised of 1.5 billion US dollar for the put option included in the 2012 shareholders' agreement between Ambev and E. León Jimenes S.A. ("ELJ"), which may result in Ambev acquiring additional Class B shares of Cervecería Nacional Dominicana S.A. ("CND"). The put option granted to ELJ is exercisable since 2013. The valuation of this option is based on the EBITDA of the consolidated operations in Dominican Republic.

29. RISKS ARISING FROM FINANCIAL INSTRUMENTS

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 an interconnected basis, and defines strategies to manage the economic impact on the company's performance in line with its financial risk management policy.

Some of the company's risk management strategies include the usage 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 ("CCIRS"), exchange traded interest rate futures, commodity swaps, exchange traded commodity futures and equity swaps. AB InBev's policy prohibits the use of derivatives in the context of speculative trading.

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

Million US dollar

Foreign currency

Forward exchange contracts SABMiller combination

Other forward exchange contracts

Foreign currency futures

Interest rate

Interest rate swaps

Cross currency interest rate swaps

Interest rate futures

Other interest rate derivatives

Commodities

Aluminum swaps

Other commodity derivatives

Equity

Equity derivatives

| | 2016 | | | | | 2015 | | | | |
|--|-------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
| | < 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 |
| Forward exchange contracts SABMiller combination | — | — | — | — | — | 68 860 | — | — | — | — |
| Other forward exchange contracts | 22 396 | 96 | — | — | — | 10 481 | — | 508 | 803 | — |
| Foreign currency futures | 610 | — | — | — | — | 1 568 | 100 | — | — | — |
| Interest rate swaps | 1 292 | 1 075 | 2 250 | 784 | 3 630 | — | 77 | — | 3 000 | 74 |
| Cross currency interest rate swaps | 1 553 | 785 | 1 796 | 460 | 1 134 | — | 1 604 | 777 | 1 803 | 1 560 |
| Interest rate futures | — | — | 46 | 77 | — | — | 13 | — | 109 | — |
| Other interest rate derivatives | — | — | — | — | 565 | — | — | — | — | 565 |
| Aluminum swaps | 1 211 | 31 | — | — | — | 1 509 | 172 | — | — | — |
| Other commodity derivatives | 1 124 | 189 | — | — | — | 1 227 | 82 | — | — | — |
| Equity derivatives | 10 087 | 235 | — | — | — | 5 985 | — | — | — | — |

1 Reclassified to conform to the 2016 presentation.

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A. Foreign Currency Risk

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

Foreign Exchange Risk on the Combination with SabMiller

During 2015 and 2016, AB InBev entered into derivative foreign exchange forward contracts, as well as other non-derivative items also documented in a hedge accounting relationship, in order to economically hedge against exposure to changes in the US dollar exchange rate for the cash component of the purchase consideration in pound sterling and South African rand. Although these derivatives and non-derivative items were considered to be economic hedges, only a portion of such derivatives could qualify for hedge accounting under IFRS rules. Since inception of the derivative contracts in 2015 and upon the completion of the combination with SABMiller, 12.3 billion US dollar negative mark-to-market adjustment related to such hedging were recognized cumulatively over 2015 and 2016, of which 7.4 billion US dollar qualified for hedge accounting and was, accordingly, allocated as part of the consideration paid.

The portion that did not qualify for hedge accounting was reported as an exceptional finance cost in the profit and loss account in 2016 - see Note 11 *Finance cost and income*. Furthermore, the settlement of the derivatives that did not qualify for hedge accounting is classified as cash flow from financing activities in the consolidated cash flow statement.

Foreign Exchange Risk on Operating Activities

As far as foreign currency risk on firm commitments and forecasted transactions is concerned, AB InBev's policy is to hedge operational transactions which are reasonably expected to occur (e.g. cost of goods sold and selling, general & administrative expenses) within 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.

The table below provides an indication of the company's main net foreign currency positions as regards 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 2016 | | | 31 December 2015 ¹ | | |
|------------------------------|------------------|--------------|---------------|-------------------------------|--------------|---------------|
| | Total exposure | Total hedges | Open position | Total exposure | Total hedges | Open position |
| Euro/Canadian dollar | (52) | 52 | — | (56) | 56 | — |
| Euro/Mexican peso | (159) | 197 | 38 | — | — | — |
| Euro/South African rand | (64) | 64 | — | — | — | — |
| Euro/South Korean won | (63) | 55 | (8) | (57) | 27 | (30) |
| Euro/Pound sterling | (33) | 146 | 113 | (52) | 184 | 132 |
| Euro/Russian ruble | (64) | 93 | 29 | (74) | 109 | 35 |
| Euro/Ukrainian hryvnia | (60) | — | (60) | (68) | — | (68) |
| Euro/US dollar | (924) | 483 | (441) | (420) | 152 | (268) |
| Pound sterling/US dollar | (492) | 162 | (330) | — | — | — |
| US dollar/Argentinean peso | (219) | 219 | — | (459) | 459 | — |
| US dollar/Australian dollar | (171) | 73 | (98) | — | — | — |
| US dollar/Bolivian boliviano | (59) | 59 | — | (62) | 62 | — |
| US dollar/Brazilian real | (1 102) | 1 102 | — | (1 419) | 1 419 | — |
| US dollar/Canadian dollar | (347) | 347 | — | (321) | 321 | — |
| US dollar/Chilean peso | (255) | 255 | — | (152) | 152 | — |
| US dollar/Chinese yuan | (248) | 228 | (20) | (135) | 121 | (14) |
| US dollar/Colombian peso | (202) | 187 | (15) | (10) | 10 | — |
| US dollar/Euro | (115) | 68 | (47) | (197) | 301 | 104 |
| US dollar/Honduran lempira | (172) | — | (172) | — | — | — |
| US dollar/Mexican peso | (952) | 1 065 | 113 | (1 234) | 1 933 | 699 |
| US dollar/Nigerian naira | (87) | — | (87) | — | — | — |
| US dollar/Paraguayan guarani | (136) | 136 | — | (96) | 96 | — |
| US dollar/Peruvian nuevo sol | (196) | 123 | (73) | (5) | 5 | — |
| US dollar/Russian ruble | (71) | 91 | 20 | (78) | 115 | 37 |
| US dollar/South African rand | (95) | 95 | — | — | — | — |
| US dollar/South Korean won | (48) | 112 | 64 | (35) | 84 | 49 |
| US dollar/Tanzanian shilling | (85) | 14 | (71) | — | — | — |
| US dollar/Ukrainian hryvnia | (22) | — | (22) | (46) | — | (46) |
| US dollar/Uruguayan peso | (44) | 44 | — | (52) | 52 | — |
| US dollar/Zambian kwacha | (89) | — | (89) | — | — | — |
| Others | (459) | 142 | (317) | (173) | 160 | (13) |

¹ Reclassified to conform to the 2015 presentation.

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The US dollar/Mexican peso open long position in 2015 is mainly related to US dollar cash held in Mexico.

Further analysis on the impact of open currency exposures is performed in the *Currency Sensitivity Analysis* below.

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

Foreign Exchange Risk on Net Investments in Foreign Operations

AB InBev enters into hedging activities to mitigate exposures related to its investments in foreign operations. These strategies are designated as net investment hedges and include both derivative and non-derivative financial instruments.

As of 31 December 2016, designated derivative and non-derivative financial instruments in a net investment hedge relationship amount to 15 583m US dollar equivalent (11 193m US dollar in 2015) in Holding companies and approximately 1 497m US dollar equivalent (1 460m US dollar in 2015) at Ambev level. Those derivatives and non-derivatives are used to hedge foreign operations with functional currencies mainly denominated in Canadian dollar, Dominican peso, euro, Mexican peso, pound sterling, South Korean won and US dollar.

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, hedging is put in place 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 related to the 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 monetary financial instruments are either denominated in the functional currency of the subsidiary or are converted into the functional currency through the use of derivatives. However, the company can have open positions in certain countries for which hedging can be limited as the illiquidity of the local foreign exchange market prevents the company from hedging at a reasonable cost. The transactional foreign currency risk mainly arises from open positions in Australian dollar, Chinese yuan, Colombian peso, Honduran lempira, Nigerian naira, Mexican peso, Peruvian nuevo sol, pound sterling, Russian ruble, South Korean won, Tanzanian shilling, Ukrainian hryvnia and Zambian kwacha 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:

| | 2016 | | |
|------------------------------|----------------------------------|---------------------------------------|-----------------------------|
| | Closing rate 31 December 2016 | Possible closing rate ¹ | Volatility of rates in % |
| Euro/Mexican peso | 21.78 | 18.12 - 25.45 | 16.83% |
| Euro/Pound sterling | 0.86 | 0.76 - 0.96 | 11.63% |
| Euro/Russian ruble | 63.94 | 51.45 - 76.43 | 19.53% |
| Euro/Ukrainian hryvnia | 28.66 | 24.85 - 32.47 | 13.30% |
| Euro/US dollar | 1.05 | 0.97 - 1.14 | 8.09% |
| Pound sterling/US dollar | 1.23 | 1.06 - 1.40 | 13.99% |
| US dollar/Australian dollar | 1.38 | 1.23 - 1.54 | 11.22% |
| US dollar/Chinese yuan | 6.94 | 6.57 - 7.32 | 5.45% |
| US dollar/Colombian peso | 3 002.14 | 2 449.43 - 3 554.86 | 18.41% |
| US dollar/Euro | 0.95 | 0.87 - 1.03 | 8.09% |
| US dollar/Honduran lempira | 23.49 | 23.36 - 23.63 | 0.57% |
| US dollar/Mexican peso | 20.66 | 17.20 - 24.13 | 16.76% |
| US dollar/Nigerian naira | 315.28 | 192.49 - 438.07 | 38.95% |
| US dollar/Peruvian nuevo sol | 3.35 | 3.11 - 3.60 | 7.29% |
| US dollar/Russian ruble | 60.66 | 48.77 - 72.55 | 19.60% |
| US dollar/South Korean won | 1 203.90 | 1 039.01 - 1 368.80 | 13.70% |
| US dollar/Tanzanian shilling | 2 180.87 | 2 151.10 - 2 210.64 | 1.37% |
| US dollar/Ukrainian hryvnia | 27.19 | 24.27 - 30.11 | 10.74% |
| US dollar/Zambian kwacha | 9.94 | 8.06 - 11.82 | 18.91% |

| | 2015 | | |
|-----------------------------|----------------------------------|---------------------------------------|-----------------------------|
| | Closing rate 31 December 2015 | Possible closing rate ² | Volatility of rates in % |
| Pound sterling/Euro | 1.36 | 1.23-1.50 | 9.73% |
| Euro/Czech koruna | 27.02 | 26.21-27.83 | 2.99% |
| Euro/Russian ruble | 79.35 | 58.04-100.66 | 26.86% |
| Euro/Ukrainian hryvnia | 26.13 | 10.51-41.75 | 59.79% |
| US dollar/Euro | 0.92 | 0.81-1.03 | 12.13% |
| US dollar/Mexican peso | 17.21 | 15.38-19.04 | 10.63% |
| US dollar/Pound sterling | 0.67 | 0.62-0.73 | 8.34% |
| US dollar/Russian ruble | 72.88 | 54.75-91.01 | 24.88% |
| US dollar/Ukrainian hryvnia | 24.00 | 8.88-39.12 | 63.01% |

¹ Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2016.

² Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2015.

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Had the Australian dollar, Chinese yuan, Colombian peso, Honduran lempira, Nigerian naira, Mexican peso, Peruvian nuevo sol, pound sterling, Russian ruble, South Korean won, Tanzanian shilling, Ukrainian hryvnia and Zambian kwacha weakened/strengthened during 2016 by the above estimated changes against the euro or the US dollar, with all other variables held constant, the 2016 impact on consolidated profit before taxes would have been approximately 112m US dollar (71m US dollar in 2015) higher/lower.

Additionally, the AB InBev sensitivity analysis¹ to the foreign exchange rates on its total derivatives positions as of 31 December 2016, shows a positive/negative pre-tax impact on equity reserves of 774m US dollar (895m US dollar in 2015).

Net Foreign Exchange Results

Foreign exchange results recognized on unhedged and hedged exposures and from the related hedging derivative instruments can be summarized per type of hedging relationship as follows:

| Million US dollar | 2016 | 2015 | 2014 |
|---|-------------|------------|------------|
| Cash flow hedges - hedged items | 98 | 61 | (60) |
| Cash flow hedges - hedging instruments (reclassified from equity) | (151) | (11) | 53 |
| Economic hedges - hedged items not part of a hedge accounting relationship | 9 | (347) | — |
| Economic hedges - hedging instruments not part of a hedge accounting relationship | (45) | 352 | 11 |
| Other results - not hedged | 68 | 323 | 315 |
| | (21) | 378 | 319 |

B. 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 cost of funding and volatility of financial results, while taking into account market conditions as well as AB InBev's overall business strategy.

Fair Value Hedge

Pound sterling bond hedges (foreign currency risk + interest rate risk on borrowings in pound sterling)

In June 2009, the company issued a pound sterling bond for an equivalent of 750m pound sterling. This bond bears interest at 6.50% with maturity in June 2017.

The company entered into several pound sterling fixed/euro floating cross currency interest rate swaps to manage and reduce the impact of changes in the pound sterling exchange rate and interest rate on this bond.

These derivative instruments have been designated in a fair value hedge accounting relationship.

US dollar fixed rate bond hedges (interest rate risk on borrowings in US dollar)

The company entered into several US dollar fixed/floating interest rate swaps to manage and reduce 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 5.5 billion US dollar.

These derivative instruments have been designated in a fair value hedge accounting relationship.

Ambev bond hedges (interest rate risk on borrowings in Brazilian real)

In July 2007 Ambev issued a Brazilian real bond ("Bond 17"), which bears interest at 9.5% and is repayable semi-annually with final maturity date in July 2017.

Ambev entered into a fixed/floating interest rate swap to hedge the interest rate risk on such bond. These derivative instruments have been designated in a fair value hedge accounting relationship.

Cash Flow Hedge

Canadian dollar bond hedges (foreign currency risk + interest rate risk on borrowings in Canadian dollar)

In January 2013, the company issued a series of notes in an aggregated principal amount of 1.2 billion Canadian dollar. These bonds bear interest at 2.375% with maturity in January 2018 and 3.375% with maturity in January 2023.

The company entered into several Canadian dollar fixed/US dollar fixed cross currency interest rate swaps to manage and reduce the impact of changes in the Canadian dollar exchange rate and interest rate on these bonds.

These derivative instruments have been designated in a cash flow hedge accounting relationship.

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 an equivalent of 500m pound sterling. This bond bears interest at 4.00% per year with maturity in September 2025.

The company entered into several pound sterling fixed/euro fixed cross currency interest rate swaps to manage and reduce the impact of changes in the pound sterling exchange rate and interest rate on this bond.

¹ Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2016.

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These derivative instruments have been designated in a cash flow hedge accounting relationship.

Economic Hedge

Marketable debt security hedges (interest rate risk on Brazilian real)

During 2016 and 2015, 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 such government bonds. Since both instruments are measured at fair value with changes recorded into profit or loss, no hedge accounting designation was done.

Interest Rate Sensitivity Analysis

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

31 December 2016
Interest-bearing financial liabilities
Million US dollar

Floating rate

Brazilian real
Canadian dollar
Euro
South African rand
US dollar
Other

Fixed rate

Australian dollar
Brazilian real
Canadian dollar
Euro
Peruvian nuevo sol
Pound sterling
South Korean won
US dollar
Other

| Before hedging | | After hedging | |
|-------------------------|----------------|-------------------------|---------------|
| Effective interest rate | Amount | Effective interest rate | Amount |
| 9.76% | 205 | 12.62% | 729 |
| 1.55% | 386 | 1.55% | 386 |
| 0.20% | 3 037 | 0.12% | 4 046 |
| 8.30% | 446 | 8.30% | 446 |
| 1.82% | 10 187 | 2.33% | 18 002 |
| 18.75% | 352 | 18.75% | 352 |
| | 14 613 | | 23 961 |
| 3.85% | 520 | 3.85% | 520 |
| 6.67% | 375 | 6.20% | 258 |
| 2.93% | 886 | 2.89% | 554 |
| 0.26% | 23 991 | 1.86% | 26 396 |
| 5.88% | 119 | 5.88% | 119 |
| 6.80% | 2 212 | 9.75% | 594 |
| — | — | 2.50% | 1 000 |
| 4.06% | 79 615 | 4.15% | 68 928 |
| 11.41% | 412 | 11.41% | 412 |
| | 108 130 | | 98 782 |

31 December 2015
Interest-bearing financial liabilities
Million US dollar

Floating rate

Brazilian real
Euro
US dollar
Other

Fixed rate

Brazilian real
Canadian dollar
Dominican peso
Euro
Pound sterling
South Korean won
US dollar
Other

| Before hedging | | After hedging | |
|-------------------------|---------------|-------------------------|---------------|
| Effective interest rate | Amount | Effective interest rate | Amount |
| 9.41% | 270 | 11.19% | 355 |
| 0.09% | 2 934 | 1.41% | 3 975 |
| 1.12% | 584 | 1.20% | 1 787 |
| 6.10% | 6 | 6.10% | 6 |
| | 3 795 | | 6 124 |
| 7.13% | 282 | 8.22% | 237 |
| 3.14% | 1 290 | 3.22% | 968 |
| 9.52% | 101 | 9.52% | 101 |
| 2.47% | 11 363 | 2.31% | 13 893 |
| 6.54% | 2 686 | 8.67% | 912 |
| — | — | 2.44% | 1 000 |
| 4.21% | 29 935 | 4.37% | 26 216 |
| 3.60% | 14 | 3.60% | 14 |
| | 45 671 | | 43 342 |

At 31 December 2016, the total carrying amount of the floating and fixed rate interest-bearing financial liabilities before hedging listed above includes bank overdrafts of 184m US dollar.

As disclosed in the above table, 23 961m US dollar or 19.52% of the company's interest bearing financial liabilities bear a variable interest rate. The company estimated that the reasonably possible change of the market interest rates applicable to its floating rate debt after hedging is as follows:

| | 2016 | | |
|--------------------|--|--|-----------------------------|
| | Interest rate 31 December 2016 ¹ | Possible interest rate ² | Volatility of rates in % |
| Brazilian real | 13.20% | 12.88% - 13.53% | 2.46% |
| Canadian dollar | 0.95% | 0.87% - 1.02% | 7.83% |
| Euro | — | — | 11.84% |
| South African rand | 7.36% | 6.95% - 7.77% | 5.55% |
| US dollar | 1.00% | 0.89% - 1.11% | 11.08% |

| | 2015 | | |
|--|--|--|-----------------------------|
| | Interest rate 31 December 2015 ¹ | Possible interest rate ² | Volatility of rates in % |

| | | | |
|----------------|--------|----------------|---------|
| Brazilian real | 13.64% | 12.48% - 14.8% | 8.52% |
| Euro | — | 0.15% - 0% | 211.93% |
| US dollar | 0.61% | 0.5% - 0.73% | 18.83% |

1 Applicable 3-month InterBank Offered Rates as of 31 December 2016 and as of 31 December 2015.

2 Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2016 and at December 2015. 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).

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When AB InBev applies the reasonably possible increase/decrease in the market interest rates mentioned above on its floating rate debt at 31 December 2016, with all other variables held constant, 2016 interest expense would have been 23m US dollar higher/lower (2015: 5m US dollar). This effect would be more than offset by 53m US dollar higher/lower interest income on AB InBev's interest-bearing financial assets (2015: 50m US dollar).

Interest Expense

Interest expense recognized on unhedged and hedged financial liabilities and the net interest expense from the related hedging derivative instruments can be summarized per type of hedging relationship as follows:

| Million US dollar | 2016 | 2015 | 2014 |
|---|----------------|----------------|----------------|
| Financial liabilities measured at amortized cost – not hedged | (4 119) | (2 005) | (2 236) |
| Fair value hedges – hedged items | (73) | (87) | (97) |
| Fair value hedges – hedging instruments | 42 | 50 | 42 |
| Cash flow hedges – hedged items | (24) | (31) | (35) |
| Cash flow hedges – hedging instruments (reclassified from equity) | 16 | 24 | 10 |
| Net investment hedges – hedging instruments (interest component) | 34 | 152 | 192 |
| Economic hedges – hedged items not part of a hedge accounting relationship | 8 | 8 | (9) |
| Economic hedges – hedging instruments not part of a hedge accounting relationship | 24 | 56 | 125 |
| | (4 092) | (1 833) | (2 008) |

C. 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 minimize exposure to commodity price volatility. The company has important exposures to the following commodities: aluminum, barley, coal, corn grits, corn syrup, corrugated board, diesel, fuel oil, glass, hops, labels, malt, natural gas, orange juice, plastics, rice, steel and wheat. As of 31 December 2016, the company has the following commodity derivatives outstanding (in notional amounts): aluminum swaps for 1 242m US dollar (2015: 1 681m US dollar), natural gas and energy derivatives for 189m US dollar (2015: 216m US dollar), exchange traded sugar futures for 93m US dollar (2015: 92m US dollar), corn swaps for 179m US dollar (2015: 272m US dollar), exchange traded wheat futures for 557m US dollar (2015: 484m US dollar), rice swaps for 190m US dollar (2015: 138m US dollar) and plastic derivatives for 105m US dollar (2015: 107m US dollar). These hedges are designated in a cash flow hedge accounting relationship.

Commodity Price Sensitivity Analysis

The impact of changes in the commodity prices for AB InBev's derivative exposures would have caused an immaterial impact on 2016 profits as most of the company's commodity derivatives are designated in a hedge accounting relationship.

The table below shows the estimated impact that changes in the price of the commodities, for which AB InBev held material derivative exposures at 31 December 2016, would have on the equity reserves.

| Million US dollar | Volatility of prices in % ¹ | 2016 | |
|-------------------|--|--------------------------|-----------------|
| | | Pre-tax impact on equity | |
| | | Prices increase | Prices decrease |
| Aluminum | 15.80% | 196 | (196) |
| Sugar | 32.63% | 30 | (30) |
| Wheat | 26.43% | 147 | (147) |
| Energy | 28.60% | 54 | (54) |
| Rice | 26.38% | 50 | (50) |
| Corn | 24.30% | 44 | (44) |
| Plastic | 18.62% | 20 | (20) |

¹ Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2016.

| Million US dollar | Volatility of prices in % ¹ | 2015 | |
|-------------------|--|--------------------------|-----------------|
| | | Pre-tax impact on equity | |
| | | Prices increase | Prices decrease |
| Aluminum | 18.06% | 203 | (203) |
| Sugar | 31.20% | 30 | (30) |
| Wheat | 34.65% | (7) | 7 |
| Energy | 30.28% | 59 | (59) |
| Rice | 23.52% | 22 | (22) |
| Corn | 13.45% | 53 | (53) |
| Plastic | 18.43% | 23 | (23) |

D. Equity Price Risk

AB InBev 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 the AB InBev shares will negatively impact future cash flows related to the share-based payments. Furthermore, AB InBev entered into a series of derivative contracts to hedge the deferred share instrument related to the Modelo combination (see also Note 11 *Finance cost and income* and Note 23 *Changes in equity and earnings per share*) and some share-based payments in connection with the combination with SABMiller. 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 2016, an exposure for an equivalent of 91.6m of AB InBev shares was hedged, resulting in a total loss of 851m US dollar recognized in the profit or loss account for the period, of which 384m US dollar related to the company's share-based payment programs, 340m US dollar and 127m US dollar related to the Modelo and SABMiller transactions, respectively.

Between 2012 and 2016, AB InBev reset with counterparties certain derivative contracts to market price. This resulted in a cash inflow of 1.3 billion US dollar between 2012 and 2015 and 1.9 billion US dollar in 2016 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 22.84% (2015: 25.12%) reasonable possible volatility² of the AB InBev share price and with all the other variables held constant, would show 2 236m US dollar positive/negative impact on the 2016 profit before tax (2015: 2 017m US dollar).

E. Credit Risk

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

AB InBev mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties, working within agreed counterparty limits and through setting limits on the maturity of financial assets. The company has furthermore master netting agreements with all of the financial institutions that are counterparties to the over the counter (OTC) derivative financial instruments. These agreements allow for the net settlement of assets and liabilities arising from different transactions with the same counterparty. Based on these factors, AB InBev considers the risk of counterparty default per 31 December 2016 to be limited.

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

¹ Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2015.

² Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2016.

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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 | 2016 | | | 2015 | | |
|----------------------------------|---------------|--------------|---------------------|--------------------|--------------|----------------------------------|
| | Gross | Impairment | Net carrying amount | Gross ¹ | Impairment | Net carrying amount ² |
| Debt securities held for trading | 5 659 | — | 5 659 | 55 | — | 55 |
| Available for sale | 65 | (7) | 58 | 40 | (9) | 31 |
| Held to maturity | 24 | — | 24 | 17 | — | 17 |
| Trade receivables | 4 399 | (202) | 4 197 | 3 244 | (230) | 3 014 |
| Cash deposits for guarantees | 200 | — | 200 | 187 | — | 187 |
| Loans to customers | 100 | — | 100 | 94 | — | 94 |
| Other receivables | 2 818 | (109) | 2 709 | 1 975 | (99) | 1 876 |
| Derivatives | 1 117 | — | 1 117 | 3 563 | — | 3 563 |
| Cash and cash equivalents | 8 579 | — | 8 579 | 6 923 | — | 6 923 |
| | 22 961 | (318) | 22 643 | 16 098 | (338) | 15 760 |

There was no significant concentration of credit risks with any single counterparty per 31 December 2016 and no single customer represented more than 10% of the total revenue of the group in 2016.

Impairment Losses

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

| Million US dollar | 2016 | | | | |
|--------------------------------|--------------------|-------------------|--------------------|-------------------|--------------|
| | Available for sale | Trade receivables | Loans to customers | Other receivables | Total |
| Balance at 1 January | (9) | (230) | — | (99) | (338) |
| Impairment losses | — | (43) | — | — | (43) |
| Derecognition | — | 69 | — | 2 | 71 |
| Currency translation and other | 2 | 2 | — | (12) | (8) |
| Balance at 31 December | (7) | (202) | — | (109) | (318) |

| Million US dollar | 2015 | | | | |
|--------------------------------|--------------------|-------------------|--------------------|-------------------|--------------|
| | Available for sale | Trade receivables | Loans to customers | Other receivables | Total |
| Balance at 1 January | (11) | (260) | (30) | (128) | (429) |
| Impairment losses | — | (41) | — | (16) | (57) |
| Derecognition | — | 20 | 30 | 22 | 72 |
| Currency translation and other | 2 | 51 | — | 23 | 76 |
| Balance at 31 December | (9) | (230) | — | (99) | (338) |

| Million US dollar | 2014 | | | | |
|-------------------------------|--------------------|-------------------|--------------------|-------------------|--------------|
| | Available for sale | Trade receivables | Loans to customers | Other receivables | Total |
| Balance at 1 January | (13) | (249) | (84) | (162) | (508) |
| Impairment losses | (1) | (37) | (1) | — | (39) |
| Derecognition | 2 | 28 | 38 | 15 | 83 |
| Currency translation | 1 | (2) | 17 | 19 | 35 |
| Balance at 31 December | (11) | (260) | (30) | (128) | (429) |

F. Liquidity Risk

AB InBev's 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. AB InBev's material cash requirements have included the following:

- Debt service;
- 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.

¹ Reclassified to conform to the 2016 presentation.

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The company believes that cash flows from operating activities, available cash and cash equivalent and short term investments, along with the derivative instruments 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 financial assets and liabilities:

| Million US dollar | 2016 | | | | | | |
|--|------------------------------|------------------------|------------------|-----------------|-----------------|-----------------|-------------------|
| | 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 | (862) | (937) | (676) | (116) | (33) | (32) | (80) |
| Commercial papers | (2 053) | (2 054) | (2 054) | — | — | — | — |
| Unsecured bank loans | (9 662) | (11 057) | (1 618) | (535) | (365) | (8 535) | (4) |
| Unsecured bond issues | (109 627) | (162 300) | (7 284) | (10 262) | (13 713) | (25 383) | (105 658) |
| Unsecured other loans | (122) | (279) | (27) | (41) | (33) | (41) | (137) |
| Finance lease liabilities | (234) | (346) | (44) | (42) | (44) | (70) | (146) |
| Bank overdraft | (184) | (184) | (184) | — | — | — | — |
| Trade and other payables | (24 879) | (25 398) | (23 717) | (449) | (209) | (331) | (692) |
| | (147 623) | (202 555) | (35 604) | (11 445) | (14 397) | (34 392) | (106 717) |
| Derivative financial assets/(liabilities) | | | | | | | |
| Interest rate derivatives | (267) | (269) | 5 | 3 | (13) | (35) | (229) |
| Foreign exchange derivatives | 47 | 42 | 44 | (2) | — | — | — |
| Cross currency interest rate swaps | (32) | (58) | 22 | (97) | — | 55 | (38) |
| Commodity derivatives | 125 | 117 | 107 | 10 | — | — | — |
| Equity derivatives | (490) | (499) | (499) | — | — | — | — |
| | (617) | (667) | (321) | (86) | (13) | 20 | (267) |
| Of which: directly related to cash flow hedges | 28 | 6 | 176 | (112) | (2) | — | (56) |

| Million US dollar | 2015 | | | | | | |
|--|-----------------|------------------------|------------------|----------------|----------------|-----------------|-------------------|
| | Carrying amount | 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 | (277) | (340) | (115) | (81) | (27) | (39) | (78) |
| Commercial papers | (2 087) | (2 089) | (2 089) | — | — | — | — |
| Unsecured bank loans | (1 469) | (1 740) | (1 446) | (216) | (56) | (22) | — |
| Unsecured bond issues | (45 442) | (63 694) | (3 434) | (8 036) | (6 209) | (12 546) | (33 469) |
| Unsecured other loans | (52) | (114) | (15) | (16) | (14) | (15) | (54) |
| Finance lease liabilities | (126) | (218) | (13) | (14) | (14) | (32) | (145) |
| Bank overdraft | (13) | (13) | (13) | — | — | — | — |
| Trade and other payables | (18 816) | (19 082) | (17 616) | (454) | (184) | (392) | (436) |
| | (68 282) | (87 290) | (24 741) | (8 817) | (6 504) | (13 046) | (34 182) |
| Derivative financial assets/(liabilities) | | | | | | | |
| Interest rate derivatives | (99) | (100) | 18 | (8) | (15) | (13) | (82) |
| Foreign exchange derivatives | (3 022) | (3 088) | (3 072) | 2 | (12) | (6) | — |
| Cross currency interest rate swaps | 167 | 175 | 57 | 182 | (73) | (81) | 90 |
| Commodity derivatives | (246) | (247) | (250) | 3 | — | — | — |
| Equity derivatives | 2 468 | 2 469 | 2 469 | — | — | — | — |
| | (732) | (791) | (778) | 179 | (100) | (100) | 8 |
| Of which: directly related to cash flow hedges | (1 187) | (1 269) | (1 238) | 45 | (105) | 13 | 16 |

G. Capital Management

AB InBev is continuously optimizing its capital structure targeting to maximize shareholder value while keeping the desired financial flexibility to execute the strategic projects. 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. When analyzing AB InBev's capital structure the company uses the same debt/equity classifications as applied in the company's IFRS reporting.

¹ "Carrying amount" refers to net book value as recognized in the balance sheet at each reporting date.

H. 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. In conformity with IAS 39 all derivatives are recognized at fair value in the balance sheet.

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

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

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

| Million US dollar | Assets | | Liabilities | | Net | |
|------------------------------------|--------------|--------------|----------------|----------------|--------------|--------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Foreign currency | | | | | | |
| Forward exchange contracts | 492 | 574 | (441) | (3 625) | 51 | (3 051) |
| Foreign currency futures | 3 | 94 | (7) | (65) | (4) | 29 |
| Interest rate | | | | | | |
| Interest rate swaps | 26 | — | (216) | (19) | (190) | (19) |
| Cross currency interest rate swaps | 182 | 307 | (214) | (140) | (32) | 167 |
| Other interest rate derivatives | — | — | (77) | (80) | (77) | (80) |
| Commodities | | | | | | |
| Aluminum swaps | 69 | 28 | (8) | (211) | 61 | (183) |
| Sugar futures | 22 | 7 | (5) | (11) | 17 | (4) |
| Wheat futures | 52 | 62 | (30) | (24) | 22 | 38 |
| Other commodity derivatives | 46 | 5 | (21) | (102) | 25 | (97) |
| Equity | | | | | | |
| Equity derivatives | 225 | 2 486 | (715) | (18) | (490) | 2 468 |
| | 1 117 | 3 563 | (1 734) | (4 295) | (617) | (732) |
| Of which: | | | | | | |
| Non-current | 146 | 295 | (471) | (315) | (325) | (20) |
| Current | 971 | 3 268 | (1 263) | (3 980) | (292) | (712) |

The following table summarizes the carrying amounts of the fixed rate interest-bearing financial liabilities and their fair value. The fair value was assessed using common discounted cash-flow method based on market conditions existing at the balance sheet date. Therefore, the fair value of the fixed interest-bearing liabilities is within level 2 of the fair value hierarchy as set forth by IFRS 13 – *Fair value measurement*. Floating rate interest-bearing financial liabilities and all trade and other receivables and payables, including derivatives financial instruments, have been excluded from the analysis as their carrying amounts are a reasonable approximation of their fair values:

| Interest-bearing financial liabilities Million US dollar | 2016 | | 2015 | |
|---|------------------------------|------------------|------------------------------|-----------------|
| | Carrying amount ¹ | Fair value | Carrying amount ¹ | Fair value |
| Fixed rate | | | | |
| Australian dollar | (520) | (518) | — | — |
| Brazilian real | (375) | (375) | (282) | (281) |
| Canadian dollar | (886) | (954) | (1 290) | (1 416) |
| Euro | (23 991) | (26 684) | (11 363) | (12 669) |
| Peruvian nuevo sol | (119) | (118) | — | — |
| Pound sterling | (2 212) | (2 847) | (2 686) | (3 242) |
| US dollar | (79 615) | (85 397) | (29 935) | (32 959) |
| Other | (412) | (411) | (115) | (116) |
| | (108 130) | (117 305) | (45 671) | (50 683) |

As required by IFRS 13 *Fair value measurement*, the following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

¹ “Carrying amount” refers to net book value as recognized in the balance sheet at each reporting date.

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Fair value hierarchy 2016

Million US dollar

Financial Assets

| | | | |
|--|--------------|--------------|----------|
| Held for trading (non-derivatives) | 5 659 | — | — |
| Derivatives at fair value through profit and loss | 1 | 338 | — |
| Derivatives in a cash flow hedge relationship | 30 | 549 | — |
| Derivatives in a fair value hedge relationship | — | 54 | — |
| Derivatives in a net investment hedge relationship | — | 145 | — |
| | 5 690 | 1 086 | — |

Financial Liabilities

| | | | |
|--|-----------|--------------|--------------|
| Non-derivatives recognized at fair value | — | 1 485 | — |
| Deferred consideration on acquisitions at fair value | — | — | 1 826 |
| Derivatives at fair value through profit and loss | 3 | 818 | — |
| Derivatives in a cash flow hedge relationship | 27 | 524 | — |
| Derivatives in a fair value hedge relationship | — | 354 | — |
| Derivatives in a net investment hedge relationship | — | 8 | — |
| | 30 | 3 189 | 1 826 |

Fair value hierarchy 2015

Million US dollar

Financial Assets

| | | | |
|--|------------|--------------|----------|
| Held for trading (non-derivatives) | 55 | — | — |
| Derivatives at fair value through profit and loss | 41 | 2 712 | — |
| Derivatives in a cash flow hedge relationship | 47 | 404 | — |
| Derivatives in a fair value hedge relationship | — | 180 | — |
| Derivatives in a net investment hedge relationship | 16 | 163 | — |
| | 159 | 3 459 | — |

Financial Liabilities

| | | | |
|--|-----------|--------------|--------------|
| Deferred consideration on acquisitions at fair value | — | — | 1 449 |
| Derivatives at fair value through profit and loss | 36 | 1 819 | — |
| Derivatives in a cash flow hedge relationship | 35 | 1 603 | — |
| Derivatives in a fair value hedge relationship | — | 117 | — |
| Derivatives in a net investment hedge relationship | 19 | 666 | — |
| | 90 | 4 205 | 1 449 |

Derivative Instruments

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

Non-Derivative Financial Liabilities

As part of the 2012 shareholders agreement between Ambev and E. León Jimenes S.A., 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. As of 31 December 2016, the put option was valued 1 497m US dollar (2015: 1 424m US dollar) and recognized as a deferred consideration on acquisitions at fair value in “level 3” category above. The variance is mainly explained by accretion and foreign exchange expenses as well as fair value gains. No value was allocated to the call option. The fair value of such deferred consideration is calculated based on commonly-used valuation techniques (i.e. net present value of future principal and interest cash flows discounted at market rate). These are based on market inputs from reliable financial information providers. As the put option may be exercised in the short-term, a portion of the liability is presented as a current liability.

Fair values determined by reference to prices provided by reliable financial information providers are periodically checked for consistency against other pricing sources.

L Offsetting Financial Assets & Financial Liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting agreements and similar agreements:

| | | 2016 | | |
|------------------------|--|--------------|---|--|
| | | Gross amount | Net amount recognized in the statement of financial position ¹ | Other offsetting agreements ² |
| | | | | Total net amount |
| Million US dollar | | | | |
| Derivative assets | | 1 117 | 1 117 | 63 |
| Derivative liabilities | | (1 734) | (1 734) | (473) |

| | | 2015 | | |
|------------------------|--|--------------|---|--|
| | | Gross amount | Net amount recognized in the statement of financial position ¹ | Other offsetting agreements ² |
| | | | | Total net amount |
| Million US dollar | | | | |
| Derivative assets | | 3 563 | 3 563 | (1 070) |
| Derivative liabilities | | (4 295) | (4 295) | (820) |

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

Non-cancelable operating leases are payable and receivable as follows:

Million US dollar

Within one year

Between one and five years

After five years

| 2016 | | | | | |
|--------------|------------|--------------------------|------------|----------|-----------------------|
| Pub leases | | Other operational leases | | | Net lease obligations |
| Lessee | Sublease | Lessee | Sublease | Lessor | |
| (95) | 69 | (153) | 30 | 2 | (147) |
| (350) | 246 | (339) | 66 | 5 | (372) |
| (538) | 156 | (183) | 15 | 2 | (548) |
| (983) | 471 | (675) | 111 | 9 | (1 067) |

Million US dollar

Within one year

Between one and five years

After five years

| 2015 ¹ | | | | | |
|-------------------|------------|--------------------------|------------|-----------|-----------------------|
| Pub leases | | Other operational leases | | | Net lease obligations |
| Lessee | Sublease | Lessee | Sublease | Lessor | |
| (108) | 73 | (95) | 31 | 2 | (97) |
| (398) | 259 | (236) | 68 | 6 | (301) |
| (593) | 163 | (157) | 15 | 2 | (570) |
| (1 099) | 495 | (488) | 114 | 10 | (968) |

Following the sale of Dutch and Belgian pub real estate to Cofinimmo in October 2007, AB InBev entered into lease agreements of 27 years. These operating leases maturing in November 2034 represent an undiscounted obligation of 983m US dollar. The pubs leased from Cofinimmo are subleased for an average outstanding period of 6 to 8 years and represent an undiscounted right to receive 471m US dollar. These leases are subject to renewal after their expiration date. The impact of such renewal is not reported in the table above.

Furthermore, the company leases a number of warehouses, factory facilities and other commercial buildings under operating leases. The leases typically run for an initial period of five to ten years, with an option to renew the lease after that date. This represents an undiscounted obligation of 675m US dollar. Lease payments are increased annually to reflect market rentals. None of the leases include contingent rentals. Also in this category AB InBev has sublet some of the leased properties, representing an undiscounted right of 111m US dollar.

At 31 December 2016, 272m US dollar was recognized as an expense in the income statement in respect of operating leases as lessee (2015: 233m US dollar; 2014: 276m US dollar), while 117m US dollar was recognized as income in the income statement in respect of subleases (2015: 121m US dollar; 2014: 148m US dollar).

The company also leases out part of its own property under operating leases. At 31 December 2016, 10m US dollar was recognized as income in the income statement in respect of operating leases as lessor (2015: 20m US dollar; 2014: 23m US dollar).

31. COLLATERAL AND CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, LOANS TO CUSTOMERS AND OTHER

Million US dollar

Collateral given for own liabilities

Collateral and financial guarantees received for own receivables and loans to customers

Contractual commitments to purchase property, plant and equipment

Contractual commitments to acquire loans to customers

Other commitments

| 2016 | 2015 |
|--------------|--------------|
| 490 | 562 |
| 228 | 194 |
| 817 | 750 |
| 11 | 14 |
| 1 768 | 1 713 |

The collateral given for own liabilities of 490m US dollar at 31 December 2016 contains 173m 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 (317m US dollar) contains collateral on AB InBev's property

¹ Reclassified to conform to the 2016 presentation.

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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.

To keep AB InBev's credit risk with regard to receivables and loans to customers as low as possible collateral and other credit enhancements were obtained for a total amount of 228m US dollar at 31 December 2016. Collateral is held on both real estate and debt securities while financial guarantees are obtained from banks and other third parties.

AB InBev has entered into commitments to purchase property, plant and equipment for an amount of 816m US dollar at 31 December 2016.

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 11m US dollar at 31 December 2016.

As at 31 December 2016, the following commitments existed with respect to the combination with Grupo Modelo and the SABMiller combination:

- In a transaction related to the combination of AB InBev and Grupo Modelo select Grupo Modelo shareholders committed, upon tender of their Grupo Modelo shares, to acquire 23 076 923 AB InBev shares to be delivered within 5 years for consideration of approximately 1.5 billion US dollar. The consideration was paid on 5 June 2013. Pending the delivery of the AB InBev shares, AB InBev will pay a coupon on each undelivered AB InBev share, so that the Deferred Share Instrument holders are 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.
- On 7 June 2013, in a transaction related to the combination of AB InBev and Grupo Modelo, AB InBev and Constellation have entered into a three-year transition services agreement by virtue of which Grupo Modelo or its affiliates agreed to provide certain transition services to Constellation to ensure a smooth operational transition of the Piedras Negras brewery. AB InBev and Constellation have also entered into a temporary supply agreement for an initial three-year term, whereby Constellation can purchase inventory from Grupo Modelo or its affiliates under a specified pricing until the Piedras Negras brewery business acquires the necessary capacity to fulfill 100 percent of the US demand.
- On 13 December 2016, AB InBev announced that it has entered into a binding agreement with Asahi to sell the businesses formerly owned by SABMiller in Poland, the Czech Republic, Slovakia, Hungary and Romania (the "CEE Business") for an agreed enterprise value of 7.3 billion euro, subject to customary adjustments. In connection with its business combination with SABMiller Limited AB InBev made commitments to the European Commission ("EC") to sell the CEE Business. The sale is conditional upon EC regulatory approval. The disposal process is being carried out under the supervision of Mazars LLP in their role as EC monitoring trustee. Closing is expected to take place in the first half of 2017.
- On 15 December 2016, AB InBev entered into a binding agreement to sell its entire indirect shareholding in Distell Group Limited ("Distell") to the Public Investment Corporation (SOC) Limited, acting on behalf of the Government Employees Pension Fund ("Distell Sale"). The stake comprises 58,674,000 ordinary shares or approximately 26.4% of Distell's issued share capital ("the Distell Shareholding"). As part of its ruling to approve the business combination with SABMiller, the South African Competition Tribunal required AB InBev to dispose of the Distell Shareholding. Remgro Limited and Capevin Holdings Limited, who hold pre-emptive rights in relation to the Distell Shareholding, had confirmed that they will not exercise their pre-emptive rights triggered by the Sale. The Distell Sale remains subject to the approval of the South African competition authorities.

