Bringing People Together

Anheuser-Busch InBev / 2013 Annual Report

Budweiser is a proud sponsor of the FIFA Confederations Cup™, held every four years in advance of the FIFA World Cup™. Our association with football creates a powerful connection with fans and has helped drive Budweiser's growth in Brazil and around the world.

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Bringing People Together

When people get together over a beer, they're not simply sharing a favorite beverage. They're sharing moments, adventures, traditions, inspirations, opportunities and much more — the ingredients that make lasting friendships. At Anheuser-Busch InBev, we're equally passionate about brewing beer and brewing friendships. We pour ourselves into everything we do: our work, our connections with consumers, our engagement with employees, and our commitment to create a Better World. And that's why, across the globe, you'll find our beers wherever friendships are shared and great moments are savored.

About Anheuser-Busch InBev

Anheuser-Busch InBev (Euronext: ABI, NYSE: BUD) is the leading global brewer, one of the world's top five consumer products companies, and among *Fortune* magazine's "World's Most Admired Companies" in the beverage industry. In 2013, total revenues were 43.2 billion USD.

Our portfolio of well over 200 beer brands is enjoyed by consumers around the world. It includes global brands Budweiser, Corona and Stella Artois; international brands Beck's, Leffe, and Hoegaarden; and local champions such as Bud Light, Skol, Brahma, Antarctica, Quilmes, Victoria, Modelo Especial, Michelob Ultra, Harbin, Sedrin, Klinskoye, Sibirskaya Korona, Chernigivske and Jupiler. Our strong and balanced portfolio includes six of the 10 most valuable beer brands in the world*.

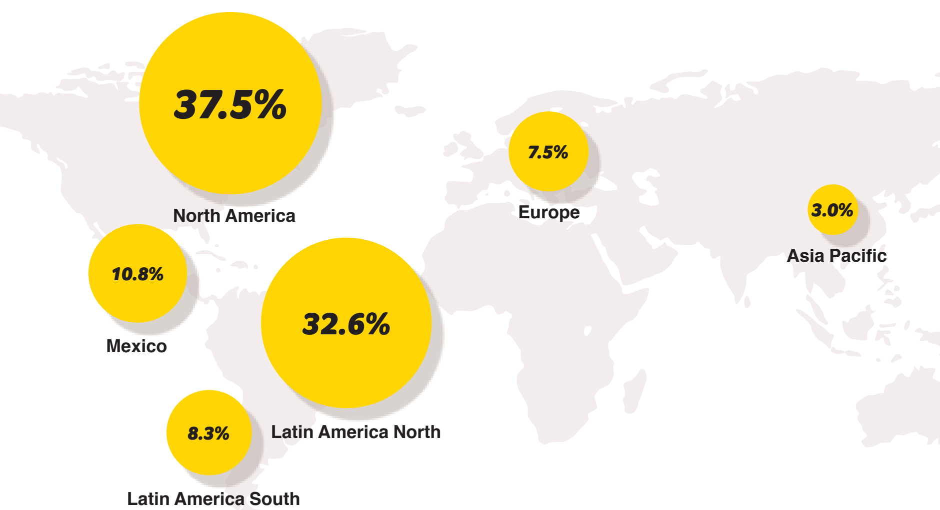
As an organization driven by consumer insights, we are committed to continuing our long-standing quality brewing tradition, while creating innovations for changing tastes and a wide range of enjoyment occasions.

Our more than 150 000 colleagues around the globe focus their talent, passion and energy on our shared dream: to be the *Best Beer Company in a Better World*. That means delivering profitable growth and shareholder value while maintaining an unwavering commitment to promoting responsible drinking, environmental stewardship and the well-being of our communities.

Headquartered in Leuven, Belgium, we operate in 24 countries worldwide through six geographic Zones: North America, Mexico, Latin America North, Latin America South, Europe and Asia Pacific; and we hold the No. 1 or No. 2 position in many of the world's leading beer markets.

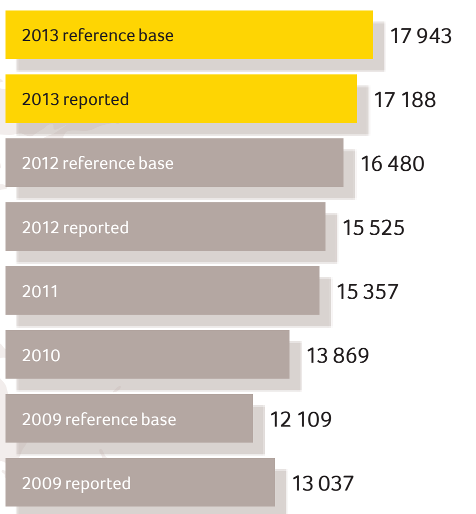
*BrandZ™ Top 100 Most Valuable Global Brands 2013.

2013 Normalized EBITDA Contribution by Region*

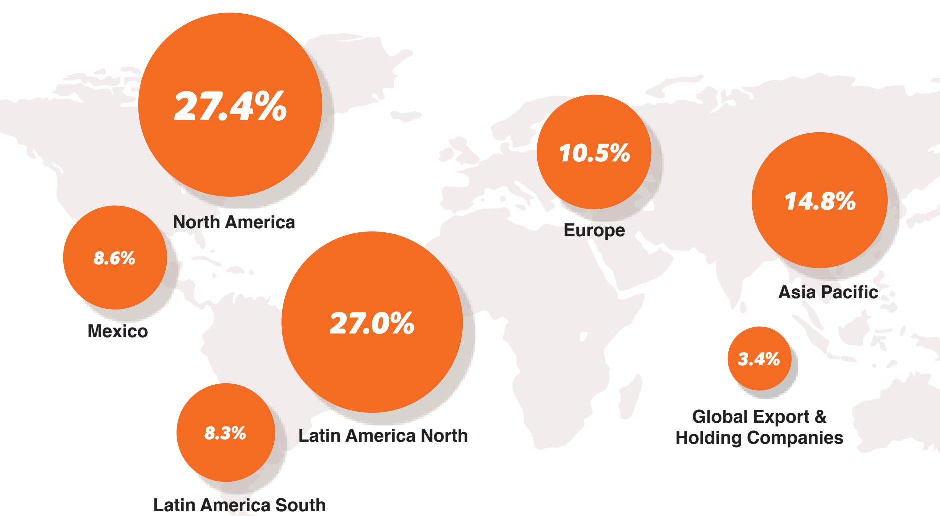


* Excludes Global Export & Holding Companies
Using 2013 reference base

Normalized EBITDA (million USD)

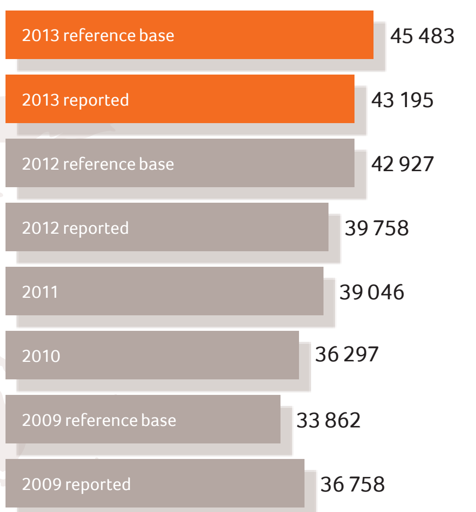


2013 Volume Contribution by Region*



* Using 2013 reference base.

Revenue (million USD)



Key Figures

Revenue was 43 195 million USD, an increase of 3.3%, and revenue/hl rose 5.8%.

Global brands volume increased 4.7%.

EBITDA grew 8.1% to 17 188 million USD, and EBITDA margin was up 179 basis points to 39.8%.

Normalized profit attributable to equity holders rose 10.2% in nominal terms to 7 936 million USD, and normalized EPS increased to 4.91 USD from 4.50 USD.

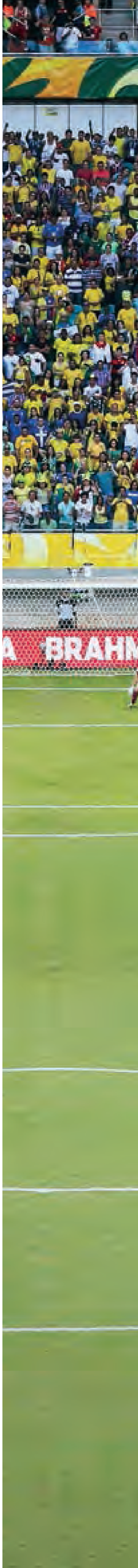
Net debt to EBITDA, including the annualized impact of the Grupo Modelo transaction, was 2.16 times.

Million USD unless stated otherwise	2009 reported	2009 reference base[1]	2010	2011	2012 reported[2]	2012 reference base[3]	2013 reported	2013 reference base[4]
Volumes (million hl)	409	391	399	399	403	431	425	446
Revenue	36 758	33 862	36 297	39 046	39 758	42 927	43 195	45 483
Normalized EBITDA	13 037	12 109	13 869	15 357	15 525	16 480	17 188	17 943
EBITDA	14 387	–	13 685	15 112	15 493	16 590	23 428	–
Normalized profit from operations	10 248	9 600	11 165	12 607	12 779	13 537	14 203	14 800
Normalized profit attributable to equity holders of Anheuser-Busch InBev	3 927	–	5 040	6 449	7 201	7 271	7 936	–
Profit attributable to equity holders of Anheuser-Busch InBev	4 613	–	4 026	5 855	7 160	7 374	14 394	–
Net financial debt	45 174	–	39 704	34 688	30 114	–	38 831	–
Cash flow from operating activities	9 124	–	9 905	12 486	13 268	–	13 864	–
Normalized earnings per share (USD)	2.48	–	3.17	4.04	4.50	–	4.91	–
Dividend per share (USD)	0.55	–	1.07	1.55	2.24	–	2.83	–
Dividend per share (euro)	0.38	–	0.80	1.20	1.70	–	2.05	–
Payout ratio %	21.3	–	33.8	38.5	49.8	–	57.6	–
Weighted average number of ordinary shares (million shares)	1 584	–	1 592	1 595	1 600	–	1 617	–
Share price high (euro)	36.80	–	46.33	47.40	71.10	–	79.60	–
Share price low (euro)	16.30	–	33.50	33.90	46.10	–	63.44	–
Year-end share price (euro)	36.40	–	42.80	47.30	65.70	–	77.26	–
Market capitalization (million USD)	84 110	–	91 097	98 315	138 716	–	171 142	–
Market capitalization (million euro)	58 386	–	68 176	75 983	105 209	–	124 097	–

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 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 Zone Western Europe 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.

To facilitate the understanding of Anheuser-Busch InBev's underlying performance, the analyses of growth, including all comments in this Annual Report, unless otherwise indicated, are based on organic and normalized numbers. In other words, financials are analyzed eliminating the impact of changes in currencies on translation of foreign operations, and scope changes. Scope changes 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 as part of the underlying performance of the business.

Whenever presented in the Annual Report, all performance measures (EBITDA, EBIT, profit, effective tax rate, EPS) are presented on a "normalized" basis, which means they are presented before non-recurring items. Non-recurring items are either income or expenses that 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.



To Our Shareholders

In 2013, Anheuser-Busch InBev continued to focus on creating and expanding opportunities, by investing for the long term, building on our strong position as the brewer of many of the world's favorite beer brands, and constantly striving to deliver on big goals and even bigger dreams.

As a result, our team delivered solid progress on many fronts during the past year, including:

- Growth in key financial measures such as revenue, EBITDA, operating cash flow and normalized earnings per share
- The successful integration of Grupo Modelo, a truly exciting development that will unlock opportunities for growth in Mexico, one of the largest beer markets in the world, and deliver global brand growth, new market potential and substantial cost synergies
- Ongoing expansion of our global brands: Budweiser and Stella Artois and our newest global brand, Corona
- A powerful innovation pipeline that has produced industry-leading new products
- Significant strides forward in our Better World programs focused on promoting responsible drinking, environmental stewardship and community involvement

We faced some challenging macroeconomic conditions in a number of our markets during the year, resulting in a volume performance below our expectations. However, we are proud of the way our people stepped up to these challenges and remained focused on driving future profitable growth and shareholder value creation.

We are excited about the plans we have in place to drive top-line growth in 2014, and are supporting these plans with incremental investments in sales & marketing and commercial capex.

Performance Powered by Global Brands

Total revenue increased 3.3% to 43.2 billion USD. This was mainly due to a good performance by our global brands, which grew 4.7%, and revenue management initiatives that drove higher revenue per hectoliter (hl). We saw excellent growth from Budweiser, which rose 6.4% due to its strong appeal in China, Brazil, Russia and the U.K., while Corona grew 3.9%, with a strong performance in Mexico and other key export markets outside the U.S.

Cost of sales per hl increased 4.3%, primarily reflecting global commodity cost increases and transactional currency impact, partially offset by cost synergies in Mexico and tight cost management. Sales

Budweiser Volume

+6.4%

Budweiser volume rose by 6.4% in 2013, due to its strong appeal in China, Brazil, Russia and the U.K.

Corona Volume

+3.9%

Corona volume grew 3.9%, driven by a strong performance in Mexico and other key export markets outside the U.S.

Total Revenue

+3.3%

Total revenue increased 3.3% to 43.2 billion USD. This was mainly due to a good performance by our global brands, as well as revenue management initiatives that drove higher revenue per hl.

Highlights

Budweiser Black Crown, a new brew chosen by consumers through our Project 12 competition, is a great addition to the Budweiser lineup.

Bud Light Lime *Straw-Ber-Rita* was the No. 1 product launched in the industry in the U.S. in 2013.

Corona Extra, our newest global brand, is No. 1 in Mexico and extremely popular around the world.

Budweiser Supreme, a recent innovation in China, is satisfying the desire of consumers for a premium beer to accompany fine food.

"A long-term strategic mind-set motivates us to continually seek — and seize upon — opportunities for future growth and shareholder value creation."

and marketing expenses increased 4.5% as we actively invested to grow our brands.

EBITDA grew 8.1%, while EBITDA margin expanded 179 bps to 39.8%, benefitting from revenue per hl growth, tight cost discipline and the synergies derived from the Grupo Modelo combination. Normalized profit attributable to equity holders was up 10.2% to 7.9 billion USD, or 4.91 USD per share, compared to 7.2 billion USD, or 4.50 USD per share in 2012. Operating cash flow grew 4.5% to 13.9 billion USD. We ended 2013 with a ratio of net debt to EBITDA of 2.16 times, which includes the annualized impact of the Grupo Modelo transaction. In January 2014, we announced the proposed acquisition of Oriental Brewery in South Korea, and as a consequence of this transaction we expect to achieve our net debt to EBITDA target of below 2.0 times after the end of 2014.

In keeping with our commitment to return value to shareholders, the AB InBev Board declared a total dividend for fiscal year 2013 of 2.05 EUR per share. This includes an interim dividend of 0.60 EUR per share paid in November 2013 and a proposed final dividend of 1.45 EUR per share, which, if approved, will be paid in May 2014.

Grupo Modelo: Expanding Brands, Markets and Synergies

In June 2013, we successfully completed our combination with Grupo Modelo and are already beginning to realize the benefits of this important combination. The Mexico team has quickly and enthusiastically embraced our culture. As a result, we have realized cost synergies to date of approximately 460 million USD, with approximately 385 million USD being delivered since the combination, and an additional 75 million USD being delivered prior to the closing as a result of best practice sharing. We remain committed to delivering 1 billion USD in cost synergies by the end of 2016, with the majority of that by the end of 2015. We also remain on track to deliver 500 million USD of working capital improvements in the first two years after closing.

Beyond the synergies, there are many factors that make this transaction a source of exciting long-term growth prospects. The addition of Mexico gives us a solid position in the world's fourth largest profit pool for beer, a market with very attractive growth potential. With the addition of Corona as our newest global brand, we plan to take full advantage of opportunities to introduce this unique and iconic brand to more legal-age consumers around the world. Finally, we see great potential to introduce and grow other AB InBev brands through our distribution network in Mexico.

This truly has been one of our most effective and smoothest integrations to date, in a long and active history of business combinations. We are off to a great start, and we look forward to more success in the future.

Strengthening Our Position in Asia Pacific

In January 2014, we announced an agreement to reacquire Oriental Brewery (OB), the leading brewer in South Korea, for 5.8 billion USD. This transaction reunites OB with AB InBev, which sold the business in 2009 as part of our deleveraging commitment following the combination with Anheuser-Busch, with an option to reacquire the business. As a result of the agreement entered into in 2009, AB InBev will also receive approximately 320 million USD in cash at closing from this transaction, subject to closing adjustments. OB has a strong portfolio of brands, including Cass, the number one beer brand in South Korea, as well as OB Golden Lager and Cafri, and will be a major addition to our platform in the fast-growing Asia Pacific region. South Korea is an attractive beer market, with a strong domestic growth outlook and rising demand for premium beer brands. Since 2009, its talented, dedicated team has made OB the largest brewer in its market. We are excited by the opportunity to continue to grow the OB brands in both domestic and export markets while expanding distribution in South Korea of AB InBev brands such as Budweiser, Corona and Hoegaarden, and to provide additional consumer choice and share best practices. The transaction is subject to regulatory approval in South Korea, as well as other customary closing conditions, and is expected to close in the first half of 2014.

Balanced Markets and Global Presence

Our expansion into Mexico and our planned return to South Korea highlight an important point about our market strategy: We are focused on the world's most significant beer profit pools, with a healthy balance between established and developing markets. In fact, our four top markets, the U.S., Brazil, China and Mexico, account for about half of the world's beer industry volume. Developing markets represented 64% of our beer volumes in 2013, and the potential for greater contributions from these regions is an important driver of future value creation for AB InBev.

While several of our key markets faced challenging industry and economic conditions in the past year, our global presence enabled us to advance strategically and operationally in each region. We can point to examples of progress in each Zone. In North America, our *Ritas* and Budweiser Black Crown innovation were hits with consumers. Solid growth in Mexico and its main export markets, excluding the U.S., drove an increase in Corona volume. Budweiser and Stella Artois are growing ahead of the industry in Brazil. Market share in most of our Latin America South markets was stable or growing due to a strong brand portfolio and our innovations. Brand health was strong for Jupiler and Leffe in their key Western European markets. Budweiser has established a solid foothold in the premium segment in Russia and Ukraine. And our growth continues to be extremely robust in China, due to the increasing popularity of Budweiser and Harbin, with a brewery expansion program and selective brewery acquisitions to support our growth in new regions of the country.

We have also combined our Western Europe and Central & Eastern Europe units into a single Europe Zone, with effect from January 2014, and believe this structure will enhance our ability to leverage opportunities and address challenges in the region.

Capturing New Growth Opportunities

We maintain a constant focus on the long-term growth prospects for our business. This strategic perspective motivates us to look at our business in fresh ways, continually seeking and seizing upon opportunities for future growth. For example, while we are the world's largest brewer, we do not believe our potential is limited to traditional beer occasions and consumption opportunities. Our strategies are aimed at capturing an increasing "share of throat" by attracting consumers from categories such as wine, hard liquor and other alcohol beverages; creating new occasions for beer such as an aperitif with Leffe; and developing beer-based drinks for legal-age non-beer drinkers, for example the *Ritas* that have been popular with women.

This broader view of the total alcohol beverage market underlines our goal to create new occasions to share our products with consumers, to launch innovative products that appeal to a greater variety of tastes, and to build close connections with today's consumers through a wide range of channels, including social media. We are confident that our approach will drive the top-line growth that is essential to long-term profitability and shareholder value creation.

To grow our business, we are developing deeper insights into the behavior and motivations of adult consumers. We aim to understand their fundamental values, and also how their preferences and expectations are shaped by different occasions. These insights have enabled us to create and position products for specific moments of consumption: enjoying a game or music event with friends, shifting toward a more relaxed mood after work, celebrating at a party or sharing a meal.

Consumer insights drive our innovation platform. In the U.S., we introduced Stella Artois Cidre, as well as Bud Light Lime *Straw-Ber-Rita*, to win consumers who would normally choose beverages other than beer. Our expansion of Shock Top and the national rollout of Goose Island were a response to a greater consumer interest in craft beer in the U.S. We have developed products for nightlife occasions, such as Quilmes Night in Argentina. And we emphasize the complementary pairing of beer with food through such brands as Stella Artois, Leffe and Hoegaarden, while the new Budweiser Supreme and the nationwide expansion of Harbin Cooling enhance dining occasions in China. Other innovations driven by consumer insights include packaging and promotions, such as our successful 300 ml returnable glass bottles in Brazil and new cooler displays for retail stores that reflect consumers' desire for cold beer. Additionally, Brahma 0,0% offers a non-alcohol beer option for traditional soft drink occasions.

We are continuing to create connections between consumers and our brands through social and digital media. We have allocated significant marketing resources to digital activation, and our brands now have more than 100 million fans and followers across Facebook, Twitter and other relevant social media platforms. In the past year, we also connected with consumers through major events including the Budweiser Made in America and MADE for Music festivals; sports sponsorships such as the FIFA Confederations Cup™ in Brazil and the National Football League (NFL) and Major League Baseball (MLB) in the U.S.; and other flagship global events.

Our ability to capture these growth opportunities reflects our strong *Dream-People-Culture* platform. We are inspired by our *Dream* to be the *Best Beer Company in a Better World*. We attract and cultivate *People* who are talented, dedicated and hard-working. And we have a *Culture* centered on an ownership mind-set that motivates people to perform at their best. We appreciate the vital contributions of our colleagues around the world, and continue to invest in programs to attract, develop and retain the people who are our true, sustainable competitive advantage. In this regard, we are pleased to note that our growth has enabled us to attract top global talent in increasing numbers, especially through our Global Management Trainee and MBA programs.

Sharing Opportunities for a Better World

AB InBev's role as a strong, growing global enterprise gives us the opportunity—and also the responsibility—to improve the world in which we live and work. During 2013, we made strides in each of the three areas that embody our Better World dream, including auditing our results to verify our progress against these goals:

- *Promoting Responsible Drinking*. We made solid progress toward our Responsible Drinking goals, educating consumers about the need to designate a driver, encouraging millions of adults to talk with their children about underage drinking, and training bar and retail employees on responsible beverage sales.
- *Protecting and Preserving the Environment*. We have met or exceeded our original Environmental Goals and committed to an even more ambitious set of goals to be achieved by the end of 2017, including 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 in key barley-growing regions.
- *Making a Difference in Our Communities*. We have continued to contribute to the well-being of our communities around the world through emergency relief in areas hard-hit by disasters, through support for educational opportunity, and through employee volunteer efforts.

A Future of Bright Potential

Looking ahead, we continue to see exciting long-term growth opportunities for AB InBev. We have a strong presence in the world's largest and most profitable beer markets, including developing economies where a growing consumer class should drive increasing demand for our premium products. We have a diverse portfolio that includes many of the industry's leading brands, several of which are gaining share in new markets. We also believe we have the world's strongest international premium portfolio. And we have a team of talented people, inspired by our ownership culture, who have proven their ability to perform across market cycles. To realize our opportunities, we will continue to:

- Leverage our strong corporate culture, built on ownership, meritocracy and informality
- Attract, develop and retain the very best people
- Invest behind our Focus Brands, to drive the premiumization of our portfolio and the beer category
- Use consumer insights to guide growth-oriented innovation
- Seek to expand our overall "share of throat"
- Pursue regional expansion in faster-growing markets
- Lead in the use of social and digital media to connect with and engage consumers
- Focus on excellence in execution and discipline in managing our resource allocations
- Continue and intensify our efforts toward a Better World

We deeply appreciate the loyalty of our consumers and customers, the confidence of our shareholders and the passionate commitment of our people—and we look forward to sharing our continued progress with you in the future.

Carlos Brito
Chief Executive Officer

Kees J. Storm
Chairman of the Board

The Anheuser-Busch InBev business model is designed to deliver long-term, sustainable value through top-line growth and expanding profitability. We have a solid strategic platform in place to support our growth plans, consisting of the following pillars:

- We benefit from our unique ***Dream-People-Culture*** platform. Our people represent our major sustainable competitive advantage; we strive to hire and retain the best people and provide opportunities for them to grow and thrive. We share one dream: To be the *Best Beer Company in a Better World*. And we foster an ownership culture that values accountability, integrity, continual improvement and a mind-set of doing the right thing for the long term.
- Our ***Powerful Brand Portfolio*** includes some of the strongest brands of any consumer products company. This exceptional portfolio includes 17 brands with an estimated retail sales value of over 1 billion USD and six of the 10 most valuable beer brands in the world, as measured by BrandZ™. Our strategy is concentrated on driving the brand health and top-line growth of our Focus Brands.
- We focus on ***Winning at the Point of Connection*** by using consumer insights to understand, engage and delight consumers—when and where they want to enjoy our products. That means expanding the occasions for enjoying our beers, with products that enrich a gathering of friends, a fine meal, a game or a concert. We also form strong connections through social media, proprietary content and experiences.
- We hold ***Leading Market Positions*** in the world's most important volume and profit pools for beer. Our focus markets include the U.S., Brazil and Mexico, where we hold the No. 1 share, and China, where we are No. 3 and growing within the total market and No. 1 in the premium segment. Our balanced footprint in both established and fast-growing developing markets contributes to long-term growth and profitability.
- We have developed ***World-Class Efficiency*** that enables us to compete effectively on a global basis. With operations in six geographic Zones and 24 countries, we have the scale to be the global leader of our industry, and the commitment to share best practices and uniform processes that can ensure consistent performance standards worldwide.
- Our ***Financial Discipline*** is reflected in our core competency of cost efficiency, which enables us to convert "non-working money" in areas such as administrative overhead into "working money" to be directed to investments in growth. We extensively benchmark and measure our performance to deliver on our financial targets: Increasing revenue, expanding margins and generating strong cash flow.

Looking to the future, we will continue to build on this strategic platform to produce sustainable profitable growth and increased shareholder value, while applying our resources to deliver on our dream of creating a better world through leadership in the areas of responsible drinking, the environment and the community.

Our Strategic Platform for Growth

Our diverse global portfolio of brands attracts loyal fans around the world.

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Budweiser Made in America is an epic celebration of music and a great way to connect consumers with the brand. It starts with music parties in 30 U.S. cities, building to a two-day festival in Philadelphia. Made in America reaches millions of consumers in person, through streaming webcasts and via social media.

A Strong Brand Portfolio

With well over 200 brands, of which 17 have estimated retail sales values of more than 1 billion USD, we believe our portfolio is the strongest in the industry. Six of our brands — Bud Light, Budweiser, Corona, Skol, Stella Artois and Brahma — are ranked among the global top 10 most valuable beer brands by BrandZ™.

As dedicated and successful brand builders, we invest the majority of our resources and efforts into those brands that have the greatest growth and profit potential, which we call our Focus Brands.

Global Brands

Budweiser The “Great American Lager”, Budweiser was introduced by Adolphus Busch in 1876 and is brewed with the same care and high-quality, exacting standards today. Budweiser is a medium-bodied, flavorful, crisp and pure beer brewed with a blend of premium American and European hop varieties. What began as an American phenomenon 137 years ago is a global brand today, enjoyed in 80 countries.

Corona Extra Corona Extra is the leading brand in Mexico. First brewed in 1925 at the Cervecería Modelo in Mexico City, it is the fourth most valuable beer brand in the world and the most popular Mexican beer worldwide. The Corona brand is targeted to people who are looking to relax responsibly. It is the only brand that stands for Mexican pride all over the world. It is currently available in more than 180 countries around the world.

Stella Artois A worldwide icon of supreme worth and quality, Stella Artois is the No. 1 Belgian beer globally and is distributed in nearly 95 countries. The brand’s rich heritage dates back to 1366 in Leuven, Belgium. It’s the optimum premium lager, with its full flavor and clean, crisp taste. The art and science of enjoying Stella Artois begins with the finest ingredients, and it is best served in its signature chalice using the exacting 9-step Pouring Ritual.

International Brands

Beck’s The world’s No. 1 German beer, Beck’s is renowned for uncompromising quality. It is brewed today, just as it was in 1873, with a rigorous brewing process and a recipe that uses only four natural ingredients. Beck’s adheres to the strictest quality standards of the German Reinheitsgebot (Purity Law). The Beck’s spirit inspires consumers to stay true to themselves, to make their own choices, and to embrace the freedom to live life according to their own ambitions.

Leffe Making the extraordinary just perfect, Leffe brings people together to share and savor special moments. Leffe is the beer with the longest heritage in our portfolio, dating back to 1240, and this brewing heritage is now shared and enjoyed by consumers in over 70 countries worldwide.

Hoegaarden An authentic Belgian wheat beer first brewed in 1445, Hoegaarden is one of a kind by nature. The taste of Hoegaarden is unique and complex: sweet and sour with a note of bitterness, a spicy echo of coriander and a hint of orange.

Local Champions

Bud Light is known for superior drinkability and its refreshing flavor, which have made it the best-selling beer in the U.S. and the leader in the premium-light class.

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 Vienna-style 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.

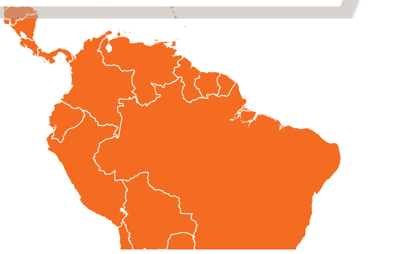
We're enhancing occasions — and growing brands — in key regions around the globe.

North America

Our expanding *Rita* family, high-end brands and innovations such as Budweiser Black Crown experienced growth in North America.

Mexico

The Mexico Zone has embraced our company culture and should provide strong growth for our Focus Brands, including Bud Light.



Latin America North

Continued growth in Focus Brands and well-received product and packaging innovations contributed to our performance in Latin America North.

Anheuser-Busch InBev operations span 24 countries around the world. Our markets represent a balance of both developed and fast-growing regions, with Zone operations covering North America, Mexico, Latin America North, Latin America South, Europe and Asia Pacific. We have a particular focus on the four countries that provide nearly half of the beer industry's volume: the U.S., Brazil, China and Mexico. With a No. 1 position in the U.S., Brazil and Mexico, and the No. 3 position in China, where we lead in the fast-growing premium segment, we are well-represented in markets that are expected to generate the industry's strongest growth opportunities in the near future.

North America A strong innovation pipeline helped offset the challenges of a continued slow U.S. economic recovery. Bud Light Lime *Straw-Ber-Rita* was the No. 1 product launched in the industry in the U.S. in 2013, building on our 2012 success with Bud Light Lime *Lime-A-Rita*. The *Rita* family has become an important addition to our brand portfolio. Budweiser Black Crown — a beer chosen by consumers — is a positive addition to the Budweiser lineup. Our high-end brands continued to gain market share, as shown by the national rollout of our Goose Island craft brand. We are also excited by packaging innovations such as a reclosable aluminum bottle for Bud Light, which launched during the 2014 Super Bowl, and a new 25 oz. can. Canada results benefitted from innovations such as the Bud Lime *Lime-A-Rita*, Bud Light Platinum and Black Crown. We will add Corona to the Canadian portfolio at the end of February 2014.

Total North America volumes decreased 2.6% for 2013, while EBITDA rose 0.4% and EBITDA margin expanded by 6 bps.

Mexico Since joining our company in mid-2013, our Mexico Zone has performed extremely well in achieving targeted cost synergies at an accelerated pace. The positive attitude of the team in embracing our culture and strategies led to significant profitability improvements through manufacturing best practices, procurement initiatives and expense discipline. The future of the Zone will be built upon strong brands, including Corona, which is No. 1 in Mexico, as well as Corona Light and Victoria. We are also excited about the potential to bring other Focus Brands to Mexico.

While the beer industry in Mexico was adversely affected by economic weakness and severe weather conditions, domestic beer-only revenue per hl rose 6.6% for 2013 due to revenue management initiatives. Mexico Zone EBITDA grew 54.0% and EBITDA margin expanded 1 475 bps.

Latin America North In Brazil, we focused sharply on our key commercial strategies — innovation, premiumization, expansion in the northern and northeastern regions, and packaging — as a prudent response to slower Zone income growth, higher inflation and other economic challenges. Our investment in innovation led to successful launches of Brahma 0,0% and Skol Beats Extreme. We also created the Skol Design Collection of unique decorative bottles, which drew active social media interest. Our premium strategy drove growth in our global brands Budweiser and Stella Artois. Budweiser's association with the FIFA Confederations Cup™, in particular, engaged Brazil's passionate football fans. Another highlight was Guaraná Antarctica, a proprietary flavored soft drink, which achieved record market share due to an aggressive football campaign. Packaging innovations such as the 300 ml returnable bottles also proved to be popular and affordable products, during a year that saw pressure on consumer disposable income.

The increase in premium brand mix, revenue management initiatives and greater manufacturing efficiencies led to improved

Making Connections Worldwide

Latin America South

Quilmes has become the No. 1 digital brand in Argentina, in all categories, with a strong social media following.

Europe

A focus on premiumization and profitability has led to brand health and stable market share.

Asia Pacific

Organic growth and regional expansion are driving the success of Budweiser and Harbin in China.

performance in spite of economic conditions. Net revenue increased 5.4%, while the Zone's EBITDA rose 10.1% with an EBITDA margin expansion of 230 bps.

Latin America South Market share grew or held steady in most of the countries in our Latin America South Zone in 2013, reflecting a strong brand portfolio and advances in packaging and trade programs. We focused in particular on strengthening the digital profile of our key brands, with Quilmes becoming the No. 1 digital brand in Argentina. We gained social media fans with promotions that enabled fans to choose a local band to perform at Quilmes Rock and to "Do Your Own Party." Innovations included Stella Artois Noire and Quilmes Night in Argentina, and a lower-alcohol-content version of Pilsen in Paraguay.

Own beer volumes declined by 1.9%, while EBITDA in Latin America South increased 17.4% and EBITDA margin added 130 bps.

Europe While Western Europe continues to experience economic pressures, and government actions such as excise-tax increases in some countries impeded the beer industry, we continued to work toward our key goals of driving premiumization and profitability. As a result, overall market share in this region has been stable. Brand health remains strong, as demonstrated by the performance of Budweiser and Stella Artois in the U.K., Jupiler in Belgium, and Leffe in France and Belgium. We continue to employ innovation to drive premiumization; for example, we have introduced new packaging sizes, responding to consumers' needs.

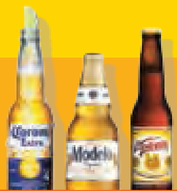
Own beer volumes declined 4.3%, while EBITDA in Western Europe decreased 5.0% and EBITDA margin contracted by 86 bps.

The difficult business environment that we have seen in Central and Eastern Europe in recent years has persisted, with regulatory restrictions and excise-tax increases leading to industry softness and declines in beer volumes. That said, we have moved forward with our strategies of premiumization; innovation and cost-optimization. As a result, we gained share in the premium and super-premium segment in both Russia and Ukraine, with Budweiser continuing to increase volume and market share in both countries. Our Klinskoye brand remains No. 1 in that market. Innovations included Sibirskaya Korona (Siberian Crown) Tri Khmelya, a distinctive craft-like blend of three hops from the Czech Republic, Germany and the U.K.

Beer volumes declined 15.8% in the region, and EBITDA contracted 11.1% for the year.

