Our Dream:

Best Beer Company
Bringing People Together
For a Better World

Anheuser-Busch InBev

2014 Annual Report

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About Anheuser-Busch InBev

Anheuser-Busch InBev (Euronext: ABI, NYSE: BUD) is the leading global brewer and one of the world's top five consumer goods companies. We are a company of some 155 000 people, across 25 countries, brewing many of the world's most beloved beer brands. In 2014, AB InBev generated revenue of 47.1 billion USD.

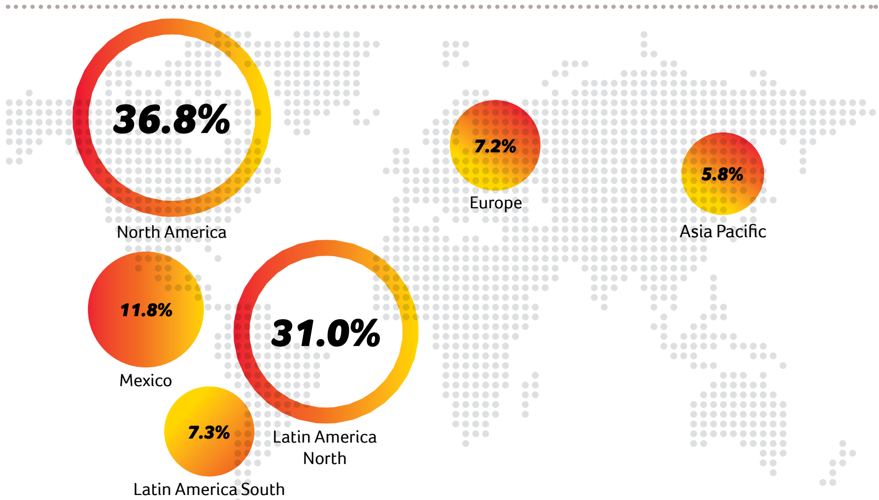
Our portfolio consists of well over 200 beer brands, including 16 "billion dollar" brands. Within this diverse portfolio are global brands Budweiser®, Corona® and Stella Artois®; international brands Beck's®, Leffe® and Hoegaarden®; and local champions Bud Light®, Skol®, Brahma®, Antarctica®, Quilmes®, Victoria®, Modelo Especial®, Michelob Ultra®, Harbin®, Sedrin®, Klinskoye®, Sibirskaya Korona®, Chernigivske®, Cass® and Jupiler®. Our strong and balanced portfolio includes six of the 10 most valuable beer brands in the world.*

AB InBev's dedication to heritage and quality originates from the Den Hoorn brewery in Leuven, Belgium, dating back to 1366, and the pioneering spirit of the Anheuser & Co. brewery, with origins in St. Louis, USA, since 1852.

We are united by our Dream to be the **Best Beer Company Bringing People Together For a Better World**. Our Dream holds us to high standards. It not only inspires us to make the finest quality products and to deliver exceptional performance, but also to celebrate the unique role of beer as the original social network. Bringing people together is at the heart of what we do every day — whether we are striving for excellence, sharing great experiences, or making a positive difference in the communities where we live and work.

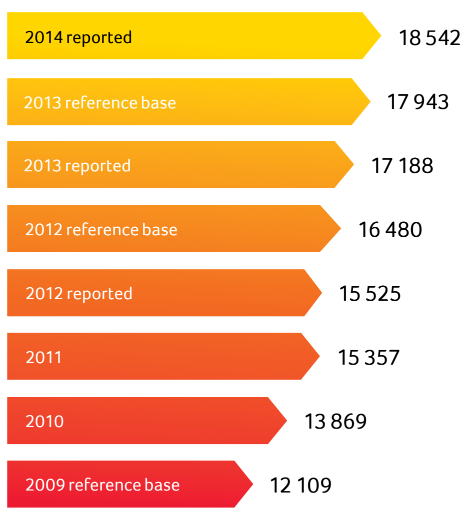
* BrandZ™ Top 100 Most Valuable Global Brands 2014.

2014 Normalized EBITDA Contribution by Region*

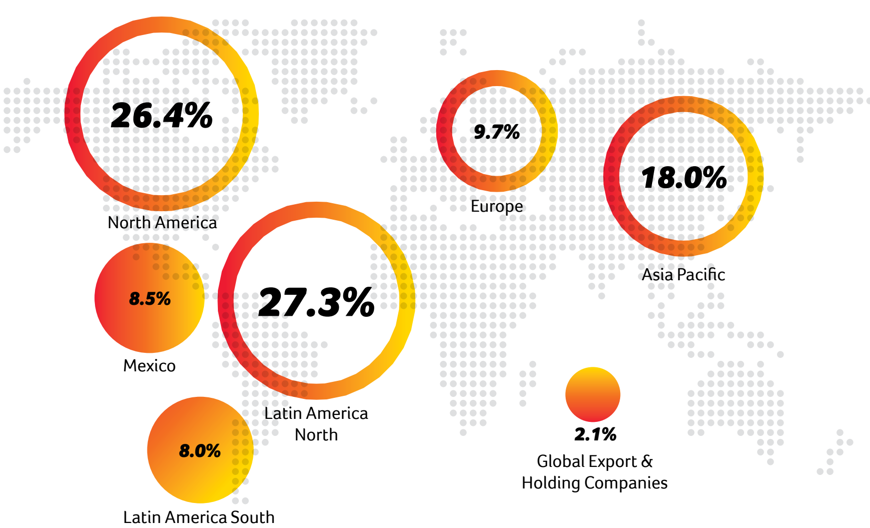


* Excludes Global Export & Holding Companies.

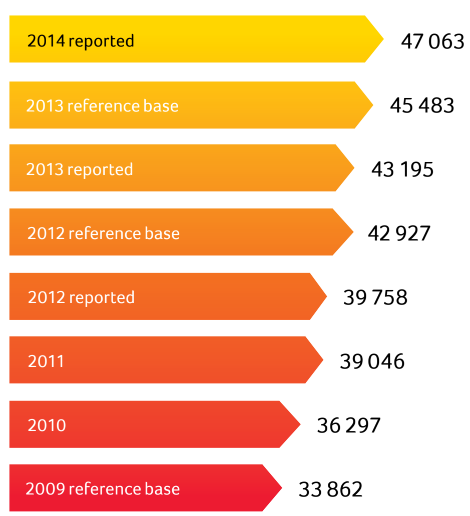
Normalized EBITDA (million USD)



2014 Volume Contribution by Region



Revenue (million USD)



Revenue was 47 063 million USD, an organic increase of 5.9%, and revenue/hl rose 5.3%.

Focus Brand volume increased 2.2% and accounted for 68% of our own beer volume.

EBITDA grew 6.6% to 18 542 million USD, and EBITDA margin was up 25 basis points to 39.4%.

Normalized profit attributable to equity holders rose 11.7% in nominal terms to 8 865 million USD, and normalized EPS increased to 5.43 USD from 4.91 USD.

Net debt to EBITDA was 2.27 times.

Million USD unless stated otherwise	2009 reference base[1]	2010	2011	2012 reported[2]	2012 reference base[3]	2013 reported	2013 reference base[4]	2014
Volumes (million hls)	391	399	399	403	431	425	446	459
Revenue	33 862	36 297	39 046	39 758	42 927	43 195	45 483	47 063
Normalized EBITDA	12 109	13 869	15 357	15 525	16 480	17 188	17 943	18 542
EBITDA	–	13 685	15 112	15 493	16 590	23 428	–	18 465
Normalized profit from operations	9 600	11 165	12 607	12 779	13 537	14 203	14 800	15 308
Normalized profit attributable to equity holders of Anheuser-Busch InBev	–	5 040	6 449	7 201	7 271	7 936	–	8 865
Profit attributable to equity holders of Anheuser-Busch InBev	–	4 026	5 855	7 160	7 374	14 394	–	9 216
Net financial debt	–	39 704	34 688	30 114	–	38 831	–	42 135
Cash flow from operating activities	–	9 905	12 486	13 268	–	13 864	–	14 144
Normalized earnings per share (USD)	–	3.17	4.04	4.50	–	4.91	–	5.43
Dividend per share (USD)	–	1.07	1.55	2.24	–	2.83	–	3.52
Dividend per share (euro)	–	0.80	1.20	1.70	–	2.05	–	3.00
Payout ratio %	–	33.8	38.5	49.8	–	57.6	–	64.8
Weighted average number of ordinary shares (million shares)	–	1 592	1 595	1 600	–	1 617	–	1 634
Share price high (euro)	–	46.3	47.4	71.1	–	79.6	–	94.89
Share price low (euro)	–	33.5	33.9	46.1	–	63.44	–	69.14
Year-end share price (euro)	–	42.8	47.3	65.7	–	77.26	–	93.86
Market capitalization (million USD)	–	91 097	98 315	138 716	–	171 142	–	183 167
Market capitalization (million euro)	–	68 176	75 983	105 209	–	124 097	–	150 867

1. Given the transformational nature of the disposals we made during 2009 to refinance the debt incurred to finance the Anheuser-Busch transaction, we present in this Annual Report the comparative 2009 consolidated volumes and results down to normalized profit from operations on a Reference Base, treating all divestitures as if they had closed as of 1 January 2009 and with certain intra-group transactions reported in Global Export and Holding Companies.
2. 2012 as Reported, adjusted to reflect the effects of retrospective application on the revised IAS 19 Employee Benefits.
3. Given the transformational nature of the transaction with Grupo Modelo, and to facilitate the understanding of AB InBev's underlying performance, AB InBev has updated its 2012 segment reporting for purposes of our results announcement and internal review by senior management. This presentation (referred to as the "2012 Reference Base") includes, for comparative purposes, the results of Grupo Modelo as if the combination had taken place on 4 June 2012. Following the combination, 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 new Zone Mexico, the Spanish business is reported in the Europe Zone and the Export business is reported in the Global Export and Holding Companies segment.
4. The 2013 Reference Base includes 12 months of Grupo Modelo operations to facilitate the understanding of AB InBev's underlying business. The 2013 reference base further reflects the combination of Western Europe and Central & Eastern Europe into a single Europe Zone, and a number of intra-Zone management reporting changes which took effect on 1 January 2014.

Best Beer Company Bringing People Together For a Better World

We are a company of owners
We believe that you have to put everything in that you want to get out.

We strive to be the best,
Pursuing our Dream,
Investing in people and the world in which we live.

For centuries, we've been bringing people together.
Through sports, through music, and through culture,
Creating moments both everyday and extraordinary
Seizing every occasion to serve up more of what people thirst for.

For this reason, we pour ourselves into our work.
From farm to brewery to market,
Taking pride and ownership in every step.
Paving the road for a better tomorrow that we're proud to be part of.
And celebrating the great times that bring us together.

We are AB InBev.
Best Beer Company
Bringing People Together
For a Better World

To Our Shareholders

Building a Company That Will Stand the Test of Time

2014 was another year of solid financial performance with strong commercial results in most of our top markets and further expansion of our global brands. But at AB InBev, we have never measured success solely by our quarterly or even our annual results. We are driven by our passion to create a company that can stand the test of time and create value for our shareholders, not only for the next 10 or 20 years but for the next 100 years. Our mindset is truly long term.

In the first 10 years since the combination of Interbrew and Ambev, we have built a solid foundation. We have created the world's leading brewer, through organic growth as well as industry-changing combinations, including with Anheuser-Busch in 2008 and Grupo Modelo in 2013. We have also built the world's leading beer brands, with strong consumer preference and growth potential, and driven net revenue per hectoliter ahead of inflation through sound revenue management practices and premiumization of our portfolio. This has resulted in strong growth in margins, cash flow and total shareholder returns.

Yet our culture is one of never being completely satisfied with our results, and we are always looking to do better. We are operating in a rapidly shifting environment where volatility and uncertainty are here to stay, and where consumer trends and habits are changing at an ever accelerating pace. We must therefore be nimble and quick to anticipate new tastes, demands and behaviors, by nurturing a start-up mentality despite being a top five consumer goods company. We must promote out-of-the-box thinking to bring consumers what they truly want today, tomorrow and in the future.

In this new and evolving consumer environment, speed is of the essence and we must act with a far greater sense of urgency than ever. We cannot be complacent and need to avoid acting as the *incumbent*. Instead we must be dynamic, flexible and take measured risks. Above all we need to remember how we became successful in the first place, by being the *insurgent*, by acting boldly, quickly and thinking outside the box.

With this mindset and looking forward to the next stage of our journey, we have evolved our Dream, and aim to build the **Best Beer Company Bringing People Together For a Better World.**

We asked ourselves and our stakeholders a number of questions. What is it that AB InBev really does? What do we stand for? How can we make a real impact, a real difference in the world in which we all live and work?

In asking these questions, it became clear that what we are really all about is **bringing people together.** We have a unique opportunity and ability to bring people together, through sports, music and culture, to enjoy great beers and share memorable experiences through our portfolio of well-loved brands, our global reach, and our dedication to making a difference in our communities. We also bring together our colleagues around the world in a shared effort to deliver on our Dream.

Translating Our Dream into Action

Consumers today have more information and choices than ever before, with their behaviors, preferences and tastes constantly evolving. Realizing this is the new normal, we have to ensure that our brands remain relevant and become part of consumers' everyday lives. To address these challenges, we have defined a clear game plan and are activating it throughout our organization.

We are using deep consumer insights with the goal of winning a bigger share of the total alcohol beverage space, rather than focusing on beer occasions only. To remain successful in the future, we must win the hearts and minds of consumers who are of legal drinking age and above. Our brands need to connect with them to become their first choice. We must also lead growth in the premium segment, which will force us to keep raising the bar. We see a major opportunity for our global and international portfolio in this area.

Global research into the potential consumers of our products and their preferences has helped us to identify several Growth Driven Platforms (GDPs). These GDPs represent distinct occasions and opportunities for our brands, for example, savoring food, relaxing and enjoying a great night out or at home with friends. The insights gained will be used to drive our sales and marketing efforts and our innovation agenda.

Bringing People Together through the Strongest, Most Versatile Portfolio in the Industry

We have a strong foundation. We believe we have the strongest portfolio of brands in the industry, with 16 brands each generating over 1 billion USD in retail sales per year, and more in the making through successful innovations such as the Ritas. Our three global brands, Budweiser, Corona and Stella Artois, are very complementary and give us opportunities to connect with a broad range of consumers across multiple occasions and geographies. We are excited by the growth potential of all three brands. Corona, in particular, has the ability and consumer license to play in more than traditional beer occasions.

Strong Portfolio

16 *brands with an estimated retail value of over 1 billion USD each*

Our global brands, coupled with our international brands, Beck's, Leffe and Hoegaarden, make up a strong international premium portfolio that gives us options in terms of entry into new markets.

Our portfolio is rounded out by our local champions, such as Bud Light in the U.S., Harbin in China, Skol in Brazil, Jupiler in Belgium and Quilmes in Argentina. These leading brands, focused on local markets, are the core of our business.

Driving Digital Connections

Gone are the days when beer brands could be built through traditional media only. Today's consumers expect brands to engage with them in a more differentiated and personal style than ever before. Millennials in particular are searching for experiences and involvement in the development of brands, and digital is playing a major role.

Millennials now spend more time on social media than on any other information channel, which is why we are increasingly allocating our marketing resources to digital activation, with a positive impact on both brand health and market share. Our ambition is to be the top consumer goods company in digital connections, and with millions of followers of our brands on social media who interact with our engaging content, we are well on our way.

The groundbreaking Bud Light "Up For Whatever" campaign is a great example of innovative digital activation at its most effective. The campaign positioned Bud Light as *The Perfect Beer For Whatever Happens*—from a ping pong match against Arnold Schwarzenegger to electric football with legendary American football coach Jimmy Johnson. The high point of the digital activation during summer 2014 was a contest in which Bud Light fans were invited to submit their own "Up For Whatever" videos. Almost 2 million consumers viewed digital content related to the campaign and we received over 204 000 video auditions, from which we chose 1 000 winners to celebrate with a Bud Light weekend in Crested Butte, Colorado—renamed Whatever, USA for the occasion. Thanks to this widely hailed campaign, we believe Bud Light gained share in the premium light category in the U.S. during the year.

We can cite many other examples showing how our brands are engaging with consumers via digital means—from the Stella Artois video of Rufus the Wimbledon hawk, to the live stream of Budweiser's *Made in America* music festival, to the "Friends Are Waiting" video that highlighted the importance of making a plan to get home safely after a night out.

World-Class Impact

34+ billion

Consumer impressions driven by our 2014 FIFA World Cup™ Budweiser activations.

Winning the Digital 2014 FIFA World Cup™

The 2014 FIFA World Cup™ held in Brazil gave us a marvelous opportunity to bring people together, and to showcase many of our brands. It proved to be our best World Cup execution to date, with digital activations playing a key role. Budweiser was the official beer of the tournament and 14 of our local champion brands, with links to soccer, also leveraged our sponsorship to drive engagement with consumers in their local markets.

Our sponsorship gave our entire team an opportunity to raise its game, with exciting and innovative 360° activations across many of our markets. The theme "Rise as One" was imprinted on special Budweiser bottles, and our people lived up to that promise by delivering a great consumer experience and connecting our brands with millions of fans. Whether consumers were celebrating at the Budweiser Hotel on Copacabana Beach, voting for the Man of the Match on social media, cheering on their national team, or participating in one of our many local programs, we estimate that our Budweiser activations alone generated over 34 billion consumer impressions leading up to and during the tournament.

We invested heavily behind these campaigns. The insights we gained, and the brand equity we built, will be invaluable in helping to drive future top-line growth well beyond the 2014 FIFA World Cup™.

Leading through Innovation

Innovation will continue to play an important role in building our brands, meeting evolving consumer needs and creating new consumption occasions in the future. Innovations need to be bold and, as a result, we are not afraid to fail and learn from our efforts. Failure is part and parcel of our journey, building our ability to ultimately deliver game changing innovations.

The Bud Light Lime Ritas family in the U.S., for example, has created a whole new category of alcohol beverages. The Ritas appeal to consumers who may not necessarily select beer as their first choice of alcohol beverage, particularly women, and we expect this will allow us to capture "share of throat" from the hard liquor, cocktail and ready-to-drink categories. The concept is scalable, and there will be introductions in other markets where relevant.

Key beverage innovations in 2014 included Cubanisto, a premium rum flavored beer, launched in the U.K., France and Belgium; MixxTail in Argentina, a malt beverage cocktail; and Skol Beats Senses in Brazil, a flavored, higher ABV line extension from Skol that can be mixed with ice. All three innovations were designed to complement the nighttime occasion. We also created Budweiser Brewmaster Reserve in China, a limited edition brew, capped with a distinctive champagne-style cork, for the growing super-premium channel. And there is more to come. Oculto, a new tequila flavored beer, as well as MixxTail, for example, are both planned to hit the U.S. market early in 2015.

Innovation is more than new products. It also includes packaging. In 2014, for example, we introduced two major new packages in the U.S., a new 16 oz. recloseable aluminum bottle, initially focused on Bud Light, and the first ever 25 oz. can. Both packages are exceeding our expectations, and have now been extended to some of our other U.S. brands.

Bringing People Together For a Better World

Tapping into our ability to bring people together on a global scale, to work for a Better World, is an essential part of our Dream.

In a major new initiative launched in 2014, we are founding members of *Together for Safer Roads (TSR)*, a coalition of 10 leading global companies across industries that are committed to working collaboratively to help improve road safety. Traffic crashes, which are currently the eighth leading cause of death worldwide and the primary cause of death among 15–29 year olds, are projected to move to the fifth leading cause by 2030. To stop this progression and, ultimately, help save lives, TSR members have come together with a focus on safer roads, vehicles and systems; improved driver safety education; and the application of data and best practices.

We also continued our successful activations across our Better World pillars, bringing together our colleagues, as well as customers, partners, industry peers, public officials, non-governmental organizations and other stakeholders to make a positive impact.

Promoting Responsible Drinking. Four years ago, we were the first alcohol beverage company to set aggressive Responsible Drinking goals, including encouraging parents to talk with their children about underage drinking, promoting the use of designated drivers, and widely distributing ID-checking materials. We are proud to have achieved all of our goals on schedule by the end of 2014. In particular, we want to acknowledge our team's efforts to provide training on responsible alcohol beverage sales to more than 1 million bartenders, waiters, store clerks, and others who sell and serve alcohol beverages in our markets around the world.

Responsible alcohol beverage sales training

1+ million

Preserving the Environment. Having met or exceeded our original Environmental Goals, we committed ourselves in 2013 to a set of even more ambitious goals to be achieved by the end of 2017. These goals include further reductions in water usage, greenhouse gas emissions, energy consumption and packaging materials, as well as watershed protection efforts near key facilities and water-risk reduction initiatives in key barley growing regions. For the first time, we have also set a goal to reduce carbon emissions in logistics operations by using alternative fuels, smart driving tools, more efficient trucks, and by collaborating with our supply chain partners.

Making a Difference in Our Communities. We have continued to contribute to the well-being of our communities around the world. Our initiatives included providing emergency drinking water to areas hard hit by disasters, supporting education through a range of programs such as building Hope Schools in China, and active volunteer efforts involving more than 61 000 of our colleagues globally.

Our Culture Drives Our Performance

Dream-People-Culture is the platform on which we have and will continue to build our company.

We are inspired by our ambitious Dream to be the **Best Beer Company Bringing People Together For a Better World**. To deliver on our Dream, we depend on a talented and highly motivated team of people, underpinned by a culture based on the principles of ownership, meritocracy and informality.

We thank our consumers and customers for their continued loyalty, our people for their commitment and dedication, and our shareholders for the confidence they have placed in us. We look forward to delivering on our commitments—and striving to achieve our Dream.

Carlos Brito
Chief Executive Officer

Kees J. Storm
Chairman of the Board

"We are driven by our passion to create a company that can stand the test of time and create value for our shareholders."

MixxTail Mojito is a great example of extending our vision beyond beer to be relevant to a wide range of consumer tastes.

The powerful Bud Light "Up For Whatever" campaign is connecting with more legal drinking age consumers through digital activation.

With Growth Driven Platforms, we're using consumer insights to develop more occasions for enjoying our brands.

Strong Strategic Foundation

Inspired by Our Dream, Motivated to Deliver

At Anheuser-Busch InBev, we share a powerful Dream to be the **Best Beer Company Bringing People Together For a Better World**. Across many centuries, continents and cultures, no other beverage has brought people together like beer. As the leading global brewer, with a history spanning nearly 650 years, we are committed to sustaining and building on that heritage by continually striving to make our Dream a reality. This is what our Dream means to us:

Best Beer Company — Attracting and retaining the best people, with a commitment to create the best portfolio of brands from only the highest quality ingredients, to delight consumers around the world and deliver best-in-class financial performance and profitability.

Bringing People Together — Connecting consumers with our brands and with each other, providing the basis for sharing experiences with friends old and new, savoring great moments, and exploring life's possibilities.

For a Better World — Recognizing that we must all come together to move society in a positive direction toward responsible drinking, environmental stewardship and community engagement.

We take ownership of and pride in our efforts, as we come together to deliver on the promise of our Dream.

Strong Brand Portfolio

Encompassing more than 200 brands, AB InBev's portfolio is the best in the industry. Our portfolio includes 16 brands with estimated retail sales value of over 1 billion USD each. Six of our brands — Bud Light, Budweiser, Stella Artois, Corona, Skol and Brahma — are ranked among the world's Top 10 most valuable beer brands by the 2014 Global BrandZ™ Report.

To connect our brands with consumers worldwide, we invest the majority of our resources and efforts in those with the greatest growth and profit potential. We call these our Focus Brands:

- *Global Brands* — Budweiser, Corona and Stella Artois
- *International Brands* — Beck's, Leffe and Hoegaarden
- *Local Champions* — brands that lead in their respective markets

Global Brands

Budweiser
The "King of Beers", Budweiser was introduced by Adolphus Busch in 1876 and is still brewed with the same care and high-quality, exacting standards. What began as an American original 138 years ago is a global brand today. In accordance with its original recipe, Budweiser is aged over beechwood chips for 21 days which results in a perfectly balanced flavor and a crisp, clean refreshing taste.

Corona
Corona is the leading brand in Mexico, the 5th most valuable beer brand in the world and the most popular Mexican beer worldwide. Corona Extra was first brewed in 1925 at the Cervecería Modelo in Mexico City, Mexico. Ten years after its launch, Corona became the best-selling beer in Mexico, and today continues to stand for Mexican pride around the world.

Stella Artois
A worldwide icon of quality and sophistication, Stella Artois has a rich heritage dating back to 1366 in Leuven, Belgium. This nearly 650-year legacy of sophistication and elegance is reflected in its iconic chalice and exacting 9-step Pouring Ritual. Stella Artois is still brewed using the finest natural ingredients in the time-honored tradition of handcrafted luxury.

International Brands

Beck's
The world's No. 1 German beer, Beck's is renowned for uncompromising quality. Since 1873, the brand has been dedicated to innovation and independent thought. True to its original recipe, Beck's has been brewed in the same way using four key natural ingredients for more than 140 years. The hops used to brew Beck's today still come from the Hallertau region, and every bottle of Beck's is brewed according to the uncompromising German *Reinheitsgebot* (Purity Law).

Leffe
Making the extraordinary just perfect, Leffe is the beer that enriches special moments. The flavorful and full bodied character of the Leffe family of beers provides a recipe for life's best experiences. Leffe's unique brewing heritage is now shared and enjoyed by consumers around the world.

Hoegaarden
A unique, authentic Belgian wheat beer with a brewing tradition dating to 1445, Hoegaarden is totally different by nature. Hoegaarden has a unique and extremely complex brewing process whereby the beer is first top fermented and then refermented within the bottle, resulting in a distinctive cloudy-white appearance and refreshing taste experience.

Local Champions

Bud Light is known for superior drinkability and refreshing flavor, making it the best-selling beer in the U.S. and the leader in the premium light category.

Michelob Ultra offers the perfect balance between crisp refreshment and a light, clean profile, to be enjoyed by those who favor an active, healthy lifestyle.

Skol is the leading beer in Brazil, complementing a lifestyle that is sociable, innovative and always among friends.

Brahma was born in Brazil in 1888. The brand embodies the Brazilian sensibility, combining a dynamic and industrious spirit with an effortless flair for life.

Antarctica has a reputation for unquestionable quality that leads to great moments in good company.

Quilmes is the beer for all who enjoy the flavor of getting together — in Argentina and beyond. It is the choice of those who value family and friendship; those who like to have fun and share.

Jupiler is the most popular beer in Belgium, and is the favorite of those who share a spirit of courage, self-confidence and adventure.

Victoria is an ultra-premium lager and one of Mexico's most popular beers. The brand's fans appreciate its medium body and slight malt sweetness. Victoria was produced for the first time in 1865, making Victoria Mexico's oldest beer brand.

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.

Klinskoye is noted for its clear taste and soft hop bitterness, and holds a leading position in the Russian beer market.

Sibirskaya Korona (Siberian Crown) has become a well-known national premium brand in Russia, with an image that evokes the Russian passion for a rich, satisfying beer experience.

Chernigivske is the beer that represents Ukrainian national pride, and a spirit of strength, self-confidence, respect and true friendship.

Harbin, from the oldest brewery in North China, features a unique blend of Chinese "Qingdao Dahua" hop and European aroma hop varieties, for a nuanced aroma and crisp finish.

Sedrin, originating in China's Fujian province, is enjoyed by groups of friends who share a common bond of excellence.

Cass, the No. 1 beer brand in South Korea, features a crisp and refreshing taste and is brewed using a 100% non-pasteurized treatment process.

"Our Focus Brands bring consumers together around the world."

Our Top Markets

Our Zones/Markets	Volume All Products Full Year (000 hl)	Market Share December 2014	Market Position December 2014	Number of Beverage Plants	Trading Names
AB InBev Worldwide	458 801	—	—	153[6]	Anheuser-Busch InBev, AB InBev
AB InBev Beer	411 461	—	—	140[7]	
AB InBev Non-beer	47 340	—	—	13	
North America					
USA	111 691	46.4%	No. 1	15	Anheuser-Busch Companies
Canada	9 459	42.1%	No. 1	6	Labatt Breweries of Canada
Mexico					
Mexico	38 800	57.8%	No. 1	7	Grupo Modelo
Latin America North					
Brazil	117 509	Beer: 68.2% Soft Drinks: 18.8%	Beer: No. 1 Soft Drinks: No. 2	30[8]	Ambev
Latin America South					
Argentina	23 727	Beer: 78.1%[4] Soft Drinks: 20.8%	Beer: No. 1 Soft Drinks: No. 2	9[9]	Cervecería y Maltería Quilmes
Europe					
Belgium	4 929	55.7%	No. 1	4	InBev Belgium
Germany[1]	7 945	8.6%	No. 2[5]	5	Anheuser-Busch InBev Deutschland
UK[2]	8 636	16.3%	No. 3	3	Anheuser-Busch InBev UK
Asia Pacific					
China	71 412	15.9%	No. 3	39	Anheuser-Busch InBev China
South Korea[3]	10 775	60.4%	No. 1	3	Oriental Brewery Company

1. Germany volumes include Switzerland & Austria
2. U.K. volumes include Ireland
3. OB volumes included for 9 months, as of acquisition on 1 April 2014
4. Includes Corona
5. Market share based on off-trade data
6. Does not include JVs

"Industry volumes in our top 4 markets account for about half the beer sold around the world."

Global Brands	International Brands	Local Brands	Our Billion Dollar Brands
Budweiser, Stella Artois	Beck's, Hoegaarden, Leffe	Bass, Bud Light, Busch, Michelob, Natural light	
Budweiser, Corona, Stella Artois	Beck's, Hoegaarden, Leffe	Alexander Keith's, Bass, Bud Light, Kokanee, Labatt, Lucky, Lakeport, Oland	
Budweiser, Corona, Stella Artois	—	Barrilito, Estrella, Leon, Modelo, Montejo, Pacifico, Tropical, Victoria	
Budweiser, Corona, Stella Artois	Beck's, Hoegaarden, Leffe	Antarctica, Bohemia, Brahma, Skol, Guaraná Antarctica, Pepsi[10]	
Budweiser, Corona, Stella Artois	—	Andes, Brahma, Norte, Patagonia, Quilmes, Pepsi[10], 7UP[10], H2OH!	
Budweiser, Corona, Stella Artois	Beck's, Hoegaarden, Leffe	Belle-Vue, Jupiler, Vieux Temps	
—	Beck's, Hoegaarden, Leffe	Diebels, Franziskaner, Haake-Beck, Hasseröder, Löwenbräu, Spaten, Gilde	
Budweiser, Corona, Stella Artois	Beck's, Hoegaarden, Leffe	Bass, Boddingtons, Brahma, Whitbread, Mackeson	
Budweiser, Corona, Stella Artois	Beck's, Hoegaarden, Leffe	Double Deer, Harbin, Jinling, Jinlongquan, KK, Sedrin, Shiliang	
Budweiser, Corona, Stella Artois	Beck's, Hoegaarden, Leffe	Cass, Cass Light, Cafri, The Premier OB, Aleston	

7. Includes 17 mixed beer/soft drinks plants
8. Includes 12 mixed beer/soft drinks plants & 5 soft drinks plants
9. Includes 2 mixed beer/soft drinks plants & 4 soft drinks plants
10. Brewed under license or bottles under exclusive bottling agreement

A World of Opportunities

AB InBev brings people together in the world's largest and most profitable beer markets, operating in 25 countries. Industry volumes in our top four markets, the U.S., Brazil, Mexico and China, account for about half the beer sold around the globe. We have a balanced exposure to developed and developing markets, offering opportunities for future growth.

Our broad international scope gives us access to the talent and experience of colleagues across six geographic Zones — North America, Latin America North, Latin America South, Mexico, Europe and Asia Pacific — and the ability to share best practices to deliver on our Dream.

North America

Bud Light, Budweiser, Michelob Ultra, the Ritas and high end brands showed good volume performance in North America.

We saw good volume performances from Bud Light, Budweiser, Michelob Ultra, the Rita family and our high end brands. Furthermore, packaging innovations like the 25 oz. can and 16 oz. reclosable aluminum bottles improved our brand mix. The highly successful "Up For Whatever" campaign positioned Bud Light as *The Perfect Beer For Whatever Happens* — highlighted by a star-studded ad during Super Bowl XLVIII, more than 7.8 million followers on social media, and a contest that rewarded 1 000 Bud Light fans with an unforgettable experience in Colorado. As a result, we believe Bud Light gained share in the premium light category. Investments in innovation included the pilot of Montejo, our authentic imported Mexican brand, in California, Texas, Arizona and New Mexico. The Rita family expanded with the launch of Mang-O-Rita, Raz-Ber-Rita and Apple-Ahh-Rita and the "Fiesta Forever" campaign.

In Canada, Budweiser maintained its No. 1 market share. Budweiser's high visibility and ties to Canada's national passion for hockey were embodied in the Red Light blimp that flew over a number of cities, promoting hockey games during the Olympics. EBITDA in North America decreased 1.2% in 2014 and normalized EBITDA margin was 42.4%, on a volume decrease of 1.3%.

Mexico

Corona keeps growing in Mexico, and Bud Light is coming on strong.

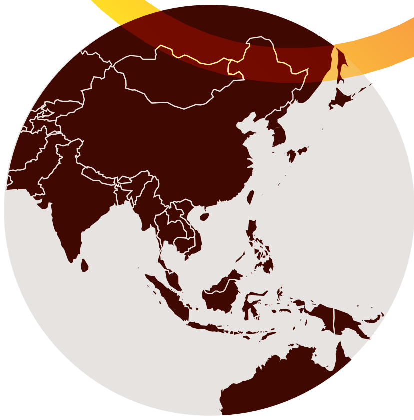
The Corona brand family, continued excellent performance by Bud Light, and a new campaign for Victoria helped drive growth in Mexico. Bud Light was our fastest growing brand, especially in the northern part of the country. We also focused on rejuvenating Modelo Especial and launched Modelo Amber as a beer to complement food. Victoria benefited from the introduction of 16 oz. cans — marking the first time that the brand has been available in cans. We invested in the remodeling of the Modelorama retail chain, with a major upgrade of 6 000 franchise stores to make them better showcases for our products. Bringing more of AB InBev's portfolio to Mexico's consumers, we introduced Stella Artois and Bud Light Lime Lime-A-Rita. Mexico has done an outstanding job of realizing synergies from the Grupo Modelo combination and is on track to deliver 1 billion USD in cost synergies by the end of 2016. Total volumes rose 1.6% in 2014, and Mexico Zone EBITDA grew 21.3% while normalized EBITDA margin expanded by 608 basis points to 47.3%, driven by volume growth and revenue management initiatives.

Latin America North

Momentum in Latin America North continues well after the FIFA World Cup™.

Exciting FIFA World Cup™ activations provided powerful momentum for our mainstream and premium brands, not only during the event but also afterwards. In Brazil, despite a challenging consumer environment, we gained 30 basis points of beer market share, reaching 68.2%, with a volume increase of 4.7% in the year. Budweiser was a major growth engine, expanding its position in the international beer market in Brazil. Brahma built on the FIFA World Cup™ with a campaign emphasizing the brand's connection with the heart and soul of Brazilian football. Among product innovations, Brahma 0,0% captured a strong share among non-alcohol beers, while Skol Beats Extreme and the newly launched Skol Beats Senses are positioned as great complements to nightlife. Elsewhere in the Zone, we see opportunities for growth in markets such as the Dominican Republic, where our portfolio includes beer, rum, malts and soft drinks, and in Guatemala, where Mexican beers are sold at a premium. EBITDA in Latin America North rose 6.4% in 2014 with normalized EBITDA margin declining 216 basis points to 51.0%, as revenue increased 10.9%.

“Our global footprint spans developed and developing markets.”



Latin America South

A refreshed Quilmes brand and our MixxTail innovation were highlights in Latin America South.

Brand-building innovations, revenue management and cost discipline helped offset tough macroeconomic conditions in key markets in Latin America South. We repositioned the Quilmes brand to “Inspire Transforming Encounters” and introduced affordable multipacks, leading to a positive acceptance among young adults. We continued to see positive market share performance in Bolivia and Chile. Innovations included the launch of MixxTail Mojito by Quilmes in Argentina, a key entry in our efforts to win share of throat. Returnable bottles enhanced our value proposition and competitive position in Paraguay (710 ml for Brahma, Budweiser and Bud 66) and Uruguay (1 liter for Pilsen Soul). Corona has now been added to our premium portfolio in Argentina, while Budweiser and Löwenbräu were launched in Peru. Revenue increased 17.9% and EBITDA increased 17.1%, while normalized EBITDA margin decreased 30 basis points on an organic basis, to 45.6%.

Europe

Focus Brands hold No. 1 positions in key European markets.

Innovation, premiumization and a philosophy of investing to “win where it matters” helped our team in Europe contend with challenging macroeconomic conditions. The performance of our Focus Brands in Western Europe was consistently positive. Several Focus Brands held the No. 1 brand preference among adults of legal drinking age to 24 in key European markets: Jupiler in Belgium, Bud in Russia, and Chernigivske in Ukraine. In the U.K., Stella Artois is the No. 1 preferred brand in general, while Budweiser holds the No. 3 position. Our 360° FIFA World Cup™ activations helped drive momentum in Europe, particularly the special edition “Rise as One” bottle for Budweiser sold in the U.K., France, Russia and Ukraine. Innovations included 75 cl. bottles for Bud in Russia and Ukraine, and Jupiler “cold grip” ribbed cans in Belgium. Cubanisto, a premium rum flavored beer, was launched in the U.K., France and Belgium. Stella Artois Cidre Raspberry made its debut in the U.K., and Hoegaarden adopted a fresh, new brand identity. Bud NA was launched in Russia during the FIFA World Cup™ to serve the market for non-alcohol beer. EBITDA in Europe increased 1.5% and normalized EBITDA margin added 39 basis points to 27.6%, while revenue was essentially flat in the Zone.

Asia Pacific

Bringing premium brands to China’s increasingly affluent consumers.

Focus Brands Budweiser and Harbin showed a solid volume performance in China, with another year of double-digit growth for Budweiser in particular. We continue to benefit from the expanding buying power and high-end preferences among China’s consumers. At the same time, we are optimizing the efficiency of our facilities and processes. Key marketing efforts at the beginning of 2014 included a terrific Chinese New Year campaign for Budweiser, as the Clydesdales visited China to mark the Year of the Horse. To celebrate the start of 2015, the brand launched the “Toast to Dreams” campaign with events in 10 cities, including on New Year’s Eve. Harbin benefited from our FIFA World Cup™ activations. Corona joined our portfolio in China in 2014 and will be an excellent addition to our premium brand offering. We reinforced our presence in China by expanding our brewery footprint. Elsewhere in Asia Pacific, we are excited by the opportunities presented by our reacquisition of Oriental Brewery in South Korea in early 2014 and the expected opening of our first brewery in Vietnam in 2015. Revenue rose 11.8% in Asia Pacific, with a 28.5% growth in EBITDA and 244 basis point expansion of normalized EBITDA margin to 21.2%.

Our Global Brands: Budweiser

Around the world, people come together to enjoy the perfectly balanced taste experience that is embodied by Budweiser, the brand that represents the American Dream, optimism and celebration. Originally brewed to be the first truly national beer brand in the U.S., today the appeal of Budweiser resonates in more than 80 countries. Globally, Budweiser's volume grew 5.9% in 2014 and consumption outside the U.S. provided more than 60% of volume, with especially robust growth in China, Brazil and the U.K.

Budweiser's position as a true global beer brand was clearly symbolized by our sponsorship of the 2014 ***FIFA World Cup™*** in Brazil. Our special limited edition "Rise as One" gold aluminum bottles were available in more than 40 countries, and we estimate that we reached 34 billion impressions among football fans for Budweiser leading up to and during the tournament. The momentum gained as a result of our sponsorship has continued well after the final matches were played—Budweiser became the No. 1 premium brand in the Ambev portfolio in 2014.

Digital activations like our popular "Puppy Love" Super Bowl ad campaign help connect with record numbers of consumers.

Fans of Budweiser feel a strong emotional attachment to the brand, so they responded enthusiastically to the ***"Puppy Love" ad*** that ran during Super Bowl XLVIII. The ad shows a pair of unlikely friends—a Golden Lab puppy and one of our iconic Clydesdales—who prove to be inseparable. Reflecting our aggressive digital activations, the ad set many viewership records, including most "viral" Super Bowl commercial ever, most popular video over a 36-hour period, most liked Facebook post for a brand, and more than 60 million views on YouTube.

Budweiser's authentic American values give the brand a strong appeal in diverse markets around the world. It is the ***No. 1 premium beer in China***, following five straight years of double-digit volume growth, appealing to the growing segment of consumers who desire premium beers.

The brand's strength was symbolized by an amazing 2014 Chinese New Year promotion, in which a team of Clydesdales traveled to China to celebrate the Year of the Horse with a welcoming ceremony at the Great Wall, a five-city tour, commemorative aluminum bottles, and thousands of brand-themed dinner events. As part of the Chinese New Year campaign in 2015, we held ***Toast to Dreams*** events in 10 cities across China. A giant Budweiser dream balloon, 21m high and 18m wide, was released into the sky with thousands of Budweiser dream lanterns at one New Year's countdown event in Haixinsha, Guangzhou.

Around the world, Budweiser is ***entering new markets*** and expanding its leadership role as a premium global brand in others. We launched Budweiser in Peru, with a popular returnable bottle, bringing the brand to market in record time ahead of the FIFA World Cup™. Sales of Budweiser in the U.K. rose by double-digits in 2014. And Budweiser is strongly positioned as the No. 1 brand in Canada.

Our ***aluminum bottle*** was extended to Budweiser. This innovation not only provides a better consumer experience (colder beer, reclosable twist-off cap), but the visually distinctive packaging—a deep, rich red color—is also attracting the attention of a new generation of Budweiser enthusiasts.

"Successful FIFA World Cup™ activation made Budweiser a world champion brand."


SUN SETS


Corona Extra


Corona Extra
Corona Extra


Corona
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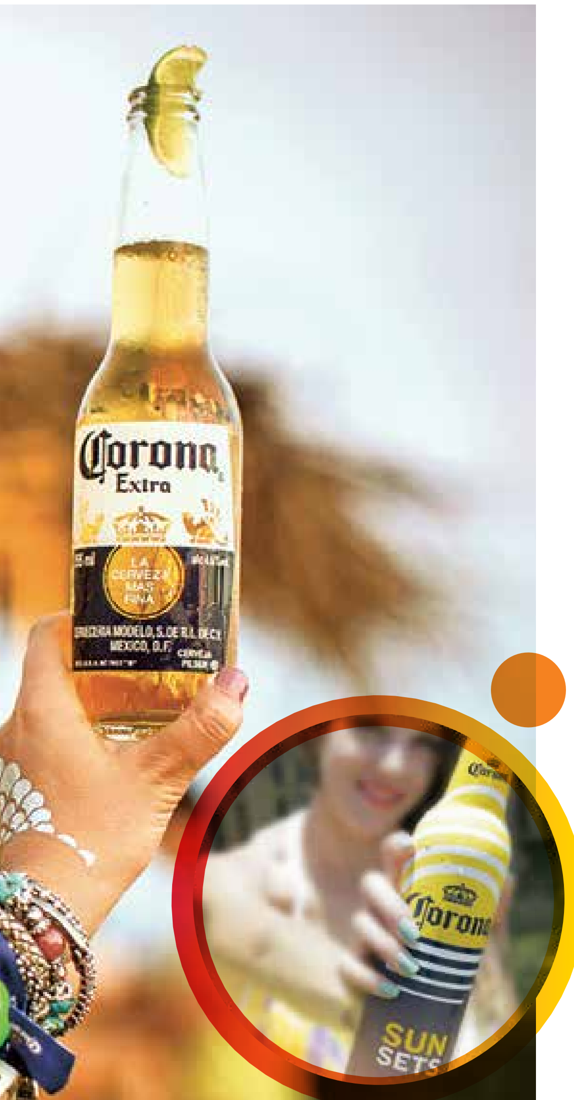
"Corona brings its 'Find Your Beach' spirit to consumers around the world."

Our Global Brands: Corona



Corona Extra was first brewed in 1925 at the Cervecería Modelo in Mexico City. Ten years later, Corona became the best-selling beer in Mexico. Today, Corona is known and enjoyed around the world for its "Find Your Beach" spirit. Known for its connection with the beach as an exotic place to relax, the iconic bottle and the lime ritual, the brand is exported to over 100 countries. Corona ranks No. 5 in the 2014 BrandZ™ Report of the world's most valuable beer brands and occupies the No. 1 spot for Latin America. In 2014, worldwide volume of Corona rose 5.8%, excluding the U.S., with continued strong growth in Mexico and rising volume in an ever-widening range of markets.

In Mexico, the ***FIFA World Cup™*** provided an opportunity for the biggest promotional event in Corona's history, as 1 000 Mexican fans won trips to Brazil for the tournament by choosing specially coded bottles. In Mexico, football is one of Corona's signature platforms and a key means of connecting with consumers, along with summer activities and music.

The ***Corona Capital music festival***, a summer-time tradition in Mexico City, attracted close to 170 000 fans of music and Corona to hear performances by Weezer, Conor Oberst, The Ghost of a Saber Tooth Tiger, and other acts.

Corona SunSets is an exciting series of worldwide beach music festivals showcasing Corona's unique ability to connect consumers with the "sound of the beach". Featuring the electronic dance music favored by the millennial generation, Corona SunSets combined great sounds with the drama of a setting sun on some of the world's most famous beaches. Festival locations in 2014 included Playa del Carmen and Acapulco (Mexico), Toronto Islands (Canada), Ibiza (Spain), and Weston-Super-Mare (U.K.).

Protecting our beaches is the mission of ***Corona SunRise–Save the Beach***, an important component of the brand's global platform. Corona has partnered with a leading environmental NGO, Blue Flag, to rally communities to advocacy and action, encouraging the adoption and restoration of local beaches around the world, to preserve their pristine nature for future generations.

Extending the Corona beachhead to new markets, we have introduced the brand in Brazil, and welcomed it back into our portfolio in Argentina, Canada and China in 2014. Corona continues to be a strong favorite in Australia, Chile and Western Europe. Going forward, we see further opportunities to expand the reach of Corona globally, particularly in the Asia Pacific region and Latin America.

Corona established beach-heads in new markets, such as Brazil, and rejoined the port-folio in Argentina, Canada and China in 2014.

The Corona brand's strong ***connection with consumers*** has been created almost entirely through experiential campaigns, based on a shared affinity for the beach, music and sports. This approach is documented in a comprehensive brand "toolkit" developed by the Corona team. As we extend the Corona brand around the world, this toolkit offers a step-by-step guide to effectively building the brand in new markets. We are also learning from the Corona experience to create similar toolkits for our other brands, to enhance their success and growth potential.

Our Global Brands: Stella Artois

Stella Artois is so sophisticated and distinctive, that it has its own Pouring Ritual and iconic serving chalice. Synonym for Belgian brewing tradition, quality and heritage, it is savored in 95 countries as a complement to elegant events and fine dining. Volume increased 2.5% in 2014, with especially strong performances in Brazil, Canada and the U.S. The brand is ranked No. 4 in the 2014 BrandZ™ Report of the world's most valuable beer brands.

