English Translation Originally Issued in Japanese

Asahi Breweries, Ltd.

(Ticker Code: 2502)

March 5, 2007

Dear Shareholders;

NOTICE OF THE 83rd ANNUAL SHAREHOLDERS' MEETING

You are cordially invited to attend the Annual Shareholders' Meeting of Asahi Breweries, Ltd. (the "Company"), which will be held as described below.
Upon attending the Meeting, please submit the enclosed voting form to the receptionist at the place of the Meeting.

If you are unable to attend the meeting in person, you may exercise your voting right either via postal mail or via Internet. Please review the attached Reference Materials for Shareholders' Meeting as described on pages 64 to 98 and exercise your voting right no later than 5:30 p.m., Monday, March 26, 2007 (Tokyo time).

Voting via Postal Mail

Please indicate your consent/dissent on the items shown on the enclosed voting form, and return the form to us by the deadline noted above.

Voting via Internet

After accessing our voting site at <http://www.webdk.net>, enter the voting code and password that are provided on the enclosed voting form. Following the instructions on your screen, enter your consent/dissent on the items to be voted on by the deadline noted above. (This site is also available through Internet via cellular phone.)
When you exercise your voting right via Internet, please review the "Reminders to Shareholders for Online Voting" on pages 99 to 100.
**** Please note that the online voting site is only available in the Japanese language.***

Sincerely,

Hitoshi Ogita, President and Representative Director
Asahi Breweries, Ltd.
(Registered Head Office)
7-1, Kyobashi 3-chome, Chuo-ku, Tokyo
(Head Office)
23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

1. DATE AND HOUR

March 27 (Tuesday), 2007 at 1:00 p.m. (Tokyo time)

2. PLACE

Banquet Room "Tsuru"
The Main Banquet Floor of Hotel New Otani
4-1 Kioi-cho, Chiyoda-ku, Tokyo

3. MATTERS CONSTITUTING THE PURPOSE OF THE MEETING

Items to be Reported:

Item 1: Business Report and the Statutory Report for the 83rd term from January 1, 2006 to December 31, 2006

Item 2: The Consolidated Statutory Report and the report of the audit of the consolidated accounts by the Independent Auditor and the Board of Statutory Auditors for the 83rd term from January 1, 2006 to December 31, 2006.

Items to be Resolved:

Item 1: Appropriation of retained earnings for the 83 rd term

Item 2: Directors' and Statutory Auditors' bonuses

Item 3: Amendments of the Articles of Incorporation

Item 4: Election of eleven (11) Directors

Item 5: Election of three (3) Statutory Auditors

Item 6: Payments of Retirement Bonuses to Retiring Directors and Retiring Statutory Auditor, and Final Payments Marking the Termination of the System of Retirement Bonuses for Directors and Statutory Auditors

Item 7: Revision of Amount of Remuneration for Directors and Statutory Auditors

Item 8: Introduction of a Plan against Large-Scale Purchases of the Shares in the Company (a framework of takeover defense measures)

BUSINESS REPORT

From January 1, 2006 to December 31, 2006

1. Overview of Operations for Asahi Breweries Group

(1) Business Progress and Results

The Japanese economy maintained a gradual recovery during 2006. Although high oil prices, an economic slowdown in the United States and other factors provided some cause for concern, the creation of a virtuous cycle helped to spur domestic demand. The major growth drivers were higher levels of capital investment stemming from improved corporate earnings and an increase in consumer spending caused by a boost to employment income.

The alcoholic beverages industry faced a harsh external environment due to a variety of factors, notably the enactment of the revised Liquor Tax Law in May 2006 and unseasonable weather during the peak consumption season. The beer and *happoshu* (low-malt beer) markets both recorded sluggish demand, although the new genre market for no-malt beer-flavored beverages expanded by about 20%. The overall market for beer-type beverages shrank by about 1% on a taxable shipment volume basis. Elsewhere, the markets for *Otsu*-type *shochu* (Japanese distilled liquor), low-alcohol (ready-to-drink) beverages and wine all displayed expansionary trends.

Unseasonable weather during the peak consumption season also affected the soft drinks industry, despite aggressive promotional campaigns by makers. It is estimated that the total sales volumes across the industry fell by approximately 1% compared with the previous year.

In the above-mentioned situation, the Company and its consolidated subsidiaries and affiliates (collectively, the "Asahi Breweries Group" or the "Group") made endeavors to transform itself into a new Asahi Breweries Group with abundant growth potential through changes in "business structure," "profit structure" and "organizational construction" based on its "Second Medium-Term Management Plan" covering fiscal 2004 to 2006.

These circumstances resulted in the Asahi Breweries Group's net sales to increase by 1.1% year-on-year to ¥1,446,385 million. Operating income declined by 1.7% to ¥88,713 million, and recurring income declined by 1.5% to ¥90,109 million. Thanks to a significant reduction in extraordinary losses, however, net income increased by 12.3% to ¥44,775 million, which marked a record high.

	Asahi Breweries Group (Consolidated)	Asahi Breweries, Ltd. (Non-consolidated)
Net sales	¥1,446,385 million (1.1% increase, year on year)	¥1,031,060 million (2.2% decrease, year on year)
Operating income	¥88,713 million (1.7% decrease, year on year)	¥78,596 million (0.1% increase, year on year)
Recurring income	¥90,109 million (1.5% decrease, year on year)	¥76,307 million (0.8% decrease, year on year)
Net income	¥44,775 million (12.3% increase, year on year)	¥38,902 million (9.6% increase, year on year)

The following provides an overview of the Group's operations by business segments.

Alcoholic Beverages Segment

Keeping in mind that the fiscal year 2006 as the final year of the "Second Medium-Term Management Plan," the Group focused its management resources on domestic alcoholic beverage operations with the aim of generating growth in its core beer and beer-type beverage markets to promote the reconstruction of a growth platform for the entire business of the Group.

- ***Beers and Beer-type Products Business***

In the beer sector, the Company pursued initiatives to promote the freshness of the Asahi Super Dry flagship brand and upgraded activities targeting commercial customers to promote the flavor of its keg draft beer. The Company launched "Asahi Prime Time" in June. Successfully expanding its efforts in the fast-growing market for premium beers, the Company achieved a record-high market share.

In the *happoshu* (low-malt beer) sector, the Company updated in February the quality of all the three extant product lines sold under the "Honnama" brand name as part of its overall efforts to strengthen this brand through the development of coordinated consumer and advertising campaigns. In November the Company introduced "Asahi Zeitaku Biyori," a new type of *happoshu* offering a taste of everyday luxury appealing to the quality-seeking adult consumers.

In the new genre sector, the Company focused on catering to diverse consumer preferences through an aggressive new product introduction program. In May the Company launched "Asahi Gubinama," characterized as an easy-to-drink no-malt beer lightening bitter taste. In October the Company followed this up with the introduction of "Asahi Gokuuma," promoted as a no-malt beer offering an unprecedented and highly refreshing taste.

- Shochu, Low-Alcohol Beverages, Whisky and other Spirits, and Wine Business

In the *shochu* sector, the Company channeled its resources into the four leading brands "Kanoka," "Satsuma Tsukasa," "Daigoro" and "SAZAN." In particular, the Company sought to provide consumers of "Satsuma Tsukasa" with novel fresh-tasting alternatives through the launch of brand extensions "Satsuma Tsukasa Kurokoji Shikomi" and "Satsuma Tsukasa Kikoji Shikomi" made with different types of malt.

In the low-alcohol beverages sector, the Company sought to boost sales through attractive products, focusing its efforts primarily on the core brands "Asahi Cocktail Partner" and "Asahi Shunka Shibori." Elsewhere in the sector, the Company attempted to create innovative value and stimulate demand through the introduction of new products such as "Asahi Honchuhai."

In the whisky and other spirits sector, the Company worked on strengthening its core brands such as "Taketsuru Pure Malt" and "Black Nikka Clear Blend." At the same time, the Company implemented aggressive promotional campaigns for "Single Cask Yoichi" and "Tsuru 17 Years," a product that underwent renewal during the year.

Marketing efforts with domestically produced wine focused on promotional campaigns for the "Sankaboshizai-Mutenka-Yuki Wine" (antioxidant-free organic wine) and "Sankaboshizai-Mutenka Wine Monogatari" brands. The Company also worked on developing the "Sainte Neige" brand through the launch of "Sainte Neige Excellente" and other initiatives. In imported wines business, the Company focused on boosting domestic sales through a variety of product lineup including the "Baron Philippe" and "Gancia" labels.

- International Alcoholic Beverages Business

The Company's international business expansion efforts in alcoholic beverages sector primarily target Asia, particularly the ever-expanding Chinese market. Asahi Breweries Group companies operating in China recorded steady growth in sales on a volume basis during 2006. Aggressive market development efforts in ASEAN countries also helped the Group boost its competitiveness within Asia, leading to a substantial growth in sales. In Europe, the Company upgraded its efforts to develop its regional business base. The Company concluded a license agreement with a UK brewer for manufacturing and distribution of "Asahi Super Dry," whereby the Company began full-scale promotion for supply of keg draft beer to commercial customers in the UK market.

In spite of all the efforts described above, sales of the Group's alcoholic beverages operations declined by 1.7% year-on-year to ¥1,007,557 million, impacted by the slumping market for beers and beer-type products in the Japanese market.

Soft Drinks Segment

- Domestic Soft Drinks Business

In domestic soft drinks business, Asahi Soft Drinks Co., Ltd. pursued a growth strategy while implementing further structural reforms with the aim of creating a sound base for the next stage of expansion.