As at 31 December 2016, the following M&A related commitments existed:

As part of the 2012 shareholders agreement between Ambev and E. León Jimenes S.A., 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. As of 31 December 2016, the put option was valued 1 497m US dollar (2015: 1 424m US dollar) 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*.

On 23 July 2015 AB InBev entered into a subscription agreement for private placement of shares of Guangzhou Zhujiang Brewery Co., Ltd ("Zhujiang Brewery"), investing no less than 1.6 billion RMB (approximately 258m US dollar) to increase its holdings in Zhujiang Brewery to 29.99%, subject to various regulatory approvals. This additional investment allows the company to further deepen the strategic partnership with Zhujiang Brewery which started in the early 1980s.

On 11 October 2016, AB InBev was notified by The Coca-Cola Company of its intention to acquire AB InBev's stake in Coca-Cola Beverages Africa ("CCBA"). On 21 December 2016, The Coca-Cola Company and the company have reached an agreement regarding the transition of AB InBev's 54.5% equity stake in CCBA for 3.15 billion US dollar, after customary adjustments. CCBA includes the Coca-Cola bottling operations in South Africa, Namibia, Kenya, Uganda, Tanzania, Ethiopia, Mozambique, Ghana, Mayotte and Comoros. In addition, the companies have reached an agreement in principle for The Coca-Cola Company to acquire the companies's interest in bottling operations in Zambia, Zimbabwe, Botswana, Swaziland, Lesotho, El Salvador and Honduras for an undisclosed amount. The transactions are subject to the relevant regulatory and minority approvals and are expected to close by the end of 2017.

In December 2016, the company entered into an agreement with Keurig Green Mountain, Inc. to establish a joint venture for conducting research and development of an in-home alcohol drink system, focusing on the US and Canadian markets. The transaction includes the contribution of intellectual property and manufacturing assets from Keurig Green Mountain, Inc. Pursuant to the terms of the joint venture agreement, the company will own 70% of the voting and economic interest in the joint venture and Keurig Green Mountain, Inc. will own 30% and has certain minority protection rights. The transaction is expected to close in the first half of 2017.

Other commitments amount to 1 768m US dollar at 31 December 2016 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 15 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 2016, 13 million loaned securities were used to fulfil stock option plan commitments.

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 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 2016, AB InBev's material tax proceedings related to Ambev and its subsidiaries. Estimates of amounts of possible loss are as follows:

| Million US dollar | 31 December 2016 | 31 December 2015 |
|------------------------------------|------------------|------------------|
| Income tax and social contribution | 8 878 | 4 189 |
| Value-added and excise taxes | 4 924 | 2 658 |
| Other taxes | 605 | 220 |
| | 14 407 | 7 067 |

The most significant tax proceedings of Ambev are discussed below.

Income Tax and Social Contribution

During 2005, certain subsidiaries of Ambev received a number of assessments from Brazilian federal tax authorities relating to profits of its foreign subsidiaries. In December 2008, the Administrative Court decided on one of the tax assessments relating to earnings of Ambev's foreign subsidiaries. This decision was partially favorable to Ambev, and in connection with the remaining part, Ambev filed an appeal to the Upper House of the Administrative Court and is awaiting its decision. With respect to another tax assessment relating to foreign profits, the Administrative Court rendered a decision favorable to Ambev in September 2011. In December 2013 and 2016, Ambev received other tax assessments related to profits of its foreign subsidiaries. As of 31 December 2016, Ambev management estimates the exposure of approximately 4.9 billion Brazilian real (1.5 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount, and approximately 42 million Brazilian real (13m US dollar) as a probable loss.

In December 2011, Ambev received a tax assessment related to the goodwill amortization resulting from the InBev Holding Brasil S.A. merger with Ambev. In November 2014 the Lower Administrative Court concluded the judgment. The decision was partly favorable, Ambev was notified in August 2015 and presented a motion to clarify the decision to the Administrative Court. This motion was admitted in September 2016 and Ambev waits for the clarified decision. In June 2016, Ambev received a new tax assessment charging the remaining value of the goodwill amortization and filed a defense. Ambev has not recorded any provisions for this matter, and management estimates possible losses in relation to this assessment to be approximately 7.8 billion Brazilian real (2.4 billion US dollar) as of 31 December 2016. 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.

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. Ambev filed a defense in November 2013. In December 2014, Ambev filed an appeal against the unfavorable first level administrative decision published in November 2014. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 1.5 billion Brazilian real (0.5 billion US dollar) as of 31 December 2016. Ambev has not recorded any provision in connection therewith.

Ambev and certain of its subsidiaries received a number of assessments from Brazilian federal tax authorities relating to the offset of tax loss carry forward arising in the context of business combinations. In February 2016, the Upper House of the Administrative Tax Court concluded the judgment of two tax assessments on this matter. In both cases the decision was unfavorable. Ambev filed a judicial proceeding. In September 2016, Ambev received a favorable first level decision in one of the judicial claims. Ambev management estimates the total exposures of possible losses in relation to these assessments to be approximately 0.5 billion Brazilian real (0.2 billion US dollar) as of 31 December 2016.

In December 2014, Ambev received a tax assessment from the Brazilian Federal Tax Authorities related to the disallowance of alleged non-deductible expenses and the deduction of certain losses mainly associated to financial investments and loans. In July 2016, Ambev was notified of the unfavorable first level administrative decision and filed an appeal to the Upper Administrative Court at the legal term. In December 2015, Ambev also received a new tax assessment related to the same matter. Ambev presented a defense and awaits the first level administrative decision. In December 2016, Ambev received a new tax assessment related to the same matter, regarding the period of 2011, 2012 and 2013. Ambev presented a defense and awaits the first level administrative decision. Ambev management estimates the amount of possible losses in relation to those assessments to be approximately 5.6 billion Brazilian real (1.7 billion US dollar) as of 31 December 2016. Ambev has not recorded any provision in connection with this assessment.

¹ Amounts have been converted to US dollar at the closing rate of the respective period.

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During 2014 and the first quarter of 2015, Ambev received tax assessments from the Brazilian Federal Tax Authorities related to the disallowance of deductions associated with alleged unproven taxes paid abroad, for which the decision from the Upper House of the Administrative Court is still pending. As of 31 December 2016, Ambev management estimates the exposure of approximately 2.8 billion Brazilian real (0.9 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount, and approximately 194 million Brazilian real (60 million US dollar) as a probable loss.

In April 2016, Arosuco (a subsidiary of Ambev) received a tax assessment regarding the use of “presumed profit” method for the calculation of income tax and the social contribution on net profit instead of the “real profit” method. Arosuco filed a defense and awaits the first level administrative decision. Arosuco management estimates the amount of possible losses in relation to this assessment to be approximately 0.6 billion Brazilian real (0.2 billion US dollar) as of 31 December 2016. Arosuco has not recorded any provision in connection therewith. In December 2016, CRBS (also a subsidiary of Ambev) received a tax assessment regarding the same matter. CRBS filed a defense and awaits the first level administrative decision. CRBS management estimates the amount of possible losses in relation to this assessment to be approximately 3.6 billion Brazilian real (1.1 billion US dollar) as of 31 December 2016.

ICMS Value Added Tax, IPI Excise Tax and Taxes on Net Sales

In Brazil, goods manufactured within the Manaus Free Trade Zone intended for remittance elsewhere in Brazil are exempt from IPI excise tax. Ambev’s subsidiaries have been registering IPI excise tax presumed credits upon the acquisition of exempted inputs 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 presumed credits and other IPI credits, which are under discussion before the Brazilian Supreme Court. Ambev management estimates the possible losses related to these assessments to be approximately 2.0 billion Brazilian real (0.6 billion US dollar) as of 31 December 2016. Ambev has not recorded any provision in connection therewith.

Over the years, Ambev has received tax assessments from the Brazilian Federal Tax Authorities charging federal taxes considered unduly offset with the disallowed IPI excise tax credits which are under discussion in the above mentioned proceedings. Ambev is challenging those charges before Courts. Ambev management estimates the possible losses related to these assessments to be approximately 0.7 billion Brazilian real (0.2 billion US dollar) as of 31 December 2016. Ambev has not recorded any provision in connection therewith.

In 2014 and 2015, Ambev received tax assessments from the Brazilian Federal Tax Authorities relating to IPI excise tax, supposedly due over remittances of manufactured goods to other related factories, for which the decision from the Upper House of the Administrative Court is still pending. Ambev management estimates the possible losses related to these assessments to be approximately 1.5 billion Brazilian real (0.5 billion US dollar) as of 31 December 2016. Ambev has not recorded any provision in connection therewith.

Ambev is currently challenging tax assessments from the States of São Paulo, Rio de Janeiro, Minas Gerais and other States, which question the legality of tax credits arising from existing tax incentives granted to Ambev by other States. Ambev management estimates the possible losses related to these assessments to be approximately 1.8 billion Brazilian real (0.6 billion US dollar) as of 31 December 2016. Ambev has not recorded any provision in connection therewith.

Ambev has been party to legal proceedings with the State of Rio de Janeiro where it was challenging such State’s attempt to assess ICMS with respect to unconditional discounts granted by Ambev from January 1996 to February 1998. In 2015, these proceedings were before the Superior Court of Justice and the Brazilian Supreme Court. In 2013, 2014 and 2015, Ambev received similar tax assessments issued by the States of Pará and Piauí relating to the same issue, which are currently under discussion. In October 2015 and January 2016, Ambev paid the amounts related to the State of Rio de Janeiro’s proceedings in an incentive tax program under which discounts were granted, in the total amount of approximately 0.3 billion Brazilian real (0.1 billion US dollar). After the above mentioned payments, Ambev management estimates the possible losses involved in these proceedings to be approximately 0.6 billion Brazilian real (0.2 billion US dollar) as of 31 December 2016. Ambev has not recorded any provision in connection therewith.

Over the years, Ambev has received tax assessments relating to supposed ICMS differences considered due when the price of the products sold by the company reaches levels close to or above the price table basis established by States, cases in which the tax authorities understand that the calculation basis should be based on a value-added percentage over the actual prices and not the table price. Ambev is currently challenging those charges before Courts. In August 2016, Ambev received a new assessment, issued by the State of Minas Gerais, in the amount of 1.4 billion Brazilian real (0.4 billion US dollar). In the fourth quarter of 2016, Ambev received other assessments related to the same issue, with lower values. Ambev management estimates the total possible losses related to this issue to be approximately 4.5 billion Brazilian real (1.4 billion US dollar) as of 31 December 2016. Ambev has recorded provisions in the total amount of 1.7 million Brazilian real (0.5 million US dollar) in relation to the proceedings for which it considers the chances of loss to be probable, considering specific procedural issues.

Social Contributions

In December 2015, Ambev received a tax assessment 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 in the first quarter of 2011. In 2016, Ambev received new assessments related to the same issue, for the subsequent periods. Ambev management estimates the possible losses related to these assessments to be approximately 1.45 billion Brazilian real (0.5 billion US dollar) as of 31 December 2016. Ambev filed defenses against these assessments and currently awaits judgment. No related provision has been made.

Other Tax Matters

During 2014, Anheuser-Busch InBev Worldwide Inc. received a net proposed tax assessment from the United States federal tax authorities (IRS) of 0.3 billion US dollar predominantly involving certain inter-company transactions, related to tax returns for the years 2008 and 2009. In November 2015, the IRS issued an additional proposed tax assessment of 0.1 billion US dollar for tax years 2010 and 2011. Anheuser-Busch InBev Worldwide Inc. has filed protests with the IRS for the 2008 to 2011 tax years and intends to vigorously defend its position.

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. The appeals do not suspend the recovery process, and AB InBev cannot at this stage estimate the 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-recognised 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 2016.

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 0.8 billion Brazilian real (0.2 billion US dollar) in addition to legal fees. Ambev disputes these claims and intends to continue to vigorously defend its case.

Antitrust Matters

In August 2011, the German Federal Cartel Office (Bundeskartellamt) launched an investigation against several breweries and retailers in Germany in connection with an allegation of anticompetitive vertical price maintenance by breweries vis-à-vis their trading partners in Germany. The Bundeskartellamt eventually concluded these proceedings in December 2016 after it had issued fines against a number of retailers. Due to AB InBev's cooperation with the Bundeskartellamt, AB InBev received full immunity from fines, which was confirmed by letter on 13 December 2016.

On 12 December 2014, a lawsuit was commenced in the Ontario Superior Court of Justice against the Liquor Control Board of Ontario, Brewers Retail Inc. (known as The Beer Store or "TBS") and the owners of Brewers Retail Inc. (Molson Coors Canada, Sleeman Breweries Ltd. and Labatt Breweries of Canada LP). The lawsuit was brought in Canada pursuant to the Ontario Class Proceedings Act, and sought, among other things: (i) to obtain a declaration that the defendants conspired with each other to allocate markets for the supply of beer sold in Ontario since 1 June 2000; (ii) to obtain a declaration that Brewers Retail Inc. and the owners of Brewers Retail Inc. conspired to fix, increase and/or maintain prices charged to Ontario licensees (on-trade) for beer and the fees charged by TBS to other competitive brewers who wished to sell their products through TBS and (iii) damages for unjust enrichment. As part of this third allegation, the plaintiffs allege illegal trade practices by the owners of Brewers Retail Inc. They are seeking damages not exceeding 1.4 billion Canadian dollar (1.0 billion US dollar), as well as, punitive, exemplary and aggravated damages of 5 million Canadian dollar (4m US dollar) and changes/repeals of the affected legislation. Ambev has not recorded any provision in connection therewith.

On 30 June 2016, the European Commission announced an investigation into alleged abuse of a dominant position by AB InBev through certain practices aimed at restricting trade from other EU countries to Belgium. The fact that an investigation has been initiated does not mean that the European Commission has concluded that there is an infringement. AB InBev is fully cooperating with the investigation. 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. There is no connection between this investigation and the combination with SABMiller.

2009 Dispositions Pension Litigation

On 1 December 2009, AB InBev and several of its related companies were sued in Federal Court in the Eastern District of Missouri in a lawsuit styled Richard F. Angevine v. AB InBev, et al. The plaintiff sought to represent a class of certain employees of Busch Entertainment Corporation, which was divested on 1 December 2009, and the four Metal Container Corporation plants which were divested on 1 October 2009. He also sought to represent certain employees of any other subsidiary of Anheuser-Busch Companies, Inc. (ABC) which were divested on 1 October 2009. The lawsuit contained claims that the class was entitled to enhanced retirement benefits under sections 4.3 and 19.11(f) of the Anheuser-Busch Companies' Salaried Employees' Pension Plan (the "Plan"). Specifically, plaintiff alleged that the divestitures resulted in his "involuntary termination" from "ABC and its operating division and subsidiaries" within three years after the 18 November 2008 ABC/InBev merger, which allegedly triggered the enhanced benefits under the Plan. The lawsuit claimed that by failing to provide the class members with these enhanced benefits, AB InBev, et al. breached their fiduciary duties under ERISA. The complaint sought punitive damages and attorneys' fees. On 16 July 2010, the Court ruled that the claims for breach of fiduciary duty and punitive damages were not proper. The Court also found that Angevine did not exhaust his administrative remedies, which was required before filing a lawsuit. Angevine filed an appeal of this ruling with the Eighth Circuit Court of Appeals. On 22 July 2011, the Court of Appeals affirmed the decision of the lower court. No further appeals were filed.

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On 15 September 2010, AB InBev and several of its related companies were sued in Federal Court for the Southern District of Ohio in a lawsuit entitled *Rusby Adams et al. v. AB InBev et al.* This lawsuit was filed by four employees of Metal Container Corporation's facilities ("MCC") in Columbus, Ohio, Gainesville, Florida, and Ft. Atkinson, Wisconsin that were divested on 1 October 2009. Similar to the Angevine lawsuit, these plaintiffs sought to represent a class of participants of the Anheuser-Busch Companies' Inc. Salaried Employees' Pension Plan (the "Plan") who had been employed by subsidiaries of Anheuser-Busch Companies, Inc. that had been divested during the period of 18 November 2008 and 17 November 2011. The plaintiffs also alleged claims similar to the Angevine lawsuit: (1) that they were entitled to benefits under section 19.11(f) of the Plan; and (2) that the denial of benefits was a breach of fiduciary duty. AB InBev believed that it had defenses to these claims, and filed a motion to dismiss. On 25 April 2011, the Court dismissed the breach of fiduciary duty claims, and the only remaining claim was for benefits under section 19.11(f). On 28 March 2012, the Court certified that the case could proceed as a class action comprised of former employees of the divested MCC operations. On 9 January 2013, the Court granted AB InBev's motion for Judgment on the Administrative Record. The plaintiffs appealed this decision on 5 February 2013. On 11 July 2014, the Court of Appeals for the 6th Circuit reversed the lower court and remanded the case for judgment against AB InBev. On 16 September 2014, AB InBev's Motion for Rehearing En Banc was denied. A Final Order and Judgment was then entered by the District Court on 24 December 2014, which ordered the Plan to provide the enhanced pension benefit under Section 19.11(f) to members of the certified class. The company believes that the total amount of the enhanced pension benefit is approximately 8m US dollar. Plaintiffs' counsel has received approximately 1m US dollar in legal fees.

On 10 January 2012, a class action complaint asserting claims very similar to those asserted in the Angevine lawsuit was filed in Federal Court for the Eastern District of Missouri, styled *Nancy Anderson et al. v. Anheuser-Busch Companies Pension Plan et al.* Unlike the Angevine case, however, the plaintiff in this matter alleges complete exhaustion of all administrative remedies. The company filed a motion to dismiss on 9 October 2012. This was still pending when the Court allowed the complaint to be amended on 19 November 2012 to name four new plaintiffs. AB InBev filed a motion to dismiss on 17 December 2012. While this motion was pending, on 11 March 2013 the Court consolidated the case with the Knowlton case (see below) which had been transferred from California to Missouri.

On 10 October 2012, another class action complaint was filed against Anheuser-Busch Companies, LLC, Anheuser-Busch Companies Pension Plan, Anheuser-Busch Companies Pension Plan Appeals Committee and the Anheuser-Busch Companies Pension Plans Administrative Committee by Brian Knowlton, an employee of the divested Busch Entertainment Corporation ("BEC"). This complaint, filed in Federal Court in the Southern District of California, was amended on 12 October 2012. Like the other lawsuits, it claims that the employees of any divested assets were entitled to enhanced retirement benefits under section 19.11(f) of the Plan. However, it specifically excludes the divested Metal Container Corporation facilities that have been included in the Adams class action. On 6 November 2012, the plaintiffs filed a motion asking the court to move the Anderson case to California to join it with the Knowlton case for discovery. The company filed a motion to dismiss/motion to transfer the case to Missouri on 12 November 2012, which was granted on 30 January 2013. As outlined above, on 11 March 2013, the Knowlton case was then consolidated in Missouri with the Anderson case. On 19 April 2013 a consolidated complaint was filed, and a Motion to Dismiss was filed by the company on 10 May 2013. On 30 October 2013, the court dismissed the breach of fiduciary claims, and an answer was filed on 13 November 2013. On 19 November 2013, plaintiffs amended one count of the consolidated complaint. On 16 May 2014, the Court granted class certification. The class consists of divested BEC employees. On 10 November 2014, Plaintiffs filed a Motion for Judgment on the Pleadings based on the decision by the Sixth Circuit Court of Appeals in the Adams case. On 8 July 2015, the Court issued an order of partial judgment on the pleadings, holding that the employees of BEC were entitled to enhanced retirement benefits under the Plan. The 8 July 2015 order, however, was not a final, appealable order. On 21 August 2015, the company filed a motion seeking entry of a final, appealable order, as well as a stay pending appeal, both of which were granted on 9 October 2015. The company subsequently appealed. That appeal remains pending. The company believes that the total amount of the enhanced pension benefit at issue in this case is approximately 68m US dollar.

33. NON-CONTROLLING INTERESTS

As of 31 December 2016 and 2015, material non-controlling interests related to AB InBev's 62% ownership of Ambev, a Brazilian listed subsidiary of AB InBev. The tables below provide summarized information of Ambev's audited consolidated financial statements as of as of 31 December 2016 and 2015, in accordance with International Financial Reporting Standards.

Summarized financial information of the company's material non-controlling interest is as follows:

| Million US dollar | 2016 | 2015 |
|---|---------|---------|
| Summarized balance sheet information | | |
| Current assets | 7 329 | 7 251 |
| Non-current assets | 18 396 | 15 843 |
| Current liabilities | 8 829 | 7 719 |
| Non-current liabilities | 2 582 | 2 484 |
| Equity attributable to equity holders | 13 754 | 12 378 |
| Non-controlling interests | 560 | 513 |
| Summarized income statement and comprehensive income information | | |
| Revenue | 13 123 | 14 333 |
| Net income | 3 765 | 3 951 |
| Attributable to: | | |
| Equity holders | 3 611 | 3 812 |
| Non-controlling interests | 155 | 140 |
| Net income | 3 765 | 3 951 |
| Other comprehensive income | (1 534) | 1 244 |
| Total comprehensive income | 2 231 | 5 195 |
| Attributable to: | | |
| Equity holders | 2 190 | 4 935 |
| Non-controlling interests | 41 | 260 |
| Summarized cash flow information | | |
| Cash flow from operating activities | 3 552 | 7 234 |
| Cash flow from investing activities | (1 697) | (1 840) |
| Cash flow from financing activities | (3 351) | (4 702) |
| Net increase/(decrease) in cash and cash equivalents | (1 496) | 692 |

Dividends paid by Ambev to non-controlling interests (i.e. to entities outside the AB InBev Group) amounted to 1.2 billion US dollar and 1.3 billion US dollar for 2016 and 2015, respectively.

34. RELATED PARTIES

Transactions with Directors and Executive Board Management Members (Key Management Personnel)

In addition to short-term employee benefits (primarily salaries) AB InBev's executive board management members are entitled to post-employment benefits. In particular, members of the executive board of management participate 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 (refer Note 26 *Share-based Payments*). Total directors and executive board management compensation included in the income statement can be detailed as follows:

| Million US dollar | 2016 | | 2015 | | 2014 | |
|-----------------------------------|-----------|----------------------------|-----------|----------------------------|-----------|----------------------------|
| | Directors | Executive board management | Directors | Executive board management | Directors | Executive board management |
| Short-term employee benefits | 2 | 18 | 3 | 25 | 2 | 21 |
| Post-employment benefits | — | — | — | 2 | — | 2 |
| Other long-term employee benefits | — | — | — | — | — | 1 |
| Share-based payments | 3 | 64 | 2 | 65 | 3 | 73 |
| | 5 | 82 | 5 | 91 | 5 | 97 |

Directors' compensation consists mainly of directors' fees.

During 2016, 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 1m US dollar from a company in which one of the company's Board Member had significant influence as of 31 December 2016.
- The acquisition, through its subsidiary Bavaria S.A., of logistical services and natural gas, as well as the lease of office space for an aggregated consideration of 1.3m US dollar from companies in which one of the company's Board Member had a significant influence as of 31 December 2016. The outstanding balance of these transactions as of 31 December 2016 amounts to 0.3m US dollar.

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With the exception of the abovementioned transactions, key management personnel were not engaged in any transactions with AB InBev and did not have any significant outstanding balances with the company.

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 | 2016 | 2015 | 2014 |
|---|------|------|------|
| Non-current assets | 11 | 2 | 2 |
| Current assets | 5 | 5 | 4 |
| Non-current liabilities | 9 | 2 | — |
| Current liabilities | 6 | 5 | 5 |
| Result from operations | (6) | (1) | 6 |
| Profit attributable to equity holders of AB InBev | (7) | — | 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 | 2016 | 2015 | 2014 |
|---------------------|------|------|------|
| Gross profit | (47) | (77) | (92) |
| Current assets | (8) | 2 | 2 |
| Current liabilities | 20 | 25 | 11 |

Transactions with Pension Plans

AB InBev's transactions with pension plans mainly comprise 12m US dollar other income from pension plans in US.

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. (prior to 2013) and Anheuser-Busch InBev Finance Inc. (from 2013 onwards), 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 in respect of debt issued from 2013 onwards, by Anheuser-Busch InBev Worldwide Inc. In December 2012, the guarantee structure of securities listed previously issued by Anheuser-Busch Worldwide Inc. was amended to accede Anheuser-Busch InBev Finance Inc. as a subsidiary guarantor of such securities. The following notes issued by Anheuser-Busch Worldwide Inc. and Anheuser-Busch Finance Inc. and registered with the SEC were outstanding as of 31 December 2016:

- On 13 October 2009, Anheuser-Busch InBev Worldwide Inc. issued 2.25 billion US dollar principal amount of 5.375% unsecured notes due 2020, which were exchanged for publicly registered notes on 8 February 2010.
- On 24 March 2010, Anheuser-Busch InBev Worldwide Inc. issued 1.0 billion US dollar principal amount of 5.0% due 2020, which were exchanged for publicly registered notes on 5 August 2010.
- 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 2021. The issuance closed on 27 January 2011.
- On 14 March 2011, Anheuser-Busch InBev Worldwide Inc. completed an exchange offer for the following series of unregistered notes (i) 2.5 billion US dollar principal amount of 7.75 % notes due 2019, (ii) 1.25 billion US dollar principal amount of 8.2 % notes due 2039 and (iii) 1.0 billion US dollar principal amount of 6.875 % notes due 2019 and (iv) 0.45 billion US dollar principal amount of 8.0 % notes due 2039. In connection with the exchange offer, Anheuser-Busch InBev Worldwide Inc. issued freely tradable, SEC-registered with otherwise substantially the same terms and conditions.
- On 16 July 2012, Anheuser-Busch InBev Worldwide Inc. issued 2.0 billion US dollar aggregate principal amount of fixed rate notes due 2017, 3.0 billion US dollar aggregate principal amount of fixed rate notes due 2022 and 1.0 billion US dollar aggregate principal amount of fixed rate notes due 2042. The notes bear interest at an annual rate of 1.375% for the 2017 notes, 2.500% for the 2022 notes and 3.750% for the 2042 notes.
- On 17 January 2013, Anheuser-Busch InBev Finance Inc. issued 1.0 billion US dollar aggregate principal amount of fixed rate notes due 2018, 1.25 billion 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 1.250% for the 2018 notes, 2.625% for the 2023 notes and 4.000% for the 2043 notes.

- On 27 January 2014, Anheuser-Busch InBev Finance Inc. issued 5.25 billion US dollar aggregate principal amount of bonds, consisting of 1.2 billion US dollar aggregate principal amount of fixed rate notes due 2017; 300m US dollar aggregate principal amount of floating rate notes due 2017; 1.25 billion US dollar aggregate principal amount of fixed rate notes due 2019; 250m US dollar aggregate principal amount of floating rate notes due 2019; 1.4 billion 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 1.125% for the 2017 notes; 2.150% for the 2019 notes; 3.700% for the 2024 notes; and 4.625% for the 2044 notes. The floating rate notes bear interest at an annual rate of 19.00 basis points above three-month LIBOR for the 2017 floating rate notes and 40.00 basis points above three-month LIBOR for the 2019 floating rate notes. On 9 December 2016, Anheuser-Busch InBev Finance Inc. redeemed in full the entire outstanding principal amount of the fixed rate notes due 2017.
- On 23 July 2015, Anheuser-Busch InBev Finance Inc. issued 565 million US dollar aggregated principal amount of fixed rate notes due 2045. The notes bear interest at an annual rate of 4.60%.
- On 25 January 2016, Anheuser-Busch InBev Finance Inc. issued 46.0 billion US dollar aggregate principal amount of bonds, consisting of 4.0 billion US dollar aggregate principal amount of fixed rate notes due 2019; 7.5 billion US dollar aggregate principal amount of fixed rate notes due 2021; 6.0 billion US dollar aggregate principal amount of fixed rate notes due 2023; 11.0 billion US dollar aggregate principal amount of fixed rate notes due 2026; 6.0 billion US dollar aggregate principal amount of fixed rate notes due 2036; 11.0 billion US dollar aggregate principal amount of fixed rate notes due 2046; and 500m US dollar aggregate principal amount of floating rate notes due 2021. The fixed rate notes will bear interest at an annual rate of 1.900% for the 2019 notes; 2.650% for the 2021 notes; 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 29 January 2016, Anheuser-Busch InBev Finance Inc. issued 1.47 billion US dollar aggregated principal amount of fixed rate notes due 2046. The notes bear interest at an annual rate of 4.915%.
- On 16 December 2016, Anheuser-Busch InBev Worldwide Inc. completed an exchange offer for up to 6.8 billion US dollar aggregate principal amount of certain SABMiller Group notes, in connection with which Anheuser-Busch InBev Worldwide Inc. issued (i) 309 million US dollar aggregate principal amount of floating rate notes due 2018; (ii) 627 million US dollar aggregate principal amount of 6.500% fixed rate notes due 2018; (iii) 641 million US dollar aggregate principal amount of 2.200% fixed rate notes due 2018; (iv) 2.35 billion US dollar aggregate principal amount of 3.750% fixed rates due 2022; (v) 298 million US dollar aggregate principal amount of 6.625% fixed rate notes due 2033; (vi) 300 million US dollar aggregate principal amount of 5.875% fixed rate notes due 2035; and (vii) 1.49 billion US dollar aggregate principal amount of 4.950% fixed rate notes due 2042. The floating rate notes bear interest at an annual rate of 69.00 basis points above three-month LIBOR.

The following condensed consolidating financial information presents the Condensed Consolidating Statement of Financial Position as of 31 December 2016 and 31 December 2015, the Condensed Consolidating Income Statements and Condensed Consolidating Statements of Cash Flows for the years ended 31 December 2016, 2015 and 2014 of (a) Anheuser-Busch InBev SA/NV, (b) Anheuser-Busch InBev Worldwide Inc. (the Issuer prior to 2013, and guarantor of notes issued by Anheuser-Busch InBev Finance Inc.), (c) Anheuser-Busch InBev Finance Inc. (the Issuer from 2013 onwards, and guarantor of notes issued by Anheuser-Busch InBev Worldwide Inc.), (d) the Other Subsidiary Guarantors, (e) the non-guarantor subsidiaries, (f) elimination entries necessary to consolidate the Parent with the issuer, the guarantor subsidiaries and the non-guarantor subsidiaries; and (g) 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 periodic filing or registration statement filed with the SEC in place of this condensed consolidating 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 2016
Million US dollar

| | Anheuser- Busch InBev SA/NV | Anheuser- Busch InBev Worldwide Inc. | Anheuser- Busch InBev Finance Inc. | Subsidiary Guarantors | Non- Guarantors | Eliminations | Total |
|--|--------------------------------------|--|--|--------------------------|--------------------|----------------|----------------|
| Revenue | 506 | — | — | 14 135 | 32 884 | (2 008) | 45 517 |
| Cost of sales | (300) | — | — | (5 923) | (13 587) | 2 008 | (17 803) |
| Gross profit | 206 | — | — | 8 212 | 19 297 | — | 27 715 |
| Distribution expenses | (27) | — | — | (967) | (3 549) | — | (4 543) |
| Sales and marketing expenses | (204) | — | — | (2 372) | (5 169) | — | (7 745) |
| Administrative expenses | (198) | (4) | — | (384) | (2 297) | — | (2 883) |
| Other operating income/(expenses) | 464 | 559 | — | (1 283) | 598 | — | 338 |
| Profit from operations | 241 | 555 | — | 3 206 | 8 880 | — | 12 882 |
| Net finance cost | (1 599) | (1 283) | 36 | (3 805) | (1 913) | — | (8 564) |
| Share of result of associates | — | — | — | 2 | 14 | — | 16 |
| Profit before tax | (1 358) | (728) | 36 | (597) | 6 981 | — | 4 334 |
| Income tax expense | — | 280 | 2 | (1 358) | (537) | — | (1 613) |
| Profit | (1 358) | (448) | 38 | (1 955) | 6 444 | — | 2 721 |
| Income from subsidiaries | 2 599 | 1 958 | — | 1 322 | 1 469 | (7 348) | — |
| Profit from continuing operations | 1 241 | 1 510 | 38 | (633) | 7 913 | (7 348) | 2 721 |
| Profit from discontinued operations | — | — | — | — | 48 | — | 48 |
| Profit of the year | 1 241 | 1 510 | 38 | (633) | 7 961 | (7 348) | 2 769 |
| Profit from continuing operations attributable to: | | | | | | | |
| Equity holders of AB InBev | 1 241 | 1 510 | 38 | (633) | 6 385 | (7 348) | 1 193 |
| Non-controlling interest | — | — | — | — | 1 528 | — | 1 528 |
| Profit of the year attributable to: | | | | | | | |
| Equity holders of AB InBev | 1 241 | 1 510 | 38 | (633) | 6 433 | (7 348) | 1 241 |
| Non-controlling interest | — | — | — | — | 1 528 | — | 1 528 |

For the year ended 31 December 2015
Million US dollar

| | Anheuser- Busch InBev SA/NV | Anheuser- Busch InBev Worldwide Inc. | Anheuser- Busch InBev Finance Inc. | Subsidiary Guarantors | Non- Guarantors | Eliminations | Total |
|-----------------------------------|--------------------------------------|--|--|--------------------------|--------------------|-----------------|----------------|
| Revenue | 104 | — | — | 14 097 | 31 059 | (1 656) | 43 604 |
| Cost of sales | (72) | — | — | (6 179) | (12 542) | 1 656 | (17 137) |
| Gross profit | 32 | — | — | 7 918 | 18 517 | — | 26 467 |
| Distribution expenses | (3) | — | — | (1 009) | (3 246) | — | (4 258) |
| Sales and marketing expenses | (147) | — | — | (2 065) | (4 701) | — | (6 913) |
| Administrative expenses | (297) | — | — | (258) | (2 005) | — | (2 560) |
| Other operating income/(expenses) | 542 | 701 | — | (1 210) | 1 135 | — | 1 168 |
| Profit from operations | 127 | 701 | — | 3 376 | 9 700 | — | 13 904 |
| Net finance cost | (565) | (1 791) | 41 | (311) | 1 173 | — | (1 453) |
| Share of result of associates | — | — | — | 2 | 8 | — | 10 |
| Profit before tax | (438) | (1 090) | 41 | 3 067 | 10 881 | — | 12 461 |
| Income tax expense | — | 659 | (36) | (1 068) | (2 149) | — | (2 594) |
| Profit | (438) | (431) | 5 | 1 999 | 8 732 | — | 9 867 |
| Income from subsidiaries | 8 711 | 1 374 | — | 3 484 | 1 410 | (14 979) | — |
| Profit | 8 273 | 943 | 5 | 5 483 | 10 142 | (14 979) | 9 867 |
| Attributable to: | | | | | | | |
| Equity holders of AB InBev | 8 273 | 943 | 5 | 5 484 | 8 548 | (14 979) | 8 273 |
| Non-controlling interest | — | — | — | — | 1 594 | — | 1 594 |

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| For the year ended 31 December 2014 Million US dollar | Anheuser- Busch InBev SA/NV | Anheuser- Busch InBev Worldwide Inc. | Anheuser- Busch InBev Finance Inc. | Subsidiary Guarantors | Non- Guarantors | Eliminations | Total |
|--|--------------------------------------|--|--|--------------------------|--------------------|-----------------|----------------|
| Revenue | — | — | — | 14 345 | 34 111 | (1 393) | 47 063 |
| Cost of sales | (4) | — | — | (6 312) | (13 833) | 1 393 | (18 756) |
| Gross profit | (4) | — | — | 8 033 | 20 278 | — | 28 307 |
| Distribution expenses | 1 | — | — | (969) | (3 590) | — | (4 558) |
| Sales and marketing expenses | (157) | — | — | (1 888) | (4 991) | — | (7 036) |
| Administrative expenses | (320) | — | — | (235) | (2 236) | — | (2 791) |
| Other operating income/(expenses) | 884 | 815 | — | (1 115) | 605 | — | 1 189 |
| Profit from operations | 404 | 815 | — | 3 826 | 10 066 | — | 15 111 |
| Net finance cost | (548) | (2 181) | (35) | 2 175 | (730) | — | (1 319) |
| Share of result of associates | — | — | — | 3 | 6 | — | 9 |
| Profit before tax | (144) | (1 366) | (35) | 6 004 | 9 342 | — | 13 801 |
| Income tax expense | (5) | 597 | 17 | (1 303) | (1 805) | — | (2 499) |
| Profit | (149) | (769) | (18) | 4 701 | 7 537 | — | 11 302 |
| Income from subsidiaries | 9 365 | 1 797 | — | 2 327 | 1 223 | (14 712) | — |
| Profit | 9 216 | 1 028 | (18) | 7 028 | 8 760 | (14 712) | 11 302 |
| Attributable to: | | | | | | | |
| Equity holders of AB InBev | 9 216 | 1 028 | (18) | 7 028 | 6 674 | (14 712) | 9 216 |
| Non-controlling interest | — | — | — | — | 2 086 | — | 2 086 |

CONDENSED CONSOLIDATING STATEMENT OF FINANCIAL POSITION

As at 31 December 2016
 Million US dollar

ASSETS

Non-current assets

Property, plant and equipment
 Goodwill
 Intangible assets
 Investments in subsidiaries
 Investments in associates and joint ventures
 Deferred tax assets
 Derivatives
 Other non-current assets

Current assets

Investment securities
 Inventories
 Derivatives
 Trade and other receivables
 Cash and cash equivalents
 Assets classified as held for sale
 Other current assets

Total assets

EQUITY AND LIABILITIES

Equity

Equity attributable to equity holders of AB InBev
 Minority interest

Non-current liabilities

Interest-bearing loans and borrowings
 Employee benefits
 Deferred tax liabilities
 Derivatives
 Other non-current liabilities

Current liabilities

Interest-bearing loans and borrowings
 Income tax payable
 Derivatives
 Trade and other payables
 Liabilities associated with assets held for sale
 Other current liabilities

Total equity and liabilities

| Anheuser- Busch InBev SA/NV | Anheuser- Busch InBev Worldwide Inc. | Anheuser- Busch InBev Finance Inc. | Subsidiary Guarantors | Non- Guarantors | Eliminations | Total |
|--------------------------------------|--|--|--------------------------|--------------------|------------------|----------------|
| 52 | — | — | 4 829 | 22 641 | — | 27 522 |
| — | — | — | 33 056 | 103 477 | — | 136 533 |
| 520 | — | — | 22 094 | 21 954 | — | 44 568 |
| 126 200 | 41 488 | — | 8 042 | (28 300) | (147 430) | — |
| — | — | — | 40 | 4 284 | — | 4 324 |
| — | 327 | — | — | 1 261 | (327) | 1 261 |
| — | — | — | 120 | 26 | — | 146 |
| 48 333 | 24 322 | 55 258 | 60 420 | 34 582 | (221 949) | 966 |
| 175 105 | 66 137 | 55 258 | 128 601 | 159 925 | (369 706) | 215 320 |
| 5 500 | — | — | — | 159 | — | 5 659 |
| 9 | — | — | 635 | 3 269 | — | 3 913 |
| — | — | — | (120) | 1 091 | — | 971 |
| 12 072 | 7 937 | 2 338 | 16 622 | 27 215 | (59 793) | 6 391 |
| 257 | 155 | — | 28 780 | 8 941 | (29 554) | 8 579 |
| — | — | — | — | 16 439 | — | 16 439 |
| — | — | — | (610) | 1 719 | — | 1 109 |
| 17 838 | 8 092 | 2 338 | 45 307 | 58 833 | (89 347) | 43 061 |
| 192 943 | 74 229 | 57 596 | 173 908 | 218 758 | (459 053) | 258 381 |
| 71 677 | 20 009 | 564 | 107 258 | 19 261 | (147 430) | 71 339 |
| — | — | — | — | 10 086 | — | 10 086 |
| 71 677 | 20 009 | 564 | 107 258 | 29 347 | (147 430) | 81 425 |
| 86 757 | 50 672 | 55 239 | 16 257 | 126 948 | (221 932) | 113 941 |
| 4 | — | — | 1 290 | 1 720 | — | 3 014 |
| — | — | 16 | 10 141 | 6 848 | (327) | 16 678 |
| — | — | — | 275 | 196 | — | 471 |
| 116 | — | — | 853 | 1 786 | (18) | 2 737 |
| 86 877 | 50 672 | 55 255 | 28 816 | 137 498 | (222 277) | 136 841 |
| 21 815 | 3 670 | 300 | 24 576 | 14 333 | (56 076) | 8 618 |
| — | (881) | 10 | 6 | 4 787 | — | 3 922 |
| — | — | — | (275) | 1 538 | — | 1 263 |
| 2 068 | 759 | 850 | 4 583 | 18 542 | (3 716) | 23 086 |
| — | — | — | — | 2 174 | — | 2 174 |
| 10 506 | — | 617 | 8 944 | 10 540 | (29 554) | 1 053 |
| 34 389 | 3 548 | 1 777 | 37 834 | 51 914 | (89 346) | 40 116 |
| 192 943 | 74 229 | 57 596 | 173 908 | 218 758 | (459 053) | 258 381 |

