



*Anheuser-Busch*

## **FREQUENTLY ASKED QUESTIONS**

*What You Should Know About the Anheuser-Busch Distributor Sale in Owensboro*

### ***Issue Summary***

Anheuser-Busch has entered into an agreement to purchase its independent distributor in Owensboro (Budweiser of Owensboro) from its current owner, Hand Family Companies. This is a private transaction between a willing seller and a willing buyer. Legal precedent allowing Anheuser-Busch to operate as a distributor was clearly established long ago and reaffirmed in 1978 when Anheuser-Busch purchased its distributor in Louisville.

### **QUESTION: Why is Anheuser-Busch purchasing its Owensboro distributor?**

*ANSWER: Given the significant investment we have made in our brands, we should have a say in how our products are delivered to customers. In that regard, we share the same commitment to ensuring brand quality throughout the distribution chain as any other manufacturer or distributor would. Our experience in Louisville bears that out.*

### **QUESTION: How many of its own distributors does Anheuser-Busch currently own and operate?**

*ANSWER: Of the nearly 500 independent Anheuser-Busch distributors across the country, Anheuser-Busch owns and operates only 17. Since 2008, there have been 72 transactions. Of those, we have only purchased six nationwide. In all instances, they were willing sellers. At the same time, since 2008, we've sold a distributor and divested partial ownership interests in four other distributors.*

### **QUESTION: What has been the experience in Louisville where Anheuser-Busch has operated as a licensed distributor since 1978?**

*ANSWER: Anheuser-Busch has operated as a licensed distributor in Louisville for almost four decades. During that time, we have been a valued member of the community, both as an employer and supporter of local events and organizations. In fact, we employ more than 165 Kentuckians, have a payroll of \$9.3 million, and pay \$10.7 million annually in total Kentucky tax dollars. Anheuser-Busch also invests heavily in local events and sponsorships in Louisville, including the Kentucky Derby, University of Louisville Athletics, Kentucky State Fair and the Yum! Center, among others. These local sponsorships represent an average investment of \$1.17 million annually. During the time that Anheuser-Busch has operated as a Louisville distributor, there has been an explosion of craft brands available in Louisville and throughout the state.*

### **QUESTION: Does state law allow for Anheuser-Busch to own and operate its own distributor?**

*ANSWER: Yes. Kentucky law has been well established for nearly 60 years that a brewer may hold a distributor's license. In 1978, the Kentucky Court of Appeals reaffirmed this fact by striking down a regulation enacted by the Kentucky Alcoholic Beverage Control Board that attempted to prevent Anheuser-Busch from purchasing its distributorship in Louisville.*

**QUESTION: Does Anheuser-Busch owning its Owensboro distributor honor the three-tier system?**

*ANSWER: Anheuser-Busch supports Kentucky's three-tier distribution system, and this transaction will do nothing to jeopardize it. We will continue to have nine independent distributors in Kentucky. As a licensed distributor, Anheuser-Busch follows the same rules and acts in accordance with local, state and federal regulations as any other distributor would. We have done so successfully in Louisville for nearly 40 years. We will operate Budweiser of Owensboro in the same responsible way we have operated in Louisville.*

**QUESTION: Will Owensboro consumers still be able to get their favorite brands?**

*ANSWER: Owensboro beer lovers will still be able to enjoy their favorite brands. In fact, there have never been more choices for beer consumers – including those in Kentucky. According to the Brewers Association, at the end of 2012, there were 2,336 U.S. breweries, the most since the 1880s. There are significantly more brewers in Kentucky now compared to when Anheuser-Busch purchased its Louisville distributor nearly 40 years ago. Many craft brands are actually doing better in Louisville compared to other parts of the state, based on state-specific data from IRI. Anheuser-Busch's operation as a distributor in Louisville has done nothing to slow down the state's booming craft beer market.*

**QUESTION: Does Anheuser-Busch ownership of wholesale distributors negatively impact craft brewers?**

*ANSWER: There have never been more choices for beer consumers – including those in Kentucky. According to the Brewers Association, at the end of 2012, there were 2,336 U.S. breweries, the most since the 1880s. There are significantly more brewers in Kentucky now compared to when Anheuser-Busch purchased its Louisville distributor nearly 40 years ago. Small and local brewers have recently enjoyed record growth throughout Kentucky, including Louisville, where Anheuser-Busch operates a distributorship.*

**QUESTION: What will the impact be on Budweiser of Owensboro in terms of operations and jobs?**

*ANSWER: We do not anticipate any substantial change to the operation. We employ more than 15,500 people in the U.S., including more than 165 Kentuckians at our distributor in Louisville. Anheuser-Busch has been operating as a licensed distributor in Kentucky since 1978 with a solid reputation as a good employer and corporate citizen. The same will be true in Owensboro.*

**QUESTION: Will this purchase have any impact on tax revenue at the local and/or state level?**

*ANSWER: In continuing to operate the Owensboro distributor, Anheuser-Busch will increase its contribution to the Kentucky economy. In 2013, Anheuser-Busch paid \$10.7 million in total KY tax dollars.*

**QUESTION: Why are other Kentucky distributors opposing the Owensboro sale?**

*ANSWER: Many Anheuser-Busch distributors in the state support this transaction. Yet, other distributors object to our decision to purchase Budweiser of Owensboro even though the purchase is in compliance with every law and regulation on the books because it's in their own self-interest. They fear competition in the middle tier. We strongly object to these maneuvers and simply want our transaction to be approved in a timely fashion, as it should be. Existing law clearly regulates how distributors can operate, regardless of who owns the business.*

**QUESTION: Who supports Anheuser-Busch's decision to purchase Budweiser of Owensboro?**

*ANSWER: First and foremost is the private owner/seller of Budweiser of Owensboro, Hand Family Companies. We are also pleased to have the support of many of our current Kentucky distributors, along with some of the state's most prominent business organizations, including of the Owensboro Chamber of Commerce and Greater Louisville Inc. These are important recognitions from local leaders of the trust Anheuser-Busch has built as a committed corporate citizen in every community in which we operate.*