Its Efforts focused on strengthening and expanding sales of the key brands that lie at the heart of its growth strategy, namely "WONDA," "Mitsuya Cider" and "Asahi Juroku-Cha." Other campaigns focused on cultivating the brands "Asahi Wakamusha," "Asahi Super H_2O" and "Vanadium-Tennensui." Asahi Soft Drinks also launched a number of new products targeting specific consumer needs, including "Asahi Juroku-Cha with Meals," a product that has been approved as a Food for Specified Health Uses (*tokutei hoken-yo shokuhin*), "Asahi Sansosui" and "Asahi Gyugyutto Shimikomu Collagen Water" (a collagen-enhanced mineral water).

In this segment, structural reforms targeted earnings structure improvements, including a new initiative to create optimized production and logistics systems via enhanced intra-Group cooperation, with the primary aims to reduce manufacturing costs and to boost the cost efficiency of vending machine operations.

In chilled beverages sector, the year was positioned as one for consolidating the business bases ahead of fresh expansion of LB Co., Ltd. (Saitama) and LB Co., Ltd. (Nagoya), two companies that had become consolidated subsidiaries of the Company during 2005.

- International Soft Drinks Business

The Group's international soft drinks business expansion efforts in soft drinks revolve around Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. in China and Haitai Beverage Co., Ltd. in South Korea. In 2006, sales grew briskly, particularly in the Chinese market, led by tea-based drinks and mineral waters, accompanied by significant gains in terms of increased productivity and profitability

As a result of these operations, net sales of soft drinks segment rose 6.0% from the previous year to ¥283,121 million.

Foods and Pharmaceuticals Segment

In the foods and pharmaceuticals segment, Asahi Food & Healthcare, Ltd., one of subsidiaries of the Company, sought to expand operations and reinforce its business base by continuing to follow a basic strategy targeting growth, structural reforms and the maintenance of high levels of product safety.

Sales expansion efforts were focused on its four mainstay products “Mintia” (breath mints), “Balance Up” (a nutritionally balanced snack bar), “EBIOS” (a quasi-drug made from brewer’s yeast) and “Actio” (a nutritional supplement). It also worked on creating brands in new product categories with the introduction of “Slim Up Slim,” a health food for use in calorie-controlled dieting. Thanks to successful launch of other new products and expanded sales in its direct marketing business and food product materials business, including brewer’s yeast and freeze-dried ingredients, the Group achieved a steady increase in sales and improved the profitability of operations.

Aiming to achieve more dramatic growth in its foods and pharmaceuticals business by creating an additional platform for future expansion, the Company successfully acquired majority stake in Wakodo Co., Ltd., a leading baby foods maker, by a tender offer in May 2006. The Company also included Sanwell Co., Ltd., a health foods company, into its consolidated subsidiary in the year under review.

Reflecting the above-mentioned efforts and consolidation of the said companies, net sales generated by foods and pharmaceuticals segment amounted to ¥53,791 million, an increase of 112.7% compared with the previous year.

Other Businesses Segment

In other businesses segment, the logistics business saw a boost in profitability through the merger and reorganization of logistics companies within the Group, while the rationalization of the real estate business and wholesaling business resulted in lower sales. Overall, net sales in these businesses declined 9.2% in year-on-year terms to ¥101,914 million.

Asahi Breweries Group Breakdown of Net Sales (Consolidated)

(Million yen)

Segment	83rd Term 2006 (Under review)	82nd Term 2005 (Previous)	Change in Amount	Change in Percentage
Alcoholic Beverages	¥1,007,557	¥1,025,446	(17,888)	(1.7)%
Soft Drinks	283,121	267,002	16,119	6.0
Foods and Pharmaceuticals	53,791	25,286	28,505	112.7
Other Businesses	101,914	112,291	(10,377)	(9.2)
Total	1,446,385	1,430,026	16,358	1.1

Note: The above figures exclude intra-Group sales.

Asahi Breweries, Ltd. **Breakdown of Net Sales (Non-consolidated)** (Million yen)

Business Area	83rd Term 2006 (Under review)	82nd Term 2005 (Previous)	Change in Amount	Change in Percentage
Beers and Beer-Type Products	¥893,893	¥919,471	(25,578)	(2.8)%
(Beer)	718,169	726,226	(8,056)	(1.1)
(*Happoshu*)	108,561	147,387	(38,825)	(26.3)
(New genre)	67,162	45,858	21,303	46.5
Shochu	57,177	55,087	2,089	3.8
Low-Alcohol Beverages	32,741	32,690	50	0.2
Whisky and Other Spirits	27,436	28,219	(783)	(2.8)
Wine	15,064	14,433	630	4.4
Other Alcoholic Beverages	2,896	2,921	(25)	(0.9)
Real Estate	1,852	1,336	515	38.6
Total	1,031,060	1,054,161	(23,100)	(2.2)

(2) Management Perspectives

The Asahi Breweries Group has formulated the “Third Medium-Term Management Plan” to guide the establishment of a new growth trajectory for the Group during the three-year period starting in fiscal 2007.

The “Third Medium-Term Management Plan” features a new long-term business vision that further clarifies the focal areas and the concepts for improving the corporate value. The vision also spells out the Group’s objective to become a leading company with high growth potential by continuously offering lifelong enjoyment and satisfaction to customers, among others, in Asia, in the business domain of “food and health.”

In order to achieve the goals of this long-term vision, the entire Group is committed in its efforts to establish a new growth path and improve the corporate brand by strengthening the Asahi brand while pursuing self-sustaining collaborations and synergy effects with the diversified brands within the Group, based on enhanced manufacturing competitiveness.

The business strategy of the “Third Medium-Term Management Plan” focuses on efforts to realize stable and long-term generation of cash flow through improvement of the base of the Asahi brand in the alcoholic beverages business, with “Super Dry” at its core, and put this business back to the growth path. We aim to re-establish a new growth path for the Group by pursuing synergy effects with new business bases acquired by M&A transactions and continuous active business investments, as well as by further growth of existing member companies of the Group.

The Domestic Alcoholic Beverages Business

In the alcoholic beverages business, which is the core one as well as the greatest strength of the Group, the Company will go back to the starting point of pursuing customer satisfaction in order to reestablish the growth path of its business through redevelopment of the Asahi brand and its entire business activities as a whole.

In the beer and beer-type beverages sector, the Company will give top priority to activities to appeal the brand value, from the customers' perspective, of our flagship brand "Asahi Super Dry," which is celebrating its 20^{th} anniversary this year (2007). Furthermore, in the *happoshu* (low-malt beer) and new genre sectors, the Company will deploy product strategy, which shall depict the value of the products are offering to customers, to win concrete customer loyalty in the beer and beer-type beverages market.

In the categories of *shochu*, low-alcohol beverages, whisky and other spirits and wine, given the ever-diversifying customer requirements, the Company aims to achieve further growth as well as improvements in profitability by nurturing leading brands, with unique values and strong points, in each category and genre.

Group Operations

In the soft drinks business, which is the second pillar of the Group's operations, Asahi Soft Drinks Co., Ltd., one of the core members of the Group, plans to continue pursuing a growth strategy focusing on strengthening core brands while at the same time implementing structural reforms such as the establishment of optimized production and logistics systems. In addition, following the full-scale entry into the chilled beverages business through LB Co., Ltd. (Saitama) and LB Co., Ltd. (Nagoya), the Group plans to exploit synergies within the Group in order to reinforce the overall manufacturing and sales base.

In the foods and pharmaceuticals business, the Company will work towards improving the value of its existing brands based on a three-company structure made up of Asahi Food and Healthcare, Ltd. and newly joined Wakodo Co., Ltd. and Sanwell Co., Ltd. Further, the Company aims to establish a growth path for this business by offering high value-added products for a wide range of age groups, utilizing the materials developed and accumulated over the years across the entire Group.

In international beverage operations, the Company remains to focus mainly on Asia. Leveraging its expertise in manufacturing alcoholic beverages and soft drinks, the Company plans to create a robust business platform and increase profitability by pursuing the growth of local brands alongside the development of the Asahi brand, particularly across the Asian region. The Company is also seeking opportunities of new business investments and business alliances with the aim of becoming a leading "food and health" company in that region.

Through the "Third Medium-Term Management Plan," the Company will endeavor to establish a solid growth trajectory for each business in the Asahi Breweries Group. At the same time, the Company aims to boost the overall corporate value of the Group through the pursuit of optimal financial and cash flow strategies. The Company intends to prioritize any investments that will enhance the growth of the business base, and to consider strategic acquisitions or alliances within the "food and health" sector, both in Japan and abroad. With the aim of creating additional corporate value, the Company intends to follow a flexible cash flow strategy to boost shareholder returns by optimizing mixture of dividends and purchase of treasury stock and thereby enhancing capital efficiency.

As the Company pursues these goals, shareholders' continuing guidance and support is cordially requested.

(3) Capital Investment Activities

Consolidated capital expenditures in the year under review totaled ¥36,893 million, of which the majority represented investments in upgrades to existing facilities and energy conservation measures. Other specific major projects are outlined below:

Major capital investments and facility upgrades in process during 2006

Segment concerned: Alcoholic beverages and soft drinks operations

Item and expenditure: Manufacturing facility for soft drinks and low-alcohol beverages: ¥4,470 million (at Ibaraki Plant, Asahi Breweries, Ltd.: total projected capital investment of ¥22,500 million, with completion scheduled for May 2009)

(4) Financing Activities

Mainly to meet fund for redemption of corporate bonds matured during the year under review, on June 22, 2006, Asahi Breweries, Ltd. launched two unsecured bonds, #26 (¥15 billion, 4-year maturity) and #27 (¥10 billion, 6-year maturity).