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As at 31 December 2015
 Million US dollar

| | Anheuser- Busch InBev SA/NV | Anheuser- Busch InBev Worldwide Inc. | Anheuser- Busch InBev Finance Inc. | Subsidiary Guarantors | Non- Guarantors | Eliminations | Total |
|---|--------------------------------------|--|--|--------------------------|--------------------|------------------|----------------|
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant and equipment | 80 | — | — | 4 895 | 13 977 | — | 18 952 |
| Goodwill | — | — | — | 32 831 | 32 230 | — | 65 061 |
| Intangible assets | 259 | — | — | 21 983 | 7 435 | — | 29 677 |
| Investments in subsidiaries | 78 857 | 56 214 | — | 44 555 | 21 778 | (201 404) | — |
| Investments in associates and joint ventures | — | — | — | 31 | 181 | — | 212 |
| Deferred tax assets | — | 456 | — | — | 1 181 | (456) | 1 181 |
| Derivatives | — | — | — | 282 | 13 | — | 295 |
| Other non-current assets | 6 712 | 13 745 | 9 680 | 38 273 | 19 888 | (87 335) | 963 |
| | 85 908 | 70 415 | 9 680 | 142 850 | 96 683 | (289 195) | 116 341 |
| Current assets | | | | | | | |
| Investment securities | — | — | — | — | 55 | — | 55 |
| Inventories | — | — | — | 581 | 2 281 | — | 2 862 |
| Derivatives | — | — | — | 2 878 | 390 | — | 3 268 |
| Trade and other receivables | 5 388 | 574 | 1 087 | 14 157 | 10 780 | (27 535) | 4 451 |
| Cash and cash equivalents | 38 | 739 | 525 | 10 042 | 9 015 | (13 436) | 6 923 |
| Other current assets | — | 526 | — | (433) | 642 | — | 735 |
| | 5 426 | 1 839 | 1 612 | 27 225 | 23 163 | (40 971) | 18 294 |
| Total assets | 91 334 | 72 254 | 11 292 | 170 075 | 119 846 | (330 166) | 134 635 |
| EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| Equity attributable to equity holders of AB InBev | 45 719 | 34 401 | 526 | 116 127 | 46 770 | (201 406) | 42 137 |
| Minority interest | — | — | — | — | 3 582 | — | 3 582 |
| | 45 719 | 34 401 | 526 | 116 127 | 50 352 | (201 406) | 45 719 |
| Non-current liabilities | | | | | | | |
| Interest-bearing loans and borrowings | 34 187 | 33 626 | 9 621 | 11 947 | 41 476 | (87 316) | 43 541 |
| Employee benefits | 5 | — | — | 1 404 | 1 316 | — | 2 725 |
| Deferred tax liabilities | — | — | 12 | 10 014 | 2 391 | (456) | 11 961 |
| Derivatives | — | — | — | 278 | 37 | — | 315 |
| Other non-current liabilities | 149 | — | — | 672 | 1 115 | (18) | 1 918 |
| | 34 341 | 33 626 | 9 633 | 24 315 | 46 335 | (87 790) | 60 460 |
| Current liabilities | | | | | | | |
| Interest-bearing loans and borrowings | 8 164 | 3 830 | 1 000 | 12 468 | 6 106 | (25 656) | 5 912 |
| Income tax payable | — | — | 15 | 2 | 652 | — | 669 |
| Trade and other payables | 1 136 | 397 | 118 | 3 229 | 14 660 | (1 878) | 17 662 |
| Derivatives | — | — | — | 2 780 | 1 200 | — | 3 980 |
| Other current liabilities | 1 974 | — | — | 11 154 | 541 | (13 436) | 233 |
| | 11 274 | 4 227 | 1 133 | 29 633 | 23 159 | (40 970) | 28 456 |
| Total equity and liabilities | 91 334 | 72 254 | 11 292 | 170 075 | 119 846 | (330 166) | 134 635 |

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended 31 December 2016
 Million US dollar

OPERATING ACTIVITIES

| |
|--|
| Profit |
| Depreciation, amortization and impairment |
| Net finance cost |
| Income tax expense |
| Investment income |
| Other items |
| Cash flow from operating activities before changes in working capital and use of provisions |

Working capital and provisions
Cash generated from operations

| |
|--------------------|
| Interest paid, net |
| Dividends received |
| Income tax paid |

CASH FLOW FROM OPERATING ACTIVITIES

INVESTING ACTIVITIES

| |
|--|
| Proceeds from sale of property, plant and equipment and of intangible assets |
| Sale of subsidiaries, net of cash disposed of |
| Acquisition of SABMiller, net of cash acquired |
| Proceeds from SABMiller transaction-related divestitures |
| Acquisition of other subsidiaries, net of cash acquired |
| Acquisition of property, plant and equipment and of intangible assets |
| Net of tax proceeds from the sale of assets held for sale |
| Net proceeds from sale/(acquisition) of investment in short-term debt securities |
| Net proceeds from sale/(acquisition) of other assets |
| Net repayments/(payments) of loans granted |

CASH FLOW FROM INVESTING ACTIVITIES

FINANCING ACTIVITIES

| |
|---|
| Intra-group capital reimbursements |
| Purchase of non-controlling interest |
| Proceeds from borrowings |
| Payments on borrowings |
| Cash net finance (cost)/income other than interests |
| Dividends paid |

CASH FLOW FROM FINANCING ACTIVITIES

Net increase/(decrease) in cash and cash equivalents

| |
|---|
| Cash and cash equivalents less bank overdrafts at beginning of year |
| Effect of exchange rate fluctuations |

Cash and cash equivalents less bank overdrafts at end of year

| Anheuser-Busch InBev SA/NV | Anheuser-Busch InBev Worldwide Inc. | Anheuser-Busch InBev Finance Inc. | Subsidiary Guarantors | Non-Guarantors | Eliminations | Total |
|----------------------------|-------------------------------------|-----------------------------------|-----------------------|-----------------|-----------------|-----------------|
| 1 241 | 1 510 | 38 | (633) | 7 961 | (7 348) | 2 769 |
| 96 | — | — | 748 | 2 633 | — | 3 477 |
| 1 599 | 1 284 | (36) | 3 805 | 1 912 | — | 8 564 |
| — | (280) | (2) | 1 358 | 537 | — | 1 613 |
| (2 599) | (1 958) | — | (1 322) | (1 469) | 7 348 | — |
| 56 | (1) | — | 231 | (368) | — | (82) |
| 393 | 555 | — | 4 187 | 11 206 | — | 16 341 |
| (121) | 541 | 4 | (650) | (80) | 9 | (297) |
| 272 | 1 096 | 4 | 3 537 | 11 126 | 9 | 16 044 |
| (1 543) | (1 153) | 59 | 999 | (1 108) | 25 | (2 721) |
| 9 256 | — | — | 4 | 40 | (9 257) | 43 |
| — | — | — | (511) | (2 745) | — | (3 256) |
| 7 985 | (57) | 63 | 4 029 | 7 313 | (9 223) | 10 110 |
| — | — | — | 25 | 186 | — | 211 |
| — | — | — | 13 | 640 | — | 653 |
| (57 712) | — | — | (8 652) | 1 198 | — | (65 166) |
| — | — | — | — | 16 342 | — | 16 342 |
| — | — | — | — | (1 445) | — | (1 445) |
| (369) | — | — | (650) | (3 960) | — | (4 979) |
| — | — | — | — | 146 | — | 146 |
| (5 500) | — | — | — | (83) | — | (5 583) |
| — | — | — | (31) | 4 | — | (27) |
| (11 753) | (900) | (46 052) | (229) | (32 475) | 91 180 | (229) |
| (75 334) | (900) | (46 052) | (9 524) | (19 447) | 91 180 | (60 077) |
| (79) | — | — | (2 115) | 2 194 | — | — |
| — | — | — | — | (10) | — | (10) |
| 81 137 | 4 486 | 47 051 | 32 897 | 14 895 | (94 164) | 86 292 |
| (13 370) | (4 049) | (2 200) | (1 372) | (5 600) | 2 974 | (23 617) |
| (628) | (64) | (5) | (3 157) | 370 | — | (3 484) |
| (7 134) | — | — | — | (10 573) | 9 257 | (8 450) |
| 59 926 | 373 | 44 846 | 26 243 | (1 276) | (81 933) | 50 731 |
| (7 423) | (584) | (1 143) | 20 748 | (10 858) | 24 | 764 |
| (1 832) | 739 | 525 | (1 100) | 8 578 | — | 6 910 |
| (989) | — | — | 194 | 1 540 | (24) | 721 |
| (10 244) | 155 | (618) | 19 842 | (740) | — | 8 395 |

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For the year ended 31 December 2015
 Million US dollar

| | Anheuser- Busch InBev SA/NV | Anheuser- Busch InBev Worldwide Inc. | Anheuser- Busch InBev Finance Inc. | Subsidiary Guarantors | Non- Guarantors | Eliminations | Total |
|--|--------------------------------------|--|--|--------------------------|--------------------|-----------------|----------------|
| OPERATING ACTIVITIES | | | | | | | |
| Profit | 8 273 | 943 | 5 | 5 483 | 10 142 | (14 979) | 9 867 |
| Depreciation, amortization and impairment | 74 | — | — | 727 | 2 352 | — | 3 153 |
| Net finance cost | 565 | 1 791 | (41) | 311 | (1 173) | — | 1 453 |
| Income tax expense | 101 | (659) | 36 | 1 068 | 2 048 | — | 2 594 |
| Investment income | (8 711) | (1 374) | — | (3 484) | (1 410) | 14 979 | — |
| Other items | 57 | — | — | 85 | (483) | — | (341) |
| Cash flow from operating activities before changes in working capital and use of provisions | 359 | 701 | — | 4 190 | 11 476 | — | 16 726 |
| Working capital and provisions | (215) | 550 | (2) | (630) | 1 669 | (35) | 1 337 |
| Cash generated from operations | 144 | 1 251 | (2) | 3 560 | 13 145 | (35) | 18 063 |
| Interest paid, net | (442) | (1 845) | 48 | 1 820 | (1 122) | (68) | (1 609) |
| Dividends received | 2 607 | 1 891 | — | 19 | 984 | (5 479) | 22 |
| Income tax paid | (9) | — | — | (846) | (1 500) | — | (2 355) |
| CASH FLOW FROM OPERATING ACTIVITIES | 2 300 | 1 297 | 46 | 4 553 | 11 507 | (5 582) | 14 121 |
| INVESTING ACTIVITIES | | | | | | | |
| Acquisition and sale of subsidiaries, net of cash acquired/disposed of | — | (2) | — | (312) | (604) | — | (918) |
| Acquisition of property, plant and equipment and of intangible assets | (105) | — | — | (646) | (3 998) | — | (4 749) |
| Net of tax proceeds from the sale of assets held for sale | — | — | — | 244 | 153 | — | 397 |
| Net proceeds/(acquisition) of other assets | — | — | — | 44 | 173 | — | 217 |
| Net proceeds from sale/(acquisition) of investment in short-term debt securities | — | — | — | — | 169 | — | 169 |
| Net repayments/(payments) of loans granted | (13 496) | 508 | (565) | 598 | (10 284) | 23 193 | (46) |
| CASH FLOW FROM INVESTING ACTIVITIES | (13 601) | 506 | (565) | (72) | (14 391) | 23 193 | (4 930) |
| FINANCING ACTIVITIES | | | | | | | |
| Intra-group capital reimbursements | 156 | — | 22 | 3 294 | (3 472) | — | — |
| Proceeds from borrowings | 19 965 | 24 078 | 565 | 6 933 | 12 163 | (47 467) | 16 237 |
| Payments on borrowings | (3 553) | (24 869) | (3) | (3 845) | (7 807) | 24 297 | (15 780) |
| Other financing activities | 159 | (33) | (1) | (2 353) | 1 456 | — | (772) |
| Share buy back | (1 000) | — | — | — | — | — | (1 000) |
| Dividends paid | (6 586) | — | — | (3 370) | (3 489) | 5 479 | (7 966) |
| CASH FLOW FROM FINANCING ACTIVITIES | 9 141 | (824) | 583 | 659 | (1 149) | (17 691) | (9 281) |
| Net increase/(decrease) in cash and cash equivalents | (2 160) | 979 | 64 | 5 140 | (4 033) | (80) | (90) |
| Cash and cash equivalents less bank overdrafts at beginning of year | 502 | (240) | 460 | (5 789) | 13 383 | — | 8 316 |
| Effect of exchange rate fluctuations | (174) | — | 1 | (451) | (774) | 80 | (1 316) |
| Cash and cash equivalents less bank overdrafts at end of year | (1 832) | 739 | 525 | (1 100) | 8 578 | — | 6 910 |

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For the year ended 31 December 2014¹
 Million US dollar

| | Anheuser- Busch InBev SA/NV | Anheuser- Busch InBev Worldwide Inc. | Anheuser- Busch InBev Finance Inc. | Subsidiary Guarantors | Non- Guarantors | Eliminations | Total |
|--|--------------------------------------|--|--|--------------------------|--------------------|-----------------|-----------------|
| OPERATING ACTIVITIES | | | | | | | |
| Profit | 9 216 | 1 028 | (18) | 7 028 | 8 760 | (14 712) | 11 302 |
| Depreciation, amortization and impairment | 91 | — | — | 688 | 2 574 | — | 3 353 |
| Net finance cost | 548 | 2 181 | 35 | (2 177) | 732 | — | 1 319 |
| Income tax expense | 5 | (597) | (17) | 1 303 | 1 805 | — | 2 499 |
| Investment income | (9 365) | (1 797) | — | (2 327) | (1 223) | 14 712 | — |
| Other items | 59 | 1 | — | (158) | (44) | — | (142) |
| Cash flow from operating activities before changes in working capital and use of provisions | 554 | 816 | — | 4 357 | 12 604 | — | 18 331 |
| Working capital and provisions | 103 | 873 | 2 | (1 527) | 830 | 76 | 357 |
| Cash generated from operations | 657 | 1 689 | 2 | 2 830 | 13 434 | 76 | 18 688 |
| Interest paid, net | (467) | (2 176) | 29 | 2 267 | (1 767) | (89) | (2 203) |
| Dividends received | 3 945 | 4 100 | — | 2 826 | 2 524 | (13 365) | 30 |
| Income tax paid | (5) | — | — | (667) | (1 699) | — | (2 371) |
| CASH FLOW FROM OPERATING ACTIVITIES | 4 130 | 3 613 | 31 | 7 256 | 12 492 | (13 378) | 14 144 |
| INVESTING ACTIVITIES | | | | | | | |
| Acquisition and sale of subsidiaries, net of cash acquired/disposed of | — | (3) | — | (146) | (6 551) | — | (6 700) |
| Acquisition of property, plant and equipment and of intangible assets | (85) | — | — | (468) | (3 842) | — | (4 395) |
| Net of tax proceeds from the sale of assets held for sale | — | — | — | — | (65) | — | (65) |
| Net proceeds/(acquisition) of other assets | — | — | — | 54 | 234 | — | 288 |
| Net proceeds from sale/(acquisition) of investment in short-term debt securities | — | — | — | — | (187) | — | (187) |
| Net repayments/(payments) of loans granted | (7 813) | — | (5 250) | (1 945) | (7 255) | 22 262 | (1) |
| CASH FLOW FROM INVESTING ACTIVITIES | (7 898) | (3) | (5 250) | (2 505) | (17 666) | 22 262 | (11 060) |
| FINANCING ACTIVITIES | | | | | | | |
| Intra-group capital reimbursements | 404 | — | 250 | (135) | (519) | — | — |
| Proceeds from borrowings | 16 868 | 6 657 | 5 250 | 2 095 | 9 681 | (22 169) | 18 382 |
| Payments on borrowings | (4 710) | (7 966) | (30) | (967) | (1 384) | (102) | (15 159) |
| Other financing activities | 298 | — | (7) | (1 004) | 943 | — | 230 |
| Dividends paid | (5 420) | (2 510) | — | (6 600) | (6 235) | 13 365 | (7 400) |
| CASH FLOW FROM FINANCING ACTIVITIES | 7 440 | (3 819) | 5 463 | (6 611) | 2 486 | (8 906) | (3 947) |
| Net increase/(decrease) in cash and cash equivalents | 3 672 | (209) | 244 | (1 860) | (2 688) | (22) | (863) |
| Cash and cash equivalents less bank overdrafts at beginning of year | (3 101) | (31) | 216 | (3 449) | 16 198 | — | 9 833 |
| Effect of exchange rate fluctuations | (69) | — | — | (480) | (127) | 22 | (654) |
| Cash and cash equivalents less bank overdrafts at end of year | 502 | (240) | 460 | (5 789) | 13 383 | — | 8 316 |

36. EVENTS AFTER THE BALANCE SHEET DATE

None.

¹ Reclassified to conform to the 2015 presentation.

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 Companies¹

| NAME AND REGISTERED OFFICE OF FULLY CONSOLIDATED COMPANIES | % OF ECONOMIC INTEREST AS AT 31 DECEMBER 2016 |
|---|---|
| ARGENTINA | |
| CERVECERIA Y MALTERIA QUILMES SAICA y G – Charcas 5160 – C1425BOF – Buenos Aires | 61.95 |
| 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. – Grote Markt 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 S.P.R.L. – Industrielaan 21 – 1070 – Brussel | 100.00 |
| BOTSWANA | |
| KGALAGADI BREWERIES (PTY) LTD – Plot 20768, Broadhurst industrial estate – Gaborone ² | 31.00 |
| BOLIVIA | |
| CERVECERIA BOLIVIANA NACIONAL S.A. – Av. Montes 400 and Chuquisaca No. 121, Zona Challapampa – La Paz | 61.95 |
| BRAZIL | |
| AMBEV S.A. – Rua Dr Renato Paes de Barros, 1017, 3º andar, Itaim Bibi – CEP 04530-001 – São Paulo | 61.95 |
| CANADA | |
| LABATT BREWING COMPANY LIMITED – 207 Queen's Quay West, Suite 299 – M5J 1A7 – Toronto | 61.95 |
| CHILE | |
| CERVECERIA CHILE S.A. – Av. Presidente Eduardo Frei Montalva 9600 – 8700000 – Quilicura | 61.95 |
| CHINA | |
| ANHEUSER-BUSCH INBEV (CHINA) SALES CO LTD. – Shangshou, Qin Duan Kou, Hanyang Area – 430051 – Wuhan City, Hubei Province | 100.00 |
| ANHEUSER-BUSCH INBEV (WUHAN) BREWERY CO. LTD. – Shangshou, Qin Duan Kou, Hanyang Area – 430051 – Wuhan City, Hubei Province | 97.06 |
| ANHEUSER-BUSCH INBEV (FOSHAN) BREWERY CO. LTD. – 1 Budweiser Avenue, Southwest St., Sanshui District – 528132 – Foshan City, Guangdong | 100.00 |
| ANHEUSER-BUSCH INBEV HARBIN BREWERY CO. LTD. – 9 HaPi Road Pingfang District – 150066 – Harbin City, Heilongjiang Province | 100.00 |
| ANHEUSER-BUSCH INBEV (TANGSHAN) BREWERY CO. LTD. – 18, Yingbin Road – 063300 – Tangshan City, Hebei Province | 100.00 |
| ANHEUSER-BUSCH INBEV SEDRIN BREWERY CO. LTD. – 660 Gong Ye Road, Hanjiang District – 351111 – Putian City, Fujian Province | 100.00 |
| ANHEUSER-BUSCH INBEV SEDRIN (ZHANGZHOU) BREWERY CO. LTD. – Lantian Economic District – 363005 – Zhangzhou City, Fujian Province | 100.00 |
| ANHEUSER-BUSCH INBEV (TAIZHOU) BREWERY CO. LTD. – 159 Qi Xia East Road, Chengguan Town, Tiantai County – 317200 – Taizhou City, Zhejiang Province | 100.00 |
| NANCHANG ASIA BREWERY CO. LTD. – 183 West Sandian Road, Qing Yun Pu District – Nanchang City, Jiangxi Province | 100.00 |
| SIPING GINSEBER DRAFT BEER CO. LTD. – Xianmaquan, Tiedong Area – Siping City, Jilin Province | 100.00 |
| ANHEUSER-BUSCH INBEV BIG BOSS (JIANGSU) BREWERY CO. LTD. – 666 Zhaoxia Road – Nantong City, Jiangsu Province | 100.00 |
| ANHEUSER-BUSCH INBEV (SICHUAN) BREWERY CO. LTD. – No. 1, AB InBev Avenue, Cheng Nan Industry Park, Economic Development Area – 641300 – Ziyang City, Sichuan Province | 100.00 |
| ANHEUSER-BUSCH INBEV (HENAN) BREWERY CO. LTD. – No. 1 Budweiser Avenue, Industry Park, Tangzhuang Town – 453100 – Weihui City, Henan Province | 100.00 |
| INBEV JINLONGQUAN (HUBEI) BREWERY CO. LTD. – 89 Jin Long Quan Avenue – Jingmen City, Hubei Province | 60.00 |
| ANHEUSER-BUSCH INBEV (SUQIAN) BREWERY CO. LTD. – No 1 Qujiang Road, Suyu Industry Park – Suqian City, Jiangsu Province | 100.00 |

¹ Excludes companies classified as held for sale.

² 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 2016 |
|---|--|--|
| <u>COLOMBIA</u> | | |
| BOGOTA BEER COMPANY BBC S.A.S. – Avenida Carrera 24 85A-47 – Bogota | | 97.22 |
| BAVARIA SA – Carrera 53A 127-35 – Cundinamarca – 111111 Bogota | | 99.00 |
| AMBEV COLOMBIA S.A.S. – Calle 90 12-28 Piso 2 – Bogota | | 97.22 |
| <u>CZECH REPUBLIC</u> | | |
| PIVOVAR SAMSON A.S. – V parku 2326/18, Chodov, 148 00 Praha 4 | | 100.00 |
| <u>DOMINICAN REPUBLIC</u> | | |
| CERVECERIA NACIONAL DOMINICANA S.A. – Autopista 30 de Mayo Km 61/2, Distrito Nacional – A.P. 1086 – Santo Domingo ¹ | | 34.07 |
| <u>ECUADOR</u> | | |
| COMPANIA CERVECERA AMBEV ECUADOR S.A. – Km 14.5 Via a Daule S/N y Av. Las Iguanas, Guayaquil | | 97.22 |
| CERVECERÍA NACIONAL (CN) SA – Via a daule km 16,5 y calle cobre s/n – Guayaquil, Guayas | | 95.60 |
| <u>EL SALVADOR</u> | | |
| INDUSTRIAS LA CONSTANCIA, SA DE CV – 526 Av. Independencia, San Salvador | | 100.00 |
| <u>FRANCE</u> | | |
| AB INBEV FRANCE S.A.S. – Immeuble Crystal, 38, Place Vauban – C.P. 59110 – La Madeleine | | 100.00 |
| <u>GERMANY</u> | | |
| 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 |
| <u>GHANA</u> | | |
| ACCRA BREWERY LTD – Farra Avenue 20 1st Floor, Pkf Building, P.O. Box Gp1219 – Accra | | 59.84 |
| <u>GRAND DUCHY OF LUXEMBOURG</u> | | |
| BRASSERIE DE LUXEMBOURG MOUSEL – DIEKIRCH – 1, Rue de la Brasserie – L-9214 – Diekirch | | 95.82 |
| <u>HONDURAS</u> | | |
| CERVECERÍA HONDUREÑA, SA DE CV – Blvd. Del Norte, Carretera Salida a Puerto Cortes – San Pedro Sula, Cortes | | 99.00 |
| <u>INDIA</u> | | |
| CROWN BEERS INDIA LIMITED – #8-2-684/A, Road No. 12 – Banjara Hills, Hyderabad 500034 – Andhra Pradesh | | 100.00 |
| SABMILLER BREWERIES PRIVATE LTD – M99, MIDC, Aurangabad – 431136 Waluj | | 100.00 |
| <u>ITALY</u> | | |
| ANHEUSER-BUSCH INBEV ITALIA SPA – Piazza Buffoni 3, 21013 Gallarate | | 100.00 |
| <u>MEXICO</u> | | |
| GRUPO MODELO S. DE R.L. DE C.V.- Javier Barros Sierra 555 Piso 3 – Zedec Ed Plaza Santa Fe Alvaro Obregon – 01210 Mexico City, Distrito Federal | | 100.00 |
| <u>MOZAMBIQUE</u> | | |
| CERVEJAS DE MOÇAMBIQUE SA – Rua do Jardim 1329 – Maputo ² | | 49.10 |
| <u>THE NETHERLANDS</u> | | |
| INBEV NEDERLAND N.V. – Ceresstraat 1 – 4811 CA – Breda | | 100.00 |
| INTERBREW INTERNATIONAL B.V. – Ceresstraat 1 – 4811 CA – Breda | | 100.00 |
| SABMILLER AFRICA BV – Ceresstraat 1, 4811 CA – Breda | | 62.00 |
| SABMILLER BOTSWANA BV – Ceresstraat 1, 4811 CA – Breda | | 62.00 |
| <u>NIGERIA</u> | | |
| INTAFAC T BEVERAGES LTD – SABMiller Drive Niger Bridge Industrial Layout Onitsha – Anambra ² | | 37.50 |
| INTERNATIONAL BREWERIES PLC – Lawrence Omole Way, Omi Osoro Road, Imo Ilesha, Osun State ² | | 36.00 |

¹ 55% owned by Ambev S.A.

² 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 2016</u> |
|--|--|---|
| <u>PANAMA</u> | | |
| CERVECERÍA NACIONAL HOLDING SA – Costa del Este Business Park, torre Oeste Piso 2 – Ciudad de Panamá | | 60.00 |
| <u>PARAGUAY</u> | | |
| CERVECERIA PARAGUAYA S.A. – Ruta Villeta km 30 N 3045 – 2660 – Ypané | | 61.95 |
| <u>PERU</u> | | |
| 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 | | 93.48 |
| <u>RUSSIA</u> | | |
| OAO SUN INBEV – 28 Moscovskaya Street, Moscow region – 141600 – Klin | | 99.95 |
| <u>SOUTH AFRICA</u> | | |
| SABSA HOLDINGS LTD – 2 Jan Smuts Avenue, Gauteng – Johannesburg | | 100.00 |
| THE SOUTH AFRICAN BREWERIES (PTY) LTD – 65 Park Lane, Gauteng – Johannesburg | | 100.00 |
| <u>SOUTH KOREA</u> | | |
| ORIENTAL BREWERY CO., LTD – 151, Hyeondogongdan-ro, Seowon-gu Cheongju-si, Chungcheongbuk-do | | 100.00 |
| <u>SWITZERLAND</u> | | |
| SABMILLER PROCUREMENT GMBH – Tumstrasse 26 – 6300 Zug | | 100.00 |
| <u>TANZANIA</u> | | |
| TANZANIA BREWERIES LTD – Plot No 79, Block AA, Uhuru Street, Mchikichini, Ilala District, Dar es Salaam | | 36.00 |
| <u>UGANDA</u> | | |
| NILE BREWERIES LTD – Plot M90 Yusuf Lule Roa, Njeru, Jinja – Eastern Uganda | | 61.76 |
| <u>UKRAINE</u> | | |
| SUN INBEV UKRAINE PJSC – 30-V Fizkultury Str., BC “Faringeit” 4th floor – 3068 – Kiev | | 98.29 |
| <u>UNITED KINGDOM</u> | | |
| AB INBEV UK LTD – Porter Tun House, 500 Capability Green – LU1 3LS – Luton | | 100.00 |
| PIONEER BREWING COMPANY LTD – Porter Tun House, 500 Capability Green – LU1 3LS – Luton | | 100.00 |
| SABMILLER LIMITED – AB InBev House, Church Street West, Woking, Surrey, GU21 6HT | | 100.00 |
| SABMILLER HOLDINGS LTD – AB InBev House, Church Street West, Woking, Surrey, GU21 6HT | | 100.00 |
| SABMILLER INTERNATIONAL BRANDS LTD – AB InBev House, Church Street West, Woking, Surrey, GU21 6HT | | 100.00 |
| <u>UNITED STATES</u> | | |
| 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 | | 100.00 |
| <u>URUGUAY</u> | | |
| CERVECERIA Y MALTERIA PAYSANDU S.A. – Cesar Cortinas, 2037 – C.P. 11500 – Montevideo | | 61.95 |
| <u>VIETNAM</u> | | |
| 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 | | 100.00 |
| <u>ZAMBIA</u> | | |
| ZAMBIAN BREWERIES PLC – Mungwi Road, Plot Number 6438, Lusaka | | 54.00 |

1 The company is consolidated due to the group’s majority shareholdings and ability to control the operations

List of Most Important Associates and Joint Ventures

NAME AND REGISTERED OFFICE OF ASSOCIATES AND JOINT VENTURES

FRANCE

SOCIÉTÉ DES BRASSERIES ET GLACIÈRES INTERNATIONALES SA – 30 AV George V, 75008, Paris

GIBRALTAR

BIH BRASSERIES INTERNATIONALES HOLDING LTD – CC Building, 10th Floor, Main Street

BIH BRASSERIES INTERNATIONALES HOLDING (ANGOLA) LTD – Suite 10/3, International Commercial Centre, 2A Main Street

TURKEY

ANADOLU EFES BIRACILIK VE MALT SANAYII AS – Bahçelievler Mahallesi, Şehit İbrahim Koparır Caddesi No. 4, Bahçelievler İstanbul

ZIMBABWE

DELTA CORPORATION LTD – Sable house, P.O. Box BW 343, Northridge Close, Borrowdale, Harare

**% OF ECONOMIC
INTEREST AS AT
31 DECEMBER 2016**

20.00

20.00

27.00

24.00

25.00

ANHEUSER-BUSCH INBEV WORLDWIDE INC.,
as *Company*

and

ANHEUSER-BUSCH INBEV SA/NV,
as *Parent Guarantor*

and

the SUBSIDIARY GUARANTORS party hereto from time to time

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as *Trustee*

Indenture

Dated as of December 16, 2016

Certain Sections of this Indenture relating to Sections 310 through 318, inclusive, of the Trust Indenture Act of 1939:

| Trust Indenture Act Section | Indenture Section |
|------------------------------------|--------------------------|
| Section 310 (a)(1) | 609 |
| (a)(2) | 609 |
| (a)(3) | Not Applicable |
| (a)(4) | Not Applicable |
| (b) | 608 |
| | 610 |
| Section 311 (a) | 613 |
| (b) | 613 |
| Section 312 (a) | 701 |
| | 702 |
| (b) | 702 |
| (c) | 702 |
| Section 313 (a) | 703 |
| (b) | 703 |
| (c) | 703 |
| (d) | 703 |
| Section 314 (a) | 704 |
| (a)(4) | 101 |
| | 1004 |
| (b) | Not Applicable |
| (c)(1) | 102 |
| (c)(2) | 102 |
| (c)(3) | Not Applicable |
| (d) | Not Applicable |
| (e) | 102 |
| Section 315 (a) | 601 |
| (b) | 602 |
| (c) | 601 |
| (d) | 601 |
| (e) | 514 |
| Section 316 (a) | 101 |
| (a)(1)(A) | 502 |
| | 512 |
| (a)(1)(B) | 513 |
| (a)(2) | Not Applicable |
| (b) | 508 |
| (c) | 104 |
| Section 317 (a)(1) | 503 |
| (a)(2) | 504 |
| (b) | 1003 |
| Section 318 (a) | 107 |

NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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INDENTURE, dated as of December 16, 2016, between Anheuser-Busch InBev Worldwide Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the “Company”), Anheuser-Busch InBev SA/NV, a *société anonyme/naamloze vennootschap* duly organized and existing under the laws of the Kingdom of Belgium (herein called the “Parent Guarantor”), the Subsidiaries of the Parent Guarantor party hereto from time to time, as Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., a national banking association, as Trustee (herein called the “Trustee”).

RECITALS OF THE COMPANY AND THE GUARANTORS

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the “Securities”), to be issued in one or more series as in this Indenture provided.

The Guarantors have duly authorized the execution and delivery of this Indenture to provide for the issuance of Guarantees with respect to the Securities.

All things necessary to make this Indenture a valid agreement of the Company and the Guarantors, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. *Definitions.*

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;
- (2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;
- (3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, as applied by the Parent Guarantor, and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted — at the date of this instrument — at the date of such computation in the jurisdiction of incorporation of the Parent Guarantor;

(4) unless the context otherwise requires, any reference to an “Article” or a “Section” refers to an Article or a Section, as the case may be, of this Indenture; and

(5) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

“2010 Senior Facility Agreement” means the \$9 billion (originally \$13 billion) senior facilities agreement, dated as of February 26, 2010, as amended on July 25, 2011, as extended on August 20, 2013 and as amended and restated on August 28, 2015, for the Parent Guarantor and the Company, arranged by Banc of America Securities Limited, Banco Santander, S.A., Barclays Capital, Deutsche Bank AG, London Branch, Fortis Bank SA/NV, ING Bank NV, Intesa Sanpaolo S.p.A, J.P. Morgan plc, Mizuho Corporate Bank, Ltd, The Royal Bank of Scotland plc, Société Générale Corporate & Investment Banking, The Corporate and Investment Banking Division of Société Générale and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as mandated lead arrangers and bookrunners, and Fortis Bank SA/NV, acting as agent and issuing bank.

“2015 Senior Facilities Agreement” means the \$75.0 billion senior facilities agreement, dated as of October 28, 2015, for the Parent Guarantor, arranged by Australia and New Zealand Banking Group Limited, Barclays Bank plc, The Bank of New York Mellon, the Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas Fortis SA/NV, Citigroup Global Markets Inc., Commerzbank Aktiengesellschaft, Filiale Luxemburg, Deutsch Bank AG, London Branch, HSBC Bank plc, ING Bank N.V., Intesa Sanpaolo Banking Group (represented by Intesa Sanpaolo S.P.A. & Banca IMI S.P.A.), Merrill Lynch, Pierce, Fenner & Smith Inc., Mizuho Bank, Ltd., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. “Rabobank Nederland”, New York Branch, The Royal Bank of Scotland plc, Banco Santander, S.A., Société Générale, London Branch, Sumitomo Mitsui Banking Corporation, The Toronto-Dominion Bank, Unicredit Bank AG and Wells Fargo Securities, LLC, as arrangers, and BNP Paribas Fortis SA/NV, as agent.

“Act”, when used with respect to any Holder, has the meaning specified in Section 104.

“Additional Amounts” has the meaning specified in Section 1009.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Anheuser-Busch InBev Group” means the Parent Guarantor or the Parent Guarantor and the group of companies owned and/or controlled by the Parent Guarantor, as the context requires;

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in any Global Security, the rules and procedures of the Depositary with respect thereto that apply to such transfer or exchange.

“Authenticating Agent” means any Person authorized by the Trustee pursuant to Section 614 to act on behalf of the Trustee to authenticate Securities of one or more series.

“Board of Directors” means either the board of directors or other managing body of the Company or a Guarantor, as applicable, or any duly authorized committee of that board or managing body.

“Board Resolution” means a copy of a resolution certified by the Secretary or any Assistant Secretary or other authorized officer or person, in the case of the Company, or a manager or other authorized officer or person, in the case of any Guarantor, to have been duly adopted by the Board of Directors of the Company or the applicable Guarantor, as applicable, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Brandbev” means Brandbev S.à r.l., a *société à responsabilité limitée* incorporated under the laws of Luxembourg, with registered office at Zone Industrielle Breedewues No. 15, L-1259 Senningerberg, Grand-Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under the number B 80.984 and having a share capital of USD 43,150,720.

“Brandbev Guarantee” has the meaning specified in Section 209.

“Brandbrew” means Brandbrew S.A., a *société anonyme* incorporated under the laws of Luxembourg, with registered office at Zone Industrielle Breedewues No. 15, L-1259 Senningerberg, Grand-Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under the number B 75.696.

“Brandbrew Guarantee” has the meaning specified in Section 209.

“Business Day”, when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law or executive order to close.

“Certificated Security” means a certificated Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 204 (or such legends as may be specified as contemplated by Section 301 of such Securities) and that is registered in the name of the Holder thereof.

“Clearstream” means Clearstream Banking, *société anonyme*, Luxembourg (or any successor securities clearing agency).

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Commission” means the Securities and Exchange Commission, from time to time constituted, created under the Exchange Act, or if at any time after the execution of this instrument such Commission is not existing and performing its duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

“Company” means the Person named as the “Company” in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor Person.

“Company Request” or “Company Order” means a written request or order signed in the name of the Company by its President, Chairman of the Board, any Vice-President, Treasurer, Secretary, Assistant Secretary or other authorized officer and delivered to the Trustee.

“Corporate Trust Office” means the designated office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date hereof is located at 911 Washington Avenue, 3rd Floor, St. Louis, Missouri 63101, Attention: Corporate Trust Administration, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

“Corporation” means a corporation, partnership, association, company, limited liability company, joint-stock company, business trust or other similar entity.

“Covenant Defeasance” has the meaning specified in Section 1303.

“Defaulted Interest” has the meaning specified in Section 307.

“Defeasance” has the meaning specified in Section 1302.

“Depository” means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Exchange Act that is designated to act as Depository for such Securities as contemplated by Section 301.

“Distribution Compliance Period” has the meaning specified in Section 305(b)(1)(A).

“Distributor” has the meaning specified in Section 305(b)(1)(A).

“DTC” means The Depository Trust Company, its nominees, successors and assigns.

“Encumbrance” means, any mortgage, pledge, security interest or lien.

“Euroclear” means the Euroclear Bank S.A./N.V. (or any successor securities clearing agency).

“Event of Default” has the meaning specified in Section 501.

“Exchange Act” means the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

“Expiration Date” has the meaning specified in Section 104.

“FATCA Withholding” has the meaning specified in Section 615.

“Global Guarantee” means a guarantee of the Parent Guarantor or any Subsidiary Guarantor in substantially the form set forth in Section 206(d), as the case may be, which guarantee may be executed in advance of the authentication and delivery of the Securities covered thereby and may apply to more than one series of Securities issued hereunder.

“Global Security” means a Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 204 (or such legend as may be specified as contemplated by Section 301 for such Securities).

“Guarantees” means the guarantees of the Parent Guarantor and any other Guarantor from time to time, which may be (i) in the form of one or more Global Guarantees or (ii) endorsed on, and relate to, the Securities of a particular series authenticated and delivered hereunder or (iii) documented in any other manner permitted by law.

“Guarantor” means the Parent Guarantor and any Subsidiary Guarantor under this Indenture from time to time.

“Holder” means a Person in whose name a Security is registered in the Security Register.

“Indenture” means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term “Indenture” shall also include the terms of particular series of Securities established as contemplated by Section 301.

“Indirect Participant” means a Person who holds a beneficial interest in a Global Security through a Participant.

“Interest”, when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

“Interest Payment Date”, when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

“Investment Company Act” means the Investment Company Act of 1940 and any statute successor thereto, in each case as amended from time to time.

“January 2009 Indenture” means the Indenture dated as of January 12, 2009, among the Company, the Parent Guarantor, the subsidiary guarantors thereunder and The Bank of New York Mellon Trust Company, N.A. (formerly The Bank of New York Mellon, New York Branch) as trustee.

“January 2013 Indenture” means the Indenture dated as of January 17, 2013, among Anheuser-Busch InBev Finance Inc., the Parent Guarantor, the subsidiary guarantors thereunder and The Bank of New York Mellon Trust Company, N.A. as trustee.

“January 2016 Indenture” means the Indenture dated as of January 25, 2016, among Anheuser-Busch InBev Finance Inc., the Parent Guarantor, the subsidiary guarantors thereunder and The Bank of New York Mellon Trust Company, N.A. as trustee.

“Judgment Currency” has the meaning specified in Section 1012.

“Luxembourg Law of 2002” has the meaning specified in Section 209.

“Luxembourg Regulation” has the meaning specified in Section 209.

“Maturity”, when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

“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 other than 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, organization 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

“Notice of Default” means a written notice of the kind specified in Section 501(4) or 501(5).

“October 2009 Indenture” means the Indenture dated as of October 16, 2009, among the Company, the Parent Guarantor, the subsidiary guarantors thereunder and The Bank of New York Mellon Trust Company, N.A. as trustee.

“Officer’s Certificate” means a certificate signed by the Chairman of the Board of Directors, the President, any Vice-President, the Treasurer, a Secretary, an Assistant Secretary or any other authorized officer or person, in the case of the Company, and, in the case of any Guarantor, any manager or authorized officer or person, and delivered to

the Trustee. One of the officers signing an Officer's Certificate given pursuant to Section 1004 shall, in the case of the Company, be the principal executive, financial or accounting officer.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company or the applicable Guarantor, and who shall be reasonably acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Other Guaranteed Facilities" has the meaning specified in Section 209.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, *except*:

- (1) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company or a Guarantor) in trust or set aside and segregated in trust by the Company (if the Company or a Guarantor shall act as its own Paying Agent) for the Holders of such Securities; *provided* that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;
- (3) Securities as to which Defeasance has been effected pursuant to Section 1302; and
- (4) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, (A) the principal amount of an Original Issue Discount Security which shall be deemed to be Outstanding shall be the amount of the principal thereof which would be due and payable as of such date upon acceleration of the Maturity thereof to such date pursuant to Section 502; (B) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 301; (C) the principal amount of a Security denominated in one

or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the U.S. dollar equivalent, determined as of such date in the manner provided as contemplated by Section 301, of the principal amount of such Security (or, in the case of a Security described in Clause (A) or (B) above, of the amount determined as provided in such Clause); and (D) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Parent Guarantor" has the meaning specified in the first paragraph of this Indenture, and any successor Person or assignee permitted pursuant to the applicable provisions of this Indenture.

"Parent Guarantee" means any guarantee of the Parent Guarantor from time to time, which may be in the form of (i) one or more Global Guarantees or (ii) endorsed on, and relate to, the Securities of a particular series authenticated and delivered hereunder or (iii) documented in any other manner permitted by law.

"Participant" means, with respect to any Depositary, a Person who is a participant of or has an account with such Depositary, respectively.

"Paying Agent" means any Person authorized by the Company or a Guarantor to pay the principal of or any premium or interest on any Securities on behalf of the Company or Guarantor.

"Person" means any individual, Corporation, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 301.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"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.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

"Restricted Certificated Security" means a Certificated Security offered and sold pursuant to an exemption from registration under the Securities Act.

"Restricted Global Security" means a Global Security offered and sold pursuant to an exemption from registration under the Securities Act.

"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 Company 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.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Securities Act" means the Securities Act of 1933 and any statute successor thereto, in each case as amended from time to time.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Significant Subsidiary" means any Subsidiary (i) the consolidated revenue of which represents 10% of 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 shall be calculated by the Parent Guarantor in substantially the same manner as it is calculated for the amounts shown in the offering memorandum or circular for the relevant series of Securities.

“Special Record Date” for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

“Stated Maturity”, when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

“Subsidiary” means any Corporation of which more than 50% of the issued and outstanding stock entitled to vote for the election of directors or persons exercising similar functions (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.

“Subsidiary Guarantee” means the guarantee of any Subsidiary Guarantor from time to time, which may be (i) in the form of one or more Global Guarantees or (ii) endorsed on, and relate to, the Securities of a particular series authenticated and delivered hereunder or (iii) documented in any other manner permitted by law.

“Subsidiary Guarantor” shall initially include each of the following companies and shall subsequently include any Subsidiary of the Parent Guarantor that provides a guarantee under this Indenture from time to time:

- Anheuser-Busch Companies, LLC, a limited liability company duly organized and existing under the laws of the State of Delaware;
- Anheuser-Busch InBev Finance Inc., a corporation duly organized and existing under the laws of the State of Delaware;
- Cobrew NV, a public limited liability company organized and existing under Belgian law;
- Brandbrew; and
- Brandbev.

“Trust Indenture Act” means the Trust Indenture Act of 1939, including the rules promulgated thereunder, as in force at the date as of which this instrument was executed;

provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, “Trust Indenture Act” means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended and any statute successor thereto.

“Trustee” means the Person named as the “Trustee” in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, “Trustee” as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

“U.S. Government Obligation” has the meaning specified in Section 1304.