The spirit of perfection embodied in the Stella Artois experience was highlighted during the past year with an ad campaign celebrating the ***World's Greatest Events***. Focusing on such unique events as the *Festival de Cannes*, *Wimbledon*, *The Open Championship* and *Abierto Argentino de Polo*, the campaign streamed live stories about heroic figures who stop at nothing to achieve perfection in their chosen endeavors.

A video starring ***Rufus, the iconic Wimbledon hawk***, was a popular part of the Stella Artois "perfectionist" campaign. The video, highlighting Rufus' vigilance in protecting the Wimbledon grounds, was a great example of our digital strategy and received almost 2 million views on YouTube, with over half of those through organic traffic. The Rufus video even made it into the YouTube Ads Leaderboard, ranking No. 7 as the most viewed ad on the platform in June 2014.

Stella Artois was originally created for the holidays, and our ***holiday ad campaign*** is a joyous tradition. This season, the "Give Beautifully" campaign celebrated actual examples of gift-giving, with a series of short films marking the emotional moment when special gifts — a piano, a video camera and more — were bestowed upon the lucky recipients. Promoted via the hashtag #givebeautifully, the series was filmed in Argentina, the U.K. and the U.S., and was enjoyed online via YouTube by consumers across the globe.

Pairing our tradition of excellence with the digital lifestyles of millennial consumers, Stella Artois became the ***first beer brand to advertise on Instagram***. Images of Stella Artois were shown in festive settings alongside various delicacies, as part of our overall "Give Beautifully" campaign.

Stella Artois Cidre Raspberry was launched in the U.K., furthering our efforts to gain share of consumption in new categories. We entered the cider category in 2011 with the introduction of Stella Artois Cidre. Since then, we have expanded the Stella Artois Cidre family to three flavors: apple, pear and raspberry.

Stella Artois Cidre Raspberry is a new addition to our popular cider category.

Our ***expansion into Mexico*** has provided an opportunity to introduce Stella Artois to a new market, and we have high hopes for the growth potential of the brand in Mexico's super-premium segment.

"Stella Artois continues to embody the spirit of perfection."


STELLA ARTOIS


STELLA ARTOIS
STELLA ARTOIS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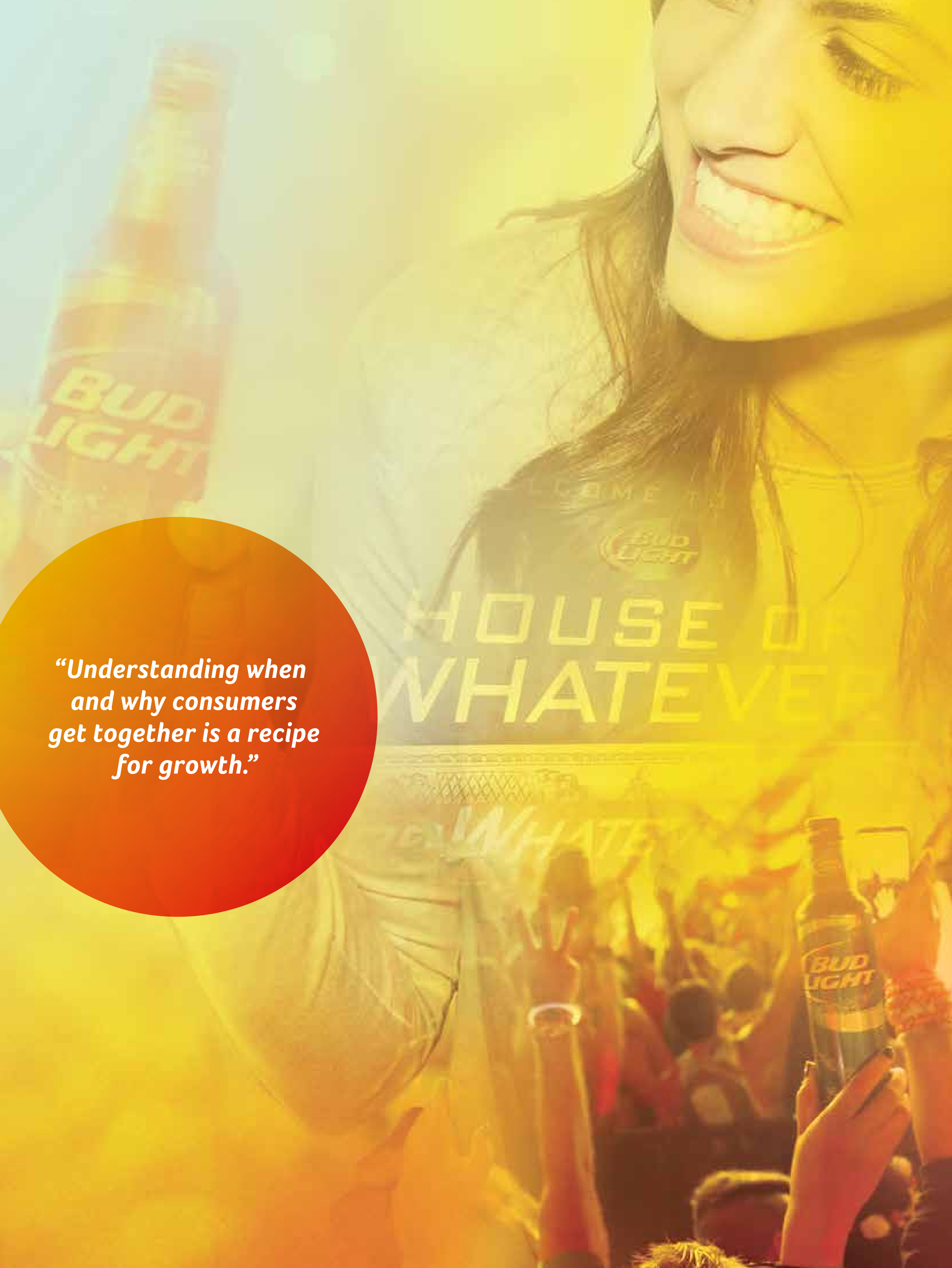
STELLA ARTOIS



"Understanding when and why consumers get together is a recipe for growth."

Growth Driven Platforms

People get together in different ways, at different times, and for different reasons. To share special experiences. To enjoy the pleasures of a great meal. To cheer on their team or listen to their favorite band. To unwind after a long day. To open their home to friends and family.

We believe our growth depends on understanding what brings people together — and how we can make their occasions even better. To do that, we increasingly seek relevant insights into the population of potential consumers, the preferences of those most likely to favor our brands, the reasons why they get together, and the experiences they value.

Based on these insights, we have created a framework of Growth Driven Platforms, or GDPs, which represent the major occasions for purchasing and consuming our products. We are aligning our marketing, sales, product development and other brand-building activities with the GDPs to ensure that we provide quality products — and brew good times and great experiences — for all the ways people get together.

Getting together to share good times — to relax and unwind, strengthen existing friendships, or make new ones — has always been an important part of beer's universal appeal. We want Budweiser, as well as local champions such as Bud Light, Brahma, Harbin, Quilmes, Skol and Jupiler, to be there whenever friends get together. Whether they do so to listen to music, watch a game or just share a great night out, our brands help to make sure they have a good time. Around the globe, we aim to connect with millennials specifically through unique experiences that only our brands can offer, building on our music platforms, sports partnerships and brand ambassador programs.

In the U.S., the ***Budweiser Made in America Music Festival***, co-founded with Jay Z, is a high profile annual event. Music parties in 30 cities lead up to the main festival, which was held in Philadelphia and Los Angeles, and featured artists like Kanye West, Imagine Dragons, Kings of Leon, and Iggy Azalea. The 2014 edition of *Made in America* was attended by almost 175 000 people in person; another 700 000 listened to live streamed concerts and 44 million consumers followed the festival on social media.

Relaxation & Bonding

Electronic dance music (EDM) is taking the world by storm — and the ***Budweiser Storm Electronic Music Festival*** is China's answer to that trend. The 2014 version of the Festival was described as the, "biggest EDM party China has ever seen." It opened with a major launch party in Shanghai. Musicians and aspiring DJs across China were encouraged to compete for spots in the Festival lineup. During the campaign period, Budweiser organized over 500 *Made for Music* EDM parties nationwide, enabling millions of Chinese consumers to experience the music and our brand.

After an exhaustive search that crisscrossed the U.S., ***Bud Light*** chose Crested Butte, Colorado, as the location for ***Whatever, USA*** on September 5–7 to create the ultimate ***#UpForWhatever*** weekend of spontaneous fun. Bud Light is famous for taking over cruise ships, branding hotels and providing consumers who are #UpForWhatever with once-in-a-lifetime experiences, and this was *The Perfect Beer for Whatever Happens*' biggest adventure yet. Crested Butte was transformed into Whatever, USA, a town full of unique and unexpected experiences for the 1 000 Bud Light fans selected to attend the event out of some 204 000 who had created video submissions on www.UpForWhatever.com. With just 48 hours' notice to grab a friend and pack their bags, the guests were treated to three days and two nights of #UpForWhatever activities, epic adventures and 17 musical acts. 28 Crested Butte bars, restaurants and stores were open throughout the weekend.

In Belgium, the ***Jupiler House of the Bull*** set the summer festival scene on fire. In between concerts of both famous and up & coming bands, Jupiler treated its fans to parties with top DJs. In total, Jupiler activated more than 30 festivals throughout the summer, including several of the nation's top seasonal events, which makes Jupiler the No. 1 beer brand of the Belgian festival scene.

“The 2014 FIFA World Cup™ was a great showcase for our brands.”

Rise as One:

Bringing People Together through the FIFA World Cup™

No event of the past year brought people from every nation together more than the 2014 FIFA World Cup™. Nearly 3.5 million people attended the matches in person. An estimated 1 billion followed their favorite teams via FIFA’s Global Stadium social, online and mobile hub. Billions are estimated to have taken part in the event through TV and digital media.

What better way to celebrate the global appeal of football, and enrich the world’s enjoyment of the World Cup, than with a great beer! In that spirit, Budweiser was proud to be the official beer of the tournament — asking billions of fans to “Rise as One” and show their love for the game. For us, the World Cup was an incredible opportunity to bring people together with their favorite teams, with a sport they are passionate about, and with our brands around the globe.

As the official beer of the 2014 FIFA World Cup™, Budweiser was a major presence wherever people came together to enjoy the matches. Unique packaging, a limited edition gold aluminum bottle emblazoned with the FIFA World Cup™ Trophy, was available in over 40 countries. In New York City’s Times Square, famed for its neon signs, Budweiser lit up the night to inspire fans to get ready for the matches.

Budweiser created special “Rise as One” broadcast and digital content through strategic media partnerships. Social media kept fans in touch with the action, encouraging them to vote for the *Man of the Match*, presented by Budweiser, or to receive tweets from World Cup related happenings such as concerts.

On Rio de Janeiro’s famous Copacabana Beach, the Budweiser Hotel was a premier destination to get together for exclusive World Cup related events. Special programs spanned the worlds of sports and entertainment, including an epic concert lineup, rooftop pool parties and appearances by World Cup legends and celebrities.

The FIFA World Cup™ was a tremendous showcase for Budweiser, as well as other brands in our portfolio that served as local sponsors in selected markets, such as Brahma (Brazil), Harbin (China), Corona (Mexico), Quilmes (Argentina), Jupiler (Belgium and the Netherlands), Siberian Crown (Russia), Cass (Korea), Hasseröder (Germany) and Beck's (Italy), among others. We supported our selected brands with impressive 360° activations in our markets. Millions of fans took part in programs sponsored by our brands, either by attending events in bars and other public places, participating in contests, or following our campaigns on social media.

We especially want to thank all AB InBev colleagues and business partners, who came together in unprecedented numbers to make our participation in the World Cup a success. From the associates who worked with vendors in Brazilian stadiums to ensure a refreshing fan experience, to those who planned and executed our campaigns around the globe, the AB InBev team proved themselves to be world champions.

Bud Light sponsored a series of World Cup viewing parties at hundreds of bars and other on-premise locations across the U.S., including the Ultimate FIFA World Cup™ Viewing Party in Las Vegas. These highly popular events contributed to the largest viewership ever for a FIFA World Cup™ tournament in the U.S.

Harbin's campaign in China included a special TV commercial made exclusively for Hei Long Jiang province, the hometown of Harbin beer, along with special edition cans and bottles. The first day of the matches was celebrated as "Blue Day" in honor of the brand's signature package color.

Corona brought fans together with the FIFA World Cup™ in a big way, through a promotion in which 1 000 Mexican consumers won a free trip to Brazil. The soundtrack accompanying Corona's World Cup TV ads also became the theme song for Mexico's national team.

Quilmes created a mobile bar, known as Bar Movil Quilmes, especially to quench the thirst of Argentine fans visiting Brazil. Back in Argentina, consumers enjoyed limited edition cans, fan fests and celebrations in local bars and other events. We installed 3 000 new, wifi-enabled TVs in bars in Bolivia to make the experience of watching a match with friends even more enjoyable.

Jupiler made a TV commercial starring the Belgian National Football Team and distributed 800 000 specially designed supporter flags — a promotion so unique that it was dubbed "flagvertising" by local media. The Belgian Sponsorship Association awarded Jupiler the first prize in the "Best Sponsoring Activation" for the "We Are Ready" campaign as well as the "Best of Belgium" trophy; in the European Sponsorship Association's Excellence Awards the campaign won bronze. The Red Devil World Cup TV commercial was the 4th most viewed YouTube video in Belgium in 2014. This was just one of the many AB InBev campaigns in Europe, which promoted seven different brands in eight countries.

Brahma paid tribute to Brazil's passion for football with a limited edition beer, Brahma Seleção Especial, made with barley sown on the field of the Granja Comary training center. Along with Rio de Janeiro's Maracanã stadium, which hosted its first FIFA World Cup™ match in 64 years, Granja Comary is an iconic symbol of football in Brazil.

Food & Savor

Food has become a passion point for our consumers, especially among millennials — just think of all those foodie Instagrams. Cuisine is the new Rock 'n' Roll and chefs are today's rock stars. In parallel, there is a renewed interest in beer as the perfect complement for food. Often, the right accompaniment for a great dish is not a glass of wine — but a distinctive and sophisticated beer or cider. That's why we focus on offering a selection of savory and superior quality brews that enhance the flavor of food-based occasions, from an informal meal at home to fine dining.

Through our local and international premium brands, as well as our new craft portfolio in the U.S., we are uniquely positioned to help make meals more special. Food-friendly brands such as our Belgian trio — Stella Artois, Leffe and Hoegaarden — are being joined by newer offerings that are all about discovery and flavor, including Alexander Keith's, Goose Island and Shock Top.

We are committed to ***crafting the best beer experience*** possible. That's why we have been carefully expanding our portfolio to include more craft beers, so we can deliver the artisanal qualities favored by many beer enthusiasts. In the past year, we added 10 Barrel Brewing Co. of Bend, Oregon, and Blue Point Brewing Company of Long Island, NY, keeping the passionate brewmasters and techniques that make these craft brewers so unique. Using the same approach we took with Goose Island Brewers, we will strictly maintain their recipes and brewing processes, while allowing more consumers to enjoy these exceptional beers.

The ***Best of Belgium*** on Tumblr offers food pairings and suggestions for our premium Belgian beers: Stella Artois, Hoegaarden and Leffe. Foodies can learn, for example, that Stella Artois marries well with intensely flavored Thai, Asian and Indian dishes, but also that the brand's bitterness and light body cut through cream sauces and semi-soft cheeses. The refreshing flavor of Hoegaarden, which comes in part from real Curaçao orange peel and a hint of coriander, is a good match for white-fleshed fish, as well as classic Belgian-inspired mussels with shoestring fries and salads. Leffe Blonde, which is dry, fruity and lightly spiced, pairs well with both meat dishes and chocolate desserts.

Stella Artois is sponsoring a ***full menu of activations*** in partnership with Food & Wine magazine in the U.S. Special lifestyle events that celebrate the pairing of the brand with food include the *Food & Wine* Classic in Aspen, and premier programs at the Beaver Creek Resort, Pebble Beach Resorts and in Los Angeles' most food-conscious neighborhoods. The events feature demonstrations by famous chefs, tastings and parties and attract audiences with an appreciation for life's finer tastes — including Stella Artois.

In Paris and Brussels, ***food trucks sponsored by Leffe*** help to highlight how well the taste of Leffe pairs with fine cheeses and other snacks. Leffe has also redesigned its packaging to showcase recipes right on the cartons, and the brand has created content to stimulate conversations about food on many social media platforms.

Stating that ***"beer is the new wine,"*** our U.K. team is working to encourage more consumers to discover the possibilities of beer as an accompaniment to a variety of cuisines. We have partnered with a Michelin-starred chef, Kevin Love, to award and acknowledge pubs and restaurants that serve the best gourmet bar food that pairs well with beers like Leffe.

Launched in the U.K. in 2014, ***Stella Artois Cidre Raspberry*** is the latest addition to our family of premium crafted ciders. Giving consumers an expanded range of beverage choices was the inspiration behind the creation of Stella Artois Cidre several years ago, and the brand has been adding new flavors and winning new friends ever since.

In Mexico, ***Negra Modelo*** has long been known as "the cream of beers." With its dark amber color, topped by thick, creamy foam, Negra Modelo offers a balanced flavor and a delicate aroma of dark malt, caramel and hops. Already the top-selling dark beer in Mexico, Negra Modelo is also being promoted by our team as a perfect complement to food.

At the end of a long day, people want to get together with friends and break out of the routine; they feel the desire to treat themselves and have a little fun. We are helping to set the right tone with refreshing-tasting products that are key ingredients in our consumers' social plans. Budweiser, Corona, Stella Artois and Bud Light are among the brands that are well suited to this shifting moment, as are innovations such as the Rita family, Stella Artois Cidre and Johnny Appleseed, which can be served over ice, mix well, or have a sweeter taste profile.

Sundown signals the end of the work day — and the start of good times. We are sponsoring ***Corona SunSets*** festivals at famous beaches around the world to remind consumers to think of Corona when they want to get their own celebrations started. Corona SunSets festivals celebrate the beach lifestyle with concerts, illuminated by the setting sun, and offer an opportunity for rising DJs to create their own "Sounds of the Beach". Festival locations in 2014 included Playa del Carmen and Acapulco (Mexico), Toronto Islands (Canada), Ibiza (Spain), and Weston-Super-Mare (U.K.).

Brazil introduced ***Skol Beats Senses*** in late 2014. Mysterious and full of attitude, it was specially developed for those seeking new experiences in the night universe. Easy, smooth and with a refreshing taste, Skol Beats Senses is a unique beer-based beverage that is intended to be consumed over ice, making this innovation even more exceptional and versatile. Its distinctive bottle is shaped like the letter "S" and sports a dazzling blue color — which was the inspiration for a distinctive launch ad set in an underwater nightclub.

Quilmes launched ***MixxTail Mojito***, a new product for consumers who want to add a refreshing-tasting, new alternative to the mix. MixxTail is ready-to-drink and also perfect for mixing. Argentina was the first market to introduce the new brand. In a differentiated strategy, the sales and marketing team positioned the new product away from the traditional beer shelves in stores and supermarkets, and in closer proximity to aperitifs. MixxTail has been highly successful since its launch, and other brands around the globe may adopt variants of this popular concept.

"Fiesta Forever" is the theme of a popular campaign for our Ritas family. In the commercial spot, a man hands out Ritas at a garden party, in the office, around the pool, and even to a couple watching TV at home, all while singing along with the Lionel Richie tune "All Night Long." The campaign signals that you can always start your own fiesta — just add the Ritas.

Budweiser Brewmaster Reserve was launched in China during the past year as a unique selection for nightlife occasions and to stake out a strong position in the super-premium segment. Our brewmaster created a special dark amber liquid, and Brewmaster Reserve is sold in numbered bottles capped with a distinctive champagne-style cork to highlight its celebratory nature.

Breaking the Routine

Serving Up a Great Night Out

We have intensified our efforts to scale up our brands' presence in bars, clubs, restaurants and other outside venues. We are launching new products just for those special occasions and to build strong connections with our brands. At the same time, we are ramping up the collaboration between our brand and sales teams and with our customers to bring a new dynamic to the on-trade.

Consumers can start the weekend on the right note on ***Fire Pit Fridays***, held weekly at the Biergarten adjacent to our Fort Collins, Colorado brewery. The Biergarten, just opened in late 2014, provides an opportunity for guests of legal drinking age to sample our products and learn about the craft of beer from our ambassadors and brewers. The Friday events also feature a cozy fire pit, live music, and offer the opportunity to make a donation to the local food bank.

Budweiser Brew House, now open in Ballpark Village in St. Louis, Missouri, is the ideal place to enjoy a Cardinals game or other events while sampling beer from one of 200 taps.

Pretzels and beer are a favorite combination, so why not create a special beer that captures that taste experience? We did just that during the past year, with the launch of limited edition Shock Top Twisted Pretzel Wheat. Shock Top has been one of our most successful brand introductions, and this is a great example of how we continue to expand the brand family to satisfy beer lovers' thirst for variety.

Some 8 000 bars and restaurants in the U.S. have ***interactive beer tap handles*** for Bud Light and Budweiser, which flash lights and display messages when the local team scores. As a top sports sponsor, we saw an opportunity to deliver a unique experience for fans, and partnered with Sprint and Mesh Systems to create the handles. Using wireless and cloud technology, the handles connect thousands of on-premise locations to the on-field action at stadiums across the country. Eventually, we will broaden the program to more locations and a wider range of sports.

To enhance the out-of-home experience for consumers in Brazil, we developed a concept known as ***"Nosso Bar"*** (Portuguese for "Our Bar"). This is essentially an attractive model bar with improved facilities and amenities, designed to inspire bar owners to offer an upgraded environment that is conducive to the enjoyment of our brands. We have franchised the model to selected bar owners and now have more than 1 000 Nosso Bar locations.

Cubanisto is another flavored beer designed to be enjoyed on "big nights out". Introduced in the U.K., France and Belgium, Cubanisto is a rum flavored premium beer with a fresh taste of citrus, orange zest, lime and an aroma of caramelized cane sugar. Special events at bars and secret consumer experiences that can only be unlocked through social media support the spirit of Cubanisto.

Opening up your home to friends and family, whether to enjoy a game, celebrate holidays or special events, or just get together informally, is the ultimate in hospitality. We are launching new products and packaging to serve the needs of consumers who want to come home to a great experience. To help drive purchases of our brands for in-home consumption, we are creating innovative multipacks, eye-catching displays and better coolers for the retail channel.

Making the holiday season more festive, we created ***Budweiser limited edition holiday crates*** for the U.S. market. The handmade wooden crates were exact replicas of the ones stacked atop the famous Budweiser Clydesdale hitch. Each crate included branded pilsner glasses and an 18-pack of Budweiser bottles featuring classic labels from 1918 (the last Budweiser label before Prohibition), 1933 (first Budweiser label after Prohibition), and 1976 (marking the brand's 100th anniversary). We also encouraged consumers to share their Budweiser images with the hashtag #HolidayBuds.

A new ***Mix-A-Rita 18-pack*** was introduced in 2014 to encourage consumers to bring home the distinctively refreshing taste of our Rita family. The convenient mixed pack features four popular flavors: Bud Light Lime Lime-A-Rita, Straw-Ber-Rita, Raz-Ber-Rita and Mang-O-Rita to enable consumers to experiment and create their own Mix-A-Rita combinations.

To increase the enjoyment of beer at home, several of our brands are available on the ***Draftmark Tap System***. Draftmark is a high-end, affordable home system currently sold in 12 U.S. states, which allows beer enthusiasts to get a great draught beer right from the refrigerator. The variety of draught beers currently includes Budweiser, Shock Top Belgian White, Goose Island India Pale Ale, Goose Island Honker's Ale and Michelob AmberBock, with more brands and markets to be introduced over time.

Jupiler Cold Grip Ribbed Cans, introduced in Belgium during the past year, have been popular with consumers and retailers. The cans mimic the feel of a ribbed beer glass, to bring home the sensation of enjoying a cold beer in your favorite bar.

In Germany, we introduced the ***Beck's Cool Pack*** specifically for people celebrating together at home. This convenient 8-pack of 33 cl bottles is helping to draw the attention of consumers to the Beck's brand and is helping to grow volume.

Our innovative ***aluminum bottle*** is perfect for enjoying a really cold beer at home. Now available with Bud Light, Budweiser, Shock Top and other brands, aluminum bottles get colder faster and stay colder longer, while also featuring reclosable twist-off caps. And the festive, brightly colored packaging livens up any in-home celebration.

Bringing Home the Best

"Delivering on our Dream takes talented and motivated people, inspired by a culture of ownership."

Dream People Culture

Since the combination of Interbrew and Ambev a decade ago, our accomplishments have been built on a solid platform we call *Dream-People-Culture*. This has been a unique strength of the company and will continue to guide our performance and progress for the future. The essence of our culture is embodied in 10 Guiding Principles, which allow us to perform consistently and to work together toward one shared Dream around the world.

Our Dream

1

*Our shared Dream energizes everyone to work in the same direction to be the **Best Beer Company Bringing People Together For a Better World.***

For us, everything begins with our shared Dream. Our Dream has evolved with the realization that *Bringing People Together* is central to who we are and what we do. We are inspired by our Dream to build one of the leading global consumer goods companies, and to improve the world around us by promoting responsible drinking, environmental stewardship and involvement in our communities.

"Our 10 Guiding Principles lead the way to one shared Dream around the world."

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.

Our People

Every day, AB InBev's people work to transform our Dream into reality. Our 155 000 colleagues around the world represent our most valuable asset and sustainable competitive advantage. It is because of our people — and their talent, engagement, drive and sense of purpose — that we have been able to deliver on our commitments to our consumers, shareholders, communities and each other.

We hire people with the potential to be better than we are, ensure that our leaders engage them fully, and challenge them to perform at their best. At the same time, we invest heavily in attracting the best people, developing their potential, and enriching their opportunities through a range of programs and initiatives.

We have continued to refine and enhance our talent recruitment, learning and development initiatives to build a pipeline of talent, meet the changing needs of a growing business, and cultivate the next generation of leaders.

Global Management Trainee (GMT) Program — Our GMT Program continues to attract top students from leading universities around the world. GMTs participate in a demanding 10 month paid training program combining classroom study and "in the field" jobs, before going on to full-time positions with AB InBev. The GMT program helps us build a highly qualified, well-rounded team that is engaged with our culture from Day 1.

In 2014, we hired 147 trainees from 19 countries, from a pool of more than 94 500 candidates — the largest GMT class to date.

MBA Program — Our global MBA program draws qualified candidates from such top business schools as Harvard, Stanford, Chicago-Booth, MIT Sloan, Columbia, Wharton and Kellogg in the U.S., as well as London Business School and IESE in Europe and CEIBS in Hong Kong. In 2014, we selected 21 MBAs for the program from a pool of 642 applicants.

AB InBev University — Each of our geographic Zones offers live or online programs through AB InBev University, with a curriculum focused on leadership, method and functional learning. An important aspect of the 'method track' is the awarding of white, green and black belts. In the past year, we awarded 123 "green belts" and seven "black belts" to employees, a record number.

Marketing Initiative — An important initiative of the past year involved a stepped-up effort to recruit, train and develop team members with strong marketing capabilities. We have added to the marketing components of both the GMT and MBA programs, with a goal of devoting a large portion of the classroom work to marketing. AB InBev University is creating a robust marketing track. Additionally, we are in the process of assessing the abilities of current leaders in all Zones to identify those with high affinity for and potential in marketing.

Owners Program — Taking ownership is an important part of our DNA, so our Owners Program recognizes the contributions of AB InBev colleagues who live our 10 Principles and act as owners. Team members can nominate a colleague and each year we select the top "owners" to be recognized across the company.

Excellence Programs — We have specific programs to help employees acquire and hone the skills to achieve excellence in areas such as Brewery Operations, Marketing, Sales, People, Finance, Corporate Affairs and Information & Business Services.

Engagement — We measure and enhance employee engagement, which is essential to our success. All employees participate in an annual cycle of communication and feedback to ensure that they understand our goals and are fully engaged in meeting them. We measure engagement through annual surveys, and raising engagement scores is a key responsibility for all managers.

Rewarding Performance — We apply cutting edge processes to measure and assess performance. Our compensation is structured on the basis of stretched but achievable targets. We believe that a bonus is a reward for great performance, not an entitlement, and this system is intended to attract people who relish a challenging, merit-based environment.

Our Culture

4

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

5

The consumer is the Boss. We serve our consumers by offering brand experiences that play a meaningful role in their lives, and always in a responsible way.

6

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

A culture based on strong values unites our people. We are proud to have a culture that does not tolerate satisfaction or complacency, that celebrates a sense of ownership and personal responsibility, and that constantly challenges our people to do things better.

Putting the consumer at the center of all we do is a key element of our culture. To do that, we focus on delivering great brands, making products of impeccable quality, and providing a superior experience in a responsible way. We respect the heritage of the brewer's craft, while using the latest technologies and media to connect with consumers.

In our culture, team members think and act like owners: they take results personally; are accountable for their actions; make decisions in the long-term best interests of the business; and execute with focus, excellence and integrity. This ownership mentality is reinforced by setting stretched but achievable targets, and ensuring that all team members understand their roles in meeting those targets. Incentive programs give senior leaders and other top performers the opportunity to reinvest their bonus in our shares, with a company match. But our ownership culture goes beyond owning shares — it is about owning responsibility for our commitments to consumers, for the creation of shareholder value, and for delivering on our Dream.

We also believe in keeping it simple: with decisions based on clear, agreed-upon approaches and common sense. That means constantly rooting out complexity, and streamlining processes that get in the way of decision-making and execution.

Cost discipline is a key element of our culture. We aim to convert "non-working money" into "working money" — reducing expenditures for ancillary items while investing in brands, marketing, sales efforts, trade programs and other factors that drive top-line and bottom-line growth. This entails continually challenging and controlling costs, learning from successful initiatives across the company, and uniformly adopting best practices that promote efficiency and productivity.

Our leaders are expected to set a strong personal example for the company. They must deliver results, live up to their commitments and inspire their teams to do the same. Leaders never take the easy way out, nor do things in a manner that places their own interests above those of the company, consumers, shareholders, employees and community.

7

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

There are no shortcuts on the path toward our Dream. The safety of our people, the quality of our products, and the uniqueness of our consumer experience can never be compromised. Achieving great results is our goal, but how we achieve those results is just as important.

Staying Safe — The most important thing we can do for team members and their families is to ensure a safe working environment. This was a year of great progress in the area of safety, with 47% fewer lost-time injuries, including in contractor operations. This includes a significant 54.5% reduction in injuries in our Mexico Operations. In addition, we had 309 facilities experiencing no lost-time injuries in the past year. Using a rewards system based on annual safety targets, our global excellence programs and auditing systems link safety performance and program implementation to the annual performance evaluations of individual employees, departments, facilities, regions and Zones. Safety requirements are also embedded in each of our excellence programs.

8

We manage our costs tightly, to free up resources that will support sustainable and profitable top line growth.

Distribution Process Optimization — A keystone of our supply operations has traditionally been a system called Voyager Plant Optimization (VPO), which aims to standardize processes to ensure that all of our facilities operate in the safest, most effective manner. We are now applying a similar approach to our second tier logistics operations through the Distribution Process Optimization (DPO) program, to extend the benefits of safety and efficiency to our distribution partners.

Corporate Governance and Compliance — We conduct business around the globe according to the highest ethical, corporate governance and transparency standards, and in compliance with all applicable regulations. The Board of Directors and senior leadership team have established and continually maintain a strong ethical climate, supported by an effective system of internal controls, monitoring, risk assessment, auditing, and training. For example, our Code of Business Conduct was updated this year to reinforce our commitment to ethics, integrity and a Better World. Sections such as "Anti-Trust" and "Anti-Corruption" were amended to make the Code even more consistent with our high standards in these areas, and new topics in "Environment, Health and Safety," "Human Rights" and "Responsible Drinking" were added. To be clear: we treat our integrity and reputation as key assets that must be preserved at all times.

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.

"Playing a positive role in the world — with passion, creativity and commitment."

Bringing People Together For a Better World

AB InBev's role as a strong and growing global enterprise gives us the opportunity, as well as the responsibility, to improve the world in which we live and work. Because we brew products and deliver experiences that bring people together, we also are in a unique position to unite many different parties — employees, consumers, partners and suppliers, public officials, NGOs, academics and others — in this effort.

Our focus on building a Better World is based on three pillars: promoting Responsible Drinking, protecting and preserving the Environment, and making a difference in the Communities where we live and work. In the past year, we made significant progress in each of these areas. We are honored that our efforts have been independently recognized, with a ranking among the leaders in social responsibility on *Fortune* magazine's "World's Most Admired" beverage companies' list.

Promoting Responsible Drinking

As the world's leading brewer, we are committed to encouraging the responsible enjoyment of our products by adults of legal drinking age. In each of our markets, we sponsor programs to promote responsible drinking, prevent alcohol abuse, deter underage drinking and highlight the dangers of drink driving.

In 2011, we were the first alcohol beverage company to establish a series of aggressive Global Responsible Drinking Goals to drive measurable, meaningful progress. We are proud to have come together with distributors, parents, community groups, retailers, law enforcement and many others, to achieve, and in many cases exceed, our goals by the target date of year-end 2014:

Achieved	Goal
✓	Reach at least 100 million adults with programs developed by subject matter experts that help parents talk with their children about underage drinking.
✓	Provide ID-checking materials and other educational information to at least half-a-million bars, clubs, restaurants and grocery stores to help them prevent sales to minors.
✓	Provide training on responsible alcohol beverage sales to at least 1 million bartenders, waiters, grocery store clerks, and others who serve and sell alcohol.
✓	Reach at least half-a-billion legal-age consumers to increase awareness of the importance of using a designated driver or safe-ride home.
✓	Invest at least 300 million USD in advertising and programs to help remind and educate consumers about the importance of responsible drinking.
✓	Celebrate Global Be(er) Responsible Day annually to promote the importance of responsible drinking among our employees, retail customers and consumers.

We celebrate ***Global Be(er) Responsible Day*** every year — an event we created to focus worldwide attention on this vital issue. Global Be(er) Responsible Day serves as the springboard for a multinational effort by our colleagues, as well as distributors, bars, retailers, law enforcement and community groups, to promote responsible drinking.

Our responsible drinking initiatives bring together the passion, commitment and creativity of AB InBev's employees around the world, as is clear from the following examples.

Budweiser created a sensation with its ***Friends Are Waiting*** video/ad, which aired in the U.S. The spot focuses on a man who decides to stay at a friend's house after a night out, so he can get home safely the next day to his best friend — a loyal Golden Retriever. Seen both on social media and on TV during the Major League Baseball post-season, the ad received 20.7 million views.

Working together with the ***Lyft ridesharing service and featuring the world-famous Clydesdales,*** Budweiser sponsored an app offering free rides during the holidays to ensure that party-goers made it home safe and sound.

In Canada, our team created a ***custom-built smartphone app*** to collect responsible serving and selling pledges, and also partnered with training organizations in each province to ensure a broad-based server training effort.

True Love Needs a Designated Driver is a mini-movie created by our China team, starring basketball great Yao Ming and popular actor Lu Yi. The film illustrates the dangers of distracted and drink driving, and ends with both men calling upon designated drivers — their wives — to get home safely. Other activities in China included an all-out effort to train servers and sellers, which resulted in more than 700 000 signed pledges supporting responsible alcohol beverage sales in 2014.

South Korea introduced our ***Family Talk About Drinking*** guide for parents, co-authored by Professor Kim, Chang-Ock, a popular TV host and advisor. The team also distributed ID-checking materials and other responsible drinking information to bars and other points of consumption. Since rejoining the AB InBev family in April 2014, the Oriental Brewery team has enthusiastically joined in our responsible drinking programs.

In Europe, our campaigns against drinking and driving included the ***Geklärt, wer fährt!*** (or "Check Who's Driving") program in Germany. We also celebrated Global Be(er) Responsible Day in Belgium, the Netherlands and France by opening the Euronext stock exchange on 19 September with a responsibility message. Colleagues across Europe put "Feet on the Street" to train servers and sellers on responsible serving.

Brazilian football teams were engaged during the FIFA World Cup™ to display responsible drinking messages on their fan pages and during matches. We have donated a total of 5 500 breathalyzers since 2011 in cities such as São Paulo, Rio de Janeiro and Brasília. And we have continued our Responsible Youth Program, partnering with NGOs in Rio de Janeiro and São Paulo to discourage consumption by minors in lower income communities by raising awareness among young people, mothers and storekeepers.

Partnering with the Beer Chamber, Mexico's beer trade organization, we extended the celebration of Global Be(er) Responsible Day to the entire industry. This is a great example of bringing people together for a common goal, as more than 32 000 volunteers from Mexico's beer industry (more than half of whom were our team members) called on 330 000 points of consumption with responsible drinking messages.

A Quilmes-sponsored commercial, ***Conductor Designado***, reached almost 9 million people in Argentina via TV, YouTube and other media. In fact, our teams in Argentina, Bolivia and Paraguay extend Global Be(er) Responsible Day to an entire week, celebrating with media events, an impressive initiative to call on bars and other points of consumption to join our efforts, and other activities.

Preserving Our Environment

You can't brew beer without natural ingredients. Preserving our land, water and other scarce resources is both the right thing to do and a commitment to the quality of our brands now and for the future. We strive to be as efficient as possible in our use of natural resources; we invest in projects and technologies to conserve water and energy and reduce waste; and we work to raise awareness of environmental issues among employees, consumers and the general public.

Having met or exceeded our original environmental goals by 2012, we challenged ourselves to aim for an even more ambitious set of objectives, and to expand the scope of our efforts to our global supply chain.

AB InBev's ***environmental goals to be achieved by 2017*** include the following:

- 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 U.S., in partnership with local stakeholders.
- Reduce global water usage to a leading-edge 3.2 hl of water per hl of production (equivalent to about 5 400 Olympic-sized swimming pools).
- Reduce global greenhouse gas emissions per hl of production by 10%, including a 15% reduction per hl in China.
- Reduce global energy usage per hl of production by 10%.
- Reduce packaging materials by 100 000 tons.
- Reach a 70% global average of eco-friendly cooler purchases annually.
- Reduce greenhouse gas emissions in logistics operations by 15% per hl sold, compared to our 2013 baseline (a recently added new goal).

To achieve our water-related goals, we have adopted a ***comprehensive water strategy*** that involves rigorous water risk assessment, in-plant water conservation, agricultural water stewardship and community watershed protection. For example, water risk assessment is being incorporated into our systems and processes, including our VPO framework. Water conservation at our facilities has led to a reduction in water use to 3.23 hl/hl in 2014. In our key barley regions in China, Mexico and the U.S., we are activating a series of initiatives such as the adoption of water-saving technologies, reliance on

data to drive optimal, traditional breeding of more drought-resistant seed varieties, and supporting key water infrastructure investments.

Our ***SmartBarley*** program is sowing the seeds of greater productivity and a better future for our farmer partners. Using big data, farmers are able to compare their performance against that of growers operating under similar conditions around the world. This can lead to better practices such as crop variation, rotations and management — resulting in improvements in barley quality and supply, farm level performance and conservation activities. We work with some 20 000 barley growers worldwide. For example, we are improving irrigation practices for barley in China's Gansu province, working with local educational institutions and government authorities. Also, conservation agriculture demonstration projects to enhance soil health and moisture retention are being launched in Mexico's Bajio and Altiplano regions.

Protecting vulnerable watersheds involves joint efforts with local governments, communities and NGOs in countries like Argentina, Bolivia, Brazil, China, Mexico, Peru and the U.S. For example, we are working in Cochabamba, Bolivia, to improve the local water supply, reuse treated water from our operations for agriculture, and repair local infrastructure. And in Jaguariúna, Brazil, we have partnered with the local municipality, the Brazilian Agricultural Research Corporation (EMBRAPA), and the prominent NGO The Nature Conservancy to recover and conserve the water basin supplying greater São Paulo.

In addition to our efforts to deliver on our environmental goals, we strive to make a positive impact on the planet on World Environment Day and every day through a wide range of local initiatives.

We are proud that Chernigivske, our local champion brand in Ukraine, was named the ***World's First Eco Beer***, based on an assessment of its ingredients and production methods by a European Union agency.

In Belgium, we are now using ***canal barges*** to transport empty returnable bottles between our Leuven and Jupille breweries via river rather than in less energy efficient trucks.

We have converted our entire Houston, Texas-based trucking fleet to ***compressed natural gas-powered engines*** in a move expected to reduce CO_2 emissions by 2 000 tons per year (adjusting for consumption rates). This marks our first conversion of an entire fleet in the U.S.

Our Latin America South team marked ***Energy Save Day*** by reaching out to 48 000 bars and other points of consumption to highlight the importance of energy conservation, and to show how we can help by providing energy-efficient coolers.

Alternative energy sources such as solar power and biomass are now in use in several breweries in China.

Engaging in Our Communities

We aim to have a positive impact on the communities in which we live and work. Each year, we provide hands-on support to build schools and improve public places. We offer financial and volunteer support to non-profit organizations. And we help the victims of natural disasters through donations of drinking water and other assistance. We also make a positive contribution to our communities through the jobs we create, the wages we pay, the tax revenues we generate, and the significant investments we make in local operations.

One community's efforts to honor a returning veteran were the subject of ***"A Hero's Welcome,"*** a Budweiser commercial that aired during Super Bowl XLVIII. The ad celebrated the welcome given by the town of Winter Park, Florida, to Lt. Chuck Nadd, who served in Afghanistan as a Black Hawk helicopter pilot and operations officer for the Army. When Lt. Nadd arrived back home in January 2014, he was surprised to find the entire town assembled to give him an old-fashioned ticker tape parade, complete with marching bands, antique vehicles, the Veterans of Foreign Wars motorcycle club, and our Clydesdales — which carried him to a reunion with his mom. The ad drew more than 9 million views on YouTube, and a year-long social media campaign with the hashtag #Salute encouraged consumers to honor the U.S. military.

Using our facilities to produce ***canned drinking water*** for areas impacted by natural disasters is one of the important ways we apply our resources to help communities in need. 73 million cans of emergency drinking water have been distributed in the U.S. since 1988.

We have continued to ***support Hope Schools*** in communities adjacent to our breweries in China. Hope Schools improve access to education for children in remote, economically challenged regions. To date, contributions by AB InBev and our colleagues have enabled the construction of 10 Hope Schools. We also supported the building of temporary classrooms in earthquake-afflicted Min County, Gansu Province, and multi-media classrooms in the Hope School of Yingkou City, Liaoning Province. We are honored that our efforts received the "Outstanding Contribution Award" from the China Youth Development Foundation. We look forward to building more Hope Schools as our presence in China grows.

To celebrate ***International Volunteer Day***, our Voluntarios Modelo organization was involved in more than 200 initiatives across Mexico. Volunteers could sign up to work with the Mexican Red Cross, or another of the 100 NGOs participating across the country, to assist with community development, environmental, educational and humanitarian causes. More than 76 000 volunteers participated in this unique effort this year.

We also ***contribute to economic opportunities*** in the communities and countries in which we operate. Wages and salaries paid in 2014 totaled approximately 3.8 billion USD. Capital expenditures around the world totaled 4.3 billion USD, as investments in our facilities, distribution network and systems generated jobs and local economic growth. Excise and income taxes, which help to support government programs around the world, totaled about 16 billion USD. And more than 61 000 of our team members volunteered in their communities.

Financial Report

Contents

Management Report

Anheuser-Busch InBev is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD). It is the leading global brewer and one of the world's top five consumer products companies. Beer, the original social network, has been bringing people together for thousands of years and the company's portfolio of well over 200 beer brands continues to forge strong connections with consumers. This includes global brands Budweiser®, Corona® and Stella Artois®; international brands Beck's®, Leffe® and Hoegaarden®; and local champions Bud Light®, Skol®, Brahma®, Antarctica®, Quilmes®, Victoria®, Modelo Especial®, Michelob Ultra®, Harbin®, Sedrin®, Klinskoye®, Sibirskaya Korona®, Chernigivske®, Cass® and Jupiler®. Anheuser-Busch InBev's dedication to heritage and quality originates from the Den Hoorn brewery in Leuven, Belgium dating back to 1366 and the pioneering spirit of the Anheuser & Co brewery, with origins in St. Louis, USA since 1852. Geographically diversified with a balanced exposure to developed and developing markets, Anheuser Busch InBev leverages the collective strengths of its approximately 155 000 employees based in 25 countries worldwide. In 2014, AB InBev realized 47.1 billion US dollar revenue. The company strives to be the Best Beer Company Bringing People Together For a Better World. For more information, please visit: www.ab-inbev.com.

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

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

ORIENTAL BREWERY ACQUISITION

On 1 April 2014, AB InBev, KKR and Affinity announced that AB InBev successfully completed the acquisition of Oriental Brewery ("OB"), the leading brewer in South Korea.

The acquisition returns OB to the AB InBev portfolio, after AB InBev sold the company in July 2009, following the combination of InBev and Anheuser-Busch, in support of the company's deleveraging commitment.

Once OB has been fully re-integrated into AB InBev, the company expects to drive premium growth by maximizing the combined portfolios of leading beer brands and to achieve improved efficiencies through best-practice sharing. AB InBev also plans to leverage its global platform to export OB brands more widely.

The enterprise value for the transaction was 5.8 billion USD, and as a result of an agreement entered into with KKR and Affinity in 2009, AB InBev also received approximately 320m US dollar in cash at closing from this transaction, subject to closing adjustments according to the terms of the transaction. OB estimates that its EBITDA (not prepared on the same basis as AB InBev EBITDA) in 2013 was approximately 529 billion KRW or approximately 500m US dollar at exchange rates at the date of the announcement.

Selected financial figures

To facilitate the understanding of AB InBev's underlying performance, the comments in this management report, unless otherwise indicated, are based on organic and normalized numbers. "Organic" means the financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scopes. Scopes represent the impact of acquisitions and divestitures, the start-up or termination of activities or the transfer of activities between segments, curtailment gains and losses and year-over-year changes in accounting estimates and other assumptions that management does not consider part of the underlying performance of the business.

Given the transformational nature of the transaction with Grupo Modelo that closed on 4 June 2013, and to facilitate the understanding of AB InBev's underlying performance, AB InBev is presenting in this management report the 2013 consolidated volumes and results up to Normalized EBIT on a 2013 Reference base and as such these financials are included in the organic growth calculation. The 2013 Reference base includes, for comparative purposes, the results of the Grupo Modelo business as if the combination had taken place on 4 June 2012. Accordingly, the 2013 Reference base presented below includes 12 months of the Grupo Modelo combination.

The 2013 Reference base also reflects updates to the 2013 segment reporting for purposes of results announcement and internal review by senior management to reflect changes in the Zone presentation of AB InBev that were effective 1 January 2014. The changes include the combination of AB InBev's Western Europe and Central & Eastern Europe Zones into a single Europe Zone, the transfer of responsibility from Global Export and Holding Companies to the Europe Zone of the company's Spanish operations and the export of Corona to a number of European countries, and the transfer of management responsibility for Cuba to the Zone Latin America North.