(5) Status of Principal Lenders

(As of December 31, 2006)

Lender	Outstanding Balance
	(Million yen)
Sumitomo Mitsui Banking Corporation	20,500
Mizuho Corporate Bank, Ltd.	15,500
The Dai-ichi Mutual Life Insurance Company	10,000
The Sumitomo Trust & Banking Co., Ltd.	10,000
The Norinchukin Bank	10,000
Fukoku Mutual Life Insurance Company	8,500
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,000
Sumitomo Life Insurance Company	6,000
Development Bank of Japan	3,625
Mitsubishi UFJ Trust and Banking Corporation	3,500

Note: UFJ Bank Ltd. merged into The Bank of Tokyo-Mitsubishi, Ltd. on January 1, 2006 and became The Bank of Tokyo-Mitsubishi UFJ, Ltd.

(6) Financial and Profit/Loss Indicators
A. Financial and Profit/Loss Indicators of Asahi Breweries Group (Consolidated)

	80th Term 2003	81st Term 2004	82nd Term 2005	83rd Term 2006 (Under review)
Net sales (million yen)	1,400,301	1,444,225	1,430,026	1,446,385
Recurring income (million yen)	70,480	95,650	91,459	90,109
Net income (million yen)	23,210	30,595	39,870	44,775
Earnings per share (yen)	46.80	62.52	82.22	94.02
Total assets (million yen)	1,244,409	1,250,818	1,218,226	1,288,501
Net assets (million yen)	398,152	417,827	454,891	509,774
Net assets per share (yen)	810.19	860.66	951.12	1,012.77

Notes:

1. Earnings per share is calculated based on the average total number of shares outstanding during the term. Net assets per share is calculated based on the total number of shares outstanding at term-end. The number of shares outstanding is exclusive of treasury stock.
2. Effective the 83rd term (FY2006), the Asahi Breweries Group adopted Corporate Accounting Standard No. 5 and Corporate Accounting Standard Implementation Guidelines No. 8 issued by the Accounting Standards Board of Japan, both of which relate to the balance-sheet presentation of net assets.

B. Financial and Profit/Loss Indicators of Asahi Breweries, Ltd. (Non-Consolidated)

	80th Term 2003	81st Term 2004	82nd Term 2005	83rd Term 2006 (Under review)
Net sales (million yen)	1,106,977	1,116,360	1,054,161	1,031,060
Recurring income (million yen)	62,838	88,659	76,905	76,307
Net income (million yen)	16,379	28,196	35,498	38,902
Earnings per share (yen)	33.11	57.80	73.41	81.69
Total assets (million yen)	1,077,786	1,038,319	981,151	1,014,878
Net assets (million yen)	386,407	403,763	433,689	449,270
Net assets per share (yen)	786.45	831.88	907.02	954.48

Notes:

1. Earnings per share is calculated based on the average total number of shares outstanding during the term. Net assets per share is calculated based on the total number of shares outstanding at term-end. The number of shares outstanding is exclusive of treasury stock.
2. Effective the 83rd term (FY2006), the Asahi Breweries Group adopted Corporate Accounting Standard No. 5 and Corporate Accounting Standard Implementation Guidelines No. 8 issued by the Accounting Standards Board of Japan, both of which relate to the balance-sheet presentation of net assets.

(7) Principal Subsidiaries

Company Name	Capital (Million yen)	Share Holdings (%)	Main Operations
Asahi Soft Drinks Co., Ltd.	11,081	51.2	Production and sales of soft drinks
Asahi Food & Healthcare, Ltd.	3,200	100.0	Production and sales of foods and pharmaceuticals
Wakodo Co., Ltd.	2,918	91.0	Production and sales of foods and pharmaceuticals
The Nikka Whisky Distilling Co., Ltd.	14,989	100.0	Production of alcoholic beverages
Sainte Neige Wine Co., Ltd.	125	100.0	Production and sales of alcoholic beverages
Asahi Beer Real Estate, Ltd.	200	100.0	Management of real estate
Asahi Logistics, Ltd.	80	100.0	Cargo transportation
Asahi Food Create, Ltd.	40	100.0	Operation of bars and restaurants
LB Co., Ltd. (Saitama)	487	67.9	Production and sales of soft drinks
LB Co., Ltd (Nagoya)	55	97.0	Production and sales of soft drinks
Beijing Beer Asahi Co., Ltd.	11,426 (802,208 thousand RMB)	47.0	Brewing and sales of beer
Hangzhou Xihu Beer Asahi Co., Ltd.	3,882 (276,000 thousand RMB)	55.0	Brewing and sales of beer
Yantai Beer Asahi Co., Ltd.	3,032 (218,804 thousand RMB)	53.0	Brewing and sales of beer
Haitai Beverage Co., Ltd.	9,460 (100,000 million KRW)	41.0	Production and sales of soft drinks
Asahi Beer U.S.A., Inc.	3,720 (US$32,000 thousand)	99.2	Sales of beer

Notes:

1. The percentage of shares held includes indirect shareholdings.
2. The Company conducted a tender offer for shares in Wakodo Co., Ltd. during the period of April 25, 2006 to May 15, 2006; thereby the Company acquired 91.0% of outstanding shares in Wakodo and made Wakodo a subsidiary of the Company as from the year under review.
3. The Nikka Whisky Distilling Co., Ltd. merged with Asahi-Kyowa Liquor Manufacturing Co., Ltd., formerly a subsidiary of Asahi Breweries, Ltd., effective as of January 1, 2006.
4. Asahi Beer Real Estate, Ltd. conducted an absorption-type demerger against the Company effective as of January 1, 2006; as a result of which, the stated capital of the former decreased to ¥200 million.
5. Following the reorganization and merger of logistics operations companies within the Asahi Breweries Group, Asahi Logistics Co., Ltd. and others merged into Asahi Logistics, Ltd. effective as of January 1, 2006.
6. The paid-in capital of Beijing Beer Asahi Co., Ltd. increased to ¥11,426 million (from ¥4,616 million at the previous year-end) by injections of fresh capital by the Company and Itochu Corporation. The percentage of shares held by the Company rose from 33.0% to 47.0% as a result.
7. The paid-in capital of Hangzhou Xihu Beer Asahi Co., Ltd. rose to ¥3,882 million (from ¥3,132 million at the previous year-end) by injections of fresh capital by Asahi Breweries Itochu (Holdings) Ltd., a holding company joint venture between the Company and Itochu Corporation (in which the Company holds 60.0% of the shares and Itochu Corp. the other 40.0%), and by Hangzhou Industrial Asset Management Co., Ltd.

(8) Acquisitions of shares, equity stakes and stock acquisition rights

In line with a resolution approved at the meeting of the Board of Directors on April 24, 2006, the Company conducted a tender offer for shares of common stock of Wakodo Co., and thereby acquired 5,403,631 shares in Wakodo. As a result of this acquisition, the Company gained 91.0% equity stake in Wakodo Co., Ltd., as a result of which, the firm, together with its three subsidiaries, became a consolidated subsidiary of the Company.

(9) Succession of rights and obligations by mergers or demergers involving other corporate entities

In line with a resolution approved at the meeting of the Board of Directors on August 29, 2005, the Company succeeded by way of absorption-type demerger, the business of real estate lease and its related operating assets and rights and obligations thereto from Asahi Beer Real Estate, Ltd., effective as of January 1, 2006.

(10) Principal Operations

(As of December 31, 2006)

The Group's principal operations and products are as listed below:

Principal Operations	Principal Products
Alcoholic Beverages	*Asahi Super Dry, Asahi Premium Draft Beer Jukusen, Asahi Prime Time, Asahi Honnama, Asahi Honnama Aqua Blue, Asahi Honnama Gold, Asahi Zeitaku Biyori, Asahi Shinnama 3, Asahi Gubinama, Asahi Gokuuma, Kanoka, Daigoro, Ichibanfuda, Satsuma Tsukasa, SAZAN, Asahi Shunka Shibori, Asahi Cocktail Partner, Taketsuru, Black Nikka Clear Blend, Single Malt Yoichi, Sainte Neige, Baron Philippe, Louis Latour, Caliterra, Gancia, ALMADEN*
Soft Drinks	*Mitsuya Cider, Wilkinson, Bireley's, WONDA, Asahi Juroku-Cha, Asahi Wakamusha, FAUCHON, Asahi Ikkyu-Chaba Oolong-Cha, Asahi Super* H_2O*, Asahi Vanadium-Tennensui*
Foods and Pharmaceuticals	*EBIOS, Actio, Slim Up Slim, Balance Up, Mintia, Haihai (baby milk), Gungun (baby milk), Retort Club (baby food), Gyunyuya-san no Kohii (coffee), Oshibori Wetty (wet tissues), Siccarol (baby skincare powder)*

(11) Offices and Breweries

(As of December 31, 2006)

Asahi Breweries, Ltd.	Registered Head Office	7-1, Kyobashi 3-chome, Chuo-ku, Tokyo
	Head Office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
	Regional Sales Offices	Hokkaido Branch (Sapporo), Tohoku Regional Headquarters (Sendai), Shutoken Regional Headquarters (Chuo-ku, Tokyo), Kanshin-etsu Regional Headquarters (Chuo-ku, Tokyo), Chubu Regional Headquarters (Nagoya), Hokuriku Regional Headquarters (Kanazawa), Kinkiken Regional Headquarters (Osaka), Chugoku Regional Headquarters (Hiroshima), Shikoku Regional Headquarters (Takamatsu), Kyushu Regional Headquarters (Fukuoka)
	Production Facilities	Hokkaido Brewery (Sapporo), Fukushima Brewery (Motomiya-machi, Adachi-gun, Fukushima Prefecture), Ibaraki Brewery (Moriya, Ibaraki Prefecture), Kanagawa Brewery (Minami-ashigara, Kanagawa Prefecture), Nagoya Brewery (Nagoya), Suita Brewery (Suita, Osaka Prefecture), Nishinomiya Brewery (Nishinomiya, Hyogo Prefecture), Shikoku Brewery (Saijo, Ehime Prefecture), Hakata Brewery (Fukuoka)
	Laboratories	Fundamental Research Technology Laboratory, Development Laboratory for New Business, Engineering & Technology Development Laboratory, Brewing Research & Development Laboratory, Analytical Technology Laboratory, Packaging Research & Development Laboratory (all in Moriya, Ibaraki Prefecture)
	Overseas Offices	North America Office (U.S.A.), Europe Branch (U.K.) International Headquarters for China (China)