“Unrestricted Certificated Security” means a Certificated Security the restrictions on transfer of which have expired or otherwise been removed.

“Unrestricted Global Security” means a Global Security the restrictions on transfer of which have expired or otherwise been removed.

“Vice President”, when used with respect to the Company or a Guarantor or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title “vice president”.

SECTION 102. *Compliance Certificates and Opinions.*

Upon any application or request by the Company or the Parent Guarantor to the Trustee to take any action under any provision of this Indenture, the Company or the Parent Guarantor, as applicable, shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officer’s Certificate, if to be given by an officer of the Company or the Parent Guarantor, as applicable, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for certificates provided for in Section 1004) shall include:

- (1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. *Form of Documents Delivered to Trustee.*

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company or the Parent Guarantor, as applicable, may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company or the Parent Guarantor, as applicable, stating that the information with respect to such factual matters is in the possession of the Company or the Parent Guarantor, as applicable, unless such counsel knows that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. *Acts of Holders; Record Dates.*

Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company or the Parent Guarantor. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee, the Company or the Parent Guarantor, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of

his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Company or the Parent Guarantor in reliance thereon, whether or not notation of such action is made upon such Security.

The Company and the Parent Guarantor may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series, *provided* that the Company and the Parent Guarantor may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date, *provided* that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Company or the Parent Guarantor from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Company or the Parent Guarantor, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 502, (iii) any request to institute proceedings referred to in Section 507(2), or (iv) any direction referred to in Section 512, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of such series on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; *provided* that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for

any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Company's or the Parent Guarantor's expense, shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Company and the Parent Guarantor in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

With respect to any record date set pursuant to this Section, the party hereto which sets such record dates may designate any day as the "Expiration Date" and from time to time may change the Expiration Date to any earlier or later day; *provided* that no such change shall be effective unless notice of the proposed new Expiration Date is given to the other party hereto in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 106, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the party hereto which set such record date shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

SECTION 105. Notices, Etc., to Trustee, the Company and a Guarantor.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided for or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company or a Guarantor shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, 911 Washington Ave, 3rd Floor St. Louis, Missouri 63101, USA, Attention: Corporate Trust Administration, or

(2) the Company or a Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company and a Guarantor, as applicable, addressed to it at the address specified in Section 115 of this instrument or at any other address previously furnished in writing to the Trustee by the Company or a Guarantor.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that (a) the party providing such electronic instructions or directions, subsequent to the transmission thereof, shall provide the originally executed instructions or directions to the Trustee in a timely manner and (b) such originally executed instructions or directions shall be signed by an authorized representative of the party providing such instructions or directions. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions or directions notwithstanding such instructions or directions conflict or are inconsistent with a subsequent written instruction or direction or if the subsequent written instruction or direction is never received. The party providing instructions or directions by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, as aforesaid, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

SECTION 106. *Notice to Holders; Waiver.*

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee in its sole discretion shall constitute a sufficient notification for every purpose hereunder.

The costs of any such notice to Holders as provided in this Section 106 shall be paid by the Company.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

SECTION 107. *Conflict with Trust Indenture Act.*

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under the Trust Indenture Act to be a part of and govern

this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 108. *Effect of Headings and Table of Contents.*

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. *Successors and Assigns.*

All covenants and agreements in this Indenture by the Company and any Guarantor shall bind their successors and assigns, whether so expressed or not.

SECTION 110. *Separability Clause.*

In case any provision in this Indenture, in any Parent Guarantee or any Subsidiary Guarantee, or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. *Benefits of Indenture.*

Nothing in this Indenture, in any Parent Guarantee or Subsidiary Guarantee, or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. *Governing Law; Waiver of Trial by Jury.*

This Indenture, each Parent Guarantee, each Subsidiary Guarantee and the Securities shall be governed by and construed in accordance with the laws of the State of New York. Each of the Company, the Guarantors and the Trustee hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Securities or the transactions contemplated hereby.

SECTION 113. *Legal Holidays.*

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture, of the Guarantees or of the Securities (other than a provision of any Security which specifically states that such provision shall apply in lieu of this Section)) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity.

SECTION 114. *Submission to Jurisdiction; Waiver of Immunity.*

For the benefit of the Holders, each of the Company and each Guarantor hereby (i) irrevocably submits to the non-exclusive jurisdiction of any New York State court or United States federal court sitting in the Borough of Manhattan in the City of New York solely for purposes of any legal action or proceeding arising out of or relating to the Securities or the Guarantees and (ii) irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any legal action or proceeding in any New York State court or United States federal court sitting in the Borough of Manhattan in the City of New York, and any claim that any such action or proceedings brought in any such court has been brought in an inconvenient forum. Each of the Company and the Parent Guarantor agrees that a final judgment in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Any legal action or proceeding arising out of or relating to the Securities or the Guarantees may also be brought and enforced in the courts of the Kingdom of Belgium and each of the Company and each Guarantor irrevocably submits to the jurisdiction of each such court in respect of any such action or proceeding.

To the extent that the Company or any Guarantor may in any jurisdiction claim for itself or its assets immunity (to the extent that any immunity may now or hereafter exist) from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process (whether through service or notice or otherwise), and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Company and each Guarantor irrevocably agree not to claim, and irrevocably waive, such immunity to the full extent permitted by the laws of such jurisdiction.

SECTION 115. *Appointment of Agent for Service of Process.*

By the execution and delivery of this Indenture, each Guarantor (except for Anheuser-Busch Companies, LLC and Anheuser-Busch InBev Finance Inc.) hereby appoints Anheuser-Busch InBev Services, LLC as its agent upon which process may be served in any legal action or proceeding which may be instituted in any Federal or State court in the Borough of Manhattan, the City of New York, arising out of or relating to the Securities or the Guarantees or this Indenture, but for that purpose only. Service of process upon such agent at the office of Anheuser-Busch InBev Services, LLC at 250 Park Avenue, New York, New York 10177, and written notice of said service to such Guarantor by the Person servicing the same addressed as provided by Section 105, shall be deemed in every respect effective service of process upon such Guarantor, respectively, in any such legal action or proceeding, and such Guarantor hereby submits to the nonexclusive jurisdiction of any such court in which any such legal action or proceeding is so instituted. Such appointment shall be irrevocable so long as the Holders of Securities shall have any rights pursuant to the terms thereof or of this Indenture until the appointment of a successor by such Guarantor with the consent of the Trustee and such successor's acceptance of such appointment. Each such Guarantor further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of such agent or successor.

ARTICLE TWO

SECURITY AND GUARANTEE FORMS

SECTION 201. *Forms Generally.*

The Securities of each series shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depositary therefor or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by a the Secretary or Assistant Secretary or other authorized officer or person of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

Any Global Guarantee and any Guarantee to be endorsed on and to relate to the Securities of any series shall each be in substantially the applicable form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Resolution of a Guarantor or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Guarantees, as evidenced by their execution of the Guarantees. If the form of the Guarantee is to be endorsed on the Securities of any series and such form of Guarantee is established by action taken pursuant to a Board Resolution of a Guarantor, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary, or officer or person serving in a similar capacity, of the applicable Guarantor and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 202. *Form of Face of Security.*

[Insert any legend required by the Internal Revenue Code and the regulations thereunder.]

Anheuser-Busch InBev Worldwide Inc.

[Title of Security]

Payment of Principal[, Premium, if any,]
and Interest Irrevocably, Fully and Unconditionally Guaranteed by
Anheuser-Busch InBev SA/NV and Various Subsidiary Guarantors

No. •

\$ _____

Anheuser-Busch InBev Worldwide Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the “Company”, which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, on _____, the principal sum of

Dollars [if the Security is to bear interest prior to Maturity, insert —, and to pay interest thereon from _____ or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on _____ and _____ in each year, commencing _____, at the rate of % per annum, until the principal hereof is paid or made available for payment [if applicable, insert —; provided that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand].

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the _____ or _____ (whether or not a Business Day), as the case may be, immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture].

[If the Security is not to bear interest prior to Maturity, insert — The principal of this Security shall not bear interest except in the case of a default in payment of principal upon acceleration, upon redemption or at Stated Maturity, and in such case the overdue principal and any overdue premium shall bear interest at the rate of % per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment. Interest on any overdue principal or premium shall be payable on demand. [Any such interest on overdue principal or premium which is not paid on demand shall bear interest at the rate of % per annum (to the extent that the payment of such interest on interest shall be legally enforceable), from the date of such demand until the amount so demanded is paid or made available for payment. Interest on any overdue interest shall be payable on demand.]

Payment of the principal of (and premium, if any) and *[if applicable, insert — any such]* interest on this Security will be made at the office or agency of the Company maintained for that purpose in _____, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts *[if applicable, insert —; provided, however,* that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register]. Initially, the Paying Agent and Security Registrar for this Security will be The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri. The Company may change the Paying Agent or Security Registrar without prior notice to the Holders, and in such an event the Company may act as Paying Agent or Security Registrar. Payments of principal, premium, if any, and interest on this Security shall be made by wire transfer of immediately available funds; *provided, however,* that in the case of payments of principal and premium, if any, this Security is first surrendered to the Paying Agent.

Notwithstanding any provision of this Security or the Indenture, the Company may make any and all payments of principal, premium (if any) and interest on this Security pursuant to the applicable procedures of the Depository for this Security as permitted in the Indenture.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed *[include only if required by applicable law: under its corporate seal]*.

Dated:

By _____
Name: _____
Title: Authorized Officer

Attest:

SECTION 203. *Form of Reverse of Security.*

This Security is one of a duly authorized issue of securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of December 16, 2016, (herein called the “Indenture”, which term shall have the meaning assigned to it in such instrument), among the Company, Anheuser-Busch InBev SA/NV, as Parent Guarantor, the Subsidiary Guarantors party thereto from time to time and The Bank of New York Mellon Trust Company, N.A., as

Trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Guarantors, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof *[if applicable, insert —*, limited in aggregate principal amount to \$ *]*.

[If applicable, insert — The Securities of this series are subject to redemption upon not less than 30 days’ notice by mail (or if the Securities of this series are represented by one or more Global Securities, by transmission in accordance with the Depositary’s customary procedures therefor), *[if applicable, insert —* (1) on *]* in any year commencing with the year *]* and ending with the year *]* through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal amount, and (2)] at any time *[if applicable, insert —* on or after *]*, 20], as a whole or in part, at the election of the Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed *[if applicable, insert —* on or before *]*, *]* %, and if redeemed] during the 12-month period beginning *]* of the years indicated,

| Year | Redemption Price | Year | Redemption Price |
|------|------------------|------|------------------|
|------|------------------|------|------------------|

and thereafter at a Redemption Price equal to % of the principal amount, together in the case of any such redemption *[if applicable, insert —* (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert — The Securities of this series are subject to redemption upon not less than 30 days’ notice by mail (or if the Securities of this series are represented by one or more Global Securities, by transmission in accordance with the Depositary’s customary procedures therefor), (1) on *]* in any year commencing with the year *]* and ending with the year *]* through operation of the sinking fund for this series at the Redemption Prices for redemption through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below, and (2) at any time *[if applicable, insert —* on or after *]*, as a whole or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the sinking fund (expressed as percentages of the principal amount) set forth in the table below: If redeemed during the 12-month period beginning *]* of the years indicated,

| Year | Redemption Price For Redemption Through Operation of the Sinking Fund | Redemption Price For Redemption Otherwise Than Through Operation of the Sinking Fund |
|------|---|--|
|------|---|--|

and thereafter at a Redemption Price equal to % of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert — Notwithstanding the foregoing, the Company may not, prior to _____, redeem any Securities of this series as contemplated by [if applicable, insert — Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted financial practice) of less than % per annum.]

[If applicable, insert — The sinking fund for this series provides for the redemption on _____ in each year beginning with the year _____ and ending with the year _____ of [if applicable, insert — not less than \$ _____ (“mandatory sinking fund”) and not more than] \$ _____ aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [if applicable, insert — mandatory] sinking fund payments may be credited against subsequent [if applicable, insert — mandatory] sinking fund payments otherwise required to be made [if applicable, insert — , in the inverse order in which they become due].]

[If the Security is subject to redemption of any kind, insert — In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[If applicable, insert paragraph regarding subordination of the Security.]

[If applicable, insert — The Indenture contains provisions for defeasance at any time of [the entire indebtedness of this Security] [or] [certain restrictive covenants and Events of Default with respect to this Security] [, in each case] upon compliance with certain conditions set forth in the Indenture.]

[If the Security is not an Original Issue Discount Security, insert — If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.]

[If the Security is an Original Issue Discount Security, insert — If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to — *insert formula for determining the amount*. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal, premium and interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company's obligations in respect of the payment of the principal of and premium and interest, if any, on the Securities of this series shall terminate.]

[If applicable, add — In the event that any Guarantor becomes obligated to make payments in respect of the Securities of this series, such Guarantor will make all payments in respect of the Securities of this series 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 of the Securities of this series such additional amounts (the "Additional Amounts") as shall be necessary in order that the net amounts received by such 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 such Holder, or otherwise in any manner which does not constitute a deduction or withholding by such Guarantor from payment of principal or interest made by it, or

(b) are payable by reason of such 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 Securities of this series or the Guarantees thereof are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in the Relevant Taxing Jurisdiction, or

(c) are imposed or withheld by reason of the failure of such 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

(d) consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes, or

(e) are imposed on or with respect to any payment by the applicable Guarantor to the registered Holder of this Security 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 Security, 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 such Holders, whichever occurs later, or

(h) are payable because this Security was presented to a particular paying agent for payment if this 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 Securities of this series shall be deemed to include any Additional Amounts which may be payable as set forth in the Indenture.

The 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, and will apply to the Company any time it is incorporated in a jurisdiction outside of the United States.]

In addition,] [A]ny amounts to be paid by the Company or any Guarantor on the Securities of this series 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 thereunder 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.

[If applicable, add – The Securities of this series may be redeemed at any time, at the Company'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 Securities of this 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") would require the Company (or if a payment were then due under a Guarantee, the relevant Guarantor) to pay Additional Amounts and (ii) such obligation cannot be avoided by the Company (or the relevant Guarantor) taking reasonable measures available to it. Additional Amounts are payable by the Company under the circumstances described below under "—Additional Amounts"; provided, however, that the Securities of this series may not be redeemed to the extent such Additional Amounts arise solely as a result of the Company assigning its obligations under the Securities of this series to a Substitute Company, unless this assignment to a Substitute Company is undertaken as part of a plan of merger by the Parent Guarantor.]

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company or the Guarantors and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in principal amount of the Securities at the time Outstanding affected thereby. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company and the Guarantors with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee indemnity and/or security, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity and/or security. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of \$ _____ and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Guarantors, the Trustee and any agent of the Company, the Guarantors or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Guarantors, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

SECTION 204. *Form of Legends for Securities.*

Unless otherwise specified as contemplated by Section 301 for the Securities evidenced thereby, every Security authenticated and delivered hereunder shall bear legends in substantially the following form:

[*If a Global Security:*]

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO ANHEUSER-BUSCH INBEV WORLDWIDE INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

[If a Security that is offered and sold pursuant to Rule 144A or Regulation S under the Securities Act:]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF (I) IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM SUCH REGISTRATION, (II) WITHIN THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, PERSONS OTHER THAN “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (III) OUTSIDE THE UNITED STATES OTHER THAN TO PERSONS WHO ARE U.S. PERSONS IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT. EACH PERSON ACQUIRING AN OWNERSHIP INTEREST IN THIS SECURITY (1) SHALL BE DEEMED TO REPRESENT AND WARRANT THAT IT EITHER (A) IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) AND IS OUTSIDE THE UNITED STATES OR (C) IS ACQUIRING SUCH OWNERSHIP INTEREST PURSUANT TO A VALID REGISTRATION STATEMENT OR IN ANOTHER TRANSACTION EXEMPT FROM SUCH REGISTRATION; (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE FOREGOING RESTRICTIONS, AND IN ANY CASE IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION; (3) PRIOR TO SUCH TRANSFER, AGREES THAT IT WILL FURNISH TO THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS SECURITY REGISTRAR (OR A SUCCESSOR REGISTRAR, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE SECURITY REGISTRAR AND THE COMPANY MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (4) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE

TERMS “UNITED STATES”, “U.S. PERSON” AND “OFFSHORE TRANSACTION” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

[For all Securities the offer and sale of which is not registered under the Securities Act:]

THIS SECURITY AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED BY THE ACCEPTANCE OF THIS SECURITY TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

SECTION 205. *Form of Trustee’s Certificate of Authentication.*

The Trustee’s certificates of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
As Trustee

By _____
Authorized Signatory

SECTION 206. *Guarantees by Guarantors.*

(a) Subject to this Indenture and unless provided otherwise under any Board Resolution or indenture supplement hereto, each Guarantor hereby jointly and severally, irrevocably, fully and unconditionally guarantees to the Trustee and the Holder of any Security issued under this Indenture duly authenticated and delivered by the Trustee, the due and punctual payment of the principal, and premium, if any, of (including any amount in respect of original issue discount) and interest, if any (together with any Additional Amounts payable pursuant to the terms of any such Security), on any such Security and the due and punctual payment of the sinking fund payments, if any, and analogous obligations, if any, provided for pursuant to the terms of any such Security, when and as the same shall become due and payable, whether at Stated Maturity or upon redemption, repayment or upon declaration of acceleration or otherwise according to the terms of any such Security and of the Indenture. In case of default by the Company in the payment of any such principal (including any amount in respect of original issue discount), and any premium or interest (together with any Additional Amounts payable pursuant to the terms of any such Security), sinking fund payment, or analogous obligation, each Guarantor agrees, duly and punctually to pay the same when and as the same shall become due and payable. Each Guarantor hereby agrees that its obligations hereunder shall be as principal and not merely as surety and shall be absolute and unconditional irrespective of any extension of the time for payment of any such Security,

any modification of any such Security, any invalidity, irregularity or unenforceability of any such Security or the Indenture, any failure to enforce the same or any waiver, modification, consent or indulgence granted to the Company with respect thereto by the holder of any such Security or the Trustee, or any other circumstances which may otherwise constitute a legal or equitable discharge of a surety or guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Company, any right to require a demand or proceeding first against the Company, protest or notice with respect to any such Security or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee will not be discharged as to any such Security except by payment in full of the principal of (including any amount payable in respect of original issue discount), and any premium or interest (together with any Additional Amounts payable pursuant to the terms of any such Security) thereon.

(b) Any Guarantee may be represented by a Global Guarantee, by a Guarantee endorsed on the Securities of the series covered by the Guarantee or by any other means permitted by law.

(c) If the Guarantee is to be represented by a Guarantee endorsed on and relating to the Securities of a particular series authenticated and delivered hereunder, such Guarantee shall, subject to Section 201, Section 208 (in respect of a Subsidiary Guarantee) and Section 211, be in substantially the form set forth below:

GUARANTEE

For value received, the undersigned (herein called the “Guarantors”, and each, a “Guarantor” which terms include any successor Person or Persons under the Indenture referred to in the Security upon which this Guarantee is endorsed), hereby jointly and severally, irrevocably, fully and unconditionally guarantee to the Trustee and to each Holder of this Security, which has been authenticated and delivered by the Trustee, the due and punctual payment of the principal of (including any amount in respect of original issue discount), and any premium and interest (together with any Additional Amounts payable pursuant to the terms of this Security), on this Security and the due and punctual payment of the sinking fund payments, if any, and analogous obligations, if any, provided for pursuant to the terms of this Security, when and as the same shall become due and payable, whether at Stated Maturity or upon redemption or upon declaration of acceleration or otherwise according to the terms of this Security and of the Indenture. In case of default by the Company in the payment of any such principal (including any amount in respect of original issue discount), interest (together with any Additional Amounts payable pursuant to the terms of this Security), sinking fund payment, or analogous obligation, each Guarantor agrees duly and punctually to pay the same. Each Guarantor hereby agrees that its obligations hereunder shall rank *pari passu* with all other unsecured and unsubordinated obligations of such Guarantor, shall be as principal and not merely as surety, and shall be absolute and unconditional irrespective of any extension of the time for payment of this Security, any modification of this Security, any invalidity, irregularity or unenforceability of this Security or the Indenture, any failure to enforce the same or any waiver, modification, consent or indulgence granted to the Company with respect thereto by the Holder of this Security or the Trustee, or any other circumstances which may otherwise constitute a legal or equitable discharge of a surety or guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment,

filing of claims with a court in the event of merger or bankruptcy of the Company, any right to require a demand or proceeding first against the Company, protest or notice with respect to this Security or the indebtedness evidenced thereby and all demands whatsoever, and covenants that this Guarantee will not be discharged as to this Security except by payment in full of the principal of (including any amount payable in respect of original issue discount), and any premium and interest (together with any Additional Amounts payable pursuant to the terms of this Security), thereon.

Each Guarantor irrevocably waives any and all rights to which it may be entitled, by operation of law or otherwise, upon making any payment hereunder (i) to be subrogated to the rights of a Holder against the Company with respect to such payment or otherwise to be reimbursed, indemnified or exonerated by the Company in respect thereof or (ii) to receive any payment, in the nature of contribution or for any other reason, from any other obligor with respect to such payment.

This Guarantee shall not be valid or become obligatory for any purpose with respect to this Security until the certificate of authentication on this Security shall have been signed by the Trustee.

All terms used in this Guarantee which are not defined herein shall have the meaning assigned to them in the Security upon which this Guarantee is endorsed.

This Guarantee is subject to the release upon the terms set forth in the Indenture.

This Guarantee is subject to certain limitations and waivers set forth in the Indenture, as it may be supplemented from time to time.

This Guarantee is governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee to be signed manually or by facsimile by its duly authorized officer or representative and, if required by applicable law, has caused a facsimile of its corporate seal to be affixed hereunto or imprinted hereon.

[GUARANTOR(S)]

By: _____
Name:
Title: Authorized Officer

(d) If a Guarantee is to be represented by a Global Guarantee, then such Guarantee shall, subject to Section 201, Section 208 (in respect of a Subsidiary Guarantee) and Section 211, be in substantially the form set forth below:

GLOBAL GUARANTEE

For value received, the undersigned (herein called the “Guarantor”, which term includes any successor Person or Persons under the Indenture, dated as of December 16, 2016, between the Company, Anheuser-Busch InBev SA/NV, as Parent Guarantor, the Subsidiaries of the Parent Guarantor party thereto from time to time, as Subsidiary Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee, as the same may be supplemented from time to time (the “*Indenture*”)), hereby jointly and severally, irrevocably, fully and unconditionally guarantee to the Trustee and to every holder of the Securities of the Company issued from time to time pursuant to the Indenture from and after the date of this Global Guarantee to but not including the date on which the Guarantor’s Notice of Revocation becomes effective, as provided below, which Securities have been authenticated and delivered by the Trustee or its Authenticating Agent, the due and punctual payment of the principal of (including any amount in respect of original issue discount), and any premium and interest (together with any Additional Amounts payable pursuant to the terms of the Securities), on the Securities and the due and punctual payment of the sinking fund payments, if any, and analogous obligations, if any, provided for pursuant to the terms of the Securities, when and as the same shall become due and payable, whether at Stated Maturity or upon redemption or upon declaration of acceleration or otherwise according to the terms of the Securities, or any one of them, and of the Indenture.

The total liability of the Guarantor in respect of all Securities issued pursuant to the Indenture shall not at any time exceed the aggregate principal sum of U.S. dollars plus interest and other monies (if any) from time to time payable by the Company in respect thereto.

In case of default by the Company in the payment of any such principal (including any amount in respect of original issue discount), interest (together with any Additional Amounts payable pursuant to the terms of the Securities), sinking fund payment, or analogous obligation, the Guarantor agrees duly and punctually to pay the same. The Guarantor hereby agrees that its obligations hereunder shall rank *pari passu* with all its other unsecured and unsubordinated obligations, shall be as principal and not merely as surety, and shall be absolute and unconditional irrespective of any extension of the time for payment of the Securities, any modification of the Securities, any invalidity, irregularity or unenforceability of the Securities or the Indenture, any failure to enforce the same or any waiver, modification, consent or indulgence granted to the Company with respect thereto by the Holder of the Securities or the Trustee, or any other circumstances which may otherwise constitute a legal or equitable discharge of a surety or guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Company, any right to require a demand or proceeding first against the Company, protest or notice with respect to the Securities or the indebtedness evidenced thereby and all demands whatsoever, and, except as provided in the second succeeding paragraph, covenants that this Global Guarantee will not be discharged as to the Securities, or any one of them, except by payment in full of the principal of (including any amount payable in respect of original issue discount), and any premium and interest (together with any Additional Amounts payable pursuant to the terms of the Securities), thereon.

The Guarantor irrevocably waives any and all rights to which it may be entitled, by operation of law or otherwise, upon making any payment hereunder (i) to be subrogated to the rights of a Holder against the Company with respect to such payment or otherwise to be reimbursed, indemnified or exonerated by the Company in respect thereof or (ii) to receive any payment, in the nature of contribution or for any other reason, from any other obligor with respect to such payment.

This Global Guarantee shall be revocable at the sole option of the Guarantor by providing the Trustee with written notice (a “Notice of Revocation”) of the revocation of this Global Guarantee, which shall become effective on the date specified therein, but in any event no sooner than five Business Days after the date on which such Notice of Revocation shall be delivered to the Trustee; *provided, however*, that any revocation of this Global Guarantee will only apply to Securities issued following the date specified in the Notice of Revocation and will not impair or otherwise affect the validity of the Global Guarantee to the extent relating to the Securities of any series issued prior to the date of the Notice of Revocation.

All terms used in this Global Guarantee which are not defined herein shall have the meaning assigned to them in the Indenture.

This Global Guarantee is subject to certain limitations and waivers set forth in the Indenture, as it may be supplemented from time to time.

This Global Guarantee is governed by and construed in accordance with the laws of the State of New York.

(e) A facsimile of any Global Guarantee may be endorsed on or appended to the Securities of any series covered by such Guarantee; provided, however, that the failure to endorse the Global Guarantee on or append it to the Securities of a series covered by such Guarantee shall not affect the validity or enforceability of such Guarantee, which shall remain in full force and effect with respect to all Securities of that series. A Global Guarantee shall be effective with respect to the Securities of a series issued after such Global Guarantee is delivered (and before such Global Guarantee is revoked pursuant to a Notice of Revocation) even if the Guarantor has not received notice of or otherwise approved the issuance thereof by Supplemental Indenture or otherwise.

SECTION 207. *Additional Guarantees.*

The form and terms of any Guarantee by any subsequent Subsidiary Guarantor, including any applicable legal, regulatory or contractual restrictions, shall be specified in an indenture supplement hereto pursuant to Section 901(2) and may be changed for any such series of Securities as provided in the applicable indenture supplement.

SECTION 208. *Release of Guarantee.*

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 (i) (for so long as any commitments remain outstanding under the 2010 Senior Facility Agreement) at substantially the same time as its Guarantee of the Securities is terminated, the relevant Guarantor is, or has been, released from its guarantee of the 2010 Senior Facility Agreement 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) at substantially the same time as its Guarantee of the Securities is terminated,

the relevant 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 Subsidiary 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 Subsidiary Guarantor's indebtedness for borrowed money shall not include (A) any Securities issued under this Indenture, the January 2009 Indenture, the October 2009 Indenture or the January 2013 Indenture, (B) any other debt the terms of which permit the termination of the Subsidiary Guarantor's guarantee of such debt under similar circumstances, as long as such Subsidiary Guarantor's obligations in respect of such other debt are terminated at substantially the same time as its guarantee of the relevant series of Securities in respect of which its Subsidiary Guarantee is being terminated, and (C) any debt that is being refinanced at substantially the same time that the Subsidiary Guarantee of the relevant series of Securities in respect of which its Subsidiary Guarantee is being terminated, provided that any obligations of the Subsidiary Guarantor in respect of the debt that is incurred in the refinancing shall be included in the calculation of the Subsidiary Guarantor's indebtedness for borrowed money. If no commitments remain outstanding under the 2010 Senior Facility Agreement or the 2015 Senior Facilities Agreement, a Subsidiary Guarantor shall be entitled to terminate its Subsidiary Guarantee solely upon compliance with the conditions set out in clause (iii) above. Upon the occurrence of the foregoing, upon delivery of an Officer's Certificate of the Parent Guarantor confirming such conditions are satisfied, the Trustee shall execute any documents reasonably requested by the Parent Guarantor in order to evidence such release, discharge and termination in respect of the applicable Subsidiary Guarantee

Any Subsidiary Guarantor with limitations on its Guarantee pursuant to Section 209 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, and the Trustee shall execute any documents reasonably requested by the Parent Guarantor in order to evidence such release, discharge and termination, with respect to any or all series of Securities issued under this Indenture, in the event that the Parent Guarantor determines that under the rules, regulations or interpretations of the Commission such Subsidiary Guarantor would be required to include its financial statements in any registration statement filed with the Commission with respect to Securities or Guarantees issued hereunder or in periodic reports filed with or furnished to the Commission (by reason of such limitations or otherwise).

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, and the Trustee shall execute any documents reasonably requested by the Parent Guarantor in order to evidence such release, discharge and termination, in the event the Subsidiary Guarantor is no longer a Subsidiary of the Parent Guarantor or disposes of all or substantially all of its assets to a Person who is not a Subsidiary of the Parent Guarantor.

SECTION 209. *Limitations on Guarantees.*

Further, certain of the Guarantees are subject to legal, regulatory or contractual limitations, as specified below or as may be provided in an indenture supplemental hereto by which a Subsidiary Guarantor may accede to this Indenture. Each such Subsidiary Guarantor shall be entitled to amend or modify by execution of an indenture supplemental hereto the terms of its Guarantee or the limitations applicable to its Guarantee, as set forth in this Section 209, 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 Commission.

(a) In respect of any Guarantee provided from time to time by Brandbrew (the “*Brandbrew Guarantee*”):

(1) notwithstanding anything to the contrary in the Brandbrew Guarantee, the maximum aggregate liability of Brandbrew under such Brandbrew Guarantee, together with any actual or contingent liabilities as a guarantor under the Other Guaranteed Facilities, shall not exceed an amount equal to the aggregate of (without double counting):

(A) the aggregate amount of all moneys received by Brandbrew and its Subsidiaries as a borrower or issuer under the Other Guaranteed Facilities;

(B) the aggregate amount of all outstanding intercompany loans made to Brandbrew and its Subsidiaries by other members of the Anheuser-Busch InBev Group which have been directly or indirectly funded using the proceeds of borrowings under this Indenture or the Other Guaranteed Facilities; and

(C) an amount equal to 100% of the greater of:

(i) the sum of (x) Brandbrew’s own capital (*capitaux propres*) (as referred to by article 34 of the Luxembourg law dated December 19, 2002 on the commercial register and annual accounts, as amended (the “*Luxembourg Law of 2002*”) and as implemented by the Grand-Ducal regulation dated December 18, 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 Brandbrew’s then most recent annual accounts approved by the competent organ of Brandbrew (as audited by its statutory auditor (*réviseur d’entreprises agréé*), if required by law) at the date an enforcement is made under the Brandbrew Guarantee and (y) any amounts owed by Brandbrew to any other member of the Anheuser-Busch InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under this Indenture or the Other Guaranteed Facilities;

(ii) the sum of (x) Brandbrew'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 as of the date of this Indenture and (y) any amounts owed by Brandbrew to any other member of the Anheuser-Busch InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under this Indenture or the Other Guaranteed Facilities;

(2) for the avoidance of doubt, the limitation referred to in paragraph (1) above shall not apply to the guarantee by Brandbrew of any obligations owed by its Subsidiaries under any Other Guaranteed Facilities;

(3) in addition to the limitation referred to in paragraph (1) above, the obligations and liabilities of Brandbrew under this Indenture or under any 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 August 10, 1915, as amended, to the extent such or an equivalent provision is applicable to Brandbrew; and

(4) Brandbrew hereby expressly accepts and confirms, for the purposes of article 1281 of the Luxembourg civil code, that notwithstanding any novation permitted under, and made in accordance with the provisions of this Indenture, the Brandbrew Guarantee shall be preserved for the benefit of any new Holder.

(b) In respect of any Guarantee provided from time to time by Brandbev (the "*Brandbev Guarantee*"):

(1) notwithstanding anything to the contrary in the Brandbev Guarantee, the maximum aggregate liability of Brandbev under such Brandbev Guarantee, together with any actual or contingent liabilities as a guarantor under the Other Guaranteed Facilities, shall not exceed an amount equal to the aggregate of (without double counting):

(A) the aggregate amount of all moneys received by Brandbev and its Subsidiaries as a borrower or issuer under the Other Guaranteed Facilities;

(B) the aggregate amount of all outstanding intercompany loans made to Brandbev and its Subsidiaries by other members of the Anheuser-Busch InBev Group which have been directly or indirectly funded using the proceeds of borrowings under this Indenture or the Other Guaranteed Facilities; and

(C) an amount equal to 100% of the greater of:

(i) the sum of (x) Brandbev'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 Brandbev's then most recent annual accounts approved by the competent organ of Brandbev (as audited by its statutory auditor (*réviseur d'entreprises agréé*), if required by law) at the date an enforcement is made under the Brandbev Guarantee and (y) any amounts owed by Brandbev to any other member of the Anheuser-Busch InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under this Indenture or the Other Guaranteed Facilities; and

(ii) the sum of (x) Brandbev'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 as of the date of this Indenture and (y) any amounts owed by Brandbev to any other member of the Anheuser-Busch InBev Group which have not been funded, directly or indirectly, using the proceeds of borrowings under this Indenture or the Other Guaranteed Facilities;

(2) for the avoidance of doubt, the limitation referred to in paragraph (1) above shall not apply to the guarantee by Brandbev of any obligations owed by its Subsidiaries under any Other Guaranteed Facilities; and

(3) Brandbev hereby expressly accepts and confirms, for the purposes of article 1281 of the Luxembourg civil code, that notwithstanding any novation permitted under, and made in accordance with the provisions of this Indenture, the Brandbev Guarantee shall be preserved for the benefit of any new Holder.

(c) For the purpose of this Section 209, "*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 Facility Agreement;

(3) the 2015 Senior Facilities Agreement;

(4) any debt securities issued or guaranteed by Brandbrew, Brandbev or the Parent Guarantor under the €15,000,000,000 Euro Medium Term Note Programme originally entered into on January 16, 2009;

(5) any debt securities guaranteed by Brandbrew or Brandbev under the January 2009 Indenture;

(6) any debt securities guaranteed by Brandbrew or Brandbev under the October 2009 Indenture;

(7) any debt securities guaranteed by Brandbrew or Brandbev 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 the Company 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 August 20, 2014;

(8) any debt securities guaranteed by Brandbrew or Brandbev under the January 2013 Indenture;

(9) any debt securities guaranteed by Brandbrew or Brandbev under the January 2016 Indenture;

(10) any other debt securities guaranteed by Brandbrew or Brandbev under this Indenture; and

(11) any refinancing (in whole or part) of any of the above items or the Base Indenture for the same or a lower amount.

SECTION 210. *CUSIP Numbers.*

The Company in issuing any series of the Securities may use CUSIP numbers, if then generally in use, and thereafter with respect to such series, the Trustee may use such numbers in any notice of redemption or exchange with respect to such series provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption or exchange and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee in writing of any change in the CUSIP numbers.

SECTION 211. *Non-Impairment*

The absence of an endorsement of a Guarantee on any Security and the lack of evidence of any guarantee of each Security by a written instrument other than this Indenture shall not affect or impair the validity of such Guarantee.

ARTICLE THREE

THE SECURITIES

SECTION 301. *Amount Unlimited; Issuable in Series.*

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 303, set forth, or determined in the manner provided, in an Officer's Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906 or 1107 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(3) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

(4) the date or dates on which the principal of any Securities of the series is payable;

(5) the rate or rates at which any Securities of the series shall bear interest, if any, the date or dates from which any such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable, and the Regular Record Date for any such interest payable on any Interest Payment Date;

(6) the place or places where the principal of and any premium and interest on any Securities of the series shall be payable;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series may be redeemed, in whole or in part, at the option of the Company and, if other than by a Board Resolution, the manner in which any election by the Company to redeem the Securities shall be evidenced;

(8) the obligation, if any, of the Company to redeem or purchase any Securities of the series pursuant to any sinking fund or analogous provisions or at the option of the Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which any Securities of the series shall be issuable;

(10) if the amount of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts shall be determined;

(11) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of or any premium or interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for any purpose, including for purposes of the definition of "Outstanding" in Section 101;

(12) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Company or the Holder thereof, in one or more currencies or currency units other than that or those in which such Securities are stated to be payable, the currency, currencies or currency units in which the principal of or any premium or interest on such Securities as to which such election is made shall be payable, the periods within which and the terms and conditions upon which such election is to be made and the amount so payable (or the manner in which such amount shall be determined);

(13) if other than the entire principal amount thereof, the portion of the principal amount of any Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(14) if the principal amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);

(15) if applicable, that the Securities of the series, in whole or any specified part, shall be defeasible pursuant to Section 1302 or Section 1303 or both such Sections and, if other than by a Board Resolution, the manner in which any election by the Company to defease such Securities shall be evidenced;

(16) if applicable, that any Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Section 204 and any circumstances in addition to or in lieu of those set forth in Clause (2) of the last paragraph of Section 305 in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depositary for such Global Security or a nominee thereof;

(17) any addition to or change in the Events of Default which applies to any Securities of the series and any change in the right of the Trustee or the requisite Holders of such Securities to declare the principal amount thereof due and payable pursuant to Section 502;

(18) any addition to or change in the covenants set forth in Article Ten which applies to Securities of the series; and

(19) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 901(5)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 303) set forth, or determined in the manner provided, in the Officer's Certificate referred to above or in any such indenture supplemental hereto.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary or other authorized officer or person of the Company and delivered to the Trustee at or prior to the delivery of the Officer's Certificate setting forth the terms of the series.

All Securities of any one series need not be issued at the same time and, unless otherwise so provided by the Company, a series may be reopened for issuances of additional Securities of such series with identical terms and conditions (other than the issue date, issue price and, if applicable, initial interest accrual date and first Interest Payment Date).

SECTION 302. *Denominations.*

The Securities of each series shall be issuable only in registered form without coupons and only in such denominations as shall be specified as contemplated by Section 301. In the absence of any such specified denomination with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

SECTION 303. *Execution, Authentication, Delivery and Dating.*

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its President, one of its Vice Presidents or any other person authorized by its Board of Directors to execute Securities, and any Guarantees to be endorsed on the Securities of a particular series shall be executed on behalf of the applicable Guarantor by an authorized officer or person, in each case under such entity's corporate seal if required by applicable law, reproduced thereon. The signature of any of these officers or persons on the Securities or Guarantees may be manual or facsimile.

Any Global Guarantee shall be executed and delivered on behalf of the applicable Guarantor by an authorized officer or person, under its corporate seal if required by applicable law, reproduced thereon. The signature of any of these officers or persons on the Global Guarantee may be manual or facsimile. A facsimile of any Global Guarantee may (but need not) be appended to each Security covered by such Global Guarantee.

Securities or Guarantees bearing the manual or facsimile signatures of individuals who were at any time the proper officers or authorized representatives of the Company or a Guarantor, as applicable, shall bind the Company and the applicable Guarantor, as applicable, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company and, if applicable, endorsed with any Guarantees of the Securities of such series or with a facsimile of any Global Guarantees relating to the Securities of such series appended, in each case, to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities with any Guarantees endorsed thereon or appended thereto. If the form or terms of the Securities of the series have been established by or pursuant to one or more Board Resolutions as permitted by Sections 201 and 301, in authenticating such Securities and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating,

(1) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of such Securities have been established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture;

(3) that such Securities have been duly executed and, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and

(4) that such Guarantees have been duly executed and, when the Securities on which they shall have been endorsed or to which facsimiles thereof have been appended shall have been authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of each Guarantor thereof enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and provided that such Opinion of Counsel need not express any opinion on financial assistance or the consequences thereof.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the provisions of Section 301 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officer's Certificate otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 309, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of any Guarantee endorsed thereon on behalf of the Guarantors that have not executed a Global Guarantee; *provided, however*, that a Guarantee shall not be deemed delivered if pursuant to Section 301 the Security is

originally issued without a Guarantee; if the Guarantee is thereafter attached pursuant to an order of a Guarantor, then after authentication of the corresponding Guarantee, the corresponding Guarantee shall be deemed delivered. The Trustee, in accordance with the Company Order and order of the applicable Guarantor, shall authenticate the Guarantee and deliver such Securities.

SECTION 304. *Temporary Securities.*

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which may have endorsed thereon or appended thereto Guarantees duly executed by the applicable Guarantors, which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities of any series are issued, the Company will cause definitive Securities, which may have endorsed thereon or appended thereto Guarantees duly executed by the applicable Guarantors of that series, to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series, having endorsed thereon or appended thereto the Guarantees duly executed by the Guarantors, upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Securities of the same series, which may have endorsed thereon or appended thereto Guarantees duly executed by the applicable Guarantors, of any authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

SECTION 305. *Registration, Registration of Transfer and Exchange.*

(a) *Registration, Restriction of Transfer and Exchange, Generally.* The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office or in any other office or agency of the Company in a Place of Payment being herein sometimes referred to as the “Security Register”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed “Security Registrar” for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of a series at the office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of like tenor and aggregate principal amount, and having endorsed thereon or appended thereto any Guarantees which were endorsed on or appended to the Securities so surrendered.

Subject to this Section 305(a) and Section 305(b), at the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive, and having endorsed thereon or appended thereto any Guarantees which were endorsed on or appended to the Securities so surrendered.

All Securities and any Guarantees endorsed thereon or appended thereto issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company and the Guarantors, as applicable, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company, the Parent Guarantor and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906 or 1107 not involving any transfer.

If the Securities of any series (or of any series and specified tenor) are to be redeemed in part, the Company shall not be required (A) to issue, register the transfer of or exchange any Securities of that series (or of that series and specified tenor, as the case may be) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of any such Securities selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (B) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

The provisions of Clauses (1), (2), (3) and (4) below shall apply only to Global Securities:

(1) Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

(2) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depositary for such Global Security or a nominee thereof unless (A) such Depositary (i) has notified the Company that it is unwilling or unable to continue as Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act, (B) there shall have occurred and be continuing an Event of Default with respect to such Global Security, or (C) there shall exist such circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by Section 301.

(3) Subject to Clause (2) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct.

(4) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section, Section 304, 306, 906 or 1107 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

(b) *Certain Transfers and Exchanges.* Notwithstanding any other provision of this Indenture or the Securities, transfers and exchanges of Securities and beneficial interests in a Global Security of the kinds specified in this Section 305(b) shall be made only in accordance with this Section 305(b).

