

Many governments also impose restrictions on beer advertisement, which may affect, among other issues, (1) the media channels used, (2) the contents of advertising campaigns, and (3) the time and places where beer can be advertised.

Marketing

Our marketing initiatives are concentrated in off-trade and on-trade initiatives. Off-trade initiatives comprise mass media vehicles, such as television, radio, magazines and internet websites. On-trade initiatives include banners, and all types of enhancements to the point of sale, such as branded coolers and decorated furniture.

Licenses

We have a long-term agreement with PepsiCo whereby we have been granted the exclusive right to bottle, sell and distribute certain brands of PepsiCo's portfolio of CSDs in Brazil, including *Pepsi-Cola*, *Seven Up* and *Gatorade*. The agreements will expire on December 31, 2017, and, thereafter, will be automatically renewed for additional ten-year terms absent written notice by either party of its intent not to renew the contract 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 us. See "Item 10. Additional Information-C. Material Contracts-License Agreements." We also have agreements with PepsiCo to manufacture, bottle, sell, distribute and market some of its brands in the Dominican Republic and in some regions of Peru. Through our Latin America South operations, we are also PepsiCo's bottler for Argentina, Uruguay and Bolivia. In 2013, sales volumes of PepsiCo products represented approximately 32% of our total CSD & NANC sales volumes in Brazil, nearly 70% of our total CSD & NANC sales volumes in the Dominican Republic, all of our CSD & NANC sales volumes in Argentina, Peru, Bolivia and Uruguay.

Effective January 1998, Labatt entered into long-term licensing agreements with Anheuser-Busch whereby Labatt was granted the exclusive right and license to manufacture, bottle, sell, distribute and market some of Anheuser-Busch's brands, including the *Budweiser* and *Bud Light* brands, in Canada, including the right to use Anheuser-Busch's trademarks for those purposes. The agreements expire in January 2098 and are renewable by either party for a second term of 100 years. In 2013, the Anheuser-Busch brands sold by Labatt represented approximately 60% of Labatt's total sales volumes. According to our estimates, the *Budweiser* brand is currently the largest selling brand in terms of volume in Canada.

We also have a license agreement with Anheuser-Busch which allows us to exclusively produce, distribute and market *Budweiser* in Brazil. We also have certain arrangements to sell and distribute Budweiser products in Ecuador, Paraguay, Guatemala, El Salvador and Nicaragua.

We and ABI are also parties to a 10-year cross-licensing agreement which began in 2005, through which we are allowed to produce, bottle, sell and distribute beer under the brands *Stella Artois* and *Beck's* in Latin America (except Argentina and Cuba) on an exclusive basis, and ABI is allowed to produce, bottle, sell and distribute beer under the brand *Brahma* in Europe, Asia, Africa, Cuba and the United States on an exclusive basis. Labatt and ABI have an arrangement through which Labatt distributes certain ABI beer brands in Canada, and the Latin America South zone, and ABI has an arrangement through which it distributes *Stella Artois* in Argentina. In addition, under the Indemnification Agreement between us and ABI, dated November 13, 2008 (see "Item 7. Major Shareholders and Related Party Transactions-B. Related Party Transactions-Ambev and ABI-Licensing Agreements"), ABI has agreed to transfer the distribution in the U.S. of the non-Labatt branded beer to the Anheuser-Busch distribution network.

Taxation

Beer

Taxation on beer in the countries where we operate is comprised of different taxes specific to each jurisdiction, such as an excise tax and a value-added tax. The amount of sales tax charged on our beer products in 2013, represented as a percentage of gross sales, was: 39.8% in Brazil; 21.9% in Canada; 22.7% in Central America; 24.5% in Ecuador; 40.6% in Peru; 44.7% in the Dominican Republic; 20.6% in Argentina; 25.8% in Bolivia; 20.7% in Chile; 13.5% in Paraguay; and 18.4% in Uruguay.

CSD & NANC

Taxation on CSD & NANC in the countries where we operate is comprised of taxes specific to each jurisdiction, such as an excise tax and a value-added tax. The amount of taxes charged on our CSD & NANC products in 2013, represented as a percentage of gross sales, was: 31.5% in Brazil; 10.8% in the Dominican Republic; 15.2% in Peru; between 18.2% and 20.3% in Argentina, depending on the type and flavor of the beverage; 19.3% in Bolivia; and 24.0% in Uruguay.