Subsidiaries	Domestic	Asahi Soft Drinks Co., Ltd. Headquarters: Sumida-ku, Tokyo Sales offices: Shutoken Branch Office (Chuo-ku, Tokyo), Kinkiken Branch Office (Osaka), and nine others Production facilities: Kashiwa (Kashiwa, Chiba Prefecture), Mt. Fuji (Fujinomiya, Shizuoka Prefecture), Hokuriku (Nyuzen-machi, Shimoniikawa-gun, Toyama Prefecture), Akashi (Akashi, Hyogo Prefecture)
		Asahi Food & Healthcare, Ltd. Headquarters: Sumida-ku, Tokyo
		Wakodo Co., Ltd. Headquarters: Chiyoda-ku, Tokyo
		The Nikka Whisky Distilling Co., Ltd. Headquarters: Minato-ku, Tokyo
		Sainte Neige Wine Co., Ltd. Headquarters: Yamanashi, Yamanashi Prefecture
	Overseas	Beijing Beer Asahi Co., Ltd. (China), Hangzhou Xihu Beer Asahi Co., Ltd. (China), Yantai Beer Asahi Co., Ltd. (China), Haitai Beverage Co., Ltd. (Korea), Asahi Beer U.S.A., Inc. (U.S.A.)

Note: The address of Fukushima Brewery of the Company changed to Motomiya, Fukushima Prefecture as of January 1, 2007 due to a municipal merger.

(12) Employees

(As of December 31, 2006)

A. Employees of the Asahi Breweries Group (Consolidated)

Business Segment	Number of Employees
Alcoholic Beverages	7,297 (up 103)
Soft Drinks	4,110 (down 116)
Foods and Pharmaceuticals	959 (up 589)
Other Businesses	2,914 (down 174)
Total	15,280 (up 402)

Notes: Figures in parentheses represent increase or decrease over the end of the previous term.

B. Employees of Asahi Breweries, Ltd. (Non-Consolidated)

Full-time employees	Average Age	Average Years of Service	Average annual compensation
3,672 (up 65)	40.7	14.1	¥8,604,547

Notes:

1. Figures in parentheses represent increase or decrease over the previous term.
2. Full-time employees include 156 persons seconded to the Company from other companies.
3. In addition to the employees described above, the Company employs 122 persons on a term contract basis.

(13) Overview of other significant Asahi Breweries Group activities

Research and Development

R&D operations were principally involved in the development of new products and technologies to reinforce the Group's existing businesses and to foster new business development. Notable R&D achievements in the year under review are outlined below:

- The Company achieved a world first technology with a commercial viability for the aqueous culture of fermentation yeasts, which play a key role in the manufacture of *shochu*. The Company has submitted patent applications relating to this technology in Japan and also overseas. The Japan Society for Bioscience, Biotechnology and Agrochemistry (JSBBA) and The Society for Biotechnology, Japan have both published these results;
- The Company's research has demonstrated that polyphenols derived from apples can reduce intra-abdominal fat and also lower the levels of fats circulating in the blood. These results have been published by the JSBBA. The Company has developed apple polyphenol as an original functional ingredient and plans to use it in health food products under the brand name "Apple Phenon"; and
- The Company has jointly developed technology to enable production of biomass-ethanol from high-grade biomass sugar cane with the National Agricultural Research Center (Kyushu Okinawa Region), an independent administrative agency, and its verification tests were commenced in 2006 on the island of Iejima in Okinawa Prefecture. The potential social significance of this research was widely reported in the mass media.

Corporate Social Responsibility ("CSR")

Under the heading of adopting "proactive measures to enhance the corporate value," the Asahi Breweries Group has identified six priority areas for the Group's CSR activities, namely, "pursuit of quality," "compliance with laws and ethical standards," "environmental conservation," "appropriate information disclosure," "living in harmony with local communities" and "educational activities to encourage responsible drinking in moderation." The Group's CSR Committee is overseeing initiatives in each of these areas. In the field of environment education as part of its environment conservation activities, the Group invited high school students in Shikokoku area to the "School for development of gallant young warriors to protect Japanese environment" in cooperation with the local community. The Group has been particularly active in campaigns to encourage responsible drinking and to highlight the social blight caused by drink driving. Related activities are outlined below:

- Accepting the social responsibilities incumbent on a company that produces alcoholic beverages, the Asahi Breweries Group conducted educational campaigns to encourage Group employees to take a lead in setting standards for responsible drinking. We have also adopted and abided by internal standards in this area that are stricter than the industry's voluntary code;
- We implemented a variety of measures aimed at curbing drink driving. We distributed posters to bars and restaurants to warn customers of the dangers of this anti-social behavior and prevent them from drink driving. We also conducted a series of campaigns for warnings and alerts through various advertising and promotional media including TV and newspapers.
- We participated in the activities of the "Project of Stop Underage Drinking!" organized by the beer industry. We also went on providing financial support to various organizations and individuals involved in underage drinking prevention initiatives and related research through our originally organized "Fund for the Prevention of Underage Drinking."

2. Overview of the Company

(1) Shares Outstanding

(As of December 31, 2006)

A. Total number of authorized shares 972,305,309

B. Number of shares issued 483,585,862

(decreased by 10,000,000 from the end of the previous term)

Note: The decrease in shares issued above is attributable to retirement of 10,000,000 shares in treasury stock on December 1, 2006.

C. Number of shareholders 113,843

(decreased by 3,233 from the end of the previous term)

D. Major shareholders

	Shareholders' Investment in the Company	
	Number of Shares held (In hundreds)	Percentage of Shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	239,372	4.9
Asahi Kasei Corporation	187,853	3.9
Japan Trustee Services Bank, Ltd. (Trust Account)	182,544	3.8
The Dai-ichi Mutual Life Insurance Company	179,200	3.7
Fukoku Mutual Life Insurance Company	168,830	3.5
Nomura Securities Co., Ltd.	92,087	1.9
Sumitomo Mitsui Banking Corporation	90,280	1.9
The Sumitomo Trust & Banking Co., Ltd	81,260	1.7
State Street Bank and Trust Company 505103	74,921	1.5
Investor's Bank West Pension Fund Clients	72,681	1.5
Total	1,369,029	28.3

Note: Treasury stock of 128,884 hundred shares is excluded from the above list of major shareholders.

(2) Status of share purchase warrants, etc.

A. Share purchase warrants held by Directors and Statutory Auditors of the Company, granted as part of consideration for execution of their duties

(As of December 31, 2006)

1) Stock option system based on acquisition of treasury stock, adopted by resolution of the Board of Directors at its meeting of March 30, 2000.

- Class and number of shares subject to the warrants:
  Common shares: 26,000 shares
- Payment due upon exercise of the warrants:
  ¥1,115 per share
- Exercise period:
  From January 1, 2005 to March 29, 2010
- Conditions for exercise of the warrants:
  The warrants are exercisable even after resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  The warrants are extinguished when holders are dismissed for certain special reasons.
  Any assignment or pledging of the warrants are prohibited.
- Situation of holdings of the share purchase warrants by Directors and Statutory Auditors

Type of Grantee	Number of shares subject to share purchase warrants apply	Number of holders
Directors (except Outside Directors)	16,000 shares	7
Outside Directors	4,000	2
Statutory Auditors	6,000	2

2) Stock option system based on acquisition of treasury shares, adopted by resolution of the Board of Directors at its meeting of March 29, 2001.

- Class and number of shares subject to the warrants:
  Common shares: 116,000 shares
- Payment due upon exercise of the warrants:
  ¥1,185 per share
- Exercise period:
  From January 1, 2005 to March 28, 2011
- Conditions for exercise of the warrants:
  The warrants are exercisable even after resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  The warrants are extinguished when holders are dismissed for certain special

reasons.
Any assignment or pledging of the warrants are prohibited.

- Situation of holdings of the share purchase warrants by Directors and Statutory Auditors

Type of Grantee	Number of shares subject to share purchase warrants apply	Number of holders
Directors (except Outside Directors)	72,000 shares	8
Outside Directors	16,000	2
Statutory Auditors	28,000	2

3) Stock option system based on subscription rights, adopted by resolution of the Board of Directors at its meeting of March 28, 2002

- Class and number of shares subject to the subscription rights:
  Common shares: 205,000 shares
- Payment due upon exercise of the subscription rights:
  ¥1,090 per share
- Exercise period:
  From January 1, 2005 to March 27, 2012
- Conditions for exercise of the subscription rights:
  The rights are exercisable even after resignation of Directors or Statutory Auditors, as the case may be.
  The rights may be passed on to heirs.
  The rights are extinguished when holders are dismissed for certain special reasons.
  Any assignment or pledging of the rights are prohibited.
- Situation of holdings of the share purchase warrants by Directors and Statutory Auditors

Type of Grantee	Number of shares subject to subscription rights	Number of holders
Directors (except Outside Directors)	130,000 shares	9
Outside Directors	30,000	3
Statutory Auditors	45,000	2

4) The First Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 28, 2003.