(1) *Transfer and Exchange of Beneficial Interests in Global Securities.* The transfer and exchange of beneficial interests in Global Securities will be effected through the applicable Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Securities will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in Global Securities also will require compliance with either subparagraph (A) or (B) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(A) *Transfer of Beneficial Interests in the Same Global Security.* Beneficial interests in any Restricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Security in accordance with the transfer restrictions set forth in the applicable legends provided thereon; provided, however, that transfers of beneficial interests in the Global Security issued pursuant to Regulation S under the Securities Act may not be made to a U.S. Person or for the account or benefit of a U.S. Person prior to the expiration of the 40-day “Distribution Compliance Period” under Regulation S, unless such person is a “Distributor” as defined in Rule 902 under the Securities Act. Beneficial interests in any Unrestricted

Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security. No written orders or instructions shall be required to be delivered to the Security Registrar to effect the transfers described in this Section 305(b)(1)(A).

(B) *All Other Transfers and Exchanges of Beneficial Interests in Global Securities.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 305(b)(1)(A) above, the transferor of such beneficial interest must deliver to the Security Registrar both (i) a written order from a Participant or an Indirect Participant given to the applicable Depositary in accordance with the Applicable Procedures directing the applicable Depositary to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged, and (ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase.

(C) *Transfer of Beneficial Interests to Another Restricted Global Security.* A beneficial interest in any Restricted Global Security may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Security if the transfer complies with the requirements of Section 305(a) above and the Security Registrar receives the following:

(i) if the transferee will take delivery in the form of a beneficial interest in a Global Security offered and sold pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of **Annex A** hereto, including the certifications in item (1) thereof; and

(ii) if the transferee will take delivery in the form of a beneficial interest in a Global Security offered and sold pursuant to Regulation S under the Securities Act, then the transferor must deliver a certificate in the form of **Annex A** hereto, including the certifications in item (2) thereof.

(D) *Transfer and Exchange of Beneficial Interests in a Restricted Global Security for Beneficial Interests in an Unrestricted Global Security.* A beneficial interest in any Restricted Global Security may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Security or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security if the exchange or transfer complies with the requirements of Section 305(a) above and the Security Registrar receives the following: (i) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of **Annex B** hereto, including the certifications in item (1)(a) thereof; or (ii) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to

a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of **Annex A** hereto, including the appropriate certifications in item (3) thereof; and, in each such case, if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the applicable legends provided thereon are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to clause (D) above at a time when an Unrestricted Global Security has not yet been issued, the Company shall issue and, upon receipt of a Company Order in accordance with Section 303 hereof, the Trustee shall authenticate one or more Unrestricted Global Securities in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to clause (3) above.

Beneficial interests in an Unrestricted Global Security cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Security.

(2) *Transfer or Exchange of Beneficial Interests for Certificated Securities.* If any one of the events listed in Section 305(a) has occurred or the Company has elected to cause the issuance of certificated Securities, transfers or exchanges of beneficial interests in a Global Security for a certificated Security shall be effected, subject to the satisfaction of the conditions set forth in the applicable subclauses of this Section 305(b)(2).

(A) *Beneficial Interests in Restricted Global Securities to Restricted Certificated Securities.* If any holder of a beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Certificated Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Certificated Security, then, upon receipt by the Security Registrar of the following documentation:

(i) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Certificated Security, a certificate from such holder in the form of **Annex B** hereto, including the certifications in item (2)(a) thereof;

(ii) if such beneficial interest is being transferred to a qualified institutional buyer in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in **Annex A** hereto, including the certifications in item (1) thereof;

(iii) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in **Annex A** hereto, including the certifications in item (2) thereof;

(iv) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in **Annex A** hereto, including the certifications in item (3)(a) thereof; and

(v) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in **Annex A** hereto, including the certifications in item (4) thereof;

the Trustee shall cause the aggregate principal amount of the applicable Global Security to be reduced accordingly pursuant to Section 305(c) hereof, and the Company shall execute and upon receipt of a Company Order the Trustee shall authenticate and deliver to the Person designated in the instructions a Certificated Security in the appropriate principal amount. If any Guarantees were endorsed on or appended to the applicable Global Security, then such Guarantees (or facsimiles thereof) shall be endorsed on or appended to the Certificated Security. Any Certificated Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 305(b)(2) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Certificated Securities to the Persons in whose names such Securities are so registered. Any Certificated Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 305(b)(2) shall bear the appropriate legends and shall be subject to all restrictions on transfer contained therein.

(B) *Beneficial Interests in Restricted Global Securities to Unrestricted Certificated Securities.* A holder of a beneficial interest in a Restricted Global Security may exchange such beneficial interest for an Unrestricted Certificated Security or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Certificated Security only if:

(i) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Annex A hereto, including the certifications in item (3)(a) thereof; or

(ii) the Security Registrar receives the following:

(a) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for an Unrestricted Certificate Security, a certificate from such holder in the form of Annex B hereto, including the certifications in item (1)(b) thereof; or

(b) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Certificated Security, a certificate from such holder in the form of Annex A hereto, including the appropriate certifications in item (3) thereof;

and, in each such case set forth in this subparagraph (ii), if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the appropriate legends are no longer required in order to maintain compliance with the Securities Act.

(C) *Beneficial Interests in Unrestricted Global Securities to Unrestricted Certificated Securities.* If any holder of a beneficial interest in an Unrestricted Global Security proposes to exchange such beneficial interest for a Certificated Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Certificated Security, then, upon satisfaction of the conditions set forth in Section 305(b)(1)(B) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Security to be reduced accordingly pursuant to Section 305(c) hereof, and the Company will execute and upon receipt of a Company Order the Trustee will authenticate and deliver to the Person designated in the instructions a Certificated Security in the appropriate principal amount. Any Certificated Security issued in exchange for a beneficial interest pursuant to this Section 305(b)(2)(C) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Security Registrar from or through the applicable Depositary and the Participant or Indirect Participant. The Trustee will deliver such Certificated Securities to the Persons in whose names such Securities are so registered. Any Certificated Security issued in exchange for a beneficial interest pursuant to this Section 305(b)(2)(C) will not bear a Restricted Security legend.

(3) *Transfer and Exchange of Certificated Securities for Beneficial Interests.*

(A) *Restricted Certificated Securities to Beneficial Interests in Restricted Global Securities*. If any Holder of a Restricted Certificated Security proposes to exchange such Security for a beneficial interest in a Restricted Global Security or to transfer such Restricted Certificated Security to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Security, then, upon receipt by the Security Registrar of the following documentation:

(i) if the Holder of such Restricted Certificated Security proposes to exchange such Security for a beneficial interest in a Restricted Global Security, a certificate from such Holder in the form of **Annex B** hereto, including the certifications in item (2)(b) thereof;

(ii) if such Restricted Certificated Security is being transferred to a qualified institutional buyer in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in **Annex A** hereto, including the certifications in item (1) thereof;

(iii) if such Restricted Certificated Security is being transferred to a non-U.S. Person (as defined in Regulation S) in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in **Annex A** hereto, including the certifications in item (2) thereof; and

(iv) if such Restricted Certificated Security is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in **Annex A** hereto, including the certifications in item (4) thereof;

the Trustee will cancel the Restricted Certificated Security, increase or cause to be increased the aggregate principal amount of, in the case of clause (i) above, the appropriate Restricted Global Security, in the case of clause (ii) above, the Global Security offered and sold pursuant to Rule 144A under the Securities Act, and in the case of clause (iii) above, the Global Security offered and sold pursuant to Regulation S under the Securities Act.

(B) *Restricted Certificated Securities to Beneficial Interests in Unrestricted Global Securities*. A Holder of a Restricted Global Security may exchange such Security for a beneficial interest in an Unrestricted Global Security or transfer such Restricted Global Security to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security only if:

(i) if such Restricted Certificated Security is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144,

a certificate to the effect set forth in **Annex A** hereto, including the certifications in item (3)(a) thereof; or

(ii) the Security Registrar receives: (A) if the Holder of such Restricted Certificated Security proposes to exchange such Restricted Certificated Security for a beneficial interest in the Unrestricted Global Security, a certificate from such Holder in the form of **Annex B** hereto, including the certifications in item (1)(c) thereof, or (B) if the Holder of such Restricted Certificated Security proposes to transfer such Restricted Certificated Security to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Security, a certificate from such Holder in the form of **Annex A** hereto, including the appropriate certifications in item (3) thereof, and, in each such case, if the Company so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the applicable legends are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 305(b)(3)(B), the Trustee will cancel the Certificated Security and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Security.

(C) *Unrestricted Certificated Securities to Beneficial Interests in Unrestricted Global Securities.* A Holder of an Unrestricted Certificated Security may exchange such Security for a beneficial interest in an Unrestricted Global Security or transfer such Unrestricted Certificated Security to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Certificated Security and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Securities.

If any such exchange or transfer from a Certificated Security to a beneficial interest is effected pursuant to subparagraphs (c) above at a time when an Unrestricted Global Security has not yet been issued, the Company will issue and, upon receipt of a Company Order, the Trustee will authenticate one or more Unrestricted Global Securities in an aggregate principal amount equal to the principal amount of Certificated Securities so transferred.

(4) *Transfer and Exchange of Certificated Securities for Certificated Securities.* Upon request by a Holder of Certificated Securities and such Holder's compliance with the provisions of this Section 305(b)(4), the Security Registrar will register the transfer or exchange of Certificated Securities. Prior to

such registration of transfer or exchange, the requesting Holder must present or surrender to the Security Registrar the Certificated Securities duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Security Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 305(b)(4).

(A) *Restricted Certificated Securities to Restricted Certificated Securities*. Any Restricted Certificated Security may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Certificated Security if the Security Registrar receives the following:

(i) if the transfer will be made pursuant to Rule 144A under the Securities Act, a certificate in the form of **Annex A** hereto, including the certifications in item (1) thereof;

(ii) if the transfer will be made pursuant to Rule 903 or Rule 904 under the Securities Act, a certificate in the form of **Annex A** hereto, including the certifications in item (2) thereof; and

(iii) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, a certificate in the form of **Annex A** hereto, including the certifications required by item (3) thereof.

(B) *Restricted Certificated Securities to Unrestricted Certificated Securities*. Any Restricted Certificated Security may be exchanged by the Holder thereof for an Unrestricted Certificated Security or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Certificated Security if the Security Registrar receives: (i) if the Holder of such Restricted Certificated Security proposes to exchange such Security for an Unrestricted Certificated Security, a certificate from such Holder in the form of **Annex B** hereto, including the certifications in item (1)(d) thereof; or (ii) if the Holder of such Restricted Certificated Security proposes to transfer such Security to a Person who shall take delivery thereof in the form of an Unrestricted Certificated Security, a certificate from such Holder in the form of **Annex A** hereto, including the appropriate certifications in item (3) thereof; and, in each such case, if the Security Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Security Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the appropriate legends are no longer required in order to maintain compliance with the Securities Act.

(C) *Unrestricted Certificated Securities to Unrestricted Certificated Securities*. A Holder of Unrestricted Certificated Securities

may transfer such Securities to a Person who takes delivery thereof in the form of an Unrestricted Certificated Security. Upon receipt of a request to register such a transfer, the Security Registrar shall register the Unrestricted Certificated Securities pursuant to the instructions from the Holder thereof.

(c) *Cancellation and/or Adjustment of Global Securities.* At such time as all beneficial interests in a particular Global Security have been exchanged for Certificated Securities or a particular Certificated Security has been redeemed, repurchased or canceled in whole and not in part, each such Global Security will be returned to or retained and canceled by the Trustee in accordance with Section 311 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or for Certificated Securities, the principal amount of Securities represented by such Global Security will be reduced accordingly and an endorsement will be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security will be increased accordingly and an endorsement will be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(d) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer or exchange imposed under this Indenture or under applicable law with respect to any transfer or exchange of any interest in any Security (including any transfers between or among Participants or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 306. *Mutilated, Destroyed, Lost and Stolen Securities.*

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them, the Guarantors and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company and the Guarantors, respectively, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Except as otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder of Securities of such series in the manner set forth in Section 106, not less

than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. *Persons Deemed Owners.*

Prior to due presentment of a Security for registration of transfer, the Company, the Parent Guarantor, the Trustee and any agent of the Company, the Guarantors or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of and any premium and (subject to Section 307) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Guarantors, the Trustee nor any agent of the Company, the Guarantors or the Trustee shall be affected by notice to the contrary.

No holder of any beneficial interest in any Global Security held on its behalf by a Depositary shall have any rights under this Indenture with respect to such Global Security, and such Depositary may be treated by the Company, the Parent Guarantor, the Trustee and any agent of the Company, the Guarantors or the Trustee as the owner of such Global Security for all purposes whatsoever. None of the Company, the Guarantors, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 309. *Cancellation.*

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company or the Guarantor may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so

delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. The Trustee shall dispose of all cancelled Securities in accordance with its customary procedures.

SECTION 310. *Computation of Interest.*

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. *Satisfaction and Discharge of Indenture.*

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company or a Guarantor and thereafter repaid to the Company or that Guarantor or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company or a Guarantor, as the case may be, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose money in an amount sufficient to pay and discharge the entire indebtedness on such Securities

not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company or a Guarantor, as the case may be, has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company and the Guarantors to the Trustee under Section 607 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. *Application of Trust Money.*

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and Guarantees and this Indenture, to the payment, either directly or through any Guarantor (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee.

ARTICLE FIVE

REMEDIES

SECTION 501. *Events of Default.*

"Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of or any premium on any Security of that series at its 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 Company or a Guarantor, no Event of Default shall occur for three days following such failure

to pay; *provided further* that in the case of any redemption payment, no Event of Default shall occur for 30 days following a failure to make such payment; or

(3) default in the performance or observance of any other material obligation of the Company or a Guarantor under any Security or any Guarantee applicable to such Security, including any material covenant or warranty in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of series of Securities other than that series), and continuance of such default for a period of 90 days after there has been given, by registered or certified mail, to the Company and the Parent Guarantor by the Trustee or to the Company, the Parent Guarantor and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder; or

(4) a default with respect to any obligation for the payment or repayment under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or a Guarantor having an aggregate principal amount outstanding of at least €100,000,000 (or its equivalent in any other currency) that shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such acceleration having been rescinded or annulled within 30 days; or

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company, the Parent Guarantor or a Guarantor that is a Significant Subsidiary of the Parent Guarantor in an involuntary case or proceeding under the applicable laws of their respective jurisdictions of organization or incorporation relating to bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company, the Parent Guarantor or a Guarantor that is a Significant Subsidiary of the Parent Guarantor as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, the Parent Guarantor or the applicable Guarantor under the applicable laws of their respective jurisdictions of organization or incorporation, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company, the Parent Guarantor or the applicable Guarantor or of any substantial part of their property, or ordering the winding up or liquidation of their affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(6) the commencement by the Company, the Parent Guarantor or a Guarantor that is a Significant Subsidiary of the Parent Guarantor of a voluntary case or proceeding under the applicable laws of their respective jurisdictions of organization or incorporation relating to bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by the Company, the Parent Guarantor or a

Guarantor that is a Significant Subsidiary of the Parent Guarantor to the entry of a decree or order for relief in respect of the Company, the Parent Guarantor or the applicable Guarantor, respectively, in an involuntary case or proceeding under the applicable laws of their respective jurisdictions of organization or incorporation relating to bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, the Parent Guarantor or the applicable Guarantor, or the filing by the Company, the Parent Guarantor or a Guarantor that is a Significant Subsidiary of a petition or answer or consent seeking reorganization or relief under the applicable laws of their respective jurisdictions of organization or incorporation, or the consent by the Company, the Parent Guarantor or a Guarantor that is a Significant Subsidiary of the Parent Guarantor to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company, the Parent Guarantor or the applicable Guarantor or of any substantial part of their property, or the making by the Company, the Parent Guarantor or a Guarantor that is a Significant Subsidiary of the Parent Guarantor of an assignment for the benefit of creditors, or the admission by the Company, the Parent Guarantor or a Guarantor that is a Significant Subsidiary of the Parent Guarantor in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company, the Parent Guarantor or the applicable Guarantor in furtherance of any such action; or

(7) the issuance of any governmental order, decree or enactment in or by Belgium or the jurisdiction of organization of a Guarantor that is a Significant Subsidiary of the Parent Guarantor whereby the Company, Parent Guarantor or applicable Guarantor is prevented from observing and performing in full its obligations pursuant to the Securities or that series and the Guarantees thereof, respectively, and such situation is not cured within 90 days; or

(8) a Guarantee of the Securities of that series provided by the Parent Guarantor or a Guarantor that is a Significant Subsidiary ceases to be valid and legally binding for any reason or the Parent Guarantor or a Guarantor that is a Significant Subsidiary seeks to deny or disaffirm its obligations under such Guarantee; or

(9) any other Event of Default provided with respect to Securities of that series.

SECTION 502. *Acceleration of Maturity; Rescission and Annulment.*

If an Event of Default (other than an Event of Default specified in Section 501(5) or 501(6)) with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) to be due and payable immediately, by a notice in writing to the Company and the Parent Guarantor (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified

amount) shall become immediately due and payable. If an Event of Default specified in Section 501(5) or 501(6) with respect to Securities of any series at the time Outstanding occurs, the principal amount of all the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the principal amount of such Securities as may be specified by the terms thereof) shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company, the Parent Guarantor and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company or the Guarantors have paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents, advisers and counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. *Collection of Indebtedness and Suits for Enforcement by Trustee.*

The Company and the Guarantors covenant that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of or premium on any Security at its Maturity; *provided* that in case 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 Company or a Guarantor, such default continues for more than three days; provided, further, that, in the case of a default in making a redemption payment, such default continues for 30 days,

the Company and the Guarantors will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including compensation, expenses, disbursements and advances of the Trustee, its agents, advisers and counsel that are properly incurred.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion, and subject to indemnity and/or security, proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Company, any Guarantor (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act and local law in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the compensation, expenses, disbursements and advances of the Trustee, its agents, advisers and reasonable fees and expenses of its counsel, and any other amounts due the Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; *provided, however*, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar official and be a member of a creditors' or other similar committee.

SECTION 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture, the Securities or any Guarantee may be prosecuted and enforced by the Trustee without the possession of any of the Securities or any Guarantee or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the compensation, expenses, disbursements and advances of the Trustee, its agents, advisers and reasonable fees and expenses of its counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and its agents and advisers under Section 607; and

SECOND: the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively.

SECTION 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, the Securities or any Guarantees or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee indemnity and/or security satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing itself of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 508. *Unconditional Right of Holders to Receive Principal, Premium and Interest.*

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 307) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. *Restoration of Rights and Remedies.*

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Guarantors, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. *Rights and Remedies Cumulative.*

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy, hereunder or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. *Delay or Omission Not Waiver.*

No delay or omission by the Trustee or by any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. *Control by Holders.*

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, *provided* that

- (1) such direction shall not be in conflict with any rule of law or with this Indenture and would not involve the Trustee in personal liability, and
- (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. *Waiver of Past Defaults.*

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

- (1) in the payment of the principal of or any premium or interest on any Security of such series, or

- (2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 514. *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; *provided* that neither this Section nor the

Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Trustee or to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

SECTION 515. *Waiver of Usury, Stay or Extension Laws.*

Each of the Company and Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company and Guarantors (to the extent that it may lawfully do so) hereby each expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 516. *Agents to Act for Trustee.*

At any time after the occurrence of an Event of Default the Trustee shall be entitled to require the Authenticating Agent, the Paying Agent or another agent acting on behalf of the Company in relation to any of the Securities to act under its direction.

ARTICLE SIX

THE TRUSTEE

SECTION 601. *Certain Duties and Responsibilities.*

The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act and this Indenture; provided, that (i) notwithstanding Section 315(a)(2) of the Trust Indenture Act, the Trustee need not confirm or investigate the accuracy of any mathematical calculations or other facts, statements, opinions or conclusions stated in the certificates or opinions referred to therein, and (ii) except during the continuance of an Event of Default, no implied covenants or obligations shall be read into this Indenture against the Trustee. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability, including, for the avoidance of doubt, compensation for its services hereunder, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and/or security against such risk or liability is not reasonably assured to it, nor shall the Trustee be required to do anything which it believes is illegal or contrary to applicable laws. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. *Notice to Holders of Defaults.*

If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default as and to the extent provided by the Trust Indenture Act; *provided, however*, that in the case of any default of the character specified in Section 501(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 603. *Certain Rights of Trustee.*

Subject to the provisions of Section 601:

(1) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Company or the Parent Guarantor mentioned herein shall be sufficiently evidenced by a Company Request or Company Order or order by the Parent Guarantor, and any resolution of the Board of Directors of the Company or the Parent Guarantor shall be sufficiently evidenced by a Board Resolution of the Company or the Parent Guarantor;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, exclusively rely upon an Officer’s Certificate;

(4) the Trustee may consult with counsel and other advisers of its own selection and the advice of such counsel or other advisers or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by, or pursuant to, this Indenture at the request or direction of any of the Holders pursuant to this Indenture or otherwise take any action, unless such Holders shall have offered to the Trustee security and/or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction or the taking of such action;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument,

opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion acting reasonably, may make such further inquiry or investigation into such facts or matters as it may see fit at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation except for liability resulting from the Trustee's gross negligence, bad faith or willful misconduct, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney, at the sole cost of the Company;

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(8) in no event shall the Trustee be responsible or liable for special, punitive, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of business, goodwill, opportunity or profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(9) the Trustee shall not be deemed to have notice of any Event of Default unless an officer of the Trustee responsible for the administration of this Indenture has actual knowledge thereof or unless written notice of any event which is in fact such an Event of Default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the relevant Securities and this Indenture;

(10) whether or not expressly provided in any other provision hereof, the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified and all rights provided under Sections 601 and this Section 603, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder, and shall survive the earlier of any removal or resignation, or the termination of this Indenture;

(11) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with an Act of the Holders hereunder, and, to the extent not so provided herein, with respect to any Act requiring the Trustee to exercise its own discretion, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture or any Notes, unless it shall be proved that, in connection with any such action taken, suffered or omitted or any such act, the Trustee was grossly negligent, acted in bad faith or engaged in willful misconduct;

(12) the permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it except in case of gross negligence, bad faith or willful default or misconduct;

(13) the Trustee shall not be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture;

(14) in the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more Holders or groups of Holders, each representing less than a majority in aggregate principal amount of the Securities of a series then outstanding, each pursuant to the provisions of this Indenture, the Trustee, in its sole discretion, may, but shall not be obligated to, determine what action, if any, shall be taken and the Trustee shall suffer no liability from so determining or not determining what action, if any, shall be taken, as the case may be, or otherwise from failing to act;

(15) except as provided herein, the Trustee shall have no duty to inquire as to the performance of the covenants of the Company, the Parent Guarantor, or any other entity and the Trustee shall be entitled to assume without inquiry that the Company, the Parent Guarantor, and any other Guarantor have each performed in accordance with all of the provisions of the Indenture, unless notified to the contrary;

(16) in no event shall the Trustee be liable for any failure or delay in the performance of its obligations hereunder arising out of, or caused by, directly or indirectly, forces or circumstances beyond the Trustee's control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), civil or military disturbances, terrorism, fire, riot, embargo, strikes, work stoppages, accidents, nuclear or natural catastrophes, government action (including any laws, ordinances or regulations) or interruptions, loss or malfunctions of utilities, communications or computer (software or hardware) services, which delay, restrict or prohibit the providing of any services or the taking of any action contemplated by this Indenture;

(17) the Trustee will not be liable to any person if prevented or delayed in performing any of its obligations or discretionary functions under this Indenture by reason of any present or future law applicable to it, by any governmental or regulatory authority or by any circumstances beyond its control; and

(18) the Trustee may request that the Company deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person as so authorized in any such certificate previously delivered and not superseded.

SECTION 604. *Not Responsible for Recitals or Issuance of Securities.*

The recitals contained herein and in the Securities and the Guarantees, except the Trustee's certificates of authentication, shall be taken as the statements of the Company and the Guarantors, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities or the Guarantees. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 605. *May Hold Securities.*

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Trustee, the Company or the Guarantors, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company or the Guarantors with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 606. *Money Held in Trust.*

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. *Compensation and Reimbursement.*

Each of the Company and the Parent Guarantor agrees

(1) to pay to the Trustee from time to time compensation for all services rendered by it hereunder, including, if applicable, additional compensation in the event of a default or Event of Default (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all expenses, disbursements and advances properly incurred or made by the Trustee in accordance with any provision of this Indenture or arising out of, or in connection with, the acceptance or administration of the trust or trusts hereunder (including the compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as shall be determined to have been caused by its willful misconduct, gross negligence or bad faith; and

(3) to indemnify the Trustee, its officers, directors, employees, representatives and agents for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The Trustee shall have a lien prior to the Securities as to all property and funds held or collected by it hereunder for any amount owing it or any predecessor Trustee pursuant to this Section 607, except with respect to funds held in trust for the benefit of the Holders of particular Securities.

Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services after the occurrence of an Event of Default specified in Section 501(5) or (6), the expenses (including the reasonable charges and expenses of its counsel, agents and advisers) and the compensation for the services are intended to constitute expenses of administration under any applicable bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Indenture and the resignation or removal of the Trustee and shall apply with equal force and effect to any agent under this Indenture.

SECTION 608. Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by such Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be one (and only one) Trustee hereunder with respect to the Securities of each series, which may be Trustee hereunder for Securities of one or more other series. Each Trustee shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least \$50,000,000. If any such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section and to the extent permitted by the Trust Indenture Act, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

The Trustee may resign at any time, without giving explanation as to such resignation, with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition at the expense of the Company any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company and the Parent Guarantor.

If at any time:

(1) the Trustee shall fail to comply with Section 608 after written request therefor by the Company and the Parent Guarantor or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company and the Parent Guarantor or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company and the Parent Guarantor by a Board Resolution may remove the Trustee with respect to all Securities, or (B) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company and the Parent Guarantor, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company, the Parent Guarantor and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the

successor Trustee appointed by the Company and the Parent Guarantor. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company and the Parent Guarantor or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

In no event shall any retiring Trustee be held liable for any acts or omissions of any successor Trustee hereunder.

SECTION 611. *Acceptance of Appointment by Successor.*

In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and the Parent Guarantor and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company, the Parent Guarantor or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee; and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such

supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company, the Parent Guarantor, or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any Corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any Corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such Corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 613. Preferential Collection of Claims Against Company or the Guarantors.

If and when the Trustee shall be or become a creditor of the Company or a Guarantor (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company or the Guarantor (or any such other obligor).

SECTION 614. Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference

shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and the Parent Guarantor and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company and the Parent Guarantor. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company and the Parent Guarantor. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such appointment in the manner provided in Section 106 to all Holders of Securities of the series with respect to which such Authenticating Agent will serve. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.
As Trustee

By _____,
As Authenticating Agent

By _____
Authorized Officer

SECTION 615. *FATCA Withholding.*

The Trustee shall be entitled to deduct FATCA Withholding, and shall have no obligation to gross-up any payment hereunder or to pay any additional amount as a result of such FATCA Withholding. Each of the Company, each Guarantor and the Trustee agrees to cooperate and to provide the others with such information as each may have in its possession to enable the determination of whether any payments pursuant to this Indenture are subject to the deduction or withholding requirements imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations thereunder 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").

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. *Company and the Parent Guarantor to Furnish Trustee Names and Addresses of Holders.*

The Company and the Parent Guarantor will furnish or cause to be furnished to the Trustee

(1) semi-annually, not later than June 30 and December 30 in each year, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of Securities of each series as of the preceding June 15 or December 15, as the case may be, and

(2) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company or the Parent Guarantor of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

SECTION 702. Preservation of Information; Communications to Holders.

The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

Every Holder of Securities, by receiving and holding the same, agrees with the Company, the Guarantors and the Trustee that neither the Company, the Guarantors nor the Trustee nor any agent of any of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 703. Reports by Trustee.

The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto. Reports so required to be transmitted at stated intervals of not more than 12 months shall be transmitted within 60 days after (i) the first anniversary of the first date of issuance of Securities hereunder and (ii) each anniversary of such date.

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company and the Parent Guarantor. The Company or the Parent Guarantor will notify the Trustee when any Securities are listed on any stock exchange.

SECTION 704. Reports by the Parent Guarantor.

The Parent Guarantor will file with the Trustee, within 15 days after it files the same with the Commission, copies of the annual reports and of the information, documents and other reports that, if it is subject to the reporting requirements of either Section 13 or 15(d) of the Exchange Act, it files with the Commission pursuant to Section 13 or Section 15(d). If the Parent Guarantor is not required to file with the Commission information, documents or reports pursuant to either of those sections of the Exchange Act, then it will file with the Trustee and the Commission such reports, if any, as may be prescribed by the Commission pursuant to the Trust Indenture Act at such time, in each case within 15 days after it files the same with the Commission.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's or any Guarantor's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 801. *Company and a Guarantor May Consolidate, Etc., Only on Certain Terms.*

Any of the Company or the Guarantors may, without the consent of the Holders, consolidate with, or merge into, or sell, transfer, lease or convey all or substantially all of their respective assets to, any Corporation or (y) the Company may at any time substitute for the Company either a Guarantor or any Affiliate of a Guarantor as principal debtor under the Securities (a "Substitute Company"); *provided that*:

(1) in the case that a Guarantor or the Company shall consolidate with or merge into another Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or into which such Guarantor or the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of such Guarantor or the Company substantially as an entirety shall by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, (i) in the case of a Guarantor, expressly guarantee, or (ii) in the case of the Company, expressly assume the due and punctual payment of the principal of and any premium and interest on all the Securities and the performance or observance of every covenant of this Indenture on the part of the applicable Guarantor or the Company, as the case may be, to be performed or observed;

(2) the Company is not in default of any payments due under the Securities and immediately after giving effect to such transaction, no Event of Default shall be continuing;

(3) the Person formed by such consolidation or into which a Guarantor or the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of a Guarantor or the Company substantially as an entirety shall be organized under the laws of a member country of the Organization for Economic Co-Operation and Development;

(4) in the case of a Substitute Company:

(i) the obligations of the Substitute Company arising under or in connection with the Securities and the Indenture are jointly and severally, irrevocably, fully and unconditionally guaranteed by the Guarantors (other than the Substitute Company, 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 Company and the Substitute Company 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 Company (and not as a result of any transfer by such Holder), *provided, however*, that this indemnity shall not apply to any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations thereunder 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 Securities are listed, if any, shall have confirmed that, following the proposed substitution, such Securities will continue to be listed on such stock exchange; and

(iv) each rating agency that rates the Securities, if any, shall have confirmed that, following the proposed substitution of the Substitute Company, such Securities will continue to have the same or better rating as immediately prior to such substitution;

(5) written notice of such transaction shall be promptly provided to the Holders.

SECTION 802. *Successor Substituted.*

Upon any consolidation of a Guarantor or the Company, as the case may be, with, or merger of such Guarantor or the Company, as the case may be, into, any other Person or any conveyance, transfer or lease of the properties and assets of such Guarantor or the Company, as the case may be, substantially as an entirety in accordance with Section 801, the successor Person formed by such consolidation or into which such Guarantor or the Company, as the case may be, is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, such Guarantor or the Company, as the case may be, under this Indenture with the same effect as if such successor Person had been named as such Guarantor or the Company, as the case may be, herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

Upon any substitution pursuant to Section 801(4), the Substitute Company shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if the Substitute Company had been named as the Company herein, and thereafter, the predecessor Company shall be relieved of all obligations and covenants under this Indenture and the Securities.

SECTION 803. *Conversion to Limited Liability Company.*

(a) Notwithstanding any other provision hereof, the Company may at any time, in its sole discretion, convert from a corporation into a limited liability company, pursuant to Section 266 of the Delaware General Corporation Law or any other applicable law of the State of Delaware that provides that the limited liability company resulting from such conversion shall be deemed to be the same entity as the corporation.

(b) Upon such conversion, all references to the Company herein, in any indenture supplemental hereto and in any Outstanding Securities shall be deemed to refer to the limited liability company resulting from such conversion without any further action by the Company hereunder. Such conversion shall not constitute a breach of any covenant or warranty of the Company or any Guarantor in this Indenture and shall not constitute a default in the performance or observance of any of their respective obligations hereunder.

(c) Promptly following any such conversion, the Company shall give written notice of such conversion to the Trustee and shall deliver to the Trustee:

(1) copies of (a) a Board Resolution approving such conversion and (b) the certificate of conversion filed with the Secretary of State for Delaware, in each case certified by the Secretary or an Assistant Secretary or other authorized officer or person of the Company; and

(2) an Opinion of Counsel stating that the Company is an existing limited liability company in good standing under the laws of the State of Delaware and that all conditions precedent provided for in this Indenture to such conversion have been complied with.

(d) For the avoidance of doubt, the Company shall not be required to enter into any indenture supplemental hereto in order to affect the conversion pursuant this Section 803.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. *Supplemental Indentures Without Consent of Holders.*

Without the consent of any Holders, the Company, the Parent Guarantor and the Guarantors party hereto from time to time, when authorized by their respective boards of directors or other governing bodies, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company or a Guarantor, or successive successions, and the assumption by any such successor of the covenants of the Company or such Guarantor herein and in the Securities; or

(2) to add any Subsidiary of the Parent Guarantor as a Guarantor with respect to any series of Securities, subject to applicable legal, regulatory or contractual limitations relating to such Subsidiary's Guarantee; or

(3) to add to the covenants of the Company or the Guarantors for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company or the Guarantors; or

(4) to modify the restrictions on and procedures for resale and the transfers of the Securities pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally; or

(5) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or

(6) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, *provided* that any such addition, change or elimination (A) shall neither (i) apply to any 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 the Holder of any such Security with respect to such provision or (B) shall become effective only when there is no such Security Outstanding; or

(7) to convey, transfer, assign, mortgage or pledge any property or assets to the Trustee or another person as security for the Securities; or

(8) to provide for the issues of Securities in exchange for one or more series of outstanding Securities; or

(9) to provide for the issuance and terms of any particular series of Securities or Guarantees as permitted by Sections 201, 206, 301 and 312, 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 Company 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; or

(10) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611; or

(11) to cure any ambiguity, to correct or supplement any provision herein or in the Securities or Guarantees or in any supplemental agreement, which may be defective or inconsistent with any other provision herein or therein or any supplemental agreement, to eliminate any conflict between the terms hereof and the Trust Indenture Act or to make any other provisions with respect to matters or questions arising under this Indenture or any supplemental agreement as the Company may deem necessary or desirable, *provided* that in either case such action pursuant to this Clause (11) shall not adversely affect the interests of the Holders of Securities of any series to which such provisions relate in any material respect; or

(12) to “reopen” any series of Securities and to create and issue additional Securities of the same series having identical terms and conditions as any series already issued (or in all respects except for the issue date, issue price and, if applicable, initial interest accrual date and first Interest Payment Date), any such additional Securities to be consolidated and form a single series with the outstanding Securities of such series; or

(13) to provide for the release and termination of any Guarantee by any Subsidiary as provided herein;

(14) to provide for any amendment, modification or alteration of the Guarantees or the limitations applicable thereto, in accordance with Section 209; or

(15) to make any other change that does not materially adversely affect the interests of the Holders of the series of Securities affected thereby;

provided, however, that no Guarantor shall be required to execute and deliver any indenture supplemental hereto pursuant to this Section 901, including with respect to the issuance and terms of any particular series of Securities or Guarantees as described in clause (9) above, in relation to any series of Securities covered by a Global Guarantee of such Guarantor.

SECTION 902. *Supplemental Indentures With Consent of Holders.*

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities (irrespective of series) affected by such supplemental indenture, by Act of said Holders delivered to the Company, the Parent Guarantor and the Trustee, the Company, when authorized by a Board Resolution, the Parent Guarantor, the Subsidiary Guarantors party hereto from time to time and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; *provided, however*, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security which would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change the coin or currency in which any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or change the Company's or a Guarantor's obligation to pay Additional Amounts, 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 Securities then Outstanding plus accrued and unpaid interest (and all Additional Amounts, if any);

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Any amendment, modification or alteration authorized pursuant to Section 901 shall not be subject to this Section 902.

SECTION 903. *Execution of Supplemental Indentures.*

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel and an Officer's Certificate, each stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. *Effect of Supplemental Indentures.*

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. *Conformity with Trust Indenture Act.*

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

SECTION 906. *Reference in Securities to Supplemental Indentures.*

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. *Payment of Principal, Premium and Interest.*

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

SECTION 1002. *Maintenance of Office or Agency.*

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands. The Company hereby appoints the Trustee as its agent for all of the foregoing purposes with respect to the Securities of each series.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for

any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. *Money for Securities Payments to Be Held in Trust.*

If the Company or a Guarantor shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, before 10:00 am (London time) at least one Business Day prior to each due date of the principal of or any premium or interest or any other amounts on any Securities of that series, deposit with a Paying Agent a sum in immediately available funds sufficient to pay such amount, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act. No Paying Agent shall be obligated to make any payment with respect to the Securities unless and until such funds have been so deposited.

The Company will cause each Paying Agent for any series of Securities, other than the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will (1) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent; (2) give the Trustee notice of any default by the Company or any Guarantor (or any other obligor upon the Securities) in the making of any payment of principal, premium, if any, any Additional Amounts or interest on the Securities; and (3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent for payment in respect of that series of Securities.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or any premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on

Company Request, or (if then held by the Company) shall be discharged from such trust, and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. *Statement by Officers as to Default.*

The Company will deliver to the Trustee, within 90 days after the end of each fiscal year of the Company ending after the date hereof, an Officer's Certificate, complying with Section 314(a)(4) of the Trust Indenture Act, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

SECTION 1005. *Existence.*

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; *provided, however*, that the Company shall not be required to preserve any such right or franchise if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders; *provided further that*, for the avoidance of doubt, a conversion of the Company pursuant to Section 803 hereof shall not result in a breach of this Section 1005.

SECTION 1006. *Limitation on Liens.*

So long as any of the Securities remains outstanding, the Parent Guarantor will not, nor will it permit any Restricted Subsidiary to, create, assume, guarantee or suffer to exist any Encumbrance on any of its Principal Plants or on any capital stock of any Restricted Subsidiary without effectively providing that the Securities 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* that 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, or former state of, 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 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 sale-leaseback transactions as described in Section 1011 (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

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 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.

SECTION 1007. *Sale-Leaseback Transactions.*

(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 Securities 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 Officer's 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 Securities theretofore redeemed and the amount of Securities theretofore purchased by the Parent Guarantor and cancelled by the Trustee and the amount of Securities 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) if applicable, a deposit with the Trustee for cancellation of the Securities 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 principal amount of the fair market value of the property so transferred and not reacquired at such time, when added to the aggregate 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 Securities under this covenant, for the principal amount of any Securities deposited with the Trustee for the purpose and also for the principal amount of (i) any Securities theretofore redeemed at the option of the Parent Guarantor and (ii) any 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 Securities.

(e) For purposes of this covenant, the amount or the principal amount of Securities which are issued with original issue discount shall be the principal amount of such Securities that on the date of the purchase or redemption of such Securities referred to in this covenant could be declared to be due and payable pursuant to the Indenture.

SECTION 1008. *Waiver of Certain Covenants.*

Except as otherwise specified as contemplated by Section 301 for Securities of such series, the Company may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in any covenant provided pursuant to Section 301(18), 901(3), 901(9), 1006 or 1007 for the benefit of the Holders of such series if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

SECTION 1009. *Additional Amounts.*

Unless otherwise specified in any Board Resolution of the Company or the relevant Guarantor establishing the terms of Securities of a series or the Guarantees relating thereto in accordance with Section 301, in the event that a Guarantor becomes obligated under this Indenture to make payments in respect of the Securities, such Guarantor will make all payments in respect of the 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; or
- (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 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; or
- (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; or

- (d) consist of any estate, inheritance, gift, sales, excise, transfer, personal property or similar taxes, or
- (e) are imposed on or with respect to any payment by the applicable Guarantor 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 Security; 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 Security was presented to a particular paying agent for payment if the 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.

In addition, any amounts to be paid by the Company or any Guarantor on the Securities will be paid net of any FATCA Withholding. Neither any Guarantor nor the Company will be required to pay Additional Amounts on account of any FATCA Withholding.

Such payment of Additional Amounts may be subject to such further exceptions as may be established in the terms of such Securities established as contemplated by Section 301. Subject to the foregoing provisions, whenever in this Indenture there is mentioned, in any context, the payment of the principal of or any premium or interest on, or in respect of, any Security of any series or the net proceeds received on the sale or exchange of any Security of any series, such mention shall be deemed to include mention of the payment of Additional Amounts provided for in this Section to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is

not made, *provided, however*, that the covenant regarding Additional Amounts provided for in this Section shall not apply to any Guarantor at any time when such Guarantor is incorporated in a jurisdiction in the United States; *provided further* that the covenant regarding Additional Amounts provided for in this Section shall apply to the Company at any time when it is incorporated in a jurisdiction outside of the United States.

If the terms of the Securities of a series established as contemplated by Section 301 do not specify that Additional Amounts will not be payable by the Company or a Guarantor, at least 10 days prior to the first Interest Payment Date with respect to that series of Securities (or if the Securities of that series will not bear interest prior to Maturity, the first day on which a payment of principal and any premium is made), and at least 10 days prior to each date of payment of principal and any premium or interest if there has been any change with respect to the matters set forth in the below-mentioned Officer's Certificate, the Company will furnish the Trustee and the Company's principal Paying Agent or Paying Agents, if other than the Trustee, with an Officer's Certificate instructing the Trustee and such Paying Agent or Paying Agents whether such payment of principal of and any premium or interest on the Securities of that series shall be made to Holders of Securities of that series without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of that series. If any such withholding shall be required, then such Officer's Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities and the Company or Guarantor, as the case may be, will pay to the Trustee or such Paying Agent or Paying Agents the Additional Amounts required by this Section. Each of the Company and Guarantors covenant to indemnify each of the Trustee and any Paying Agent for, and to hold each of them harmless against, any loss, liability or expense arising out of or in connection with actions taken or omitted by any of them in reliance on any Officer's Certificate furnished pursuant to this Section, except to the extent that any such loss, liability or expense is due to its own negligence or bad faith.

SECTION 1010. *Additional Information.*

The Company agrees to furnish, at any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, in respect of any Securities sold or offered for sale pursuant to an exemption from registration under Rule 144A of the Securities Act, at its expense and upon request, to the Holders and prospective purchasers of such Securities information satisfying the requirements of subsection (d)(4) of Rule 144A under the Securities Act.

SECTION 1011. *Notice of Event of Default.*

The Company hereby covenants with the Trustee that, so long as any of the Securities remain Outstanding, it will promptly give notice in writing to the Trustee upon having knowledge (and in no event later than seven days after obtaining such knowledge) of any Event of Default.

SECTION 1012. *Indemnification of Judgment Currency.*

To the fullest extent permitted by applicable law, the Company and each of the Guarantors shall indemnify each Holder against any loss incurred by such Holder as a

result of any judgment or order being given or made for any amount due under any Security or Guarantee and such judgment or order being expressed and paid in a currency (the “Judgment Currency”), which is other than U.S. dollars and as a result of any variation as between (i) the rate of exchange at which the U.S. dollar is converted into the Judgment Currency for the purposes of such judgment or order and (ii) the spot rate of exchange in The City of New York at which the Holder on the date of payment of such judgment is able to purchase U.S. dollars with the amount of the Judgment Currency actually received by such Holder. This indemnification will constitute a separate and independent obligation of the Company or each of the Guarantors, as the case may be, and will continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term “spot rate of exchange” includes any premiums and costs of exchange payable in connection with the purchase of, or conversion into, U.S. dollars.