Asia Pacific The combination of a strong consumer market and solid execution on our growth strategies by a talented team led to excellent performance in the Asia Pacific Zone. Focus Brands Budweiser and Harbin continue to grow in popularity. We have increased our capacity in China through both greenfield construction and brewery acquisitions, supporting the expansion of our brands from the coastal areas to inland regions. Innovations such as Budweiser Supreme and Harbin Cooling are satisfying the desire of a growing affluent population for prestige beers that can accompany meal occasions.

Beer volumes in Asia Pacific grew 9.0% for 2013. APAC EBITDA increased 31.5% for the past year, with EBITDA margin growing by 169 bps.

Our Zones	Our Billion-Dollar Brands	Markets	Volume All Products Full Year (000 hl)	Market Share December 2013
		AB InBev Worldwide	445 786	—
		AB InBev Beer	399 046	—
		AB InBev Non-beer	46 739	—
North America		USA	113 048	47.2%
		Canada	9 068	40.1%
Mexico		Mexico[1]	38 185	58.4%
Latin America North		Brazil	113 148	Beer: 67.9% Soft Drinks: 18.4%
Latin America South		Argentina	24 160	Beer: 78.5% Soft Drinks: 21.1%
Europe		Belgium	4 931	56.0%
		Germany[2]	8 097	8.8%
		U.K.[3]	8 465	17.2%
		Russia[4]	11 675	15.1%
Asia Pacific		China[5]	65 523	14.1%

1. Mexico volumes and market share reflect the full year
2. Germany volume includes Switzerland & Austria; Market position is based on off-trade data
3. U.K. volume includes Ireland; Market position is based on off-trade beer data
4. Russia market position is based on off-trade data
5. China volumes include Asia Breweries from May 2013 onward
6. Includes 17 mixed beer/soft drink plants
7. Includes 13 mixed beer/soft drink plants & 5 soft drink plants
8. Includes 2 mixed beer/soft drink plants & 4 soft drink plants
9. Brewed under license or bottles under exclusive bottling agreement

Our Top Ten

Markets

Market Position December 2013	Number of Beverage Plants	Trading Names	Global Brands	International Brands	Local Brands
—	151	Anheuser-Busch InBev, AB InBev			
—	139[6]				
—	12				
No. 1	13	Anheuser-Busch Companies	Budweiser, Stella Artois	Beck's, Hoegaarden, Leffe	Bass, Brahma, Bud Light, Busch, Michelob, Natural light
No. 1	6	Labatt Breweries of Canada	Budweiser, Corona, Stella Artois	Beck's, Hoegaarden, Leffe	Alexander Keith's, Bass, Bud Light, Kokanee, Labatt, Lucky, Lakeport, Oland
No. 1	7	Grupo Modelo	Budweiser, Corona	—	Barrilito, Estrella, Leon, Modelo, Montejo, Pacifico, Tropical, Victoria
No. 1 No. 2	30[7]	Companhia de Bebidas das Américas—AmBev	Budweiser, Stella Artois	Beck's, Hoegaarden, Leffe	Antarctica, Bohemia, Brahma, Skol, Guaraná Antaractica, Pepsi[9]
No. 1 No. 2	9[8]	Cervecería y Maltería Quilmes	Budweiser, Stella Artois	—	Andes, Brahma, Norte, Patagonia, Quilmes, Pepsi[9], 7UP[9], H2OH!
No. 1	4	InBev Belgium	Budweiser, Stella Artois	Beck's, Hoegaarden, Leffe	Belle-Vue, Jupiler, Vieux Temps
No. 2	5	Anheuser-Busch InBev Deutschland	—	Beck's, Hoegaarden, Leffe	Diebels, Franziskaner, Haake-Beck, Hasseröder, Löwenbräu, Spaten, Gilde
No. 1	3	Anheuser-Busch InBev UK	Budweiser, Corona, Stella Artois	Beck's, Hoegaarden, Leffe	Bass, Boddingtons, Brahma, Whitbread, Mackeson
No. 2	7	SUN InBev Russia	Bud, Stella Artois	Beck's, Hoegaarden, Leffe	Bagbier, Brahma, Klinskoye, Löwenbräu, Sibirskaya Korona, T, Tolstiak
No. 3	40	Anheuser-Busch InBev China	Budweiser, Stella Artois	Beck's, Hoegaarden, Leffe	Double Deer, Harbin, Jinling, Jinlongquan, KK, Sedrin, Shiliang

Our

Global

Brands

Budweiser

Budweiser is making strides toward becoming the first truly global beer brand, enjoyed by growing numbers of consumers in over 80 countries. With more and more beer lovers around the world choosing to “Grab Some Buds”, Budweiser is the most valuable alcohol beverage brand on the planet, according to Interbrand’s Best Global Brands 2013 ranking.

Beer lovers around the world share a thirst for Budweiser.

Budweiser has long embodied core American values: authenticity, pride, confidence and optimism, and these values resonate with beer lovers worldwide who continue to discover the brand. They share a thirst for Budweiser—propelling the brand's growth in countries as diverse as Brazil, China, Russia and the U.K. Budweiser's market share is also stabilizing in the U.S., where innovations such as Budweiser Black Crown and strong associations with sports and music events are inspiring traditional and millennial consumers alike to experience a beer that has been brewed to perfection since 1876. Budweiser worldwide volume grew 6.4% in 2013.

Highlights of our efforts during the past year to build on the popularity of Budweiser around the globe include:

- Each summer, Budweiser honors the U.S. military with patriotic red, white and blue packaging that evokes the brand's classic American values. At the same time, we support the ***Folds of Honor Foundation***, which provides scholarships, family assistance—and hope—to spouses and children of soldiers killed or disabled in service. Based on the number of cases of Budweiser sold from May 5 to July 4, 2013, the brand made a donation of 1 million USD to the Folds of Honor Foundation, with an additional 500 000 USD donated by the Anheuser-Busch Foundation. Since 2010, Budweiser has raised more than 6.5 million USD for Folds of Honor, providing more than 1 300 educational scholarships to soldiers' families.
- The introduction of Budweiser Black Crown, a golden amber lager brewed with fire-roasted caramel malt, brought a popular new product to the U.S. market. The new brew was the product of our 2012 "Project 12" competition, in which consumers had an opportunity to sample new offerings from Budweiser's 12 U.S. brewmasters and vote for their favorites. Black Crown is helping us win "share of throat", with 40% of its consumers switching from wine and hard liquor, and a high ratio of repeat purchases.
- Sports events provide a strong connection between Budweiser and consumers. Budweiser is the official sponsor of ***Major League Baseball (MLB)***, one of the most watched sports in the U.S. We drive our MLB program with 360° activation, sponsoring 23 individual MLB clubs and reaching consumers through social media, TV, point-of-sale materials and other channels.
- ***Budweiser volume in China*** grew by double digits in the past year, as we continued our drive to be the premium beer of choice for an increasingly affluent consumer base. The construction or acquisition of new breweries has supported Budweiser's reach toward the central regions of the country.
- Budweiser is the prime focus of our efforts to grow the ***premium segment in Russia and Ukraine***, and has gained market share in both countries. Packaging innovations, such as 0.75 liter bottles and cans, have contributed to the brand's growth. Successful efforts to connect with consumers included the ***MADE for Music*** platform in Russia, and programs tied to the 2014 FIFA World Cup™ in both Russia and Ukraine.
- The U.K. has continued to experience strong volume growth, propelled by advertising featuring JAY Z, based on Budweiser's global MADE for Music campaign.
- Strong growth of Budweiser in Brazil has been driven, in part, by our sponsorship of the ***FIFA Confederations Cup™***. Football is a major source of national pride and passion in Brazil, and this sponsorship reflects the way Budweiser has become closely associated with major football events and regional teams.


SAVE THE BEACH.ORG
Corona Extra
MADE IN MEXICO
MARC. REG.
BEER
LA CERVEZA MAS FINA
12 FL. OZ.
Brewed and bottled by
CERVECERIA MODELO, S.A. DE C.V.
MEXICO, D.F.
REG. S.S.A. Nº 7417 "B"

Corona Extra

Corona Extra was first brewed in 1925 at the Cervecería Modelo in Mexico City. It soon became the best-selling beer in Mexico and today is exported to more than 180 countries, where the brand is a symbol of Mexican pride. In 38 nations, Corona is the leading super-premium import brand. Corona ranks No. 4 in the 2013 BrandZ™ list of the world's most valuable beer brands. In 2013, worldwide volume of Corona rose 3.9%, excluding the U.S., due to growth in both Mexico and export markets.

We see exciting opportunities to bring the unique Corona experience to additional markets around the globe. While the brand is especially strong in Western Europe and its largest single export market is Australia, we see untapped opportunities in the Asia Pacific region, much of Latin America and other geographies.

- Beaches, and the powerful imagery and emotion they evoke, have long been part of Corona's DNA. Since 2008, Corona has worked to protect coastal terrain with a ***Save the Beach*** campaign in major markets. In partnership with consumers and Blue Flag, a beach eco-certification program, Corona has removed over 15 tons of debris from shorelines, restoring beaches across Europe to a natural state. To further build awareness of the need for beach restoration and celebrate Corona's efforts, major events have been held in London, Madrid, Milan, Rome and Berlin featuring celebrities, artists and activists. In 2013, the Corona Save the Beach Campaign chose Barcelona as the focus of its efforts, with an environmental-art installation on the city's most popular beach coinciding with World Maritime Day. In 2014, Corona Save the Beach will expand into new markets with events that will further benefit local communities and celebrate the program's positive impact.

Corona is providing an opportunity to enhance existing relationships with consumers, and form new ones.

Stella Artois

Stella Artois has been called the most sophisticated beer brand in the world. The brand's rich heritage dates back to 1366 and the Den Hoorn brewery in Leuven, Belgium. The brand's nearly 650-year heritage of tasteful sophistication is reflected in its iconic chalice and exacting 9-step Pouring Ritual.

Distributed in some 95 countries worldwide, Stella Artois had particularly strong gains in the U.S., the U.K. and Argentina. No matter where they are in the world, consumers can count on an unparalleled experience when they enjoy Stella Artois.

- Stella Artois has continued its association with the U.S. ***Kentucky Derby***, one of the world's most prestigious sporting events. As "The Official Beer Sponsor of Churchill Downs, the Kentucky Oaks and the Kentucky Derby," Stella Artois sponsors a variety of events including "Taste of Derby," which celebrates fine cuisine, racing and impeccable style.
- Building on the prestige of the Stella Artois brand, and applying that image to a new category of consumers, we introduced ***Stella Artois Cidre*** in the U.K. two years ago. Stella Artois Cidre is a premium-crafted European-style cider made with handpicked apples, that has rapidly won an avid following among sophisticated consumers. In keeping with our focus on gaining "share of throat," many of the consumers who enjoy Stella Artois Cidre are normally drinkers of wine or other alcohol beverages—and many are new to our company and to the Stella Artois brand. In 2013, we extended the market for Stella Artois Cidre, which now has also been launched successfully in the U.S.
- Stella Artois Noire, an innovation created specifically for consumers in Argentina, infuses distinctive notes of coffee along with traditional Saaz hops. Packaged in a sleek black glass bottle, Stella Artois Noire has contributed to the brand's growth in this market.

Stella Artois fans savor elegance and refinement.


ENTAMOS
LA ARTOIS Noire
SCURO MAS PROFUNDO
STELLA ARTOIS
Anno 1366
BELGIUM'S ORIGINAL
ANNO 1366
STELLA ARTOIS
Premium Lager Beer
LEUVEN
STELLA ARTOIS
Cidre

v

Each year, at the annual Harbin International Ice and Snow Sculpture Festival in northeast China, attendees come together to defy the cold and light up the night with festive, illuminated ice sculptures. Our Harbin brand is an official sponsor of the festival—and an important ingredient in the celebration.

Consumer Insights and Connections

3/

We want consumers to associate our beers with key moments of enjoyment in their lives. That's why we draw on consumer insights to help us understand the motivations of consumers when they gather with friends, relax and unwind, enjoy a meal, or share other occasions.

Maintaining and enhancing those consumer connections is vital to brand health and sustainable top-line growth. To form even stronger connections, we gather and intensively analyze data that yields profound insights into consumers—their values, motivations, preferences and passions.

Our insights inspire decisions about new products, packaging, marketing and sales initiatives that complement important occasions and connect closely with our consumers. Such insights also have led to a wide range of initiatives to connect with consumers through sports events, music festivals, activities that pair beer with food, and other shared experiences.

Connecting with

Digital Engagement

Social media provides an increasingly powerful way to connect with fans. Our consumers, especially the millennial generation, increasingly integrate digital and mobile devices into their lives. All of our activations now lead with or include extensive digital components. We place a strong emphasis on connecting with our fans on an ongoing basis by delivering specialized, relevant content related to our beers and the brand experience.

- By the end of 2013, our brands had a total of more than ***100 million fans*** on Facebook, Twitter and other social media, enabling us to connect directly with these consumers and further develop brand loyalty with targeted, engaging content. Budweiser has become one of the largest "social beer brands" in the world. Many of our local champions also have emerged as the top social beer brands in their respective markets, including Quilmes in Argentina, Skol in Brazil and Bud Light in the U.S.
- Budweiser has become one of the ***fastest growing brands on Facebook***, according to *Business Insider*, thanks to its strong association with sports and good times.
- In connection with Bud Light's NFL sponsorship, we commissioned a national online survey called ***NFL Fan Superstitions***, which asked fans ages 21 and older about their special game-day habits and rituals. More than 6 000 adult fans responded online, sharing superstitions that ranged from wearing unwashed jerseys to sitting in a "lucky seat" to displaying team memorabilia. The survey resulted in an NFL Fan Superstition Index that calculated the superstition level of each NFL team's fan base.
- The popular ***Men Know Why*** advertising campaign for Jupiler has been revitalized via a 360° approach on TV, a major outdoor campaign and social media, including a widely shared YouTube video in which consumers could search for hidden clues that were integrated into the campaign. By connecting the clues, fans had a chance to win tickets to many of the summer festivals sponsored by Jupiler, where the campaign was brought to life. The campaign also was extended to retail stores through special packaging and point-of-sale materials. Through the campaign, Jupiler celebrates a lifestyle of healthy competition among men.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Joni Burley
the best ive ever seen loving touching warm animals say it all
Quilmes Cerveza
3.9M
23
Photos
Budweiser
YouTube
STELLA ARTOIS
Connoisseur
Wim Wenders | Cidre | Stella Artois Connoisseurs
By Stella Artois UK
10,492 views
NFL FAN SUPERSTITIONS
MOST SUPERSTITIOUS
13.3M
Photos
Rádio SKOL

Sounds

Savoring

Great

Music Events

We sponsor some of the most popular music events around the world—building strong connections between consumers and our brands through these shared experiences. All around the world—from the Budweiser Made in America festival to Bud Light Music First, and from Quilmes Rock to Rock the Volga—the enjoyment of great music is inspired by a love of great beer.

- Budweiser Made in America, which we cofounded with JAY Z, is an epic music program that forms a strong link with millennial consumers. In 2013, we hosted music parties in 30 cities across the U.S., building up to a massive two-day festival in Philadelphia over the Labor Day weekend, with performances by Beyoncé, Calvin Harris, Deadmau5, Nine Inch Nails, Phoenix and other major acts. The festival was attended by 120 000 people in person, with another 2.5 million joining online via the livestream, and reached 1.6 billion consumers via the festival social media campaign.
- Budweiser's global music campaign, MADE for Music, brought live music experiences to fans around the world through over 160 events in 25 countries. For example, the China edition was Budweiser's largest-ever campaign in that country, and included a Signature Event series held at top nightlife venues in Beijing, Shanghai, Guangzhou, Changsha, Hangzhou, Dalian and Shenzhen. Budweiser also sponsored Rihanna's Diamonds World Tour concert in Macao, connecting Chinese fans with the Grammy-winning artist and her music.
- Bud Light Music First is a new program created to bring fans closer to the music they love. The highlight of the program was the groundbreaking "50/50/1"—a never-before-seen live music event with Bud Light presenting one concert in each of the 50 U.S. states on the same day. Fans were able to become part of the Music First experience by downloading the Bud Light Music First app, the primary destination to listen to the event's artists, get concert information and enter a contest to win Bud Light Music First prizes.
- Other high-profile music events sponsored by our brands included the long-running Quilmes Rock festival in Argentina and the Rock the Volga festival sponsored by Klinskoye in Russia.

Sports Sponsorships

Consumers are passionate about their favorite sports teams — and their favorite beer. That's why our brands are involved in sponsoring a range of sports events around the world. We're connecting with fans through Budweiser's support of the FIFA Confederations Cup™ in Brazil and NASCAR racing in the U.S., Bud Light's NFL sponsorship, and the FIFA World Cup™.

Consumers

Teaming up with

- Bud Light's NFL Sponsorship pairs the most popular sport in the U.S. with the country's most popular beer, and has consistently been one of our most important sports connections. As the official beer sponsor of the NFL through a multiyear agreement, Bud Light has a robust 360° activation of its sponsorship. The brand also sponsors 28 of the 32 NFL teams, and helps fans get into the NFL spirit with team-specific packaging and tailgate parties in each team's city—along with a range of mobile apps and social media. Bud Light's activities for the past NFL season included hosting the "Bud Light Hotel" at Super Bowl XLVIII, transforming a Norwegian Cruise Lines passenger ship docked in New York into a complete Bud Light experience for football fans and partygoers.
- Our sports sponsorships in Brazil in 2013 culminated with the ***FIFA Confederations Cup™***, a hotly contested competition among national football teams that takes place in six cities over two weeks. Budweiser was highly visible in the marketplace in connection with the tournament, due to an effective 360° campaign that reached adult consumers at points of consumption, as well as in stadiums and airports and across a range of media. Our successful experience with the 2013 FIFA Confederations Cup™ will serve us well as we create our campaign for the 2014 FIFA World Cup Brazil™.
- Sponsorship of the National Basketball Association's ***NBA China Games*** was a major highlight for Harbin in 2013. The games, which are extremely popular in China, featured the NBA's Golden State Warriors and Los Angeles Lakers and were played in Beijing and Shanghai. Harbin gained strong visibility through campaign elements such as a T-shirt design contest, competitions to win NBA premiums, as well as media and events.
- The ***Michelob ULTRA Foursome*** golf promotion reinforces the brand's association with an active, healthful lifestyle. Each year, Michelob ULTRA sends four friends on a cross-country trip to play four of the top U.S. public golf courses: The Stadium Course at TPC Sawgrass in Florida, the Ocean Course at Kiawah Island Golf Resort in South Carolina, the Pacific Dunes at Brandon Dunes Golf Resort in Oregon, and the legendary Pebble Beach Golf Links in California. Other fans can experience this ultimate golf outing by following the ULTRA Foursome on Facebook.com/MichelobULTRA.

Understanding the passions and motivations of consumers creates a connection with our brands.

Meals with friends provide great occasions to enjoy our beers; we are continually expanding our range of food-friendly brands.

Focus on Food

Many of our beers are closely associated with the enjoyment of food, and we continue to grow our association with dining occasions in our quest to expand "share of throat". Brands such as Stella Artois, Leffe and Hoegaarden, which have long complemented a fine meal, are now being joined by newer food-friendly offerings like Goose Island India Pale Ale, Harbin Cooling and Budweiser Supreme.

- To highlight the way beer can enhance the food experience, this year we opened our first ***Biergarten*** (German for *beer garden*) adjacent to our St. Louis brewery in the U.S. The beer garden also gives adult lovers of our beers the opportunity to learn about some of our brands and participate in a brewmaster's tasting that emphasizes the quality and care that go into every sip.
- In Brazil, our sales team works with local bars to create ***micro-events***. We supply a fleet of vans outfitted with sound equipment, tables and chairs, and other features, so that a bar needs only to provide the beer and entertainment to host a great neighborhood gathering.
- Stella Artois has an active program to create associations between the brand and events related to fine dining. In the U.S., Stella Artois was a sponsor of the prestigious 31st annual ***Aspen Food & Wine Classic***, in partnership with *Food & Wine* magazine. The three-day festival featured a full menu of Stella Artois–inspired events, including tastings, a Belgian cooking demonstration, and news coverage in both online and traditional media. The Food & Wine Classic served up a higher profile for Stella Artois among food writers, celebrity chefs and connoisseurs of fine food and beverages.

A Recipe for Enjoyment

Project 12, now in its second year, is an expression of Budweiser's quality heritage. Consumers have the opportunity to taste new offerings crafted by our 12 U.S. brewmasters—and vote for their favorites. Budweiser Black Crown, now available nationwide in the U.S., was the successful result of the first Project 12 competition.

4/ Inspired by Innovation

A spirit of continuous innovation is essential to our growth. To maintain and expand our connections with consumers, we are always working to provide new experiences—in products, packaging, marketing, sales and many other areas. The objective is to keep our brands fresh and relevant, forge even stronger connections with consumers and expand our "moments of consumption".

Across the company, this spirit of innovation inspires us. Our focus is on creating new opportunities, moving the needle on growth, and driving improved performance and value. Innovation works: We estimate that approximately 8% of our volumes in the past year were attributable to innovation initiatives.

The key to successful innovation is to have a well-established, company-wide process for developing new ideas and delivering them to market at an accelerated pace. Proposed innovations must have a tangible goal, such as increasing "share of throat", and are evaluated based on their potential to contribute to future value by:

- Offering premium-plus-and-above solutions
- Delivering options that are the most incremental to our portfolio
- Capitalizing on emerging consumer trends
- Bringing new consumers to our brands

The objective is to have a steady, rather than sporadic, pipeline of innovations that will yield solid commercial benefits over a number of years.

The new initiatives and products described here are just a few examples of our innovation portfolio—and reflect our efforts to generate a significant "return on innovation" in terms of consumer engagement and shareholder value. Other innovations in on-trade and off-trade programs have been targeted toward the needs of retail stores, bars and restaurants, as well as investments in improving the distribution network, strengthening the sales force, and providing sales teams with mobile solutions.

The *Rita* Family

When we launched Bud Light Lime *Lime-A-Rita* in 2012, we created not just a new beer, but also a new category: Our first product designed to be enjoyed over ice or in mixed drinks, to appeal to an expanded range of consumers. We have continued to grow the *Rita* family, with the introduction of Bud Light Lime *Straw-Ber-Rita* this year. Within the U.S. industry, *Straw-Ber-Rita* was the most successful product launch of 2013. The *Rita* family is expanding the market for our brands, with many consumers switching to them from wine, hard liquor and other beverages. We added to the *Rita* family, with *Cran-Brrr-Rita* in fall 2013. *Mang-O-Rita* and *Raz-Ber-Rita* will follow in spring 2014.

Creating a New Category

Cooling the Inner Heat

In 2013, we launched Harbin Cooling nationally in China, following a successful pilot in selected markets in 2012. With essences of chrysanthemum and honeysuckle, in keeping with the Chinese tradition of cooling the "inner heat" from spicy foods, Harbin Cooling is a popular complement to meal occasions.

Aluminum Bottles Prove Their Metal

We believe aluminum bottles will be the packaging of the future for many beers. In addition to a distinctive and differentiated image, our new aluminum bottles have twist-off caps that make opening and reclosing easy. The bottles help beer get cold faster and stay colder longer—with a goal of delivering the freshest, coldest, best-tasting beer possible. Aluminum bottles also have a recycling advantage over glass. We began offering new recloseable aluminum bottles for some products this year, with Bud Light Platinum leading the way as our first beer in this innovative packaging. In 2014, we will offer Bud Light in the "cool twist" 16 oz. recloseable aluminum bottle.

Innovation creates new moments to share and experiences to enjoy.

Project 12: The New Batch

We launched a second round of Project 12, in which each of our 12 U.S. brewmasters competed to create a new beer recipe inspired by classic Budweiser quality but with a unique flavor profile. Consumers were given a chance to choose the winner, and the first Project 12 competition led to the introduction of Budweiser Black Crown in 2013. Of the new batch of Project 12 beers, three were chosen as part of a limited-edition sampler pack: Beechwood Bock, brewed with chocolate and caramel malts and finished on beechwood chips; North Pacific Lager, brewed with a unique blend of hops; and Vanilla Bourbon Cask, aged on bourbon barrel staves and vanilla beans for a slightly sweet taste.

Shock Top Expansion

Our Shock Top family continues to expand to satisfy craft beer lovers' thirst for variety. Building on the popularity of Shock Top, an unfiltered wheat beer that has been one of our most successful brand introductions, we have introduced new varieties that offer novel taste experiences. These include Shock Top Honeycrisp Apple Wheat, a pioneering cider-plus-beer hybrid, and Shock Top Chocolate Wheat, brewed with chocolate malt for a rich chocolate taste and aroma, and designed to be mixed with Shock Top to create "Choc Top".

A spirit of innovation inspires our quest to create new products and offer fresh ideas across all areas of our business.

A Supreme Match for Food

Our strategy to provide more products created specifically to complement dining occasions led us to launch Budweiser Supreme in China. A super-premium beer brewed for consumption in fine restaurants, Budweiser Supreme is gaining popularity in cities across China.

New Store Coolers for a Big Chill

When consumers purchase beer in retail stores, we know that "the colder the beer, the better" for driving demand. This led our sales team to develop a series of special coolers. In place of a standard refrigerated unit, each cooler has been created to highlight the attributes of a particular brand—with customized designs that echo the brand's packaging and unique brand identity. The new coolers help our off-trade partners in supermarkets, convenience stores and other retail locations in countries such as Brazil, Argentina, Mexico, Russia and China to keep our beer as cold as possible while displaying products in a highly visible and effective way.

Building on Success

Dream-People-Culture: *The Source of Our Success*

Our accomplishments are built on a strong platform: the power of our Dream, to be the *Best Beer Company in a Better World*; the talent of our People, who are the true source of our sustainable competitive advantage; and our Culture of ownership, accountability and performance. Our *Dream-People-Culture* platform is rooted in our 10 Guiding Principles, which unite more than 150 000 colleagues around the world.

5/

Our team in Mexico eagerly embraced the AB InBev culture—including our focus on responsible drinking programs. On Global Be(er) Responsible Day, 10 000 employee volunteers in Mexico took to the streets to deliver the responsible drinking message in public places.

Our 10 Guiding Principles

Our Dream

1/

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

From the start, AB InBev has been inspired by our shared dream. Certainly, this dream inspires our people to delight consumers, grow our business and create shareholder value—but it also motivates us to engage in efforts to improve our world by promoting responsible drinking, protecting and preserving the environment, and making a difference in our communities.

Talented people, motivated by our ownership culture, are inspired to dream big and aim high.

Our People

2/

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

3/

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

We know it takes great people to transform a great dream into reality. While we have grown and evolved over the years, the one constant has been the exceptional spirit of commitment shown by our talented colleagues around the world. They believe in dreaming big, aiming high and challenging themselves at all times to do better and achieve more.

It is especially worth noting that our talent recruitment and development initiatives, such as the Global Management Trainee (GMT) Program and MBA Program, continued to attract top global talent, as more individuals are attracted to our company and our dream.

In the past year, we intensified our employer branding efforts, strengthened our competency model to help employees build the functional skills needed to succeed in business, and piloted new techniques, such as gamification, in the training process.

Below are just a few of the many ways that we are building our "people pipeline" to ensure that we have a team possessing the skills, dedication, leadership and integrity to grow our business globally and to work toward achieving our dream.

Global Management Trainee (GMT) Program — Our GMT Program attracts 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 in our organization. The GMT program helps us to build a highly qualified, well-rounded team that is engaged with our culture from Day 1. In 2013, we attracted some 134 000 candidates for the GMT program.

MBA Program — Our global MBA program attracted candidates from such top business schools as Harvard, Stanford, Chicago-Booth and Kellogg in the U.S., as well as London Business School in the U.K. and CEIBS in Hong Kong. In 2013, we selected 31 MBA interns for the program from a pool of 811 applicants — our largest MBA class to date.

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.

Excellence Programs — We have created specific Excellence Programs to drive execution and sustainable results. These functionally focused programs 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.

Career Management and Development — Through this program, we model the essential skills for a given function, so that we can better identify and evaluate team members with the greatest potential for success in that function. We also focus on retaining the talented people who come through our programs.

Engagement — We measure and enhance 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/

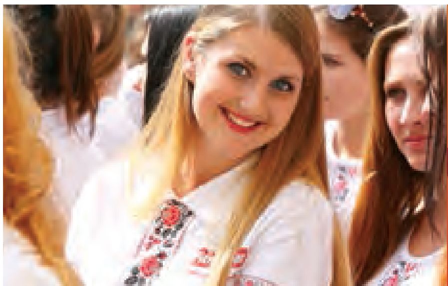
We are never completely satisfied with our results, which are the fuel of our company. Focus and zero complacency guarantee lasting competitive advantage.

5/

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

6/

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



AB InBev is distinguished by a unique culture that values a sense of ownership and personal responsibility, encourages a dedication to putting the consumers' interests first, promotes individual and team initiative, and rewards superior performance.

Our culture places the consumer firmly at the center of all we do. We focus on delivering great brands, making products of consistent and undeniable quality, and providing a superior experience. To do this, we act as ambassadors for our beers and remain true to our enduring heritage, while using the most up-to-date tools and resources to form connections with consumers.

Thinking and acting like owners is a prime tenet of our culture. Team members know they must: Be accountable for their actions; make decisions in the long-term best interests of the business; and execute with focus, excellence and integrity. Our 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. This ownership culture goes beyond owning shares—it is about owning responsibility for our commitments to consumers, the creation of shareholder value, and delivering on our dream.

We also keep it simple: Making decisions based on clear, agreed-upon approaches and common sense. Rooting out complexity, we seek to streamline processes. Points of view and decisions are based on facts, and are arrived at through a transparent process. And we are disciplined and consistent in the way we execute, monitor and measure our results.

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

We expect our leaders to guide by personal example, pointing the way forward for the entire organization. We expect them to get the right results in the right way—with a spirit of passion, urgency and accountability, and to inspire our colleagues to do likewise. 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, colleagues and community.

We believe there are no shortcuts on the path toward our dream, and that the safety of our people, the quality of our products, and the uniqueness of our consumer experience can never be compromised.

Staying Safe—The most important thing we can do for team members and their families is to ensure a safe working environment. Safety is one of the main pillars of our Voyager Plant Optimization (VPO) Program, which aims to standardize processes to ensure that all of our facilities operate in the safest, most effective manner. We made solid progress in improving our safety record in 2013, with fewer lost-time injuries globally, and the majority of AB InBev facilities recording no lost-time injuries in the past year.

Corporate Governance and Compliance—Our culture also requires that 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. We treat our integrity and reputation as key assets that must be preserved at all times.

7/

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

8/

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

9/

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

10/

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

Rules of Corporate Governance have been established by our Board of Directors and are reinforced by a Code of Conduct, including a Code of Share Dealing that we use as a publicly traded company. These are designed to ensure that the company is responsibly managed and properly controlled. Without limiting vision or hampering swift action, the rules establish a framework of best practices, a way of thinking, and the means of operating within and around the company to ensure clarity and proper conduct. A helpline for employees to confidentially and securely report any concerns about ethics violations is available in 15 languages.

A strong anti-corruption framework is a key element of our compliance program. In 2012, we strengthened our efforts to ensure company-wide awareness of and adherence to our anti-corruption policies, instituting both online and live training sessions that have reached several thousand employees. To help ensure the effectiveness of our anti-corruption controls, we conduct due diligence on elements of the company and/or outside vendors that are most likely to come in contact with government officials. Our control framework is regularly assessed by both our Compliance Committee and our Audit Committee.

Contributing to our community in Paraguay, our associates have volunteered to help a local organization called Un Techo para mi País (A Roof for My Country) to build houses for homeless families—giving them a safe place to live and hope for a better life.

6/

All across the company, we continually strive to deliver on our dream: to be the *Best Beer Company in a Better World*. This means not only building a strong, sustainable global enterprise—but also taking decisive actions to make the world a better place for the consumers who enjoy our products, for our colleagues and partners who help us grow, for the shareholders who have confidence in our prospects, and for the communities in which we live and work. To make this dream a reality, we set ambitious goals, share best practices, and are continually inspired by the individual and collective efforts of our employees worldwide.

Our efforts to build a better world are 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 in the beverage industry, with a ranking among the leaders in social responsibility on *Fortune* magazine's "World's Most Admired Companies".

Toward a Better World

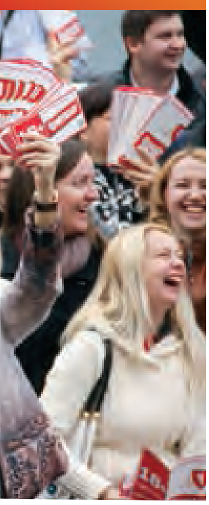
Promoting Responsible Drinking

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 consequences of drunk driving.

Global Be(er) Responsible Day is an initiative that we created four years ago to focus worldwide attention on this vital issue. It sparks a coordinated global effort by our colleagues, as well as partners, including distributors, bars, retailers, law enforcement and community groups, to promote responsible drinking.

We believe measurable goals are essential to driving meaningful progress toward responsible drinking. In the past year, we made substantial strides toward our ***Global Responsible Drinking Goals***, which are to be achieved by the end of 2014 and will be independently audited.

- Nearly 145 million adults have been reached by programs that ***help parents talk with their children about underage drinking***. This exceeds AB InBev's three-year goal of reaching at least 100 million adults.
- ***ID-checking materials*** have been provided to nearly 465 000 bars and other retailers, reaching roughly 93% of our target of at least 500 000.
- Training on responsible beverage sales has been provided to some 228 000 bartenders, waiters, grocery store clerks, and other servers and sellers of alcohol. We aim to ***train a total of at least 1 million people who serve or sell alcohol*** by the end of 2014 through a mix of both online and face-to-face training.
- The importance of using a ***designated driver or safe-ride home*** has been communicated to more than 748 million legal-age consumers in the past two years. This outreach already has surpassed our target of reaching at least 500 million consumers.
- We have invested more than 112 million USD in ***responsible-drinking advertising and programs***. Our goal is to invest at least 300 million USD by the end of 2014.
- AB InBev remains committed to celebrating Global Be(er) Responsible Day annually to promote awareness of responsible drinking among employees, partners and consumers.



We are proud of our progress against these goals, and wish to share additional examples of our efforts—and those of our people—to promote responsible drinking around the world.