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

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

Million US dollar	2014	%	2013 Reported	%	2013 Reference base	%
Revenue[1]	**47 063**	**100%**	**43 195**	**100%**	**45 483**	**100%**
Cost of sales	(18 756)	40%	(17 594)	41%	(18 555)	41%
Gross profit	**28 307**	**60%**	**25 601**	**59%**	**26 928**	**59%**
Distribution expenses	(4 558)	10%	(4 061)	9%	(4 286)	9%
Sales and marketing expenses	(7 036)	15%	(5 958)	14%	(6 338)	14%
Administrative expenses	(2 791)	6%	(2 539)	6%	(2 766)	6%
Other operating income/(expenses)	1 386	3%	1 160	3%	1 262	3%
Normalized profit from operations (Normalized EBIT)	**15 308**	**33%**	**14 203**	**33%**	**14 800**	**33%**
Non-recurring items	(197)	–	6 240	14%	10 482	23%
Profit from operations (EBIT)	**15 111**	**32%**	**20 443**	**47%**		
Depreciation, amortization and impairment	**3 354**	**7%**	**2 985**	**7%**	**3 179**	**7%**
Normalized EBITDA	**18 542**	**39%**	**17 188**	**40%**	**17 943**	**39%**
EBITDA	**18 465**	**39%**	**23 428**	**54%**		
Normalized profit attributable to equity holders of AB InBev	**8 865**	**19%**	**7 936**	**18%**		
Profit attributable to equity holders of AB InBev	**9 216**	**20%**	**14 394**	**33%**		

[1] Turnover less excise taxes. In many jurisdictions, excise taxes make up a large proportion of the cost of beer charged to the company's customers.

Million US dollar	2014	2013
Operating activities		
Profit	11 302	16 518
Revaluation of initial investment in Grupo Modelo	–	(6 415)
Interest, taxes and non-cash items included in profit	7 029	7 135
Cash flow from operating activities before changes in working capital and use of provisions	**18 331**	**17 238**
Change in working capital	815	866
Pension contributions and use of provisions	(458)	(653)
Interest and taxes (paid)/received	(4 574)	(4 193)
Dividends received	30	606
Cash flow from operating activities	**14 144**	**13 864**
Investing activities		
Net capex	(4 122)	(3 612)
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	(6 700)	(17 397)
Proceeds from the sale of/(investments in) short-term debt securities	(187)	6 707
Net of tax proceeds from the sale of assets held for sale	(65)	4 002
Other	(78)	19
Cash flow from investing activities	**(11 152)**	**(10 281)**
Financing activities		
Dividends paid	(7 400)	(6 253)
Net (payments on)/proceeds from borrowings	3 223	4 458
Net proceeds from the issue of share capital	83	73
Cash received for deferred shares instrument	–	1 500
Other (including net finance cost other than interest)	239	563
Cash flow from financing activities	**(3 855)**	**341**
Net increase/(decrease) in cash and cash equivalents	**(863)**	**3 924**

Financial Performance

The tables in this management report provide the segment information per zone for the period ended 31 December 2014 and 2013 in the format up to Normalized EBIT level that is used by management to monitor performance. To facilitate the understanding of AB InBev's underlying performance the company is presenting in this management report the 2013 consolidated volumes and results up to Normalized EBIT on a 2013 Reference base and as such these financials are included in the organic growth calculation. The profit, cash flows and balance sheet are presented as reported in 2013.

Both from an accounting and managerial perspective, AB InBev is organized along seven business segments, which includes the Global Export and Holding business as the seventh segment. Upon the combination with Grupo Modelo, the Grupo Modelo businesses are reported according to their geographical presence in the following segments: the Mexico beer and packaging businesses are reported in the new Zone Mexico, the Spanish business is reported in the Zone Europe and the Export business is reported in the Global Export and Holding Companies segment. OB business is reported in the Zone Asia Pacific as from 1 April 2014 as a scope.

The tables below provide a summary of the performance of AB InBev (in million US dollar, except volumes in thousand hectoliters) and the related comments are based on organic numbers.

AB INBEV WORLDWIDE	2013 Reference base	Scope[1]	Currency translation	Organic growth	2014	Organic growth %
Volumes (thousand hectoliters)	445 786	10 522	–	2 494	458 801	0.6%
Revenue	45 483	1 223	(2 307)	2 664	47 063	5.9%
Cost of sales	(18 555)	(480)	820	(541)	(18 756)	(2.9)%
Gross profit	26 928	743	(1 487)	2 123	28 307	7.9%
Distribution expenses	(4 286)	(155)	277	(394)	(4 558)	(9.1)%
Sales and marketing expenses	(6 338)	(285)	285	(699)	(7 036)	(11.0)%
Administrative expenses	(2 766)	(74)	108	(59)	(2 791)	(2.1)%
Other operating income/(expenses)	1 262	177	(65)	13	1 386	1.1%
Normalized EBIT	14 800	406	(882)	984	15 308	6.7%
Normalized EBITDA	17 943	469	(1 039)	1 169	18 542	6.6%
Normalized EBITDA margin	39.4%				39.4%	25bps

In 2014 AB InBev delivered normalized EBITDA growth of 6.6%, while its normalized EBITDA margin increased 25 bps, reaching 39.4%.

Consolidated volumes increased 0.6%, with own beer volumes increasing 0.5% and non-beer volumes increasing 1.3%. Focus Brands volumes grew by 2.2% during 2014. On the same basis, the company's three Global Brands, Budweiser, Corona and Stella Artois, grew by 5.4%. Focus brands are those with the greatest growth potential within each relevant consumer segment and to which AB InBev directs the majority of its marketing resources.

Consolidated revenue grew 5.9% to 47 063m US dollar, with revenue per hectoliter increasing 5.3%. On a constant geographic basis (i.e. eliminating the impact of faster growth in countries with lower revenue per hectoliter), revenue per hectoliter increased 5.7%.

Consolidated Cost of Sales (CoS) increased 2.9%, or 2.4% on a per hectoliter basis. On a constant geographic basis, CoS per hectoliter increased 3.9%.

Volumes

The table below summarizes the volume evolution per zone and the related comments are based on organic numbers. Volumes include not only brands that AB InBev owns or licenses, but also third party brands that the company brews as a subcontractor and third party products that it sells through AB InBev's distribution network, particularly in Europe. Volumes sold by the Global Export business are shown separately.

Effective 1 April 2014, AB InBev discontinued the reporting of volumes sold to Constellation Brands under the temporary supply agreement (TSA), since these volumes do not form part of the underlying performance of its business. The second, third and fourth quarter 2013 Reference base volumes related to the TSA have therefore been treated as a negative scope.

Thousand hectoliters	2013 Reference base	Scope	Organic growth	2014	Organic growth %
North America	122 116	642	(1 608)	121 150	(1.3)%
Mexico	38 185	–	615	38 800	1.6%
Latin America North	120 427	39	4 952	125 418	4.1%
Latin America South	36 918	–	(91)	36 826	(0.2)%
Europe	47 030	60	(2 812)	44 278	(6.0)%
Asia Pacific	65 787	15 602	1 140	82 529	1.7%
Global Export and Holding Companies	15 323	(5 821)	297	9 800	3.1%
AB InBev Worldwide	**445 786**	**10 522**	**2 494**	**458 801**	**0.6%**

North America total volumes decreased 1.3%. The company estimates that its shipment volumes in the United States declined by 1.5% and its sales-to-retailers adjusted for the number of selling days declined by 1.7% during 2014 compared to 2013. On the same basis, the company estimates that United States industry sales-to-retailers adjusted for the number of selling days declined by 0.6% compared to an estimated decline of 1.8% during 2013. The company estimates that its market share was down by approximatey 50 bps during 2014 compared to 2013, largely due to Budweiser.

[1] See Glossary

In Canada, beer volumes decreased by 0.7% during 2014 compared to the same period last year, mainly driven by very cold weather during the first quarter 2014, partly offset by a better industry performance in the fourth quarter 2014.

Mexico total volumes increased 1.6%. The company estimates that the Mexican beer industry volumes grew by 2.6%, driven primarily by a stronger economy. The company estimates that it lost some market share during 2014, driven by regional mix. Industry growth was weaker in the Central region, where the company has a high market share, while growth was much stronger in the North, where the company has a lower, but growing market share, based on estimates. The company's Focus Brands in Mexico grew by 5.6%, with the Corona family continuing to perform well, despite supply shortages during the first half of the year, and Bud Light and Victoria volumes also increasing in 2014 compared to the same period last year.

Latin America North volumes increased 4.1%, with beer volumes and soft drinks growing 4.7% and 2.3%, respectively. In Brazil, beer volumes increased by 4.7% and soft drinks increased 1.4%. The company estimates that beer industry volumes grew by approximately 4.3% during 2014, benefiting from a strong summer and the FIFA World Cup. The company estimates that its year-over-year market share increased by approximately 30 bps to 68.2%. Premium brands continued to outperform the rest of the company's portfolio, due to a strong performance by Budweiser.

The consumer environment in Brazil continues to be challenging, and the company's pack price, returnable package and innovation strategies remain major business priorities.

Latin America South total volumes decreased 0.2%, with beer volumes flat and non-beer volumes decreasing by 0.6%. Beer volumes in Argentina decreased 1.7% during 2014, with some market share loss, based on the company's estimates, due to competitive pressure.

Europe own beer volumes declined 6.1%, while total volumes declined 6.0%, mainly driven by a weak beer industry in Ukraine and Russia, as well as high promotional pressure in Germany. Volume decreases in Europe were partially offset by FIFA World Cup activations in Belgium, Germany and the United Kingdom. Own beer volumes were flat in Belgium, declined by 3.4% in Germany and grew by 1.5% in the United Kingdom.

Asia Pacific volumes grew by 1.7%. In China, the company estimates that industry volumes declined by approximately 4%, while the company's volumes increased by 1.6%. The Focus Brands Budweiser, Harbin and Sedrin, which represent nearly 73% of the company's portfolio, grew by 7.8% during 2014. The company estimates that, on an organic basis, it gained approximately 90 bps market share in 2014, reaching 15.9%.

Operating Activities by Zone

The tables below provide a summary of the performance of each geographical zone (in million US dollar, except volumes in thousand hectoliters) and the related comments are based on organic numbers.

AB INBEV WORLDWIDE	2013 Reference base	Scope	Currency translation	Organic growth	2014	Organic growth %
Volumes	445 786	10 522	–	2 494	458 801	0.6%
Revenue	45 483	1 223	(2 307)	2 664	47 063	5.9%
Cost of sales	(18 555)	(480)	820	(541)	(18 756)	(2.9)%
Gross profit	26 928	743	(1 487)	2 123	28 307	7.9%
Distribution expenses	(4 286)	(155)	277	(394)	(4 558)	(9.1)%
Sales and marketing expenses	(6 338)	(285)	285	(699)	(7 036)	(11.0)%
Administrative expenses	(2 766)	(74)	108	(59)	(2 791)	(2.1)%
Other operating income/(expenses)	1 262	177	(65)	13	1 386	1.1%
Normalized EBIT	14 800	406	(882)	984	15 308	6.7%
Normalized EBITDA	17 943	469	(1 039)	1 169	18 542	6.6%
Normalized EBITDA margin	39.4%				39.4%	25 bps

NORTH AMERICA	2013 Reference base	Scope	Currency translation	Organic growth	2014	Organic growth %
Volumes	122 116	642	–	(1 608)	121 150	(1.3)%
Revenue	16 023	159	(123)	35	16 093	0.2%
Cost of sales	(6 519)	(35)	28	135	(6 391)	2.1%
Gross profit	9 504	123	(95)	170	9 702	1.8%
Distribution expenses	(1 235)	(58)	22	(53)	(1 324)	(4.1)%
Sales and marketing expenses	(1 908)	(27)	16	(217)	(2 136)	(11.2)%
Administrative expenses	(497)	(9)	4	28	(473)	5.6%
Other operating income/(expenses)	67	212	(1)	20	299	35.8%
Normalized EBIT	5 932	242	(53)	(52)	6 068	(0.9)%
Normalized EBITDA	6 728	232	(57)	(82)	6 820	(1.2)%
Normalized EBITDA margin	42.0%				42.4%	(60) bps

MEXICO	2013 Reference base	Scope	Currency translation	Organic growth	2014	Organic growth %
Volumes	38 185	–	–	615	38 800	1.6%
Revenue	4 669	(166)	(140)	256	4 619	5.7%
Cost of sales	(1 570)	95	42	59	(1 374)	4.0%
Gross profit	3 099	(71)	(98)	315	3 245	10.4%
Distribution expenses	(443)	15	14	(39)	(453)	(9.0)%
Sales and marketing expenses	(844)	16	24	(4)	(808)	(0.5)%
Administrative expenses	(455)	(7)	13	18	(430)	4.0%
Other operating income/(expenses)	200	(27)	(7)	72	237	41.6%
Normalized EBIT	1 557	(74)	(54)	362	1 791	24.4%
Normalized EBITDA	1 940	(82)	(66)	395	2 186	21.3%
Normalized EBITDA margin	41.5%				47.3%	608 bps

LATIN AMERICA NORTH	2013 Reference base	Scope	Currency translation	Organic growth	2014	Organic growth %
Volumes	120 427	39	–	4 952	125 418	4.1%
Revenue	11 010	5	(948)	1 201	11 269	10.9%
Cost of sales	(3 576)	(2)	306	(468)	(3 741)	(13.1)%
Gross profit	7 434	3	(641)	733	7 528	9.9%
Distribution expenses	(1 351)	–	119	(172)	(1 404)	(12.7)%
Sales and marketing expenses	(1 147)	–	104	(209)	(1 253)	(18.2)%
Administrative expenses	(591)	–	49	(39)	(581)	(6.5)%
Other operating income/(expenses)	807	–	(61)	(57)	689	(7.1)%
Normalized EBIT	5 151	2	(431)	256	4 979	5.0%
Normalized EBITDA	5 858	2	(494)	376	5 742	6.4%
Normalized EBITDA margin	53.2%				51.0%	(216) bps

LATIN AMERICA SOUTH	2013 Reference base	Scope	Currency translation	Organic growth	2014	Organic growth %
Volumes	36 918	–	–	(91)	36 826	(0.2)%
Revenue	3 269	–	(893)	586	2 961	17.9%
Cost of sales	(1 185)	–	322	(218)	(1 081)	(18.4)%
Gross profit	2 084	–	(571)	368	1 881	17.6%
Distribution expenses	(309)	–	104	(85)	(290)	(27.5)%
Sales and marketing expenses	(346)	–	92	(61)	(315)	(17.8)%
Administrative expenses	(112)	–	31	(24)	(106)	(21.6)%
Other operating income/(expenses)	(5)	–	(2)	13	5	–
Normalized EBIT	1 311	–	(346)	210	1 175	16.0%
Normalized EBITDA	1 491	–	(394)	256	1 352	17.1%
Normalized EBITDA margin	45.6%				45.6%	(30) bps

EUROPE	2013 Reference base	Scope	Currency translation	Organic growth	2014	Organic growth %
Volumes	47 030	60	–	(2 812)	44 278	(6.0)%
Revenue	5 021	6	(166)	3	4 865	0.1%
Cost of sales	(2 272)	(5)	98	99	(2 081)	4.3%
Gross profit	2 749	1	(68)	102	2 784	3.7%
Distribution expenses	(503)	(1)	16	10	(477)	2.0%
Sales and marketing expenses	(1 066)	(7)	49	(43)	(1 067)	(4.0)%
Administrative expenses	(364)	5	13	(16)	(362)	(4.4)%
Other operating income/(expenses)	32	–	–	(4)	28	(12.7)%
Normalized EBIT	849	(2)	10	49	906	5.8%
Normalized EBITDA	1 341	(1)	(18)	21	1 343	1.5%
Normalized EBITDA margin	26.7%				27.6%	39 bps

ASIA PACIFIC	2013 Reference base	Scope	Currency translation	Organic growth	2014	Organic growth %
Volumes	65 787	15 602	–	1 140	82 529	1.7%
Revenue	3 354	1 299	(8)	396	5 040	11.8%
Cost of sales	(1 885)	(568)	5	(103)	(2 552)	(5.5)%
Gross profit	1 469	730	(3)	293	2 489	19.9%
Distribution expenses	(302)	(111)	1	(22)	(434)	(7.2)%
Sales and marketing expenses	(833)	(275)	2	(121)	(1 227)	(14.5)%
Administrative expenses	(317)	(59)	1	(25)	(400)	(7.9)%
Other operating income/(expenses)	109	1	–	(20)	90	(18.7)%
Normalized EBIT	127	286	–	104	517	82.2%
Normalized EBITDA	546	366	(1)	156	1 067	28.5%
Normalized EBITDA margin	16.3%				21.2%	244 bps

GLOBAL EXPORT AND HOLDING COMPANIES	2013 Reference base	Scope	Currency translation	Organic growth	2014	Organic growth %
Volumes	15 323	(5 821)	–	297	9 800	3.1%
Revenue	2 138	(79)	(29)	186	2 216	9.1%
Cost of sales	(1 549)	36	19	(44)	(1 538)	(2.9)%
Gross profit	589	(43)	(10)	142	678	26.0%
Distribution expenses	(143)	1	–	(34)	(175)	(23.7)%
Sales and marketing expenses	(194)	9	(2)	(43)	(230)	(23.1)%
Administrative expenses	(430)	(5)	(3)	(2)	(440)	(0.4)%
Other operating income/(expenses)	52	(9)	6	(10)	39	(20.1)%
Normalized EBIT	(126)	(48)	(9)	54	(128)	32.9%
Normalized EBITDA	40	(48)	(8)	48	33	–

Revenue

Consolidated revenue grew 5.9% to 47 063m US dollar, with revenue per hectoliter growth of 5.3% and 5.7% on a constant geographic basis (i.e. eliminating the impact of faster growth in countries with lower revenue per hectoliter), driven by revenue management initiatives and brand mix improvements from the company's premiumization strategies.

Cost of Sales

Cost of Sales (CoS) increased 2.9% or 2.4% on a per hectoliter basis, driven primarily by higher depreciation and packaging costs in Brazil, as well as additional bottle costs in Mexico related to higher than expected demand for Corona globally, partly mitigated by procurement savings and efficiency gains. On a constant geographic basis, CoS per hectoliter increased 3.9%.

Operating Expenses

Total operating expenses increased 9.4% in 2014:

- **Distribution expenses** increased 9.1% in 2014, mainly driven by increases in freight rates in the U.S., increased own distribution in Brazil, which is more than offset by the increase in net revenues, the growth of the company's premium brands in Brazil, increased expenses in Mexico and higher fuel costs and wage increases for unionized workers in Latin America South.
- **Sales and marketing expenses** increased 11.0% in 2014, with increased support for the company's brands, innovations and sales activations in most Zones. The increased investments include the FIFA World Cup activations, particularly in Latin America North and South, Mexico and Europe, as well as investments behind proven trade marketing programs and the new Light summer campaign in the U.S.
- **Administrative expenses** increased by 2.1%.
- **Other operating income** was 1 386m US dollar in 2014 compared to 1 262m US dollar in 2013, mainly due to income from government grants and a one-time positive accounting adjustment of 223m US dollar, following an actuarial reassessment of future liabilities under the company's post-retirement healthcare benefit plans in the US. This adjustment has been reported as a scope change in other operating income, and therefore excluded from organic growth.

Normalized profit from operations before depreciation and amortization (Normalized EBITDA)

Normalized EBITDA increased 3.3% in nominal terms and increased 6.6% organically to 18 542m US dollar, with an EBITDA margin of 39.4%, an organic growth of 25 bps.

- North America EBITDA decreased 1.2% to 6 820m US dollar, with a margin contraction of 60 bps to 42.4%, as a result of increased investment behind the long term growth of the company's brands, and higher distribution expenses due to increased freight rates.
- Mexico EBITDA grew by 21.3% to 2 186m US dollar, with an EBITDA margin enhancement of 608 bps to 47.3%, driven by the strong revenue performance, partly offset by incremental packaging costs related to higher than expected demand for Corona globally.
- Latin America North EBITDA rose 6.4% to 5 742m US dollar, with margin contraction of 216 bps to 51.0%, driven by a strong volume and top line performance, partially offset by an increase in sales & marketing investments to support the FIFA World Cup activations. The increase in distribution expenses was mainly due to an expansion in the company's own distribution, which is more than offset by the increase in net revenues, and the growth of the company's premium brands.
- Latin America South EBITDA grew 17.1% to 1 352m US dollar, with margin contraction of 30 bps to 45.6%, driven by revenue growth partially offset by high cost inflation.
- Europe EBITDA increased 1.5% to 1 343m US dollar with margin growth of 39 bps to 27.6%, due to the FIFA World Cup activations, partially offset by a weak beer industry in Ukraine and Russia.
- Asia Pacific EBITDA grew 28.5% to 1 067m US dollar with margin growth of 244 bps to 21.2%. This result was driven by strong top-line growth and good cost management, partly offset by higher cost of sales and distribution expenses related to brand mix.
- Global Export and Holding Companies reported EBITDA of 33m US dollar in 2014 (2013: 40m US dollar).

Reconciliation between Normalized EBITDA and profit attributable to equity holders

Normalized EBITDA and EBIT are measures utilized by AB InBev to demonstrate the company's underlying performance.

Normalized EBITDA is calculated excluding the following effects from profit attributable to equity holders of AB InBev: (i) Non controlling interest, (ii) Income tax expense, (iii) Share of results of associates, (iv) Net finance cost, (v) Non-recurring net finance cost, (vi) Non-recurring items above EBIT (including non-recurring impairment) and (vii) Depreciation, amortization and impairment.

Normalized EBITDA and EBIT are not accounting measures under IFRS accounting and should not be considered as an alternative to Profit attributable to equity holders as a measure of operational performance or as an alternative to cash flow as a measure of liquidity. Normalized EBITDA and EBIT do not have a standard calculation method and AB InBev's definition of normalized EBITDA and EBIT may not be comparable to that of other companies.

Million US dollar	Notes	2014	2013 Reported
Profit attributable to equity holders of AB InBev		**9 216**	**14 394**
Non-controlling interest		2 086	2 124
Profit		**11 302**	**16 518**
Income tax expense	12	2 499	2 016
Share of result of associates		(9)	(294)
Non-recurring net finance cost	11	(509)	(283)
Net finance cost	11	1 828	2 486
Non-recurring items above EBIT (including non-recurring impairment)	8	197	(6 240)
Normalized EBIT		**15 308**	**14 203**
Depreciation, amortization and impairment		3 234	2 985
Normalized EBITDA		**18 542**	**17 188**

Non-recurring items are either income or expenses which do not occur regularly as part of the normal activities of the company. They are presented separately because they are important for the understanding of the underlying sustainable performance of the company due to their size or nature. Details on the nature of the non-recurring items are disclosed in Note 8 *Non-recurring items*.

Impact of foreign currencies

Foreign currency exchange rates have a significant impact on AB InBev's financial statements. The following table sets forth the percentage of its revenue realized by currency for the years ended 31 December 2014 and 2013:

	2014	2013 Reference base
US dollar	32.4%	33.5%
Brazilian real	22.1%	22.5%
Mexican peso	11.9%	12.2%
Chinese yuan	8.2%	7.3%
Euro	6.6%	6.5%
Canadian dollar	4.2%	4.3%
Argentinean peso	3.6%	4.3%
South Korean won	2.4%	–
Russian ruble	1.7%	2.3%
Other	6.9%	7.1%

The following table sets forth the percentage of its normalized EBITDA realized by currency for the periods ended 31 December 2014 and 2013:

	2014	2013 Reference base
US dollar	33.0%	33.6%
Brazilian real	29.5%	31.8%
Mexican peso	13.6%	12.2%
Canadian dollar	4.3%	4.8%
Argentinean peso	4.1%	4.9%
Chinese yuan	3.9%	3.0%
Euro	3.2%	3.2%
South Korean won	2.0%	–
Russian ruble	0.5%	0.8%
Other	5.9%	5.7%

In 2014, the fluctuation of the foreign currency rates had a negative translation impact of (2 307)m US dollar on AB InBev's revenue (2013: negative impact of (1 373)m US dollar), of (1 039)m US dollar on its normalized EBITDA (2013: negative impact of (753)m US dollar) and of (882)m US dollar on its normalized EBIT (2013: negative impact of (682)m US dollar).

AB InBev's profit (after tax) has been negatively affected by the fluctuation of foreign currencies for (534)m US dollar (2013: negative impact of (389)m US dollar), while the negative translation impact on its EPS base (profit attributable to equity holders of AB InBev) was (316)m US dollar or (0.19) US dollar per share (2013: negative impact of (167)m US dollar or (0.10) US dollar per share).

The impact of the fluctuation of the foreign currencies on AB InBev's net debt amounted to (447)m US dollar (decrease of net debt) in 2014, as compared to an impact of 606m US dollar (increase of net debt) in 2013. The impact of the fluctuation of the foreign currencies on the equity attributable to the equity holders of AB InBev amounted to (4 374)m US dollar (decrease of equity), as compared to an impact of (3 109)m US dollar (decrease of equity) in 2013 on a reported basis.

Profit

Normalized profit attributable to equity holders of AB InBev was 8 865m US dollar (normalized EPS 5.43 US dollar) in 2014, compared to 7 936m US dollar (normalized EPS 4.91 US dollar) in 2013 - see Note 21 *Changes in equity and earnings per share* for more details. Profit attributable to equity holders of AB InBev for 2014 was 9 216m US dollar, compared to 14 394m US dollar for 2013 and includes the following impacts:

- *Net finance costs (excluding non-recurring net finance items):* 1 828m US dollar in 2014 compared to 2 486m US dollar in 2013. This decrease was driven by lower interest expenses, currency gains reported in other financial results, and a positive mark-to-market adjustment of 711m US dollar in 2014 linked to the hedging of the company's share-based payment programs, compared to 456m US dollar gains in 2013.
- *Non-recurring net finance income/(cost):* 509m US dollar in 2014 compared to 283m US dollar in 2013. Non-recurring net finance income in 2014 relates to 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. The deferred share instrument had been hedged at an average price of approximately 68 euro per share. Non-recurring net finance costs in 2013 also includes (101)m US dollar commitment and utilization fees incurred for the 2012 Facility agreement entered into to fund the Grupo Modelo combination.
- *Share of result of associates:* 9m US dollar in 2014 compared to 294m US dollar in 2013. In 2013, the share of results of associates reflects the company's equity investment in Grupo Modelo. The results of Grupo Modelo have been fully consolidated since the combination between Grupo Modelo and the company on 4 June 2013.
- *Income tax expense:* 2 499m US dollar with an effective tax rate of 18.1% for 2014 compares with 2 016m US dollar with an effective tax rate of 11.1% in 2013. The increase in the effective tax rate mainly results from the 2013 non-taxable, exceptional gain related to the fair value adjustment on the initial investment held in Grupo Modelo, changes in country profit mix, including the impact resulting from the combination with Grupo Modelo and the OB acquisition. Excluding the effect of non-recurring items, the normalized effective tax rate was 18.8% in 2014 versus 16.6% in 2013.
- *Profit attributable to non-controlling interest:* 2 086m US dollar in 2014, a decrease from 2 124m US dollar in 2013, with improved operating performance in Ambev being offset by currency translation effects.

Liquidity Position and Capital Resources

Cash Flows

Million US dollar	2014	2013
Cash flow from operating activities	14 144	13 864
Cash flow from investing activities	(11 152)	(10 281)
Cash flow from financing activities	(3 855)	341
Net increase/(decrease) in cash and cash equivalents	**(863)**	**3 924**

Cash flows from operating activities

Million US dollar	2014	2013
Profit	11 302	16 518
Revaluation of initial investment in Grupo Modelo	–	(6 415)
Interest, taxes and non-cash items included in profit	7 029	7 135
Cash flow from operating activities before changes in working capital and use of provisions	**18 331**	**17 238**
Change in working capital	815	866
Pension contributions and use of provisions	(458)	(653)
Interest and taxes (paid)/received	(4 574)	(4 193)
Dividends received	30	606
Cash flow from operating activities	**14 144**	**13 864**

AB InBev's cash flow from operating activities reached 14 144m US dollar in 2014 compared to 13 864m US dollar in 2013, mainly explained by the higher profit following the combination with Grupo Modelo, as well as strong working capital management. These increases were partly offset by an increase in interests and taxes paid, and a reduction in dividends received due to the consolidation of the results of Grupo Modelo following the combination in June 2013.

Cash flow from investing activities

Million US dollar	2014	2013
Net capex	(4 122)	(3 612)
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	(6 700)	(17 397)
Proceeds from the sale of/(investments in) short-term debt securities	(187)	6 707
Net of tax proceeds from the sale of assets held for sale	(65)	4 002
Other	(78)	19
Cash flow from investing activities	**(11 152)**	**(10 281)**

Net cash used in investing activities was 11 152m US dollar in 2014 as compared to 10 281m US dollar in 2013. The evolution of the cash used in investing activities in 2014 mainly reflects the acquisition of OB. See also Note 6 *Acquisitions and disposals of subsidiaries*. In 2013, the cash outflow from investing activities includes the combination with Grupo Modelo, offset by the proceeds from the sale of the Piedras Negras brewery to Constellation Brands and the perpetual rights to the Grupo Modelo brands distributed in the US by Crown Imports.

AB InBev's net capital expenditures amounted to 4 122m US dollar in 2014 and 3 612m US dollar in 2013. Out of the total capital expenditures of 2014 approximately 50% was used to improve the company's 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.

Cash flow from financing activities

Million US dollar	2014	2013
Dividends paid	(7 400)	(6 253)
Net (payments on)/proceeds from borrowings	3 223	4 458
Net proceeds from the issue of share capital	83	73
Cash received for deferred shares instrument	–	1 500
Other (including net finance (cost)/income other than interest)	239	563
Cash flow from financing activities	**(3 855)**	**341**

The cash outflow from AB InBev's financing activities amounted to 3 855m US dollar in 2014, as compared to a cash inflow of 341m US dollar in 2013. The cash flow from financing activities in 2014 reflects the funding of the acquisition of OB and higher dividends paid. In 2013, cash inflow from financing activities reflects the funding of the combination with Grupo Modelo and the cash proceeds from the deferred share instruments issued in a transaction related to the combination with Grupo Modelo.

AB InBev's cash, cash equivalents and short-term investments in debt securities less bank overdrafts as of 31 December 2014 amounted to 8 617m US dollar. As of 31 December 2014, the company had total liquidity of 16 617m US dollar, which consisted of 8.0 billion US dollar available under committed long-term credit facilities and 8 617m US dollar of cash, cash equivalents and short-term investments in debt securities less bank overdrafts. Although the company may borrow such amounts to meet its liquidity needs, the company principally relies on cash flows from operating activities to fund the company's continuing operations.

Capital resources and equity

AB InBev's net debt increased to 42 135m US dollar as at 31 December 2014, from 38 831m US dollar as at 31 December 2013.

Net debt is defined as non-current and current interest-bearing loans and borrowings and bank overdrafts minus debt securities and cash. 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.

Apart from operating results net of capital expenditures, the net debt is mainly impacted by the acquisition of OB (5.5 billion US dollar), dividend payments to shareholders of AB InBev and Ambev (7.4 billion US dollar) the payment of interests and taxes (4.6 billion US dollar) and the impact of changes in foreign exchange rates (447m US dollar decrease of net debt).

Net debt to normalized EBITDA for the 12 month period ending 31 December 2014 was essentially flat at 2.27x, on a reported basis.

Consolidated equity attributable to equity holders of AB InBev as at 31 December 2014 was 49 972m US dollar, compared to 50 365m US dollar as at 31 December 2013. The combined effect of the weakening of mainly the closing rates of the euro, the Brazilian real, the Argentinean peso, the Mexican peso, the pound sterling, the Russian ruble and the Chinese yuan resulted in a foreign exchange translation adjustment of (4 374)m US dollar. Further details on equity movements can be found in the consolidated statement of changes in equity.

Further details on interest-bearing loans and borrowings, repayment schedules and liquidity risk, are disclosed in Note 22 *Interest-bearing loans and borrowings* and Note 27 *Risks arising from financial instruments*.

Research and Development

Given its focus on innovation, AB InBev places a high value on research and development. In 2014 AB InBev spent 217m US dollar in research and development (2013: 185m US dollar). Part of this was spent in the area of market research, but the majority is related to innovation in the areas of process optimization and product development.

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

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

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

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

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

Risks and Uncertainties

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

Risks relating to AB InBev and the beer and beverage industry

AB InBev relies on the reputation of its brands and its success depends on its ability to maintain and enhance the image and reputation of its existing products and to develop a favorable image and reputation for new products. An event, or series of events, that materially damages the reputation of one or more of AB InBev's brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. Further, any restrictions on the permissible advertising style, media and messages used may constrain AB InBev's brand building potential and thus reduce the value of its brands and related revenues.

AB InBev may not be able to protect its current and future brands and products and defend its intellectual property rights, including trademarks, patents, domain names, trade secrets and know-how, which could have a material adverse effect on its business, results of operations, cash flows or financial condition, and in particular, on AB InBev's ability to develop its business.

Certain of AB InBev's operations depend on independent distributors' or wholesalers' efforts to sell AB InBev's products and there can be no assurance that such distributors will not give priority to AB InBev's competitors. Further, any inability of AB InBev to replace unproductive or inefficient distributors or any limitations imposed on AB InBev to purchase or own any interest in distributors or wholesalers as a result of contractual restrictions, regulatory changes, changes in legislation or the interpretations of legislation by regulators or courts could adversely impact AB InBev's business, results of operations and financial condition.

Changes in the availability or price of raw materials, commodities, energy and water could have an adverse effect on AB InBev's results of operations to the extent that AB InBev fails to adequately manage the risks inherent in such volatility, including if AB InBev's hedging and derivative arrangements do not effectively or completely hedge changes in commodity prices.

AB InBev relies on key third parties, including key suppliers, for a range of raw materials for beer, alcoholic beverages and soft drinks, and for packaging material. The termination of or material change to arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations could have a material impact on AB InBev's production, distribution and sale of beer, alcoholic beverages and soft drinks and have a material adverse effect on AB InBev's business, results of operations, cash flows or financial condition. In addition, a number of key brand names are both licensed to third-party brewers and used by companies over which AB InBev does not have control. Although AB InBev monitors brewing quality to ensure its high standards, to the extent that one of these key brand names or joint ventures, investments in companies in which AB InBev does not own a controlling interest and AB InBev's licensees are subject to negative publicity, it could have a material adverse effect on AB InBev's business, results of operations, cash flows or financial condition.

Competition in its various markets and increased purchasing power of players in AB InBev's distribution channels could cause AB InBev to reduce pricing, increase capital investment, increase marketing and other expenditures, prevent AB InBev from increasing prices to recover higher cost and thereby cause AB InBev to reduce margins or lose market share. Any dilution of AB InBev's brands as a result of competitive trends could also lead to a significant erosion of AB InBev's profitability. Any of the foregoing could have a material adverse effect on AB InBev's business, financial condition and results of operations. Also, innovation faces inherent risks, and the new products AB InBev introduces may not be successful, while competitors may be able to respond quicker to the emerging trends, such as the increasing consumer preference for "craft beers" produced by smaller microbreweries.

The continued consolidation of retailers in markets in which AB InBev operates could result in reduced profitability for the beer industry as a whole and indirectly adversely affect AB InBev's financial results.

AB InBev could incur significant costs as a result of compliance with, and/or violations of or liabilities under, various regulations that govern AB InBev's operations or the operations of its licensed third parties. Also, public concern about beer, alcoholic beverages and soft drink consumption and any resulting restrictions may cause the social acceptability of beer, alcoholic beverages and soft drinks to decline significantly and consumption trends to shift away from these products, which would have a material adverse effect on AB InBev's business, financial condition and results of operations.

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

Antitrust and competition laws and changes in such laws or in the interpretation and enforcement thereof, as well as being subject to regulatory scrutiny, could affect AB InBev's business or the businesses of its subsidiaries.

In recent years, there has been increased public and political attention directed at the alcoholic beverage and food and soft drinks industries, as a result of health care concerns related to the harmful use of alcohol (including drunk driving and excessive, abusive and underage drinking) and to health concerns such as diabetes and obesity related to the overconsumption of food and soft drinks. Negative publicity regarding AB InBev's products and brands, publication of studies indicating a significant risk in using AB InBev's products or changes in consumer perceptions in relation to AB InBev's products generally could adversely affect the sale and consumption of AB InBev's products and could harm its business, results of operations, cash flows or financial condition.

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

The beer and beverage industry may be subject to adverse changes in taxation, which makes up a large proportion of the cost of beer charged to consumers in many jurisdictions. Increases in excise and other indirect taxes applicable to AB InBev's products tend to adversely affect AB InBev's revenue or margins, both by reducing overall consumption and by encouraging consumers to switch to other categories of beverages. Minimum pricing is another form of fiscal regulation that can affect AB InBev's profitability. Furthermore, AB InBev may be subject to increased taxation on its operations by national, local or foreign authorities, to higher corporate income tax rates or to new or modified taxation regulations and requirements, such as the Base Erosion Profit Shifting project being conducted by the Organization for Economic Co-operation and Development. An increase in beer excise taxes or other taxes could adversely affect the financial results of AB InBev as well as its results of operations.

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

Climate change, or legal, regulatory or market measures to address climate change, could have a long-term, material adverse impact on AB InBev's business and results of operations. Further, water scarcity or poor water quality may affect AB InBev by increasing production costs and capacity constraints, which could adversely affect AB InBev's business and results of operations. Additionally, AB InBev's inability to meet its compliance obligations under EU emissions trading regulations may also have an adverse impact on AB InBev's business and results of operations.

A substantial portion of AB InBev's operations are carried out in emerging European, Asian and Latin American markets. AB InBev's operations and equity investments in these markets are subject to the customary risks of operating in developing countries, which include, amongst others, political insurrection, external interference, changes in government policy, political and economic changes, changes in the relations between the 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, potential political and economic uncertainty, application of exchange controls, nationalization or expropriation, crime and lack of law enforcement as well as financial risks, which include risk of liquidity, inflation, devaluation, price volatility, currency convertibility and country default. Such emerging market risks could adversely impact AB InBev's business, results of operations and financial condition.

Economic and political events in Argentina may adversely affect the company's Argentinean operations. The political instability, fluctuations in the economy, governmental actions concerning the economy of Argentina, the devaluation of the Argentine peso, inflation and deteriorating macroeconomic conditions in Argentina could indeed have, and may continue to have, a material adverse effect on AB InBev's Latin America South operations, their financial condition and their results. If the economic or political situation in Argentina deteriorates, AB InBev Latin America South operations may be subject to additional restrictions under new Argentinean foreign exchange, export repatriation or expropriation regimes that could adversely affect AB InBev's liquidity and operations, and its ability to access funds from Argentina.

Political events in Ukraine and related sanctions adopted by the European Union and the United States targeting Russia and Crimea may adversely affect AB InBev's operations in Ukraine, Russia and elsewhere in the region. AB InBev owns and operates beer production facilities in Ukraine and Russia. Continued political instability, civil strife, deteriorating macroeconomic conditions, the devaluation of the Russian ruble, the devaluation of the Ukrainian hryvnia and actual or threatened military action in the region could have a material adverse effect on AB InBev's operations in the region and on the results of operations of AB InBev's Europe segment, and may result in impairment charges on goodwill or other intangible assets.

If any of AB InBev's products is defective or found to contain contaminants, AB InBev may be subject to product recalls or other liabilities. Although AB InBev maintains insurance policies against certain product liability (but not product recall) risks, it may not be able to enforce its rights in respect of these policies and any amounts it recovers may not be sufficient to offset any damage it may suffer, which could adversely impact its business, reputation, prospects, results of operations and financial condition.

AB InBev may not be able to obtain the necessary funding for its future capital or refinancing needs and may face financial risks due to its level of debt and uncertain market conditions. AB InBev may be required to raise additional funds for AB InBev's future capital needs or refinance its current indebtedness through public or private financing, strategic relationships or other arrangements and there can be no assurance that the funding, if needed, will be available on attractive terms, or at all. AB InBev has incurred substantial indebtedness by entering into several senior credit facilities and accessing the bond markets from time to time based on its financial needs. The portion of AB InBev's consolidated balance sheet represented by debt will remain significantly higher as compared to its historical position. AB InBev's increased level of debt could have significant adverse consequences on AB InBev, including (i) increasing its vulnerability to general adverse economic and industry conditions, (ii) limiting its flexibility in planning for, or reacting to, changes in its business and the industry in which AB InBev operates; (iii) impairing its ability to obtain additional financing in the future, (iv) requiring AB InBev to issue additional equity (potentially under unfavorable market conditions), and (v) placing AB InBev at a competitive disadvantage compared to its competitors that have less debt. AB InBev's ability to repay and renegotiate its outstanding indebtedness will be dependent upon market conditions. Unfavorable conditions, including recent significant price volatility and liquidity disruptions in the global credit markets, as well as downward pressure on credit capacity for certain issuers without regard to those issuers' underlying financial strength, could increase costs beyond what is currently anticipated. Such costs could have a material adverse impact on AB InBev's cash flows, results of operations or both. Further, AB InBev may restrict the amount of dividends it will pay as a result of AB InBev's level of debt and its strategy to give priority to deleveraging. Also, a credit rating downgrade could have a material adverse effect on AB InBev's ability to finance its ongoing operations or to refinance its existing indebtedness. In addition, a failure of AB InBev to refinance all or a substantial amount of its 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 its financial condition and results of operations.

AB InBev's results could be negatively affected by increasing interest rates. Although AB InBev enters into interest rate swap agreements to manage its interest rate risk and also enters into cross-currency interest rate swap agreements to manage both its 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.

AB InBev's results of operations are affected by fluctuations in exchange rates. Any change in exchange rates between AB InBev's operating companies' functional currencies and the US dollar will affect its consolidated income statement and balance sheet when the results of those operating companies are translated into US dollar for reporting purposes as translational exposures are not hedged. Also, there can be no assurance that the policies in place to manage commodity price and transactional foreign currency risks to protect AB InBev's exposure will be able to successfully hedge against the effects of such foreign exchange exposure, especially over the long-term. Further, the use of financial instruments to mitigate currency risk and any other efforts taken to better match the effective currencies of AB InBev's liabilities to its cash flows could result in increased costs.

AB InBev's shares currently trade on Euronext Brussels in euros and its American Depositary Shares trade on the New York Stock Exchange in US dollars. Fluctuations in the exchange rate between the U.S. dollar and the euro may result in temporary differences between the value of its American Depositary Shares and the value of its ordinary shares, which may result in heavy trading by investors seeking to exploit such differences.

The ability of AB InBev's subsidiaries to distribute cash upstream may be subject to various conditions and limitations. The inability to obtain sufficient cash flows from its domestic and foreign subsidiaries and affiliated companies could adversely impact AB InBev's ability to pay dividends and otherwise negatively impact its business, results of operations and financial condition.

Failure to generate significant cost savings and margin improvement through initiatives for improving operational efficiencies could adversely affect AB InBev's profitability and AB InBev's ability to achieve its financial goals.

AB InBev may not be able to successfully carry out further acquisitions and business integrations or restructuring. AB InBev cannot make further acquisitions unless it can identify suitable candidates and agree on terms with them. AB InBev may not be able to successfully complete such transactions. In addition, such transactions may involve the assumption of certain liabilities, which may have a potential impact on AB InBev's financial risk profile. Further, the price AB InBev may pay in any future acquisition may prove to be too high as a result of various factors.

The combination with Grupo Modelo has exposed AB InBev to risks related to significant costs and potential difficulties in the integration of Grupo Modelo into AB InBev's existing operations and the extraction of synergies from the transaction. Although the anticipated business growth opportunities, cost savings, increased profits, synergies and other benefits contemplated by the Modelo combination are significant, there can be no assurance that the Modelo combination 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 AB InBev's business, results of operations and financial condition.

AB InBev reached a settlement with the U.S. Department of Justice in relation to the combination with Grupo Modelo, which included a three-year transition services agreement to ensure the smooth transition of the operation of the Piedras Negras brewery as well as certain distribution guarantees for Constellation Brands, Inc. in the fifty states of the United States, the District of Columbia and Guam. AB InBev's compliance with its obligations under the settlement agreement is monitored by the U.S. Department of Justice and the Monitoring Trustee appointed by them. Were AB InBev to fail to fulfill its obligations under the settlement, whether intentionally or inadvertently, AB InBev could be subject to monetary fines.

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

Although AB InBev's operations in Cuba are quantitatively immaterial, its overall business reputation may suffer or it may face additional regulatory scrutiny as a result of its activities in Cuba based on Cuba's identification as a state sponsor of terrorism and target of US economic and trade sanctions. If investors decide to liquidate or otherwise divest their investments in companies that have operations of any magnitude in Cuba, the market in and value of AB InBev's securities could be adversely impacted. In addition, US legislation 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, claims accrue notwithstanding the suspension and may be asserted if the suspension is discontinued. AB InBev has received notice of a claim purporting to be made under the Helms-Burton Act. AB InBev is currently unable to express a view as to the validity of such claims, or as to the standing of the claimants to pursue them.

AB InBev may not be able to recruit or retain key personnel and successfully manage them, which could disrupt AB InBev's business and have an unfavorable material effect on AB InBev's financial position, its income from operations and its competitive position.

Further, AB InBev may be exposed to labor strikes, disputes and work stoppages or slowdown, within its operations or those of its suppliers, or an interruption or shortage of raw materials for any other reason that could lead to a negative impact on AB InBev's costs, earnings, financial condition, production level and ability to operate its business. AB InBev's production may also be affected by work stoppages or slowdowns that affect its 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 work stoppage or slowdown at AB InBev's facilities could interrupt the transport of raw materials from its suppliers or the transport of its products to its customers. Such disruptions could put a strain on AB InBev's relationships with suppliers and clients and may have lasting effects on its business even after the disputes with its labor force have been resolved, including as a result of negative publicity.

AB InBev relies on information technology systems to process, transmit, and store electronic information. Although AB InBev takes various actions to minimize potential technology disruptions, such disruptions could impact AB InBev's business. For example, if outside parties gained access to AB InBev's confidential data or strategic information and appropriated such information or made such information public, this could harm AB InBev's reputation or its competitive advantage. More generally, technology disruptions could have a material adverse effect on AB InBev's business, results of operations, cash flows or financial condition.

AB InBev's business and operating results could be negatively impacted by social, technical, natural, physical or other disasters.

AB InBev maintains insurance policies to cover various risks and also uses self-insurance in certain areas. Should an uninsured loss (self-insured risks) or a loss in excess of insured limits occur, this could adversely impact AB InBev's business, results of operations and financial condition.

AB InBev is exposed to the risk of a global recession or a recession in one or more of its key markets, and to credit and capital market volatility and economic financial crisis, which could result in lower revenue and reduced profit, as beer consumption in many of the jurisdictions in which AB InBev operates is closely linked to general economic conditions and changes in disposable income. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on AB InBev's ability to access capital, on its business, results of operations and financial condition, and on the market price of its shares and American Depositary Shares.

AB InBev operates its business and markets its products in certain countries that are less developed, have less stability in 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. Although AB InBev is committed to conducting business in a legal and ethical manner in compliance with local and international statutory requirements and standards applicable to its business, there is a risk that the employees or representatives of AB InBev's subsidiaries, affiliates, associates, joint ventures/operations 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 and the U.K. Bribery Act.

The audit report included in AB InBev's annual report is prepared by an auditor who is not inspected by the US Public Company Accounting Oversight Board (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 AB InBev's auditors. As a result, US and other investors may be deprived of the benefits of PCAOB inspections.

AB InBev is now, and may in the future be, a party to legal proceedings and claims, including collective suits (class actions), and significant damages may be asserted against it. Given the inherent uncertainty of litigation, it is possible that AB InBev might incur liabilities as a consequence of the proceedings and claims brought against it, including those that are not currently believed by it to be reasonably possible, which could have a material adverse effect on AB InBev's business, results of operations, cash flows or financial position. Important contingencies are disclosed in Note 32 *Contingencies* of the consolidated financial statements.

Risks Arising from Financial Instruments

Note 27 of the 2014 consolidated financial statements on *Risks arising from financial instruments* contains detailed information on the company's exposures to financial risks and its risk management policies.

Events after the Balance Sheet Date

Please refer to Note 32 *Events after the balance sheet date* of the consolidated financial statements.

Corporate Governance

For information with respect to Corporate Governance, please refer to the Corporate Governance section, which forms an integral part of AB InBev's annual report.

Statement of the Board of Directors

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

Independent Auditors' Report

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STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year 2014 then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Anheuser-Busch Inbev NV/SA ("the Company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated statement of financial position amounts to USD 142.550 million and the consolidated income statement shows a profit for the year 2014 of USD 11.302 million.

Board of directors' responsibility for the preparation of the consolidated financial statements

The Company's board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PwC Bedrijfsrevisoren cvba, burgerlijke vennootschap met handelsvorm - PwC Reviseurs d'Entreprises scrl, société civile à forme commerciale - Financial Assurance Services
Maatschappelijke zetel/Siège social: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
T: +32 (0)2 710 4211, F: +32 (0)2 710 4299, www.pwc.com
BTW/TVA BE 0429.501.944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811 9501 - BIC BBRUBEBB / RBS BE89 7205 4043 3185 - BIC ABNABEBR

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2014 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

pwc

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the management report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 25 February 2015

The Statutory Auditor
PwC Bedrijfsrevisoren BCVBA
Represented by

Yves Vandenplas
Bedrijfsrevisor

Consolidated Financial Statements

Consolidated Income Statement

For the year ended 31 December Million US dollar, except earnings per shares in US dollar	Notes	2014	2013
Revenue		**47 063**	**43 195**
Cost of sales		(18 756)	(17 594)
Gross profit		**28 307**	**25 601**
Distribution expenses		(4 558)	(4 061)
Sales and marketing expenses		(7 036)	(5 958)
Administrative expenses		(2 791)	(2 539)
Other operating income/(expenses)	7	1 386	1 160
Profit from operations before non-recurring items		**15 308**	**14 203**
Restructuring (including impairment losses)	8	(277)	(118)
Business and asset disposal (including impairment losses)	8	157	30
Acquisition costs business combinations	8	(77)	(82)
Fair value adjustments	8	–	6 410
Profit from operations		**15 111**	**20 443**
Finance cost	11	(2 797)	(3 047)
Finance income	11	969	561
Non-recurring net finance cost	8	509	283
Net finance cost		**(1 319)**	**(2 203)**
Share of result of associates		9	294
Profit before tax		**13 801**	**18 534**
Income tax expense	12	(2 499)	(2 016)
Profit		**11 302**	**16 518**
Attributable to:			
Equity holders of AB InBev		9 216	14 394
Non-controlling interest		2 086	2 124
Basic earnings per share	21	5.64	8.90
Diluted earnings per share	21	5.54	8.72
Basic earnings per share before non-recurring items[1]	21	5.43	4.91
Diluted earnings per share before non-recurring items[1]	21	5.32	4.81

The accompanying notes are an integral part of these consolidated financial statements.

[1]Basic earnings per share and diluted earnings per share before non-recurring items are not defined metrics in IFRS. Refer to Note 21 *Changes in equity and earnings per share* for more details.

Consolidated Statement of Comprehensive Income

For the year ended 31 December Million US dollar	2014	2013
Profit	**11 302**	**16 518**
Other comprehensive income: Items that will not be reclassified to profit or loss:		
Re-measurements of post-employment benefits	(491)	503
	(491)	503
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:		
Translation reserves (gains/(losses))		
Exchange differences on translation of foreign operations	(4 793)	(3 500)
Effective portion of changes in fair value of net investment hedges	33	(66)
Cash flow hedges		
Recognized in equity	314	579
Removed from equity and included in profit or loss	(190)	(36)
Share of other comprehensive results of associates	–	(67)
	(4 636)	(3 090)
Other comprehensive income, net of tax	**(5 127)**	**(2 587)**
Total comprehensive income	**6 175**	**13 931**
Attributable to:		
Equity holders of AB InBev	4 465	12 285
Non-controlling interest	1 710	1 646

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at Million US dollar	Notes	2014	2013
Assets			
Non-current assets			
Property, plant and equipment	13	20 263	20 889
Goodwill	14	70 758	69 927
Intangible assets	15	29 923	29 338
Investments in associates		110	187
Investment securities	16	118	193
Deferred tax assets	17	1 058	1 180
Employee benefits	23	10	10
Trade and other receivables	19	1 769	1 252
		124 009	**122 976**
Current assets			
Investment securities	16	301	123
Inventories	18	2 974	2 950
Income tax receivable		359	332
Trade and other receivables	19	6 449	5 362
Cash and cash equivalents	20	8 357	9 839
Assets held for sale		101	84
		18 541	**18 690**
Total assets		**142 550**	**141 666**
Equity and Liabilities			
Equity			
Issued capital	21	1 736	1 735
Share premium		17 620	17 608
Reserves		(4 558)	18
Retained earnings		35 174	31 004
Equity attributable to equity holders of AB InBev		**49 972**	**50 365**
Non-controlling interest		4 285	4 943
		54 257	**55 308**
Non-current liabilities			
Interest-bearing loans and borrowings	22	43 630	41 274
Employee benefits	23	3 050	2 862
Deferred tax liabilities	17	12 701	12 841
Trade and other payables	26	1 070	3 222
Provisions	25	634	532
		61 085	**60 731**
Current liabilities			
Bank overdrafts	20	41	6
Interest-bearing loans and borrowings	22	7 451	7 846
Income tax payable		629	1 105
Trade and other payables	26	18 922	16 474
Provisions	25	165	196
		27 208	**25 627**
Total equity and liabilities		**142 550**	**141 666**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Million US dollar	Issued capital	Share premium	Treasury shares	Share-based payment reserves
As per 1 January 2013	**1 734**	**17 574**	**(1 000)**	**693**
Profit	**–**	**–**	**–**	**–**
Other comprehensive income				
Exchange differences on translation of foreign operations (gains/(losses))	–	–	–	–
Cash flow hedges	–	–	–	–
Re-measurements of post-employment benefits	–	–	–	–
Share of other comprehensive results of associates	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**
Shares issued	1	34	–	–
Dividends	–	–	–	–
Treasury shares	–	–	126	–
Share-based payments	–	–	–	192
Scope and other changes	–	–	–	–
As per 31 December 2013	**1 735**	**17 608**	**(874)**	**885**

Million US dollar	Issued capital	Share premium	Treasury shares	Share-based payment reserves
As per 1 January 2014	**1 735**	**17 608**	**(874)**	**885**
Profit	**–**	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**	**–**
Exchange differences on translation of foreign operations (gains/(losses))	–	–	–	–
Cash flow hedges	–	–	–	–
Re-measurements of post-employment benefits	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**
Shares issued	1	12	–	–
Dividends	–	–	–	–
Treasury shares	–	–	55	–
Share-based payments	–	–	–	195
Scope and other changes	–	–	–	–
As per 31 December 2014	**1 736**	**17 620**	**(819)**	**1 080**

The accompanying notes are an integral part of these consolidated financial statements.

[1] As Reported, adjusted to reflect the effects of retrospective application on the revised IAS 19 *Employee Benefits* (see Note 3 *Summary of significant accounting policies*).

Attributable to equity holders of AB InBev[1]							
Translation reserves	Hedging reserves	Re-measurements of post-employment benefits	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total equity
2 147	**(79)**	**(1 434)**	**–**	**21 519**	**41 154**	**4 299**	**45 453**
–	**–**	**–**	**–**	**14 394**	**14 394**	**2 124**	**16 518**
(3 042)	–	–	–	–	(3 042)	(524)	(3 566)
–	534	–	–	–	534	9	543
–	–	466	–	–	466	37	503
(67)	–	–	–	–	(67)	–	(67)
(3 109)	**534**	**466**	**–**	**14 394**	**12 285**	**1 646**	**13 931**
–	–	–	1 500	–	1 535	–	1 535
–	–	–	(18)	(4 788)	(4 806)	(1 019)	(5 825)
–	–	–	–	–	126	–	126
–	–	–	–	–	192	23	215
–	–	–	–	(121)	(121)	(6)	(127)
(962)	**455**	**(968)**	**1 482**	**31 004**	**50 365**	**4 943**	**55 308**

Attributable to equity holders of AB InBev							
Translation reserves	Hedging reserves	Re-measurements of post-employment benefits	Deferred share instrument	Retained earnings	Total	Non-controlling interest	Total equity
(962)	**455**	**(968)**	**1 482**	**31 004**	**50 365**	**4 943**	**55 308**
–	**–**	**–**	**–**	**9 216**	**9 216**	**2 086**	**11 302**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(4 374)	–	–	–	–	(4 374)	(386)	(4 760)
–	102	–	–	–	102	22	124
–	–	(479)	–	–	(479)	(12)	(491)
(4 374)	**102**	**(479)**	**–**	**9 216**	**4 465**	**1 710**	**6 175**
–	–	–	–	–	13	–	13
–	–	–	(75)	(5 244)	(5 319)	(2 296)	(7 615)
–	–	–	–	–	55	–	55
–	–	–	–	–	195	18	213
–	–	–	–	198	198	(90)	108
(5 336)	**557**	**(1 447)**	**1 407**	**35 174**	**49 972**	**4 285**	**54 257**

Consolidated Cash Flow Statement

For the year ended 31 December Million US dollar	Notes	2014	2013
Operating Activities			
Profit		11 302	16 518
Depreciation, amortization and impairment	10	3 353	2 985
Impairment losses on receivables, inventories and other assets		108	91
Additions/(reversals) in provisions and employee benefits		(85)	109
Net finance cost	11	1 319	2 203
Loss/(gain) on sale of property, plant and equipment and intangible assets		4	(25)
Loss/(gain) on sale of subsidiaries, associates and assets held for sale		(219)	(85)
Revaluation of initial investment in Grupo Modelo	6	–	(6 415)
Equity-settled share-based payment expense	24	249	240
Income tax expense	12	2 499	2 016
Other non-cash items included in the profit		(190)	(105)
Share of result of associates		(9)	(294)
Cash flow from operating activities before changes in working capital and use of provisions		**18 331**	**17 238**
Decrease/(increase) in trade and other receivables		(371)	(25)
Decrease/(increase) in inventories		(354)	(129)
Increase/(decrease) in trade and other payables		1 540	1 020
Pension contributions and use of provisions		(458)	(653)
Cash generated from operations		**18 688**	**17 451**
Interest paid		(2 476)	(2 214)
Interest received		273	297
Dividends received		30	606
Income tax paid		(2 371)	(2 276)
Cash flow from operating activities		**14 144**	**13 864**
Investing Activities			
Proceeds from sale of property, plant and equipment and of intangible assets		273	257
Sale of subsidiaries, net of cash disposed of	6	426	42
Acquisition of subsidiaries, net of cash acquired	6	(7 126)	(17 439)
Purchase of non-controlling interest	21	(92)	(99)
Acquisition of property, plant and equipment and of intangible assets	13/15	(4 395)	(3 869)
Net of tax proceeds from the sale of assets held for sale		(65)	4 002
Net proceeds from sale/(acquisition) of investment in short-term debt securities	16	(187)	6 707
Net proceeds from sale/(acquisition) of other assets		15	(13)
Net repayments/(payments) of loans granted		(1)	131
Cash flow from investing activities		**(11 152)**	**(10 281)**
Financing Activities			
Net proceeds from the issue of share capital	21	83	73
Proceeds from borrowings		18 382	22 464
Payments on borrowings		(15 159)	(18 006)
Cash received for deferred shares instrument		–	1 500
Cash net finance (cost)/income other than interests		239	563
Dividends paid		(7 400)	(6 253)
Cash flow from financing activities		**(3 855)**	**341**
Net increase/(decrease) in cash and cash equivalents		**(863)**	**3 924**
Cash and cash equivalents less bank overdrafts at beginning of year		9 833	7 051
Effect of exchange rate fluctuations		(654)	(1 142)
Cash and cash equivalents less bank overdrafts at end of period	**20**	**8 316**	**9 833**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Corporate Information

Anheuser-Busch InBev is a publicly traded company (Euronext: ABI) based in Leuven, Belgium, with American Depositary Receipts on the New York Stock Exchange (NYSE: BUD). It is the leading global brewer and one of the world's top five consumer products companies. Beer, the original social network, has been bringing people together for thousands of years and the company's portfolio of well over 200 beer brands continues to forge strong connections with consumers. This includes global brands Budweiser®, Corona® and Stella Artois®; international brands Beck's®, Leffe® and Hoegaarden®; and local champions Bud Light®, Skol®, Brahma®, Antarctica®, Quilmes®, Victoria®, Modelo Especial®, Michelob Ultra®, Harbin®, Sedrin®, Klinskoye®, Sibirskaya Korona®, Chernigivske®, Cass® and Jupiler®. Anheuser-Busch InBev's dedication to heritage and quality originates from the Den Hoorn brewery in Leuven, Belgium dating back to 1366 and the pioneering spirit of the Anheuser & Co brewery, with origins in St. Louis, USA since 1852. Geographically diversified with a balanced exposure to developed and developing markets, Anheuser Busch InBev leverages the collective strengths of approximately 155 000 employees based in 25 countries worldwide. In 2014, AB InBev realized 47.1 billion US dollar revenue. The company strives to be the Best Beer Bringing People Together For a Better World.

The consolidated financial statements of the company for the year ended 31 December 2014 comprise the company and its subsidiaries (together referred to as "AB InBev" or the "company") and the company's interest in associates and jointly controlled entities.

The financial statements were authorized for issue by the Board of Directors on 25 February 2015.

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 2014 (collectively "IFRS"). AB InBev did not early apply any new IFRS requirements that were not yet effective in 2014 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. 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 (e.g. Modelo prior to the AB InBev and Grupo Modelo combination), 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.

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 33 *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 2014, 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 operate in hyperinflationary economies in 2013 and 2014.

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

	Closing rate		Average rate	
1 US dollar equals:	**2014**	**2013**	**2014**	**2013**
Argentinean peso	8.552034	6.518027	8.119265	5.446585
Brazilian real	2.656197	2.342604	2.348760	2.157419
Canadian dollar	1.158305	1.063810	1.099011	1.030040
Chinese yuan	6.206895	6.054043	6.165793	6.155014
Euro	0.823655	0.725111	0.747695	0.755485
South Korean won	1 090.93	–	1 045.73	–
Mexican peso	14.718112	13.084394	13.224411	12.836159
Pound sterling	0.641544	0.604525	0.605515	0.640409
Russian ruble	56.256744	32.729000	36.741769	31.859528
Ukrainian hryvnia	15.768560	7.993022	11.426006	7.993027

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

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

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 cost 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 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 purchase 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 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 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 - 33 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. Amortization and impairment testing for depreciable leased assets is the same as for depreciable assets that are owned (refer 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.

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 is made for doubtful receivables 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. For the purpose of 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 one level below a reporting segment). 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 held 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 both initiated by third parties and initiated by AB InBev 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.

(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. 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 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 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 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 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 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 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 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. A geographical segment is a distinguishable component of the company that is engaged in providing products or services within a particular economic environment, which is subject to risks and returns that are different from those of other segments. In accordance with IFRS 8 *Operating segments* AB InBev's reportable geographical segments were determined as North America, Mexico, Latin America North, Latin America South, Europe, Asia Pacific and Global Export and Holding Companies. The company's assets are predominantly located in the same geographical areas as its customers.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets comprise interest bearing loans granted, investment securities, deferred tax assets, income taxes receivable, cash and cash equivalent and derivative assets. Unallocated liabilities comprise equity and non-controlling interest, interest bearing loans, deferred tax liabilities, bank overdrafts, income taxes payable and derivative liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(BB) Non-recurring items
Non-recurring 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 non-recurring items are principally restructuring activities, impairments, gains or losses on disposal of investments and the effect of the accelerated repayment of certain debt facilities.

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

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

(DD) Recently issued IFRS
To the extent that new IFRS requirements are expected to be applicable in the future, they have been summarized hereafter. For the year ended 31 December 2014 they have not been applied in preparing these consolidated financial statements.

IFRS 9 Financial Instruments:
IFRS 9 *Financial Instruments* 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 9 will be effective for annual periods beginning on or after 1 January 2018. Early application is permitted.

IFRS 15 Revenue from Contracts with Customers:
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 15 is effective for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2017. Early application is permitted.

Other standards, interpretations and amendments to standards A number of other amendments to standards are effective for annual periods beginning after 1 January 2014, 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 were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013, except as for the valuation of the individual assets acquired and liabilities assumed as part of the allocation of the OB 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 acquisition of OB, AB InBev is fully consolidating OB in the AB InBev audited financial statements as of 1 April 2014. Detail is provided in Note 6 – *Acquisitions and disposals of Subsidiaries* of these audited consolidated financial statements. Furthermore, effective 1 January 2014, the company ceased the proportional consolidation of certain operations it has in Canada and started to apply equity reporting as of that date without a material impact on AB InBev's 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).

Given the transformational nature of the transaction with Grupo Modelo that closed on 4 June 2013, and to facilitate the understanding of AB InBev's underlying performance, AB InBev has updated its 2013 segment reporting for purposes of result announcement and internal review by senior management. This presentation (referred to as the "2013 Reference base") includes, for comparative purposes, the results of the Grupo Modelo business as if the combination had taken place on 4 June 2012. Accordingly, the 2013 Reference base presented below includes 12 months of the Grupo Modelo combination.

The 2013 Reference base further reflects updates to the 2013 segment reporting for purposes of result announcement and internal review by senior management to reflect changes in the Zone presentation of AB InBev that were effective 1 January 2014. The changes include the combination of AB InBev's Western Europe and Central & Eastern Europe Zones into a single Europe Zone, the transfer of responsibility from Global Export and Holding Companies to the Europe Zone of the company's Spanish operations and the export of Corona to a number of European countries, and the transfer of management responsibility for Cuba to the Zone Latin America North.

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 Zone Mexico, the Export business is reported in the Global Export and Holding Companies segment and the sale of Modelo brands by AB InBev affiliates are reported in the respective Zones where these affiliates operate. The Oriental Brewery ("OB") business is reported in the Zone Asia Pacific as from 1 April 2014.

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All figures in the tables below are stated in million US dollar, except volume (million hls), Normalized EBITDA margin (in %) and full time equivalents (FTE in units).

SEGMENT REPORTING (2013 REFERENCE BASE) – NON-AUDITED

	North America		Mexico		Latin America North	
	2014	2013 Reference base	2014	2013 Reference base	2014	2013 Reference base
Volume	**121**	**122**	**39**	**38**	**125**	**120**
Revenue	**16 093**	**16 023**	**4 619**	**4 669**	**11 269**	**11 010**
Cost of sales	(6 391)	(6 519)	(1 374)	(1 570)	(3 741)	(3 576)
Distribution expenses	(1 324)	(1 235)	(453)	(443)	(1 404)	(1 351)
Sales and marketing expenses	(2 136)	(1 908)	(808)	(844)	(1 253)	(1 147)
Administrative expenses	(473)	(497)	(430)	(455)	(581)	(591)
Other operating income/(expenses)	299	67	237	200	689	807
Normalized profit from operations (EBIT)	**6 068**	**5 932**	**1 791**	**1 557**	**4 979**	**5 151**
Depreciation, amortization and impairment	(752)	(796)	(395)	(383)	(763)	(707)
Normalized EBITDA	**6 820**	**6 728**	**2 186**	**1 940**	**5 742**	**5 858**
Normalized EBITDA margin	**42.4%**	**42.0%**	**47.3%**	**41.5%**	**51.0%**	**53.2%**

SEGMENT REPORTING (2013 REPORTED)

	North America		Mexico		Latin America North	
	2014	2013	2014	2013	2014	2013
Volume	**121**	**122**	**39**	**22**	**125**	**120**
Revenue	**16 093**	**16 023**	**4 619**	**2 769**	**11 269**	**11 010**
Cost of sales	(6 391)	(6 519)	(1 374)	(869)	(3 741)	(3 576)
Distribution expenses	(1 324)	(1 235)	(453)	(232)	(1 404)	(1 351)
Sales and marketing expenses	(2 136)	(1 908)	(808)	(484)	(1 253)	(1 147)
Administrative expenses	(473)	(497)	(430)	(234)	(581)	(592)
Other operating income/(expenses)	299	67	237	104	689	807
Normalized profit from operations (EBIT)	**6 068**	**5 932**	**1 791**	**1 054**	**4 979**	**5 151**
Non-recurring items (refer Note 8)	(5)	(5)	(105)	(54)	(21)	(6)
Profit from operations (EBIT)	**6 063**	**5 927**	**1 685**	**1 000**	**4 957**	**5 145**
Net finance (cost)/income	(403)	(494)	(1 371)	(1 059)	(414)	(418)
Share of result of associates	6	278	(2)	11	5	5
Profit/(loss) before tax	**5 666**	**5 710**	**312**	**(47)**	**4 548**	**4 732**
Income tax expense	(1 402)	(1 216)	(362)	(112)	(360)	(397)
Profit/(loss)	**4 264**	**4 495**	**(49)**	**(159)**	**4 188**	**4 335**
Normalized EBITDA	6 820	6 728	2 186	1 281	5 742	5 858
Non-recurring items (including impairment)	(5)	(5)	(105)	(54)	(21)	(6)
Depreciation, amortization and impairment	(752)	(796)	(395)	(226)	(764)	(707)
Net finance (cost)/income	(403)	(494)	(1 371)	(1 059)	(414)	(418)
Share of results of associates	6	278	(2)	11	5	5
Income tax expense	(1 402)	(1 216)	(362)	(112)	(360)	(397)
Profit/(loss)	**4 264**	**4 495**	**(49)**	**(159)**	**4 188**	**4 335**
Normalized EBITDA margin %	42.4%	42.0%	47.3%	46.3%	51.0%	53.2%
Segment assets	63 921	64 639	28 918	30 259	16 538	17 541
Intersegment elimination						
Non-segmented assets						
Total assets						
Segment liabilities	6 321	6 690	5 513	3 653	6 778	5 783
Intersegment elimination						
Non-segmented items						
Total equity and liabilities.						
Gross capex	542	588	439	202	1 464	1 415
Addition to/(reversal of) provisions	90	8	16	(1)	139	188
FTE	15 348	16 852	30 927	34 203	38 381	38 338

Latin America South		Europe		Asia Pacific		Global Export and Holding Companies		Effect of acquisition		Consolidated	
2014	2013 Reference base	2014	2013 Reference base	2014	2013 Reference base	2014	2013 Reference base	2014	2013 Bridge to reported	2014	2013 Reported
37	**37**	**44**	**47**	**83**	**66**	**10**	**15**		**(20)**	**459**	**426**
2 961	**3 269**	**4 865**	**5 021**	**5 040**	**3 354**	**2 216**	**2 138**		**(2 288)**	**47 063**	**43 195**
(1 081)	(1 185)	(2 081)	(2 272)	(2 552)	(1 885)	(1 538)	(1 549)		961	(18 756)	(17 594)
(290)	(309)	(477)	(503)	(434)	(302)	(175)	(143)		225	(4 558)	(4 061)
(315)	(346)	(1 067)	(1 066)	(1 227)	(833)	(230)	(194)		380	(7 036)	(5 958)
(106)	(112)	(362)	(364)	(400)	(317)	(440)	(430)		227	(2 791)	(2 539)
5	(5)	28	32	90	109	39	52		(102)	1 386	1 160
1 175	**1 311**	**906**	**849**	**517**	**127**	**(128)**	**(126)**		**(598)**	**15 308**	**14 203**
(177)	(180)	(437)	(492)	(550)	(419)	(161)	(166)		158	(3 234)	(2 985)
1 352	**1 491**	**1 343**	**1 341**	**1 067**	**546**	**33**	**40**		**(755)**	**18 542**	**17 188**
45.6%	**45.6%**	**27.6%**	**26.7%**	**21.2%**	**16.3%**					**39.4%**	**39.8%**

Latin America South		Europe		Asia Pacific		Global Export and Holding Companies		Effect of acquisition	Consolidated	
2014	2013	2014	2013	2014	2013	2014	2013		2014	2013
37	**37**	**44**	**46**	**83**	**66**	**10**	**12**		**459**	**426**
2 961	**3 269**	**4 865**	**4 932**	**5 040**	**3 354**	**2 216**	**1 839**		**47 063**	**43 195**
(1 081)	(1 185)	(2 081)	(2 238)	(2 552)	(1 885)	(1 538)	(1 323)		(18 756)	(17 594)
(290)	(309)	(477)	(497)	(434)	(302)	(175)	(135)		(4 558)	(4 061)
(315)	(346)	(1 067)	(1 049)	(1 227)	(833)	(230)	(191)		(7 036)	(5 958)
(106)	(112)	(362)	(359)	(400)	(317)	(440)	(429)		(2 791)	(2 539)
5	(5)	28	30	90	109	39	48		1 386	1 160
1 175	**1 311**	**906**	**819**	**517**	**127**	**(128)**	**(191)**		**15 308**	**14 203**
(12)	(5)	(132)	(37)	(85)	(26)	165	6 372		(197)	6 240
1 163	**1 306**	**774**	**782**	**432**	**101**	**37**	**6 181**		**15 111**	**20 443**
(230)	(317)	(704)	(672)	(24)	8	1 826	749		(1 319)	(2 203)
–	–	–	–	–	–	–	–		9	294
933	**989**	**70**	**111**	**408**	**109**	**1 864**	**6 930**		**13 801**	**18 534**
(311)	(457)	(71)	37	(142)	(53)	148	181		(2 499)	(2 016)
622	**532**	**(1)**	**148**	**266**	**56**	**2 012**	**7 112**		**11 302**	**16 518**
1 352	1 491	1 343	1 311	1 067	546	33	(25)		18 542	17 188
(12)	(5)	(132)	(37)	(85)	(26)	165	6 372		(197)	6 240
(177)	(180)	(437)	(491)	(550)	(419)	(161)	(165)		(3 234)	(2 985)
(230)	(317)	(704)	(672)	(24)	8	1 826	749		(1 319)	(2 203)
–	–	–	–	–	–	–	–		9	294
(311)	(457)	(71)	37	(142)	(53)	148	181		(2 499)	(2 016)
622	**532**	**(1)**	**148**	**266**	**56**	**2 012**	**7 112**		**11 302**	**16 518**
45.6%	45.6%	27.6%	26.6%	21.2%	16.3%	–	–		39.4%	39.8%
3 508	3 483	7 210	8 359	13 921	6 246	5 728	4 242		139 743	134 769
									(8 338)	(5 171)
									11 145	12 068
									142 550	**141 666**
1 465	1 228	4 842	4 812	4 018	2 996	2 958	3 133		31 894	28 293
									(8 338)	(5 171)
									118 994	118 544
									142 550	**141 666**
385	299	445	434	987	817	80	84		4 342	3 839
7	1	15	31	34	11	(2)	(19)		300	219
10 872	10 482	13 865	15 096	42 727	37 680	1 910	1 936		154 029	154 587

Net revenue from the beer business amounted to 43 116m US dollar while the net revenue from the non-beer business (soft drinks and other business) accounted for 3 947m US dollar.

Net revenue from external customers attributable to AB InBev's country of domicile (Belgium) and non-current assets located in the country of domicile represented 896m US dollar and 1 176m US dollar, respectively.

6. Acquisitions and Disposals of Subsidiaries

The table below summarizes the impact of acquisitions on the Statement of financial position and cash flows of AB InBev for 31 December 2014 and 2013:

Million US dollar	2014 Acquisitions	2013 Acquisitions	2014 Disposals	2013 Disposals
Non-current assets				
Property, plant and equipment	947	4 818	–	–
Intangible assets	1 255	5 068	–	–
Investment in subsidiaries	–	44	–	–
Investment in associates	–	75	–	–
Investment securities	–	19	–	–
Trade and other receivables	47	65	–	–
Deferred tax assets	56	14	–	–
Current assets				
Inventories	113	605	–	–
Income tax receivable	–	1	–	–
Trade and other receivables	323	676	–	–
Cash and cash equivalents	257	2 674	–	–
Assets held for sale	–	5 385	(365)	–
Non-controlling interest	**–**	**(11)**	**–**	**–**
Non-current liabilities				
Interest-bearing loans and borrowings	(513)	–	–	–
Trade and other payables	(187)	(566)	–	–
Employee benefits	(31)	(256)	–	–
Provisions	–	(21)	–	–
Deferred tax liabilities	(306)	(1 157)	–	–
Current liabilities				
Bank overdraft	(3)	–	–	–
Interest-bearing loans and borrowings	(96)	(68)	–	–
Income tax payable	(107)	(1 502)	–	–
Trade and other payables	(853)	(1 258)	–	–
Provisions	–	(17)	–	–
Net identifiable assets and liabilities	**902**	**14 588**	**(365)**	**–**
Goodwill on acquisitions	5 307	19 988	–	–
Loss/(gain) on disposal	–	–	(196)	(42)
Acquisition-date fair value of the previously held equity interest	–	(12 946)	–	–
Shareholdings increases	–	(11)	–	–
Consideration to be paid	–	(1 509)	52	–
Net cash paid on prior years acquisitions	1 021	3	–	–
Consideration paid/(received), satisfied in cash	**7 226**	**20 113**	**(509)**	**(42)**
Cash (acquired)/ disposed of	(254)	(2 674)	24	–
Net cash outflow / (inflow)	**6 976**	**17 439**	**(485)**	**(42)**

2014 Acquisitions

The following transactions took place in 2014:

Oriental Brewery acquisition

On 1 April 2014, AB InBev completed the acquisition of OB, the leading brewer in South Korea. The acquisition returned OB to the AB InBev portfolio, after AB InBev sold the company in July 2009, following the combination of InBev and Anheuser-Busch, in support of the company's deleveraging commitment.

The enterprise value for the transaction was 5.8 billion US dollar, and as a result of an agreement entered into in 2009, AB InBev also received approximately 320m US dollar in cash at closing from this transaction, subject to closing adjustments according to the terms of the transaction.

AB InBev financed the transactions with the issuance of bonds during the first half of 2014.

Transaction costs for the combination approximated 0.1 billion US dollar and were reported as incurred in the non-recurring expenses in 2014.

The company is in the process of finalizing the allocation of the purchase price to the individual assets acquired and liabilities assumed in compliance with IFRS 3. The provisional allocation of the purchase price included in the 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 OB's recorded assets and liabilities and the determination of any residual amount that will be allocated to goodwill.

The following table presents the provisional allocation of purchase price to the OB business:

Million US dollar	Before Purchase Price Allocation	Purchase Price Allocation	After Purchase Price Allocation
Non-current assets			
Property, plant and equipment	729	5	734
Goodwill	1 128	(1 128)	–
Intangible assets	313	797	1 110
Trade and other receivables	47	–	47
Current assets			
Inventories	95	–	95
Trade and other receivables	272	(2)	270
Cash and cash equivalent	245	–	245
Non-current liabilities			
Interest-bearing loans and borrowings	(499)	–	(499)
Employee benefits	(27)	(4)	(31)
Deferred tax liabilities	(92)	(192)	(284)
Current liabilities			
Interest-bearing loans and borrowings	(7)	–	(7)
Income tax payable	(94)	–	(94)
Trade and other payables	(523)	(165)	(688)
Net identified assets and liabilities	**1 587**	**(689)**	**898**
Goodwill on acquisition			4 298
Net assets acquired			**5 196**
Consideration paid (enterprise value minus net debt)			5 519
Cash received as part of the operation			(323)
Net consideration paid, satisfied in cash			**5 196**
Cash and cash equivalent acquired			(245)
Net cash outflow			**4 951**

The transaction resulted in 4.3 billion US dollar of goodwill provisionally allocated primarily to the South Korean business. The factors that contributed to the recognition of goodwill include the acquisition of an assembled workforce and expected improved efficiencies through best-practice sharing. Goodwill also arises due to the recognition of deferred tax liabilities in relation to the preliminary fair value adjustments on acquired intangible assets. None of the goodwill recognized is deductible for tax purposes.

The valuation of the property, plant and equipment, intangible assets, employee benefits and other assets and liabilities 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. 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 intangibles with an indefinite life mainly include the Cass brand family and have been fair valued for a total amount of 1.1 billion US dollar.

A deferred tax liability has been accrued on most fair value adjustments considering a tax rate of 24.2%.

As of 1 April 2014, the completion date of the transaction, OB contributed 1 142m US dollar to the revenue and 206m US dollar to the profit of AB InBev. If the acquisition date had been 1 January 2014 it is estimated that AB InBev's unaudited combined revenue, profit from operations and profit would have been higher by 318m US dollar, 99m US dollar, and 70m US dollar, respectively. The unaudited combined results do not include any anticipated cost savings or other effects of the planned integration of OB. Accordingly, such amounts are not necessarily indicative of the results if the combination had occurred on 1 January 2014 or that may result in the future.

Other 2014 Acquisitions In 2014, AB InBev completed the acquisition of the Siping Ginsber Draft Beer Co., Ltd. ("Ginsber"), which owns the Ginsber brand, as well as it completed a transaction to acquire three breweries in China. The aggregate purchase price of such acquisitions was approximately 868m US dollar. The acquired business had an immaterial impact on profit in 2014. 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.

During 2014, AB InBev also acquired the Blue Point brewery (Long Island), 10 Barrel Brewing in the northwest of the United States and two wholesalers in Kentucky and Oregon.The acquired businesses had an immaterial impact on profit in 2014. 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.

During 2014, AB InBev purchased 1 046m US dollar Grupo Modelo's 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. By 31 December 2014, AB InBev owned approximately 99% of Grupo Modelo's outstanding shares.

During 2014, AB InBev paid 1m US dollar to former Anheuser-Busch shareholders (3m US dollar in 2013). Additionally, 3m US dollar were remitted to U.S. states through an escheatment process, whereby the states become the owner of unclaimed amounts after a period of time specified by the state law. By 31 December 2014, 4m US dollar consideration remains payable to former Anheuser-Busch shareholders whom did not yet claim the proceeds. This payable is recognized as a deferred consideration on acquisitions.

2013 Acquisitions
The following transactions took place in 2013:

Combination with Grupo Modelo

On 4 June 2013, AB InBev completed the combination with Grupo Modelo pursuant to the Transaction agreement between AB InBev and Grupo Modelo S.A.B de CV announced on 29 June 2012.

The combination was completed through a series of steps that simplified Grupo Modelo's corporate structure, followed by an all-cash tender offer by AB InBev for all outstanding Grupo Modelo shares that it did not own at that time for 9.15 US dollar per share, in a transaction valued at 20.1 billion US dollar. By 4 June 2013 and following the settlement of the tender offer AB InBev owned approximately 95% of Grupo Modelo's outstanding shares. On 4 June 2013, AB InBev established and funded a Trust that will accept further tender of shares by Grupo Modelo shareholders at a price of 9.15 US dollar per share over a period of up to 25 months, during which time Grupo Modelo will continue to be quoted on the Mexican stock exchange. As of 31 December 2014, AB InBev owned approximately 99% of Grupo Modelo's outstanding shares and 0.5 billion US dollar is deposited with the Trust and are reported in these audited financial statements as restricted cash. AB InBev recognized a liability for the Grupo Modelo shares it did not acquire by 31 December 2014 (see also Note 20 *Cash and cash equivalents* and Note 26 *Trade and other payables*).

The transaction resulted in 19.6 billion US dollar of goodwill allocated primarily to the Mexico business. The majority of the intangible asset valuation related to brands with indefinite life. These mainly include the Corona brand family, the Modelo brand family and the Victoria brand family and have been fair valued for a total amount of 4.5 billion US dollar.

A deferred tax liability has been accrued on most fair value adjustments considering a tax rate of 30%.

On 7 June 2013, in a transaction related to the combination of AB InBev and Grupo Modelo, Grupo Modelo completed the sale of its US business to Constellation Brands, Inc. ("Constellation"). The transaction included the sale of Grupo Modelo's 50% stake in Crown Imports for a total consideration of 1.845 billion US dollar and the sale of the Grupo Modelo's Piedras Negras brewery and perpetual rights to Grupo Modelo's brands distributed by Crown in the US for 2.9 billion US dollar, subject to a post-closing adjustment estimated at 558m US dollar and collected in 2014. These assets were recognized as assets held for sale at their after tax net realizable value in the opening balance sheet.

AB InBev and Constellation have established a three-year transition services agreement to ensure the smooth transition of the operations of the Piedras Negras brewery. A temporary supply agreement has also been negotiated as part of the acquisition agreements whereby Constellation can purchase for an initial three-year term inventory from AB InBev under a specified pricing while the Piedras Negras brewery business acquires the necessary capacity to fulfill 100 percent of the US demand. As part of the opening balance sheet AB InBev recognized a liability for prepaid discounts related to the temporary supply agreement. The prepaid discount will be amortized in the consolidated income statement in line with volumes sold to Constellation.

Other 2013 Acquisitions On 27 April 2013, AB InBev completed a transaction to acquire four breweries in China with a total capacity of approximately 9 million hectoliters. The aggregated purchase price was approximately 439m US dollar.

During 2013, Ambev acquired different distributors in Brazil for a total consideration of 47m US dollar and 0.92% additional stake in Cervecería Nacional Dominicana S.A. ("CND") for a total consideration of 22m US dollar, as part of the 2012 transaction in which Ambev acquired a controlling interest in CND.

During 2013, AB InBev paid 3m US dollar to former Anheuser-Busch shareholders (14m US dollar in 2012). By 31 December 2013, 8m US dollar consideration remained payable to former Anheuser-Busch shareholders whom did not yet claim the proceeds. This payable was recognized as a deferred consideration on acquisitions.

2014 Disposals
During 2014, AB InBev collected 197m US dollar proceeds from prior years' sale of the Central European operations to CVC Capital Partners.

During 2014, AB InBev sold its investment in the company Comercio y Distribución Modelo ("Extra") and AB InBev completed the sale of its glass production plant and other assets located in Piedras Negras, Coahuila, Mexico, to affiliates of Constellation Brands Inc. The result of such sales was recorded as a non-recurring item – see note 8 *Non-recurring items*.

2013 Disposals
During 2013, AB InBev collected 42m US dollar proceeds from prior years' sale of the Central European operations to CVC Capital Partners.

7. Other Operating Income/(expenses)

Million US dollar	2014	2013
Government grants	697	614
License income	123	125
Net (additions to)/reversals of provisions	(10)	(31)
Net gain on disposal of property, plant and equipment, intangible assets and assets held for sale	5	32
Net rental and other operating income	573	420
	1 387	**1 160**
Research expenses as incurred	217	185

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.

Net rental and other operating income increased from 420m US dollar in 2013 to 573m US dollar in 2014. This increase results mainly from a one-time positive accounting adjustment of 223m US dollar, following an actuarial reassessment of future liabilities under the company's post-retirement healthcare benefit plans in the US.

In 2014, the company expensed 217m US dollar in research, compared to 185m US dollar in 2013. Part of this was expensed in the area of market research, but the majority is related to innovation in the areas of process optimization especially as it pertains to capacity, new product developments and packaging initiatives.

8. Non-Recurring Items

IAS 1 *Presentation of financial statements* requires material items of income and expense to be disclosed separately. Non-recurring 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 non-recurring items included in the income statement are as follows:

Million US dollar	2014	2013
Restructuring (including impairment losses)	(277)	(118)
Fair value adjustments	–	6 410
Acquisition costs business combinations	(77)	(82)
Business and asset disposal (including impairment losses)	157	30
Impact on profit from operations	**(197)**	**6 240**
Non-recurring net finance cost	509	283
Non-recurring taxes	25	(70)
Non-recurring non-controlling interest	14	5
Net impact on profit attributable to equity holders of AB InBev	**351**	**6 458**

The non-recurring restructuring charges for 2014 total (277)m US dollar. These charges relate mainly to the integration of Grupo Modelo, organizational alignments in Asia Pacific and Europe and the closure of the Angarsk and Perm breweries in Russia. 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 (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 – see also Note 6 *Acquisitions and disposals of subsidiaries*.

The business and asset disposals (including impairment losses) 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 – see also Note 6 *Acquisitions and disposals of subsidiaries*.

The non-recurring restructuring charges for the period ended 31 December 2013 total (118)m US dollar. These charges primarily relate to the integration of Grupo Modelo, the integration of Cervecería Nacional Dominicana S.A. and to organizational alignments in China, Europe, North America and Latin America South.

Fair value adjustments recognized in 2013 for a total of 6 410m US dollar, mainly relate to 6 415m US dollar non-recurring, non-cash impact of revaluing the initial investment held in Grupo Modelo and the recycling to the consolidated income statement of amounts related to the investment, previously recognized in the consolidated statement of comprehensive income in line with IFRS 3.

Acquisition costs of business combinations amount to (82)m US dollar by the end of December 2013 relating to cost incurred for the combination with Grupo Modelo and the acquisition of four breweries in China on 27 April 2013 – see also Note 6 *Acquisitions and disposals of subsidiaries*.

30m US dollar business and asset disposal (including impairment losses) as per 31 December 2013 results mainly from additional proceeds from the sale of the Central European operations to CVC Capital Partners.

The company also incurred non-recurring finance income of 509m US dollar for the period ended 31 December 2014 (31 December 2013: 283m US dollar) - see Note 11 *Finance cost and income*.

All the above amounts are before income taxes. The non-recurring items as of 31 December 2014 decreased income taxes by 25m US dollar (31 December 2013: (70)m US dollar increase of income taxes).

Non-controlling interest on the non-recurring items amounts to 14m US dollar for the period ended 31 December 2014 (31 December 2013: 5m US dollar).

9. Payroll and Related Benefits

Million US dollar	2014	2013
Wages and salaries	(3 844)	(4 137)
Social security contributions	(663)	(722)
Other personnel cost	(682)	(807)
Pension expense for defined benefit plans	206	(141)
Share-based payment expense	(251)	(243)
Contributions to defined contribution plans	(145)	(117)
	(5 379)	**(6 167)**
Number of full time equivalents (FTE)	154 029	154 587

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

	2014	2013
AB InBev NV (parent company)	185	184
Other subsidiaries	153 844	152 441
Proportionally consolidated entities	–	1 962
	154 029	**154 587**

Effective 1 January 2014, the company discontinued the proportional consolidation of certain operations – see also Note 4 *Use of estimates and judgments*.

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

10. Additional Information on Operating Expenses by Nature

Depreciation, amortization and impairment charges are included in the following line items of the 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	–
Non-recurring items	119	–	–
	2 967	**388**	**–**

Depreciation, amortization and impairment charges were included in the following line items of the 2013 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	2 123	10	–
Distribution expenses	117	1	–
Sales and marketing expenses	253	194	–
Administrative expenses	146	132	–
Other operating expenses	2	7	–
Non-recurring items	–	–	–
	2 641	**344**	**–**

The depreciation, amortization and impairment of property, plant and equipment included a full-cost reallocation of 4m US dollar in 2014 from the aggregate depreciation, amortization and impairment expense to cost of goods sold. In 2013 this reallocation was 4m US dollar.

11. Finance Cost and Income

Recognized in profit or loss

Finance costs

Million US dollar	2014	2013
Interest expense	(2 008)	(2 043)
Capitalization of borrowing costs	39	38
Net interest on net defined benefit liabilities	(124)	(156)
Accretion expense	(364)	(360)
Net foreign exchange losses (net of the effect of foreign exchange derivative instruments)	–	(295)
Tax on financial transactions	(36)	(47)
Other financial costs, including bank fees	(304)	(184)
	(2 797)	**(3 047)**
Non-recurring finance income	–	(101)
	(2 797)	**(3 148)**

Finance costs, excluding non-recurring items, decreased by 250m US dollar from prior year mainly driven by lower net foreign exchange losses.

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. Interests were capitalized at a borrowing rate ranging from 6% to 8%.

Following the acquisition of the remaining stake in Grupo Modelo, AB InBev recognized a non-recurring expense of 101m US dollar in 2013 mainly composed of utilization fees and accelerated accretion expenses related to the 2012 Facilities Agreement. The accelerated accretion resulted from the repayment and termination of the 2012 Facilities Agreement in June 2013.

Interest expense is presented net of the effect of interest rate derivative instruments hedging AB InBev's interest rate risk – see also Note 27 *Risks arising from financial instruments*.

Finance income

Million US dollar	2014	2013
Interest income	335	286
Net foreign exchange gains (net of the effect of foreign exchange derivative instruments)	319	–
Net gains on hedging instruments that are not part of a hedge accounting relationship	275	186
Other financial income	40	89
	969	**561**
Non-recurring finance income	509	384
	1 478	**945**

Finance income, excluding non-recurring items, increased mainly due to net foreign exchange gains on US dollar cash held in Mexico and the mark-to-market result on certain derivatives related to the hedging of share-based payment programs which reached net gains of 711m US dollar in 2014 (2013: 456m US dollar income). This result was partially offset by costs of currency hedges. See also Note 27 *Risks arising from financial instruments*.

Non-recurring net finance income was 509m 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 (2013: 384m US dollar income). By 31 December 2014, 100% of the deferred share instrument had been hedged at an average price of approximately 68 euro per share. See also Note 21 *Changes in equity and earnings per share*.

No interest income was recognized on impaired financial assets.

The interest income stems from the following financial assets:

Million US dollar	2014	2013
Cash and cash equivalents	227	209
Investment debt securities held for trading	33	21
Loans to customers	1	2
Other loans and receivables	74	54
	335	**286**

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 27 *Risks arising from financial instruments*.

12. Income Taxes

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

Million US dollar	2014	2013
Current tax expense		
Current year	(2 332)	(2 130)
(Underprovided)/overprovided in prior years	18	132
	(2 314)	**(1 998)**
Deferred tax (expense)/income		
Origination and reversal of temporary differences	(293)	(174)
(Utilization)/recognition of deferred tax assets on tax losses	96	153
Recognition of previously unrecognized tax losses	12	3
	(185)	**(18)**
Total income tax expense in the income statement	**(2 499)**	**(2 016)**

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

Million US dollar	2014	2013[1]
Profit before tax	13 801	18 534
Deduct share of result of associates	9	294
Profit before tax and before share of result of associates	**13 792**	**18 240**
Adjustments on taxable basis		
One-time events related to the Grupo Modelo combination	–	(6 577)
Foreign source income	(523)	(679)
Government incentives	(701)	(638)
Taxable intercompany dividends	331	135
Expenses not deductible for tax purposes	1 186	801
Other non-taxable income	(530)	(649)
	13 555	**10 633**
Aggregated weighted nominal tax rate	**31.6%**	**33.3%**
Tax at aggregated weighted nominal tax rate	(4 288)	(3 545)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	93	16
Recognition of deferred taxes assets on previous years' tax losses	12	3
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(151)	(74)
(Underprovided)/overprovided in prior years	18	132
Deductions from interest on equity	971	610
Deductions from goodwill	113	264
Other tax deductions	1 006	746
Change in tax rate	46	116
Withholding taxes	(436)	(425)
Other tax adjustments	117	141
	(2 499)	**(2 016)**
Effective tax rate	**18.1%**	**11.1%**

The total income tax expense amounts to 2 499m US dollar in 2014 compared to 2 016m US dollar in 2013. The effective tax rate increased from 11.1% to 18.1% from 2013 to 2014, mainly resulting from the 2013 non-taxable, exceptional gain related to the fair value adjustment on the initial investment held in Grupo Modelo, changes in country profit mix, including the impact resulting from the combination with Grupo Modelo and the OB acquisition.

The Company benefits from tax exempted income and tax credits which are expected to continue in the future, except for the one-time benefit realized in 2013 relating to Grupo Modelo, and the tax deductible goodwill in Brazil which will expire in 2017. The Company does not benefit from significantly low tax rates in any particular jurisdiction.

The normalized effective tax rate in 2014 is 18.8% (2013: 16.6%). Normalized effective tax rate is not an accounting measure under IFRS accounting and should not be considered as an alternative to the effective tax rate. Normalized effective tax rate method does not have a standard calculation method and AB InBev's definition of normalized effective rate may not be comparable to other companies.

Income taxes were directly recognized in other comprehensive income as follows:

Million US dollar	2014	2013
Income tax (losses)/gains		
Re-measurements of post-employment benefits	308	(289)
Cash flow hedges	(34)	(12)
Net investment hedges	58	8

[1] Reclassified to conform to the 2014 presentation.

13. Property, Plant and Equipment

Million US dollar	2014 Land and buildings	2014 Plant and equipment	2014 Fixtures and fittings	2014 Under construction	2014 Total	2013 Total
Acquisition cost						
Balance at end of previous year	**9 968**	**22 414**	**3 660**	**2 065**	**38 107**	**33 108**
Effect of movements in foreign exchange	(821)	(2 143)	(477)	(179)	(3 620)	(1 359)
Acquisitions	222	1 161	339	2 088	3 810	3 523
Acquisitions through business combinations	532	363	25	30	950	4 818
Disposals	(123)	(761)	(287)	(17)	(1 188)	(1 697)
Disposals through the sale of subsidiaries	(108)	(153)	(158)	–	(419)	–
Transfer (to)/from other asset categories and other movements[1]	318	1 589	236	(2 299)	(156)	(286)
Balance at end of the period	**9 988**	**22 471**	**3 338**	**1 688**	**37 485**	**38 107**
Depreciation and impairment losses						
Balance at end of previous year	**(2 824)**	**(11 947)**	**(2 444)**	**(3)**	**(17 218)**	**(16 647)**
Effect of movements in foreign exchange	305	1 278	327	5	1 915	549
Disposals	34	631	253	–	918	1 470
Disposals through the sale of subsidiaries	4	22	93	–	119	–
Depreciation	(376)	(2 018)	(414)	–	(2 808)	(2 567)
Impairment losses	(58)	(92)	(1)	(12)	(163)	(70)
Transfer to/(from) other asset categories and other movements[1]	88	(113)	40	1	16	47
Balance at end of the period	**(2 826)**	**(12 240)**	**(2 147)**	**(9)**	**(17 222)**	**(17 218)**
Carrying amount						
at 31 December 2013	**7 144**	**10 467**	**1 216**	**2 062**	**20 889**	**20 889**
at 31 December 2014	**7 162**	**10 231**	**1 191**	**1 679**	**20 263**	**–**

The carrying amount of property, plant and equipment subject to restrictions on title amounts to 37m US dollar.

Contractual commitments to purchase property, plant and equipment amounted to 647m US dollar as at 31 December 2014 compared to 591m US dollar as at 31 December 2013. The increase results from projects mainly in North America and Mexico.

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 2014 of leased land and buildings was 151m US dollar (31 December 2013: 155m US dollar).

[1] 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*.

14. Goodwill

Million US dollar	2014	2013
Acquisition cost		
Balance at end of previous year	**69 933**	**51 773**
Effect of movements in foreign exchange	(4 403)	(1 799)
Purchases of non-controlling interest	(5)	(29)
Disposals through the sale of subsidiaries	(60)	–
Acquisitions through business combinations	5 300	19 988
Balance at end of year	**70 765**	**69 933**
Impairment losses		
Balance at end of previous year	**(7)**	**(7)**
Impairment losses	–	–
Balance at end of year	**(7)**	**(7)**
Carrying amount		
at 31 December 2013	**69 927**	**69 927**
at 31 December 2014	**70 758**	**–**

Goodwill increased from 69 927m US dollar per end of December 2013 to 70 758m US dollar per end of December 2014.

Current year acquisitions through business combinations primarily reflect the OB acquisition in South Korea and the acquisition of Ginsber and three breweries in China – see note 6 *Acquisitions and disposals*.

Disposals through the sale of subsidiaries relate to the sale of the glass production plant in Mexico - see note 6 *Acquisitions and disposals*.

In 2013, the combination with Grupo Modelo resulted in the recognition of goodwill of 19 592m US dollar and the acquisition of four breweries in China, different distributors in Brazil and a wholesaler in United States resulted in the recognition of 380m US dollar goodwill.

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

Million US dollar Business unit	2014	2013
USA	32 718	32 654
Mexico	17 100	19 171
Brazil	6 764	7 669
South Korea	4 031	–
China	3 031	2 317
Canada	1 786	1 945
Germany/Italy/Switzerland/Austria	1 352	1 535
Dominican Republic	1 040	1 037
Argentina and other Hispanic Latin America countries	1 031	1 181
Global Export/Spain/Czech Republic	679	731
UK/Ireland	588	624
Russia/Ukraine	547	960
Belgium/Netherlands/France/Luxemburg	91	103
	70 758	**69 927**

AB InBev completed its annual impairment test for goodwill and concluded, based on the assumptions described below, that no impairment charge was warranted. The company cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values reported. AB InBev believes that all of its estimates are reasonable: they are consistent with the internal reporting and reflect management's best estimates. However, inherent uncertainties exist that management may not be able to control. 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 and Ukraine due to continued political instability and deteriorating 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 50% of AB InBev's total assets as at 31 December 2014, 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. Whenever a business combination occurs, 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.

AB InBev impairment testing methodology is in accordance with IAS 36, in which a 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 years of the model, free cash flows are based on AB InBev's strategic plan as approved by key management. AB InBev's strategic plan is prepared per country and is based on external sources in respect of macro-economic assumptions, industry, inflation and foreign exchange rates, past experience and identified initiatives in terms of market share, revenue, variable and fixed cost, capital expenditure and working capital assumptions;
- For the subsequent six years of the model, data from the strategic plan is extrapolated 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 2.0% for the US; 0.0% and 3.2% for Brazil and 0.0% and 2.5% 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 6% and 22% in US dollar nominal terms for goodwill impairment testing conducted for 2014. 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).

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	2014 Brands	2014 Commercial intangibles	2014 Software	2014 Other	2014 Total	2013 Total
Acquisition cost						
Balance at end of previous year	**26 491**	**2 782**	**1 340**	**518**	**31 131**	**25 868**
Effect of movements in foreign exchange	(656)	(172)	(165)	(33)	(1 026)	(240)
Acquisitions through business combinations	1 170	46	5	35	1 256	5 068
Acquisitions and expenditures	5	298	155	74	532	543
Disposals through the sales of subsidiaries	–	(8)	(1)	(1)	(10)	–
Disposals	(1)	(31)	–	(5)	(37)	(286)
Transfer (to)/from other asset categories and other movements	26	(78)	92	(6)	34	178
Balance at end of period	**27 035**	**2 838**	**1 425**	**582**	**31 880**	**31 131**
Amortization and impairment losses						
Balance at end of previous year	**–**	**(830)**	**(902)**	**(61)**	**(1 793)**	**(1 497)**
Effect of movements in foreign exchange	–	75	115	4	194	16
Amortization	–	(194)	(177)	(13)	(384)	(334)
Impairment losses	–	–	–	(4)	(4)	(10)
Disposals through the sales of subsidiaries	–	–	1	–	1	–
Disposals	–	26	–	3	29	52
Transfer to/(from) other asset categories and other movements	–	(9)	8	1	–	(20)
Balance at end of period	**–**	**(932)**	**(955)**	**(70)**	**(1 957)**	**(1 793)**
Carrying value						
at 31 December 2013	**26 491**	**1 952**	**438**	**457**	**29 338**	**29 338**
at 31 December 2014	**27 035**	**1 906**	**470**	**512**	**29 923**	**–**

Current year acquisitions through business combinations primarily reflect the OB acquisition which resulted in the recognition of brands with an indefinite life of 1 104m US dollar and other intangible assets.

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 2014, the carrying amount of the intangible assets amounted to 29 923m US dollar (31 December 2013: 29 338m US dollar) of which 28 159m US dollar was assigned an indefinite useful life (31 December 2013: 27 593m US dollar) and 1 764m US dollar a finite life (31 December 2013: 1 745m US dollar).

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

Million US dollar Country	2014	2013
USA	21 468	21 414
Mexico	4 091	4 608
South Korea	1 035	–
China	417	330
Dominican Republic	386	399
Paraguay	186	187
Bolivia	171	171
Argentina	169	220
UK	107	111
Uruguay	41	47
Canada	35	38
Chile	21	24
Germany	17	19
Russia	15	25
	28 159	**27 593**

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 exceed its recoverable amount.

16. Investment Securities

Million US dollar	2014	2013
Non-current investments		
Investments in unquoted companies – available for sale	97	170
Debt securities held to maturity	21	23
	118	**193**
Current investments		
Debt securities held for trading	301	123
	301	**123**

As of 31 December 2014, current debt securities of 301m US dollar mainly represented investments in Brazilian real denominated government debt securities. The company's investments in such short-term debt securities are primarily to facilitate liquidity and for capital preservation.

The securities available for sale consist mainly of investments in unquoted companies and are measured at cost as their fair value cannot be reliably determined.

17. Deferred Tax Assets and Liabilities

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

	2014		
Million US dollar	Assets	Liabilities	Net
Property, plant and equipment	457	(2 765)	(2 308)
Intangible assets	264	(9 891)	(9 627)
Goodwill	29	(13)	16
Inventories	140	(102)	38
Investment in associates	–	(837)	(837)
Trade and other receivables	51	(98)	(47)
Interest-bearing loans and borrowings	163	(585)	(422)
Employee benefits	899	(51)	848
Provisions	368	(40)	328
Derivatives	50	(6)	44
Other items	585	(651)	(66)
Loss carry forwards	390	–	390
Gross deferred tax assets/(liabilities)	**3 396**	**(15 039)**	**(11 643)**
Netting by taxable entity	**(2 338)**	**2 338**	**–**
Net deferred tax assets/(liabilities)	**1 058**	**(12 701)**	**(11 643)**

	2013		
Million US dollar	Assets	Liabilities	Net
Property, plant and equipment	490	(2 879)	(2 389)
Intangible assets	234	(9 812)	(9 578)
Goodwill	37	(18)	19
Inventories	101	(91)	10
Investment in associates	–	(1 280)	(1 280)
Trade and other receivables	81	(47)	34
Interest-bearing loans and borrowings	90	(517)	(427)
Employee benefits	885	(35)	850
Provisions	286	(24)	262
Derivatives	57	(10)	47
Other items	1 060	(663)	397
Loss carry forwards	394	–	394
Gross deferred tax assets/(liabilities)	**3 715**	**(15 376)**	**(11 661)**
Netting by taxable entity	**(2 535)**	**2 535**	**–**
Net deferred tax assets/(liabilities)	**1 180**	**(12 841)**	**(11 661)**

The change in net deferred taxes recorded in the consolidated statement of financial position can be detailed as follows:

Million US dollar	2014	2013
Balance at 1 January	**(11 661)**	**(10 361)**
Recognized in profit or loss	(147)	(18)
Recognized in other comprehensive income	308	(293)
Acquisitions through business combinations	(250)	(1 143)
Other movements and effect of changes in foreign exchange rates	107	154
Balance at 31 December	**(11 643)**	**(11 661)**

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 in a business combination. The realization of such temporary differences is unlikely to revert within 12 months.

On 31 December 2014, a deferred tax liability of 283m US dollar (2013: 41m 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 2 397m US dollar (2013: 2 282m US dollar). 1 023m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 86m US dollar, 87m US dollar and 94m US dollar expire within respectively 1, 2 and 3 years, while 1 107m US dollar have an expiration date of more than 3 years. Deferred tax assets have not been recognized on these items because it is not probable that future taxable profits will be available against which these tax losses and deductible temporary differences can be utilized and the company has no tax planning strategy currently in place to utilize these tax losses and deductible temporary differences.

18. Inventories

Million US dollar	2014	2013
Prepayments	86	78
Raw materials and consumables	1 723	1 717
Work in progress	315	326
Finished goods	795	761
Goods purchased for resale	55	68
	2 974	**2 950**
Inventories other than work in progress		
Inventories stated at net realizable value	107	29
Carrying amount of inventories subject to collateral	–	–

The cost of inventories recognized as an expense in 2014 amounts to 18 756m US dollar, included in cost of sales (2013: 17 594m US dollar).

Impairment losses on inventories recognized in 2014 amount to 70m US dollar (2013: 59m US dollar).

19. Trade and Other Receivables

Non-current trade and other receivables

Million US dollar	2014	2013
Cash deposits for guarantees	229	240
Loans to customers	40	65
Deferred collection on disposals	26	37
Tax receivable, other than income tax	167	198
Derivatives	507	120
Trade and other receivables	800	592
	1 769	**1 252**

For the nature of cash deposits for guarantees see Note 29 *Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other.*

Current trade and other receivables

Million US dollar	2014	2013
Trade receivables and accrued income	3 363	2 935
Interest receivable	63	38
Tax receivable, other than income tax	505	429
Derivatives	1 737	607
Loans to customers	52	50
Prepaid expenses	554	616
Other receivables	175	687
	6 449	**5 362**

The fair value of trade and other receivables, excluding derivatives, 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 2014 and 2013 respectively:

			Of which not impaired as of the reporting date and past due			
	Net carrying amount as of 31 December, 2014	Of which: neither impaired nor past due on the reporting date	Less than 30 days	Between 30 and 59 days	Between 60 and 89 days	More than 90 days
Trade receivables and accrued income	3 363	3 164	152	28	19	–
Loans to customers	92	89	1	1	1	–
Interest receivable	63	63	–	–	–	–
Other receivables	175	175	–	–	–	–
	3 694	**3 492**	**153**	**29**	**20**	**–**

			Of which not impaired as of the reporting date and past due			
	Net carrying amount as of 31 December, 2013	Of which: neither impaired nor past due on the reporting date	Less than 30 days	Between 30 and 59 days	Between 60 and 89 days	More than 90 days
Trade receivables and accrued income	2 935	2 738	139	24	11	23
Loans to customers	115	105	–	1	1	8
Interest receivable	38	38	–	–	–	–
Other receivables	687	687	–	–	–	–
	3 775	**3 568**	**139**	**25**	**12**	**31**

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 the non-current part of loans to customers. Past due amounts were not impaired when collection is still considered likely, for instance because the amounts can be recovered from the tax authorities or AB InBev has sufficient collateral. Impairment losses on trade and other receivables recognized in 2014 amount to 39m US dollar (2013: 85m US dollar).

AB InBev's exposure to credit, currency and interest rate risks is disclosed in Note 27 *Risks arising from financial instruments*.

20. Cash and Cash Equivalents

Million US dollar	2014	2013
Short-term bank deposits	5 804	7 109
US Treasury Bills	800	–
Cash and bank accounts	1 753	2 730
Cash and cash equivalents	**8 357**	**9 839**
Bank overdrafts	**(41)**	**(6)**
	8 316	**9 833**

The cash outstanding per 31 December 2014 includes restricted cash for an amount of 462m US dollar. This restricted cash includes 458m US dollar deposited with a Trust established and funded on 4 June 2013, following the closing of the AB InBev and Grupo Modelo combination. The Trust will accept further tender of shares by Grupo Modelo shareholders at a price of 9.15 US dollar per share over a period of up to 25 months. AB InBev set up a liability for the Grupo Modelo shares it did not acquire by 31 December 2014 – see also Note 26 *Trade and other payables*.

The restricted cash also includes 4m US dollar for the outstanding consideration payable to former Anheuser-Busch shareholders who did not yet claim the proceeds from the 2008 Anheuser-Busch combination (the related payable is recognized as a deferred consideration on acquisition).

21. Changes in Equity and Earnings per Share

Statement of capital

The tables below summarize the changes in issued capital and treasury shares during the year:

	Issued capital	
Issued capital	**Million shares**	**Million US dollar**
At the end of the previous year	1 608	1 735
Changes during the year	–	1
	1 608	**1 736**

	Treasury shares		Result on the use of treasury shares
Treasury shares	**Million shares**	**Million US dollar**	**Million US dollar**
At the end of the previous year	1.6	(97)	(777)
Changes during the year	(0.7)	34	21
	0.9	**(63)**	**(756)**

As at 31 December 2014, the total issued capital of 1 736m US dollar is represented by 1 608 242 156 shares without face value, of which 462 932 373 registered shares, and 1 145 309 783 dematerialized shares. As of the AGM of 30 April 2014, all outstanding subscription rights have been converted into options on existing shares further to the approval of the shareholders. Therefore, there are no outstanding subscription rights.

The total of authorized, un-issued capital amounts to 45m US dollar (37m euro).

The holders of ordinary 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 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 2014, AB InBev purchased non-controlling interests in subsidiaries for a total consideration of 88m 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 2014, AB InBev did not purchase any of its shares.

During 2014, the company proceeded with the following sale transactions:

- 34 903 shares were sold to members of the Ambev senior management who were transferred to AB InBev. The sale occurred according to a share exchange program at a price reduced with 16.66% compared to the market price, in order to encourage management mobility;
- 228 200 shares were granted to executives of the group according to the company's executive remuneration policy;
- Finally, 473 930 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 882 230 own shares of which 356 336 were held directly by AB InBev.

The par value of the shares is 0.77 euro. As a consequence, the shares that were sold during the year 2014 represent 689 021 US dollar (567 515 euro) of the subscribed capital and the shares that the company still owned at the end of 2014 represent 824 759 US dollar (679 317 euro) of the subscribed capital.

Dividends
On 30 October 2014, an interim dividend of 1.00 euro per share or approximately 1 636m euro was approved by the Board of Directors. This interim dividend was paid out 14 November 2014. On 25 February 2015, in addition to the interim dividend paid on 14 November 2014, a dividend of 2.00 euro per share or approximately 3 279m euro was proposed by the Board of Directors, reflecting a total dividend payment for 2014 fiscal year of 3.00 euro per share or approximately 4 915m euro.

In accordance with IAS 10 *Events after the balance sheet date*, the February 2015 dividend has not been recorded in the 2014 financial statements.

On 30 October 2013, an interim dividend of 0.60 euro per share or approximately 963m euro was approved by the Board of Directors. This dividend was paid out on 18 November 2013. On 30 April 2014, in addition to the interim dividend paid on 18 November 2013, a dividend of 1.45 euro per share or approximately 2 322m euro was approved at the shareholders meeting, reflecting a total dividend payment for 2013 fiscal year of 2.05 euro per share or approximately 3 285m euro. This dividend was paid out on 8 May 2014.

On 24 April 2013, a dividend of 1.70 euro per share or approximately 2 725m euro was approved at the shareholders meeting. This dividend was paid out on 2 May 2013.

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 27 *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. Dividends paid to AB InBev by certain of its subsidiaries are also subject to withholding taxes. Withholding tax, if applicable, generally does not exceed 10%.

Deferred share instrument
In a transaction related to the combination with 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.

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 14 November 2014, the company paid a coupon of 1.00 euro per share or approximately 31m US dollar. On 30 April 2014, the company paid a coupon of 1.45 euro per share or approximately 44m US dollar.

AB InBev included the weighted average number of shares promised via the deferred share instruments as of 5 June 2013 in the calculation of the basic and diluted earnings per shares.

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 13 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 2014, 10 million loaned securities were used to fulfil stock option plan commitments.

Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of AB InBev of 9 216m US dollar (2013: 14 394m US dollar) and a weighted average number of ordinary shares (including deferred share instruments and stock lending) outstanding during the year, calculated as follows:

Million shares	2014	2013
Issued ordinary shares at 1 January, net of treasury shares	1 607	1 602
Effect of shares issued and share buyback programs	–	2
Effect of stock lending	4	–
Effect of undelivered shares under the deferred share instrument	23	13
Weighted average number of ordinary shares at 31 December	**1 634**	**1 617**

The calculation of diluted earnings per share is based on the profit attributable to equity holders of AB InBev of 9 216m US dollar (2013: 14 394m US dollar) and a weighted average number of ordinary shares (diluted) outstanding (including deferred share instruments and stock lending) during the year, calculated as follows:

Million shares	2014	2013
Weighted average number of ordinary shares at 31 December	1 607	1 604
Effect of stock lending	4	–
Effect of undelivered shares under the deferred share instrument	23	13
Effect of share options, warrants and restricted stock units	31	33
Weighted average number of ordinary shares (diluted) at 31 December	**1 665**	**1 650**

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

Million US dollar	2014	2013
Profit before non-recurring items, attributable to equity holders of AB InBev	8 865	7 936
Non-recurring items, after taxes, attributable to equity holders of AB InBev (refer Note 8)	(158)	6 175
Non-recurring finance cost, after taxes, attributable to equity holders of AB InBev (refer Note 8)	509	283
Profit attributable to equity holders of AB InBev	**9 216**	**14 394**

The table below sets out the EPS calculation:

Million US dollar	2014	2013
Profit attributable to equity holders of AB InBev	9 216	14 394
Weighted average number of ordinary shares	1 634	1 617
Basic EPS	**5.64**	**8.90**
Profit before non-recurring items, attributable to equity holders of AB InBev	8 865	7 936
Weighted average number of ordinary shares	1 634	1 617
EPS before non-recurring items	**5.43**	**4.91**
Profit attributable to equity holders of AB InBev	9 216	14 394
Weighted average number of ordinary shares (diluted)	1 665	1 650
Diluted EPS	**5.54**	**8.72**
Profit before non-recurring items, attributable to equity holders of AB InBev	8 865	7 936
Weighted average number of ordinary shares (diluted)	1 665	1 650
Diluted EPS before non-recurring items	**5.32**	**4.81**

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. 8.5m share options were anti-dilutive and not included in the calculation of the dilutive effect as at 31 December 2014.

22. 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 currency risk, refer to Note 27 *Risks arising from financial instruments*.

Non-current liabilities

Million US dollar	2014	2013
Secured bank loans	169	192
Unsecured bank loans	260	349
Unsecured bond issues	43 014	40 526
Unsecured other loans	57	75
Finance lease liabilities	130	132
	43 630	**41 274**

Current liabilities

Million US dollar	2014	2013
Secured bank loans	117	94
Commercial papers	2 211	2 065
Unsecured bank loans	560	345
Unsecured bond issues	4 535	5 327
Unsecured other loans	25	12
Finance lease liabilities	3	3
	7 451	**7 846**

The current and non-current interest-bearing loans and borrowings amount to 51.1 billion US dollar as of 31 December 2014, compared to 49.1 billion US dollar as of 31 December 2013.

In connection with the announcement of the acquisition of OB, on 27 January 2014, Anheuser-Busch InBev Finance Inc., a subsidiary of AB InBev, issued 5.25 billion US dollar aggregated principal amount of bonds, consisting of 1.2 billion US dollar aggregated principal amount of fixed rate notes due 2017, 0.3 billion US dollar aggregated principal amount of floating rate notes due 2017, 1.25 billion US dollar aggregated principal amount of fixed rate notes due 2019, 0.25 billion US dollar aggregated principal amount of floating rate notes due 2019, 1.4 billion US dollar aggregated principal amount of fixed rate notes due 2024 and 0.85 billion US dollar aggregated 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 basis points above three-month LIBOR for the 2017 floating rate notes and 40 basis points above three-month LIBOR for the 2019 floating rate notes.

In addition to the above, on 30 March 2014, AB InBev issued 2.5 billion euro aggregate principal amount of notes, consisting of 850m euro aggregate principal amount of floating rate notes due 2018 bearing interest at an annual rate of 38 basis points above three-month EURIBOR; 650m euro aggregate principal amount of fixed rate notes due 2021 bearing interest at an annual rate of 1.95% and 1.0 billion euro aggregate principal amount of fixed rate notes due 2026 bearing interest at an annual rate of 2.70%. The use of the proceeds of such issuance was for general corporate purposes.

As of 31 December 2014, there are no amounts drawn under the 8.0 billion US dollar 2010 Senior Facilities.

Commercial papers amount to 2.2 billion US dollar as of 31 December 2014 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.

AB InBev is in compliance with all its debt covenants as of 31 December 2014. The 2010 Senior Facilities do not include restrictive financial covenants.

Terms and debt repayment schedule at 31 december 2014 Million US dollar	Total	1 year or less	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	286	117	72	28	41	28
Commercial papers	2 211	2 211	–	–	–	–
Unsecured bank loans	820	560	138	63	59	–
Unsecured bond issues	47 549	4 535	2 383	6 682	10 240	23 709
Unsecured other loans	82	25	14	10	13	20
Finance lease liabilities	133	3	4	4	14	108
	51 081	**7 451**	**2 611**	**6 787**	**10 367**	**23 865**

Terms and debt repayment schedule at 31 december 2013 Million US dollar	Total	1 year or less	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	286	94	81	46	30	35
Commercial papers	2 065	2 065	–	–	–	–
Unsecured bank loans	694	345	170	142	37	–
Unsecured bond issues	45 853	5 327	4 587	2 465	8 677	24 797
Unsecured other loans	87	12	22	15	10	28
Finance lease liabilities	135	3	3	4	7	118
	49 120	**7 846**	**4 863**	**2 672**	**8 761**	**24 978**

Finance lease liabilities Million US dollar	2014 Payments	2014 Interests	2014 Principal	2013 Payments	2013 Interests	2013 Principal
Less than one year	14	11	3	14	11	3
Between one and two years	13	10	3	14	11	3
Between two and three years	14	10	4	13	10	3
Between three and five years	33	19	14	28	20	8
More than 5 years	168	59	109	186	68	118
	242	**109**	**133**	**255**	**120**	**135**

Net debt is defined as non-current and current interest-bearing loans and borrowings and bank overdrafts minus debt securities and cash. 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 42.1 billion US dollar as of 31 December 2014, from 38.8 billion US dollar as of 31 December 2013. Apart from operating results net of capital expenditures, the net debt is mainly impacted by the OB acquisition (5.5 billion US dollar), dividend payments to shareholders of AB InBev and Ambev (7.4 billion US dollar), the payment of interests and taxes (4.6 billion US dollar) and the impact of changes in foreign exchange rates (447m US dollar decrease of net debt). – See also note 6 – *Acquisitions and disposals of subsidiaries*.

The following table provides a reconciliation of AB InBev's net debt as of the dates indicated:

Million US dollar	2014	2013
Non-current interest-bearing loans and borrowings	43 630	41 274
Current interest-bearing loans and borrowings	7 451	7 846
	51 081	**49 120**
Bank overdrafts	41	6
Cash and cash equivalents	(8 357)	(9 839)
Interest bearing loans granted (included within Trade and other receivables)	(308)	(310)
Debt securities (included within Investment securities)	(322)	(146)
Net debt	**42 135**	**38 831**

23. 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 contribution expenses constitute an expense for the year in which they are due. For 2014, contributions paid into defined contribution plans for the company amounted to 145m US dollar compared to 117m US dollar for 2013.

Defined benefit plans

During 2014, the company contributed to 63 defined benefit plans, of which 49 are retirement plans and 14 are medical cost plans. Most plans provide benefits related to pay and years of service. The Belgian, Brazilian, Dominican Republic, Dutch, Canadian, South Korean, Mexican, UK and US plans are partially funded. When plan assets 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 Canada, US, and Brazil 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 2014, 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 039m US dollar as of 31 December 2014 compared to 2 852m US dollar as of 31 December 2013. In 2014, the fair value of the plan assets value decreased by 603m US dollar and the defined benefit obligations decreased by 488m US dollar. The increase in the employee benefit net liability is mainly driven by unfavorable changes in discount rates (mainly in the Eurozone, Mexico, US, UK and Canada) and mortality assumptions in the US, partially offset by positive asset returns and gains on plan amendments of post-retirement pensions and healthcare benefits in the US.

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

Million US dollar	2014	2013
Present value of funded obligations	(7 776)	(7 939)
Fair value of plan assets	5 773	6 376
Present value of net obligations for funded plans	**(2 003)**	**(1 563)**
Present value of unfunded obligations	(809)	(1 134)
Present value of net obligations	**(2 812)**	**(2 697)**
Unrecognized asset	(171)	(137)
Net liability	**(2 983)**	**(2 834)**
Other long term employee benefits	(57)	(18)
Total employee benefits	**(3 039)**	**(2 852)**
Employee benefits amounts in the balance sheet:		
Liabilities	(3 049)	(2 862)
Assets	10	10
Net liability	**(3 039)**	**(2 852)**

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

Million US dollar	2014	2013
Defined benefit obligation at 1 January	**(9 073)**	**(9 055)**
Current service costs	(74)	(105)
Interest cost	(438)	(428)
Past service gain/(cost)	334	63
(Losses)/gains on curtailments	–	88
Settlements	176	–
Benefits paid	896	498
Contribution by plan participants	(4)	(4)
Acquisition through business combination	(78)	(942)
Actuarial gains/(losses) – demographic assumptions	(210)	(110)
Actuarial gains/(losses) – financial assumptions	(962)	729
Experience adjustments	(40)	33
Exchange differences	445	160
Transfers and other movements	443	–
Defined benefit obligation at 31 December	**(8 585)**	**(9 073)**

Transfers and other movements refer to the fact that, effective 1 January 2014, the company discontinued the proportional consolidation of certain operations – see also Note 4 *Use of estimates and judgments*.

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately 2.3 billion US dollar relating to active employees, 1.5 billion US dollar relating to deferred members and 4.8 billion US dollar relating to members in retirement.

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

Million US dollar	2014	2013
Fair value of plan assets at 1 January	**6 376**	**5 704**
Interest income	328	299
Administration costs	(24)	(23)
Return on plan assets exceeding interest income	418	159
Contributions by AB InBev	326	324
Contributions by plan participants	4	4
Benefits paid net of administration costs	(896)	(498)
Acquisition through business combination	51	694
Assets distributed on settlements	(82)	–
Exchange differences	(338)	(141)
Transfers and other movements	(392)	(146)
Fair value of plan assets at 31 December	**5 773**	**6 376**

Actual return on plans assets amounted to a gain of 746m US dollar in 2014 compared to a gain of 458m US dollar in 2013. The increase is mainly driven by higher market returns particularly in Brazil, US and UK.

The acquisition through business combinations in 2014 stems from the OB combination.

Transfers and other movements refer to the fact that, effective 1 January 2014, the company discontinued the proportional consolidation of certain operations – see also Note 4 *Use of estimates and judgments*.

The changes in the asset ceiling are as follows:

Million US dollar	2014	2013
Irrecoverable surplus impact at 1 January	**(136)**	**(307)**
Interest expense	(12)	(27)
Change in asset ceiling excluding amounts included in interest expense	(22)	197
Irrecoverable surplus impact at 31 December	**(171)**	**(136)**

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

Million US dollar	2014	2013
Current service costs	(74)	(105)
Administration costs	(24)	(23)
Past service cost	334	63
(Losses)/gains on settlements or curtailments	94	88
Profit from operations	**330**	**23**
Finance cost	(124)	(156)
Total employee benefit expense	**206**	**(132)**

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

Million US dollar	2014	2013
Cost of sales	(1)	(56)
Distribution expenses	(9)	(3)
Sales and marketing expenses	(14)	(8)
Administrative expenses	(24)	9
Other operating (expense)/income	284	2
Non-recurring items	85	80
Finance Cost	(115)	(156)
	206	**(132)**

During 2014, the company implemented certain post-retirement pension and healthcare benefits, mainly in the US.

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

	2014					
	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	4.1%	4.1%	6.5%	10.8%	3.8%	4.4%
Price inflation	–	2.0%	3.5%	4.5%	3.0%	2.7%
Future salary increases	2.0%	1.0%	4.7%	5.8%	–	3.6%
Future pension increases	–	–	3.5%	–	2.8%	2.7%
Medical cost trend rate	6.9%-5.0%	4.5%	–	8.2%	–	7.7%-5.8%
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

	2013					
	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	4.9%	4.9%	7.8%	11.3%	4.6%	5.4%
Price inflation	–	2.0%	3.5%	4.5%	3.4%	2.7%
Future salary increases	2.0%	1.3%	4.7%	7.7%	3.4%	3.3%
Future pension increases	–	–	3.5%	–	3.1%	2.7%
Medical cost trend rate	8.1%-5.0%	4.2%-4.5%	–	8.2%	–	7.6%-5.8%
Life expectation for a 65 year old male	83	85	83	85	87	84
Life expectation for a 65 year old female	85	87	83	88	89	87

Through its defined benefit pension plans and post-employment medical plans, the company is exposed to a number of risks, the most significant are detailed below:

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. However, the company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the company's long-term strategy to manage the plans efficiently.

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.

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. The company has not changed the processes used to manage its risks from previous periods.

The weighted average duration of the defined benefit obligation is 14.3 years (2013: 13.9 years).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2014		
Million US dollar	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	(556)	613
Future salary increase	0.50%	28	(26)
Medical cost trend rate	1.00%	49	(43)
Longevity	One year	214	(207)

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

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

	2014			2013		
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Government bonds	29%	–	29%	27%	–	27%
Corporate bonds	26%	–	26%	27%	–	27%
Equity instruments	36%	–	36%	40%	–	40%
Property	–	3%	3%	–	3%	3%
Insurance contracts and others	5%	1%	6%	3%	–	3%
	96%	**4%**	**100%**	**97%**	**3%**	**100%**

AB InBev expects to contribute approximately 250m US dollar for its funded defined benefit plans and 68m US dollar in benefit payments to its unfunded defined benefit plans and post-retirement medical plans in 2015.

24. Share-Based Payments[1]

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.

Share-based payment transactions resulted in a total expense of 251m US dollar for the year 2014 (including the variable compensation expense settled in shares), as compared to 243m US dollar for the year 2013.

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 2014, AB InBev issued 0.9m of matching restricted stock units in relation to the 2013 bonus granted to company employees and management. These matching restricted stock units are valued at the share price of the day of grant, representing a fair value of approximately 90m US dollar, and cliff vest after five years. During 2013, AB InBev issued 0.8m of matching restricted stock units according to the Share-Based Compensation Plan, with an estimated fair value of approximately 78m US dollar, in relation to the 2012 bonus.

LTI Warrant Plan replaced by 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. Each LTI warrant gave its holder the right to subscribe for one newly issued share. The exercise price of LTI warrants is equal to the average price of the company's 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) have a duration of ten years; LTI warrants granted as from 2007 (and in 2003) have a duration of five years. LTI warrants are subject to a vesting period ranging from one to three years. Forfeiture of a warrant occurs in certain circumstances when the holder leaves our employment. At the annual shareholders meeting of 30 April 2014, all outstanding LTI warrants 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.

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 our 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 2014 representing a fair value of approximately 4m US dollar. During 2013, 0.2m warrants with a fair value of approximately 3m US dollar were granted under this plan.

[1] Amounts have been converted to US dollar at the average rate of the period.

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 2014 AB InBev issued 4.4m LTI stock options with an estimated fair value of 101m US dollar, whereby 1.3m options relate to American Depositary Shares (ADSs) and 3.1m options to AB InBev shares. In December 2013 AB InBev issued 4.1m LTI stock options with an estimated fair value of 93m US dollar, whereby 1.2m options relate to American Depositary Shares (ADSs) and 2.9m options to AB InBev shares.

Other Grants

As from 2010 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 2014, 0.1m restricted stock units with an estimated fair value of 2m US dollar were granted under this program to a selected number of employees. In 2013, 0.4m restricted stock units with an estimated fair value of 36m US dollar were granted under this program.

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 December 2014 0.2m restricted stock units with an estimated fair value of 21m US dollar were granted under this program to a selected number of employees. In December 2013 0.4m restricted stock units with an estimated fair value of 34m US dollar were granted under this program.

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 3 matching shares for each share invested. The discount and matching shares are granted in the form of restricted stock units which vest after 5 years. In case of termination before the vesting date, special forfeiture rules apply. In 2014, employees purchased shares under this program for the equivalent of 0.5m US dollar (2013: equivalent of 0.5m US dollar).

In order to maintain consistency of benefits granted to executives and to encourage international mobility of executives, an options exchange program has been executed whereby unvested options are exchanged against restricted shares that remain locked-up until 31 December 2023. In 2014, 0.5m unvested options were exchanged against 0.5m restricted shares. In 2013, 0.6m unvested options were exchanged against 0.5m restricted shares. As a variant to this program, the Remuneration Committee has also approved the early release of the vesting conditions of 0.5m unvested options. The shares that result from the exercise of the options must remain locked-up until 31 December 2023. As the vesting period for these stock options was changed, an accelerated expense was recorded as a result of the modification. 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 2014 0.1m new options were issued, representing the economic value of the dividend protection feature (2013: 0.6m new options). As there was no change between the fair value of the original award immediately before the modification and the fair value of the modified award immediately after the modification, no additional expense was recorded as a result of the modification.

For further information on share-based payment grants of previous years, please refer to Note 24 *Share-based payments* of the 2013 consolidated financial statements.

The weighted average fair value of the options and assumptions used in applying the AB InBev option pricing model for the 2014 grants of awards described above are as follows:

Amounts in US dollar unless otherwise indicated[1]	2014	2013	2012
Fair value of options and warrants granted	20.70	21.74	19.57
Share price	113.29	103.06	86.87
Exercise price	113.29	103.05	86.83
Expected volatility	24%	24%	25%
Expected dividends	3.00%	2.92%	2.50%
Risk-free interest rate	1.23%	2.06%	1.73%

Expected volatility is based on historical volatility calculated using 2 531 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.

The total number of outstanding AB InBev options and warrants developed as follows:

Million options and warrants	2014	2013	2012
Options and warrants outstanding at 1 January	52.5	53.3	54.4
Options and warrants issued during the year	4.5	4.8	4.5
Options and warrants exercised during the year	(10.0)	(4.2)	(3.3)
Options and warrants forfeited during the year	(1.4)	(1.4)	(2.3)
Options and warrants outstanding at the end of December	**45.6**	**52.5**	**53.3**

The range of exercise prices of the outstanding options and warrants is between 10.32 euro (12.53 US dollar) and 96.36 euro (116.99 US dollar) while the weighted average remaining contractual life is 7.34 years.

Of the 45.6m outstanding options and warrants 10.8m are vested at 31 December 2014.

The weighted average exercise price of the AB InBev options and warrants is as follows:

Amounts in US dollar[1]	2014	2013	2012
Options and warrants outstanding at 1 January	45.38	38.31	32.98
Granted during the year	113.29	103.05	87.94
Exercised during the year	24.40	41.07	31.85
Forfeited during the year	45.75	45.18	32.82
Outstanding at the end of December	51.35	45.38	38.31
Exercisable at the end of December	36.21	57.28	40.65

For share options and warrants exercised during 2014, the weighted average share price at the date of exercise was 83.54 euro (101.42 US dollar).

The total number of outstanding AB InBev restricted stock units developed as follows:

Million restricted stock units	2014	2013	2012
Restricted stock units outstanding at 1 January	4.7	3.3	2.3
Restricted stock units issued during the year	1.3	1.6	1.1
Restricted stock units exercised during the year	–	–	–
Restricted stock units forfeited during the year	(0.2)	(0.2)	(0.1)
Restricted stock units outstanding at the end of December	**5.8**	**4.7**	**3.3**

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 as modified as of 2010 Ambev issued in March 2014, 5.2m restricted stock units with an estimated fair value of 38m US dollar. In March 2013, Ambev issued 4.3m restricted stock units with an estimated fair value of 35m 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 2014, Ambev granted 16.8m LTI stock options with an estimated fair value of 37m US dollar. In 2013, Ambev granted 12.8m LTI stock options with an estimated fair value of 36m US dollar.

In order to encourage the mobility of managers, the features of certain Ambev options granted in previous years have been modified whereby the dividend protection of these options was cancelled and replaced by the issuance of 0.2m options in 2014 representing the economic value of the dividend protection feature. In 2013, 0.2m options were issued representing the economic value of the dividend protection feature. Since there was no change between the fair value of the original award before the modification and the fair value of the modified award after the modification, no additional expense was recorded as a result of this modification.

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

The weighted fair value of the options and assumptions used in applying a binomial option pricing model for the 2014 Ambev grants are as follows:

Amounts in US dollar unless otherwise indicated[1]	2014	2013	2012 [2]
Fair value of options granted	1.96	2.61	2.73
Share price	6.00	7.30	8.34
Exercise price	6.00	7.30	8.34
Expected volatility	32%	33%	33%
Expected dividends	0.00% - 5.00%	0.00% - 5.00%	0.00% - 5.00%
Risk-free interest rate	2.20% - 12.40%[3]	1.90% – 12.60%[3]	2.10% - 11.20%[3]

The total number of outstanding Ambev options developed as follows:

Million options	2014	2013	2012[2]
Options outstanding at 1 January	147.7	143.9	147.8
Options issued during the year	17.0	13.1	15.5
Options exercised during the year	(34.8)	(7.2)	(12.5)
Options forfeited during the year	(3.8)	(2.1)	(6.9)
Options outstanding at the end of December	**126.1**	**147.7**	**143.9**

Following the decision of the General Meeting of Shareholders of 30 July 2013 effective on 11 November 2013, each common share issued by Ambev was split into 5 shares, without any modification to the amount of the capital stock of Ambev. As a consequence of the split of the Ambev shares with a factor 5, the exercise price and the number of options were adjusted with the intention of preserving the rights of the existing option holders.

The range of exercise prices of the outstanding options is between 1.06 Brazilian real (0.40 US dollar) and 19.14 Brazilian real (7.21 US dollar) while the weighted average remaining contractual life is 6.87 years.

Of the 126.1m outstanding options 35.9m options are vested at 31 December 2014.

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

Amounts in US dollar[1]	2014	2013	2012[2]
Options outstanding at 1 January	2.69	3.54	3.18
Granted during the year	6.03	7.27	8.39
Exercised during the year	1.45	1.15	1.38
Forfeited during the year	4.25	3.46	1.37
Outstanding at the end of December	3.79	2.69	3.54
Exercisable at the end of December	1.11	1.42	1.85

For share options exercised during 2014, the weighted average share price at the date of exercise was 16.12 Brazilian real (6.07 US dollar).

The total number of outstanding Ambev restricted stock units developed as follows:

Million restricted stock units	2014	2013	2012[2]
Restricted stock units outstanding at 1 January	15.6	11.5	8.0
Restricted stock units issued during the year	5.2	4.3	5.0
Restricted stock units exercised during the year	(2.3)	–	–
Restricted stock units forfeited during the year	(1.0)	(0.2)	(1.5)
Restricted stock units outstanding at the end of December	**17.5**	**15.6**	**11.5**

[1] Amounts have been converted to US dollar at the closing rate of the respective period.
[2] Amounts have been adjusted for the Ambev share split of 11 November 2013.
[3] The weighted average risk-free interest rates refer to granted ADRs and stock options respectively.

During 2014, 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 0.6m AB InBev shares (0.1m AB InBev shares in 2013) 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 12m US dollar (2.2m US dollar in 2013) 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.

25. Provisions

Million US dollar	Restructuring	Disputes	Other	Total
Balance at 1 January 2014	**177**	**535**	**16**	**728**
Effect of changes in foreign exchange rates	(10)	(40)	(2)	(52)
Provisions made	65	327	1	393
Provisions used	(56)	(130)	(1)	(187)
Provisions reversed	(11)	(79)	(3)	(93)
Other movements	1	10	(1)	10
Balance at 31 December 2014	**166**	**623**	**10**	**799**

The restructuring provisions are primarily explained by the organizational alignments - see also Note 8 *Non-recurring items*. Provisions for disputes mainly relate to various disputed direct and indirect taxes and to claims from former employees.

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

Million US dollar	Total	< 1 year	1-2 years	2-5 years	> 5 years
Restructuring					
Reorganization	**166**	**60**	**10**	**83**	**13**
Disputes					
Income and indirect taxes	356	43	247	53	13
Labor	83	25	19	36	3
Commercial	47	26	14	4	3
Other disputes	137	9	95	32	1
	623	**103**	**375**	**125**	**20**
Other contingencies					
Onerous contracts	1	–	–	1	–
Guarantees given	3	–	1	2	–
Other contingencies	6	2	1	3	–
	10	**2**	**2**	**6**	**–**
Total provisions	**799**	**165**	**387**	**214**	**33**

Since 1 January 2005 AB InBev is subject to the greenhouse gas emission allowance trading scheme in force in the European Union. Acquired emission allowances are recognized at cost as intangible assets. To the extent that it is expected that the number of allowances needed to settle the CO_2 emissions exceeds the number of emission allowances owned, a provision is recognized. Such provision is measured at the estimated amount of the expenditure required to settle the obligation. At 31 December 2014, the emission allowances owned fully covered the expected CO_2 emissions. As such no provision needed to be recognized.

26. Trade and Other Payables

Non-current trade and other payables

Million US dollar	2014	2013
Indirect taxes payable	230	369
Trade payables	305	381
Cash guarantees	11	12
Deferred consideration on acquisitions	138	1 801
Derivatives	64	159
Other payables	322	500
	1 070	**3 222**

Current trade and other payables

Million US dollar	2014	2013
Trade payables and accrued expenses	10 913	9 834
Payroll and social security payables	1 030	1 173
Indirect taxes payable	1 849	1 689
Interest payable	850	888
Consigned packaging	715	682
Cash guarantees	64	71
Derivatives	1 013	630
Dividends payable	518	384
Deferred income	53	38
Deferred consideration on acquisitions	1 640	861
Other payables	277	224
	18 922	**16 474**

Deferred consideration on acquisitions is mainly comprised of 1.2 billion US dollar for the put option included in the 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 as of the first year following the transaction. The valuation of this option is based on the EBITDA of the consolidated operations in Dominican Republic.

The deferred consideration on acquisitions is also comprised of 0.5 billion US dollar liability for the Grupo Modelo shares the company did not acquire by 31 December 2014. On 3 June 2013, AB InBev established and funded a Trust to accept further tender of shares by Grupo Modelo shareholders at a price of 9.15 US dollar per share over a period of up to 25 months.

Derivatives mainly reflect the mark-to-market of interest rate swaps, of forward exchange contracts and of commodity forward contracts entered into to hedge the company's operational exposure (See also Note 27 *Risks arising from financial instruments* of the 31 December 2014 consolidated financial statements).

27. 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.

	2014					2013				
Million US dollar	< 1 year	1–2 years	2–3 years	3–5 years	> 5 years	< 1 year	1–2 years	2–3 years	3–5 years	> 5 years
Foreign currency										
Forward exchange contracts	7 554	47	–	–	–	7 530	4	–	–	–
Foreign currency futures	1 822	–	–	–	–	927	–	–	–	–
Other foreign currency derivatives	–	–	–	–	–	415	–	–	–	–
Interest rate										
Interest rate swaps	350	–	113	2 250	787	11 800	350	–	128	–
Cross currency interest rate swaps	1 023	–	1 789	2 373	1 197	683	1 096	–	2 841	827
Interest rate futures	–	139	113	151	–	–	137	13	–	–
Commodities										
Aluminum swaps	1 422	48	–	–	–	1 383	327	–	–	–
Other commodity derivatives	1 374	194	–	–	–	992	293	–	–	–
Equity										
Equity derivatives	4 854	838	–	–	–	4 947	716	–	–	–

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 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.

	31 December 2014			31 December 2013		
Million US dollar	Total exposure	Total hedges	Open position	Total exposure	Total hedges[1]	Open position
Euro/Brazilian real	(64)	64	–	(38)	38	–
Euro/Canadian dollar	(51)	51	–	(39)	39	–
Euro/Czech koruna	(3)	(9)	(12)	(3)	(10)	(13)
Euro/Hungarian forint	(4)	(13)	(17)	(4)	(14)	(18)
Euro/Mexican peso	(104)	104	–	138	(138)	–
Euro/Pound sterling	(94)	225	131	(161)	259	98
Euro/Russian ruble	(102)	127	25	(97)	97	–
Euro/Ukrainian hryvnia	(72)	–	(72)	(94)	68	(26)
Euro/US dollar	–	127	127	–	–	–
Pound sterling/Euro	(49)	11	(38)	(53)	33	(20)
US dollar/Argentinean peso	(345)	345	–	(282)	282	–
US dollar/Bolivian boliviano	(72)	72	–	(52)	52	–
US dollar/Brazilian real	(1 389)	1 389	–	(1 680)	1 680	–
US dollar/Canadian dollar	(271)	271	–	(184)	184	–
US dollar/Chilean peso	(140)	140	–	(68)	68	–
US dollar/Euro	(145)	120	(25)	101	(147)	(46)
US dollar/Mexican peso	(1 182)	5 795	4 613	(694)	5 316	4 622
US dollar/Paraguayan guarani	(84)	84	–	(48)	48	–
US dollar/Peruvian nuevo sol	(46)	46	–	(57)	57	–
US dollar/Pound sterling	(25)	14	(11)	(31)	27	(4)
US dollar/Russian ruble	(135)	81	(54)	(75)	121	46
US dollar/Ukrainian hryvnia	(44)	–	(44)	(35)	70	35
US dollar/Uruguayan peso	(37)	37	–	(29)	29	–

The US dollar/Mexican peso open long position 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 intragroup loans

In 2012, 2013 and 2014, a series of foreign exchange derivatives were contracted to hedge the foreign currency risk from intercompany loans transacted between group entities with different functional currencies. As of 31 December 2014, intercompany loans with Russia were hedged against US dollar for an amount of 3 300m Russian ruble (5 900m Russian ruble in 2013).

[1] Reclassified to conform to the 2014 presentation.

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 2014, designated derivative and non-derivative financial instruments in a net investment hedge relationship amount to 7 012m US dollar equivalent (7 866m US dollar in 2013) in Holding companies and approximately 2 889m US dollar equivalent (2 500m US dollar in 2013) at Ambev level. Those derivatives and non-derivatives are used to hedge foreign operations with functional currencies mainly denominated in Argentinean peso, Brazilian real, Bolivian boliviano, Canadian dollar, Chilean peso, 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 in the functional currency of the subsidiary. To the extent this is not the case, hedging is put in place unless the cost to hedge outweighs the benefits. 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 Czech koruna, Hungarian forint, Mexican peso, pound sterling, Russian ruble and Ukrainian hryvnia 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:

	2014		
	Closing rate 31 December 2014	Possible closing rate[1]	Volatility of rates in %
Pound sterling/Euro	1.28	1.21 – 1.36	5.76%
Euro/Czech koruna	27.73	27.11 – 28.36	2.26%
Euro/Hungarian forint	315.56	294.18 – 336.93	6.77%
Euro/Russian ruble	68.30	49.11 – 87.5	28.10%
Euro/Ukrainian hryvnia	19.14	13.61 – 24.68	28.90%
US dollar/Euro	0.82	0.77 – 0.87	6.14%
US dollar/Mexican peso	14.72	13.69 – 15.75	7.00%
US dollar/Pound sterling	0.64	0.61 – 0.68	5.59%
US dollar/Russian ruble	56.26	41.27 – 71.25	26.65%
US dollar/Ukrainian hryvnia	15.77	11.27 – 20.27	28.54%

	2013		
	Closing rate 31 December 2013	Possible closing rate[2]	Possible Volatility of rates in %
Pound sterling/Euro	1.20	1.12 – 1.28	6.96%
Euro/Czech koruna	27.43	25.67 – 29.18	6.39%
Euro/Hungarian forint	297.00	274.46 – 319.54	7.59%
Euro/Ukrainian hryvnia	11.02	10.18 – 11.87	7.64%
US dollar/Euro	0.73	0.67 – 0.78	7.09%
US dollar/Mexican peso	13.08	11.67 – 14.5	10.80%
US dollar/Russian ruble	32.73	30.29 – 35.17	7.45%
US dollar/Ukrainian hryvnia	7.99	7.78 – 8.21	2.72%

[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2014.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2013.

Had the Czech koruna, the Hungarian forint, the Mexican peso, the pound sterling, the Russian ruble and the Ukrainian hryvnia weakened/strengthened during 2014 by the above estimated changes against the euro or the US dollar, with all other variables held constant, the 2014 impact on consolidated profit before taxes would have been approximately 103m US dollar (19m US dollar in 2013) higher/lower.

Additionally, the AB InBev sensitivity analysis[1] to the foreign exchange rates on its total derivatives positions as of 31 December 2014, shows a positive/negative pre-tax impact on equity reserves of 446m US dollar (427m US dollar in 2013).

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	2014	2013
Fair value hedges - hedging instruments	–	(2)
Cash flow hedges - hedged items	(60)	2
Cash flow hedges - hedging instruments (reclassified from equity)	53	(1)
Economic hedges - hedged items not part of a hedge accounting relationship	–	(122)
Economic hedges - hedging instruments not part of a hedge accounting relationship	11	125
Other results - not hedged	315	(297)
	319	**(295)**

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) In May 2009, the company issued a series of fixed rate notes in an aggregate principal amount of 1.0 billion US dollar. These bond bears interest at 6.875% with maturity in November 2019.

In March 2010, the company issued a series of fixed rate notes in an aggregate principal amount of 1.0 billion US dollar. These bond bears interest at 5.00% with maturity in April 2020.

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 these bonds.

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.

US dollar fixed rate bond hedges (interest rate risk on borrowings in US dollar) In January 2014, the company issued a series of fixed rate notes in an aggregate principal amount of 1.25 billion US dollar. This bond bears interest at 2.15% with maturity in February 2019.

[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2014.

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 this bond.

These derivative instruments have been designated in a fair value hedge accounting relationship.

Cash flow hedge

Floating interest rate risk on borrowings in US Dollar Following the refinancing and the repayment of the 2008 and 2010 senior facilities the interest rate swaps that were designated for the hedge of the financing of the Anheuser-Busch acquisition became freestanding given the repayment of part of these senior facilities. In order to offset the interest rate risk, the freestanding derivatives were unwound via additional offsetting trades.

As of 31 December 2014 and 2013, there are no remaining open positions covering the interest exposure on the outstanding balance drawn under the 2010 senior facilities and the remaining interest rate swaps matured during the course of 2014.

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/euro floating 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 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 cash flow hedge accounting relationship.

Economic hedge

Swiss franc bond hedges (foreign currency risk + interest rate risk on borrowings in Swiss franc) In May 2009, the company issued a Swiss franc bond for an equivalent of 600m Swiss franc. This bond matured in June 2014.

The company entered into a Swiss franc fixed/euro floating cross currency interest rate swap to manage and reduce the impact of changes in the Swiss franc exchange rate and interest rate on this bond.

This derivative instrument was designated in a fair value hedge accounting relationship in 2009. During 2010, although this derivative continues to be considered an economic hedge, hedge accounting designation was discontinued.

As of 31 December 2014, there were no remaining balance and open positions related to Swiss franc bond.

Marketable debt security hedges (interest rate risk on Brazilian real) During 2014, Ambev invested in highly liquid Brazilian real denominated government debt securities. Those fixed-rate instruments are included in the held for trading category.

The company also entered into interest rate future contacts 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 needed.

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 2014	Before hedging		After hedging	
Interest-bearing financial liabilities Million US dollar	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Brazilian real	7.24%	438	8.74%	668
Euro	0.36%	1 328	2.70%	2 844
Russian ruble	–	–	8.96%	94
US dollar	0.98%	745	2.62%	3 539
Other	11.12%	26	11.12%	26
		2 537		**7 171**
Fixed rate				
Argentinean peso	23.69%	37	23.69%	37
Brazilian real	7.99%	595	7.96%	457
Canadian dollar	3.14%	1 548	3.22%	1 161
Dominican peso	10.38%	23	10.38%	23
Euro	3.02%	10 246	2.90%	12 822
Pound sterling	6.71%	2 816	9.34%	888
South Korean won	–	–	2.26%	500
US dollar	4.02%	33 312	4.13%	28 055
Other	7.18%	8	7.18%	8
		48 585		**43 951**

31 December 2013	Before hedging		After hedging	
Interest-bearing financial liabilities Million US dollar	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Brazilian real	7.17%	535	8.16%	862
Canadian dollar	0.98%	6	0.98%	6
Dominican peso	8.07%	12	8.07%	12
Euro	4.40%	69	5.70%	2 406
Russian ruble	–	–	6.10%	184
US dollar	0.81%	1 229	0.77%	899
		1 851		**4 369**
Fixed rate				
Brazilian real	7.93%	611	7.55%	492
Canadian dollar	3.14%	1 682	3.22%	1 263
Chinese yuan	7.11%	7	7.11%	7
Dominican peso	13.00%	20	13.00%	20
Euro	3.61%	10 055	3.59%	10 928
Pound sterling	5.69%	3 031	9.75%	890
Swiss franc	4.51%	673	–	–
US dollar	4.21%	31 195	4.18%	31 156
		47 274		**44 756**

At 31 December 2014, the total carrying amount of the floating and fixed rate interest-bearing financial liabilities before hedging listed above includes bank overdrafts of 41m US dollar.

As disclosed in the above table, 7 171m US dollar or 14.03% 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:

	2014		
	Interest rate 31 December 2014[1]	Possible interest rate[2]	Volatility of rates in %
Brazilian real	11.11%	10.25% - 11.97%	7.72%
Euro	0.08%	0.04% - 0.11%	43.74%
Russian ruble	23.77%	11.93% - 35.61%	49.79%
US dollar	0.26%	0.23% - 0.28%	9.16%

	2013		
	Interest rate 31 December 2013[1]	Possible interest rate[2]	Volatility of rates in %
Brazilian real	9.44%	8.17%–10.7%	13.41%
Canadian dollar	1.28%	1.27%–1.28%	0.60%
Dominican peso	6.25%	3.61%–8.89%	42.16%
Euro	0.29%	0.24%–0.33%	16.02%
Russian ruble	7.15%	6.68%–7.62%	6.61%
US dollar	0.25%	0.23%–0.26%	7.29%

When AB InBev applies the reasonably possible increase/decrease in the market interest rates mentioned above on its floating rate debt at 31 December 2014, with all other variables held constant, 2014 interest expense would have been 19m US dollar higher/lower (2013: 13m US dollar). This effect would be more than offset by 70m US dollar higher/lower interest income on AB InBev's interest bearing financial assets (2013: 82m 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	2014	2013
Financial liabilities measured at amortized cost – not hedged	(2 236)	(2 066)
Fair value hedges – hedged items	(97)	(106)
Fair value hedges – hedging instruments	42	21
Cash flow hedges – hedged items	(35)	–
Cash flow hedges – hedging instruments (reclassified from equity)	10	(5)
Net investment hedges - hedging instruments (interest component)	192	94
Economic hedges - hedged items not part of a hedge accounting relationship	(9)	(24)
Economic hedges - hedging instruments not part of a hedge accounting relationship	125	43
	(2 008)	**(2 043)**

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, fuel oil, glass, hops, labels, malt, natural gas, orange juice, rice, steel and wheat. As of 31 December 2014, the company has the following commodity derivatives outstanding (in notional amounts): aluminum swaps for 1 470m US dollar (2013: 1 710m US dollar), natural gas and energy derivatives for 330m US dollar (2013: 330m US dollar), exchange traded sugar futures for 83m US dollar (2013: 147m US dollar), corn swaps for 285m US dollar (2013: 332m US dollar), exchange traded wheat futures for 648m US dollar (2013: 390m US dollar), rice swaps for 76m US dollar (2013: 70m US dollar) and plastic derivatives for 146m US dollar (2013: 16m US dollar). These hedges are designated in a cash flow hedge accounting relationship.

[1] Applicable 3-month InterBank Offered Rates as of 31 December 2014 and as of 31 December 2013.

[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2014 and at December 2013. For the Brazilian real floating rate debt, the estimated market interest rate is composed of the InterBank Deposit Certificate ('CDI') and the Long-Term Interest Rate ('TJLP'). With regard to other market interest rates, the company's analysis is based on the 3-month InterBank Offered Rates applicable for the currencies concerned (e.g. EURIBOR 3M, LIBOR 3M).

Commodity price sensitivity analysis

The impact of changes in the commodity prices for AB InBev's derivative exposures would have caused an immaterial impact on 2014 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 2014, would have on the equity reserves.

	2014		
		Pre-tax impact on equity	
Million US dollar	Volatility of prices in %[1]	Prices increase	Prices decrease
Aluminum	15.81%	197	(197)
Sugar	26.74%	53	(53)
Wheat	26.57%	57	(57)
Energy	22.48%	67	(67)
Rice	16.72%	13	(13)
Corn	22.30%	59	(59)

	2013		
		Pre-tax impact on equity	
Million US dollar	Volatility of prices in %[2]	Prices increase	Prices decrease
Aluminum	16.89%	244	(244)
Sugar	18.23%	27	(27)
Wheat	19.73%	1	(1)
Energy	13.77%	46	(46)
Rice	18.19%	11	(11)
Corn	37.72%	93	(93)

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 21 *Changes in equity and earnings per share*). 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 2014, an exposure for an equivalent of 56.7m of AB InBev shares was hedged, resulting in a total gain of 1 220m US dollar recognized in the profit or loss account for the period, of which 711m US dollar related to the company's share-based payment programs and 509m US dollar related to the Modelo transaction (see also Note 11 *Finance cost and income*).

During 2012, 2013 and 2014, AB InBev reset with counterparties certain derivative contracts to market price. This resulted in a cash inflow of 675m US dollar, 515m US dollar and 155m US dollar in 2012, 2013 and 2014, respectively, and a decrease of counterparty risk.

Equity price sensitivity analysis

The sensitivity analysis on the share-based payments hedging program, calculated based on a 18.29% (2013: 23.47%) reasonable possible volatility[1] of the AB InBev share price and with all the other variables held constant, would show 1 183m US dollar positive/negative impact on the 2014 profit before tax (2013: 1 272m 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.

[1] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2014.
[2] Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2013.

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 2014 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.

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:

	2014			2013		
Million US dollar	**Gross**	**Impairment**	**Net carrying amount**	**Gross**	**Impairment**	**Net carrying amount**
Debt securities held for trading	301	–	301	123	–	123
Available for sale	108	(11)	97	183	(13)	170
Held to maturity	21	–	21	23	–	23
Trade receivables	3 488	(260)	3 228	3 052	(249)	2 803
Cash deposits for guarantees	229	–	229	240	–	240
Loans to customers	121	(30)	91	198	(84)	114
Other receivables	2 281	(128)	2 153	2 885	(162)	2 723
Derivatives	2 244	–	2 244	727	–	727
Cash and cash equivalents	8 357	–	8 357	9 839	–	9 839
	17 150	**(429)**	**16 721**	**17 270**	**(508)**	**16 762**

There was no significant concentration of credit risks with any single counterparty per 31 December 2014 and no single customer represented more than 10% of the total revenue of the group in 2014.

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

	2014					
Million US dollar	**Available for sale**	**Trade receivables**	**Loans to customers**	**Other receivables**	**Cash and cash equivalents**	**Total**
Balance at 1 January	(13)	(249)	(84)	(162)	–	(508)
Impairment losses	(1)	(37)	(1)	–	–	(39)
Derecognition	2	28	38	15	–	83
Currency translation and other	1	(2)	17	19	–	35
Balance at 31 December	**(11)**	**(260)**	**(30)**	**(128)**	**–**	**(429)**

	2013					
Million US dollar	**Available for sale**	**Trade receivables**	**Loans to customers**	**Other receivables**	**Cash and cash equivalents**	**Total**
Balance at 1 January	(48)	(246)	(100)	(134)	–	(528)
Impairment losses	(69)	(53)	–	(1)	–	(123)
Derecognition	104	41	19	2	–	204
Currency translation	–	9	(3)	(29)	–	(23)
Balance at 31 December	**(13)**	**(249)**	**(84)**	**(162)**	**–**	**(508)**

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.

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:

	2014						
Million US dollar	**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	(286)	(313)	(124)	(82)	(32)	(46)	(29)
Commercial papers	(2 211)	(2 214)	(2 214)	–	–	–	–
Unsecured bank loans	(820)	(889)	(590)	(168)	(69)	(62)	–
Unsecured bond issues	(47 549)	(66 851)	(5 715)	(4 212)	(8 339)	(13 154)	(35 431)
Unsecured other loans	(82)	(175)	(35)	(21)	(18)	(22)	(79)
Finance lease liabilities	(133)	(244)	(14)	(14)	(14)	(34)	(168)
Bank overdraft	(41)	(41)	(41)	–	–	–	–
Trade and other payables	(18 909)	(19 151)	(17 908)	(356)	(215)	(163)	(509)
	(70 031)	**(89 878)**	**(26 641)**	**(4 853)**	**(8 687)**	**(13 481)**	**(36 216)**
Derivative financial assets/(liabilities)							
Interest rate derivatives	33	33	47	21	(11)	(24)	–
Foreign exchange derivatives	(277)	(281)	(281)	–	–	–	–
Cross currency interest rate swaps	319	384	83	41	103	116	41
Commodity derivatives	(166)	(169)	(171)	2	–	–	–
Equity derivatives	1 258	1 246	1 028	218	–	–	–
	1 167	**1 213**	**706**	**282**	**92**	**92**	**41**
Of which: directly related to cash flow hedges	(45)	(47)	(46)	2	41	(43)	(1)

[1] "Carrying amount" refers to net book value as recognized in the balance sheet at each reporting date.

Million US dollar	Carrying amount[1]	Contractual cash flows	Less than 1 year	1–2 years	2–3 years	3–5 years	More than 5 years
	2013						
Non-derivative financial liabilities							
Secured bank loans	(286)	(312)	(104)	(86)	(50)	(34)	(38)
Commercial papers	(2 065)	(2 066)	(2 066)	–	–	–	–
Unsecured bank loans	(694)	(774)	(374)	(206)	(156)	(38)	–
Unsecured bond issues	(45 853)	(65 215)	(6 590)	(6 391)	(4 138)	(11 758)	(36 338)
Unsecured other loans	(87)	(160)	(20)	(27)	(19)	(16)	(78)
Finance lease liabilities	(135)	(256)	(14)	(13)	(14)	(28)	(187)
Bank overdraft	(6)	(6)	(6)	–	–	–	–
Trade and other payables	(18 891)	(19 121)	(15 841)	(1 806)	(271)	(260)	(943)
	(68 017)	**(87 910)**	**(25 015)**	**(8 529)**	**(4 648)**	**(12 134)**	**(37 584)**
Derivative financial assets/(liabilities)							
Interest rate derivatives	(36)	(36)	(30)	1	–	(7)	–
Foreign exchange derivatives	(64)	(74)	(74)	–	–	–	–
Cross currency interest rate swaps	(61)	76	15	4	3	10	44
Commodity derivatives	(149)	(147)	(154)	7	–	–	–
Equity derivatives	248	248	210	38	–	–	–
	(62)	**67**	**(33)**	**50**	**3**	**3**	**44**
Of which: directly related to cash flow hedges	(66)	26	(61)	4	7	32	44

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.

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.

[1] "Carrying amount" refers to net book value as recognized in the balance sheet at each reporting date.

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

	Assets		Liabilities		Net	
Million US dollar	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Foreign currency						
Forward exchange contracts	420	200	(652)	(322)	(232)	(122)
Foreign currency futures	72	36	(117)	(29)	(45)	7
Other foreign currency derivatives	–	51	–	–	–	51
Interest rate						
Interest rate swaps	41	39	(8)	(75)	33	(36)
Cross currency interest rate swaps	379	100	(60)	(161)	319	(61)
Commodities						
Aluminum swaps	17	11	(53)	(100)	(36)	(89)
Sugar futures	2	1	(27)	(22)	(25)	(21)
Wheat futures	47	14	(16)	(19)	31	(5)
Other commodity derivatives	8	27	(144)	(61)	(136)	(34)
Equity						
Equity derivatives	1 258	248	–	–	1 258	248
	2 244	**727**	**(1 077)**	**(789)**	**1 167**	**(62)**

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	**2014 Carrying amount[1]**	**2014 Fair value**	**2013 Carrying amount[1]**	**2013 Fair value**
Fixed rate				
Argentinean peso	(37)	(37)	–	–
Brazilian real	(595)	(591)	(611)	(624)
Canadian dollar	(1 548)	(1 580)	(1 682)	(1 685)
Dominican peso	(23)	(23)	(20)	(20)
Euro	(10 246)	(11 373)	(10 055)	(10 577)
Pound sterling	(2 816)	(3 534)	(3 031)	(3 615)
Swiss franc	–	–	(673)	(687)
US dollar	(33 312)	(37 646)	(31 195)	(35 028)
Other	(8)	(8)	(7)	(7)
	(48 585)	**(54 792)**	**(47 274)**	**(52 243)**

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.

Fair value hierarchy 2014 Million US dollar	Quoted (unadjusted) prices - level 1	Observable market inputs - level 2	Unobservable market inputs - level 3
Financial Assets			
Held for trading (non-derivatives)	301	–	–
Derivatives at fair value through profit and loss	37	1 352	–
Derivatives in a cash flow hedge relationship	11	369	–
Derivatives in a fair value hedge relationship	–	140	–
Derivatives in a net investment hedge relationship	34	301	–
	383	**2 162**	**–**
Financial Liabilities			
Deferred consideration on acquisitions at fair value	–	–	1 268
Derivatives at fair value through profit and loss	65	459	–
Derivatives in a cash flow hedge relationship	89	336	–
Derivatives in a fair value hedge relationship	–	18	–
Derivatives in a net investment hedge relationship	19	91	–
	173	**904**	**1 268**

Fair value hierarchy 2013 Million US dollar	Quoted (unadjusted) prices - level 1	Observable market inputs - level 2	Unobservable market inputs - level 3
Financial Assets			
Held for trading (non-derivatives)	123	–	–
Derivatives at fair value through profit and loss	27	412	–
Derivatives in a cash flow hedge relationship	100	119	–
Derivatives in a fair value hedge relationship	–	25	–
Derivatives in a net investment hedge relationship	–	44	–
	250	**600**	**–**
Financial Liabilities			
Deferred consideration on acquisitions at fair value	–	–	1 111
Derivatives at fair value through profit and loss	16	392	–
Derivatives in a cash flow hedge relationship	69	216	–
Derivatives in a fair value hedge relationship	–	68	–
Derivatives in a net investment hedge relationship	13	15	–
	98	**691**	**1 111**

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 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 2014, the put option was valued 1 239m US dollar (2013: 1 076m 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 losses. 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.

I. Offsetting financial assets & financial liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting agreements and similar agreements:

	2014					
		Amounts offset		Amounts not offset		Net
Million US dollar	Gross amounts	Gross amounts offset	Net amounts presented	Financial instruments	Cash collateral pledged/ (received)	
Derivative assets	2 244	–	2 244	(922)	(293)	1 029
Derivative liabilities	(1 077)	–	(1 077)	922	19	(136)

	2013					
		Amounts offset		Amounts not offset		Net
Million US dollar	Gross amounts	Gross amounts offset	Net amounts presented	Financial instruments	Cash collateral pledged/ (received)	
Derivative assets	727	–	727	(601)	–	126
Derivative liabilities	(789)	–	(789)	601	21	(167)

For the financial assets and liabilities subject to enforceable master netting agreements or similar agreements above, each agreement between the company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such election, financial assets and liabilities will be settled on a gross basis, however, each party to the master net agreement will have the option to settle all such amounts on a net basis in the event of default of the other part.

28. Operating Leases

Non-cancelable operating leases are payable and receivable as follows:

	2014					
	Pub leases		Other operational leases			Net lease
Million US dollar	Lessee	Sublease	Lessee	Sublease	Lessor	obligations
Less than one year	(121)	83	(107)	36	3	(106)
Between one and two years	(118)	79	(89)	28	2	(98)
Between two and three years	(115)	75	(70)	24	3	(83)
Between three and five years	(214)	140	(90)	34	4	(126)
More than five years	(704)	186	(118)	21	15	(600)
	(1 272)	**563**	**(474)**	**143**	**27**	**(1 013)**

	2013					
	Pub leases		Other operational leases			Net lease
Million US dollar	Lessee	Sublease	Lessee	Sublease	Lessor	obligations
Less than one year	(121)	94	(152)	40	3	(136)
Between one and two years	(117)	90	(116)	31	3	(109)
Between two and three years	(113)	85	(86)	27	3	(84)
Between three and five years	(209)	158	(123)	38	6	(130)
More than five years	(826)	210	(164)	22	7	(751)
	(1 386)	**637**	**(641)**	**158**	**22**	**(1 210)**

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 1 272m 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 563m 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 474m 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 143m US dollar.

At 31 December 2014, 276m US dollar was recognized as an expense in the income statement in respect of operating leases as lessee (2013: 255m US dollar), while 148m US dollar was recognized as income in the income statement in respect of subleases (2013: 141m US dollar).

The company also leases out part of its own property under operating leases. At 31 December 2014, 23m US dollar was recognized as income in the income statement in respect of operating leases as lessor (2013: 7m US dollar).

29. Collateral and Contractual Commitments for the Acquisition of Property, Plant and Equipment, Loans to Customers and other

Million US dollar	2014	2013
Collateral given for own liabilities	641	559
Collateral and financial guarantees received for own receivables and loans to customers	193	57
Contractual commitments to purchase property, plant and equipment	647	591
Contractual commitments to acquire loans to customers	13	26
Other commitments	1 801	1 021

The collateral given for own liabilities of 641m US dollar at 31 December 2014 contains 198m 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 25 *Provisions*. In the company's balance sheet the cash guarantees are presented as part of other receivables – see Note 19 *Trade and other receivables*. The remaining part of collateral given for own liabilities (443m US dollar) contains collateral on AB InBev's property in favor of the excise tax authorities, the amount of which is determined by the level of the monthly excise taxes due, inventory levels and transportation risk, and collateral on its property, plant and equipment with regard to outstanding loans. To the extent that AB InBev would not respect its obligations under the related outstanding contracts or would lose the pending judicial cases, the collateralized assets would be used to settle AB InBev's obligations.

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 193m US dollar at 31 December 2014. 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 647m US dollar at 31 December 2014.

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 13m US dollar at 31 December 2014.

Other commitments amount to 1 801m US dollar at 31 December 2014 and mainly cover guarantees given to pension funds, rental and other guarantees.

As at 31 December 2014, the following M&A related commitments existed with respect to the combination with Grupo Modelo:

- 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 will 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.

In order to fulfil AB InBev's commitments under various outstanding stock option plans, AB InBev entered into stock lending arrangements for up to 13 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 2014, 10 million loaned securities were used to fulfil stock option plan commitments.

30. Contingencies[1]

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 2014, 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 2014	31 December 2013
Income tax and social contribution	4 874	4 352
Value-added and excise taxes	2 127	1 625
Other taxes	115	155
	7 116	**6 132**

The most significant tax proceedings of Ambev are discussed below.

Income tax and social contribution
During the first quarter 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, Ambev received another tax assessment related to profits of its foreign subsidiaries. As of 31 December 2014, Ambev management estimates the exposure of approximately 4.2 billion Brazilian real (1.6 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount, and approximately 35m 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 and now Ambev awaits the publication of the decision. As this decision was partly favorable, Ambev will present an appeal to the Upper Administrative Court after such publication. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 4.3 billion Brazilian real (1.6 billion US dollar) as of 31 December 2014. Ambev has not recorded any provision in connection therewith. In the event Ambev would be required to pay these amounts, Anheuser-Busch InBev SA/NV will reimburse Ambev the amount proportional to the benefit received by Anheuser-Busch InBev SA/NV pursuant to the merger protocol, as well as the respective costs.

In October 2013, Ambev also received a tax assessment related to the goodwill amortization resulting from the merger of QUINSA S.A. 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 1.2 billion Brazilian real (0.5 billion US dollar) as of 31 December 2014. 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 consumption of income tax losses in relation to company mergers. After a decision by the CARF and a related appeal presented by the tax authorities on one of those assessments, Ambev management estimates the total exposures of possible losses in relation to these assessments to be approximately of 419m Brazilian real (158m US dollar) as of 31 December 2014.

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. The defense was presented on 27 January 2015. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 1.2 billion Brazilian real (0.5 billion US dollar) as of 31 December 2014. Ambev has not recorded any provision in connection therewith.

ICMS value added tax, ipi excise tax and taxes on net sales
In Brazil, goods manufactured within the Manaus Free Trade Zone intended for consumption 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

[1] Amounts have been converted to US dollar at the closing rate of the respective period.

of such presumed credits and other IPI credits, which are under discussion. Ambev management estimates the possible losses related to these assessments to be approximately 917m Brazilian real (345m US dollar) as of 31 December 2014. Ambev has not recorded any provision in connection therewith.

In 2014, 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 510m Brazilian real (192m US dollar) as of 31 December 2014. Ambev has not recorded any provision in connection therewith. In 7 January 2015, Ambev received a new tax assessment related to this issue in the amount of 568m Brazilian real (214m US dollar), also considered a possible loss.

Ambev is currently challenging tax assessments from the States of São Paulo, Rio de Janeiro and Minas Gerais, which question the legality of tax credits arising from existing tax incentives received by Ambev in other States. In August 2014, Ambev received other tax assessments related to the same issue. Ambev management estimates the possible losses related to these assessments to be approximately 1.0 billion Brazilian real (390m US dollar) as of 31 December 2014. Ambev has not recorded any provision in connection therewith.

Ambev is currently party to legal proceedings with the State of Rio de Janeiro where it is challenging such State's attempt to assess ICMS with respect to unconditional discounts granted by Ambev from January 1996 to February 1998. These proceedings are currently before the Superior Court of Justice and the Brazilian Supreme Court. In November 2013, Ambev received a similar tax assessments issued by the State of Pará. Ambev management estimates the total exposure in relation to the matter to be approximately 820m Brazilian real (309m US dollar) as of 31 December 2014, of which 704m Brazilian real (265m US dollar) are considered as possible losses, and accordingly Ambev has not recorded a provision for such amount, and approximately 116m Brazilian real (44m US dollar) as a probable loss.

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. Anheuser-Busch InBev Worldwide Inc. has filed protests with the IRS and intends to vigorously defend its position.

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 172,831,575 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 572m Brazilian real (215m US dollar) in addition to legal fees. Ambev disputes these claims and intends to continue to vigorously defend its case.

Antitrust matters

On 22 July 2009, CADE, the Brazilian antitrust authority issued its ruling in Administrative Proceeding No. 08012.003805/2004-1. This proceeding was initiated in 2004 as a result of a complaint filed by Schincariol (a South American brewery and beverage maker based in Brazil) and had, as its main purpose, the investigation of Ambev's conduct in the market, in particular its customer loyalty program known as "Tô Contigo," which is similar to airline frequent flyer and other mileage programs. During its investigation, the Secretariat of Economic Law of the Ministry of Justice ("SDE") concluded that the program should be considered anticompetitive unless certain adjustments were made. These adjustments had already been substantially incorporated into the then-current version of the Program. The SDE opinion did not threaten any fines and recommended that the other accusations be dismissed. After the SDE opinion was issued, the proceeding was sent to CADE, which issued a ruling that, among other things, imposed a fine in the amount of 353m Brazilian real (133m US dollar). Ambev believes that CADE's decision was without merit and thus has challenged it before the federal courts, which have ordered the suspension of the fine and other parts of the decision upon its posting of a guarantee. Ambev has already rendered a court bond (letter of credit) for this purpose. According to the opinion of Ambev's management, a loss is possible (but not probable), and therefore Ambev has not established a provision in its financial statements. This possible loss is expected to be limited to the aforementioned fine (which reached 524m Brazilian Real (197m US dollar) as of 31 December 2014, reflecting adjustment for inflation and accrued interests and additional legal fees in connection with this matter. Ambev is also involved in other administrative proceedings before CADE and SDE, relating to the investigation of certain conduct, none of which the company believes contravenes applicable competition rules and regulations.

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. Depending on the outcome of the investigation, the company may face fines. The company is taking the appropriate steps in the pending proceedings but has not recorded any provisions for any potential fines at this point in time, as AB InBev management does not know whether the company will eventually face any such fines and, in any event, cannot at this stage reliably estimate the appropriate amount. In addition, the company cannot at this stage estimate the likely timing of the resolution of this matter.

On 12 December 2014, claimants in Canada brought a lawsuit against the Liquor Control Board of Ontario, Brewers Retail Inc. (The Beer Store) and the owners of Brewers Retail Inc. (Molson Coors Canada, Sleeman Breweries Ltd. and Labatt Breweries of Canada LP). The lawsuit, brought pursuant to the Ontario Class Proceedings Act in the Ontario Superior Court of Justice, seeks, among other things: a declaration that the defendants conspired and agreed with each other to allocate sales, territories, customers or markets for the supply of beer sold in Ontario since June 1, 2000, and a declaration that the owners of Brewers Retail Inc. conspired and agreed to fix, increase and/or maintain prices charged to Ontario licensees (on-trade) for beer and the fees charged by The Beer Store to other competitive brewers who wished to sell their products through The Beer Store. The claimants are seeking damages not exceeding 1.4 billion Canadian dollar (1.2 billion US dollar) and punitive, exemplary and aggravated damages of 5 million Canadian dollar. The company believes that there are strong defenses and, accordingly, has not recorded any provision in connection therewith.

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 "involuntarily 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 he must first do 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.

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 seek 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 allege claims similar to the Angevine lawsuit: (1) that they are 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 is 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 are in the process of preparing their attorneys' fee application.

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.

31. Related Parties

Transactions with directors and Executive Board Management Members (KEY MANAGEMENT PERSONNEL)
In addition to short-term employee benefits (primarily salaries) AB InBev's executive board management members are entitled to post-employment benefits. More particular, members of the executive board management participate in the pension plan of their respective country – see also Note 23 *Employee Benefits*. Finally, key management personnel are eligible for the company's share option; restricted stock and/or share swap program (refer Note 24 *Share-based Payments*). Total directors and executive board management compensation included in the income statement can be detailed as follows:

	2014		2013	
Million US dollar	**Directors**	**Executive board management**	**Directors**	**Executive board management**
Short-term employee benefits	2	21	2	22
Post-employment benefits	–	2	–	2
Other long-term employee benefits	–	1	–	–
Share-based payments	3	73	3	66
	5	**97**	**5**	**90**

Directors' compensation consists mainly of directors' fees. During 2014, AB InBev acquired, through a subsidiary of Grupo Modelo, information technology and infrastructure services for a consideration of approximately 9m US dollar from a company in which one of the company's Board Member had significant influence as of 31 December 2014. AB InBev also sold real estate from a non-consolidated, non-profit affiliate of Grupo Modelo to one of its Board Members for a consideration of approximately 28m US dollar, a price corresponding to the average of two independent external valuation reports. 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 two entities in Brazil, two in China, one in Mexico and one in UK. None of these joint ventures are material to the company. Aggregate amounts of AB InBev's interest are as follows:

Million US dollar	2014	2013
Non-current assets	2	101
Current assets	4	57
Non-current liabilities	–	67
Current liabilities	5	115
Result from operations	6	24
Profit attributable to equity holders of AB InBev	3	11

Effective 1 January 2014, the company discontinued the proportional consolidation of certain operations. – see also Note 4 *Use of estimates and judgments*.

Transactions with associates
AB InBev's transactions with associates were as follows:

Million US dollar	2014	2013
Gross profit	(92)	31
Current assets	2	6
Current liabilities	11	32

Transactions with pension plans
AB InBev's transactions with pension plans mainly comprise 12m US dollar other income from pension plans in US and 5m US dollar other income from pension plans in Brazil.

Transactions with government-related entities
AB InBev has no material transactions with government-related entities.

32. Events after the Balance Sheet Date

Share buyback program
The Board of Directors has approved a share buyback program for an amount of one billion US dollar, which will be conducted during the course of 2015. The company's current intention is to use the shares acquired to fulfil its various share delivery commitments under the stock ownership plan. The program will be executed under the powers granted at the General Meeting of Shareholders on 30 April 2014.

AB InBev Indian operations
In February 2015, AB InBev announced the entry into an agreement with RJ Corp Limited under which AB InBev will exit the Indian joint venture with RJ Corp Limited and staff and operations of the joint venture will be moved to Crown Beers India Private Limited, a wholly-owned subsidiary of AB InBev. Later in February 2015, AB InBev exited the Indian joint venture. Following a transition period into mid-2015, AB InBev will operate independently in India via Crown Beers India Private Limited.

33. AB InBev Companies

Listed below are the most important AB InBev companies. A complete list of the company's investments is available at AB InBev NV, Brouwerijplein 1, B-3000 Leuven, Belgium. The total number of companies consolidated (fully, proportional and equity method) is 439.

List of most important fully consolidated companies

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2014
Argentina	
CERVECERIA Y MALTERIA QUILMES SAICA y G - Charcas 5160 - Buenos Aires	61.84
Belgium	
AB InBev NV – 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 N.V. - Industrielaan 21 - 1070 - Brussel	100.00
Bolivia	
CERVECERIA BOLIVIANA NACIONAL S.A. - Av. Montes 400 and Chuquisaca Street - La Paz	61.84
Brazil	
CIA DE BEBIDAS DAS AMERICAS - AMBEV BRASIL - Rua Dr. Renato Paes de Barros, 1017, 4° Andar (parte), cj. 44 e 42 - Itaim Bibi, Sao Paulo	61.84
Canada	
LABATT BREWING COMPANY LIMITED - 207 Queen's Quay West, Suite 299 - M5J 1A7 - Toronto	61.84
Chile	
CERVECERIA CHILE S.A. - Av. Presidente Eduardo Frei Montalva 9600 - Quilicura	61.84
China	
ANHEUSER-BUSCH INBEV (WUHAN) BREWING COMPANY LIMITED - Shangshou, Qin Duan Kou, Hanyang Area, Wuhan, Hubei Province	97.06
ANHEUSER-BUSCH INBEV HARBIN BREWERY COMPANY LIMITED - 20 Youfang Street - Xiangfang District - Harbin, Heilongjiang Province	100.00
ANHEUSER-BUSCH INBEV (ZHOUSHAN) BREWERY Co., Ltd. - No.1 Linggang Yi Road, Linggang industrial area, Dinghai District - Zhou Shan	100.00
INBEV BAISHA (HUNAN) BREWERY CO LTD - No. 304 Shao Shan Zhong Lu - Changsha	100.00
INBEV DOUBLE DEER GROUP CO LTD - 419 Wu Tian Street - Wenzhou	55.00
INBEV JINLONGQUAN (HUBEI) BREWERY CO LTD - 89 Chang Ning Street - Jingmen	60.00
INBEV JINLONGQUAN (XIAOGAN) BREWERY CO LTD - No. 198 Chengzhan Street - Xiaogan	60.00
INBEV KK (NINGBO) BREWERY CO LTD - Jinjiang Zhen, 315000 - Ningbo	100.00
INBEV SEDRIN BREWERY Co, Ltd - No.2 factory Xialin Cun, Chen Xiang district, PuTian City, Fujian Province	100.00
ANHEUSER-BUSCH INBEV (TAIZHOU) BREWERY CO., LTD. - 159, Qi Xia Dong Road - Cheng Guan, Tiantai County	100.00
ANHEUSER-BUSCH INBEV (NINGBO) BREWERY CO., LTD. - JinJiang Zhen,- 315000 - Ningbo, Zhejiang Province	100.00
ANHEUSER-BUSCH INBEV (NANJING) BREWERY CO., LTD.- Qi Li Qiao, Jiang Pu district, -211800- Nanjing	100.00
Siping Ginsber Draft Beer Co Ltd-XianMaQuan area,TieDong district,ShiPing city, JiLin province,Hebei, China	100.00
JIANGSHU BIG BOSS CO.,LTD. No. 666 Zhaoxia road, High technical develop District, Nantong city	100.00
YANCHENG BIG BOSS CO.,LTD. West Shou of South huan road, Gongyeyuan district, Dazhong town, Dafeng city	100.00
SUZHOU BIG BOSS CO.,LTD. No. 12 East Jiaotong Road, Lili town, Wujiang District, Suzhou city	100.00

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2014
Czech Republic	
Pivovar Samson a.s. - V parku 2326/18, Chodov, 148 00 Praha 4, Česká republika	100.00
Dominican Republic	
CND - Cervecería Nacional Dominicana, Autopista 30 de Mayo, Distrito Nacional, RD	34.01
Ecuador	
COMPAÑIA CERVECERA AMBEV ECUADOR S.A. - Km 14.5 Via a Daule S/N y Av. Las Iguanas, Guayaquil	61.84
France	
AB - INBEV FRANCE S.A.S. 38 Allée Vauban 59110 La Madeleine	100.00
Germany	
BRAUEREI BECK GmbH & CO. KG - Am Deich 18/19 - 28199 - Bremen	100.00
BRAUEREI DIEBELS GmbH & CO.KG - Brauerei-Diebels-Strasse 1 - 47661 - Issum	100.00
BRAUERGILDE HANNOVER AG - Hildesheimer Strasse 132 - 30173 - Hannover	100.00
HAAKE-BECK BRAUEREI GmbH & Co. KG - 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
Grand Duchy of Luxembourg	
BRASSERIE DE LUXEMBOURG MOUSEL - DIEKIRCH - 1, Rue de la Brasserie - L-9214 - Diekirch	95.82
India	
CROWN BEERS INDIA LIMITED - #8-2-684/A, ROAD NO. 12 - BANJARA HILLS, HYDERABAD 500034 - ANDHRA PRADESH	100.00
South Korea	
ORIENTAL BREWERY CO., LTD - 151, Hyeondogongdan-ro, Seowon-gu Cheongju-si, Chungcheongbuk-do, South Korea	100.00
Mexico	
GRUPO MODELO, S.A.B. DE C.V. – JAVIER BARROS SIERRA 555 PISO 3 ZEDEC ED PLAZA SANTA FE DISTRITO FEDERAL C.P. 01210	98.87
Paraguay	
CERVECERIA PARAGUAYA S.A. – Ruta Villeta KM30 - Ypané	61.84
Peru	
COMPANIA CERVECERA AMBEV PERU SAC - Av Los Laureles Mza a lote 4 (Mirador 12 Carretera R. Priale) Lima - Luringancho	61.84
Russia	
OAO SUN INBEV - 28 Moscovskaya Street, Moscow region - 141600 - Klin	99.95
The Netherlands	
INBEV NEDERLAND N.V. - Ceresstraat 1 - 4811 CA - Breda	100.00
INTERBREW INTERNATIONAL B.V. - Ceresstraat 1 - 4811 CA - Breda	100.00
Ukraine	
PJSC SUN InBev Ukraine - 30V Fizkultury St - 03680 - Kyiv	98.29
US	
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

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2014
United Kingdom	
BASS BEERS WORLDWIDE LIMITED - Porter Tun House, 500 Capability Green - LU1 3LS - Luton	100.00
INBEV UK LTD - Porter Tun House, 500 Capability Green - LU1 3LS - Luton	100.00
Uruguay	
CERVECERIA Y MALTERIA PAYSSANDU S.A. - Rambla Baltasar Brum, 2933 - 11800 - Payssandu	61.84
Vietnam	
ANHEUSER-BUSCH INBEV VIETNAM BREWERY COMPANY LIMITED/No.2 VSIP II-A, Street no. 28, Vietnam - Singapore II-A Industrial Park, Tan Uyen District, Binh Duong Province, Vietnam	100.00

Information to our Shareholders

Earnings, dividends, share and share price

	2014	2013	2012	2011	2010
Cash flow from operating activities (US dollar per share)	8.66	8.53	8.29	7.83	6.22
Normalized earnings per share (US dollar per share)	5.43	4.91	4.50	4.04	3.17
Dividend (euro per share)	3.00	2.05	1.70	1.20	0.80
Share price high (euro per share)	94.89	79.60	71.05	47.35	46.33
Share price low (euro per share)	69.14	63.44	46.10	33.85	33.50
Year-end share price (euro per share)	93.86	77.26	65.74	47.31	42.80
Weighted average number of ordinary shares (million shares)	1 634	1 617	1 600	1 595	1 592
Diluted weighted average number of ordinary shares (million shares)	1 665	1 650	1 628	1 614	1 611
Volume of shares traded (million shares)	397	423	486	652	588

Information on the Auditors' Assignments and Related Fees

AB InBev's Statutory auditor is PricewaterhouseCoopers Bedrijfsrevisoren cvba, represented by Yves Vandenplas, engagement partner.

Base fees for auditing the annual financial statements of AB InBev and its subsidiaries are determined by the general meeting of shareholders after review and approval by the company's Audit Committee and Board of Directors.

Fees for 2014 in relation to services provided by PricewaterhouseCoopers Bedrijfsrevisoren amounted to 2 551k US dollar (2013: 3 743k US dollar), which was composed of audit services for the annual financial statements of 1 786k US dollar (2013: 1 864k US dollar), tax services of 171k US dollar (2013: 1 386k US dollar), audit related services of 397k US dollar (2013: 407k US dollar) and other services of 197k US dollar (2013: 86k US dollar). Audit related services mainly relate to services incurred in connection with rights and bonds issuance, interim dividends, responsible drinking certification and capital increases. Tax services mainly relate to services incurred in connection with expat services and other services mainly relate to services incurred in connection with Better World initiatives, all of which have been pre-approved by the company's Audit Committee.

Fees for 2014 in relation to services provided by other offices in the PricewaterhouseCoopers network amounted to 17 935k US dollar (2013: 18 006k US dollar), which was composed of audit services for the annual financial statements of 12 912k US dollar (2013: 11 804k US dollar), tax services of 3 754k US dollar (2013: 5 154k US dollar), audit related services of 167k US dollar (2013: 1 030k US dollar) and other services of 1 102k US dollar (2013: 18k US dollar).

Financial Calendar

Publication of 2014 results	26 February 2015
Annual report 2014 available on www.ab-inbev.com	26 February 2015
General shareholders meeting	29 April 2015
Dividend: ex-coupon date	4 May 2015
Publication of first quarter results	6 May 2015
Publication of half year results	30 July 2015
Publication of third quarter results	30 October 2015

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Excerpt from the AB InBev NV Separate (Non-Consolidated) Financial Statements Prepared in Accordance with Belgian GAAP

The following information is extracted from the separate Belgian GAAP financial statements of AB InBev NV. These separate financial statements, together with the management report of the Board of Directors to the general assembly of shareholders as well as the auditors' report, will be filed with the National Bank of Belgium within the legally foreseen time limits. These documents are also available on request from: AB InBev NV, Brouwerijplein 1, 3000 Leuven.

It should be noted that only the consolidated financial statements as set forth above present a true and fair view of the financial position and performance of the AB InBev group.

Since AB InBev NV is essentially a holding company, which recognizes its investments at cost in its non-consolidated financial statements, these separate financial statements present no more than a limited view of the financial position of AB InBev NV. For this reason, the Board of Directors deemed it appropriate to publish only an abbreviated version of the non-consolidated balance sheet and income statement prepared in accordance with Belgian GAAP as at and for the year ended 31 December 2014.

The statutory auditor's report is unqualified and certifies that the non-consolidated financial statements of AB InBev NV prepared in accordance with Belgian GAAP for the year ended 31 December 2014 give a true and fair view of the financial position and results of AB InBev NV in accordance with all legal and regulatory dispositions.

Abbreviated Non-Consolidated Balance Sheet

Million euro	2014	2013
Assets		
Non-current assets		
Intangible assets	195	197
Property, plant and equipment	87	104
Financial assets	55 805	50 268
	56 087	**50 569**
Current assets	**10 905**	**10 410**
Total assets	**66 992**	**60 979**
Equity and liabilities		
Equity		
Issued capital	1 239	1 238
Share premium	13 186	13 178
Legal reserve	124	124
Reserves not available for distribution	279	38
Reserves available for distribution	242	483
Profit carried forward	20 941	24 084
	36 011	**39 145**
Provisions and deferred taxes	**325**	**166**
Non-current liabilities	**20 242**	**12 925**
Current liabilities	**10 414**	**8 743**
Total equity and liabilities	**66 992**	**60 979**

Abbreviated Non-Consolidated Income Statement

Million euro	2014	2013
Operating income	850	806
Operating expenses	(634)	(474)
Operating result	**216**	**332**
Financial result	2 086	1 417
Impairment financial assets	(628)	–
Result for the year available for appropriation	**1 674**	**1 749**

Glossary

Aggregated weighted nominal tax rate
The aggregated weighted nominal tax rate is based on the statutory corporate income tax rates applicable in the various countries.

Diluted eps
Profit attributable to equity holders of AB InBev divided by the fully diluted weighted average number of ordinary shares.

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

EBIT
Profit from operations.

EBITDA
Profit from operations plus depreciation, amortization and impairment.

EPS
Profit attributable to equity holders of AB InBev divided by the weighted average number of ordinary shares.

Invested capital
Includes property, plant and equipment, goodwill and intangible assets, investments in associates and equity securities, working capital, provisions, employee benefits and deferred taxes.

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

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

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

Non-recurring items
Items of income or expense which do not occur regularly as part of the normal activities of the company.

Normalized
The term "normalized" refers to performance measures (EBITDA, EBIT, Profit, EPS, effective tax rate) before non-recurring items. Non-recurring items are items of income or expense which do not occur regularly as part of the normal activities of the company and which warrant separate disclosure because they are important for the understanding of the underlying results of the company due to their size or nature. AB InBev believes that the communication and explanation of normalized measures is essential for readers of its financial statements to understand fully the sustainable performance of the company. Normalized measures are additional measures used by management and should not replace the measures determined in accordance with IFRS as an indicator of the company's performance.

Normalized diluted EPS
Diluted EPS adjusted for non-recurring items.

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

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

Normalized effective tax rate
Effective tax rate adjusted for non-recurring items.

Normalized EPS
EPS adjusted for non-recurring items.

Normalized profit
Profit adjusted for non-recurring items.

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

Pay out ratio
Gross dividend per share multiplied by the estimated number of ordinary shares outstanding at the dividend record date, divided by normalized profit attributable to equity holders of AB InBev.

Re-measurements of post-employee benefits
Comprised of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest).

Revenue
Gross revenue less excise taxes and discounts.

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

Scope
Financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scopes. A scope represents the impact of acquisitions and divestitures, the start-up or termination of activities or the transfer of activities between segments, curtailment gains and losses and year-over-year changes in accounting estimates and other assumptions that management does not consider as part of the underlying performance of the business.

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

Working capital
Includes inventories, trade and other receivables and trade and other payables, both current and non-current.

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Corporate Governance Statement

Contents

1. Introduction

1.1. The 2009 Belgian Code on Corporate Governance
The corporate governance practices of Anheuser-Busch InBev are reflected in its Corporate Governance Charter, which is available on www.ab-inbev.com/Corporate-governance. The Charter is regularly updated.

As a company incorporated under Belgian law and listed on Euronext Brussels, Anheuser-Busch InBev adheres to the principles and provisions of the Belgian Corporate Governance Code, published in March 2009 (www.corporategovernancecommittee.be).

However, in order to reflect Anheuser-Busch InBev's specific shareholding structure and the global nature of its operations, the Board of directors has adopted certain rules which depart from the Belgian Corporate Governance Code. In summary, these rules are the following:

Principle 5.3./1 (Appendix D) of the Code: "the Board should set up a nomination committee composed of a majority of independent non-executive directors": The Board of directors appoints the chairman and members of the Nomination Committee from among the directors, including at least one member from among the independent directors. As the committee is composed exclusively of non-executive directors who are independent of management and free from any business relationship that could materially interfere with the exercise of their independent judgment, the Board considers that the composition of this committee achieves the Code's aim.

Principle 7.7. of the Code: "Non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock-related, long-term incentive schemes, fringe benefits or pension benefits": The remuneration of the Board members is composed of a fixed fee and a fixed number of stock-options, which makes it simple, transparent and easy for shareholders to understand.

The company's long-term incentive option plan deviates from the Belgian Code on Corporate Governance as it provides for share-based payments to non-executive directors. The Board is of the opinion that the company's share-based incentive compensation is in line with compensation practices of directors at peer companies globally. The successful strategy and sustainable development of the company over the past 10 years demonstrates that the compensation of directors, which includes a fixed number of stock-options, does ensure that the independence of the Board members in their role of guidance and control of the company is preserved, and that the directors' interests remain fully aligned with the long-term interests of the shareholders. In particular, the extension of the vesting period of the options from 3 to 5 years which is applicable as of 2014 should foster a sustainable and long-term commitment to pursue the company's best interests.

It should also be noted that options may only be granted upon the recommendation of the Remuneration Committee. Any such recommendation must be subsequently approved by the Board and then by the shareholders in a general meeting.

Principle 7.13 of the Code: "Schemes under which executive managers are remunerated in shares, share options or any other rights to acquire shares should be subject to prior shareholder approval by way of a resolution at the general shareholders meeting. The approval should relate to the scheme itself and not to the grant of share-based benefits under the scheme to individuals": In order to maintain consistency of benefits granted to executives and to encourage international mobility of executives, an Options Exchange Program was approved by the annual shareholders meeting of 27 April 2010. Under the Exchange Program unvested options can be exchanged against restricted shares. Since the options that could be exchanged under the program have vested on 1 January 2014, the program has been extended to certain options that will vest on 1 January 2019. As a variant to this program, the Board has also approved the early release of the vesting conditions of certain unvested options, provided that the shares that result from the exercise of the options remain locked-up until 31 December 2023. These variations to the original Exchange program were not submitted to the prior approval of the shareholders' meeting, as the Board is of the opinion that they remain fully consistent with the original program and were necessary to enable the strategic relocation of the executives without delay.

1.2. New York Stock Exchange Listing
Further to the New York Stock Exchange listing of American depositary shares ("ADS's") representing ordinary shares of Anheuser-Busch InBev, the New York Stock Exchange Corporate Governance rules for Foreign Private Issuers are applicable to the company. Anheuser-Busch InBev has also registered under the US Securities and Exchange Act of 1934, as amended. As a result, it is also subject to the U.S. Sarbanes-Oxley Act of 2002 and to certain US Securities laws and regulations relating to corporate governance.

1.3. Specific Corporate Governance initiatives
1.3.1. Fostering ethical conduct The Board of directors of Anheuser-Busch InBev encourages management to promote, adhere to and maintain the highest standards of ethical behavior and transparency. Therefore, ethical rules have been established and are reinforced by Anheuser-Busch InBev's internal codes and policies. This fosters responsible business conduct by all employees.

Anheuser-Busch InBev's Code of Business Conduct sets out the ethical standards to which all employees are expected to adhere. It requires employees to comply with all laws, to disclose any relevant conflicts of interests, to act at all times in the best interests of the company and to conduct all their dealings in an honest and ethical manner. The Code of Business Conduct also covers the confidentiality of information, limits on the acceptance of gifts or entertainment, and the appropriate use of the company's property. The Code of Business Conduct is supplemented by the Global Anti-Corruption Policy, which defines employees' responsibilities and expected behavior. It states clearly that Anheuser-Busch InBev's employees are strictly prohibited from, either directly or indirectly, offering, promising, authorizing or giving anything of value to any individual with the aim of obtaining or retaining business or influencing business or governmental decision-making in connection with Anheuser-Busch InBev's commercial activities.

In line with this commitment to integrity, Anheuser-Busch InBev has implemented a whistle-blowing system by means of a Compliance Helpline that provides employees with simple and secure ways to confidentially and, if so desired, anonymously, report activities in violation of the Code of Business Conduct based on a clear policy and applicable legislation.

1.3.2. Demonstrating Anheuser-Busch InBev's commitment to shareholder communication Anheuser-Busch InBev is committed to creating value for its shareholders. The company encourages its shareholders to take an active interest in the company. In support of this objective, it provides quality information, in a timely fashion, through a variety of communication tools. These include annual reports, half-yearly reports, quarterly statements, the Global Citizenship Report, financial results announcements, briefings, and a section that is dedicated to investors on the Anheuser-Busch InBev website.

Anheuser-Busch InBev recognizes that a commitment to disclosure builds trust and confidence with shareholders and the public in general. The company adopted a Disclosure Manual to demonstrate its commitment to best practices in transparency. This manual is designed to ensure that there is full, consistent and timely disclosure of company activities.

1.3.3. Upholding shareholder rights Prior to the annual shareholders' meeting, shareholders are invited to submit any questions they have for the Chairman or the CEO for discussion during the meeting.

The agenda for the shareholders' meeting and all related documents are also posted on the Anheuser-Busch InBev website at least 30 days in advance of any shareholders' meeting. Shareholders have the right to vote on various resolutions related to company matters. If they are unable to attend a meeting, they can submit their votes by mail or appoint a proxy. Minutes of the meetings and results of the votes are posted on the Anheuser-Busch InBev website immediately after the meeting.

1.3.4. Preventing the abuse of inside information The company's Code of Dealing is applicable to all members of the Board of directors of the company and to all employees. The Code of Dealing aims to prevent the abuse of inside information, especially in periods leading up to an announcement of financial results or leading up to price-sensitive events or decisions.

The Code of Dealing prohibits dealing in any shares during a closed period, i.e., a period of 15 days preceding any results announcement of the company. In addition, before dealing in any shares of the company, the members of the Board of directors of the company and the members of its Executive Board of Management must obtain clearance from a Clearance Committee and report back to the committee once the transaction has taken place.

Compliance with the Code of Dealing is reinforced and monitored through the company's Compliance Program.

In accordance with the Belgian regulation on the prevention of market abuse, the company establishes lists of insiders. In addition, pursuant to the same regulation, members of the Executive Board of Management and of the Board of directors notify all their trades to the Belgian Financial Services and Markets Authority, which publishes these notifications on its website.

1.3.5. Corporate Social Responsibility Anheuser-Busch InBev's dream is to be the *Best Beer Company Bringing People Together For a Better World*. In pursuing this dream, the company strives to strike a balance between generating great business results and managing its environmental and social responsibilities. Sustainability is central to the company's culture and embedded in the way the company does business.

Since 2005, Anheuser-Busch InBev has published its annual Global Citizenship Report that outlines its targets and progress made in the following areas:

- responsible drinking;
- environment; and
- community.

The Global Citizenship Report is available on the Anheuser-Busch InBev website, www.ab-inbev.com/social-responsibility/global-citizenship-report, which is a section of the website specifically dedicated to the company's initiatives and achievements related to corporate social responsibility.

2. The Board of Directors

2.1. Structure and composition

The Board of directors currently consists of 14 members, all of whom are non-executives.

The roles and responsibilities of the Board, its composition, structure and organization are described in detail in Anheuser-Busch InBev's Corporate Governance Charter. This Corporate Governance Charter includes the criteria that directors must satisfy to qualify as independent directors.

Directors are appointed for a maximum term of four years, which is renewable. The upper age limit for directors is 70, although exceptions can be made in special circumstances.

The Nomination Committee identifies persons qualified to become Board members and recommends director candidates for nomination by the Board and appointment by the shareholders' meeting. According to the Belgian Companies Code, as amended by the Law of 28 July 2011 on gender diversity on the Board, at least one third of the directors will have to be women as of 1 January 2019. When recommending a candidate for appointment as member of the Board, the Nomination Committee will conduct the search and propose nominations based on merit against objective criteria with due regard for the benefits of diversity on the board, including background, experience, skill sets and gender. Anheuser-Busch InBev will continue its efforts towards fostering gender diversity on its Board in the coming years.

At the annual shareholders' meeting held on 30 April 2014, the mandate of Mr. Kees Storm, Chairman of the Board, and Mr. Mark Winkelman was renewed for a term of 1 year. The mandates of Mr. Alexandre Van Damme, Mr. Grégoire de Spoelberch, Mr. Marcel Herrmann Telles and Mr. Carlos Alberto Sicupira were renewed for a term of 4 years. In addition, Mr. Paulo Lemann was appointed as successor for Mr. Jorge Paulo Lemann for a term of 4 years and Mr. Alexandre Behring was appointed as successor for Mr. Roberto Thompson for a term of 4 years. Mr. Elio Leoni Sceti was appointed as a new additional independent director for a term of 4 years. Finally, further to the completion of the combination with Grupo Modelo S.A.B. de CV on 4 June 2013, Mrs. Maria Asuncion Aramburuzabala and Mr. Valentin Diez Morodo were appointed as non-executive, non-independent directors, for a term of 4 years.

The mandates of Mr. Kees Storm, Chairman of the Board, Mr. Olivier Goudet, Chairman of the Audit Committee, Mr. Paul Cornet de Ways Ruart, Mr. Stéfan Descheemaeker and Mr. Mark Winkelman will come to an end immediately after the annual shareholders' meeting to be held on 29 April 2015. Their mandates are renewable. The proposal of the Board to the shareholders regarding the renewal of these directors, the appointment of any successor or any new additional director will be based on a recommendation of the Nomination Committee and disclosed in the convening notice for the annual shareholders' meeting to be held on 29 April 2015.

The composition of Anheuser-Busch InBev's Board of directors is currently as follows:

Name	Date of birth Nationality	Function	Term started	Term expires
Maria Asuncion Aramburuzabala	°1963, Mexican	Non Executive, Non-Independent director	2014	2018
Alexandre Behring	°1967, Brazilian	Non-Executive director, nominated by the holders of class B Stichting InBev certificates	2014	2018
Paul Cornet de Ways Ruart	°1968, Belgian	Non-Executive director, nominated by the holders of class A Stichting InBev certificates	2011	2015
Stéfan Descheemaeker	°1960, Belgian	Non-Executive director, nominated by the holders of class A Stichting InBev certificates	2008	2015
Grégoire de Spoelberch	°1966, Belgian	Non-Executive director, nominated by the holders of class A Stichting InBev certificates	2007	2018
Valentin Diez Morodo	°1940, Mexican	Non-Executive, Non-Independent director	2014	2018
Olivier Goudet	°1964, French	Non-Executive Independent director	2011	2015
Paulo Lemann	°1968, Brazilian	Non-Executive director, nominated by the holders of class B Stichting InBev certificates	2014	2018
Elio Leoni Sceti	°1966, Italian	Non-Executive Independent director	2014	2018
Carlos Alberto da Veiga Sicupira	°1948, Brazilian	Non-Executive director, nominated by the holders of class B Stichting InBev certificates	2004	2018

Name	Date of birth Nationality	Function	Term started	Term expires
Kees Storm	°1942, Dutch	Non-Executive Independent director	2002	2015
Marcel Herrmann Telles	°1950, Brazilian	Non-Executive director, nominated by the holders of class B Stichting InBev certificates	2014	2018
Alexandre Van Damme	°1962, Belgian	Non-Executive director, nominated by the holders of class A Stichting InBev certificates	1992	2018
Mark Winkelman	°1946, Dutch	Non-Executive Independent director	2004	2015

2.2. Functioning

In 2014, the Board held nine regular meetings and three extraordinary telephonic meetings. Several of the regular meetings were held in the geographical Zones in which the company has operations. On these occasions, the Board was provided with a comprehensive briefing of the relevant geographical Zone and market. These briefings included an overview of performance, key challenges facing the market and the steps being taken to address the challenges. Several of these visits also provided the Board members with the opportunity to meet with employees, trainees, customers and other stakeholders.

Major Board agenda items in 2014 included the long-range plan; achievement of targets; sales figures and brand health; reporting and budget; consolidated results; strategic direction; culture and people, including management succession planning; new and ongoing investment; capital market transactions; external growth and acquisitions; corporate social responsibility and sustainability as well as discussions on governance and Board succession planning.

The average attendance rate at Board meetings in 2014 was 94%.

In 2014, the Board has been assisted by four Committees: the Audit Committee, the Finance Committee, the Remuneration Committee and the Nomination Committee.

The composition of the four Committees is currently as follows:

	Audit Committee	Nomination Committee	Finance Committee	Remuneration Committee
Maria Asuncion Aramburuzabala				
Alex Behring			Member	
Paul Cornet de Ways Ruart				
Stéfan Descheemaeker			Member	
Grégoire de Spoelberch		Member		
Valentin Diez				
Olivier Goudet	**Chairman**			Member
Paulo Lemann			Member	
Elio Leoni Sceti				Member
Carlos Alberto da Veiga Sicupira		Member		
Kees Storm	Member	Member		
Marcel Herrmann Telles		**Chairman**		**Chairman**
Alexandre Van Damme		Member	**Chairman**	
Mark Winkelman	Member		Member	

Audit Committee

In accordance with the requirements of the Belgian Companies Code, the Audit Committee is composed exclusively of non-executive Board members and at least one of its members, i.e. Mr. Olivier Goudet, qualifies as an independent director within the meaning of article 526ter of the Belgian Companies Code. Mr. Goudet 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. He has extensive experience in accounting and audit which he has obtained, among others, as Executive Vice President and Chief Financial Officer of Mars, Incorporated.

Each member of the Audit Committee also qualifies as an independent director under Rule 10A of the US Securities Exchange Act of 1934, as amended.

In 2014, the Audit Committee met ten times. During its meetings, the Committee reviewed the financial statements of the company, the annual report, half-yearly and quarterly statements, as well as related results announcements. The Committee also considered issues arising from internal audits conducted by the group's Internal Audit department and the implementation of the company's Compliance Program. The group's obligations under Sarbanes Oxley, the review of the independence of the external auditor and a quarterly status of significant litigation were some of the other important topics on the agenda of the Committee. The members of the Committee attended all meetings.

Finance Committee
The Finance Committee met four times in 2014. Committee discussions included treasury updates and overall risk management strategy including but not limited to risks related to commodities, interest rates, currencies and liquidity, hedging policies, the debt profile and capital structure of the group, pensions, dividends and the disclosure policy of the company. The members of the Committee attended all meetings.

Nomination Committee
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 appointment by the shareholders' meeting.

The Committee met four times in 2014 and discussions included the nomination of directors for appointment or renewal by the annual shareholders' meeting, management targets, the evaluation of the Board and its committees, the global management trainee program and succession planning for key executive functions. The members of the Committee attended all meetings.

Remuneration Committee
In accordance with the requirements of the Belgian Companies Code, the Remuneration Committee is composed exclusively of non-executive Board members and a majority of its members, i.e. Mr. Olivier Goudet and Mr. Elio Leoni Sceti, qualify as independent directors within the meaning of article 526ter of the Belgian Companies Code.

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 CEO and the Executive Board of Management and on individual remuneration packages of directors, the CEO and members of the Executive Board of Management.

The Committee met four times in 2014 and discussions included achievement of targets, Executive and Board compensation, Executive shares and options schemes, Long Term Incentive grants to directors and special incentives. The members of the Committee attended all meetings.

2.3. Evaluation of the Board and its committees
Annually the Board and its committees perform an evaluation of their performance, at the initiative of the Chairman of the Board with respect to the performance of the Board as a whole and at the initiative of the Chairman of each respective committee with respect to the performance of the Board committees.

The evaluation constitutes a separate agenda item for a physical meeting of the Board or its committee. Attendance of all directors is required during such meeting and discussions take place in executive session in the absence of management. A third party may act as facilitator.

During such meeting, each director is requested to comment on and evaluate the following topics:

- effectiveness of Board and committee operations (e.g. checking that important issues are suitably prepared and discussed, time available for discussion of important policy matters, checking availability and adequacy of pre-read, etc.);
- the qualifications and responsibilities of individual directors (e.g. actual contribution of each director, the director's presence at the meetings and his/her involvement in discussions, impact of changes to the director's other relevant commitments outside the company).
- effectiveness of oversight of management and interaction with management;
- composition and size of the Board and committees. Evaluation will at least take into account the following criteria:
  - director independence: an affirmative determination as to the independence will be made in accordance with the independence criteria published in the Corporate Governance Charter.
  - other commitments of directors: the outside Board commitments of each director enhance experience and perspective of directors, but will be reviewed on a case-by-case basis to ensure that each director can devote proper attention to the fulfillment of his oversight responsibilities.
  - disqualifying circumstances: certain circumstances may constitute a disqualification for membership on the Board (e.g. Board membership of a major supplier, customer or competitor of the company, membership of a federal or regional government). Circumstances will be evaluated on a case-by-case basis to ensure that directors are not conflicted.
  - skills and previous contributions: the company expects that all directors prepare for, attend and participate actively and constructively in all meetings; exercise their business judgment in good faith; focus their efforts on ensuring that the company's business is conducted so as to further the interests of the shareholders; and become and remain well informed about the company, business and economic trends that affect the company and about the principles and practices of sound Corporate Governance.

Following review and discussion of the responses, the Chairman of the Board or the Chairman of the respective committee may table proposals to enhance the performance or effectiveness of the functioning of the Board or of the respective committee. Advice can be requested from a third-party expert.

The evaluation of the Audit Committee is performed at least once a year and is achieved by means of a written process, each member of the committee being requested to comment and provide a numerical rating on a number of questions included in a written questionnaire. Questions in the questionnaire address the composition of the committee, the understanding of the business and its risks, the oversight of financial reporting processes, including internal controls and the oversight of the internal and external audit functions. For significant questions that have obtained a low score on the proposed efficiency scale, an action plan is discussed during a meeting of the committee. The analysis of the questionnaire and the agreed action plan are subsequently presented to the entire Board.

2.4. Certain transactions and other contractual relationships

There are no transactions or other contractual relationships to be reported between the company and its Board members that gave rise to conflicting interests as defined in the Belgian Companies code.

The company is prohibited from making loans to directors, whether for the purpose of exercising options or for any other purpose.

3. Chief Executive Officer and Executive Board of Management

The Chief Executive Officer (CEO) is entrusted by the Board with responsibility for the day-to-day management of the company. The CEO has direct operational responsibility for the entire company. The CEO leads an Executive Board of Management (EBM) which comprises eight global functional heads and six Zone presidents including the Chief Executive Officer of Ambev (Bernardo Pinto Paiva), who reports to the Board of directors of Ambev.

As of 1 January 2015, João Castro Neves, Zone President Latin America North and CEO of Ambev, has been appointed Zone President North America. He has been succeeded by Bernardo Pinto Paiva, AB InBev's Chief Sales Officer. Luiz Fernando Edmond, Zone President North America, has moved to a global role, becoming AB InBev's Chief Sales Officer.

Our Executive Board of Management currently consists of the following members:

Name	Function
Carlos Brito	Chief Executive Officer
Felipe Dutra	Chief Financial and Technology Officer
Claudio Braz Ferro	Chief Supply Officer
Miguel Patricio	Chief Marketing Officer
Sabine Chalmers	Chief Legal and Corporate Affairs Officer
Claudio Garcia	Chief People Officer
Luiz Fernando Edmond	Chief Sales Officer
Tony Milikin	Chief Procurement Officer
Jo Van Biesbroeck	Chief Strategy Officer
Michel Doukeris	Zone President Asia Pacific
Stuart MacFarlane	Zone President Europe
Ricardo Tadeu	Zone President Mexico
Marcio Froes	Zone President Latin America South
João Castro Neves	Zone President North America
Bernardo Pinto Paiva	Zone President Latin America North

4. Internal Control and Risk Management Systems

The Board of directors and the Executive Board of Management are responsible for establishing and maintaining adequate internal controls and risk management systems. Internal control is the process designed to provide reasonable assurance regarding achievement of objectives related to effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Risk management is the process designed to identify potential events that may affect the company and to manage risks to be within its risk appetite.

Without prejudice to the responsibilities of the Board as a whole, the Audit Committee oversees financial and business risk management and discusses the process by which management assesses and manages the company's exposure to those risks and the steps taken to monitor and control such exposure.

The company's major risk factors and uncertainties are described in the Risks and Uncertainties section of the Management report in AB InBev's annual report.

The company has established and operates its internal control and risk management systems based on guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The internal control system is based upon COSO's Internal Control– Integrated Framework of 2013 and its risk management system is based on COSO's Enterprise Risk Management Framework of 2004.

Financial reporting
The Executive Board of Management is responsible for establishing and maintaining adequate internal controls over financial reporting. The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Internal controls over financial reporting include those written policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards;
- provide reasonable assurance that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Executive Board of Management assessed the effectiveness of the company's internal control over financial reporting as of 31 December 2014. As indicated above, management based this assessment on criteria for effective internal control over financial reporting described in "*Internal Control — Integrated Framework*" issued by COSO in May 2013. The assessment included an evaluation of the design of the company's internal control over financial reporting and testing of its operational effectiveness. Based on this assessment, the Executive Board of Management determined that, as of 31 December 2014, the company maintained effective internal control over financial reporting.

The Board of directors and the Audit Committee reviewed the Executive Board of Management's assessment. The review related among other things to ensuring that there are no significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information, and to the existence of 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.

In addition, as a result of the listing of Anheuser-Busch InBev on the New York Stock Exchange, the company must adhere to Section 404 of the U.S. Sarbanes-Oxley Act of 2002. As a consequence, the company is required to provide on a yearly basis a management report on the effectiveness of the company's internal control over financial reporting, as described in the Section and the rules implementing such act. Management's report and the Statutory Auditor's related opinion regarding the company's relevant financial year, will be included in the company's Annual Report on Form 20-F for such year, which is required to be filed with the U.S. Securities and Exchange Commission.

Internal Audit
The company has a professional and independent internal audit department. The appointment of the Head of internal audit is reviewed by the Audit Committee. The Audit Committee reviews internal audit's risk assessment and annual audit plan and regularly receives internal audit reports for review and discussion.

Internal control deficiencies identified by internal audit are communicated in a timely manner to management and periodic follow-up is performed to ensure corrective action has been taken.

Compliance
Anheuser-Busch InBev has a Compliance Program which fosters a culture of ethics, integrity and lawful behavior in the company. This program is based upon the Code of Business Conduct and the Anti-Corruption Policy, which are available on the company's website and intranet. The Compliance Program further ensures compliance with applicable laws and regulations and the obtaining of an annual certification by management of compliance with the Code of Business Conduct.

A set of internal controls has been implemented and is periodically assessed at the Global and Local Compliance Committees, the Audit Committee and within the framework of internal audit.

The Global Compliance Committee, chaired by the Chief Legal & Corporate Affairs Officer, assesses regulatory and ethical compliance risks for the company from a global perspective and provides strategic direction for the activities of the compliance function. On a bi-monthly basis, the Global Compliance Committee reviews the operation of the Compliance Program and follows-up on the results of the reports submitted through the company's Compliance Helpline (whistle-blowing platform). In addition to the Global Compliance Committee, each Zone has its own Local Compliance Committee, which addresses local compliance matters.

The Audit Committee reviews the operation of the Compliance Program and the results of any compliance reviews or reports submitted through the company's global Compliance Helpline. On a regular basis, the Audit Committee also reviews the significant legal, compliance and regulatory matters that may have a material effect on the financial statements or the company's business, including material notices to or inquiries received from governmental agencies.

Reinforcing the company's firm commitment to a culture of compliance, a dedicated Compliance team has been created.

The Compliance Program is ranked in the 2014 Transparency International report, *Transparency in Corporate Reporting* (www.transparency.org), which evaluates the transparency of corporate reporting by the world's 124 largest publicly listed companies. The report assesses the disclosure practices of companies a.o. with respect to their anti-corruption programs.

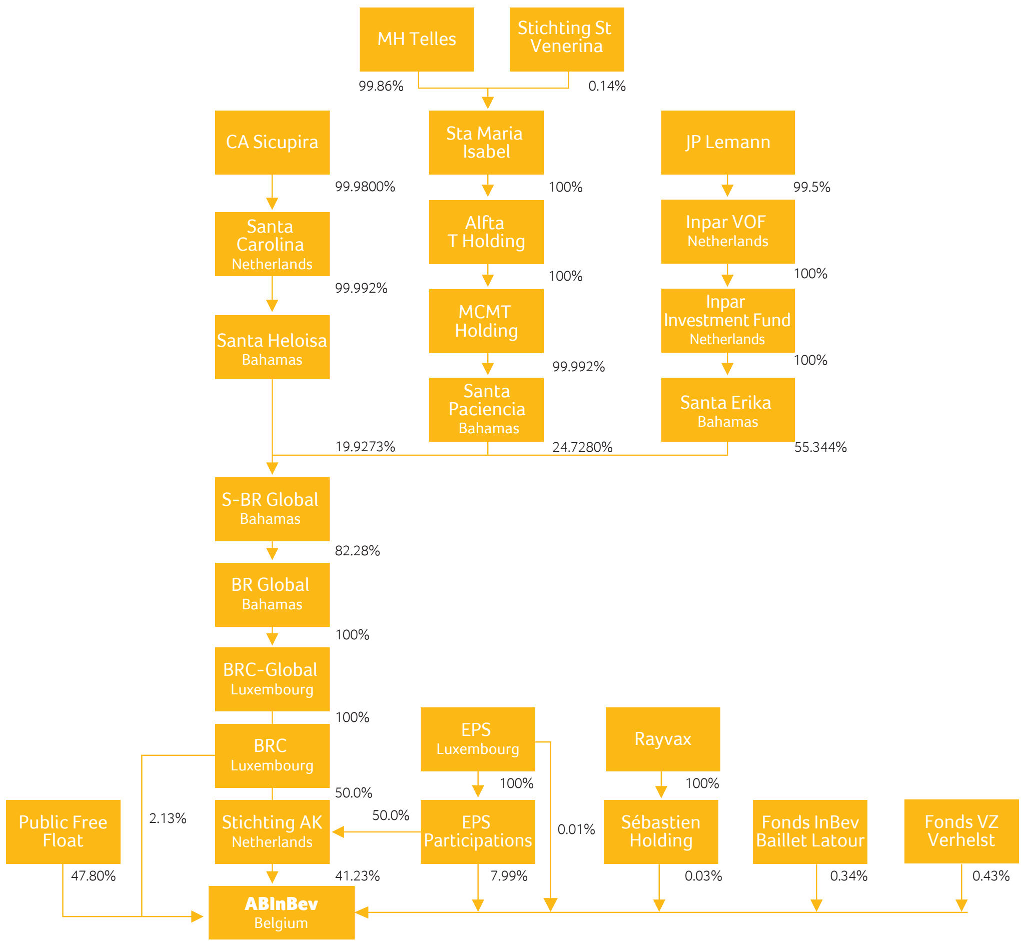
5. Shareholders Structure

5.1. Shareholders' structure

The following table shows the shareholders' structure on the date specified below based on the notifications made to the company and to the Belgian Financial Services and Markets Authority ("FSMA") by the shareholders specified below according to article 6 of the Belgian law of 2 May 2007 on the notification of significant shareholdings and according to article 74 of the Belgian law of 1 April 2007 on public take-over bids or based on information included in public filings with the US Securities and Exchange Commission. The first ten entities mentioned in the table act in concert and hold 838,902,092 ordinary shares of the company, representing 52.16% of the voting rights as of 31 December 2014.

Shareholder	Number of shares	Percentage of voting rights	Date last notification
1. Stichting Anheuser-Busch InBev, stichting administratiekantoor under Dutch law	663,074,831	41.23%	31 December 2014
2. Eugénie Patri Sébastien (EPS) SA under Luxembourg law, affiliated to Stichting Anheuser-Busch InBev that it jointly controls with BRC Sàrl under Luxembourg law	100,000	0.01%	31 December 2014
3. EPS Participations Sàrl under Luxembourg law, affiliated to EPS, its parent company	128,437,141	7.99%	31 December 2014
4. Rayvax Société d'Investissements SA under Belgian law	10	< 0.01%	31 December 2014
5. Sébastien Holding SA under Belgian law, affiliated to Rayvax Société d'Investissements, its parent company	484,794	0.03%	31 December 2014
6. BRC Sàrl under Luxembourg law, affiliated to Stichting Anheuser-Busch InBev that it jointly controls with EPS SA under Luxembourg law	34,322,236	2.13%	31 December 2014
7. Stichting Fonds InBev – Baillet Latour	0	0.00%	31 December 2014
8. Fonds InBev – Baillet Latour sprl with a social purpose under Belgian law affiliated to Stichting Fonds InBev-Baillet Latour under Dutch law, that controls it	5,485,415	0.34%	31 December 2014
9. Fonds Verhelst sprl with a social purpose	0	0.00%	31 December 2014
10. Fonds Voorzitter Verhelst sprl with a social purpose under Belgian law affiliated to Fonds Verhelst sprl with a social purpose under Belgian law, that controls it	6,997,665	0.43%	31 December 2014
11. Anheuser-Busch InBev SA/NV under Belgian law	356,336	0.02%	31 December 2014
12. Brandbrew SA under Luxembourg law, affiliated to Anheuser-Busch InBev SA/NV that controls it	525,894	0.03%	31 December 2014
13. Capital Research & Management Cy, California, USA	47,828,428	2.98%	3 February 2011
14. Janus Capital Management LLC, Colorado, USA	46,872,867	2.92%	23 March 2010
15. Fidelity Management & Research LLC, Massachusetts, USA	48,561,873	3.03%	16 September 2009
16. BlackRock, Inc., New York, USA	undisclosed	< 3.00%	25 February 2014

The following chart shows the structure of the controlling shareholders of Anheuser-Busch InBev SA/NV acting in concert (situation as at 31 December 2014).



1. Shareholders' structure as at 31 December 2014 based on information provided to Anheuser-Busch InBev by those shareholders who are compelled to disclose their shareholdings pursuant to the Belgian law of 2 May 2007 on the notification of significant shareholdings, article 74 of the Belgian law of 1 April 2007 on public take-over bids and the Articles of Association of the Company or based on information included in public filings with the US Securities and Exchange Commission.
2. A Shareholders Agreement between EPS, EPS Participations, BRC and Stichting Anheuser-Busch InBev provides for equal voting and control rights of BRC and EPS over Stichting Anheuser-Busch InBev and, indirectly, over Anheuser-Busch InBev shares held by it.
3. The Stichting Anheuser-Busch InBev, BRC, EPS, EPS Participations, Rayvax, Sébastien Holding, Fonds InBev Baillet Latour and Fonds Voorzitter Verhelst act in concert.
4. Anheuser-Busch InBev and its subsidiary, Brandbrew, together hold 0.05% of the company's shares as at 31 December 2014.

5.2. Shareholders' arrangements

In connection with the combination of Interbrew with Ambev, BRC, EPS, Rayvax Société d'investissements SA ("Rayvax") and the Stichting Anheuser-Busch InBev ("Stichting") entered into a shareholders' agreement on 2 March 2004 which provides for BRC and EPS to hold their interests in Anheuser-Busch InBev through the Stichting (except for approximately 128 million shares that are held directly or indirectly by EPS and except for approximately 34 million shares that are held by BRC as of 31 December 2014). The shareholders agreement was amended and restated on 9 September 2009. On 18 December 2013, EPS contributed its shares in Anheuser-Busch InBev and its certificates in Stichting Anheuser-Busch InBev to EPS Participations Sàrl ("EPS Participations"), under Luxemburg law, with the exception of 100,000 Anheuser-Busch InBev shares. Subsequently, EPS Participations joined the concert constituted by EPS, Rayvax, BRC and the Stichting and adhered to the shareholders' agreement. On 18 December 2014, the Stichting, BRC, EPS, EPS Participations and Rayvax entered into a new shareholders' agreement that replaced the previous shareholders' agreement of 2009. On 16 January 2015, EPS transferred one Anheuser-Busch InBev share to the Stichting for certification by the latter, so that on 16 January 2015, the Stichting held 663,074,832 Anheuser-Busch InBev shares and EPS held 99,999 Anheuser-Busch InBev shares.

The shareholders' agreement addresses, among other things, certain matters relating to the governance and management of the Stichting and Anheuser-Busch InBev as well as (i) the transfer of the Stichting certificates and (ii) the decertification and re-certification process of the Anheuser-Busch InBev shares and the circumstances in which the Anheuser-Busch InBev shares held by the Stichting may be de-certified and/or pledged at the request of BRC, EPS or EPS Participations. As of 16 January 2015, BRC held 331,537,416 class B Stichting certificates (indirectly representing 331,537,416 shares), EPS held 1 class A Stichting certificate (indirectly representing 1 share) and EPS Participations held 331,537,415 class A Stichting certificates (indirectly representing 331,537,415 shares).

Pursuant to the terms of the shareholders' agreement, BRC and EPS jointly and equally exercise control over the Stichting and the Anheuser-Busch InBev shares held by it. Among other things, BRC and EPS have agreed that the Stichting will be managed by an eight member Board of directors and that each of BRC and EPS will have the right to appoint four directors to the Stichting Board. At least seven of the eight Stichting directors must be present or represented in order to constitute a quorum, and any action to be taken by the Stichting Board 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. Subject to certain exceptions, all decisions of the Stichting with respect to the Anheuser-Busch InBev shares it holds, including how its Anheuser-Busch InBev shares will be voted at all shareholders' meetings of Anheuser-Busch InBev will be made by the Stichting Board.

The shareholders' agreement requires the Stichting Board to meet prior to each shareholders' meeting of Anheuser-Busch InBev to determine how the shares held by the Stichting will be voted.

The shareholders' agreement provides for restrictions on the ability of BRC and EPS Participations to transfer their Stichting certificates (and consequently the Anheuser-Busch InBev shares held by the Stichting).

In addition, the shareholders' agreement also requires EPS, EPS Participations, BRC and Rayvax, as well as any other potential holder of certificates issued by the Stichting, to vote their Anheuser-Busch InBev shares in the same manner as the Anheuser-Busch InBev shares held by the Stichting. The abovementioned persons are also required to use their best efforts so that their permitted transferees under the shareholders' agreement, whose shares are not held through the Stichting and who have decided to attend a shareholders' meeting of Anheuser-Busch InBev, vote their Anheuser-Busch InBev shares in the same manner as the Anheuser-Busch InBev shares held by the Stichting and to effect any free transfers of their Anheuser-Busch InBev shares in an orderly manner of disposal that does not disrupt the market for the Anheuser-Busch InBev shares and in accordance with any conditions established by Anheuser-Busch InBev to ensure such orderly disposal. In addition, under the shareholders' agreement, EPS, EPS Participations and BRC agree not to acquire any shares of capital stock of Ambev, subject to limited exceptions.

Pursuant to the shareholders' agreement, the Stichting Board proposes to Anheuser-Busch InBev's shareholders' meeting for approval the nomination of eight directors, among which each of BRC and EPS have the right to nominate four directors. In addition, the Stichting Board proposes the nomination of three to six directors to Anheuser-Busch InBev's board who are independent of Anheuser-Busch InBev's shareholders.

The shareholders' agreement will remain in effect for an initial term until 27 August 2024. Thereafter, it will be automatically renewed for successive terms of 10 years each unless, not later than two years prior to the expiration of the initial or any successive 10-year term, either party notifies the other of its intention to terminate the shareholders' agreement.

In addition, the Stichting has entered into a voting agreement with Fonds InBev Baillet Latour SPRL with social purpose and Fonds Voorzitter Verhelst BVBA with social purpose. This agreement provides for consultations between the three bodies before any shareholders' meeting to decide how they will exercise the voting rights attached to the shares. This agreement will expire on 16 October 2016, but is renewable.

6. Items to be disclosed pursuant to article 34 of the Belgian Royal Decree of 14 November 2007

According to article 34 of the Belgian Royal Decree of 14 November 2007, Anheuser-Busch InBev hereby discloses the following items:

6.1. Capital structure and authorizations granted to the Board
The share capital of the company is represented by ordinary shares.

Anheuser-Busch InBev may increase or decrease its share capital with the specific approval of a shareholders' meeting. The shareholders may also authorize the Board of directors to increase the share capital. Such authorization must be limited in time and amount. In either case, the shareholders' approval or authorization must satisfy the quorum and majority requirements applicable to amendments to the articles of association. On 30 April 2014, the shareholders authorized the Board of directors to increase the share capital of Anheuser-Busch InBev to an amount not to exceed 3% of the total number of shares issued and outstanding on 30 April 2014 (i.e. 1,608,242,156). This authorization has been granted for a period of 5 years. It can be used for several purposes, including when sound management of the company's business would call for a restructuring, an acquisition of shares or assets in one or more companies, or generally, an increase in Anheuser-Busch InBev's equity.

Anheuser-Busch InBev's Board of directors has been authorized by the shareholders' meeting to acquire, on or outside the stock exchange, Anheuser-Busch InBev shares up to maximum 20% of the issued shares for a unitary price which will not be lower than 1 Euro and not higher than 20% above the highest closing price in the last 20 trading days preceding the transaction. This authorization is valid for 5 years from 30 April 2014.

6.2. Transfer of shares and shareholders' arrangements
Each share entitles the holder to one vote. The articles of association of the company do not contain any restriction on the transfer of the shares. Please refer to the sections above on the Shareholders' structure and arrangements.

6.3. Significant agreements or securities that may be impacted by a change of control on the company

1. **Warrants under the long-term incentive plan.** Until 2013, Anheuser-Busch InBev has issued, on a regular basis, warrants/subscription rights under its long-term incentive plan for the benefit of its Board members and, until 2007, for the benefit of the members of its Executive Board of Management and other senior employees (the "LTI"). Pursuant to the terms and conditions of the LTI, in the event of a modification, as a result of a public bid or otherwise, of the (direct or indirect) control (as defined under Belgian law) exercised over Anheuser-Busch InBev, the holders of warrants shall have the right to exercise them within one month of the date of change of control, irrespective of exercise periods/limitations provided by the plan. Subscription rights not exercised within such time period shall again be fully governed by the normal exercise periods/limitations provided by the plan.

   On 30 April 2014, the annual shareholders meeting decided that all the outstanding LTI warrants were automatically converted into LTI stock options, i.e. the right to purchase existing shares instead of the right to subscribe to newly-issued shares, with effect on 1 May 2014. Accordingly, all subscription rights outstanding on 1 May 2014 have become without object, with effect on the same date. The terms and conditions of the replacement LTI stock options are identical to those of the subscription rights, including regarding the exercise price and the exercise conditions and periods, except to the extent strictly needed to take into account that existing shares instead of new shares will be delivered. Currently in aggregate, there are 1.09 million LTI stock options outstanding under the plan, entitling holders to purchase the same number of existing ordinary shares of Anheuser-Busch InBev.

2. **USD 13,000,000,000 Senior Facilities Agreement.** In accordance with Article 556 of the Belgian Companies Code, the shareholders meeting of Anheuser-Busch InBev approved on 27 April 2010, (i) Clause 17 (*Mandatory Prepayment*) of the USD 13,000,000,000 Senior Facilities Agreement dated 26 February 2010 entered into by the company and Anheuser-Busch InBev Worldwide Inc. as original borrowers, the original guarantors and original lenders listed therein, Bank 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 and Investment Banking, and The Bank of Tokyo-Mitsubishi UFJ, LTD. as mandated lead arrangers and bookrunners and Fortis Bank SA/NV as agent and issuing bank (as amended and/or amended and restated from time to time) (the "2010 Senior Facilities Agreement") and (ii) any other provision of the 2010 Senior Facilities Agreement granting rights to third parties which could affect the company's assets or could impose an obligation on the Company where in each case the exercise of those rights is dependent on the launch of a public take-over bid over the shares of the company or on a "Change of Control" (as defined in the 2010 Senior Facilities Agreement). Pursuant to the 2010 Senior Facilities Agreement (a) "*Change of Control*" means "*any person or group of persons acting in concert (in each case other than Stichting InBev or any existing direct or indirect certificate holder or certificate holders of Stichting InBev or any person or group of persons acting in concert with any such persons) gaining Control of the company*", (b) "*acting in concert*" means "*a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company*" and (c) "*Control*" means, in respect of the company, the "*direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise*" .

   Clause 17 of the 2010 Senior Facilities Agreement grants, in essence, to any lender under the 2010 Senior Facilities Agreement, upon a Change of Control over the company, the right (i) not to fund any loan or letter of credit (other than a rollover loan meeting certain conditions) and (ii) (by not less than 30 days written notice) to cancel its undrawn commitments and require repayment of its participations in the loans or letters of credit, together with accrued interest thereon, and all other amounts owed to such lender under the 2010 Senior Facilities Agreement (and certain related documents).

   As of 31 December 2014, out of the USD 13,000,000,000, USD 0 billion remains outstanding under the 2010 Senior Facilities Agreement.

3. **EMTN Programme.** In accordance with article 556 of the Belgian Companies Code, the shareholders' meeting of Anheuser-Busch InBev approved on 24 April 2013 (i) Condition 7.5. of the Terms & Conditions (Redemption at the Option of the Noteholders (Change of Control Put)) of the 15,000,000,000 Euro updated Euro Medium Term Note Programme dated 16 May 2012 of Anheuser-Busch InBev SA/NV and Brandbrew SA (the "Issuers") and Deutsche Bank AG, London Branch, acting as Arranger, which may be applicable in the case of Notes issued under the Programme (the "EMTN Programme"), (ii) any other provision in the EMTN Programme granting rights to third parties which could affect the company's assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on

the occurrence of a "Change of Control" (as defined in the Terms & Conditions of the EMTN Programme). Pursuant to the EMTN Programme, (a) "*Change of Control*" means "*any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the company provided that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the company with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the company*", (b) "*acting in concert*" means "*a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company*", and (c) "*Control*" means the "*direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise*".

If a Change of Control Put is specified in the applicable Final Terms of the concerned notes, Condition 7.5. of the Terms & Conditions of the EMTN Programme grants, to any holder of such notes, in essence, the right to request the redemption of his notes at the redemption amount specified in the Final Terms of the notes, together, if appropriate, with interest accrued, upon the occurrence of a Change of Control and a related downgrade of the notes to sub-investment grade.

The change of control provision above is included in the Final Terms of:

- the 750,000,000 Euro 7.375% Notes due 2013 (*Redeemed on 30 January 2013*), the 600,000,000 Euro 8.625% Notes due 2017 and the GBP 550,000,000 9.75% Notes due 2024, each issued by the company in January 2009;
- the 750,000,000 Euro 6.57% Notes due 2014, issued by the company in February 2009 (*Redeemed on 27 February 2014*);
- the 50,000,000 Euro FRN Notes that bear an interest at a floating rate of 3 month EURIBOR plus 3.90%, issued by the company in April 2009 (*Redeemed on 9 April 2014*);
- the CHF 600,000,000 4.50% Notes due 2014 *(Redeemed on 11 June 2014)*, issued by Brandbrew SA in June 2009 (with a guarantee by the company);
- the 250,000,000 Euro 5.75% Notes due 2015 and the GBP 750,000,000 6.50% Notes due 2017, each issued by the company in June 2009; and
- the 750,000,000 Euro 4% Notes due 2018, issued by the company in April 2010.

The series of Notes referred to in the above paragraph were issued pursuant to the 10,000,000,000 Euro initial Euro Medium Term Note Programme dated 16 January 2009 or the 15,000,000,000 Euro updated Euro Medium Term Note Programme dated 24 February 2010 (as applicable). The relevant change of control provisions contained in the Final Terms of such series of Notes were submitted to, and approved by, the shareholders meetings of Anheuser-Busch InBev held on 28 April 2009 and 27 April 2010, respectively.

There is no change of control clause included in the Final Terms of any series of Notes issued pursuant to the EMTN Programme by the company and/or Brandbrew SA after April 2010.

As a result of the update of the EMTN Programme on 22 August 2013 the Terms & Conditions of the updated EMTN Programme no longer provide for a Redemption at the option of the Noteholders (Change of Control Put).

4. **US Dollar Notes.** In accordance with article 556 of the Belgian Companies Code, the shareholders meeting of Anheuser-Busch InBev approved on 26 April 2011 (i) the Change of Control Clause of the USD 3,250,000,000 Notes issued on 29 and 26 March 2010, consisting of USD 1,000,000,000 2.50% Notes due 2013, USD 750,000,000 3.625% Notes due 2015, USD 1,000,000,000 5.00% Notes due 2020 and USD 500,000,000 Floating Rate Notes due 2013 (the "*Unregistered Notes issued in March 2010*"), (ii) the Change of Control Clause of the USD 3,250,000,000 Registered Notes issued in September 2010, consisting of USD 1,000,000,000 2.50% Notes due 2013 (Redeemed on 26 March 2013), USD 750,000,000 3.625% Notes due 2015, USD 1,000,000,000 5.00% Notes due 2020 and USD 500,000,000 Floating Rate Notes due 2013 (*Redeemed on 26 March 2013*) and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in March 2010, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the U.S. on 5 August 2010 and expired on 2 September 2010 (the "*Registered Notes issued in September 2010*"), (iii) the Change of Control Clause of the USD 8,000,000,000 Registered Notes issued in March 2011, consisting of USD 1,250,000,000 7.20% Notes due 2014 (*Redeemed on 20 June 2011*), USD 2,500,000,000 7.75% Notes due 2019 and USD 1,250,000,000 8.20% Notes due 2039, USD 1,550,000,000 5.375% Notes due 2014 (*Redeemed on 15 November 2014*), USD 1,000,000,000 6.875% Notes due 2019 and USD 450,000,000 8.00% Notes due 2039 and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in January 2009 and of the corresponding Unregistered Notes issued in May 2009, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the U.S. on 11 February 2011 and expired on 14 March 2011 (the "*Registered Notes issued in March 2011*"), whereby each of the Unregistered Notes issued in March 2010, the Registered Notes issued in September 2010 and the Registered Notes issued in March 2011 were issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV, and (iv) any other provision applicable to the Unregistered Notes issued in March 2010, the Registered Notes issued in September 2010 and the Registered Notes issued in March 2011 granting rights to third parties which could affect the company's assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on the launch of a public take-over bid over the shares of the company or on a "Change of Control" (as defined in the Offering Memorandum with respect to the Unregistered Notes, as the case may be, and in the Registration Statement with

respect to the Registered Notes). Pursuant to the Offering Memorandum and Registration Statement (a) "*Change of Control*" means "*any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the company provided that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the company with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the company*", (b) "*Acting in concert*" means "*a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company*", and (c) "*Control*" means the "*direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise*".

The Change of Control clause grants to any Noteholder, in essence, the right to request the redemption of his Notes at a repurchase price in cash of 101% of their principal amount (plus interest accrued) upon the occurrence of a Change of Control and a related downgrade in the Notes to sub-investment grade.

A similar change of control provision was approved by the shareholders' meeting of Anheuser-Busch InBev on 28 April 2009 with respect to:

- the USD 5,000,000,000 Notes, consisting of USD 1,250,000,000 7.20% Notes due 2014 (*Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011 and redeemed on 20 June 2011*), USD 2,500,000,000 7.75% Notes due 2019 and USD 1,250,000,000 8.20% Notes due 2039, each issued in January 2009 by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV (the "*Unregistered Notes issued in January 2009*").

A similar change of control provision was approved by the shareholders' meeting of Anheuser-Busch InBev on 27 April 2010 with respect to:

- the USD 3,000,000,000 Notes issued in May 2009, consisting of USD 1,550,000,000 5.375% Notes due 2014 (*Exchanged for Registered Notes in an exchange offer that closed on 14 March 2011 and redeemed on 15 November 2014*), USD 1,000,000,000 6.875% Notes due 2019 and USD 450,000,000 8.00% Notes due 2039 (the "*Unregistered Notes issued in May 2009*") each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV.
- the USD 5,500,000,000 Notes issued in October 2009, consisting of USD 1,500,000,000 3.00% Notes due 2012 (*Exchanged for Registered Notes in an exchange offer that closed on 05 February 2010 and redeemed on 15 October 2012*), USD 1,250,000,000 4.125% Notes due 2015, USD 2,250,000,000 5.375% Notes due 2020 and USD 500,000,000 6.375% Notes due 2040 (the "*Unregistered Notes issued in October 2009*") each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV.
- the USD 5,500,000,000 Registered Notes issued in February 2010, consisting of USD 1,500,000,000 3% Notes due 2012 (*Redeemed on 15 October 2012*), USD 1,250,000,000 4.125% Notes due 2015, USD 2,250,000,000 5.375% Notes due 2020 and USD 500,000,000 6.375 % Notes due 2040 and offered in exchange for corresponding amounts of the corresponding Unregistered Notes issued in October 2009, in accordance with a US Form F-4 Registration Statement pursuant to an exchange offer launched by Anheuser-Busch InBev Worldwide Inc. in the US on 8 January 2010 and expired on 5 February 2010 (the "*Registered Notes issued in February 2010*") each issued by Anheuser-Busch InBev Worldwide Inc. with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV.

5. **Notes issued under Anheuser-Busch InBev's Shelf Registration Statement filed on Form F-3.** In accordance with article 556 of the Belgian Companies Code, the shareholders' meeting of Anheuser-Busch InBev has approved on 26 April 2011 (i) the Change of Control Clause of the Brazilian real ("BRL") 750,000,000 9.750% Registered Notes due 2015 issued on 17 November 2010 by Anheuser-Busch InBev Worldwide Inc. under Anheuser-Busch InBev's Shelf Registration Statement filed on Form F-3 on 21 September 2010 (with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV) and (ii) any other provision applicable to the Registered Notes granting rights to third parties which could affect the company's assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on the launch of a public take-over bid over the shares of the company or on a "Change of Control" (as defined in the Prospectus Supplement dated 9 November 2010 to the Prospectus dated 21 September 2010). Pursuant to the Prospectus Supplement (a) "*Change of Control*" means "*any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the company provided that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the company with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the company*", (b) "*Acting in concert*" means "*a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company*", and (c) "*Control*" means the "*direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise*". The Change of Control clause grants to any Noteholder, in essence, the right to request the redemption of his Notes at a repurchase price in cash of 101% of their principal amount (plus interest accrued) upon the occurrence of a Change of Control and a related downgrade in the Notes to sub-investment grade.

For the sake of completeness, there is no Change of Control Clause applicable to Notes issued under Anheuser-Busch InBev's Shelf Registration Statement filed on Form F-3 (with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV) as from January 2011.

6. **CAD Dollar Notes issued via a Canadian Private Placement.** In accordance with Article 556 of the Belgian Companies Code, the shareholders' meeting of Anheuser-Busch InBev approved on 26 April 2011 (i) the Change of Control Clause of the CAD 600,000,000 3.65% Notes due 2016 issued on 08 December 2010 via a Canadian Private Placement by Anheuser-Busch InBev Worldwide Inc. (with an unconditional and irrevocable guarantee as to payment of principal and interest from Anheuser-Busch InBev SA/NV) and (ii) any other provision applicable to the Notes granting rights to third parties which could affect the company's assets or could impose an obligation on the company where in each case the exercise of those rights is dependent on the launch of a public take-over bid over the shares of the company or on a "Change of Control" (as defined in the Offering Memorandum dated 08 December 2010). Pursuant to the Offering Memorandum (a) "*Change of Control*" means "*any person or group of persons acting in concert (in each case other than Stichting Anheuser-Busch InBev or any existing direct or indirect certificate holder or certificate holders of Stichting Anheuser-Busch InBev) gaining Control of the company provided that a change of control shall not be deemed to have occurred if all or substantially all of the shareholders of the relevant person or group of persons are, or immediately prior to the event which would otherwise have constituted a change of control were, the shareholders of the company with the same (or substantially the same) pro rata interests in the share capital of the relevant person or group of persons as such shareholders have, or as the case may be, had, in the share capital of the company*", (b) "*Acting in concert*" means "*a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the company by any of them, either directly or indirectly, to obtain Control of the company*", and (c) "*Control*" means the "*direct or indirect ownership of more than 50 per cent of the share capital or similar rights of ownership of the company or the power to direct the management and the policies of the company whether through the ownership of share capital, contract or otherwise*". The Change of Control clause grants to any Noteholder, in essence, the right to request the redemption of his Notes at a repurchase price in cash of 101% of their principal amount (plus interest accrued) upon the occurrence of a Change of Control and a related downgrade in the Notes to sub-investment grade.

7. Anheuser-Busch InBev's soft drinks business consists of both own production and agreements with PepsiCo related to bottling and distribution arrangements between various Anheuser-Busch InBev subsidiaries and PepsiCo. Ambev, which is a subsidiary of Anheuser-Busch InBev, is one of PepsiCo's largest bottlers in the world. Major brands that are distributed under these agreements are Pepsi, 7UP and Gatorade. Ambev has long-term agreements with PepsiCo whereby Ambev was granted the exclusive right to bottle, sell and distribute certain brands of PepsiCo's portfolio of CSDs in Brazil. The agreements will expire on 31 December 2017 and are automatically extended for additional ten-year terms, unless terminated prior to the expiration date by written notice by either party at least two years prior to the expiration of their term or on account of other events, such as a change of control or insolvency of, or failure to comply with material terms or meet material commitments by, the relevant AB InBev subsidiary.

7. Remuneration Report

This report was approved by the Remuneration Committee during its meeting of 24 February 2015.

7.1. Remuneration of directors

7.1.1. Approval Procedure The Remuneration Committee recommends the level of remuneration for directors, including the Chairman of the Board. These recommendations are subject to approval by the Board and, subsequently, by the 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.

The Remuneration Committee consists of three members appointed by the Board, all of whom are non-executive directors. Currently, the Chairman of the Committee is a representative of the controlling shareholders and the two other members meet the requirements of independence as established in our Corporate Governance Charter and by the Belgian Companies Code. The CEO and the Chief People Officer are invited to the meetings of the Committee.

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 CEO and the Executive Board of Management and on their individual remuneration packages. The Committee ensures that the CEO 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 the company's compensation policy which will be based on meritocracy and a sense of ownership with a view to aligning the interests of its employees with the interests of all shareholders.

The Committee meets four times a year and more often if required and is convoked by its Chairman or at the request of at least 2 of its members. The Committee holds the majority of its physical meetings in Belgium.

The composition, functioning and specific responsibilities of the Remuneration Committee are set forth in the terms of reference of the Committee, which are part of our Corporate Governance Charter.

7.1.2. Remuneration policy applied in 2014 Remuneration is linked to the time committed to the Board and its various committees. The base annual fee amounted to 75,000 Euro in 2014 based on attendance at ten Board meetings. The fee is supplemented with an amount of 1,500 Euro for each additional physical Board or committee meeting. The Chairman's fee is double that of other directors. The Chairman of the Audit Committee is entitled to a fee which is 30% higher than the fee of the other directors.

Before 2014, Board members were granted a limited, pre-determined number of warrants under the company's 1999 long-term incentive warrant plan ("LTI Warrant Plan"). The number of warrants granted annually amounted to 15,000 since 2009. The Chairman was granted twice this amount and the Chairman of the Audit Committee received 20,000 warrants. Each LTI warrant gives its holder the right to subscribe for one newly issued share. Shares subscribed for upon the exercise of LTI warrants are ordinary Anheuser-Busch InBev SA/NV shares. Holders of such shares have the same rights as any other shareholder. The exercise price of LTI warrants is equal to the average price of our shares on Euronext Brussels during the 30 days preceding their issue date. LTI warrants granted in the years prior to 2007 (except for 2003) have a duration of 10 years. From 2007 onwards (and in 2003) LTI warrants have a duration of 5 years. LTI warrants are subject to a vesting period ranging from one to three years. Forfeiture of a warrant occurs in certain circumstances when the mandate of the holder is terminated.

At the annual shareholders' meeting of 30 April 2014, all outstanding LTI warrants have been 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 outstanding LTI warrants remain unchanged.

The shareholders' meeting of 30 April 2014 has also decided to replace the LTI Warrant Plan by a long-term incentive stock option plan for directors and confirmed that all LTI grants to directors will be in the form of stock options on existing shares with the following features:

- an exercise price that is set equal to the market price of the share at the time of granting;
- a maximum lifetime of 10 years and an exercise period that starts after 5 years; and
- 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.

In line with this decision, the shareholders' meeting of 30 April 2014 granted each Board member 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 20,000 LTI stock options. The LTI stock options have an exercise price of 80,83 Euro per share which is the closing price of the Anheuser-Busch InBev share on the day preceding the grant date, i.e. on 29 April 2014. The LTI stock options have a lifetime of 10 years and cliff vest after 5 years, i.e. on 30 April 2019.

The company's long-term incentive plan deviates from the Belgian Code on Corporate Governance as it provides for share-based payments to non-executive directors. The Board is of the opinion that the company's share-based incentive compensation is in line with compensation practices of directors at peer companies. The successful strategy and sustainable development of the company over the past 10 years demonstrates that the compensation of directors, which includes a fixed number of stock options, does ensure that the independence of the Board members in their role of guidance and control of the company is preserved, and that the directors' interests remain fully aligned with the long-term interests of the shareholders. In particular, the extension of the vesting period of the options from 3 to 5 years which is applicable as of 2014 should foster a sustainable and long-term commitment to shareholder value creation.

In accordance with article 554 of the Belgian Companies Code, any grant made under the company's long-term incentive plan is submitted to the shareholders' meeting for prior approval.

The company is prohibited from making loans to directors and members of the Executive Board of Management, whether for the purpose of exercising options or for any other purpose (except for routine advances for business related expenses in accordance with the company's rules for reimbursement of expenses).

The company does not provide pensions, medical benefits or other benefit programs to directors.

7.1.3. Remuneration in 2014 Individual director remuneration is presented in the table below. All amounts presented are gross amounts expressed in Euro before deduction of withholding tax.

	Number of Board meetings attended	Annual fee for Board meetings	Fees for Committee meetings	Total fee	Number of LTI stock options granted[1]
Maria Asuncion Aramburuzabala (*as of 30 April 2014*)[2]	7	50,000	0	50,000	0
Alexandre Behring (*as of 30 April 2014*)	8	50,000	4,500	54,500	0
Paul Cornet de Ways Ruart	11	75,000	0	75,000	15,000
Stéfan Descheemaeker	12	75,000	6,000	81,000	15,000
Grégoire de Spoelberch	11	75,000	6,000	81,000	15,000
Valentin Diez (*as of 30 April 2014*)[2]	6	50,000	0	50,000	0
Olivier Goudet	12	97,500	36,000	133,500	20,000
Jorge Paulo Lemann (*until 30 April 2014*)	4	25,000	1,500	26,500	15,000
Paulo Lemann (*as of 30 April 2014*)	8	50,000	4,500	54,500	0
Roberto Moses Thompson Motta (*until 30 April 2014*)	4	25,000	1,500	26,500	15,000
Elio Leoni Sceti (*as of 30 April 2014*)[2]	7	50,000	4,500	54,500	0
Carlos Alberto da Veiga Sicupira	11	75,000	6,000	81,000	15,000
Kees J. Storm	11	150,000	21,000	171,000	30,000
Marcel Herrmann Telles	12	75,000	24,000	99,000	15,000
Alexandre Van Damme	12	75,000	18,000	93,000	15,000
Mark Winkelman	11	75,000	22,500	97,500	15,000
All directors as a group		**1,072,500**	**156,000**	**1,228,500**	**185,000**

[1] LTI stock options were granted on 30 April 2014. They have an exercise price of 80.83 Euro per share, have a term of 10 years and cliff vest after 5 years.

[2] In 2014 Mrs Aramburuzabala, Mr Diez and Mr Sceti each also earned 28,125 € for attending the Board meetings in January, February and April 2014 in an advisory and non-voting capacity, but already contributing their experience and knowledge to the deliberations of the Board.

7.1.4. Options owned 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 2014 [1] [2]:

	LTI 22	LTI 21	LTI 20	LTI 19	LTI 18	LTI 17	LTI 17[3]	LTI 14	LTI 13
Grant date	30 April 2014	24 April 2013	25 April 2012	26 April 2011	27 April 2010	28 April 2009	28 April 2009	25 April 2006	26 April 2005
Expiry date	29 April 2024	23 April 2018	24 April 2017	25 April 2016	26 April 2015	27 April 2014	27 April 2014	24 April 2016	25 April 2015
Maria Asuncion Aramburuzabala	0	0	0	0	0	0	0	0	0
Alex Behring	0	0	0	0	0	0	0	0	0
Paul Cornet de Ways Ruart	15,000	15,000	15,000	0	0	0	0	0	0
Stéfan Descheemaeker	15,000	15,000	15,000	15,000	0	0	0	0	0
Grégoire de Spoelberch	15,000	15,000	15,000	15,000	0	0	0	0	0
Valentin Diez	0	0	0	0	0	0	0	0	0
Olivier Goudet	20,000	20,000	15,000	0	0	0	0	0	0
Paulo Lemann	0	0	0	0	0	0	0	0	0
Elio Leoni Sceti	0	0	0	0	0	0	0	0	0
Carlos Sicupira	15,000	15,000	15,000	15,000	15,000	0	0	8,269	9,364
Kees Storm	30,000	30,000	20,000	20,000	0	0	0	8,269	0
Marcel Telles	15,000	15,000	15,000	15,000	15,000	0	0	8,269	9,364
Alexandre Van Damme	15,000	15,000	15,000	15,000	0	0	0	8,269	0
Mark Winkelman	15,000	15,000	15,000	15,000	15,000	0	0	8,269	9,364
Strike price (Euro)	**80.83**	**76.20**	**54.71**	**40.92**	**37.51**	**21.72**	**21.72**	**38.70**	**27.08**

[1] At the annual shareholders' meeting of 30 April 2014, all outstanding LTI warrants were converted into LTI stock options, i.e. the right to purchase existing ordinary shares instead of the right to subscribe to newly issued shares. All other terms and conditions of the outstanding LTI warrants remained unchanged.

[2] In February 2014, Stéfan Descheemaeker exercised 5,000 options of the LTI 18 Series. In April 2014, Carlos Sicupira, Marcel Telles and Mark Winkelman exercised their options of the LTI 17 Series that expired on 27 April 2014. In September 2014, Kees Storm exercised 20,000 options of the LTI 18 Series and 9,364 options of the LTI 13 Series. In November 2014, Gregoire de Spoelberch exercised 15,000 options of the LTI 18 Series. In December 2014, Alexandre Van Damme exercised 15,000 options of the LTI 18 Series and 9,364 options of the LTI 13 Series.

[3] These warrants were granted to compensate for LTI warrants that were granted before November 2008 and not adjusted to take into account the effects of Anheuser-Busch InBev's December 2008 Rights Offering. The LTI terms and conditions provide that, in the event that a corporate change which has been decided upon by the company and has an impact on its capital has an unfavourable effect on the exercise price of the LTI warrants, their exercise price and/or the number of shares to which they give right will be adjusted to protect the interests of their holders. Anheuser-Busch InBev's rights offering in December 2008 constituted such a corporate change and triggered an adjustment. Pursuant to the LTI terms and conditions, it was 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". However, this adjustment was not applied to warrants owned by persons that were directors at the time the warrants were granted. In order to compensate such persons, an additional 984,203 LTI warrants were granted under the LTI warrants grant on 28 April 2009, as authorized by the 2009 annual shareholders' meeting. 206,449 LTI warrants out of these 984,203 LTI warrants were granted to the current directors of Anheuser-Busch InBev.

7.2. Remuneration of Executive Board of Management

7.2.1. Procedure for developing the remuneration policy and determining the individual remuneration The compensation and reward programs for the Executive Board of Management are overseen by the Remuneration Committee which is exclusively composed of non-executive directors. It submits to the Board for approval recommendations on the compensation of the CEO and, upon recommendation of the CEO, of the Executive Board of Management.

The Nomination Committee approves the company and individual annual targets and the Remuneration Committee approves the target achievement and corresponding annual and long term incentives of members of the Executive Board of Management.

The remuneration policy and hence any schemes falling within its scope which grant shares or rights to acquire shares, are submitted to the shareholders' meeting for approval.

The composition, functioning and specific responsibilities of the Remuneration Committee and of the Nomination Committee are set forth in the terms of reference of the respective Committee, which are part of our Corporate Governance Charter.

7.2.2. Remuneration policy 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 the overall success of the company and individual performance. It ensures alignment with shareholders' interests by strongly encouraging executive ownership of shares in the company and enables to attract and retain the industry's best talent at global levels.

Base salaries are aligned to mid-market levels. Additional short- and long-term incentives are linked to challenging short- and long-term performance targets and the investment of part or all of any variable compensation earned in company shares is encouraged.

With effect from 2010 and as a result of the combination with Anheuser-Busch Companies, Inc., some modifications have been made to the annual incentive scheme, in order to bring together the incentive plans of Anheuser-Busch and InBev.

No significant change has been made to the above remuneration policy since the end of the reported financial year. The Board may revise the level of remuneration and approve a revised remuneration policy upon recommendation of the Remuneration Committee. At the time of publication of this report, no changes to the remuneration policies for executives are planned.

7.2.3. Components of executive remuneration Executive remuneration generally consists of (a) a fixed base salary, (b) variable performance-related compensation, (c) long-term incentive stock options, (d) retirement plan contributions and (e) other components. All amounts shown below are gross amounts before deduction of withholding taxes and social security.

a. Base Salary In order to ensure alignment with market practice, executives' base salaries are reviewed overall against benchmarks on an annual basis. These benchmarks are collected by internationally recognized 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 consists a.o. of Apple, Coca Cola Enterprises, Procter and Gamble, Pepsico International and Unilever.

If Peer Group data are not available for a given level in certain geographies, Fortune 100 companies' data are used.

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 3rd quartile.

In 2014, based on his employment contract, the CEO earned a fixed salary of 1.22 million Euro (USD 1.64 million), while the other members of the Executive Board of Management earned an aggregate base salary of 7.77 million Euro (USD 10.45 million).

b. Variable performance-related compensation – Share-based compensation plan Variable performance-related compensation is key to the company's compensation system and is aimed at rewarding executives' short- and long-term performance of the organization.

The target variable compensation is expressed as a percentage of the Market Reference Salary applicable to the executive. The on-target bonus percentage theoretically amounts to maximum 200% of the Market Reference Salary for members of the Executive Board of Management and 300% for the CEO.

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.

Total company and business unit targets are based on four key performance metrics which focus on top-line growth, profitability and value creation. For 2014 and 2015 these four key performance metrics are:

- market share,
- total revenue growth,
- EBITDA and
- cash flow.

Below a hurdle of achievement for total company and business unit targets, no variable compensation is earned.

In addition, the final individual bonus pay-out percentage also depends on each executive's personal achievement of their 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/ethics related targets. Typical performance measures in this area can relate to employee engagement, talent pipeline, better world goals, compliance dashboards etc that are also important for the sustainability of the financial performance.

Targets achievement is assessed by the Remuneration Committee on the basis of accounting and financial data.

For 2014, based on the company's target achievement during the year 2014 and the executives' individual target achievement, the total variable compensation for the Executive Board of Management, including the CEO, effectively amounted to approximately 65% of their 2014 base salary.

Executives receive their variable compensation in cash[1] but are encouraged to invest some or all of its value in company shares to be held for a 5-year period (the "Voluntary Shares"). Such voluntary investment leads to a 10% discount and a company shares match of 3 matching shares for each share voluntarily invested (the "Matching Shares") up to a limited total percentage of each executive's variable compensation. The percentage of the variable compensation that can be invested in voluntary shares is 60% for the CEO and for members of the Executive Board of Management.

Voluntary Shares are:

- existing ordinary shares;
- entitled to dividends paid as from the date of grant;
- subject to a lock-up period of five years; and
- granted at market price. The discount is at discretion of the Board. 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.

Both the Matching Shares and the discounted shares are delivered in the form of restricted stock units (RSU) and vest after five years. In case of termination of service before the vesting date, special forfeiture rules 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 variable compensation, which is subject to the successful achievement of total company, business unit and individual performance targets (performance condition); and
- has agreed to reinvest all or part of his/her variable compensation in company shares that are locked for a 5-year period (ownership condition).

The variable compensation is usually paid annually in arrears after the publication of the full year results of Anheuser-Busch InBev. Exceptionally, 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 case, 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 of Anheuser-Busch InBev. In 2009, in order to align the organization against the delivery of specific targets following the combination with Anheuser-Busch, the Board decided to apply semi-annual targets which resulted in a semi-annual payment of 50% of the annual incentive, respectively in August 2009 and in March 2010. Since 2010, variable compensation has been paid annually in arrears in or around March each year.

In accordance with the authorization granted in the company's bylaws, as amended by the shareholders' meeting of 26 April 2011, the variable compensation system partly deviates from article 520ter of the Belgian Companies 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 3-year period. However, executives are encouraged to invest some or all of their variable compensation in company shares which are blocked for 5 years (the "Voluntary Shares"). Such voluntary investment also leads to a grant of Matching Shares in the form of restricted stock units which only vest after 5 years, ensuring sustainable long-term performance.

2. for the Voluntary Shares granted under the share based compensation plan to vest at their grant, instead of applying a vesting period of minimum 3 years. Nonetheless, as indicated above, the Voluntary Shares remain blocked for 5 years. On the other hand, any Matching Shares that are granted, will only vest after 5 years.

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

Variable compensation for performance in 2013 – Paid in March 2014

For the full year 2013, the CEO earned variable compensation of 3.29 million Euro (USD 4.36 million). The other members of the Executive Board of Management earned aggregate variable compensation of 11.44 million Euro (USD 15.15 million).

The amount of variable compensation was based on the company's performance during the year 2013 and the executives' individual target achievement.

The following table sets forth information regarding the number of our shares voluntarily acquired and Matching Shares granted in March 2014 (variable compensation awarded for performance in 2013) to our CEO and the other members of our Executive Board of Management under the Share-based compensation plan. The Matching Shares were granted in the form of restricted stock units and vest after five years, on 7 March 2019.

Name	Voluntary Shares acquired	Matching Shares granted
Carlos Brito – CEO	20,721	88,910
Sabine Chalmers	3,183	24,822
Felipe Dutra	7,015	30,100
Miguel Patricio	3,362	22,622
Claudio Braz Ferro	5,465	24,392
Tony Milikin	2,177	15,215
Claudio Garcia	3,116	22,694
Jo Van Biesbroeck	1,239	5,264
Luiz Fernando Edmond	3,534	14,632
Stuart Mc Farlane	1,108	4,708
Marcio Froes [1]	0	0
João Castro Neves [1]	0	0
Bernardo Pinto Paiva	3,775	15,566
Michel Doukeris	9,739	42,304
Ricardo Tadeu	5,394	38,229

[1] João Castro Neves, Zone President Latin America North until 31 December 2014, reported to the Board of Directors of Ambev until that date. He and Marcio Froes, Zone President Latin America South, participated in 2014 in the incentive plans of Ambev S.A. that are disclosed separately by Ambev.

Variable compensation for performance in 2014 – To be paid in March 2015

For the full year 2014, the CEO earned variable compensation of 1.00 million Euro (USD 1.34 million). The other members of the Executive Board of Management earned aggregate variable compensation of 4.86 million Euro (USD 6.53 million).

The amount of variable compensation is based on the company's performance during the year 2014 and the executives' individual target achievement. The variable compensation will be paid in or around March 2015.

c. Long-term incentive stock options Since 1 July 2009, members of our senior management may be eligible for an annual long-term incentive paid out in stock options (or similar share related instrument), depending on management's assessment of the beneficiary's performance and future potential.

Long-term incentive stock options have the following features:
- an exercise price that is set equal to the market price of the share at the time of grant;
- a maximum lifetime of 10 years and an exercise period that starts after 5 years;
- upon exercise, each option entitles the option holder to purchase one share;
- the options cliff vest after 5 years. In the case of termination of service before the vesting date, special forfeiture rules will apply.

The following table sets forth information regarding the number of options granted in 2014 to the CEO and the other members of the Executive Board of Management. The options were granted on 01 December 2014, have an exercise price of 94.46 Euro and become exercisable after five years.

Name	Long Term Incentive stock options granted
Carlos Brito – CEO	167,634
Sabine Chalmers	44,510
Felipe Dutra	80,119
Miguel Patricio	64,095
Claudio Braz Ferro	35,608
Tony Milikin	22,255
Claudio Garcia	31,157
Jo Van Biesbroeck	35,608

Name	Long Term Incentive stock options granted
Marci Froes [1]	0
João Castro Neves [1]	0
Luiz Fernando Edmond	80,119
Bernardo Pinto Paiva	53,412
Stuart Mc Farlane	35,608
Michel Doukeris	66,766
Ricardo Tadeu	33,383

(1) João Castro Neves, Zone President Latin America North until 31 December 2014, reported to the Board of Directors of Ambev until that date. He and Marcio Froes, Zone President Latin America South, participated in 2014 in the incentive plans of Ambev S.A. that are disclosed separately by Ambev.

d. Long-term restricted stock unit programs Since 2010, Anheuser-Busch InBev has in place three specific long-term restricted stock unit programs:

1. A program allowing for the offer of restricted stock units to certain members of our senior management in certain specific circumstances. Such hardship grants are made at the discretion of the CEO, e.g. to compensate for assignments of expatriates in certain limited countries.

   The characteristics of the restricted stock units are identical to the characteristics of the Matching Shares that are granted as part of the Share-based compensation plan (see 7.2.3.b). The restricted stock units vest after five years and in case of termination of service before the vesting date, special forfeiture rules apply.

   In 2014, 23,038 restricted stock units were granted under the program to our senior management. No restricted stock units were granted under the program to a member of the Executive Board of Management.

2. A program allowing for the exceptional offer of restricted stock units to certain members of senior management at the discretion of the Remuneration Committee of Anheuser-Busch InBev as a long-term retention incentive for key managers of the company.

   Members of senior management eligible to receive a grant under the program receive 2 series of restricted stock units. The first half of the restricted stock units vest after five years. The second half of the restricted stock units vest after 10 years. In case of termination of service before the vesting date, special forfeiture rules apply.

   In 2014, 181,264 restricted stock units were granted under the program to our management. No restricted stock units were granted under the program to a member of the Executive Board of Management.

3. A program allowing 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 3 matching shares for each share invested. The discount and matching shares are granted in the form of restricted stock units which vest after 5 years. In case of termination before the vesting date, special forfeiture rules apply.

   In 2014, our employees purchased 5,063 shares under the program. No member of the Executive Board of Management participated in the program.

e. Exchange of share-ownership program From time to time certain members of Ambev's senior management are transferred to Anheuser-Busch InBev and vice-versa. In order to encourage management mobility and ensure that the interests of these managers are fully aligned with Anheuser-Busch InBev's interests, the Board has approved a program that aims at facilitating the exchange by these managers of their Ambev shares into Anheuser-Busch InBev shares.

Under the program, the Ambev shares can be exchanged into Anheuser-Busch InBev shares based on the average share price of both the Ambev and the Anheuser-Busch InBev shares on the date the exchange is requested. A discount of 16.66% is granted in exchange for a 5 year lock-up period for the shares and provided that the manager remains in service during this period. The discounted shares are forfeited in case of termination of service before the end of the 5 year lock-up period.

Under the program, Joao Castro Neves, member of the Executive Board of Management, has exchanged 2.3 million Ambev shares for a total of 0.15 million Anheuser-Busch InBev shares in 2014. Other members of our senior management have exchanged 7.10 million Ambev shares for a total of 0.47 million Anheuser-Busch InBev shares (0.13 million in 2013, 0.11 million in 2012, 0.24 million in 2011).

f. Programs for maintaining consistency of benefits granted and for encouraging global mobility of executives The shareholders' meeting of 27 April 2010 has approved two programs which are aimed at maintaining consistency of benefits granted to executives and at encouraging the international mobility of executives while complying with all legal and tax obligations:

1. The Exchange program: under this program the vesting and transferability restrictions of the Series A options granted under the November 2008 Exceptional Option Grant and of the options granted under the April 2009 Exceptional Option Grant, could be released e.g. for executives who moved to the United States. These executives were then offered the possibility to exchange their options for ordinary Anheuser-Busch InBev shares that remain locked-up until 31 December 2018 (5 years longer than the original lock-up period).

   Since the Series A options granted under the November 2008 Exceptional Option Grant and the options granted under the April 2009 Exceptional Option Grant have 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 Option Grant. Under the extended program, executives who are relocated e.g. to the United States, can be offered the possibility to exchange their Series B options for ordinary Anheuser-Busch shares that remain locked-up until 31 December 2023 (5 years longer than the original lock-up period).

   In 2014, members of our senior management have exchanged approximately 0.54 million Series B options granted under the November 2008 Exceptional Option Grant for approximately 0.49 million shares. The exchanges were based on the fair market value of the share on the day of the exchange.

   As a variant to this program, the Board also approved the recommendation of the Remuneration Committee to allow the early release of the vesting conditions of the Series B options granted under the November 2008 Exceptional Option Grant to Joao Castro Neves, who has been appointed Zone President North America as of 1 January 2015. In accordance with this approval, Joao Castro Neves exercised 0.54 million options. The shares that result from the exercise of the options will remain blocked until 31 December 2023.

   In deviation from Principle 7.13 of the 2009 Belgian Code on Corporate Governance, these variations to the original Exchange program were not submitted to the prior approval of the shareholders' meeting, as the Board is of the opinion that they remain fully consistent with the original program and were necessary to enable the strategic relocation of the executives without delay.

2. The Dividend waiver program: where applicable, the dividend protection feature of the outstanding options owned by executives who move to the United States is being cancelled. In order to compensate for the economic loss which results from this cancellation, a number of new options is 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 2014, under this program :
   - On 15 January 2014, 0.02 million new options were granted to our senior management and have a strike price of 75.29 Euro, i.e. the closing share price on 14 January 2014.
   - On 12 June 2014, 0.01 million new options were granted to our senior management and have a strike price of 83.29 Euro, i.e. the closing share price on 11 June 2014.
   - On 1 December 2014, 0.002 million new options were granted to our senior management and have a strike price of 94.46 Euro, i.e. the closing share price on 28 November 2014.

g. Pension schemes Our executives participate in Anheuser-Busch InBev's pension schemes in either the US, Belgium or their home country. These schemes are in line with predominant market practices in the respective geographic environments. They may be defined benefit plans or defined contribution plans.

The CEO participates in a defined contribution plan. The annual contribution that is paid to his plan amounted to approximately USD 0.24 million in 2014. The contributions for the other members of the Executive Board of Management amounted to approximately USD 0.96 million in 2014.

h. Other benefits Executives are also entitled to life and medical insurance and perquisites and other benefits that are competitive with market practices. In addition to life and medical insurance, the CEO enjoys a schooling allowance in accordance with local market practice for a limited period of time.

7.2.4. Main contractual terms and conditions of employment of members of the Executive Board of Management The terms and conditions of employment of the members of the Executive Board of Management are included in individual employment agreements. Executives are also required to comply with the company's 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 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 the company. The specific conditions and modalities of the variable compensation are fixed separately by the company and approved by the Remuneration Committee.

Termination arrangements are in line with legal requirements and/or jurisprudential practice. The termination arrangements for 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 the company decides 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.

During the year 2014, Francisco Sà, former Zone President Latin America South, left the company. He was granted a termination indemnity that corresponds to 12 months of base salary and an amount corresponding to the average of the variable compensation paid for the last two years.

Carlos Brito was appointed to serve as the CEO starting as of 1 March 2006. In the event of termination of his employment other than on the grounds of serious cause, the CEO 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.

7.2.5. Options owned by members of the Executive Board of Management The tables below set forth the number of Matching options owned by the members of our Executive Board of Management as of 31 December 2014 under the Share-based compensation plan that was applicable until 2010[1].

	Matching options 2010	Matching options 2009	Matching options 2009	Matching options 2008	Matching options 2007	Matching options 2006
Grant date	5 March 2010	14 August 2009	6 March 2009	3 March 2008	2 April 2007	27 April 2006
Expiry date	4 March 2020	13 August 2019	5 March 2019	2 March 2018	1 April 2017	26 April 2016
EBM[3]	15,296	1,369,734	80,765	533,816	23,652	0
Strike price (Euro)	36.52	27.06	20.49	34.34	33.59	24.78

	Matching options 2009 - Dividend Waiver 13[2]	Matching options 2009 - Dividend Waiver 13[2]	Matching options 2008 - Dividend Waiver 13[2]	Matching options 2008 - Dividend Waiver 09[2]	Matching options 2007 – Dividend Waiver 09[2]	Matching options 2006 – Dividend Waiver 09[2]
Grant date	15 May 2013	15 May 2013	15 May 2013	1 December 2009	1 December 2009	1 December 2009
Expiry date	13 August 2019	5 March 2019	2 March 2018	2 March 2018	1 April 2017	26 April 2016
EBM[3]	37,131	74,869	49,468	265,393	14,641	0
Strike price (Euro)	75.82	75.82	75.82	33.24	33.24	33.24

[1] Matching options have the following features:

a. an exercise price that is set equal to the market price of the share at the time of grant;
b. a maximum life of 10 years and an exercise period that starts after five years, subject to financial performance conditions to be met at the end of the second, third or fourth year following the grant;
c. upon exercise, each option entitles the option holder to subscribe one share;
d. specific restrictions or forfeiture provisions apply in case of termination of service.

[2] Options granted under the Dividend waiver program (see 7.2.3.f)

[3] The following options were exercised in 2014 :

a. In August 2014 :
   i. Stuart MacFarlane exercised 36,664 Matching options August 2009 with a strike price of 27.06 Euro;
b. In September 2014 :
   i. Claudio Garcia exercised 82,959 Matching options 2007 with a strike price of 33.59 Euro and 51,353 Matching options 2007 Dividend Waiver 09 with a strike price of 33.24 Euro;
c. In December 2014 :
   i. Sabine Chalmers exercised 68,734 Matching options August 2009 with a strike price of 27.06 Euro.

The table below sets forth the number of LTI stock options owned by the members of our Executive Board of Management as of 31 December 2014 under the 2009 Long term incentive stock option plan (see 7.2.3.c).

	LTI options	LTI options	LTI options	LTI options	LTI options	LTI options
Grant date	18 December 2009	30 November 2010	30 November 2011	30 November 2012	02 December 2013	01 December 2014
Expiry date	17 December 2019	29 November 2020	29 November 2021	29 November 2022	01 December 2023	30 November 2024
EBM	**654,939**	**850,693**	**904,800**	**1,145,494**	**903,110**	**750,274**
Strike price (Euro)	**35.90**	**42.41**	**44.00**	**66.56**	**75.15**	**94.46**

a. The following options were exercised in December 2014 :
i. Joao Castro Neves exercised 53,297 LTI options of 18 December 2009 with a strike price of 35.90 Euro.

The table below sets forth the number of options granted under the November 2008 Exceptional Option Grant owned by the members of our Executive Board of Management as of 31 December 2014[1].

	November 2008 Exceptional Grant options Series A	November 2008 Exceptional Grant options Series B	November 2008 Exceptional Grant options Series A – Dividend Waiver 09	November 2008 Exceptional Grant options Series B – Dividend Waiver 09	November 2008 Exceptional Grant options Series B – Dividend Waiver 11	November 2008 Exceptional Grant options Series B – Dividend Waiver 13
Grant date	25 November 2008	25 November 2008	1 December 2009	1 December 2009	11 July 2011	31 May 2013
Expiry date	24 November 2018	24 November 2023	24 November 2018	24 November 2023	24 November 2023	24 November 2023
EBM[2][3]	**361,484**	**4,626,996**	**0**	**1,834,049**	**243,901**	**286,977**
Strike price (Euro)	**10.32**	**10.32**	**33.24**	**33.24**	**40.35**	**75.82**
EBM	**542,226**	**903,710**	**213,168**	**572,357**	**0**	**0**
Strike price (Euro)	**10.50**	**10.50**	**33.24**	**33.24**		

[1] The Series A stock options have a duration of 10 years as from granting and vest on 1 January 2014. The Series B stock options have a duration of 15 years as from granting and vest on 1 January 2019. The exercise of the stock options is subject, among other things, to the condition that the company meets a performance test. This performance test, which was met, required the net debt/EBITDA, as defined (adjusted for exceptional items) ratio to fall below 2.5 before 31 December 2013. Specific forfeiture rules apply in the case of termination of employment.

[2] Under the Exchange program (see 7.2.3.f) Joao Castro Neves exercised 542,226 Series B options in 2014 with a strike price of 10.32 Euro. The shares that result from the exercise must remain blocked until 31 December 2023.

[3] The following options were exercised in 2014 :
a. In January 2014:
i. Sabine Chalmers exercised 180,742 November 2008 Exceptional Grant options Series A with a strike price of 10.50 Euro;
b. In February 2014:
i. Sabine Chalmers exercised 142,112 November 2008 Exceptional Grant options Series A – Dividend Waiver 09 with a strike price of 33.24 Euro;
c. In September 2014 :
i. Sabine Chalmers exercised 180,742 November 2008 Exceptional Grant options Series A with a strike price of 10.50 Euro;
ii. Ricardo Tadeu exercised 180,742 November 2008 Exceptional Grant options Series A with a strike price of 10.32 Euro;
d. In December 2014:
i. Joao Castro Neves exercised 542,226 November 2008 Exceptional Grant options Series A with a strike price of 10.32 Euro.

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Registered Trademarks

The following brands are registered trademarks of Anheuser-Busch InBev SA/NV or one of its affiliated companies:

Global Brands:
Budweiser, Stella Artois and Corona

International Brands:
Beck's, Leffe and Hoegaarden

Local Brands:
10 Barrel, Aleston, Alexander Keith's, Andes, Antarctica, Bagbier, Barrilito, Bass, Beck's Blue, Becker, Belle-Vue, Belgian Beer Café, Best Beer Company Bringing People Together For a Better World, Blue Point, Boddingtons, Bohemia, Brahma, Brahma 0,0%, Brahma Seleção Especial, Bud 66, Bud Light, Bud Light Lime Lime-A-Rita, Bud Light Lime Straw-Ber-Rita, Bud Light Lime Mang-O-Rita, Bud Light Lime Raz-Ber-Rita, Bud Light Lime Apple-Ahh-Rita,Bud Light Platinum, Bud NA, Budweiser Brewmaster Reserve, Budweiser Magnum, Budweiser Supreme, Busch, Busch Light, Cafri, Cass, Chernigivske, Corona Extra, Corona Light, Cubanisto, Diebels, Diebels Dimix, Diekirch, Double Deer, Draftmark, Estrella, Franziskaner, Gilde, Ginsber, Global Be(er) Responsible Day, Goose Island, Goose Island India Pale Ale, Goose Island Honker's Ale, Guaraná Antarctica, Haake-Beck, Harbin, Hasseröder, Hertog Jan, Hoegaarden Rosée 0.0, Hoegaarden 0.0, Jinling, Jinlongquan, Johnny Appleseed, Julius, Jupiler, Jupiler Blue, Jupiler Tauro, KK, Klinskoye, Kokanee, Labatt, Lakeport, Land Shark Lager, Leffe Nectar, Leffe Royale, Leon, Liberty, Löwenbräu, Lucky, Mackeson, Michelob, Michelob Amberbock, Michelob Ultra, Mixx Tail Mojito, Modelo, Modelo Especial, Modelo Amber, Montejo, Natty Daddy, Natural Light, Negra Modelo, Norte, OB Golden Lager, Oculto, Oland, Original, Paceña, Pacifico, Patagonia, Patricia, Pilsen, Pilsen Soul, Presidente, Quilmes, Rogan, Sedrin, Shiliang, Shock Top, Shock Top Twisted Pretzel Wheat, Sibirskaya Korona, Skol, Skol Beats Senses, Skol Beats Extreme, Smartbarley, Spaten, Stella Artois Cidre, Stella Artois Cidre Pear, Stella Artois Cidre Raspberry, T, Tolstiak, Tropical, Vieux Temps, Victoria, Whitbread, Yantar.

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Driving Change For Road Safety

TOGETHER FOR
SAFER ROADS

Together for Safer Roads (TSR) is a coalition formed in the past year in an effort to broaden our focus to road safety generally — and to help prevent the nearly 3 000 traffic accident fatalities that occur each day. TSR was launched with a high-visibility event at the United Nations in November 2014, and involves a group of leading global businesses that have committed to working together to help reduce the number of deaths and injuries due to road traffic accidents. Chaired by AB InBev CEO Carlos Brito, TSR's other founding members are AIG, AT&T, Chevron, Ericsson, Facebook, IBM, iHeartMedia, PepsiCo and Walmart. TSR is advised by an Expert Panel of eminent leaders in road safety. The partners have agreed to pool their collective expertise, data-driven insights, technology and networks to identify and scale industry best practices and raise awareness of this major global health issue.

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