SECTION 1013. *Further Instruments and Acts*

The Company and the Parent Guarantor hereby covenant with the Trustee that, so long as any of the Securities remain Outstanding, upon request of the Trustee, but without an affirmative duty on the Trustee to do so, they and any other Guarantor shall execute and deliver such further instruments and acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. *Applicability of Article.*

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for such Securities) in accordance with this Article.

SECTION 1102. *Election to Redeem; Notice to Trustee.*

The election of the Company or Parent Guarantor to redeem any Securities shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 301 for such Securities. In case of any redemption at the election of the Company or Parent Guarantor of the Securities of any series in whole or in part (including any such redemption affecting only a single Security), the Company or Parent Guarantor shall, at least 60 days prior to the Redemption Date fixed by the Company or the Parent Guarantor (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities (a) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, or (b) pursuant to an election of the Company which is subject to a condition specified in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officer’s Certificate evidencing compliance with such restriction or condition.

SECTION 1103. *Selection by Trustee of Securities to Be Redeemed.*

If less than all the Securities of any series are to be redeemed (unless all the Securities of such series and of a specified tenor are to be redeemed or unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee in its sole discretion shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the principal amount of any Security of such series, except that if the Securities of such series are listed on any securities exchange, any such selection and redemption of the Securities shall be in compliance with the requirements of the principal securities exchange on which those Securities are listed (as such requirements shall be specified to the Trustee in an Officer's Certificate from the Company), except that if the Securities of such series are represented by one or more Global Securities, interests in such Securities shall be selected for redemption by the Depositary in accordance with its customary procedures therefor, and *provided* that the unredeemed portion of the principal amount of any Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security. If less than all the Securities of such series and of a specified tenor are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption as aforesaid and, in case of any Securities selected for partial redemption as aforesaid, the principal amount thereof to be redeemed.

The provisions of the two preceding paragraphs shall not apply with respect to any redemption affecting only a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 1104. *Notice of Redemption.*

Notice of redemption shall be given by first-class mail, postage prepaid, mailed (or if the Securities of the applicable series are represented by one or more Global Securities, transmitted in accordance with the Depositary's customary procedures therefor) not less than 30 nor more than 60 days prior to the Redemption Date, unless a shorter period is specified in the Securities to be redeemed, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

- (1) the Redemption Date,
- (2) the Redemption Price or if not then ascertainable, the manner of calculation thereof,
- (3) if less than all the Outstanding Securities of any series consisting of more than a single Security are to be redeemed, the identification (and, in the case of partial redemption of any such Securities, the principal amounts) of the particular Securities to be redeemed and, if less than all the Outstanding Securities of any series consisting of a single Security are to be redeemed, the principal amount of the particular Security to be redeemed;
- (4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date;
- (5) the place or places where each such Security is to be surrendered for payment of the Redemption Price;
- (6) applicable CUSIP numbers, if any; and
- (7) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company; *provided, however*, that the Company shall have delivered to the Trustee, at least 45 days prior to the Redemption Date (or such shorter period as may be satisfactory to the Trustee), an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided above. Any notice of redemption pursuant to this Section shall be irrevocable.

SECTION 1105. *Deposit of Redemption Price.*

By 10:00 am (London time) at least one Business Day prior to any Redemption Date, the Company or the Parent Guarantor shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

SECTION 1106. *Securities Payable on Redemption Date.*

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; *provided, however*, that, unless otherwise

specified as contemplated by Section 301, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 1107. *Securities Redeemed in Part.*

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered and with any applicable Guarantees endorsed thereon or attached thereto if such Guarantees were endorsed on or attached to the Security redeemed in part.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. *Applicability of Article.*

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a “mandatory sinking fund payment”, and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an “optional sinking fund payment”. If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 1202. *Satisfaction of Sinking Fund Payments with Securities.*

The Company or Parent Guarantor (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to any Securities

of such series required to be made pursuant to the terms of such Securities as and to the extent provided for by the terms of such Securities; *provided* that the Securities to be so credited have not been previously so credited. The Securities to be so credited shall be received and credited for such purpose by the Trustee at the Redemption Price, as specified in the Securities so to be redeemed, for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 1203. *Redemption of Securities for Sinking Fund.*

Not less than 45 days prior to each sinking fund payment date for any Securities, the Company will deliver to the Trustee an Officer's Certificate specifying the amount of the next ensuing sinking fund payment for such Securities pursuant to the terms of such Securities, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities pursuant to Section 1202 and the basis for such credit and will also deliver to the Trustee any Securities to be so delivered. Not less than 30 days prior to each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

ARTICLE THIRTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1301. *Company's and the Parent Guarantor's Option to Effect Defeasance or Covenant Defeasance.*

The Company or the Parent Guarantor may elect, at its option at any time, to have Section 1302 or Section 1303 applied to any Securities or any series of Securities, as the case may be, designated pursuant to Section 301 as being defeasible pursuant to such Section 1302 or 1303, in accordance with any applicable requirements provided pursuant to Section 301 and upon compliance with the conditions set forth below in this Article. Any such election shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 301 for such Securities.

SECTION 1302. *Defeasance and Discharge.*

Upon the Company's or the Parent Guarantor's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, each of the Company and the Guarantors shall be deemed to have been discharged from its obligations with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1304 are satisfied (hereinafter called "Defeasance"). For this purpose, such Defeasance means that the Company and the Guarantors shall be deemed to have paid and discharged the entire indebtedness represented by such Securities and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company or the Parent Guarantor, shall execute proper instruments

acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (1) the rights of Holders of such Securities to receive, solely from the trust fund described in Section 1304 and as more fully set forth in such Section, payments in respect of the principal of and any premium and interest on such Securities when payments are due, (2) the Company's or the Guarantors' obligations with respect to such Securities under Sections 304, 305, 306, 1002 and 1003, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (4) this Article. Subject to compliance with this Article, the Company and the Parent Guarantor may exercise their option (if any) to have this Section applied to any Securities notwithstanding the prior exercise of its option (if any) to have Section 1303 applied to such Securities.

SECTION 1303. *Covenant Defeasance.*

Upon the Company's or the Parent Guarantor's exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, (1) the Company and the Guarantors shall be released from their obligations under Section 801(2), Sections 1006 through 1007, inclusive, and any covenants provided pursuant to Section 301(18), 901(3) or 901(9) for the benefit of the Holders of such Securities and (2) the occurrence of any event specified in Sections 501(3) (with respect to any of Section 801(2), Sections 1006 through 1007, inclusive, and any such covenants provided pursuant to Section 301(18), 901(3) or 901(9)) and 501(4) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1304 are satisfied (hereinafter called "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that, with respect to such Securities, the Company and the Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of Section 501(3)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or Article or by reason of any reference in any such Section or Article to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION 1304. *Conditions to Defeasance or Covenant Defeasance.*

The following shall be the conditions to the application of Section 1302 or Section 1303 to any Securities or any series of Securities, as the case may be:

(1) The Company or the Parent Guarantor shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 609 and agrees to comply with the provisions of this Article applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Securities, (A) money in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and

discharge, and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of and any premium and interest on such Securities on the respective Maturities, in accordance with the terms of this Indenture and such Securities, provided that the Company shall specify whether such Securities are being defeased to Stated Maturity or to the Redemption Date. As used herein, "U.S. Government Obligation" means any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof.

(2) In the event of an election to have Section 1302 apply to any Securities or any series of Securities, as the case may be, the Company or the Parent Guarantor shall have delivered to the Trustee an Opinion of Counsel stating that (A) the Company or the Parent Guarantor has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this instrument, there has been a change in the applicable U.S. Federal income tax law, in either case (A) or (B) to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities will not recognize gain or loss for U.S. Federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

(3) In the event of an election to have Section 1303 apply to any Securities or any series of Securities, as the case may be, the Company or the Parent Guarantor shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Securities will not recognize gain or loss for U.S. Federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Securities and will be subject to U.S. Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

(4) The Company or the Parent Guarantor shall have delivered to the Trustee an Officer's Certificate to the effect that neither such Securities nor any other Securities of the same series, if then listed on any securities exchange, will be delisted as a result of such deposit.

(5) The Company or the Parent Guarantor shall have delivered to the Trustee for cancellation all Securities Outstanding theretofore authenticated.

(6) No event which is, or after notice or lapse of time or both would become, an Event of Default with respect to such Securities or any other Securities shall have occurred and be continuing at the time of such deposit or, with regard to any such event specified in Sections 501(5) and (6), at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(7) Such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all Securities are in default within the meaning of such Act).

(8) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or the Parent Guarantor is a party or by which it is bound.

(9) Such Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment Company within the meaning of the Investment Company Act unless such trust shall be registered under such Act or exempt from registration thereunder.

(10) The Company or the Parent Guarantor shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.

SECTION 1305. *Deposited Money and U.S. Government Obligations to Be Held in Trust; Miscellaneous Provisions.*

Subject to the provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 1306, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 1304 in respect of any Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company or a Guarantor acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Company and the Parent Guarantor shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 1304 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company or the Parent Guarantor from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 1304 with respect to any Securities which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities.

SECTION 1306. *Reinstatement.*

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the obligations under this Indenture and such Securities from which the Company and the Guarantors have been discharged or released pursuant to Section 1302 or 1303 shall be revived and reinstated as though no deposit had occurred pursuant to this Article with respect to such Securities, until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 1305 with respect to such Securities in accordance with this Article; *provided, however*, that if the Company or the Guarantors make any payment of principal of or any premium or interest on any such Security following such reinstatement of its obligations, the Company and the Guarantors shall be subrogated to the rights (if any) of the Holders of such Securities to receive such payment from the money so held in trust.

SECTION 1307. *Qualifying Trustee*

Any trustee appointed pursuant to Section 1304 for the purpose of holding trust funds deposited pursuant to that Section shall be appointed under an agreement in form acceptable to the Trustee and shall provide to the Trustee a certificate of such trustee, upon which certificate the Trustee shall be entitled to conclusively rely, that all conditions precedent provided for herein to the related Defeasance or Covenant Defeasance have been complied with. In no event shall the Trustee be liable for any acts or omissions of said trustee.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed all as of the day and year first above written.

ANHEUSER-BUSCH INBEV WORLDWIDE INC.
as Company

By: /s/ Gabriel Ventura
Name: Gabriel Ventura
Title: Authorized Officer

ANHEUSER-BUSCH INBEV SA/NV
as Parent Guarantor

By: /s/ Benoit Loore
Name: Benoit Loore
Title: Authorized Officer

By: /s/ Jan Vandermeersch
Name: Jan Vandermeersch
Title: Authorized Officer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
as Trustee

By: /s/ R. Tarnas
Name: R. Tarnas
Title: Vice President

ANHEUSER-BUSCH INBEV FINANCE INC.
as Subsidiary Guarantor

By: /s/ Gabriel Ventura
Name: Gabriel Ventura
Title: Authorized Officer

ANHEUSER-BUSCH COMPANIES, LLC
As Subsidiary Guarantor

By: /s/ Gabriel Ventura
Name: Gabriel Ventura
Title: Authorized Officer

COBREW NV
as Subsidiary Guarantor

By: /s/ O. Chino
Name: O. Chino
Title: Authorized Officer

BRANDBREW SA
as Subsidiary Guarantor

By: /s/ O. Chino
Name: O. Chino
Title: Authorized Officer

BRANDBEV S.À R.L.
as Subsidiary Guarantor

By: /s/ Benoit Loire
Name: Benoit Loire
Title: Authorized Officer

[ABIWW 2016 Base Indenture Signature Page]

FORM OF CERTIFICATE OF TRANSFER

Anheuser-Busch InBev Worldwide Inc.
 attn: Treasurer
 One Busch Place, St. Louis, Missouri 63118
 USA

Anheuser-Busch InBev SA/NV
 Brouwerijplein 1, 3000
 Leuven, Belgium

The Bank of New York Mellon Trust Company, N.A.
 911 Washington Ave, 3rd Floor
 St. Louis, Missouri 63101,
 USA

Re: [Title of Securities]

Reference is hereby made to the Indenture, dated as of December 16, 2016 (as supplemented to the date hereof, the “*Indenture*”), among Anheuser-Busch InBev Worldwide Inc., as issuer (the “*Company*”), Anheuser-Busch InBev SA/NV, as parent guarantor (the “*Parent Guarantor*”), the Subsidiary Guarantors party thereto from time to time and The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the “*Transferor*”) owns and proposes to transfer the [Security][Securities] or beneficial interest in such [Security][Securities] specified in Exhibit 1 hereto, in the principal amount of \$ (the “*Transfer*”), to (the “*Transferee*”), as further specified in Exhibit 1 hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. ☐ **Check if Transferee will take delivery of a beneficial interest in the Global Security or a Certificated Security Pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “*Securities Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Certificated Security is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Certificated Security for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Security will be subject to the restrictions on transfer enumerated in the applicable legend printed on the Global Security and/or the Certificated Security pursuant to Rule 144A and in the Indenture and the Securities Act.

2. ☐ **Check if Transferee will take delivery of a beneficial interest in the Global Security or a Certificated Security pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the 40-day “Distribution Compliance Period” under Regulation S, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than a “Distributor” as defined in Rule 902 of Regulation S) and the transferred beneficial interest will be held immediately after such Transfer through Euroclear or Clearstream. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Security will be subject to the restrictions on transfer enumerated in the applicable legend printed on the Global Security and/or the Certificated Security and in the Indenture and the Securities Act.

3. ☐ **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Security or of an Unrestricted Certificated Security.**

(a) ☐ **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the applicable legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Security will no longer be subject to the restrictions on transfer enumerated in the applicable legend printed on the Restricted Global Securities, on Restricted Certificated Securities and in the Indenture.

(b) ☐ **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the applicable legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Security will no longer be subject to the restrictions on transfer enumerated in the applicable legend printed on the Restricted Global Securities, on Restricted Certificated Securities and in the Indenture.

(c) ☐ **Check if Transfer is Pursuant to an Effective Registration Statement.** The Transfer is being effected in compliance with the transfer restrictions contained in the

Indenture and any applicable blue sky securities laws of any state of the United States pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

(d) ☐ **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the applicable legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Security will not be subject to the restrictions on transfer enumerated in the applicable legend printed on the Restricted Global Securities or Restricted Certificated Securities and in the Indenture.

4. ☐ **Check if Transfer is to the Company or any of its Subsidiaries.** The transfer is being effected in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Guarantors.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

EXHIBIT 1 TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a) ☐ a beneficial interest in the:
- (i) ☐ Global Security offered and sold pursuant to Rule 144A (CUSIP), or
- (ii) ☐ Global Security offered and sold pursuant to Regulation S (CUSIP)
- (b) ☐ a Restricted Certificated Security.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a) ☐ a beneficial interest in the:
- (i) ☐ Global Security offered and sold pursuant to Rule 144A (CUSIP), or
- (ii) ☐ Global Security offered and sold pursuant to Regulation S (CUSIP), or
- (iii) ☐ Unrestricted Global Security (CUSIP); or
- (b) ☐ a Restricted Certificated Security; or
- (c) ☐ an Unrestricted Certificated Security, in accordance with the terms of the Indenture.

Anheuser-Busch InBev Worldwide Inc.
 attn: Treasurer
 One Busch Place, St. Louis, Missouri 63118
 USA

Anheuser-Busch InBev SA/NV
 Brouwerijplein 1, 3000
 Leuven, Belgium

The Bank of New York Mellon Trust Company, N.A.
 911 Washington Ave, 3rd Floor
 St. Louis, Missouri 63101,
 USA

Re: [Title of Securities]

Reference is hereby made to the Indenture, dated as of December 16, 2016 (as supplemented to the date hereof, the “*Indenture*”), among Anheuser-Busch InBev Worldwide Inc., as issuer (the “*Company*”), Anheuser-Busch InBev SA/NV, as parent guarantor (the “*Parent Guarantor*”), the Subsidiary Guarantors party thereto from time to time and The Bank of New York Mellon Trust Company, N.A., as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the “*Owner*”) owns and proposes to exchange the Note[s] or beneficial interest in such Note[s] specified herein, in the principal amount of \$ (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Certificated Securities or Beneficial Interests in a Restricted Global Security for Unrestricted Certificated Securities or Beneficial Interests in an Unrestricted Global Security

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Security to beneficial interest in an Unrestricted Global Security.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Security for a beneficial interest in an Unrestricted Global Security in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Securities and pursuant to and in accordance with the Securities Act of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the applicable legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Security to Unrestricted Certificated Security.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Security for an Unrestricted

Certificated Security, the Owner hereby certifies (i) the Certificated Security is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the applicable legend are not required in order to maintain compliance with the Securities Act and (iv) the Certificated Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) ☐ **Check if Exchange is from Restricted Certificated Security to beneficial interest in an Unrestricted Global Security.** In connection with the Owner's Exchange of a Restricted Certificated Security for a beneficial interest in an Unrestricted Global Security, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Certificated Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the applicable legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) ☐ **Check if Exchange is from Restricted Certificated Security to Unrestricted Certificated Security.** In connection with the Owner's Exchange of a Restricted Certificated Security for an Unrestricted Certificated Security, the Owner hereby certifies (i) the Unrestricted Certificated Security is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Certificated Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the applicable legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Certificated Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Certificated Notes or Beneficial Interests in Restricted Global Securities for Restricted Certificated Securities or Beneficial Interests in Restricted Global Securities

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Security to Restricted Certificated Security.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Security for a Restricted Certificated Security with an equal principal amount, the Owner hereby certifies that the Restricted Certificated Security is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Certificated Security issued will continue to be subject to the restrictions on transfer enumerated in the applicable legend printed on the Restricted Certificated Security and in the Indenture and the Securities Act.

(b) ☐ **Check if Exchange is from Restricted Certificated Security to beneficial interest in a Restricted Global Security.** In connection with the Exchange of the Owner's Restricted Certificated Security for a beneficial interest in the [CHECK ONE] ☐ Global Note offered and sold pursuant to Rule 144A, ☐ Global Note offered and sold pursuant to Regulation S, with an equal principal amount, the Owner hereby certifies

(i) the beneficial interest is being acquired for the Owner’s own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the applicable legend printed on the relevant Restricted Global Security and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Guarantors.

By:

[Insert Name of Transferor]

Name:

Title:

Dated: _____

ANHEUSER-BUSCH INBEV SA/NV

- and -

ALTRIA GROUP, INC.

INFORMATION RIGHTS AGREEMENT

DATED NOVEMBER 11, 2015

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INFORMATION RIGHTS AGREEMENT

THIS AGREEMENT is made the 11th day of November, 2015.

BETWEEN:

- (1) **Anheuser-Busch InBev SA/NV** (and any successor thereto, the “**Company**”); and
- (2) **Altria Group, Inc.**, a Virginia corporation whose principal place of business is at 6601 West Broad Street, Richmond, Virginia 23230, United States of America (“**Altria**”).

WHEREAS:

- A. On the date hereof, the Company and SABMiller plc, a company incorporated under the laws of England and Wales (“**SABMiller**”) announced a proposed business combination involving the Company and SABMiller pursuant to a transaction governed by the United Kingdom City Code on Takeovers and Mergers (the “**Transaction**”).
- B. Altria’s interest in SABMiller represents, and it is anticipated that Altria’s interest in Company will continue to represent, a material percentage of Altria’s assets, earnings and cash flows such that it is necessary, from time to time, for Altria to obtain from the Company certain non-public information in order to satisfy Altria’s obligations and duties in connection with financial reporting, financial controls and financial planning (the “**Financial Reporting and Planning Requirements**”).
- C. The rights and obligations of the parties set out in this Agreement are provided solely in mutual consideration thereof.

OPERATIVE TERMS:

The Company and Altria **AGREE** as follows:

1. INTERPRETATION

- 1.1 In this Agreement, its recitals and schedule, unless the context otherwise requires, the terms set out in schedule 1 shall have the meanings given in schedule 1.
- 1.2 In this Agreement, its recitals and schedule, unless indicated to the contrary:
 - (a) a reference to a clause or schedule is a reference to a clause of or schedule to this Agreement;
 - (b) a reference to a document is a reference to that document as from time to time supplemented or varied;
 - (c) the recitals and schedule form an integral part of this Agreement;
 - (d) the headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement;

- (e) a reference to a provision of law or applicable regulation shall be construed so as to include a reference to any provision which from time to time, before the date of this Agreement, modified, re-enacted, amended, extended, consolidated or replaced that provision and any subordinate legislation made under any such provision before the date of this Agreement;
- (f) words denoting the singular number shall include the plural, the masculine gender shall include the feminine gender and the neuter, and vice versa;
- (g) a reference to a calendar quarter shall mean each three month period ended 31 March, 30 June, 30 September and 31 December;
- (h) a reference to a calendar year shall mean each twelve month period ended 31 December;
- (i) a reference to financial period shall mean each calendar quarter and each calendar year; and
- (j) references to times of the day are to New York City time.

2. REPRESENTATIONS AND WARRANTIES

Each party represents, warrants and undertakes to the other party, as of the date of this Agreement, that:

- (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation;
- (b) it has full power and authority to execute and deliver this Agreement and to carry out the transactions contemplated by this Agreement, and the execution, delivery and performance by it of this Agreement and the consummation by it of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action;
- (c) the obligations expressed to be undertaken by it under this Agreement are legal, valid and binding upon it except that the validity, binding effect and enforceability may be subject to or limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally, and subject to general principles of equity, regardless of whether considered in a proceeding at law or in equity; and
- (d) the execution and delivery of this Agreement by it and compliance by it with the provisions of this Agreement will not violate, result in any breach of, constitute a default under or require a consent or waiver under its certificate of incorporation, articles of incorporation, bylaws or memorandum and articles of association, agreements or arrangements, as the case may be, or under any decree, judgment, order, statute, legal principle, rule or regulation applicable to it.

3. ARTICLES OF ASSOCIATION

After Completion, except as required by the Act or other applicable law, the Company shall not propose any amendment to the Articles which would be inconsistent with, or in violation of, any of the provisions of this Agreement.

4. INFORMATION

4.1 For so long as, in respect of any financial period, Altria accounts for its interest in the Company after Completion using the equity method, Altria shall have the right to receive (in order to satisfy its obligations and duties pursuant to its Financial Reporting and Planning Requirements) copies of the following from the Company for such financial period, within the time frames indicated:

- (a) monthly, unaudited, internal income reports for the Company prepared in accordance with IFRS for distribution to the Board, within 15 Business Days of the end of each calendar month (such internal reports shall be in the form presented to the Board from time to time, which as of the date of this agreement include information regarding geography, volume, revenue, sales and EBITDA);
- (b) within 60 calendar days of the end of each calendar quarter, an analysis of shares outstanding (economic and voting interest) at the end of the quarter, including a roll forward (total dollars and shares) of all share-related activity, such as share issuances, repurchases of ordinary shares and share-based payments, and the weighted average number of shares outstanding used in the calculation of basic and diluted earnings per share for the quarterly and year-to-date periods then ended, in each case prepared in accordance with IFRS (with a reconciliation of adjustments to US GAAP);
- (c) quarterly, final income statement and balance sheet prepared in accordance with IFRS, together with a list of reconciling items to US GAAP including a detail of all non-recurring items on a pre-tax and after-tax basis (as determined by the Company) recorded for the period within 60 calendar days of the end of each calendar quarter, including a roll forward of components of equity attributable to equity holders, as well as components of other comprehensive earnings attributable to equity holders, prepared in accordance with IFRS (and adjusted for identified differences to US GAAP);
- (d) annually, unaudited, summarized balance sheet (at September 30) and income statement information attributable to equity holders (for the 12 months ended September 30) prepared in accordance with IFRS (and adjusted for identified differences to US GAAP), within 60 calendar days after September 30;
- (e) financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, within 120 days following the end of each calendar year for any year in which Altria is required to present Company financial statements pursuant to Rule 3-09

("Rule 3-09") of Regulation S-X as promulgated by the United States Securities and Exchange Commission ("SEC"), which financial statements shall be audited only (performed under auditing standards generally accepted in the United States) to the extent required by Rule 3-09;

- (f) the annual operating budget and three-year plan by geography, prepared in accordance with IFRS for approval by the Board from time to time (which budgets and plans currently include a detail of income metrics prepared on a normalized basis), including a detail of all non-recurring items on a pre-tax and after-tax basis to the extent included within the annual budget, and any revisions to the annual budget or three-year plan throughout the year, in each case within five Business Days of its approval by the Board;
- (g) monthly phasing of the annual operating budget for profit attributable to equity holders of the Company in accordance with IFRS, including (i) a monthly phasing of all non-recurring items on a pre-tax and after-tax basis; (ii) quarterly phasing of material budgeted US GAAP adjustments to the IFRS budgeted amounts on a consolidated basis, in conjunction with the receipt of the annual operating budget; and (iii) revisions to the latest estimates of the results up to normalized EBITDA (when provided to the Board);
- (h) from time to time, information as is reasonably required and requested by Altria in order to allocate and analyze certain basis differences that exist between the carrying value of Altria's investment in the Company and Altria's share of the Company's net assets;
- (i) notice and a description of any business arrangements between any Group member on the one hand and Altria or any of its Affiliates on the other hand, in order to comply with any applicable related-party disclosure requirement at such times reasonably requested by Altria;
- (j) within 25 calendar days of the end of each calendar quarter, a discussion with the Company's controller (or another person with similar responsibilities reasonably acceptable to Altria) regarding updates to the Company's business and results, if any, necessary to assist Altria in complying with the requirements of its equity method accounting for its investment in the Company; and
- (k) such other information as is required by Altria for accounting or other regulatory purposes at such times reasonably requested by Altria including, without limitation, the information required under Rule 3-05 (financial statements of businesses acquired or to be acquired) and Article 11 (pro forma financial information) of Regulation S-X, as promulgated by the SEC (it being understood that such other information shall be in the form reasonably determined by Company management to be appropriate in the circumstances taking into account the purpose for which Altria requires the information).

- 4.2 Each of the Altria Nominated Directors may communicate, subject to any applicable fiduciary duties under the laws of jurisdiction of incorporation of the Company, any information acquired by him or her in relation to the Company or the Group to Altria or any Affiliate (as the case may be) subject always to the duty of confidentiality contained in clause 5.
- 4.3 Altria will not publish or otherwise publicly disclose any non-public information received under this clause 4 (for so long as such information shall remain non-public (or becomes public only as a result of a breach of this Agreement), the “**Confidential Information**”) without the Company’s prior written approval, provided however, that:
- (a) in respect of any financial period, after publication by the Company of its results in respect of such financial period, Altria may publish only such final Confidential Information in respect of such financial period (and no future financial period) as is required to satisfy Altria’s reporting requirements under US GAAP that result from Altria accounting for its interest in the Company using the equity method; and
 - (b) in the event that Altria becomes aware that it may reasonably expect to be required to publish additional Confidential Information pursuant to one or more Financial Reporting and Planning Requirements, it shall give the Company prompt notice thereof and shall consult with the Company, which shall engage promptly with Altria to discuss. If, following such consultation, Altria determines, acting reasonably, it is required to publish such Confidential Information under such Financial Reporting and Planning Requirements, Altria may publish only such Confidential Information necessary to comply with such requirements and (to the extent legally permitted under such Financial Reporting and Planning Requirements) shall, upon request from the Company, delay such publication until after the Company has published such Confidential Information.
- 4.4 Altria acknowledges that information disclosed to it under this clause 4 may be unpublished price sensitive or inside information and undertakes that the Altria Group shall comply with the requirements of any applicable laws, rules and regulations in relation to any dealings by the Altria Group in the Relevant Securities. In addition, Altria undertakes to procure that information disclosed under this clause 4 is not used in any manner which would be prejudicial to the business of the Group. This clause 4.4 shall continue to apply to Altria without limit in time.
- 4.5 Nothing in this Agreement shall be deemed to affect in any manner any obligations of the Company or Altria under any applicable laws, including securities laws, market abuse or insider dealing laws, rules or regulations or any binding directions by the competent securities market regulator (“**Laws**”), and obligations of each of the Company and Altria under this Agreement shall be subject to, and neither party shall be in breach of this Agreement if it determines, acting reasonably and in good faith, that complying with any provision of this Agreement would violate such Laws; provided that each party shall use its best efforts to notify and consult with the other party prior to taking any action in reliance on this Section 4.5 that would otherwise be a breach of this Agreement.

- 4.6 Altria acknowledges that, in light of the difficulty in integrating the financial reporting systems of SABMiller and the Company, for one year following Completion, any delay in the Company delivering the Confidential Information required by Clause 4.1 will not result in a breach of this agreement by the Company, provided it uses its commercially reasonable efforts to deliver such Confidential Information as soon as is reasonably practicable and provided, further, that such Confidential Information is delivered within 15 calendar days of the applicable date required under Clause 4.1.
- 4.7 To the extent that Altria determines, acting reasonably, that it is no longer necessary for it to receive copies of any items of information listed under clause 4.1 in order to satisfy its obligations under any Financial Reporting and Planning Requirements, Altria promptly shall notify the Company in writing, which notice shall relieve the Company of the obligation to provide such items.

5. CONFIDENTIALITY

- 5.1 Altria shall (subject the remainder of this clause 5) treat and keep, and shall procure that its Affiliates and its and their respective directors, officers, employees and agents shall treat and keep, as strictly confidential the Confidential Information.
- 5.2 Altria shall be entitled to disclose Confidential Information solely in the manner described in clauses 4.3 or 5.3 and:
- (a) to any of its directors, officers, employees, auditors, credit rating agencies and legal counsel, whose position makes it necessary or desirable to know that Confidential Information in order to assist Altria with its Financial Reporting and Planning Requirements;
 - (b) with the consent of the Board (each recipient of Confidential Information pursuant to clause 5.2(a)-(b) being an “**Authorized Recipient**”),

provided that Altria shall:

- (a) warn each Authorized Recipient that the disclosed information is confidential and may be unpublished price sensitive or inside information;
 - (b) inform each Authorized Recipient of the confidentiality provisions contained herein and take reasonable steps to procure that such Authorized Recipient complies with the terms of such provisions as if it were a party hereto; and
 - (c) maintain a list of the names of all Authorized Recipients and, promptly upon written request from the Company, supply a copy of such list to the Company.
- 5.3 Altria shall further be entitled to disclose the Confidential Information to the extent Altria is required to do so by applicable law or regulation, any order of a court of competent jurisdiction or any competent governmental, judicial or regulatory authority or body; provided that Altria shall provide the Company, in advance of any such disclosure, with a list of any Confidential Information it intends to disclose (and, if applicable, the text of

the disclosure language itself) and to cooperate with the Company to the extent the Company may seek to limit such disclosure. Altria will limit such disclosure to that which is legally required and will use reasonable efforts to obtain assurances that confidential treatment will be accorded to any such Confidential Information that Altria is so required to disclose, and thereafter Altria may disclose such information without liability hereunder.

- 5.4 The Company shall treat and keep, and shall procure that its Group members and its and their respective directors, officers, employees and agents shall treat and keep, as strictly confidential all information of a confidential nature relating to Altria communicated to it pursuant to clause 7.3.
- 5.5 Each of the parties confirms its intention that any significant announcement to be made by it referring to the other party shall be discussed with the other party before being made, save in exceptional circumstances.

6. CHANGE OF LAW

- 6.1 If there is any change in law or applicable regulations which would materially affect the operation of this Agreement or prohibit or prevent the Company from complying with its obligations under clause 4.1, the parties agree to enter into bona fide negotiations with a view to agreeing such amendments to this Agreement (to the extent legally possible) as the parties shall in good faith determine to be necessary to comply with such changes and to ensure that, notwithstanding such changes, the commercial intentions of each, as reflected by the provisions of this Agreement, are given effect to.
- 6.2 The parties acknowledge and agree that clause 6.1 is fully binding in honor and not an agreement to negotiate, such that any invalidity or unenforceability of clause 6.1 shall not result in the invalidity or unenforceability of any other provision of this Agreement.

7. DURATION

- 7.1 All rights and obligations of the parties under this Agreement shall be conditioned upon Completion occurring. This Agreement shall terminate automatically if the Transaction has been withdrawn or lapsed or if the Co-operation Agreement is terminated in accordance with its terms.
- 7.2 From Completion, this Agreement shall continue in full force and effect for so long as Altria continues to account for its interest in the Company using the equity method.
- 7.3 If, at any time, Altria ceases to account for its interest in the Company using the equity method, this Agreement shall terminate and cease to be of any effect other than clauses 4.4, 5 and 11 through 16, save that this shall not relieve either party from any liability or obligation in respect of any matters, undertakings or conditions which shall not have been done, observed or performed by that party prior to such termination.
- 7.4 Altria undertakes to the Company to notify the Company if, as a result of any change in the holding of Relevant Securities by Altria or any Affiliate or for any other reason,

Altria expects that it will cease to account for its interest in the Company using the equity method, provided that any failure to so notify that does not prejudice the Company and is promptly remedied shall not constitute a breach of this Agreement.

8. SEVERANCE

- 8.1 If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement.
- 8.2 In the event that any provision of this Agreement becomes wholly or partly void, unenforceable or for any other reason cannot in whole or in part be put into effect, including as a result of a Law, then the remaining provisions of this Agreement shall not be affected. In such an event, the parties shall cooperate and negotiate in good faith to agree provisions (to replace those which are void, unenforceable or ineffective) which are not void or unenforceable, or which can otherwise be put into effect and which, as far as possible, are legally and commercially the same as those they replace.
- 8.3 In the event that provisions of this Agreement need to be interpreted or supplemented, then the interpretation or supplement shall be completed in good faith in such a way that the spirit, contents and purpose of this Agreement are adhered to as far as possible.

9. FURTHER ASSURANCE

Each party shall do and execute or procure to be done and executed all necessary acts, deeds, documents and things as may be reasonably necessary to give effect to this Agreement.

10. ENTIRE AGREEMENT

- 10.1 This Agreement contains the entire agreement and understanding of the parties and supersedes all prior agreements, understandings or arrangements (both oral or written) relating to the subject matter of this Agreement, and, subject to any mandatory provisions of the Act or any other applicable legislation or the Articles.
- 10.2 Each of the parties acknowledges that:
- (a) it does not enter into this Agreement on the basis of and does not rely, and has not relied, upon any statement or representation (whether negligent or innocent) or warranty or other provision (in any case whether oral, written, express or implied) made or agreed to by any person (whether a party to this Agreement or not) except those expressly repeated or referred to in this Agreement and the only remedy or remedies available in respect of any misrepresentation or untrue statement made to it shall be a claim for breach of contract under this Agreement; and
 - (b) this clause 10.2 shall not apply to any statement, representation or warranty made fraudulently, or to any provision of this Agreement which was induced by fraud, for which the remedies available shall be all those available under the law governing this Agreement.
- 10.3 No amendment of any of the terms of this Agreement (or of any other documents referred to herein) shall be effective unless it is in writing and signed by or on behalf of each of the parties hereto.

11. COSTS

Each party shall pay its own costs relating to the negotiation, preparation, execution and performance by it of this Agreement and of each document referred to in it, provided however, that Altria shall promptly pay the out-of-pocket costs and expenses (including reasonable costs and expenses of any external advisors engaged with the prior written approval of Altria (not to be unreasonably withheld) to assist the Company in complying with its obligations under clause 4 of this Agreement) incurred by the Company in the preparation of any item of Confidential Information that the Company determines, acting reasonably, is only being prepared in order to satisfy the Company's obligations under this Agreement (including any information prepared in accordance with US GAAP or the reconciliation thereto).

12. GENERAL

- 12.1 This Agreement shall be binding on and inure to the benefit of each party's successors in title or assigns; provided, however, that, subject to clause 12.8 below, neither party shall assign or in any other way dispose of any of its rights or obligations under this Agreement without the prior written consent of the other.
- 12.2 Altria shall be liable for all of the obligations and liabilities of all Affiliates under this Agreement. The Company shall be liable for all of the obligations and liabilities of the other Group members under this Agreement.
- 12.3 This Agreement shall not be construed as creating any partnership or agency relationship (except to the extent expressly described) between either of the parties.
- 12.4 No relaxation, forbearance, indulgence or delay (together "**indulgence**") of either party in exercising any right shall be construed as a waiver of the right and shall not affect the ability of that party subsequently to exercise that right or to pursue any remedy, nor shall any indulgence constitute a waiver of any other right.
- 12.5 The parties agree that each party would be irreparably damaged if either party failed to perform any obligation under this Agreement, and that such party would not have an adequate remedy at law for money damages in such event. Accordingly, each party shall be entitled to specific performance and injunctive and other equitable relief to enforce the performance of this Agreement. This clause 12.5 is without prejudice to any other rights that such party may have under this Agreement, at law or in equity.

- 12.6 The rights and remedies contained in this Agreement are, unless otherwise expressed, cumulative and not exclusive of rights or remedies provided by law.
- 12.7 Each date, time or period referred to in this Agreement is of the essence. If the parties agree in writing to vary a date, time or period, the varied date, time or period is of the essence.
- 12.8 Each of the parties agrees and acknowledges that, upon completion of the Belgian Merger (as defined in the 2.7 Announcement), all of the rights and obligations of Anheuser-Busch InBev SA/NV under this Agreement shall be assumed by Newco, by operation of Belgian law.
- 13. NOTICES**
- 13.1 Any notice or other communication to be given under this Agreement shall be in writing and shall be deemed to have been duly served on, given to or made in relation to a party if it is left at the authorized address of that party (as set out in clause 13.2) or posted by registered post addressed to that party at such address or sent by email or facsimile transmission to a machine situated at such address and shall if:
- (a) personally delivered, be deemed to have been received at the time of delivery;
 - (b) posted, be deemed to have been received on the fifth Business Day after the date of posting; or
 - (c) sent by email or facsimile transmission, be deemed to have been received upon receipt by the sender of a confirmatory email, facsimile transmission report (or other appropriate evidence) that the email or facsimile, as the case may be, has been transmitted to the addressee,
- provided that where, in the case of delivery by hand or email or facsimile transmission, delivery or transmission occurs after 6.00 pm on a Business Day or on a day which is not a Business Day, receipt shall be deemed to occur at 9.00 am on the next following Business Day.
- 13.2 For the purposes of this clause 13, the authorized address of each party shall be the address set out below (including the details of the facsimile number and person for whose attention a notice or communication is to be addressed) or such other address (and details) as that party may notify to the other in writing from time to time in accordance with the requirements of clause 13.3:
- (a) **The Company:**
 - Address: c/o Anheuser-Busch InBev
Brouwerijplein 1
Leuven 3000
Belgium

Facsimile no: +32 1650 6699
Attention: VP Corporate Governance & VP Control & Tax
Email: benoit.loore@ab-inbev.com and
ann.randon@ab-inbev.com

with a copy to: Sullivan & Cromwell LLP
Address: 1 New Fetter Lane
London
EC4A 1AN, UK

Facsimile no: +44 20 7959 8950
Email: whiteg@sullcrom.com and
horsfieldbradburyj@sullcrom.com
Attention: George H. White and John Horsfield-Bradbury

(b) **Altria Group, Inc:**

Address: 6601 West Broad Street
Richmond
VA 23230
United States of America

Facsimile no: +1 804 484 8265
Email: Denise.Keane@altria.com
Attention: General Counsel

with a copy to: Wachtell, Lipton, Rosen & Katz
Address: 51 West 52nd Street
New York, NY 10019
USA

Facsimile no: +1 212 403 2000
Email: AJNussbaum@wlrk.com
Attention: Andrew J. Nussbaum

13.3 A party may notify the other of a change to its name, relevant addressee, address or facsimile number for the purposes of clause 13.2, provided that such notification shall only be effective on:

- (a) the date specified in the notification as the date on which the change is to take place; or
- (b) if no date is specified or the date specified is less than five clear Business Days after the date on which notice is given, the date falling five clear Business Days after notice of any such change has been given.

- 14. GOVERNING LAW AND JURISDICTION**
- 14.1 This Agreement (together with all documents referred to herein and together with any documents entered into pursuant to this Agreement which are not expressed to be governed by another law) shall be governed by and construed and take effect in accordance with New York law.
- 14.2 The federal courts in the United States District Court for the Southern District of New York (and appellate courts thereof) shall have exclusive jurisdiction to determine any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity hereof (or, if such court shall not have jurisdiction, the Supreme Court of the State of New York, County of New York).
- 15. THIRD PARTY RIGHTS**
- This Agreement is not intended to, and does not, confer upon any person other than the parties hereto any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein
- 16. COUNTERPARTS**
- 16.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.
- 16.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

SCHEDULE 1

Definitions

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| “ 2.7 Announcement ” | means the announcement issued by the Company and SABMiller on the date hereof under Rule 2.7 of the United Kingdom City Code on Takeovers and Mergers; |
| “ Act ” | means the Belgian Company Code; |
| “ Affiliate ” | means, in relation to Altria, a person that directly or indirectly controls, is controlled by, or is under common control with, Altria and, for the purposes of this definition, “ control ”, when used with respect to any person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and, for the avoidance of doubt, the Company shall not be deemed to be an Affiliate of Altria; |
| “ Altria ” | has the meaning first above given; |
| “ Altria Group ” | means Altria and its Affiliates; |
| “ Altria Nominated Director ” | means a Director nominated to the Board at the request of Altria in accordance with the Articles; |
| “ Articles ” | means the articles of association of Newco as they may be amended from time to time; |
| “ Board ” | means the board of directors of Newco as constituted from time to time; |
| “ Business Day ” | means any day which is not a Saturday or Sunday or a day on which banks are authorized or required to close in Brussels, Belgium or New York City, United States of America; |
| “ Completion ” | has the meaning given in the 2.7 Announcement; |
| “ Company ” | has the meaning first above given; |
| “ Co-operation Agreement ” | has the meaning given in the 2.7 Announcement; |
| “ Confidential Information ” | has the meaning given in clause 4.3; |
| “ Director ” | means a director of Newco; |
| “ dispose ” | means to confer legal or beneficial title on another person or |

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| | otherwise dispose of or enter into an agreement to confer legal or beneficial title on another person or otherwise dispose of or enter into any arrangement (including, without limitation, the creation of any derivative) which would have substantially the same financial effect, and “ disposal ” shall be construed accordingly; |
| “ Financial Reporting and Planning Requirements ” | has the meaning given in the recitals; |
| “ Group ” | means the Company and its subsidiaries and “ Group member ” shall be construed accordingly; |
| “ IFRS ” | means the International Financial Reporting Standards as adopted by the European Union (or to the extent adopted by the Company in the preparation of its financial results, as issued by the International Accounting Standards Board); |
| “ indulgence ” | has the meaning given in clause 12.4; |
| “ Laws ” | has the meaning given in clause 4.5. |
| “ Newco ” | means Newco, a Belgian limited liability company to be formed for the purposes of the Transaction, further details of which are set out in paragraph 10 and Appendix 6 of the 2.7 Announcement; |
| “ person ” | shall be construed so as to include any individual, firm, company, government, state or agency of a state, local or municipal authority or governmental body or any trust, joint venture, association, partnership or other organization of any nature (in each case, whether or not having separate legal personality), and that person’s legal personal representatives, successors and lawful assigns; |
| “ Relevant Securities ” | means any securities of Newco issued and outstanding from time to time (including its ordinary shares); |
| “ Transaction ” | has the meaning given in the recitals; |
| “ US GAAP ” | means the accounting principles generally accepted in the United States of America; |
| “ SABMiller ” | has the meaning given in the recitals; and |
| “ SEC ” | has the meaning given in clause 4.1. |

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

ANHEUSER-BUSCH INBEV SA/NV

By: /s/ Maria Fernanda Rocha Barros
Name: Maria Fernanda Rocha Barros
Title: Global Legal Director
Authorized Signatory

By: /s/ Jan Vandermeersch
Name: Jan Vandermeersch
Title: Authorized Signatory

[Signature Page to Information Rights Agreement – AB InBev]

ALTRIA GROUP, INC.