- In conjunction with this year's Global Be(er) Responsible Day, we released the ***findings of an international survey*** that investigated how parents in 11 countries talk with their children about responsible drinking. The survey showed that in almost all countries, over 90% of parents agreed on the importance of talking with children about drinking. But in nine of 10 countries, there was about a 10% difference between the number of parents who agreed that this is important and those who have actually had the conversation. Also, parents in Belgium, Brazil, the U.K. and Russia reported that they trust their children to make the right decision. These findings underscore the importance of programs like our ***Family Talk about Drinking*** initiative, which gives parents the tools to start this all-important conversation with their children.
- An online ***Well-Being & Responsibility Forum***, hosted by AB InBev and facilitated by GlobeScan, was held in September 2013. This stakeholder engagement event attracted nearly 250 academics, researchers, health care professionals, policy makers and other participants from 15 countries. Coming together online, participants discussed trends, research and best practices in well-being and responsibility, road safety and drunk-driving prevention, underage-drinking prevention, and excessive-drinking prevention. The forum led to a number of recommendations for the company and other stakeholders. Just as important, it sparked a conversation about the issues and a new, collaborative approach to encourage well-being and responsibility.
- ***A mini-movie starring basketball great Yao Ming*** was developed by our China team to raise awareness of the dangers of drunk driving. Titled "Price of Love—No Drunk Driving", the video was scripted and produced by our employees. Using a light, humorous tone to explore a serious topic, Yao plays an executive who is so committed to being the designated driver that he almost misses his wedding anniversary. The video has had tremendous reach, with over 130 million views within the first three months.
- ***Budweiser's "responsible-drinking" blimp*** took flight in the spring and summer of 2013, carrying the "Designate a Driver" message to 25 locations. The flight plan included stops at festivals, outdoor celebrations and sports events over the course of 17 weeks. The blimp offered a unique opportunity to reach adults at outdoor events with a clear message: "However you get home, designate a driver." Adult consumers could follow the blimp's progress on Twitter. They also were encouraged to log on to www.budblimp.com to pledge to drink responsibly and always designate a driver—and to share their pledge via Facebook to encourage friends to do the same.
- The ***#29 Budweiser Chevrolet, with a special "Designate a Driver" paint scheme,*** was driven by Kevin Harvick in the GEICO 400 NASCAR race in Chicago. Harvick also did race-time interviews to promote the "Designate a Driver" message.
- Mexico, our newest Zone, had tremendous participation in Global Be(er) Responsible Day, as some ***10 000 employee volunteers took to the streets*** to deliver the responsible-drinking message in public places.
- Latin America South once again extended its responsibility activities to an entire ***Global Be(er) Responsible Week***, including employee visits to bars and other points of consumption at night to deliver the designated-driver message.
- Our Europe Zone supports a national social program called ***Proud of Russia*** in partnership with motorcycle clubs, commercial accounts, and both governmental and nongovernmental organizations that focuses on preventing underage drinking and drunk driving.
- In Ukraine, our ***Don't Drink & Drive campaign*** uses the 360° principle to communicate across virtually all media channels, including TV, the Internet, public events, advertising and viral videos. The list of partners includes the State Automobile Inspection Organization of Ukraine, the Association of Safe Driving, major automobile and bike clubs, driving schools, gas station chains and many others.
- ***Family Talk*** was launched in Brazil in 2013 using a multimedia approach to help parents talk with their children about responsible consumption. Experts in education, medicine and sociology advised on the creation of the program. A highlight of the effort was the artwork of famed Brazilian cartoonist Mauricio de Sousa and his team, which brought the subject alive in a colorful and memorable way. Campaign materials appeared in magazines, on the Web and in public places. We also have trained over 100 000 hospitality professionals in Brazil about responsible serving in connection with events such as the FIFA Confederations Cup™ and the Barretos rodeo, an annual celebration of Brazil's cowboy culture.
- A new ***online server training program*** was introduced in Western Europe in connection with Global Be(er) Responsible Day, to ensure that retail employees sell and serve our products only to consumers of legal drinking age. We followed this with a new ID-checking program launched in time for the holiday season.

Setting Ambitious Environmental Goals

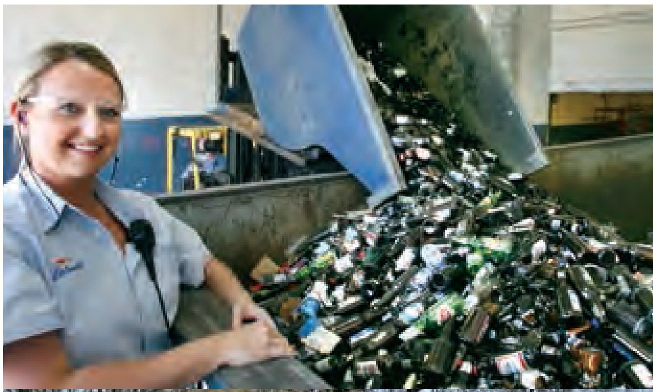
Beer is a product made from natural ingredients, and thus the stewardship of land, water and other natural resources is fundamental to helping ensure the quality of our brands for the long term. We strive to be as efficient as possible in our use of natural resources: We invest in projects and technologies to conserve water and energy and to reduce waste, and we work to raise awareness of environmental issues among employees, consumers and the general public.

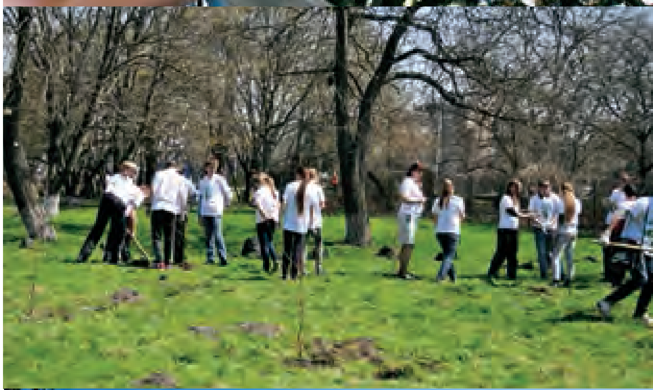
Over a three-year period from 2009 to 2012, we aimed for and achieved a series of ambitious goals for reducing the company's environmental impact. Specifically, we reached our goals of: Reducing water consumption to 3.5 hl per hl of production; decreasing energy use per hl 12% (beating our 10% goal); reducing carbon emissions 15.7% (exceeding the target of 10%); and increasing our recycling rate to 99.2% (bettering a 99% target).

Having reached — and in some cases exceeded — our original goals, we now have committed to an expanded set of global goals for 2017. For the first time, these include goals on packaging-materials reduction and eco-friendly cooler purchases, as well as the involvement of our global supply chain.

Our new ***Global Environmental Goals***, set against a 2012 baseline, 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 the water volume of about 5 400 Olympic-size swimming pools)
- ***Reduce global greenhouse gas emissions*** per hl of production 10%, including a 15% reduction per hl in China
- ***Reduce global energy usage*** per hl of production 10% (equivalent to the amount of electricity needed to light about a quarter of a million nighttime football matches)
- ***Reduce packaging materials*** 100 000 tons (equivalent to the weight of about a quarter of a billion full cans of beer)
- Reach a ***70% global average*** of eco-friendly cooler purchases annually.

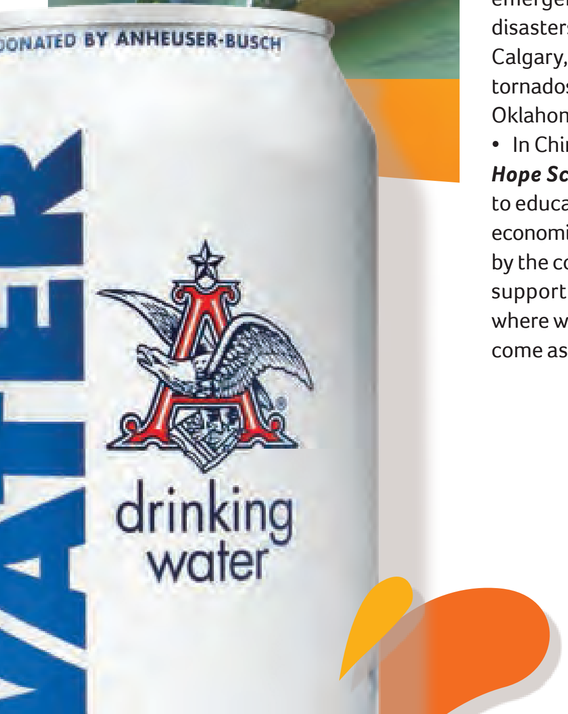




In addition, our company and our employees strive to make a positive impact on the planet on World Environment Day, and on every day, through a series of local initiatives:

- Our ***Budweiser America Made Better*** campaign was launched on World Environment Day to encourage water conservation and preservation in breweries, at home and in communities. Nearly 3 000 employees pledged to conserve water at home, saving more than 4.5 million liters of water in the 10 days leading up to World Environment Day. In addition, some 400 employees, along with 900 friends, family, wholesalers and consumers, volunteered to improve watersheds in their communities by removing trash, planting trees and native grasses, and performing other activities.
- The long-running ***Corona Save the Beach campaign*** continued in 2013, enabling the brand to "give back" to the beaches that inspire Corona and its fans by making consumers aware of the need to conserve seashore environments.
- Brahma sponsors a program in Brazil known as "Alegria no Pé, Floresta de Pé". The program ***preserves 100 trees for each goal*** scored at the Brazilian Football Championship, the FIFA Confederations Cup™ and the 2014 FIFA World Cup Brazil™. These trees will help improve the environment and preserve green areas, while also raising awareness of "green" issues.
- In the Jaguariúna region of Brazil, we have partnered with The Nature Conservancy on ***the Basins Project***, which aims to preserve the watershed that produces much of the water supply for the state of São Paulo. Through the project, farmers in the area can be financially rewarded for adopting practices of environmental conservation on their land, such as recovering degraded areas, preserving forest remnants and properly managing the soil.
- In Ukraine, the Desna brewery at Chernigiv completed a ***water treatment system*** that won first prize as "Best Program for Sustainable Development in the Enterprise" in the national Green Awards competition.
- We have continued our ***volunteer cleanup programs*** and other ecology projects in Russia and Ukraine, with almost 1 200 volunteers taking part in activities in 14 cities. The program in Russia is called "We live here!" and is supported by our Siberian Crown brand, while the Ukraine projects are sponsored by the flagship brand Chernigivske.
- In addition, we have made a major push to ***offer our brands in returnable bottles*** to encourage consumers to recycle. About 40% of our products worldwide are sold in returnable containers.

We are building a better world—together—through responsible drinking, environmental stewardship and community involvement efforts.



Engaging in Our Communities

We aim to have a positive impact on the communities in which we live and work.

Each year, AB InBev provides hands-on support to build schools and improve public places. We offer financial and volunteer support to nonprofit organizations. And we help the victims of natural disasters through donations of drinking water and other assistance. We also make a positive impact in 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:

- We use our facilities to produce ***canned drinking water*** for areas affected by natural disasters—one of the important ways we apply our resources to help communities in need. In 2013, the company donated emergency drinking water to victims of disasters such as floods in Germany and in Calgary, Canada, as well as floods and tornados in California, Colorado, Illinois and Oklahoma, and after a typhoon in Sardinia.
- In China, our participation in ***building Hope Schools*** helps provide better access to education for children in remote, economically challenged areas. Contributions by the company and our employees now support 10 Hope Schools in communities where we operate breweries—with more to come as we expand our presence in China.
- Celebrating ***14 years of support for Habitat for Humanity*** in the U.S., 600 employees volunteered their time to help build houses in each brewery city.
- Continuing our practice of ***funding worthy organizations***, the North America Zone has contributed a total of 530 million USD in the last two decades. Our support helped groups such as the Hispanic Scholarship Fund, UNCF and Teach for America to foster tomorrow's leaders, and also supported the Red Cross and United Way.
- We also ***contribute to economic opportunities*** in the communities and countries in which we operate. Wages and salaries paid in 2013 totalled approximately 4.1 billion USD. Capital expenditures around the world totaled 3.8 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 13 billion USD.

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Financial Report

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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, one of the world's top five consumer products companies and recognized as first in the beverage industry on FORTUNE Magazine's "World's Most Admired" companies list. 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®, 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 more than 150 000 employees based in 24 countries worldwide. In 2013, AB InBev realized 43.2 billion US dollar revenue. The company strives to be the Best Beer Company in a Better World.

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".

AB INBEV AND GRUPO MODELO COMBINATION

On 4 June 2013, AB InBev announced the completion of its combination with Grupo Modelo in a transaction valued at 20.1 billion US dollar.

The combination was a natural next step given AB InBev's economic stake of more than 50% in Grupo Modelo prior to the transaction and the successful long-term partnership between the two companies. The combined company benefits from the significant growth potential that Modelo brands such as Corona have globally outside of the US, as well as locally in Mexico, where there will also be opportunities to introduce AB InBev brands through Modelo's distribution network. The combined company leads the global beer industry with roughly 400 million hectoliters of beer volume annually.

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. By 4 June 2013 and following the settlement of the tender offer, AB InBev owned approximately 95% of Grupo Modelo's outstanding shares. 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 from the completion of the combination. As of 31 December 2013, AB InBev owned approximately 96% of Grupo Modelo's outstanding shares.

Grupo Modelo's results are fully consolidated in AB InBev's result as from 4 June 2013. 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. for approximately 4.75 billion US dollar, in aggregate, subject to a post-closing adjustment. The transaction included the sale of Grupo Modelo's Piedras Negras brewery, Grupo Modelo's 50% stake in Crown Imports and perpetual rights to certain of Grupo Modelo's brands in the US.

In a transaction related to the combination with Grupo Modelo, select Grupo Modelo shareholders committed, upon tender of their shares, to acquire the equivalent of approximately 23.1 million AB InBev shares, to be delivered within five years via a deferred share instrument, for a consideration of approximately 1.5 billion US dollar. This investment occurred on 5 June 2013.

In June 2013, AB InBev fully repaid the portion of the 14.0 billion US dollar 2012 Facilities Agreement that was drawn for the combination with Grupo Modelo and terminated the 14.0 billion US dollar 2012 Facilities Agreement.

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 result announcement and internal review by senior management. This presentation (referred to as the "2012 Reference base") includes, for comparative purposes, the results of the Grupo Modelo business as if the combination had taken place on 4 June 2012.

AMBEV STOCK SWAP MERGER

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

The extraordinary general shareholders' meeting was held on 30 July 2013, and the proposed corporate restructuring was approved. The restructuring was implemented on 2 January 2014 by means of a stock swap merger under the Brazilian Corporate Law (incorporação de ações) of Ambev with Ambev S.A., a non-reporting Brazilian corporation prior to the merger (the "Ambev Stock Swap Merger").

On 31 December 2013, AB InBev owned, indirectly, 100% of the shares of Ambev S.A. and Ambev S.A. was the direct controlling shareholder of Ambev, holding 74.0% and 46.3% of the Ambev common shares and preferred shares, respectively. As a result thereof, AB InBev had a 61.9% indirect economic interest in Ambev and 74.0% indirect voting interest in Ambev at that date.

On 2 January 2014, per the terms of the Ambev Stock Swap Merger, all the issued and outstanding shares of Ambev not held by Ambev S.A. were exchanged for newly-issued common shares of Ambev S.A. Upon consummation, Ambev became a wholly-owned subsidiary of Ambev S.A. AB InBev retains an unchanged indirect 61.9% economic interest in Ambev and its indirect voting interest in Ambev was reduced to 61.9%.

ORIENTAL BREWERY ACQUISITION

On 20 January 2014, AB InBev announced that it had entered into an agreement to reacquire Oriental Brewery ("OB"), the leading brewery in South Korea, from KKR and Afinity for 5.8 billion US dollar.

This agreement 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. AB InBev will reacquire OB earlier than July 2014, as it was originally entitled to under the 2009 transaction. As a result of an agreement entered into with KKR and Affinity in 2009, AB InBev will also receive approximately 320m US dollar in cash at closing from this transaction, subject to closing adjustments according to the terms of the transaction.

The re-integration of OB into AB InBev's global platform is expected to generate benefits from a variety of sources, including maximizing OB and AB InBev's portfolios of leading beer brands to drive premium growth and realizing improved efficiencies from sharing best practices between OB and AB InBev. AB InBev's global platform also offers opportunities to export OB brands more widely.

The transaction is subject to regulatory approval in South Korea as well as other customary closing conditions, and is expected to close in the first half of 2014.

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.

To facilitate the understanding of AB InBev's underlying performance the company is presenting in this management report the 2012 consolidated volumes and results up to Normalized EBIT on a 2012 Reference base and as such these financials are included in the organic growth calculation. The 2012 Reference base includes, for comparative purposes, the results of the Grupo Modelo business as if the combination had taken place on 4 June 2012. The 2012 Reference base also reflects the effects of retrospective application on the revised IAS 19 - *Employee Benefits* (see Note 3 *Summary of significant accounting policies*) and the transfer of management responsibility for Ecuador and Peru to the Zone Latin America South. These countries were previously reported within the Zone Latin America North, thus with no impact at the consolidated level.

The tables in this management report provide the segment information per zone for the period ended 31 December 2013 and 2012 in the format up to Normalized EBIT level that is used by management to monitor performance. The differences between the 2012 Reference base and the 2012 income statement as Reported represent the effect of the combination with Grupo Modelo and the changes resulting from revised IAS19 - *Employee Benefits*. The profit, cash flow and balance sheet are presented as Reported in 2012, adjusted to reflect the effects of retrospective application on the revised IAS 19 *Employee Benefits* (see Note 3 *Summary of significant accounting policies*).

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	2013	%	2012 Reported[1]	%	2012 Reference base	%
Revenue[2]	**43 195**	**100%**	**39 758**	**100%**	**42 927**	**100%**
Cost of sales	(17 594)	41%	(16 422)	41%	(17 754)	41%
Gross profit	**25 601**	**59%**	**23 336**	**59%**	**25 173**	**59%**
Distribution expenses	(4 061)	9%	(3 787)	10%	(4 082)	10%
Sales and marketing expenses	(5 958)	14%	(5 254)	13%	(5 803)	14%
Administrative expenses	(2 539)	6%	(2 200)	6%	(2 544)	6%
Other operating income/(expenses)	1 160	3%	684	2%	793	2%
Normalized profit from operations (Normalized EBIT)	**14 203**	**33%**	**12 779**	**32%**	**13 537**	**32%**
Non-recurring items	6 240	14%	(32)	–	111	–
Profit from operations (EBIT)	**20 443**	**47%**	**12 747**	**32%**	**13 648**	**32%**
Depreciation, amortization and impairment	**2 985**	**7%**	**2 746**	**7%**	**2 943**	**7%**
Normalized EBITDA	**17 188**	**40%**	**15 525**	**39%**	**16 480**	**38%**
EBITDA	**23 428**	**54%**	**15 493**	**39%**	**16 590**	**39%**
Normalized profit attributable to equity holders of AB InBev	**7 936**	**18%**	**7 201**	**18%**	**7 271**	**17%**
Profit attributable to equity holders of AB InBev	**14 394**	**33%**	**7 160**	**18%**	**7 374**	**17%**

[1] 2012 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*).
[2] 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	2013	2012[1]
Operating activities		
Profit	16 518	9 325
Revaluation of initial investment in Grupo Modelo	(6 415)	–
Interest, taxes and non-cash items included in profit	7 135	6 403
Cash flow from operating activities before changes in working capital and use of provisions	**17 238**	**15 728**
Change in working capital	866	1 099
Pension contributions and use of provisions	(653)	(621)
Interest and taxes (paid)/received	(4 193)	(3 658)
Dividends received	606	720
Cash flow from operating activities	**13 864**	**13 268**
Investing activities		
Net capex	(3 612)	(3 089)
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	(17 397)	(1 412)
Proceeds from the sale of/(investments in) short-term debt securities	6 707	(6 702)
Proceeds from the sale of assets held for sale	4 002	(3)
Other	19	(135)
Cash flow from investing activities	**(10 281)**	**(11 341)**
Financing activities		
Dividends paid	(6 253)	(3 632)
Net (payments on)/proceeds from borrowings	4 458	3 649
Net proceeds from the issue of share capital	73	102
Cash received for deferred shares instrument	1 500	–
Other (including net finance cost other than interest)	563	43
Cash flow from financing activities	**341**	**162**
Net increase/(decrease) in cash and cash equivalents	**3 924**	**2 089**

[1]2012 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*).

Financial Performance

The tables in this management report provide the segment information per zone for the period ended 31 December 2013 and 2012 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 2012 consolidated volumes and results up to Normalized EBIT on a 2012 Reference base and as such these financials are included in the organic growth calculation.

The profit, cash flow and balance sheet are presented as Reported in 2012, adjusted to reflect the effects of retrospective application on the revised IAS 19 *Employee Benefits* (see Note 3 *Summary of significant accounting policies*).

Both from an accounting and managerial perspective, AB InBev is organized along eight business segments, which includes the Global Export and Holding business as the eighth 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 Western Europe and the Export business is reported in the Global Export and Holding Companies segment.

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	2012 Reference base	Scope[1]	Currency translation	Organic growth	2013	Organic growth %
Volumes (thousand hectoliters)	430 821	3 770	–	(8 652)	425 939	(2.0)%
Revenue	42 927	212	(1 373)	1 428	43 195	3.3%
Cost of sales	(17 754)	(105)	429	(165)	(17 594)	(0.9)%
Gross profit	25 173	108	(943)	1 263	25 601	5.0%
Distribution expenses	(4 082)	9	173	(160)	(4 061)	(3.9)%
Sales and marketing expenses	(5 803)	(19)	123	(259)	(5 958)	(4.5)%
Administrative expenses	(2 544)	(5)	47	(37)	(2 539)	(1.5)%
Other operating income/(expenses)	793	–	(82)	450	1 160	56.8%
Normalized EBIT	13 537	92	(682)	1 256	14 203	9.3%
Normalized EBITDA	16 480	122	(753)	1 340	17 188	8.1%
Normalized EBITDA margin	38.4%				39.8%	179 bps

In 2013 AB InBev delivered EBITDA growth of 8.1%, while its EBITDA margin increased 179 bps, reaching 39.8%.

Consolidated volumes decreased 2.0%, with own beer volumes decreasing 2.0% and non-beer volumes decreasing 2.2%. Focus Brands volumes declined by 0.9%, driven by challenging macro-economic conditions in a number of the company's markets. The company's global brands grew by 4.7% in 2013, led by growth in Budweiser and Corona.

Consolidated revenue grew 3.3% to 43 195m US dollar, with revenue per hectoliter growth of 5.8% on a constant geographic basis (i.e. eliminating the impact of faster growth in countries with lower revenue per hectoliter), resulting from favorable brand mix and revenue management best practices.

Consolidated Cost of Sales (CoS) increased 0.9%. On a constant geographic basis, CoS per hectoliter increased 4.3%.

[1]See Glossary.

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 Western Europe. Volumes sold by the Global Export business are shown separately.

Thousand hectoliters	2012 Reference base	Scope	Organic growth	2013	Organic growth %
North America	125 139	275	(3 299)	122 116	(2.6)%
Mexico	23 038	–	(672)	22 366	(2.9)%
Latin America North	122 382	795	(4 049)	119 128	(3.3)%
Latin America South	38 097	–	(1 179)	36 918	(3.1)%
Western Europe	29 634	–	(1 249)	28 385	(4.2)%
Central and Eastern Europe	22 785	–	(3 600)	19 185	(15.8)%
Asia Pacific	57 667	2 923	5 197	65 787	9.0%
Global Export and Holding Companies	12 079	(223)	198	12 054	1.7%
AB InBev Worldwide	**430 821**	**3 770**	**(8 652)**	**425 939**	**(2.0)%**

North America total volumes decreased 2.6%. The company estimates that industry beer sales-to-retailers adjusted for the number of selling days declined by 1.8%. The company's shipment volumes in the United States declined 2.7% and domestic United States beer sales-to-retailers adjusted for the number of selling days declined by 2.9%. The decline is mainly due to pressure on consumer disposable income. The company estimates its U.S. market share declined, mainly due to the mix shift to the high end, where the company under index versus the industry. The company estimates that Budweiser and Bud Light families lost market share, despite strong performances from line extensions. The company estimates that the Rita's family, Budweiser Black Crown, Michelob Ultra, Shock Top, Stella Artois and other company's high end brands gained market share in 2013.

In Canada, beer volumes decreased by 2.3% due to industry decline as a result of higher taxes and pressure on consumer disposable income. The company estimates that its market share was down, with a strong performance by Bud Light which grew both volume and share.

Mexico total volumes declined 2.9%, with company's own volumes down 2.0% for the full 12 months of 2013, as the Mexican beer industry volumes were impacted by a soft economy and severe weather in September 2013. The announcement of direct and indirect tax increases, with effect from the beginning of 2014, also had a negative impact on consumer confidence towards the end of the year. The company estimates that market share was 58.4%, an improvement from historical levels of 58.0%. The Corona family and Bud Light both performed well during 2013.

Latin America North volumes decreased 3.3%, with beer volumes and soft drinks down 3.9% and 1.7%, respectively. In Brazil, beer volumes declined by 4.3%. The beer industry faced a challenging year, driven mainly by poor weather and high food inflation putting pressure on consumer disposable income. The company estimates that Brazil beer industry volumes declined by 3.5% in 2013. The company estimates that its market share declined in 2013, ending the year with an average estimated market share of 67.9%, while premium brands continued to grow ahead of the rest of the company's portfolio.

Latin America South total volumes decreased 3.1%, with beer and non-beer volumes declining 2.8% and 3.5%, respectively. In Argentina, beer volumes decreased by 1.9%, as a result of a difficult economic environment in 2013 with high inflationary pressure. However, the company estimates that strong performances of Stella Artois and Brahma led to continued market share growth.

Western Europe own beer volumes declined 4.3%, while total volumes declined 4.2%. Own beer volumes in Belgium declined 3.0%, mainly driven by a weak weather-related industry performance in the first half of the year. In Germany, own beer volumes decreased 7.1%, as a result of a weak industry and market share decline due to a challenging pricing environment. In the United Kingdom, own product volumes declined 3.0%.

Central and Eastern Europe volumes decreased 15.8%. In Russia, beer volumes declined 13.6%, driven by industry weakness following significant regulatory changes, and market share loss in the value segment in line with the company's premiumization strategy.

In Ukraine, beer volumes declined 18.9%, impacted by a volume decline of 41.3% during the fourth quarter 2013, with the instability in the country significantly impacting beer consumption.

Asia Pacific volumes grew by 9.0%. In China, beer volumes grew by 8.9%, driven by estimated industry growth and market share gains, as a result of strong organic volume growth driven by the company's Focus Brands strategy, and geographic expansion.

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	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	430 821	3 770	–	(8 652)	425 939	(2.0)%
Revenue	42 927	212	(1 373)	1 428	43 195	3.3%
Cost of sales	(17 754)	(105)	429	(165)	(17 594)	(0.9)%
Gross profit	25 173	108	(943)	1 263	25 601	5.0%
Distribution expenses	(4 082)	9	173	(160)	(4 061)	(3.9)%
Sales and marketing expenses	(5 803)	(19)	123	(259)	(5 958)	(4.5)%
Administrative expenses	(2 544)	(5)	47	(37)	(2 539)	(1.5)%
Other operating income/(expenses)	793	–	(82)	450	1 160	56.8%
Normalized EBIT	13 537	92	(682)	1 256	14 203	9.3%
Normalized EBITDA	16 480	122	(753)	1 340	17 188	8.1%
Normalized EBITDA margin	38.4%				39.8%	179 bps

NORTH AMERICA	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	125 139	275	–	(3 299)	122 116	(2.6)%
Revenue	16 028	6	(58)	48	16 023	0.3%
Cost of sales	(6 615)	(17)	13	100	(6 519)	1.5%
Gross profit	9 412	(11)	(45)	148	9 504	1.6%
Distribution expenses	(1 319)	23	10	51	(1 235)	3.9%
Sales and marketing expenses	(1 794)	(22)	7	(99)	(1 908)	(5.5)%
Administrative expenses	(452)	–	2	(47)	(497)	(10.5)%
Other operating income/(expenses)	64	–	–	3	67	5.1%
Normalized EBIT	5 911	(10)	(25)	56	5 932	0.9%
Normalized EBITDA	6 735	(10)	(28)	30	6 728	0.4%
Normalized EBITDA margin	42.0%				42.0%	6 bps

MEXICO	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	23 038	–	–	(672)	22 366	(2.9)%
Revenue	2 616	–	76	76	2 769	2.9%
Cost of sales	(1 014)	12	(24)	157	(869)	15.5%
Gross profit	1 602	12	52	233	1 900	14.6%
Distribution expenses	(270)	9	(7)	36	(232)	13.3%
Sales and marketing expenses	(515)	13	(14)	31	(484)	6.1%
Administrative expenses	(338)	15	(7)	96	(234)	28.4%
Other operating income/(expenses)	102	1	3	(2)	104	(1.8)%
Normalized EBIT	582	50	28	395	1 054	67.9%
Normalized EBITDA	777	50	34	420	1 281	54.0%
Normalized EBITDA margin	29.7%				46.3%	1 475 bps

LATIN AMERICA NORTH	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	122 382	795	–	(4 049)	119 128	(3.3)%
Revenue	11 268	131	(1 130)	608	10 877	5.4%
Cost of sales	(3 519)	(49)	358	(283)	(3 494)	(8.0)%
Gross profit	7 748	82	(772)	325	7 383	4.2%
Distribution expenses	(1 277)	(14)	139	(186)	(1 338)	(14.6)%
Sales and marketing expenses	(1 204)	(14)	118	(45)	(1 145)	(3.7)%
Administrative expenses	(612)	(7)	60	(30)	(589)	(4.9)%
Other operating income/(expenses)	426	(2)	(87)	470	807	–
Normalized EBIT	5 081	45	(542)	534	5 118	10.5%
Normalized EBITDA	5 787	60	(614)	585	5 819	10.1%
Normalized EBITDA margin	51.4%				53.5%	230 bps

LATIN AMERICA SOUTH	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	38 097	–	–	(1 179)	36 918	(3.1)%
Revenue	3 209	–	(392)	451	3 269	14.1%
Cost of sales	(1 244)	–	144	(85)	(1 185)	(6.8)%
Gross profit	1 966	–	(248)	367	2 084	18.7%
Distribution expenses	(296)	–	43	(56)	(309)	(18.9)%
Sales and marketing expenses	(336)	–	40	(49)	(346)	(14.7)%
Administrative expenses	(108)	–	10	(13)	(112)	(12.4)%
Other operating income/(expenses)	4	–	(1)	(8)	(5)	–
Normalized EBIT	1 228	–	(157)	239	1 311	19.5%
Normalized EBITDA	1 419	–	(175)	247	1 491	17.4%
Normalized EBITDA margin	44.2%				45.6%	130 bps

WESTERN EUROPE	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	29 634	–	–	(1 249)	28 385	(4.2)%
Revenue	3 650	–	56	(85)	3 620	(2.3)%
Cost of sales	(1 555)	–	(20)	30	(1 544)	2.0%
Gross profit	2 095	–	36	(55)	2 076	(2.6)%
Distribution expenses	(369)	–	(7)	11	(364)	3.1%
Sales and marketing expenses	(663)	–	(11)	1	(673)	0.1%
Administrative expenses	(259)	–	(5)	–	(264)	0.1%
Other operating income/(expenses)	24	–	–	3	27	14.2%
Normalized EBIT	827	–	14	(39)	801	(4.8)%
Normalized EBITDA	1 163	–	20	(58)	1 125	(5.0)%
Normalized EBITDA margin	31.9%				31.1%	(86) bps

CENTRAL AND EASTERN EUROPE	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	22 785	–	–	(3 600)	19 185	(15.8)%
Revenue	1 668	–	(25)	(198)	1 445	(11.9)%
Cost of sales	(914)	–	12	125	(776)	13.7%
Gross profit	754	–	(12)	(73)	669	(9.6)%
Distribution expenses	(184)	–	3	35	(146)	19.1%
Sales and marketing expenses	(400)	–	7	15	(378)	3.8%
Administrative expenses	(113)	–	2	14	(98)	12.4%
Other operating income/(expenses)	5	–	–	(2)	3	(36.2)%
Normalized EBIT	62	–	(1)	(10)	51	(16.2)%
Normalized EBITDA	257	–	(4)	(28)	225	(11.1)%
Normalized EBITDA margin	15.4%				15.5%	14 bps

ASIA PACIFIC	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	57 667	2 923	–	5 197	65 787	9.0%
Revenue	2 690	102	79	483	3 354	17.9%
Cost of sales	(1 565)	(64)	(43)	(213)	(1 885)	(13.6)%
Gross profit	1 125	38	36	270	1 469	24.0%
Distribution expenses	(235)	(13)	(7)	(47)	(302)	(19.8)%
Sales and marketing expenses	(670)	(15)	(20)	(127)	(833)	(18.9)%
Administrative expenses	(274)	(12)	(7)	(23)	(317)	(8.3)%
Other operating income/(expenses)	121	1	3	(16)	109	(12.9)%
Normalized EBIT	67	(2)	4	58	127	86.3%
Normalized EBITDA	396	13	14	124	546	31.5%
Normalized EBITDA margin	14.7%				16.3%	169 bps

GLOBAL EXPORT AND HOLDING COMPANIES	2012 Reference base	Scope	Currency translation	Organic growth	2013	Organic growth %
Volumes	12 079	(223)	–	198	12 054	1.7%
Revenue	1 798	(26)	22	45	1 839	2.5%
Cost of sales	(1 328)	12	(10)	3	(1 323)	0.2%
Gross profit	471	(13)	11	48	516	10.4%
Distribution expenses	(132)	4	(2)	(5)	(135)	(3.9)%
Sales and marketing expenses	(220)	19	(4)	14	(191)	6.9%
Administrative expenses	(386)	–	(8)	(34)	(429)	(8.9)%
Other operating income/(expenses)	47	–	1	1	48	1.7%
Normalized EBIT	(221)	9	(3)	23	(191)	10.9%
Normalized EBITDA	(54)	9	–	20	(25)	44.0%

Revenue

Consolidated revenue grew 3.3% to 43 195m US dollar, with revenue per hectoliter growth of 5.8% on a constant geographic basis (i.e. eliminating the impact of faster growth in countries with lower revenue per hectoliter), resulting from favorable brand mix and revenue management best practices.

Cost of Sales

Cost of Sales (CoS) increased 0.9%. On a constant geographic basis, CoS per hectoliter increased 4.3%, driven by higher commodity costs and the transactional impact of foreign exchange in Brazil, partially offset by cost synergies from the implementation of best practices and procurement initiatives in Mexico.

Operating expenses

Total operating expenses increased 0.1% in 2013:

- **Distribution expenses** increased 3.9% in 2013, with lower distribution expenses in the United States and the capture of cost synergies in Mexico, offset by increased own distribution in Brazil, higher labor and transportation expenses in Argentina, and geographic expansion in China.
- **Sales and marketing** expenses increased 4.5% in 2013, with higher investments behind AB InBev brands and innovations.
- **Administrative expenses** increased by 1.5%.
- **Other operating income** was 1 160m US dollar in 2013 compared to 793m US dollar in 2012, mainly due to government incentives linked to the company's investments in Brazil, and a one-time gain in Brazil of 143m US dollar, recorded in the fourth quarter 2013, related to the recovery of restricted funds.

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

Normalized EBITDA increased 4.3% in nominal terms and increased 8.1% organically to 17 188m US dollar, with an EBITDA margin of 39.8%, an organic growth of 179 bps.

- North America EBITDA increased 0.4% to 6 728m US dollar, with a margin expansion of 6 bps to 42.0%, as a result of revenue per hl growth and lower distribution expenses offset by higher sales and marketing investments, as well as higher administrative expenses related to variable compensation accruals.

- Mexico EBITDA grew by 54.0% to 1 281m USD, with an EBITDA margin enhancement of 1 475 bps to 46.3%, reflecting the capture of costs synergies from the implementation of manufacturing best practices, procurement initiatives and overhead reductions.
- Latin America North EBITDA rose 10.1% to 5 819m US dollar, with margin expansion of 230 bps to 53.5%, with revenue per hectoliter growth and a one-time gain, recorded in other operating income, related to the recovery of restricted funds, partially offset by higher CoS linked to unfavorable foreign exchange transaction impact, unfavorable package mix and higher depreciation, as well as higher distribution expenses.
- Latin America South EBITDA grew 17.4% to 1 491m US dollar, with margin growth of 130 bps to 45.6%, driven by revenue growth partially offset by high cost inflation.
- Western Europe EBITDA decreased 5.0% to 1 125m US dollar with margin contraction of 86 bps to 31.1%, mainly due to volume decline.
- Central and Eastern Europe EBITDA decreased 11.1% to 225m US dollar with margin growth of 14 bps to 15.5%, due to the weak industry performance during the year.
- Asia Pacific EBITDA grew 31.5% to 546m US dollar, mainly driven by revenue per hectoliter growth and improved operating leverage.
- Global Export and Holding Companies reported EBITDA of (25)m US dollar in 2013 (2012: (54)m 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	2013	2012[1]
Profit attributable to equity holders of AB InBev		**14 394**	**7 160**
Non-controlling interest		2 124	2 165
Profit		**16 518**	**9 325**
Income tax expense	12	2 016	1 680
Share of result of associates	16	(294)	(624)
Non-recurring net finance cost	11	(283)	18
Net finance cost	11	2 486	2 348
Non-recurring items above EBIT (including non-recurring impairment)	8	(6 240)	32
Normalized EBIT		**14 203**	**12 779**
Depreciation, amortization and impairment		2 985	2 746
Normalized EBITDA		**17 188**	**15 525**

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 2013 and 2012:

	2013	2012 Reference base
US dollar	35.3%	35.4%
Brazilian real	23.8%	25.1%
Mexican peso	7.9%	7.5%
Chinese yuan	7.7%	6.2%
Euro	6.4%	6.5%
Canadian dollar	4.6%	4.8%
Argentinean peso	4.6%	4.5%
Russian ruble	2.4%	2.7%
Other	7.3%	7.3%

[1]2012 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*).

The following table sets forth the percentage of its normalized EBITDA realized by currency for the periods ended 31 December 2013 and 2012:

	2013	2012 Reference base
US dollar	34.8%	35.7%
Brazilian real	32.8%	34.4%
Mexican peso	8.7%	5.9%
Argentinean peso	5.1%	5.0%
Canadian dollar	4.9%	5.4%
Euro	3.5%	4.0%
Chinese yuan	3.3%	2.4%
Russian ruble	0.9%	0.9%
Other	6.0%	6.3%

In 2013, the fluctuation of the foreign currency rates had a negative translation impact of (1 373)m US dollar on AB InBev's revenue (2012: negative impact of (2 421)m US dollar on a reported basis), of (753)m US dollar on its normalized EBITDA (2012: negative impact of (1 176)m US dollar on a reported basis) and of (682)m US dollar on its normalized EBIT (2012: negative impact of (1 015)m US dollar on a reported basis).

AB InBev's profit (after tax) has been negatively affected by the fluctuation of foreign currencies for (389)m US dollar (2012: negative impact of (950)m US dollar on a reported basis), while the negative translation impact on its EPS base (profit attributable to equity holders of AB InBev) was (167)m US dollar or (0.10) US dollar per share (2012: negative impact of (648)m US dollar or (0.40) US dollar per share on a reported basis).

The impact of the fluctuation of the foreign currencies on AB InBev's net debt amounted to 606m US dollar (increase of net debt) in 2013, as compared to an impact of 494m US dollar (increase of net debt) in 2012. The impact of the fluctuation of the foreign currencies on the equity attributable to the equity holders of AB InBev amounted to (3 109)m US dollar (decrease of equity), as compared to an impact of (271)m US dollar (decrease of equity) in 2012 on a reported basis.

Profit

Normalized profit attributable to equity holders of AB InBev was 7 936m US dollar (normalized EPS 4.91 US dollar) in 2013, compared to 7 201m US dollar[1] (normalized EPS 4.50 US dollar[1]) in 2012 - see Note 23 *Changes in equity and earnings per share* for more details. Profit attributable to equity holders of AB InBev for 2013 was 14 394m US dollar, compared to 7 160m US dollar[1] for 2012 and includes the following impacts:

- *Net finance costs (excluding non-recurring net finance costs)*: 2 486m US dollar in 2013 compares to 2 348m US dollar[1] in 2012. Other financial results for 2013 of (251)m US dollar includes 456m US dollar gains from derivatives related to the hedging of the company's share-based payment programs. In 2012, other financial results of (116)m US dollar included a gain of 372m US dollar from such derivative contracts. These gains are offset by negative currency results and the payment of bank fees and taxes in the normal course of business.
- *Non-recurring net finance costs*: 283m US dollar 2013 compared to (18) m US dollar in 2012. Non-recurring net finance costs include (101)m US dollar commitment and utilization fees incurred for the 2012 Facility agreement entered into to fund the Grupo Modelo combination. These costs were offset by 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. By 31 December 2013, 100% of the deferred share instrument had been hedged at an average price of approximately 68 euro per share resulting in a mark-to-market gain of 384m US dollar.
- *Share of result of associates*: 294m US dollar in 2013 compared to 624m US dollar in 2012 mainly attributable to the results of Grupo Modelo up to the closing of the combination on 4 June 2013.
- *Income tax expense*: 2 016m US dollar with an effective tax rate of 11.1% in 2013 compares with 1 680m US dollar[1] with an effective tax rate of 16.2%[1] in 2012. The decrease in the effective tax rate mainly results from the non-taxable nature of the non-recurring gain related to the fair value adjustment on the initial investment held in Grupo Modelo, non-taxable gains from certain derivatives related to the hedging of share-based payment programs, a shift in profit mix to countries with lower marginal tax rates, including the combination with Grupo Modelo, as well as incremental tax benefits. Excluding the effect of non-recurring items, the normalized effective tax rate was 16.6% in 2013 versus 16.1% in 2012.
- *Profit attributable to non-controlling interest*: 2 124m US dollar in 2013, a small decrease from 2 165m US dollar[1] in 2012, as an improved operating performance in Ambev was offset by currency translation effects.

[1]2012 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*).

Liquidity Position and Capital Resources

Cash Flows

Million US dollar	2013	2012
Cash flow from operating activities	13 864	13 268
Cash flow from investing activities	(10 281)	(11 341)
Cash flow from financing activities	341	162
Net increase/(decrease) in cash and cash equivalents	**3 924**	**2 089**

Cash flows from operating activities

Million US dollar	2013	2012[1]
Profit	16 518	9 325
Revaluation of initial investment in Grupo Modelo	(6 415)	–
Interest, taxes and non-cash items included in profit	7 135	6 403
Cash flow from operating activities before changes in working capital and use of provisions	**17 238**	**15 728**
Change in working capital	866	1 099
Pension contributions and use of provisions	(653)	(621)
Interest and taxes (paid)/received	(4 193)	(3 658)
Dividends received	606	720
Cash flow from operating activities	**13 864**	**13 268**

AB InBev's cash flow from operating activities reached 13 864m US dollar in 2013 compared to 13 268m US dollar in 2012. The increase mainly results from higher profit generated in 2013. The combination with Grupo Modelo resulted in approximately 400m US dollar working capital improvements by the end of 2013, from the 500m US dollar cash flow synergies expected in the first two years after the closing of the transaction and previously announced.

Cash flow from investing activities

Million US dollar	2013	2012
Net capex	(3 612)	(3 089)
Acquisition and sale of subsidiaries, net of cash acquired/disposed of	(17 397)	(1 412)
Proceeds from the sale of/(investments in) short-term debt securities	6 707	(6 702)
Proceeds from the sale of assets held for sale	4 002	(3)
Other	19	(135)
Cash flow from investing activities	**(10 281)**	**(11 341)**

Net cash used in investing activities was 10 281m US dollar in 2013 as compared to 11 341m US dollar in 2012. The evolution of the cash used in investment activities in 2013 is mainly explained by the combination with Grupo Modelo and the sale by Grupo Modelo of its US business to Constellation Brands. See also Note 6 *Acquisitions and disposals of subsidiaries*.

During 2012, AB InBev raised a series of bonds and accumulated liquidity to support the combination with Grupo Modelo. The excess liquidity was mainly invested in short-term debt securities and short-term US Treasury Bills pending the closing of the Modelo acquisition. The 2012 net cash used in investing activities is further explained by the acquisition of Cervecería Nacional Dominicana S.A. in Dominican Republic in May 2012 - see also Note 6 *Acquisitions and disposals of subsidiaries*.

AB InBev's net capital expenditures amounted to 3 612m US dollar in 2013 and 3 089m US dollar in 2012. Out of the total capital expenditures of 2013 approximately 57% was used to improve the company's production facilities while 34% was used for logistics and commercial investments. Approximately 9% was used for improving administrative capabilities and purchase of hardware and software.

[1]2012 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*).

Cash flow from financing activities

Million US dollar	2013	2012
Dividends paid	(6 253)	(3 632)
Net (payments on)/proceeds from borrowings	4 458	3 649
Net proceeds from the issue of share capital	73	102
Cash received for deferred shares instrument	1 500	–
Other (including net finance (cost)/income other than interest)	563	43
Cash flow from financing activities	**341**	**162**

The cash inflow from AB InBev's financing activities amounted to 341m US dollar in 2013, as compared to a cash inflow of 162m US dollar in 2012. The 2013 cash flow from financing activities reflects the funding of the combination with Grupo Modelo, higher dividend payments as compared to 2012 and the cash proceeds from the deferred share instruments issued in a transaction related to the combination with Grupo Modelo.

During 2012, in order to support the Modelo acquisition, AB InBev raised a series of bonds. The excess liquidity resulting from these bonds was mainly invested in short-term debt securities and short-term US Treasury Bills pending the closing of the Modelo acquisition.

AB InBev's cash, cash equivalents and short-term investments in debt securities less bank overdrafts as of 31 December 2013 amounted to 9 956m US dollar. As of 31 December 2013, the company had total liquidity of 17 956m US dollar, which consisted of 8.0 billion US dollar available under committed long-term credit facilities and 9 956m 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 operation. AB InBev financed the Grupo Modelo combination with funds drawn under the 2012 Facilities Agreement and cash, cash equivalents and short-term investment in debt securities the company had accumulated pending the closing of the Grupo Modelo transaction. In June 2013, AB InBev fully repaid the portion of the 2012 Facilities Agreement that was drawn for the combination and terminated the 2012 Facilities Agreement.

Capital resources and equity

AB InBev's net debt increased to 38 831m US dollar as at 31 December 2013, from 30 114m US dollar as at 31 December 2012.

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 payment associated with the Modelo combination net of the cash acquired and the proceeds from the sales to Constellation (13.0 billion US dollar), the proceeds from the deferred share instruments (1.5 billion US dollar), dividend payments to shareholders of AB InBev and Ambev (6.3 billion US dollar), the payment of interests and taxes (4.2 billion US dollar) and the impact of changes in foreign exchange rates (606m US dollar increase of net debt).

Net debt to normalized EBITDA increased from 1.94x on a reported basis for the 12-month period ending 31 December 2012 to 2.26x on a reported basis for the 12-month period ending 31 December 2013 (January 2013 - December 2013 as Reported) and 2.16x on an amended basis for the 12-month period ending 31 December 2013, incorporating the Reference base EBITDA of the Grupo Modelo combination from 1 January 2013 until December 2013.

Consolidated equity attributable to equity holders of AB InBev as at 31 December 2013 was 50 365m US dollar, compared to 41 154m US dollar[1] as at 31 December 2012. The combined effect of the weakening of mainly the closing rates of the Brazilian real and the Argentinean peso, the Mexican peso and the Russian ruble and the strengthening of mainly the closing rates of the euro, the pound sterling and the Chinese yuan resulted in a foreign exchange translation adjustment of (3 109)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 24 *Interest-bearing loans and borrowings* and Note 29 *Risks arising from financial instruments*.

[1] 2012 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*).

Research and Development

Given its focus on innovation, AB InBev places a high value on research and development. In 2013 AB InBev spent 185m US dollar in research and development (2012: 182m 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 seven 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 or the introduction of similar restrictions may constraint 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 and soft drinks, and for packaging material. The termination of or material change to arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations could have a material impact on AB InBev's production, distribution and sale of beer and 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 and soft drink consumption and any resulting restrictions may cause the social acceptability of beer and soft drink 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 an increased public and political attention directed at the alcoholic beverage and food and soft drinks industries, as a result health care concerns related to the harmful use of alcohol (including drunk driving, 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 or publication of studies indicating a significant risk in using AB InBev's products generally or changes in consumer perceptions in relation to AB InBev's products 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. Also, minimum pricing is another form of fiscal regulation that can affect AB InBev's profitability. Furthermore, AB InBev may be subject to increased taxation by national, local or foreign authorities or higher corporate income tax rates or to new or modified taxation regulations and requirements. 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.

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, financial risks, 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. Also, if the economic or political situation in Argentina deteriorates, AB InBev Latin America South operations may be subject to additional restrictions under a new Argentinean foreign exchange, export repatriation or expropriation regime that could adversely affect AB InBev's liquidity and operations, and its ability to access such funds from Argentina.

If any of AB InBev's products is defective or found to contain contaminants, AB InBev may, despite of it having certain product liability insurance policies in place, be subject to product recalls or other liabilities, 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 it faces 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 reduced the amount of dividends it paid past years and may continue to 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. Also, there can be no assurance that the policies in place to manage commodity price and 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, 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.

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 related to the combination and potential difficulties in integration of Grupo Modelo into AB InBev's existing operations and the extraction of synergies from the transaction. Since AB InBev has financed the Modelo combination with a senior credit facility and via unsecured bonds, AB InBev has incurred an increased level of debt. AB InBev's ability to repay its outstanding indebtedness will depend upon market conditions, and unfavorable conditions could increase costs beyond what is anticipated. Such costs could have a material adverse impact on cash flows or AB InBev's results of operations or both. In addition, an inability to refinance all or a substantial amount of these debt obligations when they become due would have a material adverse effect on AB InBev's financial condition and results of operations. Also, ratings agencies may downgrade AB InBev's credit ratings below their current levels as a result of the Modelo combination and the incurrence of the related financial indebtedness. Any credit rating downgrade could materially adversely affect AB InBev's ability to finance its ongoing operations, and to refinance the debt incurred to fund the Modelo combination including by increasing its cost of borrowing, significantly harm its financial condition, results of operations and profitability, including its ability to refinance its other existing indebtedness. Finally, although the estimated expense savings, revenue synergies, 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 business, results of operations and financial condition.

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, such as for example recent concerns regarding the level of U.S. federal debt, 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 ADSs.

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 29 of the 2013 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 34 *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.

Adjusted segment information

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 and 2013 segment reporting for purposes of result announcement and internal review by senior management. This presentation (referred to as the "2012 and 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 the combination, effective 1 January 2014, 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 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.

AB INBEV WORLDWIDE	1Q 2013 Reference base	2Q 2013 Reference base	3Q 2013 Reference base	4Q 2013 Reference base	2013 Reference base
Volumes	100 922	114 758	119 664	110 442	445 786
Revenue	**10 422**	**11 653**	**11 712**	**11 696**	**45 483**
Cost of sales	(4 447)	(4 883)	(4 750)	(4 475)	(18 555)
Gross profit	**5 975**	**6 770**	**6 962**	**7 221**	**26 928**
Distribution expenses	(1 069)	(1 096)	(1 076)	(1 045)	(4 286)
Sales & marketing expenses	(1 496)	(1 756)	(1 610)	(1 476)	(6 338)
Administrative expenses	(612)	(692)	(662)	(800)	(2 766)
Other operating income/(expenses)	250	261	289	462	1 262
Normalized EBIT	3 048	3 488	3 904	4 361	14 800
Normalized EBITDA	**3 821**	**4 268**	**4 659**	**5 194**	**17 943**
Normalized EBITDA margin	36.7%	36.6%	39.8%	44.4%	39.4%

NORTH AMERICA	1Q 2013 Reference base	2Q 2013 Reference base	3Q 2013 Reference base	4Q 2013 Reference base	2013 Reference base
Volumes	28 356	32 368	33 243	28 148	122 116
Revenue	**3 683**	**4 279**	**4 343**	**3 717**	**16 023**
Cost of sales	(1 534)	(1 732)	(1 742)	(1 510)	(6 519)
Gross profit	**2 149**	**2 547**	**2 601**	**2 207**	**9 504**
Distribution expenses	(314)	(321)	(323)	(276)	(1 235)
Sales & marketing expenses	(444)	(481)	(513)	(470)	(1 908)
Administrative expenses	(118)	(113)	(121)	(144)	(497)
Other operating income/(expenses)	15	16	20	16	67
Normalized EBIT	1 288	1 648	1 664	1 332	5 932
Normalized EBITDA	**1 480**	**1 840**	**1 858**	**1 549**	**6 728**
Normalized EBITDA margin	40.2%	43.0%	42.8%	41.7%	42.0%

MEXICO	1Q 2013 Reference base	2Q 2013 Reference base	3Q 2013 Reference base	4Q 2013 Reference base	2013 Reference base
Volumes	8 835	10 306	9 311	9 733	38 185
Revenue	**1 049**	**1 286**	**1 150**	**1 183**	**4 669**
Cost of sales	(400)	(453)	(354)	(362)	(1 570)
Gross profit	**649**	**833**	**796**	**821**	**3 099**
Distribution expenses	(121)	(128)	(105)	(90)	(443)
Sales & marketing expenses	(208)	(224)	(192)	(220)	(844)
Administrative expenses	(118)	(139)	(112)	(84)	(455)
Other operating income/(expenses)	54	50	53	43	200
Normalized EBIT	256	392	440	470	1 557
Normalized EBITDA	**349**	**487**	**533**	**571**	**1 940**
Normalized EBITDA margin	33.3%	37.9%	46.3%	48.2%	41.5%

LATIN AMERICA NORTH	1Q 2013 Reference base	2Q 2013 Reference base	3Q 2013 Reference base	4Q 2013 Reference base	2013 Reference base
Volumes	28 573	27 251	28 830	35 773	120 427
Revenue	**2 635**	**2 483**	**2 464**	**3 428**	**11 010**
Cost of sales	(907)	(855)	(810)	(1 005)	(3 576)
Gross profit	**1 728**	**1 628**	**1 655**	**2 423**	**7 434**
Distribution expenses	(348)	(325)	(314)	(365)	(1 351)
Sales & marketing expenses	(312)	(385)	(257)	(194)	(1 147)
Administrative expenses	(124)	(142)	(114)	(212)	(591)
Other operating income/(expenses)	160	142	174	331	807
Normalized EBIT	1 105	919	1 144	1 984	5 151
Normalized EBITDA	**1 294**	**1 109**	**1 306**	**2 150**	**5 858**
Normalized EBITDA margin	49.1%	44.7%	53.0%	62.7%	53.2%

LATIN AMERICA SOUTH	1Q 2013 Reference base	2Q 2013 Reference base	3Q 2013 Reference base	4Q 2013 Reference base	2013 Reference base
Volumes	9 825	7 548	8 167	11 378	36 918
Revenue	**871**	**649**	**706**	**1 042**	**3 269**
Cost of sales	(315)	(279)	(278)	(312)	(1 185)
Gross profit	**556**	**370**	**428**	**730**	**2 084**
Distribution expenses	(85)	(67)	(73)	(85)	(309)
Sales & marketing expenses	(94)	(85)	(75)	(91)	(346)
Administrative expenses	(24)	(28)	(27)	(33)	(112)
Other operating income/(expenses)	(4)	(6)	0	4	(5)
Normalized EBIT	349	185	252	525	1 311
Normalized EBITDA	**396**	**233**	**301**	**562**	**1 491**
Normalized EBITDA margin	45.4%	35.8%	42.6%	53.9%	45.6%

EUROPE	1Q 2013 Reference base	2Q 2013 Reference base	3Q 2013 Reference base	4Q 2013 Reference base	2013 Reference base
Volumes	9 227	14 133	13 119	10 551	47 030
Revenue	**975**	**1 440**	**1 391**	**1 215**	**5 021**
Cost of sales	(480)	(633)	(608)	(552)	(2 272)
Gross profit	**496**	**807**	**783**	**663**	**2 749**
Distribution expenses	(112)	(140)	(133)	(118)	(503)
Sales & marketing expenses	(231)	(298)	(284)	(252)	(1 066)
Administrative expenses	(84)	(83)	(81)	(116)	(364)
Other operating income/(expenses)	3	7	10	12	32
Normalized EBIT	72	293	295	189	849
Normalized EBITDA	**190**	**415**	**416**	**320**	**1 341**
Normalized EBITDA margin	19.4%	28.8%	29.9%	26.3%	26.7%

ASIA PACIFIC	1Q 2013 Reference base	2Q 2013 Reference base	3Q 2013 Reference base	4Q 2013 Reference base	2013 Reference base
Volumes	12 614	18 907	23 022	11 244	65 787
Revenue	**703**	**916**	**1 100**	**635**	**3 354**
Cost of sales	(418)	(498)	(565)	(403)	(1 885)
Gross profit	**284**	**418**	**535**	**232**	**1 469**
Distribution expenses	(58)	(79)	(92)	(73)	(302)
Sales & marketing expenses	(158)	(232)	(243)	(199)	(833)
Administrative expenses	(64)	(82)	(90)	(82)	(317)
Other operating income/(expenses)	10	38	20	41	109
Normalized EBIT	14	64	130	(81)	127
Normalized EBITDA	**113**	**157**	**227**	**50**	**546**
Normalized EBITDA margin	16.1%	17.1%	20.6%	7.8%	16.3%

GLOBAL EXPORT AND HOLDING COMPANIES	1Q 2013 Reference base	2Q 2013 Reference base	3Q 2013 Reference base	4Q 2013 Reference base	2013 Reference base
Volumes	3 490	4 246	3 972	3 615	15 323
Revenue	**505**	**599**	**558**	**475**	**2 138**
Cost of sales	(393)	(432)	(393)	(331)	(1 549)
Gross profit	**112**	**167**	**165**	**144**	**589**
Distribution expenses	(31)	(38)	(36)	(38)	(143)
Sales & marketing expenses	(49)	(49)	(46)	(50)	(194)
Administrative expenses	(80)	(105)	(116)	(129)	(430)
Other operating income/(expenses)	12	13	13	14	52
Normalized EBIT	(35)	(12)	(20)	(58)	(126)
Normalized EBITDA	**0**	**26**	**20**	**(7)**	**40**

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 2013

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 2013, 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 2013 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 141.666 million and the consolidated income statement shows a profit for the year 2013 of USD 16.518 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.

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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 2013 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.

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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 2014

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	2013	2012[1]
Revenue		**43 195**	**39 758**
Cost of sales		(17 594)	(16 422)
Gross profit		**25 601**	**23 336**
Distribution expenses		(4 061)	(3 787)
Sales and marketing expenses		(5 958)	(5 254)
Administrative expenses		(2 539)	(2 200)
Other operating income/(expenses)	7	1 160	684
Profit from operations before non-recurring items		**14 203**	**12 779**
Restructuring (including impairment losses)	8	(118)	(36)
Business and asset disposal (including impairment losses)	8	30	58
Acquisition costs business combinations	8	(82)	(54)
Fair value adjustments	8	6 410	-
Profit from operations		**20 443**	**12 747**
Finance cost	11	(3 047)	(2 692)
Finance income	11	561	344
Non-recurring net finance cost	8	283	(18)
Net finance cost		**(2 203)**	**(2 366)**
Share of result of associates	16	294	624
Profit before tax		**18 534**	**11 005**
Income tax expense	12	(2 016)	(1 680)
Profit		**16 518**	**9 325**
Attributable to:			
Equity holders of AB InBev		14 394	7 160
Non-controlling interest		2 124	2 165
Basic earnings per share	23	8.90	4.48
Diluted earnings per share	23	8.72	4.40
Basic earnings per share before non-recurring items[2]	23	4.91	4.50
Diluted earnings per share before non-recurring items[2]	23	4.81	4.42

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

[1] 2012 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*).
[2] Basic earnings per share and diluted earnings per share before non-recurring items are not defined metrics in IFRS. Refer to Note 23 *Changes in equity and earnings per share* for more details.

Consolidated Statement of Comprehensive Income

For the year ended 31 December Million US dollar	2013	2012[1]
Profit	**16 518**	**9 325**
Other comprehensive income: Items that will not be reclassified to profit or loss:		
Re-measurements of post-employment benefits	503	(270)
	503	(270)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:		
Translation reserves (gains/(losses))		
Exchange differences on translation of foreign operations	(3 500)	(764)
Effective portion of changes in fair value of net investment hedges	(66)	(104)
Cash flow hedges		
Recognized in equity	579	123
Removed from equity and included in profit or loss	(36)	(6)
Share of other comprehensive results of associates	(67)	475
	(3 090)	(276)
Other comprehensive income, net of tax	**(2 587)**	**(546)**
Total comprehensive income	**13 931**	**8 779**
Attributable to:		
Equity holders of AB InBev	**12 285**	**6 724**
Non-controlling interest	**1 646**	**2 055**

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

[1]2012 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*).

Consolidated Statement of Financial Position

As at Million US dollar	Notes	31 December 2013	31 December 2012[1]	1 January 2012[1]
Assets				
Non-current assets				
Property, plant and equipment	13	20 889	16 461	16 022
Goodwill	14	69 927	51 766	51 302
Intangible assets	15	29 338	24 371	23 818
Investments in associates	16	187	7 090	6 696
Investment securities	17	193	256	244
Deferred tax assets	18	1 180	807	673
Employee benefits	25	10	12	10
Trade and other receivables	20	1 252	1 228	1 339
		122 976	**101 991**	**100 104**
Current assets				
Investment securities	17	123	6 827	103
Inventories	19	2 950	2 500	2 466
Income tax receivable		332	195	312
Trade and other receivables	20	5 362	4 023	4 121
Cash and cash equivalents	21	9 839	7 051	5 320
Assets held for sale	22	84	34	1
		18 690	**20 630**	**12 323**
Total assets		**141 666**	**122 621**	**112 427**
Equity and Liabilities				
Equity				
Issued capital	23	1 735	1 734	1 734
Share premium		17 608	17 574	17 557
Reserves		18	327	469
Retained earnings		31 004	21 519	17 744
Equity attributable to equity holders of AB InBev		**50 365**	**41 154**	**37 504**
Non-controlling interest		4 943	4 299	3 552
		55 308	**45 453**	**41 056**
Non-current liabilities				
Interest-bearing loans and borrowings	24	41 274	38 951	34 598
Employee benefits	25	2 862	3 687	3 428
Deferred tax liabilities	18	12 841	11 168	11 279
Trade and other payables	28	3 222	2 313	1 548
Provisions	27	532	641	874
		60 731	**56 760**	**51 727**
Current liabilities				
Bank overdrafts	21	6	–	8
Interest-bearing loans and borrowings	24	7 846	5 390	5 559
Income tax payable		1 105	543	499
Trade and other payables	28	16 474	14 295	13 337
Provisions	27	196	180	**241**
		25 627	**20 408**	**19 644**
Total equity and liabilities		**141 666**	**122 621**	**112 427**

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*).

Consolidated Statement of Changes in Equity

Million US dollar	Issued capital	Share premium	Treasury shares	Share-based payment reserves
As per 1 January 2012	**1 734**	**17 557**	**(1 137)**	**536**
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	–	17	–	–
Dividends	–	–	–	–
Treasury shares	–	–	137	–
Share-based payments	–	–	–	157
Scope and other changes	–	–	–	–
As per 31 December 2012	**1 734**	**17 574**	**(1 000)**	**693**

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**

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
2 418	**(188)**	**(1 160)**	**–**	**17 744**	**37 504**	**3 552**	**41 056**
–	**–**	**–**	**–**	**7 160**	**7 160**	**2 165**	**9 325**
(746)	–	–	–	–	(746)	(122)	(868)
–	109	–	–	–	109	8	117
–	–	(274)	–	–	(274)	4	(270)
475	–	–	–	–	475	–	475
(271)	**109**	**(274)**	**–**	**7 160**	**6 724**	**2 055**	**8 779**
–	–	–	–	–	17	–	17
–	–	–	–	(2 705)	(2 705)	(1 406)	(4 111)
–	–	–	–	(56)	81	(7)	74
–	–	–	–	–	157	18	175
–	–	–	–	(624)	(624)	87	(537)
2 147	**(79)**	**(1 434)**	**–**	**21 519**	**41 154**	**4 299**	**45 453**

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**

Consolidated Cash Flow Statement

For the year ended 31 December Million US dollar	Notes	2013	2012[1]
Operating Activities			
Profit		16 518	9 325
Depreciation, amortization and impairment	10	2 985	2 747
Impairment losses on receivables, inventories and other assets		91	106
Additions/(reversals) in provisions and employee benefits		109	(14)
Net finance cost	11	2 203	2 366
Loss/(gain) on sale of property, plant and equipment and intangible assets		(25)	(68)
Loss/(gain) on sale of subsidiaries, associates and assets held for sale		(85)	(19)
Revaluation of initial investment in Grupo Modelo	6	(6 415)	–
Equity-settled share-based payment expense	26	240	201
Income tax expense	12	2 016	1 680
Other non-cash items included in the profit		(105)	28
Share of result of associates	16	(294)	(624)
Cash flow from operating activities before changes in working capital and use of provisions		**17 238**	**15 728**
Decrease/(increase) in trade and other receivables		(25)	(102)
Decrease/(increase) in inventories		(129)	(130)
Increase/(decrease) in trade and other payables		1 020	1 331
Pension contributions and use of provisions		(653)	(621)
Cash generated from operations		**17 451**	**16 206**
Interest paid		(2 214)	(1 978)
Interest received		297	112
Dividends received		606	720
Income tax paid		(2 276)	(1 792)
Cash flow from operating activities		**13 864**	**13 268**
Investing Activities			
Proceeds from sale of property, plant and equipment and of intangible assets		257	175
Sale of subsidiaries, net of cash disposed of	6	42	33
Acquisition of subsidiaries, net of cash acquired	6	(17 439)	(1 445)
Purchase of non-controlling interest	23	(99)	(110)
Acquisition of property, plant and equipment and of intangible assets	13/15	(3 869)	(3 264)
Proceeds from the sale of assets held for sale		4 002	(3)
Net proceeds from sale/(acquisition) of investment in short-term debt securities	17	6 707	(6 702)
Net proceeds from sale/(acquisition) of other assets		(13)	(39)
Net repayments/(payments) of loans granted		131	14
Cash flow from investing activities		**(10 281)**	**(11 341)**
Financing Activities			
Net proceeds from the issue of share capital	23	73	102
Proceeds from borrowings		22 464	18 463
Payments on borrowings		(18 006)	(14 814)
Cash received for deferred shares instrument		1 500	–
Cash net finance (cost)/income other than interests		563	43
Dividends paid		(6 253)	(3 632)
Cash flow from financing activities		**341**	**162**
Net increase/(decrease) in cash and cash equivalents		**3 924**	**2 089**
Cash and cash equivalents less bank overdrafts at beginning of year		7 051	5 312
Effect of exchange rate fluctuations		(1 142)	(350)
Cash and cash equivalents less bank overdrafts at end of period	21	**9 833**	**7 051**

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

[1] 2012 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*).

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, one of the world's top five consumer products companies and recognized as first in the beverage industry on FORTUNE Magazine's "World's Most Admired" companies list. 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®, 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 more than 150 000 employees based in 24 countries worldwide. In 2013, AB InBev realized 43.2 billion US dollar revenue. The company strives to be the Best Beer Company in a Better World.

The consolidated financial statements of the company for the year ended 31 December 2013 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 2014.

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 2013 (collectively "IFRS"). AB InBev did not apply any European carve-outs from IFRS. AB InBev has not applied early any new IFRS requirements that are not yet effective in 2013.

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 35 *AB InBev companies*.

(E) Summary of changes in accounting policies
IFRSs with effective application for annual periods beginning on 1st January 2013:

IFRS 10 Consolidated Financial Statements, which provides a single consolidation model that identifies control as the basis for consolidation for all types of entities.

IFRS 11 Joint Arrangements, which establishes principles for the financial reporting by parties to a joint arrangement and replaces the proportionate consolidation method by the equity method.

IFRS 12 Disclosure of Interests in Other Entities, which combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 Fair Value Measurement, which does not establish new requirements for when fair value is required but provides a single source of guidance on how fair value is measured.

IAS 19 Employee Benefits (Revised 2011):

The amendments that caused the most significant impacts in the company's financial statements include:

- Expected returns on plan assets are no longer recognized in profit or loss. Expected returns are replaced by recording interest income in profit or loss. This interest is calculated using the discount rate used to measure the pension obligation.
- Unvested past service costs can no longer be deferred and recognized over the future vesting period. Instead, all past service costs are recognized at the earlier of when the amendment/curtailment occurs or when the company recognizes related restructuring or termination costs.

Except for IAS 19 (Revised 2011), the standards above did not have a significant impact on AB InBev's consolidated financial statements upon initial application.

IAS 19 (Revised 2011) requires retrospective application. Accordingly, the comparative figures in AB InBev's consolidated financial statements have been adjusted as if IAS 19 (Revised 2011) had always applied.

Similar to the 2012 version of IAS 19, IAS 19 (Revised 2011) does not specify where in profit or loss an entity should present the net interest on net defined benefit liabilities. As a consequence, the company has determined that, upon initial application of IAS 19 (Revised 2011), the net interest component would be presented as part of the company's net finance cost. This change in presentation is in line with IAS 1, which permits entities to provide disaggregated information in the performance statements.

With the retrospective application of IAS 19 (Revised 2011) and the decision of the company to present the net interest component as part of the company's net finance cost as described above, the 2012 full year adjusted total pre-tax pension expense is 146m US dollar higher than previously reported, with profits from operations and net finance costs higher by 14m US dollar and 160m US dollar, respectively. The impact is mainly caused by the change in the calculation of returns on assets mentioned above. The impact of the retrospective application of IAS 19 (Revised 2011) on the net benefit obligation was a decrease in the liability by 12m US dollar as at 31 December 2012 and as at 1st January 2012.

The adjusted figures upon implementation of IAS 19 (Revised 2011) and the previously reported figures are demonstrated below:

Consolidated Income Statement

For the period ended Million US dollar	31 December 2012 (adjusted)	31 December 2012 (reported)
Revenue	**39 758**	**39 758**
Cost of sales	(16 422)	(16 447)
Distribution expenses	(3 787)	(3 785)
Sales and marketing expenses	(5 254)	(5 258)
Administrative expenses	(2 200)	(2 187)
Other operating income/(expenses)	684	684
Normalized profit from operations (EBIT)	**12 779**	**12 765**
Non-recurring items above EBIT	(32)	(32)
Profit from operations (EBIT)	**12 747**	**12 733**
Net finance cost	(2 366)	(2 206)
Share of result of associates	624	624
Profit before tax	**11 005**	**11 151**
Income tax expense	(1 680)	(1 717)
Profit	**9 325**	**9 434**

Consolidated Statement of Financial Position

As at Million US dollar	31 December 2012 (adjusted)	31 December 2012 (reported)	1st January 2012 (adjusted)
Equity	**45 453**	**45 441**	**41 056**
Non-current liabilities	**56 760**	**56 772**	**51 727**
Employee benefits	3 687	3 699	3 428

A number of other new standards, amendment to standards and new interpretations became mandatory for the first time for the financial year beginning 1 January 2013, 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 2012 and 2013.

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:	2013	2012	2013	2012
Argentinean peso	6.518027	4.917311	5.446585	4.544242
Brazilian real	2.342604	2.043500	2.157419	1.947644
Canadian dollar	1.063810	0.995679	1.030040	1.000770
Chinese yuan	6.054043	6.230640	6.155014	6.312949
Euro	0.725111	0.757920	0.755485	0.775893
Mexican Peso	13.084394	13.024470	12.836159	13.234397
Pound sterling	0.604525	0.618538	0.640409	0.629801
Russian ruble	32.729000	30.372685	31.859528	31.116623
Ukrainian hryvnia	7.993022	7.992997	7.993027	7.991152

(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. Business combinations entered into before 31 March 2004, were accounted for in accordance with IAS 22 *Business Combinations*. This means that acquired intangibles such as brands were subsumed under goodwill for those transactions. Effective 1 January 2010, when AB InBev acquires non-controlling interests any difference between the cost of acquisition and the non-controlling interest's share of net assets acquired is accounted for as an equity transaction in accordance with IAS 27 *Consolidated and Separate Financial Statements*.

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. AB InBev adopted IFRS 2 *Share-based Payment* on 1 January 2005 to all awards granted after 7 November 2002 that had not yet vested at 1 January 2005. The fair value of the share options is estimated at grant date, using an option pricing model that is most appropriate for the respective option. Based on the expected number of options that will vest, the fair value

of the options granted is expensed over the vesting period. When the options are exercised, equity is increased by the amount of the proceeds received.

(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, Western Europe, Central and Eastern Europe, Asia Pacific and Global Export and Holding Companies. The company's assets are predominantly located in the same geographical areas as its customers.

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 2013, they have not been applied in preparing these consolidated financial statements.

IFRS 9 Financial Instruments:
IFRS 9 is the standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and established two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 also introduces a new hedge accounting model, together with corresponding disclosures about risk management for those companies applying hedge accounting. Because the impairment phase of the IFRS 9 project has not yet been completed, the IASB decided that the mandatory effective date should be decided upon when the entire IFRS 9 project is closer to completion.

Other standards, interpretations and amendments to standards A number of other amendments to standards are effective for annual periods beginning after 1 January 2013, and have not been listed above because of either their non-applicability to or their immateriality to AB InBev's consolidated financial statements.

4. Use of Estimates and Judgments

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

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

Although each of its significant accounting policies reflects judgments, assessments or estimates, AB InBev believes that the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and the understanding of its results: business combinations, intangible assets, goodwill, impairment, provisions, share-based payments, employee benefits and accounting for current and deferred tax.

The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred, in order to determine whether the carrying value exceeds the recoverable amount. These calculations are based on estimates of future cash flows.

The company uses its judgment to select a variety of methods including the discounted cash flow method and option valuation models and makes assumptions about the fair value of financial instruments that are mainly based on market conditions existing at each balance sheet date.

Actuarial assumptions are established to anticipate future events and are used in calculating pension and other long-term employee benefit expense and liability. These factors include assumptions with respect to interest rates, rates of increase in health care costs, rates of future compensation increases, turnover rates, and life expectancy.

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

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

In preparing these consolidated financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of estimating uncertainty mainly related to the valuation of the individual assets acquired and liabilities assumed as part of the allocation of the Grupo Modelo purchase price. The company is in the process of finalizing the allocation of the purchase price to the individual assets acquired and liabilities assumed in compliance with IFRS 3. Following the AB InBev and Grupo Modelo combination, AB InBev is fully consolidating Grupo Modelo in the AB InBev consolidated financial statements as of 4 June 2013. Detail is provided in Note 6 – *Acquisitions and disposals of Subsidiaries* of these consolidated financial statements.

5. Segment Reporting

Segment information is presented by geographical segments, consistent with the information that is available and evaluated regularly by the chief operating decision maker. AB InBev operates its business through eight zones. 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).

AB InBev has updated its 2012 segment reporting for purposes of internal review by senior management. This presentation (further referred to as the "2012 Reference base") includes Grupo Modelo's results as from 4 June 2012, for comparative purposes. The 2012 Reference base also reflects the effects of retrospective application on the revised IAS 19 - *Employee Benefits* (see Note 3 *Summary of significant accounting policies*) and the transfer of management responsibility for Ecuador and Peru to the Zone Latin America South. These countries were previously reported within the Zone Latin America North, thus with no impact at the consolidated level. The tables below provide the segment information per zone for the twelve-month period ended 31 December 2012 and 2013 in the format that is used by management to monitor performance. The differences between the 2012 Reference base and the 2012 audited income statement as Reported represent the effect of the combination with Grupo Modelo.

All figures in the table below are stated in million US dollar, except volume (million hls) and full time equivalents (FTE in units).

SEGMENT REPORTING (2012 REFERENCE BASE) – NON-AUDITED

	North America		Mexico		Latin America North	
	2013	2012 Reference base	2013	2012 Reference base	2013	2012 Reference base
Volume	**122**	**125**	**22**	**23**	**119**	**122**
Revenue	**16 023**	**16 028**	**2 769**	**2 616**	**10 877**	**11 268**
Cost of sales	(6 519)	(6 615)	(869)	(1 014)	(3 494)	(3 519)
Distribution expenses	(1 235)	(1 319)	(232)	(270)	(1 338)	(1 277)
Sales and marketing expenses	(1 908)	(1 794)	(484)	(515)	(1 145)	(1 204)
Administrative expenses	(497)	(452)	(234)	(338)	(589)	(612)
Other operating income/(expenses)	67	64	104	102	807	426
Normalized profit from operations (EBIT)	**5 932**	**5 911**	**1 054**	**582**	**5 118**	**5 081**
Depreciation, amortization and impairment	(796)	(824)	(227)	(196)	(701)	(706)
Normalized EBITDA	**6 728**	**6 735**	**1 281**	**777**	**5 819**	**5 787**
Normalized EBITDA margin in %	**42.0%**	**42.0%**	**46.3%**	**29.7%**	**53.5%**	**51.4%**

SEGMENT REPORTING (2012 REPORTED)

	North America		Mexico		Latin America North	
	2013	2012[1]	2013	2012[1]	2013	2012[1]
Volume	**122**	**125**	**22**	**–**	**119**	**122**
Revenue	**16 023**	**16 028**	**2 769**	**–**	**10 877**	**11 268**
Cost of sales	(6 519)	(6 615)	(869)	–	(3 494)	(3 519)
Distribution expenses	(1 235)	(1 319)	(232)	–	(1 338)	(1 277)
Sales and marketing expenses	(1 908)	(1 794)	(484)	–	(1 145)	(1 204)
Administrative expenses	(497)	(452)	(234)	–	(589)	(612)
Other operating income/(expenses)	67	64	104	–	807	426
Normalized profit from operations (EBIT)	**5 932**	**5 911**	**1 054**	**–**	**5 118**	**5 081**
Non-recurring items (refer Note 8)	(5)	47	(54)	–	(6)	(26)
Profit from operations (EBIT)	**5 927**	**5 958**	**1 000**	**–**	**5 112**	**5 055**
Net finance (cost)/income	(494)	(565)	(1 059)	–	(418)	(371)
Share of result of associates	278	624	11	–	5	–
Profit/(loss) before tax	**5 710**	**6 017**	**(47)**	**–**	**4 698**	**4 684**
Income tax expense	(1 216)	(1 386)	(112)	–	(386)	(490)
Profit/(loss)	**4 495**	**4 631**	**(159)**	**–**	**4 312**	**4 194**
Normalized EBITDA	6 728	6 735	1 281	–	5 819	5 787
Non-recurring items (including impairment)	(5)	47	(54)	–	(6)	(26)
Depreciation, amortization and impairment	(796)	(824)	(226)	–	(702)	(706)
Net finance (cost)/income	(494)	(565)	(1 059)	–	(418)	(371)
Share of results of associates	278	624	11	–	5	–
Income tax expense	(1 216)	(1 386)	(112)	–	(386)	(490)
Profit/(loss)	**4 495**	**4 631**	**(159)**	**–**	**4 312**	**4 194**
Normalized EBITDA margin %	42.0%	42.0%	46.3%	–	53.5%	51.4%
Segment assets	64 639	72 845	30 259	–	17 436	18 268
Intersegment elimination						
Non-segmented assets						
Total assets						
Segment liabilities	6 690	8 292	3 653	–	5 675	7 228
Intersegment elimination						
Non-segmented items						
Total equity and liabilities						
Gross capex	588	449	202	–	1 411	1 225
Addition to/(reversal of) provisions	8	13	(1)	–	188	134
FTE	16 852	17 136	34 203	–	37 722	35 653

[1]2012 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*).

Latin America South		Western Europe		Central and Eastern Europe		Asia Pacific		Global export and Holding Companies		Effect of acquisition		Consolidated	
2013	2012 Reference base	2013	2012 Reference base	2013	2012 Reference base	2013	2012 Reference base	2013	2012 Reference base	2013	2012 Bridge to Reported	2013	2012 Reported[1]
37	**38**	**28**	**30**	**19**	**23**	**66**	**58**	**12**	**12**		**(28)**	**426**	**403**
3 269	**3 209**	**3 620**	**3 650**	**1 445**	**1 668**	**3 354**	**2 690**	**1 839**	**1 798**		**(3 169)**	**43 195**	**39 758**
(1 185)	(1 244)	(1 544)	(1 555)	(776)	(914)	(1 885)	(1 565)	(1 323)	(1 328)		1 332	(17 594)	(16 422)
(309)	(296)	(364)	(369)	(146)	(184)	(302)	(235)	(135)	(132)		295	(4 061)	(3 787)
(346)	(336)	(673)	(663)	(378)	(400)	(833)	(670)	(191)	(220)		549	(5 958)	(5 254)
(112)	(108)	(264)	(259)	(98)	(113)	(317)	(274)	(429)	(386)		345	(2 539)	(2 200)
(5)	4	27	24	3	5	109	121	48	47		(109)	1 160	684
1 311	**1 228**	**801**	**827**	**51**	**62**	**127**	**67**	**(191)**	**(221)**		**(758)**	**14 203**	**12 779**
(180)	(191)	(324)	(336)	(174)	(195)	(419)	(329)	(165)	(166)		197	(2 985)	(2 746)
1 491	**1 419**	**1 125**	**1 163**	**225**	**257**	**546**	**396**	**(25)**	**(54)**		**(955)**	**17 188**	**15 525**
45.6%	**44.2%**	**31.1%**	**31.9%**	**15.6%**	**15.4%**	**16.3%**	**14.7%**					**39.8%**	**39.0%**

Latin America South		Western Europe		Central and Eastern Europe		Asia Pacific		Global export and Holding Companies		Consolidated	
2013	2012[1]	2013	2012[1]	2013	2012[1]	2013	2012[1]	2013	2012[1]	2013	2012[1]
37	**38**	**28**	**30**	**19**	**23**	**66**	**58**	**12**	**7**	**426**	**403**
3 269	**3 209**	**3 620**	**3 625**	**1 445**	**1 668**	**3 354**	**2 690**	**1 839**	**1 270**	**43 195**	**39 758**
(1 185)	(1 244)	(1 544)	(1 550)	(776)	(914)	(1 885)	(1 565)	(1 323)	(1 015)	(17 594)	(16 422)
(309)	(296)	(364)	(364)	(146)	(184)	(302)	(235)	(135)	(111)	(4 061)	(3 787)
(346)	(336)	(673)	(650)	(378)	(400)	(833)	(670)	(191)	(200)	(5 958)	(5 254)
(112)	(108)	(264)	(257)	(98)	(113)	(317)	(274)	(429)	(382)	(2 539)	(2 200)
(5)	4	27	24	3	5	109	121	48	40	1 160	684
1 311	**1 228**	**801**	**828**	**51**	**62**	**127**	**67**	**(191)**	**(398)**	**14 203**	**12 779**
(5)	–	(32)	(2)	(5)	(5)	(26)	2	6 372	(47)	6 240	(32)
1 306	**1 228**	**770**	**825**	**46**	**57**	**101**	**69**	**6 181**	**(445)**	**20 443**	**12 747**
(317)	(60)	(589)	(378)	(82)	(117)	8	–	749	(877)	(2 203)	(2 366)
	–	–	1	–	–	–	–	–	–	294	624
989	**1 169**	**181**	**448**	**(37)**	**(60)**	**109**	**69**	**6 930**	**(1 322)**	**18 534**	**11 005**
(457)	(340)	14	(138)	13	(13)	(53)	(53)	181	740	(2 016)	(1 680)
532	**828**	**195**	**310**	**(24)**	**(73)**	**56**	**16**	**7 112**	**(582)**	**16 518**	**9 325**
1 491	1 419	1 125	1 163	225	257	546	396	(25)	(231)	17 188	15 525
(5)	–	(32)	(2)	(5)	(5)	(26)	2	6 372	(47)	6 240	(32)
(180)	(191)	(323)	(336)	(175)	(195)	(419)	(329)	(165)	(167)	(2 985)	(2 746)
(317)	(60)	(589)	(378)	(82)	(117)	8	–	749	(877)	(2 203)	(2 366)
–	–	–	1	–	–	–	–	–	–	294	624
(457)	(340)	14	(138)	13	(13)	(53)	(53)	181	740	(2 016)	(1 680)
532	**828**	**195**	**310**	**(24)**	**(73)**	**56**	**16**	**7 112**	**(582)**	**16 518**	**9 325**
45.6%	44.2%	31.1%	32.1%	15.5%	15.4%	16.3%	14.7%	–	–	39.8%	39.0%
3 483	4 335	6 557	5 939	1 908	2 153	6 246	5 028	4 242	3 865	134 769	112 432
										(5 171)	(5 557)
										12 068	15 746
										141 666	**122 621**
1 228	1 782	4 402	3 751	517	578	2 996	2 467	3 133	2 242	28 293	26 341
										(5 171)	(5 557)
										118 544	101 837
										141 666	**122 621**
299	287	307	295	131	127	817	786	84	143	3 839	3 312
1	3	33	3	(2)	1	11	(2)	(19)	(208)	219	(57)
10 482	10 924	7 764	8 066	7 948	9 510	37 680	34 455	1 936	1 888	154 587	117 632

Net revenue from the beer business amounted to 39 080m US dollar while the net revenue from the non-beer business (soft drinks and other business) accounted for 4 115m 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 880m US dollar and 1 304m US dollar, respectively.

6. Acquisitions and disposals of subsidiaries

The table below summarizes the impact of acquisitions on the Statement of financial position of AB InBev for 31 December 2013 and 2012:

Million US dollar	2013 Acquisitions	2012 Acquisitions	2013 Disposals	2012 Disposals
Non-current assets				
Property, plant and equipment	4 818	382	–	(11)
Intangible assets	5 068	540	–	–
Investment in subsidiaries	44	–	–	–
Investment in associates	75	–	–	–
Investment securities	19	–	–	–
Deferred tax assets	14	–	–	–
Trade and other receivables	65	312	–	–
Current assets				
Inventories	605	39	–	(4)
Income tax receivable	1	5	–	–
Trade and other receivables	676	48	–	–
Cash and cash equivalents	2 674	29	–	(6)
Assets held for sale	5 385	2	–	–
Non-controlling interests	(11)	–	–	–
Non-current liabilities				
Interest-bearing loans and borrowings	–	(229)	–	–
Trade and other payables	(566)	(10)	–	–
Employee benefits	(256)	(11)	–	–
Provisions	(21)	(21)	–	–
Deferred tax liabilities	(1 157)	(145)	–	–
Current liabilities				
Interest-bearing loans and borrowings	(68)	(45)	–	–
Income tax payable	(1 502)	–	–	–
Trade and other payables	(1 258)	(59)	–	4
Provision	(17)	–	–	–
Net identifiable assets and liabilities	**14 588**	**837**	**–**	**(17)**
Goodwill on acquisitions	19 988	1 113	–	–
Loss/(gain) on disposal	–	–	(42)	(22)
Acquisition-date fair value of the previously held equity interest	(12 946)	–	–	–
Shareholdings increases	(11)	–	–	–
Decrease/(increase) on non-controlling interests on shareholdings increases	–	(334)	–	–
Consideration to be paid	(1 509)	(2)	–	–
Net cash paid on prior years acquisitions	3	14	–	–
Non-cash consideration	–	(154)	–	–
Consideration paid/(received), satisfied in cash	**20 113**	**1 474**	**(42)**	**(39)**
Cash (acquired)/ disposed of	(2 674)	(29)	–	6
Net cash outflow/(inflow)	**17 439**	**1 445**	**(42)**	**(33)**

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. This agreement was a natural next step, given AB InBev's economic stake of more than 50% in Grupo Modelo, prior to the transaction and the successful long-term partnership between the two companies. The combined company will lead the beer industry with roughly 400m hectoliters of beer volume annually.

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 value 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 2013, AB InBev owned approximately 96% of Grupo Modelo's outstanding shares and 1.5 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 2013 (see also Note 21 *Cash and cash equivalents and* Note 28 *Trade and other payables*).

AB InBev financed the transactions with funds drawn under the 2012 Facilities Agreement and cash, cash equivalents and short term investment in debt securities the company had accumulated pending the closing of the Grupo Modelo transaction. In June 2013, AB InBev fully repaid the portion of the 2012 Facilities Agreement that was drawn for the combination and terminated the 2012 Facilities Agreement (see also Note 17 *Investment securities,* Note 21 *Cash and cash equivalents* and Note 24 *Interest bearing loans and borrowings*).

Transaction costs for the combination approximated 0.1 billion US dollar and were reported as incurred in the non-recurring expenses in 2012 and 2013.

On 23 April 2013, as part of a Grupo Modelo pre-closing corporate structure reorganization, AB InBev performed a capital increase in Grupo Modelo. The 959m US dollar capital contribution increased the cash at closing held by Grupo Modelo without impact on the net purchase consideration.

For business combinations achieved in stages, IFRS requires that any previously held interest of an acquirer in an acquiree is adjusted to its fair value as of the acquisition date with any resulting gain (or loss) reported in the consolidated income statement. IFRS also requires that any amounts previously recognized in the consolidated statement of other comprehensive income ("OCI") related to such investment be recycled to the consolidated income statement, as if such investment was sold. AB InBev has estimated the fair value of the initial 50.34% economic interest it held directly and indirectly in Grupo Modelo at 12.9 billion US dollar and has recycled 199m US dollar from OCI to the consolidated income statement, resulting in a net non-recurring, non-cash gain of 6.4 billion US dollar (see also Note 8 *Non-recurring items*).

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 Grupo Modelo'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 Grupo Modelo business:

Million US dollar	Before Purchase Price Allocation	Purchase Price Allocation	After Purchase Price Allocation
Non-current assets			
Property, plant and equipment	4 609	99	4 708
Goodwill	796	(796)	–
Intangible assets	458	4 454	4 912
Investment in associates	79	(4)	75
Investment securities	19	–	19
Trade and other receivables	65	–	65
Current assets			
Inventories	630	(41)	589
Trade and other receivables	617	(11)	606
Income tax receivable	91	(91)	–
Assets held for sale	909	4 476	5 385
Cash and cash equivalent	2 610	–	2 610
Non-current liabilities			
Employee benefits	(256)	–	(256)
Provisions	(1)	(20)	(21)
Trade and other payables	(77)	(489)	(566)
Deferred tax liabilities	(418)	(714)	(1 132)
Current liabilities			
Interest-bearing loans and borrowings	(67)	–	(67)
Income tax payable	–	(1 468)	(1 468)
Trade and other payables	(845)	(182)	(1 027)
Provisions	(16)	–	(16)
Net identified assets and liabilities	**9 203**	**5 214**	**14 417**
Goodwill on acquisition			19 592
Net assets acquired			**34 008**
Cash consideration (including Trust)			20 103
Acquisition-date fair value of the previously held equity interest			12 946
Equity increase 23 April 2013			959
Total gross purchase consideration			**34 008**
Cash and cash equivalent acquired			(2 610)
Total net purchase consideration			**31 398**

The transaction resulted in 19.6 billion US dollar of goodwill provisionally allocated primarily to the Mexico business. The factors that contributed to the recognition of goodwill include the acquisition of an assembled workforce and the premiums paid for cost synergies expected to be achieved in Grupo Modelo. Management's assessment of the future economic benefits supporting recognition of this goodwill is in part based on expected savings through the implementation of AB InBev best practices such as, among others, a zero based budgeting program and initiatives that are expected to bring greater efficiency and standardization, generate cost savings and maximize purchasing power. Goodwill also arises due to the recognition of deferred tax liabilities in relation to the preliminary fair value adjustments on acquired intangible assets for which the amortization does not qualify as a tax deductible expense. None of the goodwill recognized is deductible for tax purposes.

The valuation of the property, plant and equipment, intangible assets, investment in associates, interest bearing loans and borrowings and 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 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 collectable 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 recognized a receivable for the post-closing adjustment by 31 December 2013 (see also Note 20 *Trade and other receivables*).

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 inventory from AB InBev under a specified pricing until 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 of 289m US dollar 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.

As of 4 June 2013, the completion date of the transaction, Grupo Modelo contributed 3 340m US dollar to the revenue and 600m US dollar to the profit of AB InBev. If the acquisition date had been 1 January 2013 it is estimated that AB InBev's unaudited combined revenue, profit from operations and profit would have been higher by 2.4 billion US dollar, 0.6 billion US dollar, and 0.5 billion US dollar respectively. The unaudited combined data includes certain purchase accounting adjustments such as the estimated changes in depreciations and amortization expenses on acquired tangible and intangible assets. However, the unaudited combined results do not include any anticipated cost savings or other effects of the planned integration of Grupo Modelo. Accordingly, such amounts are not necessarily indicative of the results if the combination had occurred on 1 January 2013 or that may result in the future.

Other 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 aggregate purchase price was approximately 439m USD. The acquired business had an immaterial impact on profit in 2013. 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 2013, AB InBev acquired different distributors in Brazil and in the US for a total consideration of 90m US dollar. The acquired businesses had an immaterial impact on profit in 2013. 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 2013, Ambev acquired an 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. As at 31 December 2013 Ambev owned a total indirect interest of 55.0% in CND.

During 2013, AB InBev paid 3.0m US dollar to former Anheuser-Busch shareholders (14m US dollar in 2012). By 31 December 2013, 8m 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.

2012 Acquisitions

On 11 May 2012, AB InBev announced that Ambev and E. León Jimenes S.A. ("ELJ"), which owned 83.5% of Cervecería Nacional Dominicana S.A. ("CND"), closed a transaction to form a strategic alliance to create the leading beverage company in the Caribbean through the combination of their businesses in the region. Ambev's initial indirect interest in CND was acquired through a cash payment of 1 025m US dollar and the contribution of Ambev Dominicana. Separately, Ambev Brazil acquired an additional stake in CND of 9.3%, which was owned by Heineken N.V., for 237m US dollar at the closing date. During September, as part of the same transaction, Ambev acquired an additional stake from other minority holders, through a cash payment of 24m US dollar.

In the US, the company acquired Western Beverage LLC in Eugene, Oregon and K&L Distributors, Inc. in Renton, Washington, both major wholesalers in those territories. Furthermore, Ambev acquired all the shares issued by the company Lachaise Aromas e Participações Ltda., whose main corporate purpose is the production of flavorings, a necessary component in the production of concentrates.

2013 Disposals

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

2012 Disposals

On 1 July 2012, AB InBev sold its investment in the company Eagle Brands Wedco in Miami, Florida, US for a total gross consideration of 39m US dollar. As a result of the sale, AB InBev recorded a non-recurring gain of 22m US dollar – see Note 8 *Non-recurring items*.

7. Other Operating Income/(expenses)

Million US dollar	2013	2012
Government grants	614	469
License income	125	111
Net (additions to)/reversals of provisions	(31)	(15)
Net gain on disposal of property, plant and equipment, intangible assets and assets held for sale	32	38
Net rental and other operating income	420	81
	1 160	**684**
Research expenses as incurred	185	182

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 81m US dollar in 2012 to 420m US dollar in 2013. This increase results from the combination with Grupo Modelo, the positive outcome of a series of claims and the recognition of receivables related to indirect taxes and 143m US dollar one time gain related to recovery of restricted funds.

In 2013, the company expensed 185m US dollar in research, compared to 182m US dollar in 2012. 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	2013	2012
Restructuring (including impairment losses)	(118)	(36)
Fair value adjustments	6 410	–
Acquisition costs business combinations	(82)	(54)
Business and asset disposal (including impairment losses)	30	58
Impact on profit from operations	**6 240**	**(32)**
Non-recurring net finance cost	283	(18)
Non-recurring taxes	(70)	(1)
Non-recurring non-controlling interest	5	10
Net impact on profit attributable to equity holders of AB InBev	**6 458**	**(41)**

The non-recurring restructuring charges for 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. These changes aim to eliminate overlap or duplicated processes, taking into account the right match of employee profiles with the new organizational requirements. The 2012 non-recurring restructuring charges total (36)m US dollar. These charges primarily relate to organizational alignments in North America and Europe and to the integration of Cervecería Nacional Dominicana S.A. 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.

Fair value adjustments recognized in 2013 for a total of 6 410m US dollar, mainly relate to 6 415m US dollar exceptional, 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 – see also Note 6 *Acquisitions and disposals of subsidiaries*.

Acquisition costs of business combinations amount to (82)m US dollar for the year ended 31 December 2013 relate to cost incurred for the combination with Grupo Modelo and the acquisition of four breweries in China on 27 April 2013. The 2012 acquisition costs of business combinations amount to (54)m US dollar for 2012 relate to the cost incurred for the combination with Grupo Modelo and the acquisition of Cervecería Nacional Dominicana - see also Note 6 *Acquisitions and disposals of subsidiaries*.

The business and asset disposals (including impairment losses) resulted in a net gain of 30m US dollar in 2013 mainly attributable to the additional proceeds from the sale of the Central European operations to CVC Capital Partners and a net gain of 58m US dollar in 2012 mainly attributable to the sale of non-core assets in the United States.

The company also incurred non-recurring net finance income of 283m US dollar for the year ended 31 December 2013 versus (18)m US dollar for the year ended 31 December 2012 – see also Note 11 *Finance cost and income*.

All the above amounts are before income taxes. The 2013 and 2012 non-recurring items as at 31 December increased income taxes by (70)m US dollar and increased income taxes by (1)m US dollar respectively.

Non-controlling interest on the non-recurring items amounts to 5m US dollar in 2013 versus 11m US dollar in 2012.

9. Payroll and Related Benefits

Million US dollar	2013	2012
Wages and salaries	(4 137)	(3 199)
Social security contributions	(722)	(607)
Other personnel cost	(807)	(680)
Pension expense for defined benefit plans	(141)	(86)
Share-based payment expense	(243)	(201)
Contributions to defined contribution plans	(117)	(41)
	(6 167)	**(4 814)**
Number of full time equivalents (FTE)	154 587	117 632

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

	2013	2012
AB InBev NV (parent company)	184	319
Other subsidiaries	152 441	115 343
Proportionally consolidated entities	1 962	1 970
	154 587	**117 632**

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 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**	**–**

Depreciation, amortization and impairment charges were included in the following line items of the 2012 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	2 005	5	–
Distribution expenses	105	1	–
Sales and marketing expenses	220	173	–
Administrative expenses	133	105	–
Other operating expenses	–	–	–
Non-recurring items	–	–	–
	2 463	**284**	**–**

The depreciation, amortization and impairment of property, plant and equipment included a full-cost reallocation of 4m US dollar in 2013 from the aggregate depreciation, amortization and impairment expense to cost of goods sold. In 2012 this reallocation was immaterial.

11. Finance Cost and Income

Recognized in profit or loss

Finance costs

Million US dollar	2013	2012[1]
Interest expense	(2 043)	(2 065)
Capitalization of borrowing costs	38	57
Net interest on net defined benefit liabilities	(156)	(160)
Accretion expense	(360)	(270)
Net foreign exchange losses (net of the effect of foreign exchange derivative instruments)	(295)	(103)
Tax on financial transactions	(47)	(59)
Other financial costs, including bank fees	(184)	(92)
	(3 047)	**(2 692)**
Non-recurring finance costs	(101)	(18)
	(3 148)	**(2 710)**

Finance costs, excluding non-recurring items, increased by 355m US dollar from prior year mainly as a result of higher accretion expenses, net foreign exchange losses and other financial costs.

Borrowing costs capitalized relate to the capitalization of interest expenses directly attributable to the acquisition and construction of qualifying assets mainly in Brazil. Interests are capitalized at a borrowing rate ranging between 6% and 12%.

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 follows the repayment and termination of the 2012 Facilities Agreement in June 2013. See also Note 24 *Interest-bearing loans and borrowings*.

Interest expense is presented net of the effect of interest rate derivative instruments hedging AB InBev's interest rate risk – see also Note 29 *Risks arising from financial instruments*.

Finance income

Million US dollar	2013	2012[1]
Interest income	286	206
Net gains on hedging instruments that are not part of a hedge accounting relationship	186	108
Net gains from hedge ineffectiveness	–	13
Other financial income	89	17
	561	**344**
Non-recurring finance income	384	–
	945	**344**

[1] 2012 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*).

In 2013, AB InBev incurred 186m US dollar of net gains on hedging instruments that are not part of a hedge accounting relationship arising mainly from positive results on derivative contracts entered into to hedge risks associated with different share based payment programs, partially offset by costs of currency hedges.

Non-recurring finance income was 384m 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. By 31 December 2013, 100% of the deferred share instrument had been hedged at an average price of approximately 68 euro per share. See also Note 23 *Changes in equity and earnings per share.*

No interest income was recognized on impaired financial assets.

The interest income stems from the following financial assets:

Million US dollar	2013	2012
Cash and cash equivalents	209	132
Investment debt securities held for trading	21	41
Loans to customers	2	3
Other loans and receivables	54	30
	286	**206**

The interest income on other loans and receivables includes the interest accrued on cash deposits given as guarantees for certain legal proceedings pending resolution.

For further information on instruments hedging AB InBev's foreign exchange risk see Note 29 *Risks arising from financial instruments.*

12. Income Taxes

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

Million US dollar	2013	2012[1]
Current tax expense		
Current year	(2 130)	(2 125)
(Underprovided)/overprovided in prior years	132	242
	(1 998)	**(1 883)**
Deferred tax (expense)/income		
Origination and reversal of temporary differences	(174)	267
(Utilization)/recognition of deferred tax assets on tax losses	153	(64)
Recognition of previously unrecognized tax losses	3	–
	(18)	**203**
Total income tax expense in the income statement	**(2 016)**	**(1 680)**

[1] 2012 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*).

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

Million US dollar	2013	2012[1]
Profit before tax	18 534	11 005
Deduct share of result of associates	294	624
Profit before tax and before share of result of associates	**18 240**	**10 381**
Adjustments on taxable basis		
Expenses not deductible for tax purposes	801	241
Taxable intercompany dividends	135	394
Non-taxable financial and other income	(8 543)	(717)
	10 633	**10 299**
Aggregated weighted nominal tax rate	**33.3%**	**32.8%**
Tax at aggregated weighted nominal tax rate	(3 545)	(3 379)
Adjustments on tax expense		
Utilization of tax losses not previously recognized	16	131
Recognition of deferred taxes assets on previous years' tax losses	3	–
Write-down of deferred tax assets on tax losses and current year losses for which no deferred tax asset is recognized	(74)	(129)
(Underprovided)/overprovided in prior years	132	242
Tax savings from tax credits and special tax status	1 620	1 274
Change in tax rate	116	(18)
Withholding taxes	(425)	(143)
Other tax adjustments	141	342
	(2 016)	**(1 680)**
Effective tax rate	**11.1%**	**16.2%**

The total income tax expense amounts to 2 016m US dollar in 2013 compared to 1 680m US dollar in 2012. The effective tax rate decreased from 16.2% to 11.1% from 2012 to 2013. The decrease of the effective tax rate mainly results from the non-taxable nature of the non-recurring gain related to the fair value adjustment on the initial investment held in Grupo Modelo (see also Note 6 *Acquisitions and disposals of subsidiaries* and Note 8 *Non-recurring items*), non-taxable gains from certain derivatives related to the hedging of share-based payment programs, changes of profit mix to countries with lower marginal tax rates, as well as incremental income tax benefits. This decrease was partially offset by the combination with Grupo Modelo, which has a nominal tax rate of 30%.

The normalized effective tax rate in 2013 is 16.6% (2012: 16.1%). 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	2013	2012
Income tax (losses)/gains		
Re-measurements of post-employment benefits	(289)	140
Cash flow hedges	(12)	(37)
Net investment hedges	8	68

[1]2012 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*).

13. Property, Plant and Equipment

Million US dollar	2013 Land and buildings	2013 Plant and equipment	2013 Fixtures and fittings	2013 Under construction	2013 Total	2012 Total
Acquisition cost						
Balance at end of previous year	**8 173**	**19 988**	**3 328**	**1 619**	**33 108**	**31 357**
Effect of movements in foreign exchange	(297)	(801)	(142)	(119)	(1 359)	(450)
Acquisitions	21	476	164	2 862	3 523	3 032
Acquisitions through business combinations	1 771	2 078	483	486	4 818	384
Disposals	(142)	(1 150)	(409)	4	(1 697)	(1 043)
Disposals through the sale of subsidiaries	–	–	–	–	–	(17)
Transfer (to)/from other asset categories and other movements	442	1 823	236	(2 787)	(286)	(155)
Balance at end of the period	**9 968**	**22 414**	**3 660**	**2 065**	**38 107**	**33 108**
Depreciation and impairment losses						
Balance at end of previous year	**(2 616)**	**(11 510)**	**(2 518)**	**(3)**	**(16 647)**	**(15 335)**
Effect of movements in foreign exchange	64	402	84	(1)	549	156
Disposals	74	1 056	340	–	1 470	906
Disposals through the sale of subsidiaries	–	–	–	–	–	4
Depreciation	(358)	(1 866)	(343)	–	(2 567)	(2 401)
Impairment losses	(4)	(61)	(4)	(1)	(70)	(62)
Transfer to/(from) other asset categories and other movements	16	32	(3)	2	47	85
Balance at end of the period	**(2 824)**	**(11 947)**	**(2 444)**	**(3)**	**(17 218)**	**(16 647)**
Carrying amount						
at 31 December 2012	**5 557**	**8 478**	**810**	**1 616**	**16 461**	**16 461**
at 31 December 2013	**7 144**	**10 467**	**1 216**	**2 062**	**20 889**	**–**

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.*

The carrying amount of property, plant and equipment subject to restrictions on title amounts to 84m US dollar.

Contractual commitments to purchase property, plant and equipment amounted to 591m US dollar as at 31 December 2013 compared to 415m US dollar as at 31 December 2012. The increase results from projects mainly in Brazil and China.

14. Goodwill

Million US dollar	2013	2012
Acquisition cost		
Balance at end of previous year	**51 773**	**51 309**
Effect of movements in foreign exchange	(1 799)	(643)
Purchases of non-controlling interest	(29)	(6)
Acquisitions through business combinations	19 988	1 113
Balance at end of year	**69 933**	**51 773**
Impairment losses		
Balance at end of previous year	**(7)**	**(7)**
Impairment losses	–	–
Balance at end of year	**(7)**	**(7)**
Carrying amount		
at 31 December 2012	**51 766**	**51 766**
at 31 December 2013	**69 927**	**–**

Current year acquisitions through business combinations primarily reflect the Modelo combination. This transaction resulted in the recognition of goodwill of 19 592m US dollar. The other business combinations that took place in 2013 resulted in goodwill recognition of 380m US dollar following the acquisition of four breweries in China, different distributors in Brazil and a wholesaler in the United States. The contingent consideration from the purchase of Cervecería Nacional Dominicana S.A. also led to the recognition of an additional goodwill of 16m US dollar.