Changes to Brazilian Taxes on Beverages

In November 2008, the Brazilian Congress approved changes (effective as of January 1, 2009) to the taxable amount and tax rates for (1) the IPI Excise Tax, (2) the PIS Contribution, and (3) the COFINS. Under the previous system, these taxes were paid as a fixed rate per hectoliter by all taxpayers. Under the system approved in 2008, higher priced brands pay higher taxes per hectoliter than lower priced brands based on a consumer price reference table. The taxable amount is calculated through the application of a rate to the consumer price established in the respective consumer price reference table. In recent years, taxes on the beverage industry were increased at the Brazilian federal and state levels. Federal taxes were increased in October 2012 based on price-to-consumer researches. In addition, in April 2013 an aggregate increase of two percentage points was approved with respect to the rates of the IPI Excise Tax, the PIS Contribution and the COFINS on beer sales. Moreover, in 2013 the following five Brazilian states increased their rates for the ICMS Value-Added Tax applicable to beer: Minas Gerais, Sergipe, Amazonas, Mato Grosso and the Federal District. In addition, in January 2014, the state government of Bahia increased the ICMS Value-Added Tax rate applicable to beer.

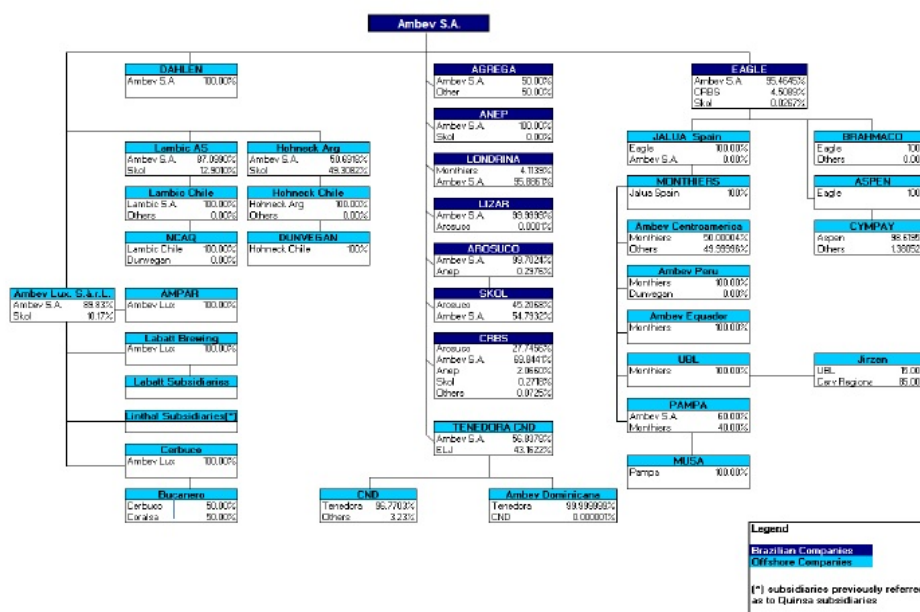
C. Organizational Structure

Our two direct controlling shareholders, IIBV and AmBrew, both of which are subsidiaries of ABI, together with FAHZ, held in aggregate 71.5% of our total and voting capital stock (excluding treasury shares) as of December 31, 2013.

ABI indirectly holds shares in us representing 61.9% of our total and voting capital stock (excluding treasury shares) as of December 31, 2013. ABI thus has control over us, even though (1) ABI remains subject to the Ambev Shareholders' Agreement and (2) ABI is jointly controlled by the Braco Group and the Interbrew Founding Families. For further information on these matters see "Item 4. Information on the Company—A. History and Development of the Company—The InBev-Ambev Transactions" and "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders—Ambev's Major Shareholders —Ambev Shareholders' Agreement."

We conduct the bulk of our operations in Brazil directly. We also indirectly control Labatt and the operations conducted by our HILA-Ex and Latin America South units. The following chart illustrates the ownership structure of our principal subsidiaries as of February 28, 2014 based on total share capital owned.

Organizational Structure



D. Property, Plant and Equipment

Our properties consist primarily of brewing, soft drink production, malting, bottling, distribution and office facilities in the countries where we operate.

As of December 31, 2013, our aggregate beer and CSD production capacity was 280.4 million hectoliters per year. Our total annual beer production capacity was 194.5 million hectoliters as of that date. Our total CSD production capacity was 85.9 million hectoliters at December 31, 2013. In 2013, the total production at these facilities was equal to 119.3 million hectoliters of beer and 45.0 million hectoliters of CSD.

The following is a list of our principal production facilities as of December 31, 2013:

Latin America North	
Plant	Type of Plant
Brazil	
Agudos, São Paulo	Beer
Brasília, Federal District	Beer
Curitiba, Paraná	Beer
Equatorial, Maranhao	Beer
Goiânia, Goiás	Beer
Jacareí, São Paulo	Beer
Lages, Santa Catarina	Beer

Latin America North	
Plant	Type of Plant
Brazil	
Natal, Rio Grande do Norte	Beer
Guarulhos, São Paulo	Beer
Sete Lagoas, Minas Gerais	Beer
Petrópolis, Rio de Janeiro	Beer
Águas Claras, Sergipe	Mixed
Aquiraz, Ceará	Mixed
Camaçari, Bahia	Mixed
Cebrasa, Goiás	Mixed
Cuiabá, Mato Grosso	Mixed
Jaguariéna, São Paulo	Mixed
João Pessoa, Paraíba	Mixed
Itapissuma, Pernambuco	Mixed
Nova Rio, Rio de Janeiro	Mixed
Manaus, Amazonas	Mixed
Minas, Minas Gerais	Mixed
Teresina, Piauí	Mixed
Águas Claras do Sul, Rio Grande do Sul	Mixed
Pirai, Rio de Janeiro	Mixed
Curitiba, Paraná	Soft drinks
Contagem, Minas Gerais	Soft drinks
Jundiaí, São Paulo	Soft drinks
Sapucaia, Rio Grande do Sul	Soft drinks
São Paulo, São Paulo	Labels
Manaus, Amazonas	Crown Cap
Campo Grande, Rio de Janeiro	Glass Bottle
Manaus, Amazonas	Concentrate
Maltaria Navegantes, Rio Grande do Sul	Malt
Maltaria Passo Fundo, Rio Grande do Sul	Malt
HILA-Ex	
Ambev Centroamerica, Guatemala	Beer
Santo Domingo, Dominican Republic	Beer
Hato Nuevo, Dominican Republic	Soft drinks
Saint Vincent	Mixed
Dominica	Mixed
Latin America South	
Plant	Type of Plant
Huachipa, Peru	Mixed
Sullana, Peru	Soft Drinks
Guyaquil, Ecuador	Beer
Cympay, Uruguay	Malt
Musa, Uruguay	Malt
Malteria Pampa, Argentina	Malt
Quilmes, Argentina	Beer
Corrientes, Argentina	Mixed
La Paz, Bolivia	Beer
Santa Cruz, Bolivia	Beer
Cochabamba, Bolivia	Beer
Huari, Bolivia	Beer
Tarija, Bolivia	Beer
Santiago, Chile	Beer
Minas, Uruguay	Beer

Latin America South

Plant	Type of Plant
Ypane, Paraguay	Beer
Zarate, Argentina	Beer
Mendoza, Argentina	Mixed
Montevideo, Uruguay	Mixed
Cordoba, Argentina	Soft Drinks
Trelew, Argentina	Soft Drinks
Buenos Aires South, Argentina	Soft Drinks and Juices
Tucuman, Argentina	Soft Drinks
Tres Arroyos, Argentina	Malt
Llavallol, Argentina(1)	Malt
Acheral, Argentina	Beer
Coroplas, Argentina	Crown Cap
FPV, Paraguay	Bottles
Sacaba, Bolivia	Soft Drinks
El Alto, Bolivia	Soft Drinks
Enalbo, Bolivia	Cans

(1) This malting facility has been leased to third parties for 10 years as from 2007.

Canada

Plant	Type of Plant
St. John's	Beer
Halifax	Beer
Montreal	Beer
London	Beer
Edmonton	Beer
Creston	Beer