

We also have a licensing 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 Paraguay, Guatemala, Dominican Republic, El Salvador, Nicaragua, Uruguay and Chile, and *Corona* in Argentina, Bolivia, Paraguay, Uruguay, Chile, Guatemala, El Salvador, Panama, Nicaragua and Canada.

We also have a cross-licensing agreement with ABI through which we are allowed to produce, bottle, sell and distribute beer under the *Stella Artois* brand in Latin America and Canada on an exclusive basis, and ABI is allowed to produce, bottle, sell and distribute beer under the brand *Brahma* in Europe, Asia, Africa and the United States on an exclusive basis. Ambev has agreed not to directly or indirectly produce, bottle, distribute, sell or resell (or have an interest in any of these), any other European premium branded beer in Latin America, and ABI has agreed to be bound by the same restrictions relating to any other Latin American premium branded beer in Europe, Asia, Africa and the United States. As a result, in June 2005 we launched *Stella Artois* in Brazil and, since March 2005, ABI has been distributing *Brahma* beer in the United States and several countries such as the United Kingdom, Spain, Sweden, Finland and Greece. Labatt and ABI have an arrangement through which Labatt distributes certain ABI beer brands in Canada.

We also have ABI's subsidiary, Metal Container Corp., as one of our can suppliers.

We have also a licensing agreement with Grupo Modelo, S.A.B. de C.V., a subsidiary of ABI, to import, promote and resell Corona products (*Corona Extra*, *Corona Light*, *Coronita*, *Pacifico* and *Negra Modelo*) in Latin America countries, including Brazil, as well as in Canada.

#### **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 2016, represented as a percentage of gross sales, was: 46.9% in Brazil; 21.3% in Canada; 13% in Central America; 31.6% in Ecuador; 44.4% in Peru; 41% in the Dominican Republic; 25.6% in Argentina; 31.5% in Bolivia; 31.5% in Chile; 16% in Paraguay; and 31.4% 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 2016, represented as a percentage of gross sales, was 39.9% in Brazil; 18% in the Dominican Republic; 23.6% in Argentina; 22.7% in Bolivia; and 30.0% 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. In April 2013, an aggregate increase of 2% was approved with respect to the rates of the IPI Excise Tax, the PIS Contribution and the COFINS on beer sales. In addition, in 2014 the IPI Excise Tax, the PIS Contribution and the COFINS were subject to another aggregate increase of 4% in April and 2% in October with respect to beer sales. Moreover, in January 2015 the Brazilian federal government enacted Law No. 13,097, which introduced a new federal taxation model for beer and soft drinks. The law is a result of the combined efforts of the Brazilian federal government and beverage companies with a view to creating a less complex and more predictable tax system for the industry. The new tax model came into force on May 1, 2015. Among other changes, the new set of rules establishes that the IPI Excise Tax, the PIS Contribution and the COFINS are due by manufacturers and wholesalers, and shall be calculated based on the respective sales price (*ad valorem*). Under the previous legislation, the referred taxes were due exclusively by the manufacturer at fixed amounts per liter of beer or soft drink produced (*ad rem*).

In 2012, the following six Brazilian states increased their rates for ICMS Value-Added Tax applicable to beer: Minas Gerais, Sergipe, Amazonas, Mato Grosso, Bahia and the Federal District. In addition, in 2015 the States of São Paulo, Rio de Janeiro, Minas Gerais, Distrito Federal, Rio Grande do Sul, Ceará, Amapá, Rondonia, Amazonas, Tocantins, Piauí, Maranhão, Rio Grande do Norte, Bahia, Pernambuco, Paraíba, Alagoas, Sergipe and Mato Grosso do Sul increased their ICMS Value-Added Tax rate applicable to beer and soft drinks. In 2016, two Brazilian states, Rio de Janeiro and Acre, increased their respective ICMS Value-Added Tax rates applicable to beer, scheduled to take effect in 2017.

**C. Organizational Structure**

Our two direct controlling shareholders, IIBV and AmBrew, both of which are subsidiaries of ABI, together with FAHZ, held in aggregate 72% of our total and voting capital stock (excluding treasury shares) as of December 31, 2016.

ABI indirectly holds shares in us representing 61.9% of our total and voting capital stock (excluding treasury shares) as of December 31, 2016. ABI thus has control over us, even though (1) ABI remains subject to the Ambev Shareholders' Agreement and (2) ABI is controlled by Stichting that represents an important part of interests of BRC 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."

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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, 2016, our aggregate beer and CSD production capacity was 280.4 million hectoliters per year. In 2016, the total production at the facilities set forth below was equal to 159.7 million hectoliters.

The following is a list of our principal production facilities as of December 31, 2016:

Latin America North	
Plant	Type of Plant
<b>Brazil</b>	
Agudos, São Paulo	Beer
Equatorial, Maranhão	Beer
Jacarei, São Paulo	Beer
Lages, Santa Catarina	Beer
Natal, Rio Grande do Norte	Beer
Guarulhos, São Paulo	Beer
Sete Lagoas, Minas Gerais	Beer
Uberlândia, Minas Gerais	Beer
Petrópolis, Rio de Janeiro	Beer
Ponta Grossa, Paraná	Beer
Wals/Belo Horizonte, Minas Gerais	Beer
Colorado/Ribeirão Preto, São Paulo	Beer
João Pessoa, Paraíba	Beer
Águas Claras, Sergipe	Mixed
Aquiraz, Ceará	Mixed
Camaçari, Bahia	Mixed
Cebrasa, Goiás	Mixed
Cuiabá, Mato Grosso	Mixed
Jaguariéna, São Paulo	Mixed
Cachoeiras de Macacu, Rio de Janeiro	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
<b>CAC</b>	
Ambev Centroamerica, Guatemala	Beer
Santo Domingo, Dominican Republic	Beer
Hato Nuevo, Dominican Republic	Soft drinks
Saint Vincent	Mixed
Dominica	Mixed
Cuba	Beer
Barbados	Mixed
Panama	Mixed

### Latin America South

Plant	Type of Plant
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
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
Mill Street	Beer
Turning Point	Beer
Archibald	Beer
Alexander Keith	Beer