The business combination that resulted in the recognition of goodwill in 2012 were the acquisition of Cervecería Nacional Dominicana S.A. in Dominican Republic in May 2012, the acquisition of 2 distributors in the United States and the acquisition of 2 companies by Ambev in Brazil – see also Note 6 *Acquisitions and disposals of subsidiaries*.

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

Million US dollar Business unit	2013	2012
USA	32 654	32 654
Mexico	19 171	–
Brazil	7 669	8 743
China	2 317	1 925
Canada	1 945	2 078
Germany/Italy/Switzerland/Austria	1 535	1 469
Argentina and other Hispanic Latin America countries	1 181	1 345
Dominican Republic	1 037	1 089
Russia/Ukraine	960	1 057
Global Export/Spain	731	698
UK/Ireland	624	609
Belgium/Netherlands/France/Luxemburg	103	99
	69 927	**51 766**

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. 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 sensitivity analysis performed around the base case assumptions is not aware of any reasonably possible change in a key assumption used that would cause a business unit's carrying amount to exceed its recoverable amount.

Goodwill impairment testing relies on a number of critical judgments, estimates and assumptions. Goodwill, which accounted for approximately 49% of AB InBev's total assets as at 31 December 2013, 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 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 2.3% for the US; 0.0% and 3.3% for Brazil and 0.0% and 2.6% for Mexico;

- Projections are made in the functional currency of the business unit and discounted at the unit's weighted average cost of capital (WACC), considering sensitivities on this metric. The WACC ranged primarily between 7% and 30% in US dollar nominal terms for goodwill impairment testing conducted for 2013. For the three main cash generating units, the WACC applied in US dollar nominal terms ranged between 7% and 9% 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.

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

15. Intangible Assets

	2013					2012
Million US dollar	**Brands**	**Commercial intangibles**	**Software**	**Other**	**Total**	**Total**
Acquisition cost						
Balance at end of previous year	**22 124**	**2 421**	**979**	**344**	**25 868**	**25 073**
Effect of movements in foreign exchange	(220)	(6)	(20)	6	(240)	(33)
Acquisitions through business combinations	4 564	303	170	31	5 068	540
Acquisitions and expenditures	2	128	300	113	543	281
Disposals	–	(39)	(242)	(5)	(286)	(30)
Transfer (to)/from other asset categories and other movements	21	(25)	153	29	178	37
Balance at end of period	**26 491**	**2 782**	**1 340**	**518**	**31 131**	**25 868**
Amortization and impairment losses						
Balance at end of previous year	**–**	**(682)**	**(768)**	**(47)**	**(1 497)**	**(1 255)**
Effect of movements in foreign exchange	–	7	10	(1)	16	8
Amortization	–	(190)	(125)	(19)	(334)	(284)
Impairment losses	–	(3)	(7)	–	(10)	–
Disposals	–	36	12	4	52	29
Transfer to/(from) other asset categories and other movements	–	2	(24)	2	(20)	5
Balance at end of period	**–**	**(830)**	**(902)**	**(61)**	**(1 793)**	**(1 497)**
Carrying value						
at 31 December 2012	**22 124**	**1 739**	**211**	**297**	**24 371**	**24 371**
at 31 December 2013	**26 491**	**1 952**	**438**	**457**	**29 338**	**–**

Current year acquisitions through business combinations primarily reflect the Modelo combination which resulted in the recognition of brands and commercial intangibles with an indefinite life of 4 698m US dollar and intangible assets with a finite life of 214m US dollar, which primarily consists of software and distribution agreements. These are being amortized over the term of the associated contracts ranging from 5 to 20 years.

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 2013, the carrying amount of the intangible assets amounted to 29 338m US dollar (31 December 2012: 24 371m US dollar) of which 27 593m US dollar was assigned an indefinite useful life (31 December 2012: 22 984m US dollar) and 1 745m US dollar a finite life (31 December 2012: 1 387m US dollar).

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

Million US dollar Country	2013	2012
USA	21 414	21 340
Mexico	4 608	–
Dominican Republic	399	425
Argentina	220	292
China	330	280
Paraguay	187	201
Bolivia	171	171
UK	111	108
Uruguay	47	52
Canada	38	40
Russia	25	27
Chile	24	26
Germany	19	19
Brazil	–	3
	27 593	**22 984**

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 in Associates

Million US dollar	2013	2012
Balance at end of previous year	**7 090**	**6 696**
Effect of movements in foreign exchange	123	485
Acquisition through business combination	75	–
Share of results of associates	294	624
Dividends	(604)	(719)
Transfer to other categories	(6 793)	–
Other movements	2	4
Balance at end of the period	**187**	**7 090**

Following the AB InBev and Grupo Modelo combination, AB InBev is fully consolidating Grupo Modelo in the AB InBev consolidated financial statements as of 4 June 2013, which resulted in the derecognition of the investment in associates previously held in Grupo Modelo at the same date. In line with IFRS 3, the initial stake in Grupo Modelo was re-valued at its deemed fair value at the acquisition date, resulting in a non-recurring, non-cash gain reported in the consolidated income statement – see also Note 6 *Acquisitions and disposals of subsidiaries* and Note 8 *Non-recurring items.*

17. Investment Securities

Million US dollar	2013	2012
Non-current investments		
Investments in unquoted companies – available for sale	170	231
Debt securities held to maturity	23	25
	193	**256**
Current investments		
Debt securities available for sale	–	91
Debt securities held for trading	123	6 736
	123	**6 827**

AB InBev raised a series of bonds in 2012 and in the first quarter of 2013 to support the Modelo combination. The excess liquidity resulting from these bonds was mainly invested in short-term; highly liquid, debt securities and US Treasury Bills pending the closing of the Modelo combination which occurred on 4 June 2013.

As of 31 December 2013, current debt securities of 123m 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.

AB InBev's exposure to equity price risk is disclosed in Note 29 *Risks arising from financial instruments*. The equity securities available for sale consist mainly of investments in unquoted companies and are measured at cost as their fair value cannot be reliably determined.

18. Deferred Tax Assets and Liabilities

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

	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)**

	2012[1]		
Million US dollar	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	452	(2 538)	(2 086)
Intangible assets	179	(8 547)	(8 368)
Goodwill	51	(14)	37
Inventories	81	(87)	(6)
Investment in associates	4	(1 319)	(1 315)
Trade and other receivables	51	(3)	48
Interest-bearing loans and borrowings	150	(491)	(341)
Employee benefits	1 320	(14)	1 306
Provisions	291	(21)	270
Derivatives	214	(40)	174
Other items	100	(422)	(322)
Loss carry forwards	242	–	242
Gross deferred tax assets/(liabilities)	**3 135**	**(13 496)**	**(10 361)**
Netting by taxable entity	**(2 328)**	**2 328**	**–**
Net deferred tax assets/(liabilities)	**807**	**(11 168)**	**(10 361)**

[1]2012 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*).

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

Million US dollar	2013	2012[1]
Balance at 1 January	**(10 361)**	**(10 606)**
Recognized in profit or loss	(18)	203
Recognized in other comprehensive income	(293)	171
Acquisitions through business combinations	(1 143)	(145)
Other movements	154	16
Balance at 31 December	**(11 661)**	**(10 361)**

Net deferred tax assets and liabilities increased from prior year mainly due to deferred tax liabilities associated with the Modelo combination.

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 2013, a deferred tax liability of 41m US dollar (2012: 31m 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 282m US dollar (2012: 2 366m US dollar). 718m US dollar of these tax losses and deductible temporary differences do not have an expiration date, 111m US dollar, 117m US dollar and 116m US dollar expire within respectively 1, 2 and 3 years, while 1 220m US dollar have an expiration date of more than 3 years. Deferred tax assets have not been recognized on these items because it is not probable that future taxable profits will be available against which these tax losses and deductible temporary differences can be utilized and the company has no tax planning strategy currently in place to utilize these tax losses and deductible temporary differences.

19. Inventories

Million US dollar	2013	2012
Prepayments	78	39
Raw materials and consumables	1 717	1 508
Work in progress	326	267
Finished goods	761	656
Goods purchased for resale	68	30
	2 950	**2 500**
Inventories other than work in progress		
Inventories stated at net realizable value	29	–
Carrying amount of inventories subject to collateral	–	–

The cost of inventories recognized as an expense in 2013 amounts to 17 594m US dollar, included in cost of sales. Last year, this expense amounted to 16 422m US dollar.

Impairment losses on inventories recognized in 2013 amount to 59m US dollar (2012: 66m US dollar).

20. Trade and Other Receivables

Non-current trade and other receivables

Million US dollar	2013	2012
Cash deposits for guarantees	240	272
Loans to customers	65	21
Deferred collection on disposals	37	38
Tax receivable, other than income tax	198	177
Derivatives	120	241
Trade and other receivables	592	479
	1 252	**1 228**

[1]2012 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*).

For the nature of cash deposits for guarantees see Note 31 *Collateral and contractual commitments for the acquisition of property, plant and equipment, loans to customers and other.*

Current trade and other receivables

Million US dollar	2013	2012
Trade receivables and accrued income	2 935	2 736
Interest receivable	38	67
Tax receivable, other than income tax	429	283
Derivatives	607	398
Loans to customers	50	9
Prepaid expenses	616	453
Other receivables	687	77
	5 362	**4 023**

As of 31 December 2013, AB InBev recognized a receivable of 558m US dollar, collectable in 2014, related to the post-closing adjustment of the sale of the US business to Constellation (see also Note 6 *Acquisitions and disposals of subsidiaries*).

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 2013 and 2012 respectively:

			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**

			Of which not impaired as of the reporting date and past due			
	Net carrying amount as of 31 December, 2012	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	2 736	2 588	107	23	14	4
Loans to customers	30	29	–	–	–	1
Interest receivable	67	67	–	–	–	–
Other receivables	77	77	–	–	–	–
	2 910	**2 761**	**107**	**23**	**14**	**5**

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 2013 amount to 85m US dollar (2012: 40m US dollar).

AB InBev's exposure to credit, currency and interest rate risks is disclosed in Note 29 *Risks arising from financial instruments*.

21. Cash and Cash Equivalents

Million US dollar	2013	2012
Short-term bank deposits	7 109	2 741
US Treasury Bills	–	1 000
Cash and bank accounts	2 730	3 310
Cash and cash equivalents	**9 839**	**7 051**
Bank overdrafts	**(6)**	**–**
	9 833	**7 051**

AB InBev raised a series of bonds in 2012 and in the first quarter of 2013 to support the Modelo combination. The excess liquidity resulting from these bonds was mainly invested in short-term debt, highly liquid, securities and US Treasury Bills pending the closing of the Modelo combination which occurred on 4 June 2013. See also note 17 *Investment securities* and note 24 *Interest-bearing loans and borrowings*.

The cash outstanding per 31 December 2013 includes restricted cash for an amount of 1 512m US dollar. This restricted cash includes 1 504m 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 2013 – see also Note *28 Trade and other payables*.

The restricted cash also includes 8m 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).

22. Assets and Liabilities held for Sale

	Assets		Liabilities	
Million US dollar	2013	2012	2013	2012
Balance at the end of previous year	**34**	**1**	**–**	**–**
Effect of movements in foreign exchange	(4)	1	–	–
Addition through business combination	5 385	2	–	–
Disposals	(4 844)	(6)	–	1
Impairment loss	–	–	–	–
Transfers from other asset categories	(487)	36	–	(1)
Balance at end of year	**84**	**34**	**–**	**–**

The 2013 additions and disposals of assets held for sale are explained by the combination with Grupo Modelo and the sale by Grupo Modelo of its US business to Constellation Brands. See also Note 6 *Acquisitions and disposals of subsidiaries*.

23. 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	1 607	1 734
Changes during the year	1	1
	1 608	**1 735**

	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	4.7	(241)	(759)
Changes during the year	(3.1)	144	(18)
	1.6	**(97)**	**(777)**

As at 31 December 2013, the total issued capital of 1 735m US dollar is represented by 1 607 844 590 shares without face value, of which 386 932 946 registered shares, 16 574 bearer shares and 1 220 895 070 dematerialized shares. For a total amount of capital of 1.6m US dollar (1.2m euro), there are still 1 499 587 of subscription rights outstanding corresponding with a maximum of 1 499 587 shares to be issued. The total of authorized, un-issued capital amounts to 51m 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.

Capital contributions in subsidiaries, mainly in the zone Latin America North, subscribed by non-controlling interest amounted to 38.4m US dollar in 2013.

Changes in ownership interests
In compliance with IAS 27, the acquisition of additional shares in a subsidiary is accounted for as an equity transaction with owners.

During 2013, AB InBev purchased non-controlling interests in subsidiaries for a total consideration of 72m 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 2013, AB InBev did not purchase any of its shares.

During 2013, the company proceeded with the following sale transactions:
- 132 311 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;
- 222 630 shares were granted to executives of the group according to the company's executive remuneration policy;
- 528 037 shares were granted to executives of the company in exchange for unvested options, in order to maintain consistency of granted benefits and encourage management mobility, in particular for the benefit of executives moving to the United States. The shares are subject to a lock-up period until 31 December 2018;
- Finally, 2 214 368 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 1 618 802 own shares of which 1 093 369 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 2013 represent 3 289 090 US dollar (2 384 956 euro) of the subscribed capital and the shares that the company still owned at the end of 2013 represent 1 719 017 US dollar (1 246 478 euro) of the subscribed capital.

Dividends
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 25 February 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 proposed by the Board of Directors, reflecting a total dividend payment for 2013 fiscal year of 2.05 euro per share or approximately 3 285m euro.

In accordance with the IAS 10 Events after the balance sheet date, the February 2014 dividend has not been recorded in the 2013 financial statements.

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.

On 25 April 2012, a dividend of 1.20 euro per share or approximately 1 920m euro was approved at the shareholders meeting. This dividend was paid out on 3 May 2012.

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

Hedging reserves
The hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedges to the extent the hedged risk has not yet impacted profit or loss – see also Note 29 *Risks arising from financial instruments*.

Transfers from subsidiaries

The amount of dividends payable to AB InBev by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws, capital transfer restrictions and exchange control restrictions of the respective jurisdictions where those subsidiaries are organized and operate. Capital transfer restrictions are also common in certain emerging market countries, and may affect AB InBev's flexibility in implementing a capital structure it believes to be efficient. 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 the 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 18 November 2013, the company paid a coupon of 0.60 euro per share or approximately 18m 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.

Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of AB InBev of 14 394m US dollar (2012: 7 160m US dollar) and a weighted average number of ordinary shares (including deferred share instruments) outstanding during the year, calculated as follows:

Million shares	2013	2012
Issued ordinary shares at 1 January, net of treasury shares	1 602	1 598
Effect of shares issued and share buyback programs	2	2
Effect of undelivered shares under the deferred share instrument	13	–
Weighted average number of ordinary shares at 31 December	**1 617**	**1 600**

The calculation of diluted earnings per share is based on the profit attributable to equity holders of AB InBev of 14 394m US dollar (2012: 7 160m US dollar) and a weighted average number of ordinary shares (diluted) outstanding (including deferred share instruments) during the year, calculated as follows:

Million shares	2013	2012
Weighted average number of ordinary shares at 31 December	1 604	1 600
Effect of undelivered shares under the deferred share instrument	13	–
Effect of share options, warrants and restricted stock units	33	28
Weighted average number of ordinary shares (diluted) at 31 December	**1 650**	**1 628**

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	2013	2012[1]
Profit before non-recurring items, attributable to equity holders of AB InBev	7 936	7 201
Non-recurring items, after taxes, attributable to equity holders of AB InBev (refer Note 8)	6 175	(23)
Non-recurring finance cost, after taxes, attributable to equity holders of AB InBev (refer Note 8)	283	(18)
Profit attributable to equity holders of AB InBev	**14 394**	**7 160**

[1] 2012 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*).

The table below sets out the EPS calculation:

Million US dollar	2013	2012[1]
Profit attributable to equity holders of AB InBev	14 394	7 160
Weighted average number of ordinary shares	1 617	1 600
Basic EPS	**8.90**	**4.48**
Profit before non-recurring items, attributable to equity holders of AB InBev	7 936	7 201
Weighted average number of ordinary shares	1 617	1 600
EPS before non-recurring items	**4.91**	**4.50**
Profit attributable to equity holders of AB InBev	14 394	7 160
Weighted average number of ordinary shares (diluted)	1 650	1 628
Diluted EPS	**8.72**	**4.40**
Profit before non-recurring items, attributable to equity holders of AB InBev	7 936	7 201
Weighted average number of ordinary shares (diluted)	1 650	1 628
Diluted EPS before non-recurring items	**4.81**	**4.42**

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. 8.9m share options were anti-dilutive and not included in the calculation of the dilutive effect as at 31 December 2013.

24. Interest-Bearing Loans and Borrowings

This note provides information about the company's interest-bearing loans and borrowings. For more information about the company's exposure to interest rate and foreign currency risk, refer to Note 29 *Risks arising from financial instruments*.

Non-current liabilities

Million US dollar	2013	2012
Secured bank loans	192	119
Unsecured bank loans	349	627
Unsecured bond issues	40 526	37 988
Unsecured other loans	75	79
Finance lease liabilities	132	138
	41 274	**38 951**

Current liabilities

Million US dollar	2013	2012
Secured bank loans	94	32
Commercial papers	2 065	2 088
Unsecured bank loans	345	413
Unsecured bond issues	5 327	2 840
Secured other loans	–	5
Unsecured other loans	12	9
Finance lease liabilities	3	3
	7 846	**5 390**

The current and non-current interest-bearing loans and borrowings amount to 49.1 billion US dollar as of 31 December 2013, compared to 44.3 billion US dollar as of 31 December 2012.

In connection with the announcement on 29 June 2012 of the acquisition of the remaining stake in Grupo Modelo that it did not already own, AB InBev entered into a 14.0 billion US dollar long-term bank financing, dated as of 20 June 2012. The new financing consisted of a 14.0 billion US dollar facilities agreement ("2012 Facilities Agreement") comprising of "Facility A", a term facility with a maximum maturity

[1]2012 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*).

of two years from the funding date for up to 6.0 billion US dollar principal amount and "Facility B" a three-year term facility for up to 8.0 billion US dollar principal amount bearing interest at a floating rate equal to LIBOR, plus margins. In November 2012, the US principal amount of "Facility A" was reduced to 5.1 billion US dollar, following a voluntary cancellation option under the 2012 Facilities Agreement and on 31 May 2013, the company opted to cancel the remaining commitments under "Facility A". On 3 June 2013, the company drew down 8.0 billion US dollar under "Facility B" to finance the Modelo combination. In June 2013, AB InBev fully repaid the portion of the 2012 Facilities Agreement that was drawn for the combination and terminated the 2012 Facilities Agreement. As of 31 December 2013, no amount remains outstanding under the 2012 Facilities Agreement.

Furthermore, AB InBev raised the following bonds to support the Modelo combination:
- On 17 January 2013, Anheuser-Busch InBev Finance Inc., a subsidiary of AB InBev, issued 4.0 billion US dollar aggregated principal amount of bonds, consisting of 1.0 billion US dollar aggregated principal amount of fixed rate notes due 2016, 1.0 billion US dollar aggregated principal amount of fixed rate notes due 2018, 1.25 billion US dollar aggregated principal amount of fixed rate notes due 2023 and 0.75 billion US dollar aggregated principal amount of fixed rate notes due 2043. The notes will bear interest at an annual rate of 0.800% for the 2016 notes, 1.250% for the 2018 notes, 2.625% for the 2023 notes and 4.000% for the 2043 notes.
- On 23 January 2013, AB InBev issued 500m euro aggregate principal amount of fixed rate notes due in 2033 and bearing interest at an annual rate of 3.250%.
- On 25 January 2013, Anheuser-Busch InBev Finance Inc., a subsidiary of AB InBev, issued a private offering of notes in an aggregated principal amount of 1.2 billion Canadian dollar, consisting of 0.6 billion Canadian dollar aggregated principal amount of fixed rate notes due 2018 and 0.6 billion Canadian dollar aggregated principal amount of fixed rate notes due 2023. The notes will bear interest at an annual rate of 2.375% for the 2018 notes and 3.375% for the 2023 notes.

In addition to the above, on 24 September 2013, AB InBev issued 750m euro aggregate principal amount of fixed rate notes due in 2020 bearing interest at an annual rate of 2.250% and 500m pound sterling aggregate principal amount of fixed rate notes due in 2025 bearing interest at an annual rate of 4.000%. The use of the proceeds of such issuance was for general corporate purposes.

Effective 20 August 2013, AB InBev amended the terms of the 8.0 billion US dollar 5-year 2010 Senior Facilities, originally entered into in February 2010 and subsequently amended to extend the maturity until July 2016. The August 2013 amendment provides an extension of 7.2 billion US dollar of the 5-year revolving credit facility to a revised maturity of July 2018. As of 31 December 2013, there are no amounts drawn under the 8.0 billion US dollar 2010 Senior Facilities.

During 2013, AB InBev early redeemed 22m US dollar aggregate principal amount of Anheuser-Busch fixed rate notes with maturities in 2034 and 2041.

Commercial papers amount to 2.1 billion US dollar as of 31 December 2013 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 2013. The 2012 Facilities Agreement and the 2010 Senior Facilities do not include restrictive financial covenants.

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**

Terms and debt repayment schedule at 31 december 2012 Million US dollar	Total	1 year or less	1-2 years	2-3 years	3-5 years	More than 5 years
Secured bank loans	151	32	48	23	26	22
Commercial papers	2 088	2 088	–	–	–	–
Unsecured bank loans	1 040	413	264	207	150	6
Unsecured bond issues	40 828	2 840	5 318	4 679	6 879	21 112
Secured other loans	5	5	–	–	–	–
Unsecured other loans	88	9	12	12	11	44
Finance lease liabilities	141	3	3	4	9	122
	44 341	**5 390**	**5 645**	**4 925**	**7 075**	**21 306**

Finance lease liabilities Million US dollar	2013 Payments	2013 Interests	2013 Principal	2012 Payments	2012 Interests	2012 Principal
Less than one year	14	11	3	14	11	3
Between one and two years	14	11	3	14	11	3
Between two and three years	13	10	3	16	11	5
Between three and five years	28	20	8	29	21	8
More than 5 years	186	68	118	201	79	122
	255	**120**	**135**	**274**	**133**	**141**

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 38.8 billion US dollar as of 31 December 2013, from 30.1 billion US dollar as of 31 December 2012. Apart from operating results net of capital expenditures, the net debt is mainly impacted by the payment associated with the Modelo combination net of the cash acquired and the proceeds from the sales to Constellation (13.0 billion US dollar), the proceeds from the deferred share instruments (1.5 billion US dollar), dividend payments to shareholders of AB InBev and Ambev (6.3 billion US dollar), the payment of interests and taxes (4.2 billion US dollar) and the impact of changes in foreign exchange rates (606m US dollar increase 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	2013	2012
Non-current interest-bearing loans and borrowings	41 274	38 951
Current interest-bearing loans and borrowings	7 846	5 390
	49 120	**44 341**
Bank overdrafts	6	–
Cash and cash equivalents	(9 839)	(7 051)
Interest bearing loans granted (included within Trade and other receivables)	(310)	(324)
Debt securities (included within Investment securities)	(146)	(6 852)
Net debt	**38 831**	**30 114**

25. Employee Benefits

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

Defined contribution plans

For defined contribution plans, AB InBev pays contributions to publicly or privately administered pension funds or insurance contracts. Once the contributions have been paid, the group has no further payment obligation. The regular contribution expenses constitute an expense for the year in which they are due. For 2013, benefits paid for defined contribution plans for the company amounted to 117m US dollar compared to 41m US dollar for 2012.

Defined benefit plans

During 2013, the company contributed to 67 defined benefit plans, of which 51 are retirement plans and 16 are medical cost plans. Most plans provide benefits related to pay and years of service. The Belgian, Dominican Republic, Canadian, 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 201m US dollar liability related to two medical plans, for which the benefits are provided through the Fundação Antonio Helena Zerrenner ("FAHZ"). The FAHZ is a legally distinct entity which provides medical, dental, educational and social assistance to current and retired employees of Ambev. On 31 December 2013, the actuarial liabilities related to the benefits provided by the FAHZ are fully offset by an equivalent amount of assets existing in the fund. The net liability recognized in the balance sheet is nil.

The employee benefit net liability amounts to 2 852m US dollar as of 31 December 2013 compared to 3 675m US dollar as of 31 December 2012. In 2013, the fair value of the plan assets value increased by 672m US dollar and the defined benefit obligations increased by 19m US dollar. The decrease in the employee benefit net liability is mainly driven by favorable changes in discount rates (mainly in the US, Canada and Brazil) and positive asset returns (mainly in the US, Canada and UK), partially offset by unfavorable mortality assumptions changes in Canada and employee benefit liabilities associated with the Modelo combination.

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

Million US dollar	2013	2012[1]
Present value of funded obligations	(7 939)	(7 812)
Fair value of plan assets	6 376	5 704
Present value of net obligations for funded plans	**(1 563)**	**(2 108)**
Present value of unfunded obligations	(1 134)	(1 243)
Present value of net obligations	**(2 697)**	**(3 351)**
Unrecognized asset	(137)	(307)
Net liability	**(2 834)**	**(3 658)**
Other long term employee benefits	(18)	(17)
Total employee benefits	**(2 852)**	**(3 675)**
Employee benefits amounts in the balance sheet:		
Liabilities	(2 862)	(3 687)
Assets	10	12
Net liability	**(2 852)**	**(3 675)**

[1]2012 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*).

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

Million US dollar	2013	2012[1]
Defined benefit obligation at 1 January	**(9 055)**	**(8 150)**
Current service costs	(105)	(82)
Acquisition through business combination	(942)	(39)
Contribution by plan participants	(4)	(5)
Past service gain/(cost)	63	5
Interest cost	(428)	(429)
Actuarial gains/(losses) – demographic assumptions	(110)	25
Actuarial gains/(losses) – financial assumptions	729	(916)
Experience adjustments	33	48
(Losses)/gains on curtailments	88	28
Exchange differences	160	(42)
Benefits paid	498	502
Defined benefit obligation at 31 December	**(9 073)**	**(9 055)**

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately 2.5 billion US dollar relating to active employees, 1.7 billion US dollar relating to deferred members and 4.9 billion US dollar relating to members in retirement.

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

Million US dollar	2013	2012[1]
Fair value of plan assets at 1 January	**5 704**	**5 095**
Interest income	299	303
Administration costs	(23)	(19)
Acquisition through business combination	694	28
Return on plan assets excluding interest income	159	370
Contributions by AB InBev	324	416
Contributions by plan participants	4	5
Exchange differences	(141)	(8)
Other movements	(146)	(3)
Benefits paid net of administration costs	(498)	(483)
Fair value of plan assets at 31 December	**6 376**	**5 704**

Actual return on plans assets amounted to a gain of 458m US dollar in 2013 compared to a gain of 673m US dollar in 2012. The decrease is mainly driven by lower market returns particularly in Brazil.

The decrease in contributions by AB InBev (324m US dollar in 2013 versus 416m US dollar in 2012) is primarily explained by lower required contributions in the US.

The acquisition through business combinations in 2013 stems from the Modelo combination.

The changes in the asset ceiling are as follows:

Million US dollar	2013	2012[1]
Asset ceiling impact at 1 January	**(307)**	**(346)**
Interest expense	(27)	(34)
Change in asset ceiling excluding amounts included in interest expense	197	73
Asset ceiling impact at 31 December	**(136)**	**(307)**

[1]2012 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*).

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

Million US dollar	2013	2012[1]
Current service costs	(105)	(82)
Administration costs	(23)	(19)
Past service cost	63	–
(Losses)/gains on settlements or curtailments	88	29
Profit from operations	**23**	**(72)**
Finance cost	(156)	(160)
Total employee benefit expense	**(132)**	**(232)**

As part of the Modelo integration into AB InBev, a curtailment has been recognized following the amendment of certain pension benefits. The effects of these changes are being recorded through the income statement and led to an additional income amount of 130m US dollar being recognized in 2013. This income amount has been partially offset by the increase in expense relating to the inclusion of Modelo's benefit obligations as from 4 June 2013.

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

Million US dollar	2013	2012[1]
Cost of sales	(56)	(62)
Distribution expenses	(3)	(13)
Sales and marketing expenses	(8)	5
Administrative expenses	9	(1)
Other operating (expense)/income	2	–
Non-recurring items	80	(1)
Finance Cost	(156)	(160)
	(132)	**(232)**

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

	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%	–	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

	2012					
	United States	Canada	Mexico	Brazil	United Kingdom	AB InBev
Discount rate	4.0%	4.2%	–	9.2%	4.7%	4.5%
Price inflation	–	2.0%	–	4.5%	2.8%	2.6%
Future salary increases	2.0%	1.3%	–	7.7%	2.8%	3.2%
Future pension increases	–	2.0%	–	–	2.7%	2.5%
Medical cost trend rate	7.3%-5.0%	5.5%-4.5%	–	8.2%	–	7.4%-6.0%
Life expectation for a 65 year old male	83	84	–	85	86	84
Life expectation for a 65 year old female	85	87	–	88	88	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.

[1]2012 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*).

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 (i.e. United Kingdom) 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 13.9 years (2012: 13.5 years).

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

	2013		
Million US dollar	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	(577)	629
Future salary increase	0.50%	25	(22)
Medical cost trend rate	1.00%	65	(61)
Longevity	One year	221	(226)

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:

	2013			2012		
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Government bonds	27%	–	27%	28%	–	28%
Corporate bonds	27%	–	27%	24%	–	24%
Equity instruments	40%	–	40%	44%	–	44%
Property	–	3%	3%	–	3%	3%
Insurance contracts and others	3%	–	3%	1%	–	1%
	97%	**3%**	**100%**	**97%**	**3%**	**100%**

AB InBev expects to contribute approximately 270m US dollar for its funded defined benefit plans and 84m US dollar in benefit payments to its unfunded defined benefit plans and post-retirement medical plans in 2014.

26. 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 long-term incentive warrant plan ("LTI Warrant Plan"), established in 1999, the share-based compensation plan ("Share-Based Compensation Plan"), established in 2006 and amended as from 2010, and the long-term incentive stock-option plan ("LTI stock-option Plan"), 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 243m US dollar for the year 2013 (including the variable compensation expense settled in shares), as compared to 201m US dollar for the year 2012.

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. The company will 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 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 2013, AB InBev issued 0.8m of matching restricted stock units according to the new Share-Based Compensation Plan, as described above, in relation to the 2012 bonus. These matching restricted stock units are valued at the share price of the day of grant, representing a fair value of approximately 78m US dollar, and cliff vest after five years. During 2012, AB InBev issued 0.7m of matching restricted stock units according to the new Share-Based Compensation Plan, with an estimated fair value of approximately 46m US dollar, in relation to the 2011 bonus.

LTI Warrant Plan
The company has issued warrants, or rights to subscribe for newly issued shares, under the LTI plan for the benefit of directors and, until 2006, members of the executive board of management and other senior employees. 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. Each LTI warrant gives 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.

During 2013, 0.2m warrants were granted to members of the Board of Directors. These warrants vest in equal annual installments over a three-year period (one third on 1 January of 2015, one third on 1 January 2016 and one third on 1 January 2017) and represent a fair value of approximately 3m US dollar. During 2012, 0.2m warrants with a fair value of approximately 2.5m US dollar were granted under this plan.

LTI Stock-option Plan
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 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. In November 2012 AB InBev issued 4.4m LTI stock options with an estimated fair value of 86m US dollar, whereby 1.2m options relate to American Depositary Shares (ADSs) and 3.2m 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.

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

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 2013, 0.4m restricted stock units with an estimated fair value of 36m US dollar were granted under this program to a selected number of employees. In 2012, 0.1m restricted stock units with an estimated fair value of 1m 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 2013 0.4m restricted stock units with an estimated fair value of 34m US dollar were granted under this program to a selected number of employees. In December 2012 0.3m restricted stock units with an estimated fair value of 23m 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 2013, the company's employees purchased shares under this program for the equivalent of 0.5m US dollar. In 2012, the company's employees purchased shares under this program for the equivalent of 0.2m 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 2018. In 2013, 0.6m unvested options were exchanged against 0.5m restricted shares. In 2012, 0.6m unvested options were exchanged against 0.5m restricted shares. 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 2013 0.6m new options were issued, representing the economic value of the dividend protection feature. In 2012 no new options were issued. 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 25 *Share-based payments* of the 2012 consolidated financial statements.

The weighted average fair value of the options and assumptions used in applying the AB InBev option pricing model for the 2013 grants of awards described above are as follows:

Amounts in US dollar unless otherwise indicated[1]	2013	2012	2011
Fair value of options and warrants granted	21.74	19.57	14.95
Share price	103.06	86.87	57.04
Exercise price	103.05	86.83	56.88
Expected volatility	24%	25%	26%
Expected dividends	2.92%	2.50%	2.50%
Risk-free interest rate	2.06%	1.73%	2.84%

Expected volatility is based on historical volatility calculated using 2 272 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.

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

Million options and warrants	2013	2012	2011
Options and warrants outstanding at 1 January	53.3	54.4	56.1
Options and warrants issued during the year	4.8	4.5	4.9
Options and warrants exercised during the year	(4.2)	(3.3)	(4.1)
Options and warrants forfeited during the year	(1.4)	(2.3)	(2.5)
Options and warrants outstanding at the end of December	**52.5**	**53.3**	**54.4**

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

The range of exercise prices of the outstanding options and warrants is between 10.32 euro (14.23 US dollar) and 76.20 euro (105.09 US dollar) while the weighted average remaining contractual life is 7.56 years.

Of the 52.5m outstanding options and warrants 2.9m are vested at 31 December 2013.

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

Amounts in US dollar[1]	2013	2012	2011
Options and warrants outstanding at 1 January	38.31	32.98	29.88
Granted during the year	103.05	87.94	56.52
Exercised during the year	41.07	31.85	23.83
Forfeited during the year	45.18	32.82	27.65
Outstanding at the end of December	45.38	38.31	32.98
Exercisable at the end of December	57.28	40.65	31.91

For share options and warrants exercised during 2013 the weighted average share price at the date of exercise was 73.64 euro (101.56 US dollar).

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

Million restricted stock units	2013	2012	2011
Restricted stock units outstanding at 1 January	3.3	2.3	1.2
Restricted stock units issued during the year	1.6	1.1	1.2
Restricted stock units exercised during the year	–	–	–
Restricted stock units forfeited during the year	(0.2)	(0.1)	(0.1)
Restricted stock units outstanding at the end of December	**4.7**	**3.3**	**2.3**

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 2013, 4.3m restricted stock units with an estimated fair value of 35m US dollar. In March 2012, Ambev issued 4.8m restricted stock units with an estimated fair value of 24m 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 2013, Ambev granted 12.8m LTI stock options with an estimated fair value of 64m US dollar. In 2012, Ambev granted 15.2m LTI stock options with an estimated fair value of 43m US dollar.

In order to encourage the mobility of managers, the features of certain 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 2013 representing the economic value of the dividend protection feature. In 2012, 0.3m 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.

The weighted fair value of the options and assumptions used in applying a binomial option pricing model for the 2013 Ambev grants are as follows:

Amounts in US dollar unless otherwise indicated[1]	2013	2012[2]	2011[2]
Fair value of options granted	2.61	2.73	2.40
Share price	7.30	8.34	5.93
Exercise price	7.30	8.34	4.95
Expected volatility	33%	33%	34%
Expected dividends	0.00% - 5.00%	0.00% - 5.00%	0.00% - 5.00%
Risk-free interest rate	1.90% - 12.60%[3]	2.10% - 11.20%[3]	3.10% - 11.89%[3]

[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.

The total number of outstanding Ambev options developed as follows:

Million options	2013	2012[2]	2011[2]
Options outstanding at 1 January	143.9	147.8	131.3
Options issued during the year	13.1	15.5	28.1
Options exercised during the year	(7.2)	(12.5)	(8.7)
Options forfeited during the year	(2.1)	(6.9)	(2.9)
Options outstanding at the end of December	**147.7**	**143.9**	**147.8**

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 1.83 Brazilian real (0.78 US dollar) and 17.84 Brazilian real (7.62 US dollar) while the weighted average remaining contractual life is 8.51 years.

Of the 147.7m outstanding options 34.6m options are vested at 31 December 2013.

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

Amounts in US dollar[1]	2013	2012[2]	2011[2]
Options outstanding at 1 January	3.54	3.18	2.97
Granted during the year	7.27	8.39	5.87
Exercised during the year	1.15	1.38	1.45
Forfeited during the year	3.46	1.37	2.53
Outstanding at the end of December	2.69	3.54	3.18
Exercisable at the end of December	1.42	1.85	1.41

For share options exercised during 2013 the weighted average share price at the date of exercise was 15.64 Brazilian real (6.67 US dollar).

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

Million restricted stock units	2013	2012[2]	2011[2]
Restricted stock units outstanding at 1 January	11.5	8.0	1.0
Restricted stock units issued during the year	4.3	5.0	7.0
Restricted stock units exercised during the year	–	–	–
Restricted stock units forfeited during the year	(0.2)	(1.5)	–
Restricted stock units outstanding at the end of December	**15.6**	**11.5**	**8.0**

During 2013, a limited number of Ambev shareholders who are part of the senior management of AB InBev were given the opportunity to exchange Ambev shares against a total of 0.1m AB InBev shares (0.1m AB InBev shares in 2012) 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 2.2m US dollar (1.1m US dollar in 2012) and is expensed over the five years' service period. The fair values of the Ambev and AB InBev shares were determined based on the market price.

27. Provisions

Million US dollar	Restructuring	Disputes	Other	Total
Balance at 1 January 2013	**177**	**624**	**20**	**821**
Effect of changes in foreign exchange rates	6	(34)	–	(28)
Changes through business combinations	–	38	–	38
Provisions made	59	317	1	377
Provisions used	(58)	(187)	(2)	(247)
Provisions reversed	(8)	(138)	(3)	(149)
Other movements	1	(85)	–	(84)
Balance at 31 December 2013	**177**	**535**	**16**	**728**

[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.

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

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

Million US dollar	Total	< 1 year	1-2 years	2-5 years	> 5 years
Restructuring					
Reorganization	**177**	**80**	**16**	**69**	**12**
Disputes					
Income and indirect taxes	343	58	238	34	13
Labor	104	34	29	38	3
Commercial	32	12	15	2	3
Other disputes	56	7	19	30	–
Other contingencies	**535**	**111**	**301**	**104**	**19**
Onerous contracts	2	1	1	–	–
Guarantees given	4	–	1	3	–
Other contingencies	10	4	1	2	3
	16	**5**	**3**	**5**	**3**
Total provisions	**728**	**196**	**320**	**178**	**34**

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 2013, the emission allowances owned fully covered the expected CO_2 emissions. As such no provision needed to be recognized.

28. Trade and Other Payables

Non-current trade and other payables

Million US dollar	2013	2012
Indirect taxes payable	369	381
Trade payables	381	461
Cash guarantees	12	12
Deferred consideration on acquisitions	1 801	1 125
Derivatives	159	273
Other payables	500	61
	3 222	**2 313**

Current trade and other payables

Million US dollar	2013	2012
Trade payables and accrued expenses	9 834	8 476
Payroll and social security payables	1 173	883
Indirect taxes payable	1 689	1 497
Interest payable	888	870
Consigned packaging	682	639
Cash guarantees	71	53
Derivatives	630	1 008
Dividends payable	384	765
Deferred income	38	28
Deferred consideration on acquisitions	861	41
Other payables	224	35
	16 474	**14 295**

The deferred consideration on acquisitions is mainly comprised of 1.5 billion US dollar liability for the Grupo Modelo shares the company did not acquire by 31 December 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. Deferred consideration on acquisitions is also comprised of 1.1 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.

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 29 *Risks arising from financial instruments* of the 31 December 2012 consolidated financial statements).

29. Risks Arising from Financial Instruments

AB InBev's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest risk, commodity risk and equity risk), credit risk and liquidity risk. The company analyses each of these risks individually as well as on an interconnected basis, and defines strategies to manage the economic impact on the company's performance in line with its financial risk management policy.

Some of the company's risk management strategies include the usage of derivatives. The main derivative instruments used are foreign currency rate agreements, exchange traded foreign currency futures and options, interest rate swaps and forwards, cross currency interest rate swaps ("CCIRS"), exchange traded interest rate futures, commodity swaps, exchange traded commodity futures and equity swaps. AB InBev's policy prohibits the use of derivatives in the context of speculative trading.

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

	2013					2012				
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	7 530	4	–	–	–	5 900	8	–	–	–
Foreign currency futures	927	–	–	–	–	2 108	–	–	–	–
Other foreign currency derivatives	415	–	–	–	–	–	–	–	–	–
Interest rate										
Interest rate swaps	11 800	350	–	128	–	6 783	12 700	1 550	3 697	500
Cross currency interest rate swaps	683	1 096	–	2 841	827	1 390	656	1 115	1 632	377
Interest rate futures	–	137	13	–	–	–	–	83	113	–
Other interest rate derivatives	–	–	–	–	–	1 000	–	–	–	–
Commodities										
Aluminum swaps	1 383	327	–	–	–	1 351	54	–	–	–
Other commodity derivatives	992	293	–	–	–	820	201	–	–	–
Equity										
Equity derivatives	4 947	716	–	–	–	2 590	1 125	–	–	–

To finance the acquisition of Anheuser-Busch, AB InBev entered into a 45 billion US dollar senior facilities agreement, of which 44 billion US dollar was ultimately drawn (the "2008 Senior Facilities"). At the time of the Anheuser-Busch acquisition, the interest rate for an amount of up to 34.5 billion US dollar had effectively been fixed through a series of hedge arrangements at a weighted average rate of 3.875% per annum (plus applicable spreads) for the period 2009 to 2011 and a portion of the hedging arrangements had been successively extended for an additional two-year period. In 2009 the company repaid part of the 2008 Senior Facilities and in 2010, the 2008 Senior Facilities were fully refinanced and partially replaced by the 2010 Senior Facilities. Following the repayment and the refinancing activities performed throughout 2009, 2010 and 2011, the company entered into new interest rate swaps to unwind the ones that became freestanding as a result of these repayments. As of 31 December 2013, there were no remaining open positions covering the interest exposure on the 2010 Senior Facilities and interest rate swaps for a notional equivalent of 8.8 billion US dollar remain outstanding.

Furthermore, during 2013, the company had interest rate swaps for a total notional amount of 6.4 billion US dollar and Treasury lock interest rate derivatives for a total amount of 1.0 billion US dollar in order to pre-hedge future bond issuances. These interest rate swaps and Treasury lock interest rate swaps were settled in 2013. As of 31 December 2013, there were no remaining pre-hedge positions outstanding.

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 agreement, 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 2013			31 December 2012		
Million US dollar	**Total exposure**	**Total derivatives**	**Open position**	**Total exposure**	**Total derivatives**	**Open position**
Canadian dollar/US dollar	–	–	–	–	(95)	(95)
Euro/Brazilian real	(38)	38	–	–	–	–
Euro/Canadian dollar	(39)	39	–	(30)	30	–
Euro/Czech koruna	(3)	(10)	(13)	–	(11)	(11)
Euro/Hungarian forint	(4)	(14)	(18)	–	(15)	(15)
Euro/Mexican peso	138	(138)	–	–	–	–
Euro/Pound sterling	(161)	259	98	(165)	237	72
Euro/Russian ruble	(97)	97	–	(85)	149	64
Euro/Ukrainian hryvnia	(94)	68	(26)	(98)	80	(18)
Pound sterling/Canadian dollar	–	–	–	(11)	11	–
Pound sterling/Euro	(53)	33	(20)	(53)	29	(24)
US dollar/Argentinean peso	(282)	282	–	(585)	585	–
US dollar/Bolivian boliviano	(52)	52	–	(70)	70	–
US dollar/Brazilian real	(1 680)	1 680	–	(1 542)	1 542	–
US dollar/Canadian dollar	(184)	184	–	(598)	598	–
US dollar/Chilean peso	(68)	68	–	(45)	45	–
US dollar/Dominican peso	–	–	–	(15)	15	–
US dollar/Euro	101	(147)	(46)	146	(44)	102
US dollar/Mexican peso	(694)	627	(67)	–	–	–
US dollar/Paraguayan guarani	(48)	48	–	(64)	64	–
US dollar/Peruvian nuevo sol	(57)	57	–	(85)	85	–
US dollar/Pound sterling	(31)	27	(4)	(34)	30	(4)
US dollar/Russian ruble	(75)	121	46	(75)	92	17
US dollar/Ukrainian hryvnia	(35)	70	35	(37)	59	22
US dollar/Uruguayan peso	(29)	29	–	(31)	31	–

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 2011, 2012 and 2013, 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 2013, intercompany loans with Russia were hedged against US dollar for an amount of 5 900m Russian ruble (6 700m Russian ruble in 2012).

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 2013, designated derivative and non-derivative financial instruments in a net investment hedge relationship amount to 7 866m US dollar equivalent (6 058m US dollar in 2012) in Holding companies and approximately 2 500m US dollar equivalent (3 290m US dollar in 2012) 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, Russian ruble, 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. Following the acquisition of Anheuser-Busch, AB InBev adopted a hybrid currency matching model pursuant to which the company may (i) match net debt currency exposure to cash flows in such currency, measured on the basis of normalized EBITDA, by swapping a significant portion of US dollar debt to other currencies, such as Brazilian real (with a higher coupon), although this would negatively impact AB InBev's profit and earnings due to the higher Brazilian real interest coupon, and (ii) use AB InBev's US dollar cash flows to service interest payments under AB InBev's debt obligations.

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 Eastern European 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:

	2013		
	Closing rate 31 December 2013	Possible closing rate[1]	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 2013.

	2012		
	Closing rate 31 December 2012	Possible closing rate[1]	Possible Volatility of rates in %
Pound sterling/Euro	1.23	1.16 – 1.3	5.74%
Euro/Czech koruna	25.15	23.56 – 26.74	6.31%
Euro/Hungarian forint	292.31	263.67 – 320.96	9.80%
Euro/Russian ruble	40.07	37.12 – 43.03	7.37%
Euro/Ukrainian hryvnia	10.55	9.67 – 11.42	8.31%
US dollar/Canadian dollar	1.00	0.93 – 1.06	6.22%
US dollar/Euro	0.76	0.70 – 0.82	7.93%
US dollar/Russian ruble	30.37	27.09 – 33.66	10.82%
US dollar/Ukrainian hryvnia	7.99	7.73 – 8.26	3.34%

Had the Czech koruna, the Hungarian forint, the Mexican peso, the pound sterling, the Russian ruble and the Ukrainian hryvnia weakened/strengthened during 2013 by the above estimated changes against the euro or the US dollar, with all other variables held constant, the 2013 impact on consolidated profit before taxes would have been approximately 19m US dollar (12m US dollar in 2012) higher/lower.

Additionally, the AB InBev sensitivity analysis[1] to the foreign exchange rates on its total derivatives positions as of 31 December 2013, shows a positive/negative pre-tax impact on equity reserves of 427m US dollar (261m US dollar in 2012).

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 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.

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 these bonds.

These derivative instruments have been designated in a cash flow 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.

Private placement hedges (foreign currency risk + interest rate risk on borrowings in US dollar) The company borrowed 850m US dollar through private placement of which 775m US dollar matured during 2009 and 2010, and 75m US dollar matured in 2013.

The company entered into US dollar fixed/euro floating cross currency interest rate swaps for a total amount of 730m US dollar of which 655m US dollar expired during 2009 and 2010 and the remaining matured in 2013.

As of 31 December 2013, there were no remaining balance and open positions related to private placement.

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.

[1]Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2012.

As of 31 December 2013 and 2012, there are no remaining open positions covering the interest exposure on the outstanding balance drawn under the 2010 senior facilities.

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 bears interest at 4.51% with maturity 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.

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 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**

31 December 2012	Before hedging		After hedging	
Interest-bearing financial liabilities Million US dollar	Effective interest rate	Amount	Effective interest rate	Amount
Floating rate				
Brazilian real	6.79%	747	6.90%	1 082
Dominican peso	10.61%	92	10.61%	92
Euro	4.69%	66	4.83%	2 533
Russian ruble	–	–	6.22%	215
US dollar	1.17%	1 662	1.33%	1 814
		2 567		**5 736**
Fixed rate				
Brazilian real	8.25%	708	8.27%	554
Canadian dollar	3.65%	601	3.65%	601
Dominican peso	12.00%	16	12.00%	16
Euro	4.07%	9 076	4.07%	9 076
Pound sterling	7.88%	2 233	9.75%	881
Swiss franc	4.51%	653	–	–
US dollar	4.53%	28 487	4.58%	27 477
		41 774		**38 605**

At 31 December 2013, the total carrying amount of the floating and fixed rate interest-bearing financial liabilities before hedging listed above includes bank overdrafts of 6m US dollar.

As disclosed in the above table, 4 369m US dollar or 8.89% 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:

	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%

	2012		
	Interest rate 31 December 2012[1]	Possible interest rate[2]	Volatility of rates in %
Brazilian real	6.77%	5.72%–7.81%	15.44%
Dominican peso	5.00%	4.12%–5.88%	17.51%
Euro	0.19%	0.15%–0.22%	19.03%
Russian ruble	7.47%	7.01%–7.93%	6.11%
US dollar	0.31%	0.29%–0.32%	6.19%

When AB InBev applies the reasonably possible increase/decrease in the market interest rates mentioned above on its floating rate debt at 31 December 2013, with all other variables held constant, 2013 interest expense would have been 13m US dollar higher/lower (2012: 14m US dollar). This effect would be more than offset by 82m US dollar higher/lower interest income on AB InBev's interest-bearing financial assets (2012: 47m US dollar).

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 2013, the company has the following commodity derivatives outstanding (in notional amounts): aluminum swaps for 1 710m US dollar (2012: 1 405m US dollar), natural gas and energy derivatives for 330m US dollar (2012: 246m US dollar), exchange traded sugar futures for 147m US dollar (2012: 174m US dollar), corn swaps for 332m US dollar (2012: 392m US dollar), exchange traded wheat futures for 390m US dollar (2012: 136m US dollar) and rice swaps for 70m US dollar (2012: 73m US dollar). These hedges are designated in a cash flow hedge accounting relationship.

Commodity price sensitivity analysis

The impact of changes in the commodity prices for AB InBev's derivative exposures would have caused an immaterial impact on 2013 profits as most of the company's commodity derivatives are designated in a hedge accounting relationship.

[1]Applicable 3-month InterBank Offered Rates as of 31 December 2013 and as of 31 December 2012.

[2]Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2013 and at December 2012. 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).

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 2013, would have on the equity reserves.

	2013		
		Pre-tax impact on equity	
Million US dollar	Volatility of prices in %[1]	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)

	2012		
		Pre-tax impact on equity	
Million US dollar	Volatility of prices in %[2]	Prices increase	Prices decrease
Aluminum	19.35%	201	(201)
Sugar	26.76%	44	(44)
Wheat	31.20%	42	(42)
Energy	16.92%	40	(40)
Rice	20.10%	14	(14)
Corn	28.37%	87	(87)

D. Equity price risk

AB InBev entered into a series of derivative contracts to hedge the risk arising from the different share-based payment programs. The purpose of these derivatives is mainly to effectively hedge the risk that a price increase in the AB InBev shares will negatively impact future cash flows related to the share-based payments. Furthermore, AB InBev entered into a series of derivative contracts to hedge the deferred share instrument related to the Modelo combination (see also Note 11 *Finance cost and income and* Note *23 Changes in equity and earnings per share*). 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 2013, an exposure for an equivalent of 50.9m of AB InBev shares was hedged, resulting in a total gain of 840m US dollar recognized in the profit or loss account for the period, of which 456m US dollar related to the company's share-based payment programs and 384m US dollar related to the Modelo transaction (see also Note 11 *Finance cost and income*).

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

Equity price sensitivity analysis

The sensitivity analysis on the share-based payments hedging program, calculated based on a 23.47% (2012: 19.18%) reasonable possible volatility[1] of the AB InBev share price and with all the other variables held constant, would show 1 272m US dollar positive/negative impact on the 2013 profit before tax (2012: 629m US dollar).

E. Credit risk

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

AB InBev mitigates its exposure to counterparty credit risk through minimum counterparty credit guidelines, diversification of counterparties, working within agreed counterparty limits and through setting limits on the maturity of financial assets. The company has furthermore master netting agreements with all of the financial institutions that are counterparties to the over the counter (OTC) derivative financial instruments. These agreements allow for the net settlement of assets and liabilities arising from different transactions with the same counterparty. Based on these factors, AB InBev considers the risk of counterparty default per 31 December 2013 to be limited.

[1]Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2013.
[2]Sensitivity analysis is assessed based on the yearly volatility using daily observable market data during 250 days at 31 December 2012.

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:

	2013			2012		
Million US dollar	**Gross**	**Impairment**	**Net carrying amount**	**Gross**	**Impairment**	**Net carrying amount**
Debt securities held for trading	123	–	123	6 736	–	6 736
Available for sale	183	(13)	170	370	(48)	322
Held to maturity	23	–	23	25	–	25
Trade receivables	3 052	(249)	2 803	2 876	(246)	2 630
Cash deposits for guarantees	240	–	240	272	–	272
Loans to customers	198	(84)	114	130	(100)	30
Other receivables	2 885	(162)	2 723	1 802	(134)	1 668
Derivatives	727	–	727	639	–	639
Cash and cash equivalents	9 839	–	9 839	7 051	–	7 051
	17 270	**(508)**	**16 762**	**19 901**	**(528)**	**19 373**

There was no significant concentration of credit risks with any single counterparty per 31 December 2013.

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

	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 and other	–	9	(3)	(29)	–	(23)
Balance at 31 December	**(13)**	**(249)**	**(84)**	**(162)**	**–**	**(508)**

	2012					
Million US dollar	**Available for sale**	**Trade receivables**	**Loans to customers**	**Other receivables**	**Cash and cash equivalents**	**Total**
Balance at 1 January	(55)	(230)	(109)	(122)	(4)	(520)
Impairment losses	–	(29)	(3)	(8)	–	(40)
Derecognition	6	12	15	1	–	34
Currency translation	1	1	(3)	(5)	4	(2)
Balance at 31 December	**(48)**	**(246)**	**(100)**	**(134)**	**0**	**(528)**

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:

	2013						
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)	(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

	2012						
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	(151)	(161)	(35)	(50)	(25)	(28)	(23)
Commercial papers	(2 088)	(2 092)	(2 092)	–	–	–	–
Unsecured bank loans	(1 040)	(1 309)	(487)	(366)	(267)	(180)	(9)
Unsecured bond issues	(40 828)	(60 030)	(4 470)	(7 117)	(6 336)	(9 721)	(32 386)
Secured other loans	(5)	(6)	(6)	–	–	–	–
Unsecured other loans	(88)	(139)	(9)	(17)	(17)	(15)	(81)
Finance lease liabilities	(141)	(274)	(14)	(14)	(15)	(29)	(202)
Trade and other payables	(15 311)	(15 441)	(13 287)	(146)	(144)	(222)	(1 642)
	(59 652)	**(79 452)**	**(20 400)**	**(7 710)**	**(6 804)**	**(10 195)**	**(34 343)**
Derivative financial assets/(liabilities)							
Interest rate derivatives	(271)	(251)	(147)	(76)	(51)	8	15
Foreign exchange derivatives	(247)	(274)	(272)	(2)	–	–	–
Cross currency interest rate swaps	22	53	(64)	30	31	56	–
Commodity derivatives	(121)	(121)	(129)	8	–	–	–
Equity derivatives	(26)	(26)	(29)	3	–	–	–
	(643)	**(619)**	**(641)**	**(37)**	**(20)**	**64**	**15**
Of which: directly related to cash flow hedges	(273)	(273)	(216)	(39)	(53)	20	15

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

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.

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	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Foreign currency						
Forward exchange contracts	200	93	(322)	(337)	(122)	(244)
Foreign currency futures	36	27	(29)	(30)	7	(3)
Other foreign currency derivatives	51	–	–	–	51	–
Interest rate						
Interest rate swaps	39	169	(75)	(435)	(36)	(266)
Cross currency interest rate swaps	100	258	(161)	(236)	(61)	22
Other interest rate derivatives	–	–	–	(5)	–	(5)
Commodities						
Aluminum swaps	11	34	(100)	(143)	(89)	(109)
Sugar futures	1	8	(22)	(22)	(21)	(14)
Wheat futures	14	7	(19)	(10)	(5)	(3)
Other commodity derivatives	27	36	(61)	(31)	(34)	5
Equity						
Equity derivatives	248	7	–	(33)	248	(26)
	727	**639**	**(789)**	**(1 282)**	**(62)**	**(643)**

During 2013, the net mark-to-market balance for interest rate swaps decreased by 230m US dollar, mainly driven by payment of interests on hedging instruments not part of a hedge relationship, as well as the settlement of interest rate swaps designated for the pre-hedge of future bond issuances.

As of 31 December 2013, the net mark-to-market liability of 36m US dollar for interest rate swaps mostly includes the un-paid portion of the hedges that were unwound as a result of the repayment and the refinancing of the 2008 and 2010 Senior Facilities and that have been recorded as non-recurring costs in the income statement in 2009, 2010 and 2011.

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	2013 Carrying amount[1]	2013 Fair value	2012 Carrying amount[1]	2012 Fair value
Fixed rate				
Brazilian real	(611)	(624)	(708)	(748)
Canadian dollar	(1 682)	(1 685)	(601)	(632)
Chinese yuan	(7)	(7)	–	–
Dominican peso	(20)	(20)	(16)	(16)
Euro	(10 055)	(10 577)	(9 076)	(9 870)
Pound sterling	(3 031)	(3 615)	(2 233)	(2 894)
Swiss franc	(673)	(687)	(653)	(695)
US dollar	(31 195)	(35 028)	(28 487)	(34 440)
	(47 274)	**(52 243)**	**(41 774)**	**(49 295)**

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.

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**

Fair value hierarchy 2012 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)	6 736	–	–
Available for sale	–	91	–
Derivatives at fair value through profit and loss	17	346	–
Derivatives in a cash flow hedge relationship	16	124	–
Derivatives in a fair value hedge relationship	–	91	–
Derivatives in a net investment hedge relationship	15	30	–
	6 784	**682**	**–**
Financial Liabilities			
Non–derivatives recognized at fair value	5	–	–
Deferred consideration on acquisitions at fair value	–	–	1 040
Derivatives at fair value through profit and loss	20	753	–
Derivatives in a cash flow hedge relationship	43	370	–
Derivatives in a fair value hedge relationship	–	34	–
Derivatives in a net investment hedge relationship	12	50	–
	80	**1 207**	**1 040**

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

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 2013, the put option was valued 1 076m US dollar (2012: 1 040m 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 partially offset by fair value gains. No value was allocated to the call option. The fair value of such deferred consideration is calculated based on commonly-used valuation techniques (i.e. net present value of future principal and interest cash flows discounted at market rate). These are based on market inputs from reliable financial information providers. As the put option may be exercised in the short-term, the portion of the liability that would relate to such exercise 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:

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

	2012					
		Amounts offset		Amounts not offset		Net
Million US dollar	Gross amounts	Gross amounts offset	Net amounts presented	Financial instruments	Cash collateral received	
Derivative assets	639	–	639	(589)	–	50
Derivative liabilities	(1 281)	–	(1 281)	589	17	(675)

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.

J. Significance of financial instruments for financial performance

The note at hand discloses the different elements composing AB InBev's position towards financial risk and instruments. The effect of AB InBev's financial risk management on performance mainly materializes in the items of income, expense, gains or losses recognized in the income statement as presented below (see also Note 11 *Finance cost and income*) or in the gains and losses directly recognized in other comprehensive income.

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	2013	2012
Financial liabilities measured at amortized cost – not hedged	(2 066)	(1 972)
Fair value hedges – hedged items	(106)	(97)
Fair value hedges – hedging instruments	21	43
Cash flow hedges – hedged items	–	(6)
Cash flow hedges – hedging instruments (reclassified from equity)	(5)	(47)
Net investment hedges – hedging instruments (interest component)	94	55
Economic hedges – hedged items not part of a hedge accounting relationship	(24)	(27)
Economic hedges – hedging instruments not part of a hedge accounting relationship	43	(14)
	(2 043)	**(2 065)**

The financial liabilities per type of hedging relationship are mainly comprised of the following:

- Financial liabilities measured at amortized cost – not hedged, relate mainly to bonds, unsecured bank loans and commercial papers;
- Fair value hedges, relate mainly to bonds hedged for the foreign currency and the interest rate fair value risk;
- Cash flow hedges, relate mainly to the 2010 senior facilities floating-rate loans, issued bonds hedged for the foreign currency and the interest rate risk and future bond issuances hedged for the interest rate risk;
- Net investment hedges contracted to hedge the net assets of the company's foreign operations from the foreign currency risk. 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, Russian ruble, and US dollar.
- Economic hedges, for which no hedge accounting was applied, relates mainly to the Swiss franc fixed-rate bond that was hedged for the foreign currency and the interest rate risk.

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	2013	2012
Fair value hedges - hedged items	–	4
Fair value hedges – hedging instruments	(2)	(4)
Cash flow hedges – hedged items	2	(31)
Cash flow hedges – hedging instruments (reclassified from equity)	(1)	40
Economic hedges – hedged items not part of a hedge accounting relationship	(122)	(86)
Economic hedges – hedging instruments not part of a hedge accounting relationship	125	37
Other results – not hedged	(297)	(63)
	(295)	**(103)**

30. Operating Leases

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

	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)**

Million US dollar	2012					
	Pub leases		Other operational leases			Net lease obligations
	Lessee	Sublease	Lessee	Sublease	Lessor	
Less than one year	(117)	92	(124)	38	3	(108)
Between one and two years	(113)	88	(102)	29	2	(96)
Between two and three years	(109)	83	(86)	23	1	(88)
Between three and five years	(203)	155	(126)	32	1	(141)
More than five years	(831)	206	(269)	11	4	(879)
	(1 373)	**624**	**(707)**	**133**	**11**	**(1 312)**

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 386m 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 637m 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 641m 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 158m US dollar.

At 31 December 2013, 255m US dollar was recognized as an expense in the income statement in respect of operating leases as lessee (2012: 260m US dollar), while 141m US dollar was recognized as income in the income statement in respect of subleases (2012: 145m US dollar).

The company also leases out part of its own property under operating leases. At 31 December 2013, 7m US dollar was recognized as income in the income statement in respect of operating leases as lessor (2012: 7m US dollar).

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

Million US dollar	2013	2012
Collateral given for own liabilities	559	628
Collateral and financial guarantees received for own receivables and loans to customers	57	36
Contractual commitments to purchase property, plant and equipment	591	415
Contractual commitments to acquire loans to customers	26	23
Other commitments	1 021	867

The collateral given for own liabilities of 559m US dollar at 31 December 2013 contains 233m US dollar cash guarantees. Such cash deposits are a customary feature associated with litigations in Brazil: in accordance with Brazilian laws and regulations a company may or must (depending on the circumstances) place a deposit with a bank designated by the court or provide other security such as collateral on property, plant and equipment. With regard to judicial cases, AB InBev has made the appropriate provisions in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – see also Note 27 *Provisions*. In the company's balance sheet the cash guarantees are presented as part of other receivables – see Note 20 *Trade and other receivables*. The remaining part of collateral given for own liabilities (326m 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 57m US dollar at 31 December 2013. 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 591m US dollar at 31 December 2013.

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 26m US dollar at 31 December 2013.

Other commitments amount to 1 021m US dollar at 31 December 2013 and mainly cover guarantees given to pension funds, rental and other guarantees.

As at 31 December 2013, 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.

32. 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. The most significant contingencies are discussed below.

Tax matters
As of 31 December 2013, AB InBev's material tax proceedings mainly related to Ambev and its subsidiaries with a total estimated possible risk of loss of 14.4 billion Brazilian real (6.1 billion US dollar). As of 31 December 2012, the total estimated possible risk of loss amounted to 10.8 billion Brazilian real (5.3 billion US dollar).

Approximately 10.2 billion Brazilian real (4.4 billion US dollar) of the aforementioned total estimated possible risk related to income tax and social contributions and approximately 3.8 billion Brazilian real (1.6 billion US dollar) related to value added and excise taxes, of which the most significant are discussed below. As of 31 December 2012, the amounts related to income tax and social contributions and to value added and excise taxes were 7.6 billion Brazilian real (3.7 billion US dollar) and 2.9 billion Brazilian real (1.4 billion US dollar), respectively.

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 of the tax assessments 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 2013, Ambev management estimates the exposure of approximately 3.8 billion Brazilian real (1.6 billion US dollar) as a possible risk, and accordingly has not recorded a provision for such amount, and approximately 32m Brazilian real (14m 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. Ambev filed an appeal in June 2012 and awaits the administrative level decision ('*Conselho Administrativo de Recursos Fiscais do Ministério da Fazenda - CARF*'). Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 3.9 billion Brazilian real (1.7 billion US dollar) as of 31 December 2013. 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.

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. Ambev management estimates the total exposures of possible losses in relation to these assessments to be approximately of 582m Brazilian real (248m US dollar), as of 31 December 2013.

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

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 of such presumed credits, 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 720m Brazilian real (307m US dollar) as of December 31, 2013.

In October 2013, Ambev 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 and awaits the administrative first decision. Ambev management estimates the amount of possible losses in relation to this assessment to be approximately 1,1 billion Brazilian real (0.5 billion US dollar) as of 31 December 2013. 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 irrevocable discounts granted by Ambev in January 1996 and 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 of possible losses in relation to the matter to be approximately 760m Brazilian real (324m US dollar), as of December 31, 2013.

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 413m Brazilian real (176m 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 (151m 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 was 490m Brazilian Real (209m US dollar) as of 31 December 2013, reflecting 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.

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 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. That appeal has been fully briefed and argued, and is pending before the Court of Appeals for the 6th Circuit.

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. 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. A Motion to Dismiss the amended count was filed on 6 December 2013 and has not yet been ruled upon. Class certification briefing is scheduled to occur during the first quarter of 2014.

33. 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 25 *Employee Benefits*. Finally, key management personnel are eligible for the company's share option; restricted stock and/or share swap program (refer Note 26 *Share-based Payments*). Total directors and executive board management compensation included in the income statement can be detailed as follows:

	2013		2012	
Million US dollar	**Directors**	**Executive board management**	**Directors**	**Executive board management**
Short-term employee benefits	2	22	3	25
Post-employment benefits	–	2	–	2
Share-based payments	3	66	3	51
	5	**90**	**6**	**78**

Directors' compensation consists mainly of directors' fees. Key management personnel was not engaged in any transactions with AB InBev and did not have any outstanding balances with the company.

Jointly controlled entities
Significant interests in joint ventures include two distribution entities in Canada, 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	2013	2012
Non-current assets	101	129
Current assets	57	72
Non-current liabilities	67	154
Current liabilities	115	120
Result from operations	24	18
Profit attributable to equity holders of AB InBev	11	9

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

Million US dollar	2013	2012
Gross profit	31	232
Current assets	6	14
Current liabilities	32	9

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.

34. Events after the Balance Sheet Date

Oriental brewery acquisition
On 20 January, AB InBev, KKR and Affinity Equity Partners announced that an agreement has been entered into whereby AB InBev will reacquire Oriental Brewery ("OB"), the leading brewer in South Korea, from KKR and Affinity for 5.8 billion US dollar.

This agreement 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. AB InBev will reacquire OB earlier than July 2014, as it was originally entitled to under the 2009 transaction.

Since KKR and Affinity entered into partnership with OB in 2009, OB has grown to become the largest brewer in South Korea, driven by strong growth of the Cass brand. OB and AB InBev also remained long-term partners through OB's exclusive license to distribute select AB InBev brands in South Korea such as Budweiser, Corona and Hoegaarden.

The enterprise value for the transaction is 5.8 billion USD, and as a result of an agreement entered into with KKR and Affinity in 2009, AB InBev will also receive approximately 320m US dollar in cash at closing from this transaction, subject to closing adjustments according to the terms of the transaction. OB estimates its EBITDA in 2013 was approximately KRW 529 billion or approximately 500m US dollar at exchange rates at the date of the announcement.

The transaction is subject to regulatory approval in South Korea as well as other customary closing conditions, and is expected to close in the first half of 2014.

Bond issuance
On 27 January 2014, Anheuser-Busch InBev Finance Inc., a subsidiary of AB InBev, issued 5.25 billion US dollar aggregate principal amount of bonds, consisting of 1.2 billion US dollar aggregate principal amount of fixed rate notes due 2017; 300m US dollar aggregate principal amount of floating rate notes due 2017; 1.25 billion US dollar aggregate principal amount of fixed rate notes due 2019; 250m US dollar aggregate principal amount of floating rate notes due 2019; 1.4 billion US dollar aggregate principal amount of fixed rate notes due 2024; and 850m US dollar aggregate principal amount of fixed rate notes due 2044. The fixed rate notes will 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 will bear interest at an annual rate of 19.00 basis points above three-month LIBOR for the 2017 floating rate notes and 40.00 basis points above three-month LIBOR for the 2019 floating rate notes.

Argentinean PESO devaluation
In January 2014, the Argentinean peso underwent a severe devaluation. In 2013, the Argentinean operations represented 4.6% of the company's consolidated revenue and 5.1% of the company's consolidated normalized EBITDA. The 2013 Argentinean full year results were translated at an average rate of 5.4466 Argentinean pesos per US dollar. The 2014 devaluation, and further devaluations in the future, if any, is expected to decrease the company's net assets in Argentina, with a balancing entry in the equity of the company. The translation of results and cash flows of the company's Argentinean operations are also expected to be impacted.

35. 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 452.