- Number of the share purchase warrants:
  160
- Class and number of shares subject to the share purchase warrants:
  Common shares: 160,000 shares

- Payment due upon exercise of the share purchase warrants:
  ¥830 per share
- Exercise period:
  From March 28, 2005 to March 27, 2013
- Conditions for exercise of the share purchase warrants:
  The rights are exercisable even after resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  The warrants are extinguished when holders are dismissed for certain special reasons.
  Any assignment or pledging of the warrants are prohibited.
- Situation of holdings of the share purchase warrants by Directors and Statutory Auditors

Type of Grantee	Number of share purchase warrants	Number of shares subject to share purchase warrants	Number of holders
Directors (except Outside Directors)	88	88,000 shares	7
Outside Directors	30	30,000	3
Statutory Auditors	42	42,000	4

5) The Second Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 30, 2004.

- Number of the share purchase warrants:
  2,100
- Class and number of shares subject to the share purchase warrants:
  Common shares: 210,000 shares
- Payment due upon exercise of the share purchase warrants:
  ¥1,205 per share
- Exercise period:
  From March 30, 2006 to March 29, 2014
- Conditions for the exercise of the share purchase warrants:
  The warrants are exercisable even after resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  The warrants are extinguished when holders are dismissed for special reasons.
  Assignment and pledging of warrants are prohibited.
- Situation of holdings of the share purchase warrants by Directors and Statutory Auditors

Type of Grantee	Number of share purchase warrants	Number of shares subject to share purchase warrants	Number of holders
Directors (except Outside Directors)	1,400	140,000 shares	8
Outside Directors	300	30,000	3

Statutory Auditors	400	40,000	4

6) The Third Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 30, 2005.

- Number of the share purchase warrants:
  2,250
- Class and number of shares subject to the share purchase warrants:
  Common shares: 225,000 shares
- Payment due upon exercise of the share purchase warrants:
  ¥1,374 per share
- Exercise period:
  From March 30, 2007 to March 29, 2015
- Conditions for exercise of the share purchase warrants:
  The warrants are exercisable even after resignation of Directors or Statutory Auditors, as the case may be.
  The warrants may be passed on to heirs.
  Any assignment or transfer of the share purchase warrants is subject to approval of the Board of Directors.
- Situation of holdings of the share purchase warrants by Directors and Statutory Auditors

Type of Grantee	Number of share purchase warrants	Number of shares subject to share purchase warrants	Number of holders
Directors (except Outside Directors)	1,450	145,000 shares	8
Outside Directors	300	30,000	3
Statutory Auditors	500	50,000	5

7) The Fourth Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 30, 2006.

- Number of share purchase warrants:
  2,550
- Class and number of shares subject to the share purchase warrants:
  Common shares: 255,000 shares
- Payment due upon exercise of the share purchase warrants:
  ¥1,688 per share
- Exercise period:
  From March 30, 2008 to March 29, 2016
- Conditions for the exercise of the share purchase warrants:
  The warrants are exercisable even after resignation of Directors or Statutory Auditors
  The warrants may be passed on to heirs
  Any Assignment or transfer of the share purchase warrants is subject to approval of the Board of Directors.

- Situation of holdings of the share purchase warrants by Directors and Statutory Auditors

Type of Grantee	Number of share purchase warrants	Number of shares subject to share purchase warrants	Number of holders
Directors (except Outside Directors)	1,750	175,000 shares	9
Outside Directors	300	30,000	3
Statutory Auditors	500	50,000	5

B. Share purchase warrants granted to employees of the Company as part of consideration for execution of their duties during the fiscal year under review

The Fourth Issue of share purchase warrants adopted by resolution of the Board of Directors at its meeting of March 30, 2006.

- Number of share purchase warrants:
  3,650
- Class and number of shares subject to the share purchase warrants:
  Common shares: 365,000 shares
- Payment due upon exercise of the share purchase warrants:
  ¥1,688 per share
- Exercise period:
  From March 30, 2008 to March 29, 2016
- Conditions for the exercise of the share purchase warrants:
  The warrants are exercisable even after resignation.
  The warrants may be passed on to heirs.
  Any assignment or transfer of the share purchase warrants is subject to approval of the Board of Directors.
- Situation of holdings of the share purchase warrants by employees

Type of Grantee	Number of share purchase warrants	Number of shares subject to share purchase warrants	Number of persons receiving warrants
Employees	3,650	365,000 shares	31

(3) Directors of the Company

A. Directors and Statutory Auditors

(As of December 31, 2006)

Name	Position	Areas of responsibility, primary positions, and representation of other companies and organizations
Kouichi Ikeda	Chairman of the Board and Representative Director	The Chairman of the board of Asahi Beer Arts Foundation
Hitoshi Ogita	President and Representative Director	
Yoshihiro Goto	Senior Managing Director	Senior Managing Executive Officer, Group Headquarters (Personnel Department, Finance Department and Public Relations Department) of the Company
Akira Ohara	Senior Managing Director	Senior Managing Executive Officer, International Headquarters, International Headquarters for China of the Company President and Representative Director of AI Beverages Holding Co. Ltd. Representative Director and Chairman of Haitai Beverage Co., Ltd.
Masatoshi Takahashi	Senior Managing Director	Senior Managing Executive Officer, Domestic Marketing Headquarters of the Company
Yoshifumi Nishino	Managing Director	Managing Executive Officer, Group Headquarters (Quality Assurance Department and Research & Development Department) of the Company The Chairman of the board of Asahi Breweries Foundation
Naoki Izumiya	Managing Director	Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing of the Company
Hikaru Kawamura	Managing Director	Managing Executive Officer, Group-wide manufacturing of the Company
Kazuo Motoyama	Director	Executive Officer, Group Headquarters (Corporate Planning Department and Institute of Lifestyle & Culture) of the Company
Nobuo Yamaguchi	Outside Director	Chairman of the Board and Representative Director of Asahi Kasei Corporation Chairman of The Japan Chamber of Commerce and Industry Chairman of The Tokyo Chamber of Commerce and Industry

Name	Position	Areas of responsibility, primary positions, and representation of other companies and organizations
Yukio Okamoto	Outside Director	President and CEO of Okamoto Associates, Inc. General Partner of Pacifica Neo Ventures LLC
Tomoyo Nonaka	Director	Chairman and CEO of Sanyo Electric Co., Ltd.
Sugao Nishikawa	Standing Statutory Auditor	
Hiroshi Fujita	Standing Statutory Auditor	
Takahide Sakurai	Outside Statutory Auditor	Senior Advisor to The Dai-ichi Mutual Life Insurance Company
Naoto Nakamura	Outside Statutory Auditor	Partner and Attorney at Law, Nakamura, Tsunoda & Matsumoto Law Offices
Tadashi Ishizaki	Statutory Auditor	Professor, Faculty of Commerce, Chuo University

Notes:

1. Directors Nobuo Yamaguchi, Yukio Okamoto and Tomoyo Nonaka are outside directors as defined in Item 15, Article 2 of the Corporation Law.
2. Statutory Auditors Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki are outside statutory auditors as defined in Item 16, Article 2 of the Corporation Law.
3. Statutory Auditor Sugao Nishikawa was formerly a Director in charge of finance of the Company and he has considerable expertise in finance and accounting.
4. Statutory Auditor Naoto Nakamura who is an attorney at law is jurisprudent, among others, to corporate legal affairs; he also has expertise in finance and accounting.
5. Statutory Auditor Tadashi Ishizaki has carried out research on accounting for many years as a university professor; he has expertise in finance and accounting.
6. In addition to the foregoing, important concurrent positions held by Directors and Statutory Auditors are as follows.

Directors

Name	Companies and other organizations in which Directors hold concurrent positions	Specific concurrent position
Kouichi Ikeda	New Otani Co., Ltd	Director
Akira Ohara	Tingyi-Asahi-Itochu Beverages Holding Co., Ltd.	Director
Masatoshi Takahashi	Asahi Soft Drinks Co., Ltd.	Director
Yoshifumi Nishino	Asahi Food & Healthcare, Ltd. Wakodo Co., Ltd.	Director Statutory Auditor
Hikaru Kawamura	The Nikka Whisky Distilling Co., Ltd.	Director
Kazuo Motoyama	Asahi Logistics, Ltd. Asahi Soft Drinks Co., Ltd. Asahi Food & Healthcare, Ltd. Wakodo Co., Ltd. Haitai Beverage Co., Ltd.	Director Statutory Auditor Statutory Auditor Statutory Auditor Senior Officer
Nobuo Yamaguchi	Nippon Television Network Corp. The Yomiuri Shimbun Holdings	Director Statutory Auditor
Yukio Okamoto	Mitsubishi Materials Corporation MITSUBISHI MOTORS CORPORATION	Director Statutory Auditor
Tomoyo Nonaka	TOM FACTORY Co., Ltd.	Director

Statutory Auditors

Name	Companies and other organizations in which Statutory Auditors hold concurrent positions	Specific concurrent position
Sugao Nishikawa	Asahi Soft Drinks Co., Ltd. Asahi Food & Healthcare, Ltd. Wakodo Co., Ltd.	Statutory Auditor Statutory Auditor Statutory Auditor
Hiroshi Fujita	The Nikka Whisky Distilling Co., Ltd.	Statutory Auditor
Takahide Sakurai	Imperial Hotel, Ltd. Seven Bank, Ltd. Tokyu Corp. Yokogawa Electric Corp.	Director Director Statutory Auditor Statutory Auditor
Naoto Nakamura	Eisai Co., Ltd. Mitsui & Co., Ltd.	Director Statutory Auditor

B. Remuneration Paid to Directors and Statutory Auditors

Category	Number of persons remunerated	Total amount of remuneration paid (yen)
Directors [of which Outside Directors]	12 [3]	306,220,000 [29,700,000]
Statutory Auditors [of which Outside Statutory Auditors]	5 [3]	73,145,000 [23,190,000]

Notes:

1. Remuneration above includes the following amounts, which is subject to approval at the 83rd Annual Shareholders' Meeting on March 27, 2007 (under a proposal to shareholders entitled "Revision of Amount of Remuneration for Directors and Statutory Auditors"): ¥45,400,000 in bonuses for Directors (including ¥3,900,000 in bonuses for three (3) Outside Directors); and ¥3,800,000 in bonuses for Statutory Auditors (including ¥1,500,000 in bonuses for three (3) Outside Statutory Auditors).
2. In addition to the amounts of remuneration cited above, the Company plans to pay following retirement compensation to retiring Directors and Statutory Auditors subject to approval at the 83rd Annual Shareholders' Meeting on March 27, 2007 (under a proposal to shareholders entitled "Payments of Retirement Bonuses to Retiring Directors and Retiring Statutory Auditor, and Final Payments Marking the Termination of the System of Retirement Bonuses for Directors and Statutory Auditors") : ¥77,000,000 for four (4) retiring Directors (including ¥11,400,000 for an Outside Director); ¥20,300,000 for a retiring Statutory Auditor; and ¥166,500,000 for eight (8) Directors in office as at the closing of the fiscal year under review (excluding those retiring Directors cited above) and inclusive of ¥34,500,000 for two (2) Outside Directors: and ¥48,000,000 for four (4) Statutory Auditors in office as at the closing of the fiscal year under review (excluding the retiring Statutory Auditor cited above) and inclusive of ¥33,000,000 for three (3) Outside Statutory Auditors.
3. Total amount of Directors' remuneration is limited to ¥30 million per month by a resolution passed at the 76th Annual Shareholders' Meeting held on March 30, 2000.
4. Total amount of Statutory Auditors' remuneration is limited to ¥7 million per month by a resolution passed at the 65th Annual Shareholders' Meeting held on March 27, 1989.

C. Outside Directors and Outside Statutory Auditors

- Concurrent positions held by Outside Directors (as for persons who are involved in execution of operations of other companies or who are outside directors or outside statutory auditors of other companies)

Name	Companies at which concurrent positions are held and the positions held
Nobuo Yamaguchi	Chairman of the Board and Representative Director of Asahi Kasei Corporation Outside Director of Nippon Television Network Corp. Outside Statutory Auditor of The Yomiuri Shimbun Holdings
Yukio Okamoto	President and CEO of Okamoto Associates, Inc. General Partner of Pacifica Neo Ventures LLC Outside Director of Mitsubishi Materials Corporation Outside Statutory Auditor of MITSUBISHI MOTORS CORPORATION
Tomoyo Nonaka	Chairman and CEO of Sanyo Electric Co., Ltd.

Notes:

1. Director Nobuo Yamaguchi is Chairman of the Board and Representative Director of Asahi Kasei Corporation. Although Asahi Kasei is a major shareholder of the Company, it does not have a significant commercial relationship with the Company.
2. Director Yukio Okamoto is President and CEO of Okamoto Associates, Inc., which does not have a significant commercial relationship with the Company. Further, Mr. Okamoto is a General Partner of Pacifica Neo Ventures LLC, which manages Pacifica Fund I, L.P., in which the Company has certain investments.
3. Director Tomoyo Nonaka is Chairman and CEO of Sanyo Electric Co., Ltd. Sanyo Electric does not have a significant commercial relationship with the Company.

- Concurrent positions held by Outside Statutory Auditors (as for persons who are involved in execution of operations of other companies or who are outside directors or outside statutory auditors at other companies)

Name	Companies at which concurrent positions are held and the positions held
Takahide Sakurai	Outside Director of Imperial Hotel, Ltd. Outside Director of Seven Bank, Ltd. Outside Statutory Auditor of Tokyu Corp. Outside Statutory Auditor of Yokogawa Electric Corp.
Naoto Nakamura	Outside Director of Eisai Co., Ltd. Outside Statutory Auditor of Mitsui & Co., Ltd.

- Major activities of Outside Directors and Outside Statutory Auditors

Name	Position	Major activities
Nobuo Yamaguchi	Outside Director	Participated in 9 of the 14 Board of Directors meetings held during the fiscal year under review; when necessary, he made statements mainly from the perspective of his long and successful career in management.
Yukio Okamoto	Outside Director	Participated in 10 of the 14 Board of Directors meetings held during the fiscal year under review; when necessary, he made statements mainly from the perspective of his high degree of knowledge and varied experience as an expert in diplomatic and international affairs.
Tomoyo Nonaka	Outside Director	Participated in 11 of the 14 Board of Directors meetings held during the fiscal year under review; when necessary, she made statements mainly reflecting her highly original ways of looking at things based on her experience as a journalist; and also from the perspective of her experience of corporate management.
Takahide Sakurai	Outside Statutory Auditor	Participated in 9 of the 14 Board of Directors meetings, and in 6 of the 8 Board of Statutory Auditors meetings, held during the fiscal year under review; when necessary, he made statements mainly from the perspective of his long and successful career in management.
Naoto Nakamura	Outside Statutory Auditor	Participated in 11 of the 14 Board of Directors meetings, and in 6 of the 8 Board of Statutory Auditors meetings, held during the fiscal year under review; when necessary, he made statements mainly from his expert perspective as an attorney at law.
Tadashi Ishizaki	Outside Statutory Auditor	Participated in 12 of the 14 Board of Directors meetings, and in all 8 of the Board of Statutory Auditors meetings, held during the fiscal year under review; when necessary, he made statements mainly from his expert perspective as a scholar of accounting.

(4) Independent auditor

A. Name of the Independent Auditor

AZSA & CO.

B. Compensation paid to independent auditor for the fiscal year under review

	Amount payable
Compensation paid for the fiscal year under review	¥84 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the independent auditor	¥198 million

Note: All subsidiaries which are subject to statutory audit by an independent auditor have been audited by AZSA & Co.

C. Nature of provided non-audit professional services provided by the Independent Auditor

The Company also assigns to its independent auditor professional duties including "financial due diligence advisory works" and "advice on construction of internal control system in financial reporting" which are not statutory auditing duties stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law.

D. Company Policy regarding dismissal or decision not to reappoint the independent auditor

Article 340 of the Corporation Law stipulates that the Board of Statutory Auditors shall be entitled to dismiss the independent auditor for reasons stipulated therein. In addition, when it is reasonably recognized that the independent auditor is no longer able to execute its duties in an appropriate manner, the Company, subject to prior consent of, or request from, the Board of Statutory Auditors, will offer a resolution to the Shareholders' Meeting to the effect of dismissal of, or a decision not to reappoint, the independent auditor.

3. Systems to assure appropriate execution of Directors' duties in conformity with laws and regulations and the Articles of Incorporation; and others systems to assure appropriate business operations

The Board of Directors made the following resolution with respect to the systems:

The Company has adopted the corporate philosophy: "The Asahi Breweries Group aims to satisfy its customers with the highest levels of quality and integrity, while contributing to the promotion of healthy living and enrichment of the society worldwide." To make these aims a reality, the Company shall:

- Establish, in accordance with the Corporation Law and the Enforcement Regulations of the Corporation Law, the following basic policies (the "Basic

Policies”) to improve systems designed to ensure appropriate business operations of the Company and its subsidiaries (the “Group Companies” and the Company and the Group Companies collectively, “Asahi Breweries Group”) (the “Internal Control”);

- The Representative Director(s) shall assume the ultimate responsibility for improvement of the Internal Control in accordance with this resolution and shall cause Directors and Executive Officers in charge of each operational area develop and fully enforce required individual internal regulations and manuals based on the Basic Policies; and

- Take steps to maintain and enhance the effectiveness of the Internal Control by reviewing the Basic Policies and relevant internal regulations and manuals, etc. in a timely manner in accordance with changes in conditions and circumstances.

<System to ensure execution of duties by Directors and employees in conformity with laws and regulations and the Articles of Incorporation of the Company>

A. In accordance with a statement of “fair and transparent corporate ethics” stipulated in its corporate action guidelines, the Company shall establish the “Regulations on Corporate Ethics for the Asahi Breweries Group” and procure its Directors, Statutory Auditors and employees abide by these regulations.

B. The Company shall establish the “Corporate Ethics Committee for the Asahi Breweries Group,” which will oversee the compliance affairs of the Asahi Breweries Group. One of the committee’s members shall be an outside attorney-at-law.

C. An Executive Officer of the Company in charge of compliance shall have the authority to manage compliance-related risks within the Asahi Breweries Group. The Legal and General Affairs Department shall handle the day-to-day tasks of implementation of the compliance program.

D. The Company shall assign one person as compliance-promotion personnel in each of all the business establishments of the Company and the Group Companies to oversee the promotion of compliance in each business establishment. In conjunction with the Company’s Legal Section and the General Affairs Department at each business establishment or the Group Company, all compliance-promotion personnel shall endeavor to disseminate legal knowledge and to heighten a general awareness of importance of compliance in each business establishment.

E. The Company shall establish a “Clean Line System” for employees of the Asahi Breweries Group, enabling them to blow the whistle on illicit behaviors of others to a specific section of the Company or a designated legal counsel.

F. The Company shall establish a “Basic Policy on Procurement” addressing mutual cooperation for fair deals between and social responsibilities of the Company and suppliers and a “Clean Line System for Suppliers” enabling suppliers to blow a whistle on illicit behaviors of employees of the Company to a specific section of the Company. The Company shall inform and spell out these measures to its suppliers in a bid to enable the Company to improve and develop the system of the Internal Control in cooperation with its suppliers.

G. The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations entitled “Basic Regulations on Corporate Ethics of the Asahi Breweries Group.”

< *System to ensure the preservation and management of information related to execution of duties by Directors*>

A. Information related to execution of duties by Directors shall be properly preserved and managed in accordance with document-management regulations and other related regulations and manuals.

B. The aforementioned information shall be preserved and managed in a way accessible by Directors and Statutory Auditors for inspection at any time.

C. Jurisdiction over the clerical tasks related to preservation and management of the foregoing information shall be determined by regulations at respective establishments.

<*Regulations and other organizational structures related to risk management*>

A. The Company shall develop and adopt basic regulations related to risk management and shall affirm such regulations as the highest standards governing risk management within the Asahi Breweries Group. It shall also develop and adopt an operational manual on risk management and prevail the same among all over the Group.

B. In addition to having the appropriate departments manage risk in their respective areas, the Company shall establish the “Asahi Breweries Group Risk Management Committee” as a vehicle for comprehensive risk management across the entire Asahi Breweries Group. This committee shall periodically analyze and evaluate risk in accordance with the regulations and manuals cited in the previous paragraphs and, when necessary, carry out comprehensive reviews of the risk management system. An utmost attention shall be paid to the risk of failing to maintain product quality. As a food manufacturer, the Company recognizes its social responsibility to consumers to ensure safety of its products.

C. In the event of any major accident, disaster or scandal, the Company shall establish a crisis response group which will be chaired by a Representative Director.

<System to ensure efficient execution of duties by Directors>

A. To ensure efficient performance of duties by Directors, the Board of Directors shall divide duties in a reasonable way to be delegated to different Directors and shall appoint appropriate persons as Executive Officers in charge of different divisions.

B. The Company shall establish standards on authority stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among different divisions.

C. The Company shall ensure effective utilization of the system of the Management Strategy Meeting and the Management Meeting.

D. To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.

<System to ensure appropriate operations of the corporate group consisting of the Company and its parent (if any) and its subsidiaries>

A. All systems required for the Internal Control, including those for compliance and risk management, shall apply comprehensively across the entire Asahi Breweries Group. As the corporate headquarters of the Group, the Company shall manage and operate the said systems of the Group Companies in accordance with the conditions and circumstances individual companies are facing.

B. The Company's Internal Auditing Division shall conduct audits of the Group Companies.

C. Each of the Group Companies shall be required to provide reports on performance of its operations including risk-related information, to the Statutory Auditors of the Company.

D. Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled "Standards of Authority for Group Companies."

<Securement of employees in the event that Statutory Auditors request staff to assist in their auditing duties>

The Board of the Statutory Auditors shall retain staff from among employees of the Company, for assistance in the day-to-day activities of the Statutory Auditors.

<Independence of the employees assigned to assist the Statutory Auditors from the Directors >

A. When a member of the staff of the Board of Statutory Auditors, as stipulated in the previous paragraph, receives an order from a Statutory Auditor in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.

B. Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff of the Board of Statutory Auditors shall require the prior concurrence of Statutory Auditors.

<System for Directors' and employees' reporting to Statutory Auditors; system relating to other reporting to Statutory Auditors>

A. Directors and employees shall report regularly to Statutory Auditors on matters relating to the Internal Control, and shall report on an as-needed basis when a significant event occurs. When necessary, Statutory Auditors shall be entitled to request reports from Directors and employees (including from Directors and employees of the Group Companies).

B. Directors shall ensure that Statutory Auditors have every opportunity to participate in the Board of Directors meetings, the Management Strategy Meetings and the Management Meetings. Directors shall provide details of the agenda items of such meetings beforehand to Statutory Auditors.

C. Statutory Auditors shall at all times have the right to review the minutes of important meetings, documents of approval, etc.

<Other systems ensuring effective auditing by Statutory Auditors>

To ensure the effectiveness of auditing activities, Directors shall ensure opportunities for Statutory Auditors to exchange information and opinions regularly with members of the Internal Auditing Division of the Company and with members of the team of the Independent Auditors.

NON-CONSOLIDATED BALANCE SHEETS

As of December 31, 2006

	Million yen
ASSETS	
Current assets:	
Cash and deposits	¥ 2,575
Notes receivable	4,984
Accounts receivable	202,863
Merchandise and finished goods	11,518
Semi-finished goods	9,234
Raw materials	12,002
Supplies	4,893
Short-term loans receivable	16,436
Prepaid expenses	7,562
Deferred tax assets	6,756
Other current assets	5,256
Allowance for doubtful accounts	(7,105)
Total current assets	**276,980**
Fixed assets:	
Tangible fixed assets:	
Buildings	142,409
Structures	20,758
Machinery and equipment	147,065
Vehicles	44
Tools, furniture and fixtures	45,863
Land	133,024
Construction in progress	6,562
	495,729
Intangible fixed assets:	
Rights to use facilities	757
Software	7,240
Other intangible fixed assets	13
	8,010
Investments and other assets:	
Investment securities	75,553
Shares in affiliates	123,181
Capital invested in affiliates	3,986
Long-term loans receivable	9,480
Deferred tax assets	5,573
Other investments	24,555
Allowance for doubtful accounts	(8,173)
	234,157
Total fixed assets	**737,898**
Total assets	**¥1,014,878**

NON-CONSOLIDATED BALANCE SHEETS

As of December 31, 2006	
	Million yen
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Notes payable	40
Trade accounts payable	55,355
Short-term borrowings	72,500
Bonds due within one year	40,000
Other accounts payable	16,440
Alcohol tax payable	123,276
Consumption and similar taxes payable	6,957
Income taxes payable	25,208
Accrued expenses	35,704
Deposits received	39,388
Commercial paper	3,000
Allowance for employees' bonuses	1,265
Allowance for directors' and statutory auditors' bonuses	49
Other current liabilities	90
Total current liabilities	**419,277**
Long-term liabilities:	
Bonds	55,000
Long-term borrowings	49,125
Long-term deposits payable	35,163
Allowance for employees' severance and retirement benefits	6,684
Allowance for retirement benefits for directors and statutory auditors	310
Other long-term liabilities	47
Total long-term liabilities	**146,330**
Total liabilities	**565,608**
NET ASSETS:	
Shareholders' equity	
Common stock	**182,531**
Capital surplus	**159,513**
Capital reserve	130,292
Other capital surpluses	29,221
Retained earnings	**109,691**
Other retained earnings	109,691
Reserve for reduction in entry of fixed assets	1,431
General reserve	65,000
Retained earnings carried forward	43,260
Treasury stock	**(16,946)**
Total shareholders' equity	**434,790**
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	**14,508**
Deferred gains or losses on hedges	**(28)**
Total valuation and translation adjustments	**14,480**
Total net assets	**449,270**
Total liabilities and net assets	**1,014,878**

NON-CONSOLIDATED STATEMENTS OF INCOME

For the year ended December 31, 2006

	Million yen
Net sales	**1,031,060**
Cost of sales	**729,338**
Gross profit	**301,722**
Selling, general and administrative expenses	**223,125**
Operating income	**78,596**
Non-operating income:	
Interest and dividend income	1,843
Other non-operating revenues	554
	2,397
Non-operating expenses:	
Interest expenses	2,475
Other non-operating expenses	2,210
	4,686
Recurring profit	**76,307**
Extraordinary gain:	
Gain on sale of fixed assets	1,991
Gain on sale of investment securities	72
Reversal of allowance for doubtful accounts	1,416
	3,480
Extraordinary loss:	
Loss on sale and disposition of fixed assets	5,454
Loss on sale of investment securities	99
Loss on devaluation of investment securities	52
Loss on sale of investment in affiliates	91
Loss on devaluation of investment in affiliates	445
Loss on devaluation of equity participation in affiliates	534
Loss on liquidation of affiliates	435
Loss on amortization of merged company shares	422
Impairment loss on fixed assets	3,238
	10,774
Income before income taxes	**69,013**
Income taxes:	
Current	30,659
Deferred	(547)
	30,111
Net income	**38,902**

NON-CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

As of December 31, 2006

	Shareholders' equity									
		Capital surplus			Retained earnings					
					Other retained earnings					
Millions of yen	Common Stock	Capital reserve	Other capital surplus	Total capital surplus	Reserve for reduction in entry of fixed assets	General reserve	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec 31, 2005	182,531	130,292	42,425	172,718	2,402	40,000	37,043	79,445	(17,317)	417,378
Changes during the term										
Dividends							(8,607)	(8,607)		(8,607)
Payments of directors’ and statutory auditors’ bonuses							(49)	(49)		(49)
Net income (loss)							38,902	38,902		38,902
Acquisition of treasury stock									(13,067)	(13,067)
Retirement of treasury stock			(13,147)	(13,147)					13,147	-
Disposal of treasury stock			(57)	(57)					291	233
Reversal of reserve for reduction in entry of fixed assets (for the year to December 2005)					(200)		200	-		-
Reversal of reserve for reduction in entry of fixed assets (for the year under review)					(770)		770	-		-
Increase (decrease) in general reserves						25,000	(25,000)	-		-
Other changes in non-shareholders' equity items during the term (net)										
Total changes during the term			(13,204)	(13,204)	(970)	25,000	6,216	30,245	370	17,411
Balance as of Dec 31, 2006	182,531	130,292	29,221	159,513	1,431	65,000	43,260	109,691	(16,946)	434,790

Millions of yen	Valuation and translation adjustments: Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of Dec 31, 2005	16,310	-	16,310	433,689
Changes during the term				
Dividends				(8,607)
Payments of directors' and statutory auditors' bonuses				(49)
Net income (loss)				38,902
Acquisition of treasury stock				(13,067)
Retirement of treasury stock				-
Disposal of treasury stock				233
Reversal of reserve for reduction in entry of fixed assets (for the year to December 2005)				-
Reversal of reserve for reduction in entry of fixed assets (for the year under review)				-
Increase (decrease) in general reserves				-
Other changes in non-shareholders' equity items during the term (net)	(1,802)	(28)	(1,830)	(1,830)
Total changes during the term	(1,802)	(28)	(1,830)	15,581
Balance as of Dec 31, 2006	14,508	(28)	14,480	449,270

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Notes on Significant Accounting Policies

(1) Valuation basis and method for securities

Investment in affiliates:

Stated at cost based on the moving-average method.

Other securities with market value

Carried at the average market value for the month immediately preceding the balance sheet date (valuation differences are all debited or credited directly to the net assets section, with the cost of securities sold computed by the moving average method).

Securities without market value

Stated at cost based on the moving-average method.

(2) Valuation basis and method for derivatives

Market price method

(3) Valuation basis and method for inventories:

Merchandise, finished goods and semi-finished goods are stated at cost determined by the weighted average method. Raw materials and supplies are stated at cost determined by the moving-average method.

(4) Depreciation method for fixed assets:

Tangible fixed assets:

Depreciation is provided by the straight-line method with respect to production facilities and by the declining-balance method with respect to the other tangible assets. Buildings (excluding of fixtures) acquired on or after April 1, 1998, however, are calculated using the straight-line method. The estimated useful life and the residual value of the fixed assets are based on the same standards as specified in the Corporation Tax Law.

Intangible fixed assets:

Intangible fixed assets are calculated using the straight-line method. The estimated useful life of the assets is based on the same standards as specified in the Corporation Tax Law. Software for internal use, however, is amortized by the straight-line method in the useful period of five years.

(5) Accounting criteria for allowances:

Allowance for doubtful accounts:

Allowance for doubtful accounts consists of the estimated uncollectible amounts with respect to certain identified doubtful receivables and an amount calculated using the rate of actual collection losses with respect to the other receivables.

Allowance for employees' severance and retirement benefits:

The Company makes provisions for the necessary amount of allowance for employees' severance and retirement benefits deemed to have accrued during the term, based on the Company's projected benefit obligation and the balance of pension fund as of the end of the fiscal year under review. Actuarial gain or loss is amortized, from the year following the year in which the gain or loss is recognized, by the straight-line method for a given number of years (10 years) within employees' average remaining years of service.

Prior service cost is amortized by the straight-line method over 10 years within the average remaining years of service of employees from the time it arises.

Allowance for employees' bonuses:

Allowance for employees' bonuses is provided at an estimated amount applicable to the fiscal year under review.

Allowance for Directors' and Statutory Auditors' bonuses:

Allowance for Directors' and Statutory Auditors' bonuses is provided at an estimated amount applicable to the fiscal year under review.

Allowance for retirement benefits for Directors and Statutory Auditors:

The Company calculates the required amount, based on internal regulations, in preparation for payment of a retirement allowance for Directors and Statutory Auditors applicable to the fiscal year under review.

(6) Lease contracts:

Finance leases other than those in which ownership of the leased property is deemed to be transferred to the lessee are accounted for in the manner as followed in operational lease transactions.

(7) Accounting for hedging

A. Accounting for hedging

The Company defers gains or losses on its hedges. For interest rate swaps, it applies an exceptional treatment when the swap in question meets the conditions for application of such an exceptional treatment.

B. Hedging instruments and risks being hedged:

Hedging instruments:	Interest rate swap
Risks being hedged:	Interest on borrowings

C. Hedging policy:

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets and in interest rates and to reduce the costs of financing. The Company has a policy not to engage in speculative transactions which are deviated from real demand or in highly leveraged transactions.

D. Method of evaluating the effectiveness of hedging:

The Company assesses the effectiveness of its hedges by comparing changes in the market values of the hedged items and of the hedging instruments over the entire period of the hedge. When the Company allocates differences in the value of hedging instruments or when it accounts for the value of swaps under special exceptions, these determinations allow it to forgo evaluations of the effectiveness of hedges in those cases.

(8) Consumption tax and similar taxes:

Consumption tax and similar taxes are excluded from the statement of income, except nondeductible consumption tax related to fixed assets that are charged when incurred.

(Changes in accounting treatment)

(1) Accounting standard for impairment of fixed assets

As from the fiscal year under review, the Company began applying the “Accounting Standard for Impairment of Fixed Assets” {as set under the “Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets” (Business Accounting Deliberation Council, August 9, 2002)} and the “Implementation Guidance for Accounting Standards for Impairment of Fixed Assets” (Accounting Standards Board of Japan, October 31, 2003; ASB Guidance No. 6). This change resulted in a decrease in net income before taxes of ¥3,238 million.

Accumulated impairment losses were deducted directly from the value of the respective assets concerned.

(2) Accounting standard for Directors’ and Statutory Auditors’ bonuses

As from the fiscal year under review, the Company began applying the “Accounting Standard for Directors’ and Statutory Auditors’ Bonuses” (Accounting Standards Board of Japan, November 29, 2005; ASB Accounting Standard No. 4). This change resulted in only an insignificant impact on earnings.

(3) Accounting standard for retirement benefits

As from the fiscal year under review, the Company began applying the “Amendment of Accounting Standards for Retirement Benefits” (Accounting Standards Board of Japan, March 16, 2005; ASB Accounting Standard No. 3) and the “Implementation Guidance for Amendment of Accounting Standards for Retirement Benefits” (Accounting Standards

Board of Japan, March 16, 2005; ASB Guidance No. 7). This change resulted in only an insignificant impact on earnings.

(4) Accounting standard for presentation of net assets on the non-consolidated balance sheets

As from the fiscal year under review, the Company began applying the "Accounting Standard for Presentation of Net Assets on the Balance Sheet" (Accounting Standards Board of Japan, December 9, 2005; ASB Accounting Standard No. 5) and "Implementation Guidance for Accounting Standard for Presentation of Net Assets on the Balance Sheet" (Accounting Standards Board of Japan, December 9, 2005; ASB Guidance No. 8). This change resulted in no impact on earnings. Total shareholders' equity under the previous standard would have been ¥449,298 million.

2. Notes to Non-Consolidated Balance Sheets

(1) Pledged assets and secured liabilities

The following assets have been provided as collateral for ¥3,625 million in long-term borrowings:

Land: ¥13,332 million

(2) Accumulated depreciation on tangible fixed assets: ¥453,038 million

(3) Contingent liabilities

A. Guarantees, etc., against bank borrowings

Guarantees:	¥33,061 million
Guarantee commitments:	¥20 million
Comfort letters, etc.:	¥1,203 million

B. Guarantees, etc., against derivatives

Guarantees:	
Contract amount, etc.:	¥6,000 million
Unrealized gain (loss):	¥1 million
Comfort letters, etc.:	
Contract amount, etc.:	¥3,000 million
Unrealized gain (loss):	¥(173) million

(4) Matured notes at term-end

The Balance Sheet date for the term fell on a bank holiday and trade notes with maturity on the Balance Sheet date were cleared on the next business day of the clearing houses. Thus current assets and current liabilities include respectively trade notes receivable and trade notes payable with maturity on the Balance Sheet date as follows:

Notes receivable:	¥58 million
Notes payable:	¥15 million

(5) Monetary claims and obligations with affiliates

Short-term monetary claims on affiliates:	¥24,009 million
Long-term monetary claims on affiliates:	¥7,049 million
Short-term monetary obligations to affiliates:	¥21,644 million
Long-term monetary obligations to affiliates:	¥138 million

3. Notes to Non-Consolidated Statements of Income

(1) Transactions with affiliates:

Net sales:	¥44,260 million
Purchases:	¥89,493 million
Selling, general and administrative expenses:	¥39,757 million
Transactions other than operating transactions:	¥749 million

(2) Impairment losses

In the fiscal year under review, the Company recognized impairment losses in the following asset groups:

Use of Asset	Location of Asset	Type of Asset
Leased asset	Sumida-ku, Tokyo and other	Land, Buildings and structures
Idle asset	Akitakada, Hiroshima	Land

The Company in principle divides its assets by individual breweries and other operational [business establishments][locations] and determines their groupings on complementary relations of cash flows among different assets. On the other hand, it counts as a stand-alone asset group each of individual leased assets and idle assets. The Company's headquarters building and employee welfare facilities are categorized as common-use assets, as they do not generate cash flow themselves.

At current market prices, the leased assets cited in the table above have lost a substantial part of their respective book values and the likelihood of recovering the investment is projected small. In addition, the market value of the idle asset cited in the table above has also declined substantially compared to its book value and the likelihood of future utilization thereof is completely uncertain. Consequently, the Company has written down the book values of these assets to amounts it believes are recoverable. These write-offs have resulted in impairment losses (¥3,238 million, of which the loss on land amounted to ¥2,853 million, and the loss on buildings and structures amounted to ¥384 million), which the Company has recognized as extraordinary losses.

The Company arrived at the recoverable values of these respective assets by estimating net sales amounts or value of use. The former was based primarily on an appraisal by a real estate appraiser in accordance with the Standards for Real Estate Appraisal; the latter was calculated by future projected cash flow discounted by 4.3%.

4. Notes related to statement of changes in shareholders' equity

Treasury stock

Type of stock	Balance as of the end of the fiscal year (Dec. 31, 2005)	Increase	Decrease	Balance as of the end of the fiscal year under review (Dec. 31, 2006)
Common Shares	15,494,757	7,646,104	10,252,461	12,888,400

(Reasons for change)

The increase in shares was the result of the following:

Increase resulting from purchases of shares of less than one voting unit from shareholders of such shares responding to their demand: 41,604 shares

Increase resulting from purchases of treasury stock: 7,604,500 shares

The decrease in shares was the result of the following:

Decrease resulting from sales of shares of less than one voting unit to shareholders of shares of less than one voting unit to make their fractional shares a voting unit responding to their demand: 2,561 shares

Decrease resulting from exercise of stock options: 249,900 shares

Decrease resulting from retirement of treasury stock: 10,000,000 shares

5. