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Employee Benefits and Executive Compensation Alert

Anheuser-Busch Pension Plan to Pay Change in Control Severance Benefits

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The Anheuser-Busch Pension Plan has long included a provision for enhanced pension benefits for any participant "whose employment with the Control Group is involuntarily terminated within three years after [a] Change in Control". Similar provisions were added to many large pension plans in the 1990s when such plans were significantly overfunded, as a way to use the funding surplus to pay the functional equivalent of severance benefits. In 2008, Anheuser-Busch ("AB") merged with InBev, a transaction that AB/InBev agrees was a "Change in Control" under the pension plan. Shortly thereafter, AB/InBev divested several businesses, including Busch Entertainment Corporation ("BEC"), a subsidiary that operated SeaWorld, which was sold to a private equity fund. The employees of BEC did not lose their jobs as a result of the transaction, but their employer did have a new owner and was therefore no longer part of the AB/InBev Control Group.