List of most important fully consolidated companies

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2013
Argentina	
CERVECERIA Y MALTERIA QUILMES SAICA y G - Charcas 5160 - Buenos Aires	61.89
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	61.89
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	61.89
Canada	
LABATT BREWING COMPANY LIMITED - 207 Queen's Quay West, Suite 299 - M5J 1A7 - Toronto	61.89
Chile	
CERVECERIA CHILE S.A. - Av. Presidente Eduardo Frei Montalva 9600 - Quilicura	61.89
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
Dominican Republic	
CERVECERIA NACIONAL DOMINICANA, esquina formada por la Autopista 30 de Mayo – Km. 6-1/2 y calle San Juan Bautista, Santo Domingo, Distrito Nacional	34.04
Ecuador	
COMPAÑIA CERVECERA AMBEV ECUADOR S.A. - Km 14.5 Via a Daule S/N y Av. Las Iguanas, Guayaquil	61.89
France	
AB - INBEV FRANCE S.A.S. 38 Allée Vauban 59110 La Madeleine	100.00

Name and registered office of fully consolidated companies	% of economic interest as at 31 December 2013
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 Luxemburg	
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
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	100.00
Paraguay	
CERVECERIA PARAGUAYA S.A. – Ruta Villeta KM30 - Ypané	61.89
Peru	
COMPANIA CERVECERA AMBEV PERU SAC - Av Los Laureles Mza a lote 4 (Mirador 12 Carretera R. Priale) Lima - Luringancho	61.89
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
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	61.89

Information to our Shareholders

Earnings, dividends, share and share price

	2013	2012	2011	2010	2009
Cash flow from operating activities (US dollar per share)	8.53	8.29	7.83	6.22	5.76
Normalized earnings per share (US dollar per share)	4.91	4.50	4.04	3.17	2.48
Dividend (euro per share)	2.05	1.70	1.20	0.80	0.38
Share price high (euro per share)	79.60	71.05	47.35	46.33	36.80
Share price low (euro per share)	63.44	46.10	33.85	33.50	16.34
Year-end share price (euro per share)	77.26	65.74	47.31	42.80	36.40
Weighted average number of ordinary shares (million shares)	1 617	1 600	1 595	1 592	1 584
Diluted weighted average number of ordinary shares (million shares)	1 650	1 628	1 614	1 611	1 593
Volume of shares traded (million shares)	423	486	652	588	798

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 2013 in relation to services provided by PricewaterhouseCoopers Bedrijfsrevisoren amounted to 3 743k US dollar (2012: 3 253k US dollar), which was composed of audit services for the annual financial statements of 1 864k US dollar (2012: 1 676k US dollar), tax services of 1 386k US dollar (2012: 1 324k US dollar), audit related services of 407k US dollar (2012: 83k US dollar) and other services of 86k US dollar (2012: 170k 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 2013 in relation to services provided by other offices in the PricewaterhouseCoopers network amounted to 18 006k US dollar (2012: 11 411k US dollar), which was composed of audit services for the annual financial statements of 11 804k US dollar (2012: 6 601k US dollar), tax services of 5 154k US dollar (2012: 4 367k US dollar), audit related services of 1 030k US dollar (2012: 276k US dollar) and other services of 18k US dollar (2012: 167k US dollar).

Financial Calendar

Publication of 2013 results	26 February 2014
Annual report 2013 available on www.ab-inbev.com	26 February 2014
General shareholders meeting	30 April 2014
Dividend: ex-coupon date	5 May 2014
Publication of first quarter results	7 May 2014
Publication of half year results	31 July 2014
Publication of third quarter results	31 October 2014

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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 2013.

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 2013 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	2013	2012
Assets		
Non-current assets		
Intangible assets	197	226
Property, plant and equipment	104	87
Financial assets	50 268	51 346
	50 569	51 659
Current assets	**10 410**	**5 060**
Total assets	**60 979**	**56 719**
Equity and liabilities		
Equity		
Issued capital	1 238	1 237
Share premium	13 178	13 152
Legal reserve	124	124
Reserves not available for distribution	38	147
Reserves available for distribution	483	374
Profit carried forward	24 082	25 621
	39 143	**40 655**
Provisions and deferred taxes	**166**	**136**
Non-current liabilities	**12 925**	**7 540**
Current liabilities	**8 745**	**8 388**
Total equity and liabilities	**60 979**	**56 719**

Abbreviated Non-Consolidated Income Statement

Million euro	2013	2012
Operating income	806	831
Operating expenses	(474)	(454)
Operating result	**332**	**377**
Financial result	1 417	5 602
Extraordinary result (tax exempted intragroup capital gains on share transfer)		
Result for the year available for appropriation	**1 749**	**5 979**

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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8/ Corporate Governance Statement

Contents

8/ Corporate Governance Statement

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/go/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 warrants, 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 warrants, 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 3-year vesting period of the options 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.

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 employee's 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 ambition is to be the *Best Beer Company in 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/go/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 11 members, all of whom are non-executives. Further to the completion of the combination with Grupo Modelo S.A.B. de CV on 04 June 2013, it was announced that Mrs. Maria Asuncion Aramburuzabala and Mr. Valentin Diez Morodo will join the Board as non-executive, non-independent directors, subject to the approval of the shareholders at the annual shareholders meeting to be held on 30 April 2014.

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. 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 24 April 2013, the mandate of Mr. Kees Storm, Chairman of the Board, was renewed for a term of 1 year. The mandates of Mr. Alexandre Van Damme, Mr. Grégoire de Spoelberch, Mr. Jorge Paulo Lemann, Mr. Roberto Moses Thompson Motta, Mr. Marcel Herrmann Telles, Mr. Carlos Alberto Sicupira, Mr. Kees Storm and Mr. Mark Winkelman will come to an end immediately after the annual shareholders' meeting to be held on 30 April 2014. 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 30 April 2014.

The composition of Anheuser-Busch InBev's Board is currently as follows:

Name	Date of birth Nationality	Function	Term started	Term expires
Carlos Alberto da Veiga Sicupira	°1948, Brazilian	Non-Executive director, nominated by the holders of class B Stichting InBev certificates	2004	2014
Olivier Goudet	°1964, French	Non-Executive Independent director	2011	2015
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	2014
Jorge Paulo Lemann	°1939, Brazilian	Non-Executive director, nominated by the holders of class B Stichting InBev certificates	2004	2014
Roberto Moses Thompson Motta	°1957, Brazilian	Non-Executive director, nominated by the holders of class B Stichting InBev certificates	2004	2014
Kees Storm	°1942, Dutch	Non-Executive Independent director	2002	2014
Marcel Herrmann Telles	°1950, Brazilian	Non-Executive director, nominated by the holders of class B Stichting InBev certificates	2004	2014
Alexandre Van Damme	°1962, Belgian	Non-Executive director, nominated by the holders of class A Stichting InBev certificates	1992	2014
Mark Winkelman	°1946, Dutch	Non-Executive Independent director	2004	2014

2.2. Functioning

In 2013, the Board held nine regular meetings and seven 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 2013 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 2013 was 96%.

In 2013, 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
Carlos Alberto da Veiga Sicupira		Member		
Olivier Goudet	**Chairman**			Member
Paul Cornet de Ways Ruart				
Stéfan Descheemaeker			Member	
Grégoire de Spoelberch		Member		
Jorge Paulo Lemann			Member	
Roberto Moses Thompson Motta			Member	
Kees Storm	Member	Member		
Marcel Herrmann Telles		**Chairman**		**Chairman**
Alexandre Van Damme		Member	**Chairman**	
Mark Winkelman	Member		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 2013, the Audit Committee met eight 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, except for Mr. Winkelman who was unable to attend two meetings.

Finance Committee
The Finance Committee met four times in 2013. 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, except for Mr. Descheemaeker and Mr. Winkelman who were each unable to attend one meeting.

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 2013 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 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. Mark Winkelman, 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 2013 and discussions included achievement of targets, Executive compensation, Executive shares and options schemes, Long Term Incentive grants to directors and special incentives. The members of the Committee attended all meetings, except for Mr. Winkelman who was unable to attend one meeting.

2.3. Evaluation of the Board and its committees

Periodically 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 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; and focus their efforts on ensuring that the company's business is conducted so as to further the interests of the shareholders; 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 (João Castro Neves), who reports to the Board of directors of Ambev.

Further to the completion of the combination with Grupo Modelo S.A.B. de CV on 04 June 2013, Mexico became a separate geographical Zone and Ricardo Tadeu was appointed Zone President Mexico. Ricardo Tadeu joined AB InBev in 1995 and has held various roles across the Commercial area. He was appointed Business Unit (BU) President for our operations in HILA (Hispanic Latin America) in 2005, and from 2008-2012, he served as BU President, Brazil. Ricardo Tadeu received a Law Degree from the Universidade Cândido Mendes in Brazil and a Master of Law from Harvard Law School in Cambridge, Massachusetts.

Effective 01 January 2014, the Western European Zone and the Central & Eastern European Zone were combined into one European Zone. As a result of this decision, Stuart MacFarlane, formerly Zone President Central & Eastern Europe, leads the Europe Zone. Jo Van Biesbroeck, formerly Zone President Western Europe & Chief Strategy Officer, continues to serve as Chief Strategy Officer and leader of AB InBev International.

Also, effective 01 January 2014, Felipe Dutra, Chief Financial and Technology Officer, is assuming leadership of the Global Information and Business Services area in addition to his Finance responsibilities. Following this change, Claudio Garcia, formerly Chief People & Technology Officer, will focus on the People area, leading the team as we continue to build the best people pipeline globally.

Finally, effective 01 January 2014, Francisco Sà, Zone President Latin America South, who left the company, was succeeded by Marcio Froes, formerly VP Supply for the Latin America North Zone. Marcio Froes holds a Degree in Chemical Engineering from the Universidade Federal do Rio de Janeiro in Brazil and a Brewmaster degree from the Universidad Politecnica de Madrid in Spain. He has been with the company for over 20 years and has held several roles within Supply, People and Sales.

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
Tony Milikin	Chief Procurement Officer
Bernardo Pinto Paiva	Chief Sales Officer
Jo Van Biesbroeck	Chief Strategy Officer
Michel Doukeris	Zone President Asia Pacific
Stuart MacFarlane	Zone President Europe
Ricardo Tadeu	Zone President Mexico
Francisco Sá (until 31 December 2013)	Zone President Latin America South
Marcio Froes (as of 01 January 2014)	Zone President Latin America South
João Castro Neves	Zone President Latin America North
Luiz Fernando Edmond	Zone President North America

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 and its risk management system is based on COSO's Enterprise Risk Management Framework.

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 2013. 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. The assessment included an evaluation of the design of the company's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Based on this assessment, the Executive Board of Management determined that, as of 31 December 2013, 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 in place 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, which is 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. The Committee approves global policies and guidelines to be developed or revised regarding ethical and compliance risks to the company from a global perspective. 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.

5. Shareholders Structure

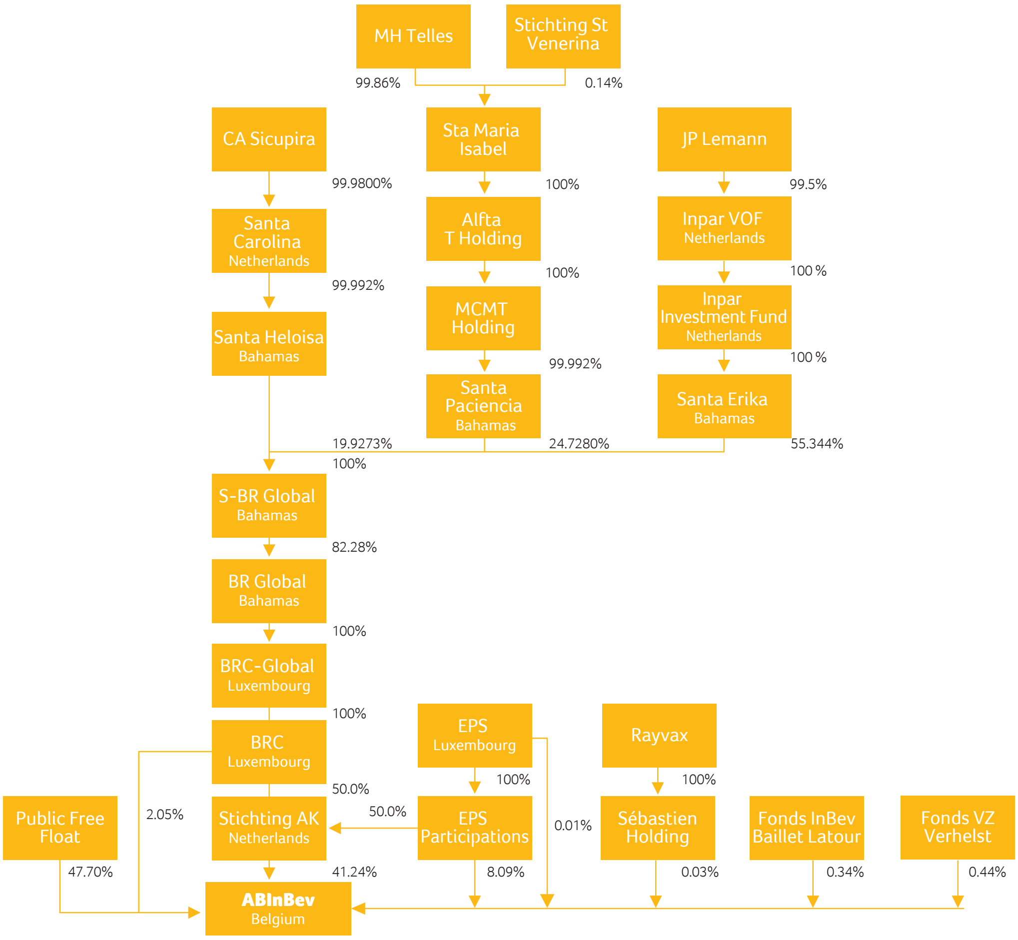
5.1. Shareholders' structure

The following table shows the shareholders' structure as at 15 January 2014[1] based on the notifications made 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. The first ten entities mentioned in the table act in concert and hold 839,172,743 ordinary shares of the company, representing 52.20% of the voting rights as of 15 January 2014, the date of the most recent notification.

Shareholder	Number of shares	Percentage of voting rights	Date last notification
1. Stichting Anheuser-Busch InBev, stichting administratiekantoor under Dutch law	663,074,830	41.24%	15 January 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%	15 January 2014
3. EPS Participations Sàrl under Luxembourg law, affiliated to EPS, its parent company	130,063,567	8.09%	15 January 2014
4. Rayvax Société d'Investissements SA under Belgian law	10	< 0.01%	15 January 2014
5. Sébastien Holding SA under Belgian law, affiliated to Rayvax Société d'Investissements, its parent company	484,794	0.03%	15 January 2014
6. BRC Sàrl under Luxembourg law, affiliated to Stichting Anheuser-Busch InBev that it jointly controls with EPS SA under Luxembourg law	32,966,462	2.05%	15 January 2014
7. Stichting Fonds InBev – Baillet Latour	0	0,00%	15 January 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%	15 January 2014
9. Fonds Verhelst sprl with a social purpose	0	0,00%	15 January 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	0.44%	15 January 2014
11. Anheuser-Busch InBev SA/NV under Belgian law	1,093,369	0.07%	15 January 2014
12. Brandbrew SA under Luxembourg law, affiliated to Anheuser-Busch InBev SA/NV that controls it	525,433	0.03%	15 January 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	Not disclosed	< 3.00%	25 February 2014

[1] Except for the last four entities (Capital Research & Management Cy, Janus Capital Management LLC, Fidelity Management & Research LLC and BlackRock, Inc.) for which the last notification date is respectively 3 February 2011, 23 March 2010, 16 September 2009 and 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 15 January 2014).



1. Shareholders' structure based on information provided to Anheuser-Busch InBev as at 15 January 2014 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.
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 0.10% of the company's shares as at 15 January 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 130 million shares that are held directly or indirectly by EPS and except for approximately 33 million shares that are held by BRC as of 15 January 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. EPS Participations has joined the concert constituted by EPS, Rayvax, BRC and the Stichting and adhered to the shareholders' agreement.

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 the transfer of the Stichting certificates. As of 15 January 2014, BRC held 331,537,415 class B Stichting certificates (indirectly representing 331,537,415 shares) 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 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 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, including at least two directors appointed by BRC and two appointed by EPS. Subject to certain exceptions, all decisions of the Stichting with respect to the shares it holds, including how its 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 Stichting's shares will be voted.

The shareholders' agreement, as amended, provides for restrictions on the ability of BRC and EPS Participations to transfer their Stichting certificates (and consequently their shares held through the Stichting).

In addition, the shareholders' agreement requires EPS, EPS Participations and BRC and their permitted transferees under the shareholders' agreement, whose shares are not held through the Stichting, to vote their shares in the same manner as the shares held by the Stichting and to effect any transfers of their shares in an orderly manner of disposal that does not disrupt the market for the shares and in accordance with any conditions established by 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 the nomination of eight directors at the Anheuser-Busch InBev shareholders' meeting, among which each of BRC and EPS have the right to nominate four directors. In addition, the Stichting Board proposes the nomination of four to six independent directors.

The shareholders' agreement will remain in effect for an initial term of 20 years commencing on 27 August 2004. Thereafter, it will be automatically renewed for successive terms of 10 years each unless, not later than two years prior to the expiration of the initial or any successive 10-year term, either BRC or EPS notifies the other of its intention to terminate the shareholders' agreement.

In addition, 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 28 April 2009, 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 28 April 2009 (i.e. 1,602,862,013). This authorization has been granted for a period of 5 years from 28 April 2009. 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. The renewal of the authorization will be submitted to the approval of the shareholders at the annual shareholders' meeting of 30 April 2014.

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 for a price which will not be more than 10% below the lowest closing price in the last 20 days preceding the transaction and not more than 10% above the highest closing price in the last 20 days preceding the transaction. This authorization is valid for a 5 years period from 28 April 2009. The renewal of the authorization will be submitted to the approval of the shareholders at the annual shareholders' meeting of 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**. Since 1999, 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"). Currently, in aggregate, there are 1.50 million warrants outstanding under the plan, entitling holders to 1.50 million ordinary shares of Anheuser-Busch InBev. 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.

   Subject to the approval of the shareholders at the annual shareholders' meeting to be held on 30 April 2014, the outstanding LTI warrants will be converted into LTI stock options, i.e. the right to purchase existing shares instead of the right to subscribe to newly-issued shares.

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 2013, out of the USD 13,000,000,000, USD 0 billion remains outstanding under the 2010 Senior Facilities Agreement.

3. **USD 14,000,000,000 Senior Facilities Agreement**. In accordance with Article 556 of the Belgian Companies Code, the shareholders' meeting of Anheuser-Busch InBev approved on 24 April 2013 the following provisions of the USD 14,000,000,000 Senior Facilities Agreement dated 20 June 2012 entered into by the company, Anheuser-Busch InBev Worldwide Inc. and Cobrew NV/SA as original borrowers, the original guarantors and original lenders listed therein, Bank of America Securities Limited, Banco Santander, S.A., Barclays Bank PLC, Deutsche Bank AG, London Branch, Fortis Bank SA/NV, ING Belgium SA/NV, JPMorgan Chase Bank N.A., Mizuho Corporate Bank, Ltd, RBS Securities Inc., Société Générale, London Branch and The Bank of Tokyo-Mitsubishi UFJ, LTD. as mandated lead arrangers and

bookrunners and Fortis Bank SA/NV as agent (as amended and/or amended and restated from time to time) (the "2012 Senior Facilities Agreement"): (i) Clause 8 (*Mandatory Prepayment*) and (ii) any other provision of the 2012 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 2012 Senior Facilities Agreement). Pursuant to the 2012 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 8 of the 2012 Senior Facilities Agreement grants, in essence, to any lender under the 2012 Senior Facilities Agreement, upon a Change of Control over the company, the right (i) not to fund any loan (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, together with accrued interest thereon, and all other amounts owed to such lender under the 2012 Senior Facilities Agreement (and certain related documents).

The 2012 Senior Facilities Agreement was terminated on 17 June 2013.

4. **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;
- the CHF 600,000,000 4.50% Notes due 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).

5. **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, 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, 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.

6. **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.

7. **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.

8. 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 2014.

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 2013 Remuneration is linked to the time committed to the Board and its various committees. The annual shareholders' meeting of 24 April 2013 approved the recommendation of the Remuneration Committee to increase the base annual fee for our directors, which remained unchanged since 2001, from 67,000 Euro to 75,000 Euro based on attendance at up to ten physical Board meetings. The increased base annual fee is applicable as from the date following the annual shareholders' meeting of 24 April 2013. 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.

In addition Board members are granted a limited, pre-determined number of warrants under the company's 1999 long-term incentive warrant plan ("LTI Warrant Plan"). 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.

Subject to the approval of the shareholders at the annual shareholders' meeting to be held on 30 April 2014, the outstanding LTI warrants will be 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 will remain unchanged.

The Remuneration Committee will also recommend for approval to the shareholders at the annual shareholders' meeting to be held on 30 April 2014, the following changes to future grants under the LTI Warrant Plan in order to align future grants for our directors with the features of the long-term incentive stock options granted to executives:

- as of 2014, grants will be offered in the form of stock options on existing shares, instead of warrants. Hence, upon exercise, each LTI stock option will entitle the holder to purchase one existing ordinary share;
- 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.

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 warrants, 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 3-year vesting period of the warrants should foster a sustainable and long-term commitment to pursue the company's interests.

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 2013 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[1]	Fees for Committee meetings	Total fee	Number of LTI warrants granted[2]
Paul Cornet de Ways Ruart	15	72,333	4,500	76,833	15,000
Stéfan Descheemaeker	15	72,333	4,500	76,833	15,000
Grégoire de Spoelberch	14	72,333	6,000	78,333	15,000
Olivier Goudet	14	94,033	30,000	124,033	20,000
Jorge Paulo Lemann	14	72,333	6,000	78,333	15,000
Roberto Moses Thompson Motta	16	72,333	6,000	78,333	15,000
Carlos Alberto da Veiga Sicupira	14	72,333	6,000	78,333	15,000
Kees J. Storm	13	144,666	22,500	167,166	30,000
Marcel Herrmann Telles	15	72,333	28,500	100,833	15,000
Alexandre Van Damme	16	72,333	18,000	90,333	15,000
Mark Winkelman	13	72,333	18,000	90,333	15,000
All directors as a group		**889,696**	**150,000**	**1,039,696**	**185,000**

[1] According to the decision of the annual shareholders' meeting of 24 April 2013 the base annual fee was increased from 67,000 Euro to 75,000 Euro. As a consequence, in 2013, directors were granted an annual fee of (4/12 x 67,000€) + (8/12 x 75,000€). The Chairman's fee is double that of the other directors. The Chairman of the Audit Committee is entitled to a fee which is 30 % higher than the fee of the other directors.

[2] LTI warrants were granted on 24 April 2013 under the 1999 LTI plan. Warrants have an exercise price of 76.20 Euro per share, have a term of 5 years and vest over a 3 year period.

7.1.4. Warrants owned by directors The table below sets forth, for each of our current directors, the number of LTI warrants they owned as of 31 December 2013[1]:

	LTI 21	LTI 20	LTI 19	LTI 18	LTI 17	LTI 17[2]	LTI 16	LTI 14	LTI 13	LTI 12
Grant date	**24 April 2013**	**26 April 2012**	**26 April 2011**	**27 April 2010**	**28 April 2009**	**28 April 2009**	**29 April 2008**	**25 April 2006**	**26 April 2005**	**27 April 2004**
Expiry date	**23 April 2018**	**25 April 2017**	**25 April 2016**	**26 April 2015**	**27 April 2014**	**27 April 2014**	**28 April 2013**	**24 April 2016**	**25 April 2015**	**26 April 2014**
P. Cornet de Ways Ruart	15,000	15,000	0	0	0	0	0	0	0	0
G. de Spoelberch	15,000	15,000	15,000	15,000	0	0	0	0	0	0
O. Goudet	20,000	15,000	0	0	0	0	0	0	0	0
J. Lemann	15,000	15,000	15,000	15,000	15,000	28,343	0	8,269	9,364	0
R. Thompson Motta	15,000	15,000	15,000	15,000	15,000	28,343	0	8,269	9,364	0
C. Sicupira	15,000	15,000	15,000	15,000	15,000	28,343	0	8,269	9,364	0
K. Storm	30,000	20,000	20,000	20,000	0	0	0	8,269	9,364	0
M. Telles	15,000	15,000	15,000	15,000	15,000	28,343	0	8,269	9,364	0
A. Van Damme	15,000	15,000	15,000	15,000	0	0	0	8,269	9,364	0
M. Winkelman	15,000	15,000	15,000	15,000	15,000	28,343	0	8,269	9,364	0
S. Descheemaeker	15,000	15,000	15,000	5,000	0	0	0	0	0	0
Strike price (Euro)	**76.20**	**54.71**	**40.92**	**37.51**	**21.72**	**21.72**	**58.31**	**38.70**	**27.08**	**23.02**

[1] In April 2013, all our directors exercised their warrants of the LTI 16 Series that expired on 28 April 2013. In June 2013, Gregoire de Spoelberch exercised 15,000 warrants of the LTI 17 Series and 5,395 warrants of the Rights-Offering Compensation. In August 2013, Stéfan Descheemaeker exercised 15,000 warrants of the LTI 17 Series and 10,000 warrants of the LTI 18 Series. In November 2013, Kees Storm exercised 11,016 warrants of the LTI 12 Series, 20,000 warrants of the LTI 17 Series and 60,660 warrants of the Rights-Offering Compensation. In December 2013, Alexandre Van Damme exercised 11,016 warrants of the LTI 12 Series, 15,000 warrants of the LTI 17 Series and 55,365 warrants of the Rights-Offering Compensation.

[2] 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. 263,130 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 company and individual performance, and ensures alignment with shareholders' interests by strongly encouraging executive ownership of shares in the company.

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.

7.2.3. Components of executive remuneration 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 independent providers, in relevant industries and geographies. For benchmarking, a custom sample of peer companies (Peer Group) is used when available. If Peer Group data are not available for a given level, 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 2013, based on his employment contract, the CEO earned a fixed salary of 1.24 million Euro (USD 1.64 million), while the other members of the Executive Board of Management earned an aggregate base salary of 7.51 million Euro (USD 9.94 million).

b. Variable compensation – Share-based compensation plan Variable compensation is key to the company's compensation system and is designed to encourage executives to drive short- and long-term performance of the organization.

The target variable compensation related to the share-based compensation plan, is expressed as a percentage of the Market Reference Salary applicable to the executive. The annual variable compensation in case targets are fully achieved theoretically amounts to maximum 240 % of the Market Reference Salary for members of the Executive Board of Management and 360 % for the CEO.

The percentage of variable compensation effectively paid is directly linked to the achievement of annual company, entity and individual targets which are based on performance metrics. For 2013 company and entity targets were related to EBITDA, cash flow, operating costs and market share. Below a hurdle no incentive is earned (as was the case for the majority of the members of the Executive Board of Management in 2008). Even if company or entity targets are achieved, individual payments are dependent on each executive's personal achievement of individual performance targets. Company and entity targets achievement is assessed by the Remuneration Committee on the basis of accounting and financial data. The Remuneration Committee also approves the individual targets achievement of the CEO and, upon recommendation of the CEO, of the Executive Board of Management.

For 2013, based on the company's target achievement during the year 2013 and the executives' individual target achievement, the total variable compensation for the Executive Board of Management, including the CEO, effectively amounted to approximately 168 % of their 2013 base salary.

Executives receive their variable compensation in cash[2] but are encouraged to invest some or all of the value of their variable compensation 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.

Matching Shares and discounted shares are delivered as restricted stock units (RSU) and vest after five years. In case of termination of service before the vesting date, special forfeiture rules apply.

[2] 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.

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.

Variable compensation for performance in 2012 – Paid in March 2013

For the full year 2012, the CEO earned variable compensation of 2.48 million Euro (USD 3.20 million). The other members of the Executive Board of Management earned aggregate variable compensation of 9.33 million Euro (USD 12.02 million).

The amount of variable compensation is based on the company's performance during the year 2012 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 2013 (variable compensation awarded for performance in 2012) 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 8 March 2018.

Name	Voluntary Shares acquired	Matching Shares granted
Carlos Brito – CEO	18,399	71,404
Sabine Chalmers	2,886	16,906
Felipe Dutra	7,500	29,106
Miguel Patricio	5,352	33,888
Claudio Braz Ferro	4,470	17,838
Tony Milikin	1,557	10,884
Claudio Garcia	2,201	14,335
Jo Van Biesbroeck	3,002	12,855
Stuart Mc Farlane	4,506	19,297
Francisco Sá (until 31 December 2013)[1]	0	0
João Castro Neves[1]	0	0
Luiz Fernando Edmond	7,490	28,337
Bernardo Pinto Paiva	4,572	17,269
Michel Doukeris	2,878	5,734
Ricardo Tadeu (as of June 2013)	0	0

[1] Joao Castro Neves, Zone President Latin America North, and Fransisco Sá, Zone President Latin America South, report to the Board of directors of Ambev and participate in the incentive plans of Companhia de Bebidas das Americas – Ambev that are disclosed separately by Ambev.

Variable compensation for performance in 2013 – To be 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 is based on the company's performance during the year 2013 and the executives' individual target achievement. The variable compensation will be paid in or around March 2014.

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 2013 to the CEO and the other members of the Executive Board of Management. The options were granted on 2 December 2013, have an exercise price of 75,15 Euro and become exercisable after five years.

Name	Long Term Incentive stock options granted
Carlos Brito – CEO	322,521
Sabine Chalmers	44,764
Felipe Dutra	85,947
Miguel Patricio	80,575
Claudio Braz Ferro	44,764
Tony Milikin	22,382
Claudio Garcia	44,764
Jo Van Biesbroeck	44,764
Francisco Sá (until 31 December 2013)[1]	0
João Castro Neves[1]	0
Luiz Fernando Edmond	80,575
Bernardo Pinto Paiva	53,717
Stuart Mc Farlane	22,382
Michel Doukeris	33,573
Ricardo Tadeu (as of June 2013)	22,382

[1] Joao Castro Neves, Zone President Latin America North, and Fransisco Sá, Zone President Latin America South, report to the Board of directors of Ambev and participate in the incentive plans of Companhia de Bebidas das Americas – Ambev 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 2013, 366,591 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 2013, 350,230 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 2013, our employees purchased 4,769 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, Ricardo Tadeu, member of the Executive Board of Management, has exchanged 0.26 million Ambev shares for a total of 0.13 million Anheuser-Busch InBev shares in 2013. Other members of our senior management have exchanged 0.02 million Ambev shares for a total of 0.001 million Anheuser-Busch InBev shares (0.11 million in 2012, 0.24 million in 2011, 0.25 million in 2010).

f. Programs for maintaining consistency of benefits granted and for encouraging global mobility of executives The Board has recommended to the shareholders for approval 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. The programs were approved by the shareholders' meeting of 27 April 2010:

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, can be released e.g. for executives who move to the United States. These executives are 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).

   In 2013, Stuart MacFarlane, member of the Executive Board of Management, has exchanged 0.18 million Series A options granted under the November 2008 Exceptional Option Grant for approximately 0.17 million shares. In total, other members of our senior management have exchanged approximately 0.36 million Series A options granted under the November 2008 Exceptional Option Grant for approximately 0.32 million shares. In total, in 2013, our senior management also exchanged 0.06 million options granted under the April 2009 Exceptional Option Grant, for approximately 0.05 million of our shares. The exchanges were based on the fair market value of the share on the day of the exchange.

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 2013, under this program:
   - On 25 January 2013, 0.16 million new options were granted to our senior management and have a strike price of 67.60 Euro, i.e. the closing share price on 24 January 2013.
   - On 15 May 2013, 0.45 million new options were granted to Miguel Patricio, member of the Executive Board of Management, and 0.02 million new options were granted to our senior management and have a strike price of 75.82 Euro, i.e. the closing share price on 14 May 2013.

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 0.23 million in 2013. The contributions for the other members of the Executive Board of Management amounted to approximately USD 0.43 million in 2013.

h. Other benefits Executives are also entitled to life and medical insurance and perquisites and other benefits that are competitive with market practices. The CEO enjoys, for a limited period of time, the usual expatriate perquisites in accordance with local market practice. The perquisites consist of a housing allowance (which ended on 1 September 2012) and a schooling allowance.

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.

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 2013 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**	**1,615,238**	**80,765**	**541,151**	**106,611**	**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**	**65,994**	**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 2013:
- a. In May 2013:
  - i. Sabine Chalmers exercised 75,197 Matching options 2007, 13,414 Matching options 2006 Dividend Waiver 09 and 46,334 Matching options 2007 Dividend Waiver 09;
  - ii. Claudio Garcia exercised 73,792 Matching options 2006 and 50,755 Matching options 2006 Dividend Waiver 09.
- b. In August 2013:
  - i. Carlos Brito exercised 46,742 Matching options 2006 and 32,150 Matching options 2006 Dividend Waiver 09;
  - ii. Felipe Dutra exercised 118,452 Matching options 2006, 81,473 Matching options 2006 Dividend Waiver 09, 109,733 Matching options 2007 and 67,927 Matching options 2007 Dividend Waiver 09;
  - iii. Stuart MacFarlane exercised 12,228 Matching options 2008.
- c. In September 2013:
  - i. Carlos Brito exercised 222,057 Matching options 2007 and 137,458 Matching options 2007 Dividend Waiver 09;
  - ii. Sabine Chalmers exercised 68,791 Matching options 2008 and 38,692 Matching options 2008 Dividend Waiver 09.

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 2013 under the 2009 Long term incentive stock option plan (see 7.2.3.c).

	LTI options	LTI options	LTI options	LTI options	LTI options
Grant date	18 December 2009	30 November 2010	30 November 2011	30 November 2012	2 December 2013
Expiry date	17 December 2019	29 November 2020	29 November 2021	29 November 2022	1 December 2023
EBM	**731,923**	**914,266**	**962,093**	**1,145,494**	**903,110**
Strike price (Euro)	**35.90**	**42.41**	**44.00**	**66.56**	**75.15**

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 2013[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	15 May 2013
Expiry date	24 November 2018	24 November 2023	24 November 2018	24 November 2023	24 November 2023	24 November 2023
EBM[2]	**1,265,194**	**5,349,964**	**0**	**1,834,049**	**243,901**	**286,977**
Strike price (Euro)	**10.32**	**10.32**	**33.24**	**33.24**	**40.35**	**75.82**
EBM	**903,710**	**903,710**	**355,280**	**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) Stuart MacFarlane exchanged 180,742 Series A options in 2013.

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Register of Companies
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Sowing the Seeds of Quality

The recipe for well-crafted beer hasn't changed in centuries: It takes the purest ingredients, a brewmaster's expert skill, and a passion to provide quality in every sip.

Our commitment to using superior ingredients is reflected in AB InBev's unstinting effort to ensure a high-quality supply of the barley we need to brew our products. We consume nearly 5 million tons of malt barley each year, or more than 20% of the world's malt barley supply. Our barley supply initiatives take us around the world, as we partner with farmers to produce the best barley crop—and deliver the best experience to beer lovers.

We work directly with more than 15 000 growers globally, including small independents, farmers' cooperatives and local grain distributors. Some of these farmers have grown up with us, as several generations of their families have produced barley for the company. Working in close collaboration, our team members are literally "in the field" supporting our growers throughout the year, sharing best practices on barley crop management and providing advice on how to improve soil health and more efficiently utilize water resources. We even provide our own proprietary seed varieties, which ensure a consistent flavor profile while delivering better yields and disease-resistance for our growers.

We continually pursue innovative analytical and management techniques to yield better results for our grower partners. In 2013, we piloted a barley benchmarking program involving some 350 farmers globally, in which growers worked with our team members to populate key productivity and environmental indicators related to their barley production, with the ability to compare their metrics with those of other farms. At the same time, we're deploying ambitious water and soil management strategies in key barley-growing regions that further improve natural resource use while continuing our research into improved drought-tolerant and water-efficient grain varieties.

As we expand around the globe, we are cultivating new sources of malt barley supply in places like China, India and Africa. With the Grupo Modelo combination, we are also making a major commitment to supporting the future of barley as well as the farming industry in Mexico.

By encouraging state-of-the-art farming techniques, improved water conservation practices and sustainable barley production, we are not only growing a dependable and high-quality supply of malt barley, but also enhancing the well-being and livelihoods of our grower partners and their families worldwide.

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