By: /s/ William F. Gifford Jr.

Name: William F. Gifford Jr.

Title: Chief Financial Officer

[Signature Page to Information Rights Agreement – Altria]

REGISTRATION RIGHTS AGREEMENT

by and among

Anheuser-Busch InBev SA/NV

and

the Holders (as defined herein)

Dated as of October 10, 2016

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THIS REGISTRATION RIGHTS AGREEMENT is made and entered into as of October 10, 2016 by and among ANHEUSER-BUSCH INBEV SA/NV, a public limited liability company (*société anonyme/naamloze vennootschap*) incorporated under the laws of the Kingdom of Belgium (the “Company”) and the Restricted Shareholders listed on Schedule 1 hereto (together with any other holders or beneficial owners of Restricted Shares and/or their Permitted Transferees that accede as parties to this Agreement in accordance with Section 12, the “Holders” and individually, each a “Holder”).

RECITALS

WHEREAS, in connection with the consummation of the transactions contemplated by the Co-operation Agreement, dated as of November 11, 2015 and as amended from time to time (the “Co-operation Agreement”), between Anheuser-Busch InBev SA/NV, a public limited liability company (*société anonyme/naamloze vennootschap*) incorporated under the laws of the Kingdom of Belgium and predecessor in interest to the Company, and SABMiller plc, a public limited company incorporated in England and Wales, the parties hereto desire to enter into this Agreement in order to grant certain registration rights to the Holders in respect of their Registrable Securities as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1. Definitions.

(a) As used in this Agreement, the following terms shall have the following meanings:

“ADSs” means American Depositary Shares representing Ordinary Shares.

“Affiliate” of a Person has the meaning set forth in Rule 12b-2 under the Exchange Act.

“Agreement” means this Registration Rights Agreement, as amended, modified or supplemented from time to time, in accordance with the terms hereof, together with any exhibits, schedules or other attachments hereto.

“Articles of Association” means the articles of association of the Company adopted by the Company’s general meeting of shareholders held on September 28, 2016, as the same may be amended from time to time.

“Automatic Shelf Registration Statement” means a Shelf Registration Statement that is an “automatic shelf registration statement” as defined in rule 405 under the Securities Act.

“Business Day” means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the City of New York, New York.

“Company” has the meaning set forth in the Preamble and includes the Company’s Successors by merger, acquisition, reorganization or otherwise.

“Controlling Person” has the meaning set forth in Section 10(a).

“Conversion Securities” means Ordinary Shares acquired upon the conversion of Restricted Shares in accordance with Article 7 of the Articles of Association, together with any ADSs which represent such Ordinary Shares.

“Covered Person” has the meaning set forth in Section 10(a).

“Deferred Share Entitlements” means the entitlements purchased by each of María Asuncion Aramburuzabala and Valentín Diez Morodo on 5 June 2013, to acquire, in aggregate, the equivalent of approximately 23.1 million ordinary shares of the Company.

“Demand Registration” has the meaning set forth in Section 3(a).

“Demand Registration Request” has the meaning set forth in Section 3(a).

“Depository” means the depository from time to time with respect to the ADSs.

“Early Transfer Notice” means, in respect of Pledged Shares, a written notice delivered to the Company by a Pledgee, Receiver or a Restricted Transferee of such Pledged Shares, notifying the Company that (x) the Pledgee or Receiver of such Pledged Shares has enforced or commenced enforcement action with respect to its Pledge over such Pledged Shares and (y) such Pledgee, Receiver or a Restricted Transferee wishes to exercise its registration rights; *provided* that such Early Transfer Notice shall only be deemed effective if (i) such Pledged Shares have become unconditionally convertible into Conversion Securities pursuant to the Articles of Association and (ii) the Person that delivered such notice shall have acceded hereto as a Holder pursuant to Section 12.

“Eligible Holder” means a Holder or a group of Holders that holds, in aggregate, at least the lesser of (i) US\$ 2.5 billion in market value of the Company’s equity securities (assuming for purposes of this calculation that one Restricted Share has the same market value as one Ordinary Share), and (ii) 1.5% of the Company’s outstanding share capital (excluding treasury shares) on the date a Request is made.

“EU Market Abuse Regulation” means Regulation (EU) No 596/2014.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Expiration Date” means the first Business Day falling on or after the earlier of (x) October 10, 2021, (y) the first day on which all Holders have the right to convert their Restricted Shares into Conversion Securities in accordance with the Articles of Association and (z) the first day on which the Company has received effective Early Transfer Notice(s) in respect of Pledged Shares representing, in aggregate, at least the lesser of (i) US\$ 2.5 billion in market value of the Company’s equity securities (assuming for purposes of this calculation that one Pledged Share has the same market value as one Ordinary Share), and (ii) 1.5% of the Company’s outstanding share capital (excluding treasury shares).

“Governmental Entity” means any United States or foreign (i) federal, state, local, municipal or other government, (ii) governmental or quasi-governmental entity of any nature (including, without limitation, any governmental agency, branch, department, official or entity and any court or other tribunal) or (iii) body exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature, including, without limitation, any arbitral tribunal.

“Holder” has the meaning set forth in the Preamble.

“Notifying Holder” has the meaning set forth in Section 2(f).

“Ordinary Shares” has the meaning given in the Articles of Association.

“Permitted Transferee” means any Person that has properly acquired Restricted Shares, Conversion Securities, or any interests therein or any rights relating thereto pursuant to Article 7.3 of the Articles of Association, and any Restricted Transferee.

“Person” means any natural person, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, foundation, unincorporated organization or government or other agency or political subdivision thereof.

“Piggyback Registration” has the meaning set forth in Section 4(a).

“Piggyback Shelf Registration Statement” has the meaning set forth in Section 4(a).

“Piggyback Shelf Takedown” has the meaning set forth in Section 4(a).

“Pledge” has the meaning given in the Articles of Association.

“Pledged Share” means a Restricted Share that is the subject of a Pledge to which a Pledge Consent (as defined in the Articles of Association) has been given.

“Pledgee” has the meaning given in the Articles of Association.

“Prospectus” means the prospectus or prospectuses (whether preliminary or final) included in any Registration Statement and relating to Registrable Securities, as amended or supplemented and including all material incorporated by reference in such prospectus or prospectuses.

“Receiver” has the meaning given in the Articles of Association.

“Request” means a Shelf Registration Request or a Demand Registration Request, as applicable.

“Registrable Securities” means, at any time, (i) any Conversion Securities held or beneficially owned by any Holder (including, for the avoidance of doubt, any ADSs representing

Conversion Securities) and (ii) any securities issued by the Company after the date hereof in respect of the Conversion Securities by way of a share dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares or other similar event (it being understood that, for purposes of this Agreement, a Person shall be deemed to be a Holder of Registrable Securities whenever such Person in its sole discretion has the right to then acquire or obtain from the Company any Registrable Securities, whether or not such acquisition has actually been effected); *provided, however*, that as to any particular Registrable Securities, such securities shall cease to constitute Registrable Securities for all purposes of this Agreement when such securities (a) have been sold pursuant to an effective Registration Statement or in compliance with Rule 144 under the Securities Act, (b) have been sold in a transaction where a subsequent public distribution of such securities would not require registration under the Securities Act, (c) are eligible for sale pursuant to Rule 144 under the Securities Act without limitation thereunder on volume or manner of sale, (d) are not outstanding or (e) have been transferred in violation of the Articles of Association (or any combination of clauses (a), (b), (c), (d) and (e)), and the Company's obligations regarding Registrable Securities hereunder shall cease to apply with respect to such securities.

“Registration Expenses” means the costs and expenses of any registration or sale hereunder, other than Selling Expenses (as hereinafter defined). Registration Expenses shall include, without limitation, (i) transfer agent's and registrar's fees, (ii) the fees and disbursements of counsel for the Company, (iii) all fees and expenses incurred by the Company in connection with any “road show” for underwritten offerings of Registrable Securities, including the Company's and its representatives' costs of travel, lodging and meals and (iv) the fees and disbursements of independent certified public accountants and other advisors retained directly by the Company (including the fees and disbursements associated with the preparation of any customary comfort letters to be provided by the auditors to the Company).

“Registration Statement” means any registration statement of the Company under the Securities Act which covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, all amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all documents incorporated by reference in such Registration Statement.

“Restricted Shareholder” has the meaning given in the Articles of Association.

“Restricted Shares” has the meaning given in the Articles of Association.

“Restricted Transferee” has the meaning given in the Articles of Association.

“Rule 144” means Rule 144 under the Securities Act, as in effect from time to time, or any successor rule thereto.

“SEC” means the Securities and Exchange Commission or any successor agency administering the Securities Act and the Exchange Act at the time.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Selling Expenses” means, in relation to any registration or sale by or for the benefit of any holder of Registrable Securities, (i) any SEC or other registration fees (or equivalent fees in any other jurisdiction, including any fees under Section 7(a)(iv)) for any Registrable Securities registered for the benefit of such Holder, (ii) any fees of the Financial Industry Regulatory Authority in connection with Registrable Securities registered for the benefit of such Holder, (iii) any fees of the Depositary in connection with the registration or sale of any ADSs registered for the benefit of such Holder or in connection with the deposit of Ordinary Shares in exchange for ADSs, (iv) any stamp duty, stock transfer or similar transaction tax arising out of the sale of such Registrable Securities, (v) any underwriting fees, discounts and selling commissions to be paid to any underwriter, agent, dealer or other financial intermediary, (vi) such Holder’s own selling and marketing expenses including (in the case of a Shelf Registration or a Demand Registration) the costs of printing and distributing any Prospectus in preliminary or final form as well as any supplements thereto, (vii) all fees and expenses incurred by such Holder (but not the Company) in connection with any “road show” for underwritten offerings of Registrable Securities, including such Holder’s own costs of travel, lodging and meals and (viii) any fees and out of pocket expenses of any legal counsel, underwriter, agent, dealer or other financial intermediary for such Holder or its advisors.

“Shelf Registration” has the meaning set forth in Section 2(b).

“Shelf Registration Statement” means a Registration Statement on Form F-3 or any then appropriate form for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, as in effect from time to time, or any successor rule thereto.

“Shelf Takedown” has the meaning set forth in Section 2(f).

“Successor” has the meaning given in the Articles of Association.

“Suspension” has the meaning set forth in Section 6(a).

“Suspension Notice” has the meaning set forth in Section 6(b).

“Termination Date” means the first date on which there is no Holder of Registrable Securities (together with its Permitted Transferees) that owns more than the lesser of (i) US\$ 2.5 billion in market value of the Company’s equity securities (assuming for purposes of this calculation that one Restricted Share has the same market value as one Ordinary Share), and (ii) 1.5% of the Company’s outstanding share capital (excluding treasury shares); *provided* that in the circumstances described in Section 7(g), the Termination Date shall be deemed not to have occurred until completion of the offering contemplated thereby.

“transfer” means, when used as a noun, any direct or indirect, voluntary or involuntary, sale, contribution, offer, grant of option, disposal, pledge, charge, assignment, mortgage, grant of lien or any security interest or other transfer (including the creation of any derivative or synthetic interest, including a participation or other similar interest) and, when used as a verb, voluntarily to directly or indirectly sell, contribute, offer, grant any option, otherwise dispose of, pledge, charge, assign, mortgage, grant any lien or any security interest on or otherwise transfer, in any case, whether by operation of law or otherwise.

“Underwriting Agreement” means any agreement providing for a distribution of securities in which the distributor would be deemed to be an “underwriter” for purposes of Section 2(a)(11) of the Securities Act and the interpretations of the SEC thereunder.

“underwritten offering” means an offering of securities pursuant to a Registration Statement conducted by one or more underwriters pursuant to the terms of an Underwriting Agreement.

“Underwritten Shelf Takedown” has the meaning set forth in Section 2(f).

“Underwritten Shelf Takedown Notice” has the meaning set forth in Section 2(f).

“WKSI” means a “well known seasoned issuer” as defined in Rule 405 under the Securities Act.

(b) In addition to the above definitions, unless the context requires otherwise:

- (i) any reference to any statute, regulation, rule or form as of any time shall mean such statute, regulation, rule or form as amended or modified and shall also include any successor statute, regulation, rule or form, as amended, from time to time;
- (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, in each case notwithstanding the absence of any express statement to such effect, or the presence of such express statement in some contexts and not in others;
- (iii) references to “Section” are references to Sections of this Agreement;
- (iv) words such as “herein”, “hereof”, “hereinafter” and “hereby” when used in this Agreement refer to this Agreement as a whole; and
- (v) references to “dollars” and “\$” mean U.S. dollars.

Section 2. Shelf Registration.

(a) Qualification to Register. The Company shall use its best efforts to qualify and remain qualified to register securities pursuant to a registration statement on Form F-3 (or any successor form) under the Securities Act.

(b) WKSI F-3 Filing. If the Company is eligible to use Form F-3 and is a WKSI, then following the receipt by the Company of a written notice of a request in respect of a Shelf Registration Statement (a "Shelf Registration Request") from any Holder or group of Holders which (singly or in aggregate) are Eligible Holders at the time such Shelf Registration Request is made, the Company shall use its best efforts to prepare and file with the SEC an Automatic Shelf Registration Statement for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, as in effect from time to time, or any successor rule thereto (a "Shelf Registration") so that such Automatic Shelf Registration Statement becomes effective under the Securities Act on or before the later of (i) the date which is 30 days after the date the Company receives the Shelf Registration Request and (ii) the Expiration Date.

(c) Non-WKSI F-3 Filing. If the Company is eligible to use Form F-3 but is not a WKSI, then following the receipt by the Company of a Shelf Registration Request from a Holder or group of Holders which (singly or in aggregate) are Eligible Holders at the time such Shelf Registration Request is made, the Company shall use its best efforts (x) to prepare and file with the SEC a Shelf Registration Statement for a Shelf Registration on or before the later of (i) the date which is 45 days after the date the Company receives the Shelf Registration Request and (ii) the date which is two months before the Expiration Date and (y) to cause the Shelf Registration Statement to become effective under the Securities Act on or before the later of (i) the date which is two months after the date the Company receives the Shelf Registration Request and (ii) the Expiration Date.

(d) Effectiveness. The Company shall use its best efforts to keep any Shelf Registration Statement that becomes effective under the Securities Act or is declared effective by the SEC continuously effective and in compliance with the Securities Act and useable for the resale of Registrable Securities for the time period specified in the applicable Shelf Registration Request but for no time period longer than the period ending on the earliest of (A) the date on which all Registrable Securities covered by such Shelf Registration have been sold pursuant to such Shelf Registration Statement, (B) the date as of which there are no longer any Registrable Securities covered by such Shelf Registration Statement in existence, (C) the date on which such Shelf Registration Statement expires (*provided* that the Company shall renew such Shelf Registration Statement upon such expiration) and (D) the Termination Date.

(e) Additional Registrable Securities; Additional Selling Stockholders. Subject to Section 6, at any time and from time to time that a Shelf Registration Statement is effective, if a Holder of Registrable Securities requests (i) the registration under the Securities Act of additional Registrable Securities pursuant to such Shelf Registration Statement or (ii) that such Holder be added as a selling shareholder in such Shelf Registration Statement, the Company shall as promptly as practicable amend or supplement the Shelf Registration Statement to cover such additional Registrable Securities and/or Holder.

(f) Right to Effect Shelf Takedowns. Subject to Section 6, at any time and from time to time when a Shelf Registration Statement is effective and until the Termination Date, each Holder shall be entitled to sell any or all of the Registrable Securities covered by such Shelf Registration Statement (a “Shelf Takedown”), but only upon not less than fifteen (15) Business Days’ prior written notice (an “Underwritten Shelf Takedown Notice,” and the Holder or group of Holders delivering such Underwritten Shelf Takedown Notice, the “Notifying Holder(s)”) to the Company if such takedown is to be underwritten (an “Underwritten Shelf Takedown”). The Notifying Holder(s) shall be entitled to issue an Underwritten Shelf Takedown Notice only if the number of Registrable Securities included in such Underwritten Shelf Takedown would reasonably be expected to yield aggregate gross proceeds to the Notifying Holder(s) of at least US\$200,000,000 (based on the then-current market prices). No later than five (5) Business Days after receipt of an Underwritten Shelf Takedown Notice, the Company shall give written notice to each Holder of Registrable Securities that, to its knowledge, holds (together with its Permitted Transferees) at least 1.0% of the Company’s outstanding share capital and the Company shall include in such Underwritten Shelf Takedown all Registrable Securities with respect to which the Company has received a written request for inclusion therein from a Holder within five (5) Business Days of the Company’s notice pursuant to this sentence. Each Holder shall give the Company prompt written notice of the consummation of any Shelf Takedown that is not underwritten.

(g) Priority on Underwritten Shelf Takedowns. The Company may include Ordinary Shares other than Registrable Securities in an Underwritten Shelf Takedown for any accounts (including for the account of the Company) on the terms provided below, but only with the consent of the managing underwriters of such offering and the Notifying Holder(s) (such consent not to be unreasonably withheld, conditioned or delayed). Subject to such consent having been received, if the managing underwriters of such Underwritten Shelf Takedown advise the Company and the Notifying Holder(s) in writing that, in their opinion, the number of Ordinary Shares proposed to be included in such Underwritten Shelf Takedown, including all Registrable Securities and all other Ordinary Shares proposed to be included in such offering, exceeds the number of Ordinary Shares which can reasonably be expected to be sold in such offering without adversely affecting the success of the offering (including the price per share, timing or distribution of the Ordinary Shares proposed to be sold in such offering), the Company shall include in such Underwritten Shelf Takedown: (i) first, the Registrable Securities proposed to be sold by the Notifying Holder(s) in such offering, (ii) second, the Registrable Securities proposed to be sold by any other Holder(s) requesting to participate in such offering and (iii) third, any Ordinary Shares proposed to be included therein by any other Persons (including Ordinary Shares to be sold for the account of the Company and/or any other holders of Ordinary Shares), allocated, in the case of this clause (iii), among such Persons in such manner as the Company may determine. If more than one Holder is participating in such Underwritten Shelf Takedown and the managing underwriters of such offering determine that the number of Ordinary Shares which may be included in such offering without adversely affecting the success of the offering (including the price per share, timing or distribution of the Ordinary Shares to be sold in such offering) is less than the number of Registrable Securities proposed to be included in the Underwritten Shelf Takedown pursuant to clauses (i) and (ii) above, as applicable, then the amount of Registrable Securities so sold in such offering shall be allocated first pro rata among the participating Notifying Holders on the basis of the number of Registrable Securities initially requested to be sold by each such Notifying Holder in the offering and then, if there remain

available any Registrable Securities to be sold, pro rata among any other Holders requesting to participate in the offering. The provisions of this paragraph (g) apply only to an offering that a Holder has requested be an Underwritten Shelf Takedown.

(h) Selection of Underwriters. The Notifying Holder(s) shall jointly (i) select the investment banking firm or firms to act as the managing underwriter or underwriters in connection with such offering and (ii) otherwise jointly manage and direct all decisions required for effecting such Underwritten Shelf Takedown; *provided* that any investment banking firm or firms selected pursuant to clause (i) above shall be selected subject to the approval of the Company, which approval shall not be unreasonably withheld, conditioned or delayed and (ii) the Company shall select the investment banking firm(s) from among those nominated by the Notifying Holder(s) if the Notifying Holder(s) cannot agree on such selection.

Section 3. Demand Registrations.

(a) Right to Demand Registrations. Until the Termination Date, if the Company is not eligible to use Form F-3 (or fails to comply with its obligations pursuant to Section 2(a), (b), (c) or (d)), any Holder or group of Holders which (singly or in aggregate) are, Eligible Holders at the time such request is made, by providing written notice to the Company, may request to sell all or part of its Registrable Securities pursuant to a Registration Statement on Form F-1 (a “Demand Registration”). Each request for a Demand Registration (a “Demand Registration Request”) shall specify the number of Registrable Securities intended to be offered and sold by such Holder pursuant to the Demand Registration and the intended method of distribution thereof, including whether it is intended to be an underwritten offering. No later than five (5) Business Days after receipt of a Demand Registration Request, the Company shall give written notice of the Demand Registration Request to all other Holders of Registrable Securities. As promptly as practicable and no later than forty-five (45) days after receipt of a Demand Registration Request, the Company shall file a Registration Statement on Form F-1 covering all Registrable Securities (i) that have been requested to be registered in the Demand Registration Request and (ii) subject to Section 3(d), with respect to which the Company has received a written request for inclusion in the Demand Registration from a Holder no later than ten (10) Business Days after the date on which the Company has given notice to Holders of the Demand Registration Request. The Company shall use its best efforts to cause the Registration Statement filed pursuant to this Section 3(a) to be declared effective by the SEC or otherwise become effective under the Securities Act within 60 days from the original filing date thereof. Notwithstanding the foregoing, the Company shall not be required to effect a Demand Registration on Form F-1 unless the number of Registrable Securities included in such Demand Registration (i) would reasonably be expected to yield gross proceeds to such Holder(s) of at least US\$750,000,000 (based on the then-current market prices).

(b) Effectiveness and Withdrawal. Upon the date of effectiveness of any Demand Registration for an underwritten offering and if such offering is priced promptly on or after such date, the Company shall use its best efforts to keep the Registration Statement filed pursuant to Section 3(a) effective for a period equal to 60 days from such date or such shorter period, which shall terminate when all of the Registrable Securities covered by such Demand Registration have been sold by the participating Holder(s). A Holder may, by written notice to the Company, withdraw its Registrable Securities from a Demand Registration at any time prior to the

effectiveness of the applicable Registration Statement. Upon receipt of notices from Holders to such effect that would result in the number of Registrable Securities included in such Demand Registration being such that the Demand Registration is reasonably expected to yield gross proceeds to the remaining Holder(s) of less than US\$750,000,000 (based on the then-current market prices), the Company may (in its sole discretion) cease all efforts to seek effectiveness of the applicable Registration Statement, unless the Company intends to effect a primary offering of securities pursuant to such Registration Statement

(c) Underwritten Offerings. A Holder or group of Holders making a Demand Registration Request shall be entitled to request an underwritten offering pursuant to a Demand Registration. The Holder(s) requesting a Demand Registration shall jointly (i) select the investment banking firm or firms to act as the managing underwriter or underwriters in connection with such offering and (ii) otherwise jointly manage and direct all decisions required for effecting such Demand Registration; *provided* that (A) any investment banking firm or firms selected pursuant to clause (i) above shall be selected subject to the approval of the Company, which approval shall not be unreasonably withheld, conditioned or delayed and (ii) the Company shall select the investment banking firm(s) from among those nominated by the selling Holder(s) if the Holders cannot agree on such selection.

(d) Priority on Underwritten Demand Registrations. The Company may include Ordinary Shares other than Registrable Securities in a Demand Registration for any accounts (including for the account of the Company) on the terms provided below if such Demand Registration is an underwritten offering and only with the consent of the managing underwriters of such offering and the Holders that made such Demand Registration Request (such consent not to be unreasonably withheld, conditioned or delayed). Subject to such consent having been received, if the managing underwriters of the requested Demand Registration advise the Company and the Holders participating in such Demand Registration that, in their opinion, the number of Ordinary Shares proposed to be included in such Demand Registration, including all Registrable Securities and all other Ordinary Shares proposed to be included in such offering, exceeds the number of Ordinary Shares which can reasonably be expected to be sold in such offering without adversely affecting the success of the offering (including the price per share, timing or distribution of the Ordinary Shares proposed to be sold in such offering), the Company shall include in such Demand Registration: (i) first, the Registrable Securities proposed to be sold by Holders in such offering and (ii) second, any Ordinary Shares proposed to be included therein by any other Persons (including Ordinary Shares to be sold for the account of the Company and/or any other holders of Ordinary Shares), allocated, in the case of this clause (ii), among such Persons in such manner as the Company may determine. If more than one Holder is participating in such Demand Registration and the managing underwriters of such offering determine that the number of Ordinary Shares which may be included in such offering without adversely affecting the success of the offering (including the price per share, timing or distribution of the Ordinary Shares to be sold in such offering) is less than the number of Registrable Securities proposed to be included in the Demand Registration pursuant to clause (i) above, then the amount of Registrable Securities so sold in such offering shall be allocated pro rata among the participating Holders on the basis of the number of Registrable Securities initially request to be sold by each such Holder in the offering. The provisions of this paragraph (d) apply only to an offering that a Holder has requested be an underwritten Demand Registration.

Section 4. Piggyback Registrations.

(a) Subject to Section 4(b), whenever prior to the Termination Date the Company proposes to register any Ordinary Shares under the Securities Act (other than a registration (i) pursuant to a Registration Statement on Form S-8 (or other registration solely relating to an offering or sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit arrangement), (ii) pursuant to a Registration Statement on Form F-4 (or similar form that relates to a transaction subject to Rule 145 under the Securities Act or any successor rule thereto), (iii) in connection with any dividend or distribution reinvestment or similar plan, (iv) of Ordinary Shares or other securities issuable or deliverable in connection with the Deferred Share Entitlements or (v) in connection with any securities issuable or deliverable upon the conversion or exchange of any convertible or exchangeable debt instruments), whether for its own account or for the account of one or more shareholders of the Company (other than the Holders of Registrable Securities) and the form of Registration Statement to be used may be used for any registration of Registrable Securities (a "Piggyback Registration"), the Company shall give at least ten (10) Business Days' prior written notice to each Holder of Registrable Securities that, to its knowledge, holds (together with its Permitted Transferees) at least 1.0% of the Company's outstanding share capital of its intention to effect such a registration and, subject to Sections 4(b) and 4(c), shall include in such Registration Statement and in any offering of Ordinary Shares to be made pursuant to such Registration Statement that number of Registrable Securities requested to be sold in such offering by such Holder for the account of such Holder; *provided* that the Company has received a written request for inclusion therein from such Holder no later than five (5) Business Days after the date on which the Company has given notice of the Piggyback Registration to Holders or, in the case of a primary offering, such shorter time as is reasonably specified by the Company in light of the circumstances; *provided, further*, that only Registrable Securities of the same class or classes as the securities being registered may be included. This Agreement alone shall not be interpreted to impose on the Company any obligation to proceed with any Piggyback Registration and the Company may, in its sole discretion, abandon, terminate and/or withdraw a Piggyback Registration for any reason at any time prior to the pricing thereof. If a Piggyback Registration is effected pursuant to a Registration Statement on Form F-3 or the then appropriate form for an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act or any successor rule thereto (a "Piggyback Shelf Registration Statement"), the Holders of Registrable Securities shall be notified by the Company of and shall have the right, but not the obligation, to participate in any offering pursuant to such Piggyback Shelf Registration Statement (a "Piggyback Shelf Takedown"), subject to the same limitations that are applicable to any other Piggyback Registration as set forth above.

(b) Priority on Primary Piggyback Registrations. If a Piggyback Registration or Piggyback Shelf Takedown is initiated as a primary underwritten offering on behalf of the Company and the managing underwriters of the offering advise the Company that, in their opinion, the number of Ordinary Shares proposed to be included in such offering, including all Registrable Securities and all other Ordinary Shares proposed to be included in such offering, exceeds the number of Ordinary Shares that can reasonably be expected to be sold in such offering without adversely affecting the success of the offering (including the price per share, timing or distribution of the Ordinary Shares to be sold in such offering), the Company shall include in such Piggyback Registration or Piggyback Shelf Takedown: (i) first, the number of

Ordinary Shares that the Company proposes to sell in such offering; and (ii) second, any Ordinary Shares proposed to be included in such offering by any other Person to whom the Company has a contractual obligation to facilitate such offering (including any Registrable Securities requested to be included therein by a Holder), allocated, in the case of this clause (ii), pro rata among such Persons on the basis of the number of Ordinary Shares initially proposed to be included by each such Person in such offering, up to the number of Ordinary Shares, if any, that the managing underwriters determine can be included in the offering without otherwise materially adversely affecting the success of the offering (including the price per share, timing or distribution of the Ordinary Shares to be offered in such offering).

(c) Priority on Secondary Piggyback Registrations. If a Piggyback Registration or a Piggyback Shelf Takedown is initiated as an underwritten offering on behalf of a holder of Ordinary Shares to which the Company has a contractual obligation to facilitate such offering, other than Holders of Registrable Securities, and the managing underwriters of the offering advise the Company that, in their opinion, the number of Ordinary Shares proposed to be included in such offering, including all Registrable Securities and all other Ordinary Shares requested to be included in such offering, exceeds the number of Ordinary Shares which can be sold in such offering without adversely affecting the success of the offering (including the price per share, timing or distribution of the Ordinary Shares to be sold in such offering), the Company shall include in such Piggyback Registration or Piggyback Shelf Takedown: (i) first, the number of Ordinary Shares that the Person demanding the offering pursuant to such contractual right proposes to sell in such offering; and (ii) second, any Ordinary Shares proposed to be sold for the account of the Company in such offering, any Registrable Securities requested to be included in such offering by a Holder and any Ordinary Shares proposed to be included in such offering by any other Person to which the Company has a contractual obligation to facilitate such offering, allocated, in the case of this clause (ii), pro rata among the Company, such Holders and such Persons on the basis of the number of Ordinary Shares initially proposed to be included by the Company, each such Holder and each such other Person in such offering, up to the number of Ordinary Shares, if any, that the managing underwriters determine can be included in the offering without materially adversely affecting the success of the offering (including the price per share, timing or distribution of the Ordinary Shares to be offered in such offering).

(d) Selection of Underwriters. If a Piggyback Registration or Piggyback Shelf Takedown is initiated as a primary or secondary underwritten offering, the Holder shall not have any rights to select the investment banking firm(s) to act as the managing underwriter(s) in connection with such offering.

(e) Basis of Participation. No Holder may sell Registrable Securities in any offering pursuant to its right to participate in a Piggyback Registration unless it (a) agrees to sell such Registrable Shares on the same basis provided in the Underwriting Agreement or other distribution arrangements approved by the Company and that apply to the Company or any other Holders involved in such Piggyback Registration and (b) completes and executes all questionnaires, powers of attorney, indemnities, Underwriting Agreements, lockups and other documents required under the terms of such arrangements, in the case of each of clauses (a) and (b), to the extent reasonable and customary for underwritten offerings of securities.

(f) Notice to Other Beneficial Holders. At substantially the same time as the Company gives notice to the Holders of a Piggyback Registration, it shall use its reasonable efforts to contact any Person that, to its knowledge, is a holder or beneficial owner of Restricted Shares in the Company representing at least 1.0% of the Company's outstanding share capital, advising them of the right of such Person to accede to this Agreement as a Holder pursuant to Section 12, and of the ability of such Person, following its accession as a Holder, to participate in the Piggyback Registration.

Section 5. Holdback Agreements.

(a) Each Holder agrees that in connection with any registered underwritten offering of Ordinary Shares (or other securities convertible or exchangeable for, or otherwise representing a right to acquire or an economic interest in, Ordinary Shares) effected prior to the Termination Date for which the Holders are provided their piggyback rights, if any, in accordance with Section 4(a), Section 4(b) and Section 4(c), and upon request from the managing underwriter(s) for such offering, such Holder shall not, without the prior written consent of such managing underwriter(s), during such period as is reasonably requested by the managing underwriter(s) (which period shall in no event be longer than three (3) days prior to and ninety (90) days after the pricing of such offering), sell, transfer, pledge, issue, grant or otherwise dispose of, directly or indirectly (including by means of a short sale), or request the registration of, any Registrable Securities (or any securities of any Person that are convertible into or exchangeable for, or otherwise represent a right to acquire, any Registrable Securities) or (y) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of holding Registrable Securities (or any securities of any Person that are convertible into or exchangeable for, or otherwise represent a right to acquire, any Registrable Securities), whether any such transaction described in clause (x) or (y) is to be settled by delivery of Registrable Securities or such other securities, in cash or otherwise. The foregoing provisions of this Section 5(a) shall not apply to offers or sales of Registrable Securities that are included in an offering pursuant to Sections 2, 3 or 4 of this Agreement and shall be applicable to the Holders only if, for so long as and to the extent that the Company and each selling securityholder included in such offering are subject to the same restrictions. Each Holder agrees to execute and deliver such agreements as may be reasonably requested by the managing underwriter(s) that are consistent with the foregoing provisions of this Section 5(a) and are necessary to give further effect thereto.

(b) To the extent requested by the managing underwriter(s) for an underwritten offering pursuant to Sections 2 or 3 of this Agreement, the Company shall not, and shall cause its subsidiaries not to, effect any sale registered under the Securities Act or other public distribution of equity during such period as is reasonably requested by the managing underwriter(s) (which period shall in no event be longer than three (3) days prior to and ninety (90) days after the pricing of such offering), and the Company shall sign customary "lock up" agreements containing provisions consistent with the foregoing, other than a registration (i) pursuant to a Registration Statement on Form S-8 (or other registration solely relating to an offering or sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit arrangement), (ii) pursuant to a Registration Statement on Form F-4 (or similar form that relates to a transaction subject to Rule 145 under the Securities Act or any successor rule thereto), (iii) in connection with any dividend or distribution reinvestment or similar plan, (iv) of

Ordinary Shares or other securities issuable or deliverable in connection with the Deferred Share Entitlements or (v) in connection with any securities issuable or deliverable upon the conversion or exchange of any convertible or exchangeable debt instruments. For the avoidance of doubt, the provisions of this Section 5(b) shall apply only in respect of an underwritten offering and only if the number of Registrable Securities to be sold in the offering would reasonably be expected to yield gross proceeds to the participating Holders(s) of at least \$200,000,000 (based on the then-current market prices) in a Shelf Takedown pursuant to Section 2 or \$750,000,000 (based on the then-current market prices) in a Demand Registration on Form F-1 pursuant to Section 3.

Section 6. Suspensions.

(a) Notwithstanding any other provision of this Agreement, the Company shall be entitled to delay or suspend the filing, effectiveness or use of a Registration Statement or Prospectus (including by withdrawing or declining to amend any Registration Statement or Prospectus that has been filed or by declining to take any other actions otherwise required hereunder with regard to any Registration Statement or Prospectus) (a “Suspension”) (a) at such times as are required by law (including the EU Market Abuse Regulation) or (b) if either (x) the board of directors of the Company or (y) the Chief Executive Officer of the Company determines reasonably that the participation of the Company would reasonably be expected to either (i) require public disclosure of material non-public information that would not otherwise be required to be disclosed or (ii) have a material adverse effect on any pending negotiation or plan to effect a merger, acquisition, disposition, financing, reorganization, recapitalization or other similar transaction. The Company shall provide written notice (which may be by email only to the primary email address provided by each Holder on the Counterpart hereto (or any update thereto)) to any affected Holder of the commencement and termination of any Suspension (and any withdrawal of a Registration Statement pursuant to this Section 6) (each, a “Suspension Notice”), but shall not be obligated under this Agreement to disclose the reasons therefor. Each Holder which becomes aware of the existence of a Suspension pursuant to this Section 6 shall keep the existence of such Suspension confidential and shall immediately discontinue (and direct any other Person making offers or sales of Registrable Securities on behalf of such Holder to immediately discontinue) offers and sales of Registrable Securities pursuant to such Registration Statement or Prospectus until such time as it is advised in writing by the Company that the use of the Registration Statement or Prospectus may be resumed and, if applicable, is furnished by the Company with a supplemented or amended Prospectus as contemplated by Section 7(a)(vi).

(b) Without the prior written consent of Holders representing 12% of the Company’s outstanding share capital (excluding treasury shares), in no event (i) may the Company implement a Suspension with respect to any Holder more than twice in any twelve-month period and (ii) shall a Suspension or Suspensions be in effect for an aggregate of 120 days or more in any twelve-month period.

Section 7. Registration Procedures.

(a) If and whenever the Company is required to effect the registration of any Registrable Securities pursuant to this Agreement, the Company shall use its best efforts to effect the registration and to facilitate the offering and sale of such Registrable Securities in accordance with the intended methods of disposition thereof and, pursuant thereto, the Company shall, as applicable:

(i) use its best efforts to prepare and file with the SEC a Registration Statement with respect to such Registrable Securities, make all required filings required in connection therewith and (if the Registration Statement is not automatically effective upon filing) use its best efforts to cause such Registration Statement to become effective as promptly as practicable;

(ii) use its best efforts to prepare and file with the SEC such amendments and supplements to any Registration Statement and the Prospectus used in connection therewith as may be necessary to comply with the applicable requirements of the Securities Act and to keep such Registration Statement effective for the relevant period hereunder, but no longer than is necessary to complete the distribution of the Registrable Securities covered by such Registration Statement and to facilitate compliance with the applicable requirements of the Securities Act with respect to the disposition of all the Ordinary Shares covered by such Registration Statement during such period in accordance with the intended methods of disposition set forth in such Registration Statement;

(iii) furnish to each Holder participating in the registration, such number of copies of the Prospectus included in such Registration Statement (including each preliminary Prospectus) and any supplement thereto and such other documents as such participating Holder may reasonably request, including in order to facilitate the disposition of the Registrable Securities of such Holder covered by such Registration Statement in conformity with the requirements of the Securities Act;

(iv) use its best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such U.S. jurisdiction(s) as any Holder participating in the registration or any managing underwriter reasonably requests and do any and all other acts and things that may be necessary or reasonably advisable to enable such Holder and each underwriter, if any, to consummate the disposition of such Holder's Registrable Securities in such jurisdiction(s); *provided* that the Company shall not be required to qualify generally to do business, subject itself to taxation or consent to general service of process in any jurisdiction where it would not otherwise be required to do so but for its obligations pursuant to this Section 7(a)(iv);

(v) promptly notify each Holder participating in the registration and the managing underwriters of any underwritten offering:

(1) each time when the Registration Statement, any pre-effective amendment thereto, the Prospectus or any Prospectus supplement or any post-effective amendment to the Registration Statement has been filed and, with respect to the Registration Statement or any post-effective amendment thereto, when the same has become effective (*provided* that the Company shall not be required to notify Holders of any Forms 6-K filed with the SEC that are incorporated into the Registration Statement in the ordinary course);

(2) of any request by the SEC for amendments or supplements to the Registration Statement or the Prospectus or for any additional information regarding such Holder;

(3) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceedings for any such purpose; and

(4) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction;

(vi) other than during a Suspension, notify each Holder participating in such registration, at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of any event that would cause the Prospectus included in such Registration Statement to contain an untrue statement of a material fact or to omit any fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made, and, at the request of a Holder participating in such registration, use best efforts to prepare and file with the SEC, as soon as practicable, a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(vii) in the event of the issuance of any stop order suspending the effectiveness of a Registration Statement, any order suspending or preventing the use of any related Prospectus or any suspension of the qualification or exemption from qualification of any Registrable Securities for sale in any jurisdiction, use its best efforts to promptly obtain the withdrawal or lifting of any such order or suspension;

(viii) not file or make any amendment to any Registration Statement with respect to any Registrable Securities, or any amendment of or supplement to the Prospectus used in connection therewith, that refers to any Holder covered thereby by name or otherwise identifies such Holder as the holder of any securities of the Company without the consent of such Holder (such consent not to be unreasonably withheld or delayed), unless and to the extent such disclosure is required by law; *provided* that (i) each Holder shall furnish to the Company in writing such information regarding itself and the distribution proposed by it as is required for use in a Registration Statement or Prospectus and (ii) each Holder agrees to notify the Company as promptly as reasonably practicable of any inaccuracy or change in information previously furnished to the Company by such Holder or of the occurrence of any event that would cause the Prospectus included in such Registration Statement to contain an untrue statement of a material fact regarding such Holder or the distribution of such Registrable Securities or to omit to state any material fact regarding such Holder or the distribution of such Registrable Securities required to be stated therein or necessary to make the statements made therein not misleading in light of the circumstances under which they were made

and to furnish to the Company, as promptly as practicable, any additional information required to correct and update the information previously furnished by such Holder such that such Prospectus shall not contain any untrue statement of a material fact regarding such Holder or the distribution of such Registrable Securities or omit to state a material fact regarding such Holder or the distribution of such Registrable Securities necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(ix) at the election of any Holder participating in such registration, to take all steps reasonably necessary to permit the deposit of such Holder's Registrable Securities that are not then held in the form of ADSs into such depository receipt facility as the Company may then sponsor, and to prepare and file with the SEC any amendment to an existing Registration Statement on Form F-6, if necessary, to cover any ADSs held by such Holder or that will be held by any purchaser of Registrable Securities to be sold under any Registration Statement, it being understood that any customary fees, charges and taxes payable in connection with any deposit of Registrable Securities into a depository receipt facility then sponsored by the Company shall be borne by the Holders pro rata on the basis of the number of Registrable Securities of each Holder to be deposited in accordance with this Section 7(a)(ix);

(x) use its best efforts to cause all such ADSs constituting Registrable Securities which are registered to be listed on each securities exchange on which the ADSs representing the Ordinary Shares are then listed and to be eligible and remain eligible for registration of the ADSs pursuant to Form F-6;

(xi) cooperate with the relevant Holders and the Depositary to facilitate the timely delivery of ADSs (in book entry or certificated form) to be delivered pursuant to Section 7(a)(ix) above, which ADSs shall be free of all restrictive legends;

(xii) cooperate with each Holder participating in such registration and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the FINRA, including the use reasonable best efforts to obtain FINRA's pre-clearance or pre-approval of the Registration Statement and applicable Prospectus upon filing with the SEC;

(xiii) provide a transfer agent and registrar (which may be the same entity) for all such Registrable Securities not later than the effective date of such Registration Statement;

(xiv) in the case of an underwritten offering in which a Holder participates pursuant to a Demand Registration, a Piggyback Registration or a Shelf Registration, and to the extent not prohibited by applicable law, make reasonably available for inspection by the managing underwriter(s) of such underwritten offering pursuant to such Registration Statement and one law firm and one accounting firm acting for all such managing underwriter(s), pertinent corporate documents and financial and other records of the Company and its subsidiaries and controlled Affiliates, cause the Company's

officers, employees and independent accountants to supply information reasonably requested by such managing underwriter(s), law firm or accounting firm in connection with such registration or offering, make senior management of the Company and the Company's independent accountants available for customary due diligence and request them to provide customary comfort letters to such underwriters in connection therewith and request the Company's counsel to furnish customary legal opinions and disclosure letters to such underwriters in connection therewith; *provided, however*, that any Person gaining access to such records and other information or personnel of the Company pursuant to this Section 7(a)(xiv) shall (i) reasonably cooperate with the Company to limit any resulting disruption to the Company's business and (ii) protect the confidentiality of any information regarding the Company which the Company determines in good faith to be confidential and of which determination such Person is notified, unless such information (A) is or becomes known to the public without a breach of this Agreement, (B) is or becomes available to such Person on a non-confidential basis from a source other than the Company, (C) is independently developed by such Person, (D) is requested or required by a deposition, interrogatory, request for information or documents by a Governmental Entity, subpoena or similar process or (E) is otherwise required to be disclosed by law;

(xv) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its shareholders, as soon as reasonably practicable, a consolidated earnings statement (in a form that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 under the Securities Act or any successor rule thereto) covering the period of at least 12 months beginning with the first day of the Company's first full fiscal year after the effective date of the applicable Registration Statement, which requirement shall be deemed satisfied if the Company timely files complete and accurate information on Forms 20-F and 6-K under the Exchange Act and otherwise complies with Rule 158 under the Securities Act or any successor rule thereto;

(xvi) in the case of an underwritten offering in which a Holder participates pursuant to a Demand Registration, a Piggyback Registration or a Shelf Registration, promptly incorporate in a supplement to the Prospectus or a post-effective amendment to the Registration Statement such information as is reasonably requested by the managing underwriter(s) or any Holder participating in such underwritten offering to be included therein, the purchase price for the securities to be paid by the underwriters and any other applicable terms of such underwritten offering, and promptly make all required filings of such supplement or post-effective amendment; and

(xvii) in the case of an underwritten offering in which a Holder participates pursuant to a Demand Registration, a Piggyback Registration or a Shelf Registration, enter into a customary underwriting agreement for offerings of that kind, containing such provisions (including provisions for indemnification, opinions of counsel and comfort letters) and take all such other customary and reasonable actions as the managing underwriters of such offering may reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including making members of senior management of the Company available at reasonable times and places to participate in "road shows" that the managing underwriter(s) determines are necessary to effect the offering).

For the avoidance of doubt, the provisions of clauses (v), (xii), (xiv), (xv), (xvi) and (xvii) of this Section 7 shall apply only in respect of an underwritten offering and only if the number of Registrable Securities to be sold in the offering would reasonably be expected to yield gross proceeds to the participating Holders(s) of at least \$200,000,000 (based on the then-current market prices) in a Shelf Takedown pursuant to Section 2 or \$750,000,000 (based on the then-current market prices) in a Demand Registration on Form F-1 pursuant to Section 3.

(b) Each Holder participating in a registration shall furnish to the Company in writing such information regarding itself and the distribution proposed by it as is required for use in any such Registration Statement or Prospectus, including responses to questionnaires as are customary for similar transactions, and which the Company may reasonably request or as may be required by applicable securities laws and regulations, and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement. Each such Holder agrees to notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished to the Company or of the happening of any event, in either case as a result of which any Prospectus contains an untrue statement of a material fact regarding the Holder or the distribution of such Registrable Securities or omits to state any material fact regarding the Holder or the distribution of such Registrable Securities required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and to furnish to the Company promptly any additional information required to correct and update any previously furnished information or required such that such Prospectus shall not contain, with respect to the Holder or the distribution of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) The Company may require each applicable Holder and each distributor of Registrable Securities as to which any registration is being effected to furnish to the Company information regarding such Person and the distribution of such securities as is required in connection with such registration.

(d) Each Holder agrees by having its Ordinary Shares treated as Registrable Securities hereunder that, upon being advised in writing by the Company of the occurrence of an event pursuant to Section 7(a)(vi), such Holder will immediately discontinue (and direct any other Persons making offers and sales of Registrable Securities to immediately discontinue) offers and sales of Registrable Securities pursuant to any Registration Statement (other than those pursuant to a plan that is in effect prior to such time and that complies with Rule 10b5-1 of the Exchange Act) until it is advised in writing by the Company that the use of the Prospectus may be resumed and is furnished with a supplemented or amended Prospectus as contemplated by Section 7(a)(vi), and, if so directed by the Company, each Holder will deliver to the Company all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

(e) The Company may prepare and deliver an issuer free writing prospectus (as such term is defined in Rule 405 under the Securities Act) in lieu of any supplement to a Prospectus, and references herein to any “supplement” to a Prospectus shall include any such issuer free writing prospectus. No Holder or any other seller of Registrable Securities may use a free writing prospectus to offer or sell any such shares unless it has been provided by the Company or unless the Holder has received the Company’s prior written consent.

(f) It is understood and agreed that if, solely as a result of unresolved SEC comments, the Company has been unable to file and obtain, or maintain, effectiveness of a Registration Statement or any amendment or supplement thereto or to cause any such document to become or remain effective or usable within or for any particular period of time as provided in Section 2, Section 3 or this Section 7, the Company shall not be in breach of this Agreement; *provided* that the Company has used since the date of the first Request hereunder, and continues to use, its best efforts to resolve such unresolved SEC comments as promptly as is practicable.

(g) It is further understood and agreed that the Company shall not have any obligations under this Section 7 at any time on or after the Termination Date, unless an underwritten offering initiated pursuant to this Agreement has been priced but not completed prior to the Termination Date, in which event the Company’s obligations under this Section 7 shall continue with respect to such offering until it is so completed (but not more than 120 days after the commencement of the offering).

Section 8. Registration and Selling Expenses.

(a) Subject to the remainder of this Section 8, the Company shall pay directly or, if incurred by any Holder, promptly reimburse to such Holder, the Registration Expenses applicable to the registration or sale by or for the benefit of such Holder of Registrable Securities.

(b) Each Holder will bear the Selling Expenses to the extent they relate to a registration or sale in which such Holder participates and shall be borne by the relevant Holders *pro rata* on the basis of the number of Registrable Securities of such Holders to be registered and sold under the applicable Registration Statement. Under no circumstances shall any Holder be liable to pay any Selling Expenses (or share thereof) to the extent they relate to a registration or sale of securities by the Company or another Person that is not a Holder.

(c) The obligation of the Company to bear and pay for expenses of any registration proceeding under Section 8(a) shall apply irrespective of whether a registration, once properly demanded or requested, becomes effective or is withdrawn or suspended; *provided* that the Registration Expenses for any Registration Statement withdrawn solely at the request of one or more Holder(s) (unless withdrawn following commencement of a Suspension) shall be borne by such Holder(s). If any Holders are required to pay Registration Expenses pursuant to the terms of this paragraph, such expenses shall be borne by the Holders in proportion to the number of Registrable Securities for which registration was requested by each such Holder.

Section 9. Confidentiality. Each Holder will, and will cause its officers, directors, employees, legal counsel, accountants, financial advisors and other agents and representatives to,

hold in confidence any material nonpublic information received by them pursuant to this Agreement, including without limitation any Demand Registration Request made pursuant to Section 3(a), any written notice of the Company's intention to effect a registration provided pursuant to Section 4(a), and any material nonpublic information included in any Registration Statement or Prospectus proposed to be filed with the SEC (until such Registration Statement or Prospectus has been filed) or provided pursuant to Section 7(a)(vii). This Section 9 shall not apply to any information which (a) is or becomes generally available to the public, (b) was already in the Holder's possession from a non-confidential source prior to its disclosure by the Company, (c) is or becomes available to the Holder on a non-confidential basis from a source other than the Company; *provided* that such source is not known by the Holder to be bound by confidentiality obligations or (d) is required to be disclosed by law.

Section 10. Indemnification; Contribution.

(a) The Company shall, to the fullest extent permitted by law, indemnify and hold harmless each Holder of Registrable Securities and any Person which is or might be deemed to be a "controlling person" of each Holder of Registrable Securities or any of its subsidiaries within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each such Person, a "Controlling Person"), and their respective directors, officers and employees (each of the foregoing, together with such Holders of Registrable Securities, a "Covered Person") against any losses, claims, actions, damages, liabilities and expenses, joint or several, to which such Covered Person may become subject under the Securities Act, the Exchange Act, any state blue sky securities laws, any equivalent non-U.S. securities laws or otherwise, insofar as such losses, claims, actions, damages, liabilities or expenses arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in or incorporated by reference in any such Registration Statement, Prospectus, preliminary Prospectus, free writing prospectus (as defined in Rule 405 under the Securities Act or any successor rule thereto) or any amendment thereof or supplement thereto or any document incorporated by reference therein, (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) any violation or alleged violation by the Company of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Company and relating to any action or inaction required of the Company in connection with any registration of securities, and the Company shall reimburse such Covered Persons for any legal or other expenses reasonably incurred by such Covered Person in connection with investigating, defending or settling any such loss, claim, action, damage or liability; *provided* that the Company shall not be so liable in any such case to the extent that any loss, claim, action, damage, liability or expense arises out of or is based upon any such untrue statement or alleged untrue statement, or omission or alleged omission, made or incorporated by reference in any such Registration Statement, Prospectus, preliminary Prospectus, free writing prospectus (as defined in Rule 405 under the Securities Act or any successor rule thereto) or any amendment thereof or supplement thereto or any document incorporated by reference therein in reliance upon, and in conformity with, written information prepared and furnished to the Company by such Covered Person expressly for use therein. This indemnity shall be in addition to any liability the Company may otherwise have.

(b) In connection with any registration in which a Holder of Registrable Securities is participating, each such Holder shall furnish to the Company in writing such information

regarding itself as is required for use in any such Registration Statement or Prospectus and shall, to the fullest extent permitted by law, indemnify and hold harmless the Company, its directors and officers, employees, agents and any Person which is or might be deemed to be a Controlling Person against any losses, claims, actions, damages, liabilities and expenses, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act, any state blue sky securities laws, any equivalent non-U.S. securities laws or otherwise, insofar as such losses, claims, actions, damages, liabilities or expenses arise out of or are based upon (i) any untrue or alleged untrue statement of a material fact contained in the Registration Statement, Prospectus, preliminary Prospectus, free writing prospectus (as defined in Rule 405 under the Securities Act or any successor rule thereto) or any amendment thereof or supplement thereto or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but, in the case of each of clauses (i) and (ii), only to the extent that such untrue statement or alleged untrue statement, or omission or alleged omission, is made in such Registration Statement, Prospectus, preliminary Prospectus, free writing prospectus (as defined in Rule 405 under the Securities Act or any successor rule thereto) or any amendment thereof or supplement thereto in reliance upon, and in conformity with, written information prepared and furnished to the Company by such Holder expressly for use therein, and such Holder shall reimburse the Company, its directors and officers, employees, agents and any Person which is or might be deemed to be a Controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, action, damage or liability; *provided* that the obligation to indemnify pursuant to this Section 10(b) shall be individual and several, not joint and several, for each participating Holder and shall not exceed an amount equal to the net proceeds (after deducting any Selling Expenses paid by the participating Holders) actually received by such Holder in the sale of Registrable Securities to which such Registration Statement or Prospectus relates. This indemnity shall be in addition to any liability which such Holder may otherwise have.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; *provided* that any failure or delay to so notify the indemnifying party shall not relieve the indemnifying party of its obligations hereunder, except to the extent that the indemnifying party is actually and materially prejudiced by reason of such failure or delay. In case a claim or an action that is subject or potentially subject to indemnification hereunder is brought against an indemnified party, the indemnifying party shall be entitled to participate in and shall have the right, exercisable by giving written notice to the indemnified party as promptly as practicable after receipt of written notice from such indemnified party of such claim or action, to assume, at the indemnifying party's expense, the defense of any such claim or action, with counsel reasonably acceptable to the indemnified party; *provided* that any indemnified party shall continue to be entitled to participate in the defense of such claim or action, with counsel of its own choice, but the indemnifying party shall not be obligated to reimburse the indemnified party for any fees, costs and expenses subsequently incurred by the indemnified party in connection with such defense unless (A) the indemnifying party has agreed in writing to pay such fees, costs and expenses, (B) the indemnifying party has failed to assume the defense of such claim or action within a reasonable time after receipt of notice of such claim or action, (C) having assumed the defense of such claim or action, the indemnifying party fails to employ counsel reasonably acceptable to the indemnified party or to pursue the defense of such claim or action in a

reasonably vigorous manner, (D) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest or (E) the indemnified party has reasonably concluded that there may be one or more legal or equitable defenses available to it and/or other any other indemnified party which are different from or additional to those available to the indemnifying party. Subject to the proviso in the foregoing sentence, no indemnifying party shall, in connection with any one claim or action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general circumstances or allegations, be liable for the fees, costs and expenses of more than one firm of attorneys (in addition to any local counsel) for all indemnified parties. The indemnifying party shall not have the right to settle a claim or action for which any indemnified party is entitled to indemnification hereunder without the consent of the indemnified party, and the indemnifying party shall not consent to the entry of any judgment or enter into or agree to any settlement relating to such claim or action unless such judgment or settlement does not impose any admission of wrongdoing or ongoing obligations on any indemnified party and includes as an unconditional term thereof the giving by the claimant or plaintiff therein to such indemnified party, in form and substance reasonably satisfactory to such indemnified party, of a full and final release from all liability in respect of such claim or action. The indemnifying party shall not be liable hereunder for any amount paid or payable or incurred pursuant to or in connection with any judgment entered or settlement effected with the consent of an indemnified party unless the indemnifying party has also consented to such judgment or settlement (such consent not to be unreasonably withheld, conditioned or delayed).

(d) If the indemnification provided for in this Section 10 is held by a court of competent jurisdiction to be unavailable to, or unenforceable by, an indemnified party in respect of any loss, claim, action, damage, liability or expense referred to herein, then the applicable indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, action, damage, liability or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other hand, in connection with the statements, omissions or violations which resulted in such loss, claim, action, damage, liability or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, whether the violation of the Securities Act or any other federal or state securities law or rule or regulation promulgated thereunder applicable to the Company and relating to any action or inaction required of the Company in connection with any registration of securities was perpetrated by the indemnifying party or the indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or violation. The parties agree that it would not be just and equitable if contribution pursuant hereto were determined by pro rata allocation or by any other method or allocation that does not take into account the equitable considerations referred to in this Section 10(d). In no event shall the amount which a Holder of Registrable Securities may be obligated to contribute pursuant to this Section 10(d) exceed an amount equal to the net proceeds (after deducting any Selling Expenses paid by the participating Holders) actually received by such Holder in the sale of Registrable Securities that gives rise to such obligation to contribute. No indemnified party

guilty or liable of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any Person which was not guilty of such fraudulent misrepresentation.

(e) The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified Person or any officer, director or Controlling Person of such indemnified Person and shall survive the transfer of securities and the Termination Date but only with respect to offers and sales of Registrable Securities made before the Termination Date or during the period following the Termination Date referred to in Section 7(f).

Section 11. Rule 144 Compliance. With a view to making available to the Holders of Registrable Securities the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company shall:

- (a) make and keep public information available, as those terms are understood and defined in Rule 144;
- (b) use best efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and
- (c) furnish to any Holder of Registrable Securities, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act.

Section 12. Transfers of Rights: Accession. Any Restricted Shareholder, or, if a Restricted Shareholder (or any Permitted Transferee thereof) transfers any rights in its Restricted Shares to a Permitted Transferee properly in accordance with Article 7 of the Articles of Association, such Permitted Transferee, together with the Restricted Shareholder that initially made the transfer (or of its Successor) and all other such Permitted Transferees, shall also have the rights of a Holder under this Agreement, but only if such Restricted Shareholder or Permitted Transferee signs and delivers to the Company a written acknowledgement (in the counterparty form set out hereto as Exhibit A) that it has joined as a party to this Agreement and has assumed the rights and obligations of a Holder hereunder. For the avoidance of doubt, the Company is not required to execute the acknowledgment on the counterpart in order for it to take effect hereunder. Notwithstanding any other provisions of this Agreement, no Person which acquires securities transferred in violation of the Articles of Association, or which acquires securities that are not or upon acquisition cease to be, Registrable Securities, shall have any rights under this Agreement with respect to such securities as a Holder or otherwise, and such securities shall not have the benefits afforded hereunder to Registrable Securities.

Section 13. Miscellaneous.

(a) No Inconsistent Agreements. The Company represents and warrants that it has not entered into, and agrees that it will not enter into, any agreement with respect to its securities that violates or subordinates or is otherwise inconsistent with the rights granted to the Holders of Registrable Securities under this Agreement.

(b) Successors and Assigns. Neither this Agreement nor any right, benefit, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other parties, and any attempted assignment without such consent shall be null and void and of no effect, except that (i) the Company may assign this Agreement at any time in connection with a sale or acquisition of the Company, whether by merger, consolidation, sale of all or substantially all of the Company's assets, or similar transaction, without the consent of the Holders; *provided* that the Successor or acquiring Person agrees in writing to assume all of the Company's rights and obligations under this Agreement or (ii) any assignment by a Holder to a Permitted Transferee in accordance with Section 12.

(c) No Third Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their respective Successors and Permitted Transferees and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement; *provided, however*, that the parties hereto hereby acknowledge that the Persons set forth in Section 10 shall be express third-party beneficiaries of the obligations of the parties hereto set forth in Section 10 and that any Restricted Shareholder that is not a Holder is an express third-party beneficiary of its right to be notified under Section 4(f) and to accede hereto as a Holder as set forth in Section 12.

(d) Remedies: Specific Performance. In the event of a breach or a threatened breach by any party to this Agreement of its obligations under this Agreement, any party injured or to be injured by such breach shall be entitled to specific performance of its rights under this Agreement or to injunctive relief, in addition to being entitled to exercise all rights provided in this Agreement and granted by law, it being agreed by the parties that the remedy at law, including monetary damages, for breach of any such provision will be inadequate compensation for any loss and that any defense or objection in any action for specific performance or injunctive relief for which a remedy at law would be adequate is hereby waived.

(e) No Waivers. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of New York. THE COMPANY AND EACH HOLDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(g) Jurisdiction and Venue. The Company and each Holder hereby (i) irrevocably submits to the non-exclusive jurisdiction of the United States District Court for the Southern

District of New York solely for purposes of any legal action or proceeding arising out of or relating to this Agreement or, if the United States District Court for the Southern District of New York declines to accept jurisdiction over a particular matter, any federal or state court sitting in the Borough of Manhattan in the City of New York and (ii) irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any legal action or proceeding in any New York State court or United States federal court sitting in the Borough of Manhattan in the City of New York, and any claim that any such action or proceedings brought in any such court has been brought in an inconvenient forum. The Company and each Holder hereby agrees that a final judgment in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. To the extent that the Company or any Holder may in any jurisdiction claim for itself or its assets immunity (to the extent that any immunity may now or hereafter exist) from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process (whether through service or notice or otherwise), and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Company and each Holder irrevocably agree not to claim, and irrevocably waive, such immunity to the full extent permitted by the laws of such jurisdiction.

(h) Appointment of Agent for Service of Process. By the execution and delivery of this Agreement, the Company hereby appoints Anheuser-Busch InBev Services, LLC as its agent upon which process may be served in any legal action or proceeding which may be instituted in any Federal or State court in the Borough of Manhattan, the City of New York, arising out of or relating to this Agreement, but for that purpose only. Service of process upon such agent at the office of Anheuser-Busch InBev Services, LLC at 250 Park Avenue, New York, New York 10177, and written notice of said service to the Company servicing the same addressed as provided by Section 13(i), shall be deemed in every respect effective service of process upon the Company, respectively, in any such legal action or proceeding. Such appointment shall be irrevocable so long as the Holders shall have any rights pursuant to the terms of this Agreement until the appointment of a successor by the Company and such successor's acceptance of such appointment. The Company further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of such agent or successor.

(i) Notices. Any notice, demand, request, waiver, or other communication under this Agreement shall be in writing and shall be deemed to have been duly given (x) on the date of service or sending, if personally served or sent by electronic mail or facsimile and (y) on the Business Day after such communication is delivered to an internationally recognized courier, if sent by such courier delivery service for next day delivery and addressed as follows:

If to the Company:

Brouwerijplein 1, 3000
Leuven, Belgium

Attention: Lucas Lira

Phone: +1 (212) 573-6524

E-Mail: lucas.lira@ab-inbev.com

with a copy (which shall not constitute notice) to:

Attention: Augusto Lima
Phone: +1 (212) 503-2891
E-Mail: augusto.lima@ab-inbev.com

and

Sullivan & Cromwell LLP
1 New Fetter Lane
London EC4A 1AN
Attention: George H. White and John Horsfield-Bradbury
Phone: +44 20 7959 8900
Facsimile: +44 20 7959 8950
E-Mail: whiteg@sullcrom and horsfieldbradburyj@sullcrom.com

If to a Holder, to such notification addresses or numbers as are designated by such Holder in the counterpart to this Agreement in the form attached hereto as Exhibit A.

The Company may change its addresses and / or numbers for notices and other communications hereunder by notice to Holders party hereto at such time. Any Holder may change its addresses and / or numbers for notices and other communications hereunder by notice to the Company.

(j) Headings. The headings and other captions in this Agreement are for convenience and reference only and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(k) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original instrument (including signatures delivered via facsimile or electronic mail) and all of which together shall constitute one and the same instrument. The parties hereto may deliver this Agreement by facsimile or by electronic mail and each party shall be permitted to rely upon the signatures so transmitted to the same extent and effect as if they were original signatures.

(l) Entire Agreement. This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes and replaces all other prior agreements, written or oral, among the parties hereto with respect to the subject matter hereof.

(m) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(n) Amendments. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, without the prior written consent of the Company and each Holder affected thereby.

(o) Further Assurances. Each party to this Agreement shall cooperate and take such action as may be reasonably requested by another party to this Agreement in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby.

(p) Termination. This Agreement shall terminate with respect to any Holder upon the Termination Date; *provided* that the provisions of Section 8, Section 9, Section 10 and this Section 13 shall survive such termination.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

Anheuser-Busch InBev SA/NV

By: /s/ Benoit Loore
Name: Benoit Loore
Title: Authorized Signatory

By: /s/ Jan Vandermeersch
Name: J. Vandermeersch
Title: Authorized Signatory

[Signature Page to Registration Rights Agreement]

Schedule 1 – List of Holders

- Altria Group, Inc.
- Bevco Lux Sàrl

Exhibit A

Form of Counterpart

By acceding to this Agreement, the below named represents that it is a Restricted Shareholder (or a Permitted Transferee thereof).

Dated:

[NAME OF RESTRICTED SHAREHOLDER OR PERMITTED
TRANSFEEE]

By: _____

Name:

Title:

Address for Notices:

[•]

Attention: [•]

Phone: [•]

Facsimile: [•]

E-Mail: [•]

with a copy (which shall not constitute notice) to:

[•]

Attention: [•]

Phone: [•]

Facsimile: [•]

E-Mail: [•]

Acknowledged:

Anheuser-Busch InBev SA/NV

By: _____

Name:

Title:

By: _____

Name:

Title:

[Signature Page to Registration Rights Agreement]

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets out our ratios of earnings to fixed charges for each of the five years ended 31 December 2016, 2015, 2014, 2013 and 2012 based on information derived from our consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards (“IFRS”).

| | Year ended 31 December | | | | |
|--|------------------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Earnings: | | | | | |
| Profit from operations before taxes and share of results of associates | 4,318 | 12,451 | 13,792 | 18,240 | 10,380 |
| Add: Fixed charges (below) | 4,608 | 2,200 | 2,366 | 2,389 | 2,361 |
| Less: Interest capitalized (below) | 12 | 28 | 39 | 38 | 57 |
| Total earnings | 8,914 | 14,623 | 16,119 | 20,591 | 12,684 |
| Fixed charges: | | | | | |
| Interest expense and similar charges | 4,080 | 1,805 | 1,969 | 2,005 | 2,008 |
| Accretion expense | 468 | 289 | 266 | 261 | 209 |
| Interest capitalized | 12 | 28 | 39 | 38 | 57 |
| Estimated interest portion of rental expense | 48 | 78 | 92 | 85 | 87 |
| Total fixed charges | 4,608 | 2,200 | 2,366 | 2,389 | 2,361 |
| Ratio of earnings to fixed charges | 1.93 | 6.65 | 6.81 | 8.62 | 5.37 |

The ratio of earnings to fixed charges represents the number of times fixed charges are covered by earnings. For purposes of computing this ratio, earnings consist of profit from operations before taxes and share of results of associates and joint ventures, plus fixed charges, minus interest capitalized during the period. Fixed charges consist of interest and accretion expense, interest on finance lease obligations, interest capitalized, plus one-third of rent expense on operating leases, estimated by us as representative of the interest factor attributable to such rent expense.

We did not have any preferred stock outstanding and did not pay or accrue any preferred stock dividends during the periods presented above.



CODE OF DEALING

30 January 2017

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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 | <ul style="list-style-type: none">(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 on which 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 | <p>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;</p> <p>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:</p> <ul style="list-style-type: none">(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) Executive Board of Management member, (iii) member of External Growth (M&A), Corporate Finance and Corporate Legal Departments or senior member of the Corporate Affairs Department of the AB InBev Group, and (iv) assistant of any person mentioned under (i) to (iii). |
| 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 dependant 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 Chief Legal Officer (e-mail: sabine.chalmers@ab-inbev.com).

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 Ms Sabine Chalmers, the Corporate Secretary (e-mail: sabine.chalmers@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 Benoit Loore, VP Legal Corporate Governance, (fax: + 32 16 50 68 70, e-mail: benoit.loore@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 Board of Management 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 BOARD OF MANAGEMENT - DISCLOSURE TO MARKET

Directors, members of the Executive Board of Management 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 Board of Management 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 Equities Manager (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 68 70; fax: +32 16 50 68 70, e-mail: benoit.loore@ab-inbev.com

² This Annex should be read with the Code and forms part of it.



Introduction

As a leading global company, Anheuser-Busch InBev and its affiliates ("AB InBev" or the "Company") 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 ethics and guidelines for our employees around the world.

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 and its subsidiaries. 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 this Code of Business Conduct.

It is our responsibility to carefully read and understand it. 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 law.

Colleagues are encouraged to report to the Company any activity or requested action that they believe to be, even potentially, in violation of the law or this Code. Such reports should be made to a line manager, to your Legal and Compliance Department, or to our confidential Compliance Helpline. Only with your active support can AB InBev be the Best Beer Company bringing people **together in a Better World**.



Carlos Brito
Chief Executive Officer



Olivier Goudet
Chairman of the Board

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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 context in which all Company business decisions are made.

10 Principles

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 AB InBev's 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. The Company's 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. 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.

No company official has the authority to require any action that would violate this policy. This policy 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 colleagues who deliberately violates this policy or authorizes or allows a subordinate to violate it is subject to disciplinary action, including potential dismissal.

3. Compliance Helpline/Channel

We are encouraged to report any activity that we believe is or might be a violation of laws, regulations, this code or our policies. If you become aware of activity that might constitute a violation, you are encouraged to report the activity:

- to your line manager;
- to your Legal and Compliance Department; or through our Compliance Helpline.

Our Helpline is available 24/7 and is toll-free. It is available to all colleagues, where you can CONFIDENTIALLY and, if you choose, ANONYMOUSLY report any concern in relation to potential breaches of our Code of Business Conduct.

It is a secure means of reporting, provided by an independent company. It is available anywhere in the world and you can file your report in your language: By phone using a toll-free telephone number based on the country from which you are calling. A list of international numbers can be found by web at: <http://talkopenly.ab-in-bev.com>

How are the reports treated?

The reports and investigations are treated and conducted confidentially. Independent Company captures the reports and directs them to the Global Compliance and Internal Audit teams who oversee the treatment of reports and conduct investigations. If necessary, follow-up communications can be facilitated anonymously by the Independent Company via the website. Full details on how complaints and reports will be treated can be found in AB InBev's global Helpline policy.

Compliance Channel

In addition to the Helpline, we also have the Compliance Channel (<http://compliancechannel-global.ab-inbev.com>) through which our colleagues can easily (i) request approvals related to the Compliance policies and the COBC, (ii) access compliance-related documents/policies and (iii) access the helpline to file a report and (iv) ask compliance-related questions.

Non-Retaliation

AB InBev prohibits and will not tolerate any retaliation or threatened retaliatory action against any colleagues who reports of a possible violation of law, regulation or AB InBev policy. Similarly, any AB InBev colleagues who discourages or prevents another either from making such a report or seeking the help or assistance he or she needs to report the matter will be subject to disciplinary action. Retaliation is a violation itself and can be reported to our Compliance Helpline.

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. 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, we will work vigorously to achieve a high standard of environmental, health and safety performance throughout our organization. We will strive to prevent all accidents, injuries and occupational illnesses within our operations. We will 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 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, Health and Safety Policies* for more details.

6. Human Rights

As a signatory to the United Nation's Global Compact, AB InBev is committed to business practices that do not infringe on human rights and do align with various international standards of responsible business conduct, including the Universal Declaration 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 sets out standards, expectations, and commitments in relation to its responsibility to respect human rights. For more details see our Human Rights Policy. 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. For more details see our Responsible Sourcing Policy.

7. 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, our colleagues safety and welfare at work is a top priority. That is why we have a global policy regarding drinking at work. This policy outlines the responsibilities of the Company, as well as those of the colleagues, and it gives clear guidelines about what is expected of both. Each of our operations also has its own local policy, which takes into account national legislation.

Our colleagues are ambassadors of the Company and are encouraged to exercise personal responsibility whenever they consume alcohol. No level of impairment due to alcohol during working hours is tolerated. Under no circumstances shall a colleague be intoxicated over the legal limit while conducting Company business, or while on Company premises. Under no circumstances shall a colleague be legally intoxicated while operating motor vehicles, driving a Company vehicle or a Company rental vehicle. There is clear disciplinary action for anyone who breaches Company policy, which may affect employment prospects with the Company.



8. 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 director, officers and employees:

- May not participate in a cartel,
- May not reach agreements or understandings with competitors that could restrict competition (e.g. to raise prices or to limit production volumes),
- May not exchange confidential information with competitors (e.g. on future price increases, input costs or commercial strategy),
- May not agree on market restrictions with competitors (e.g. agreement on exclusive territories or allocation of customers),
- May not impose minimum or fixed resale prices on customers,
- Must be very careful to comply with these rules in trade association meetings and all other contacts with competitors.

In countries where AB InBev has a significant market share, all market practices should be reviewed and pre-approved by the Legal and Compliance Department to ensure compliance with competition laws.

Detailed advice and training for compliance with competition and antitrust laws are available from your Legal Department. Not knowing the rules is not a defense – seek advice from your legal 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 your Legal and Compliance Department without delay.

9. Conflicts of Interest

Our directors, officer and colleagues should not become involved in any activity which would conflict or interfere with the performance of their duties to the Company. A conflict of interest can arise in any personal relationship that can influence our ability to act in the best interest of the Company in all instances. It also can arise when our assessment of a circumstance could be affected or appear to be affected by the possibility of a personal benefit. Even in those cases where we do not receive a personal benefit in reality, the appearance of conflict of interest may negatively impact our credibility. We should do everything to avoid a conflict of interest. Conflicts of interest may arise in many situations. A conflict may arise, for example, when you or a family member:

- Act as shareholder, director, officer, partner, agent or consultant for a supplier, customer or competitor (except with regard to shares in publicly traded companies, which may be held by colleagues for personal investment purposes)

- Take a business decision motivated by a personal interest
- Receive a personal benefit from a supplier, customer or competitor
- Accept gifts from suppliers, customers, competitors or government officials which are not in accordance with our policies
- Use Company assets or your position for private purposes

In addition, the Company recognizes that colleagues may have or form close personal friendships, and sometimes romantic relationships, with their colleagues. To avoid actual or perceived conflicts of interest arising from those relationships, we request that you inform your manager or the Legal and Compliance Department through the Compliance Channel if: directly or indirectly, you manage or are managed by a family member or an employee with whom you have a close personal relationship; or regardless of management line, a personal relationship with a colleague may influence your decision-making process or interfere with your work performance. Seek guidance and aim for transparency. In many cases conflicts can be resolved by an open discussion. A conflict of interest is not necessarily a Code violation, but not disclosing it is!

10. Compliance with Anti-corruption Laws

Every director, officer, and colleagues of the Company must comply with international and local laws that prohibit corruption and bribery everywhere we conduct business, including the U.S. Foreign Corrupt Practices Act and UK Bribery Act 2010. We have a zero tolerance anti-corruption policy. AB InBev directors, officers, and colleagues are strictly prohibited from directly or indirectly giving, offering, promising, or authorizing anything of value to a Public Official or any other individual to secure an improper business advantage, influence business or governmental decision making 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, including suppliers, distributors, contractors, consultants and agents. Consequently, you may not:

- Instruct, authorize, or allow a third party to make a prohibited payment on your or the Company's behalf; or Make a payment to a third party knowing or having reason to believe that it is likely to be used to improperly provide something of value to a Public Official or other individual.
- Engage a third party who may eventually interact with a public official on behalf of the company (Touch Point Vendor) without the proper approval by the Compliance Team.

Anything of value includes not only cash and cash equivalents, but also gifts, entertainment, tickets, accommodation, travel expenses, job offers, loans, personal favors, or anything else of tangible or intangible value.

Public Official includes officers and colleagues of the following, regardless of seniority: any national, regional, local or other governmental entity, judicial or legislative bodies, government-owned or government-controlled companies, public international organizations, such as the World Health Organization or World Trade Organization, charitable organizations linked to a government official, or any private person acting in an official capacity for or on behalf of any of the foregoing. Public Official also includes political parties, party officials, candidates for public office and family members of any Public Official.

AB InBev's Anti-corruption Policy strictly prohibits facilitation payments. Facilitation or "grease" payments are small payments to a low-level government employee to expedite or secure performance of a routine, nondiscretionary governmental action, such as obtaining utility services or clearing customs. Contact your Legal and Compliance Department if you receive a request or demand for such a payment. For further details, see our Global Anti-Corruption Policy.

11. Gifts and Hospitality

Our colleagues are not allowed to accept anything of value including gifts (even small gifts or gratuities), entertainment, travel or meals from an actual or potential supplier, customer, public official or other third party.

As to the Gifts given by AB InBev colleagues, they must meet the thresholds set forth in applicable AB InBev policies and must be recorded accurately in the Company's books and records. All gifts, entertainment or hospitality to Public Officials and/or Commercial counterparties must comply with Anti-Corruption Policies. Any request will only be approved if it is provided on a customary gift-giving occasion, directly related to a business purpose, provided with no sense of obligation on either side, compliant with local gift guidelines and thresholds, permissible under local law and the internal rules of the recipient's organization, and not made with a corrupt intent. The expenses must be limited in value, reasonable and recorded in a Gift Log. For further details, see our Global Anti-Corruption Policy.

Consult your Legal and Compliance Department through the Compliance Channel (<http://compliancechannelglobal.ab-inbev.com>) for gift guidelines, thresholds, approval flows, and gift log requirements relating to the giving and acceptance of gifts and hospitality. You may also consult the guidelines for gifts and political contributions.

12. Political Contributions, Mandates

Any direct or indirect contribution by the Company 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 has been obtained in advance.

Members of AB InBev's management committees at global, zone, business unit or local level who wish to be a candidate for local, regional, provincial, national, federal or European elections are requested to notify AB InBev's Board of Directors of their intentions. **You can find further clarifications in the guidelines for gifts and political contributions.**



13. 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 books and records of AB InBev are strictly prohibited. Written contracts with counter-parties must accurately reflect the financial terms of the agreement.

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. False, misleading, incomplete, inaccurate, or artificial entries in the books and records of AB InBev and its subsidiaries are strictly prohibited.

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. This includes:

- Expenses and travel reports
- Target appraisals
- Invoices
- Market research
- Purchase orders
- Quality control tests
- Gift logs
- Accident reports
- Inventory records

14. Code of Dealing

As a publicly listed company, AB InBev must ensure equal treatment of all investors, which means that all investors should have access to the same information at the same time. Therefore a Code of Dealing has been put in place, specifying the conditions to which all colleagues and their relatives are subject in dealing in AB InBev shares and in handling "inside information".

Inside information is information which has not been made public and could have a significant effect on the price of the AB InBev shares. **Dealing by colleagues: A director, officer or colleagues must not:**

- deal in AB InBev shares when he or she is in possession of inside information;
- deal in AB InBev shares during a Close period, i.e. the period of 30 calendar days preceding any financial results announcement of the company;

- deal in AB InBev shares in considerations of a short-term nature, i.e. within a period of six months after having sold or purchased AB InBev shares; Moreover "Executives" of the AB InBev group are subject to prior clearance before any dealing.

Use of inside information: A director, officer or colleagues shall never:

- communicate inside information within the group or to a third party, except if necessary for the proper performance of his/her duties;
- recommend to anyone to deal in AB InBev shares as a result of being in possession of such inside information.

Non-compliance with the Code of Dealing may result in disciplinary action and may also be a criminal offence and give rise to civil liability. The full Code of Dealing and further advice are available from your Legal and Compliance Department.

15. Confidentiality

Our directors, officers and colleagues may come into possession of confidential or proprietary information about the Company, its customers, suppliers, or joint venture parties. The confidentiality of all such information should be strictly maintained, except when disclosure is authorized. Confidential or proprietary information includes any non-public information that would be harmful to the Company or helpful to competitors if disclosed.

16. E-mails, Internet and Information Systems

Exercise care when using email, as in most countries, emails have the same legal effect as other written communications. When using email communication, we should exercise discretion and compose statements with care, thought, and precision. A reasonable use of emails in the framework of the requirements of daily and family life is accepted, on the condition that the use of the email does not affect the normal traffic of professional messages.

As far as the use of the Internet is concerned, an occasional consultation, for personal reasons and within reasonable limits, of websites is accepted, provided their content is not contrary to public order or to morality, and that consultation of such sites is not detrimental to the interests and the reputation of AB InBev.

Physical access to AB InBev sites and system access to IT applications are granted based on a person's job in the Company and are personal and shall not be accessed by unauthorized persons. Only persons that explicitly received nominative user-access and passwords are allowed on the sites. Also, sharing of passwords is strictly prohibited. **Please consult the Company's Privacy Policy to learn more about personal data protection.**

17. 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 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 on behalf of the Company;
- Proprietary information: AB InBev is a publicly traded company; as a result, various government agencies strictly regulate when and how we communicate certain information. You must never disclose any private, sensitive, proprietary, confidential or financial information related to our company, or any current or former colleagues, customers, suppliers, shareholders or other stakeholders. You may not use any such information — in any way or for any purpose — that is not authorized by the Company. In particular, you must not use it to communicate anything related to trading in securities;
- Stakeholders: Don't attack or malign, personally or as a group any person, product, customer, supplier, other colleagues, former colleagues or any other stakeholder;

There is no substitute for good judgment. Being cautious you will be protecting the Company and your personal image! For further details, please refer to AB InBev Social Media Guidelines.

18. 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 time at work and work product, as well as the Company's equipment and vehicles, computers and software, Company information and 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.

19. Code of Responsible Communication

As a leading global brewer, AB InBev has implemented a Code aimed at ensuring that our marketing and commercial communications are responsible and do not contribute to the misuse of our products nor are directed at the under-age. This Code applies to all forms of commercial communication and our brand marketing activities, including: advertising, sponsorship, outdoor events, promotions, web site content, relationship marketing, consumer public relations, packaging and labeling claims for all AB InBev beer brands.

The Code of Responsible Communication is to be applied by all those involved in the marketing, sales, promotion and communication of AB InBev brands, including external advertising, public relations, design, sales promotion, events and media and buying agencies. This Code should be used as a Company reference for responsible marketing and commercial communication and regarded as the minimum standard. In those markets where national mandatory or self-regulatory rules already exist and if those requirements are more stringent, then clearly these requirements have to be met in addition to those of this Code. For further information: please contact Corporate Affairs.

20. External Communication

The AB InBev Disclosure Manual requires that only a limited number of key people talk to the media. No AB InBev colleagues will respond to media enquiries or give interviews, speeches or make presentations outside the Company, without the prior authorization of the CEO/Zone President/Country Manager or the Corporate Affairs Representative.

21. Administration of the Codes

In case of general questions about this Code or our policies, contact the Global Compliance or Audit teams through the Compliance Channel (<http://compliancechannelglobal.ab-inbev.com>).





Contact Details

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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: 22 March 2017

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: 22 March 2017

By: /s/ Felipe Dutra
 Name: Felipe Dutra
 Title: Chief Financial & Technology Officer

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 2016 (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: 22 March 2017

By: /s/ Carlos Brito
Name: Carlos Brito
Title: Chief Executive Officer

Date: 22 March 2017

By: /s/ Felipe Dutra
Name: Felipe Dutra
Title: Chief Financial & Technology Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333- 214581 on Form F-4 and Registration Statements Nos. 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 reports dated March 20, 2017, relating to the 2016 consolidated financial statements and the retrospective adjustments to the 2015 and 2014 financial statement disclosures of Anheuser-Busch InBev SA/NV (which report expresses an unqualified opinion and includes an explanatory paragraph regarding retrospective adjustments to the 2015 and 2014 consolidated financial statement disclosures on segment information), and the effectiveness of Anheuser-Busch InBev SA/NV's internal control over financial reporting, appearing in this Annual Report on Form 20-F of Anheuser-Busch InBev SA/NV for the year ended December 31, 2016.

Zaventem, 22 March 2017

/s/ Joël Brehmen

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement No. 333-214581 on Form F-4 and Registration Statements Nos. 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 14 March 2016 relating to the financial statements (which includes an explanatory paragraph regarding retrospective adjustments to the 2015 and 2014 consolidated financial statement disclosures on segment information), which appears in Anheuser-Bush InBev SA/NV's Annual Report on Form 20-F for the year ended 31 December 2016.

Sint-Stevens-Woluwe, 22 March 2017

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA
Represented by

/s/ Koen Hens

Koen Hens

Bedrijfsrevisor

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement No. 333- 214581 on Form F-4 and Forms S-8 (Nos. 333-165065, 333-165566, 333-169272, 333-171231, 333-172069, 333-178664, 333-188517, 333-192806, 333-201386 and 333-208634) of Anheuser-Busch Inbev SA/NV of our report dated March 14, 2016, relating to the consolidated financial statements as of and for the year ended December 31,2015, of Ambev S.A. and subsidiaries (the “Company”) appearing in the Annual Report on Form 20-F of Anheuser-Busch InBev SA/NV for the year ended December 31, 2016. The consolidated financial statements of the Company are not separately presented in Anheuser-Busch InBev SA/NV’s annual report on Form 20-F.

São Paulo, Brazil,

March 22, 2017

/s/ DELOITTE TOUCHE TOHMATSU
Auditores Independentes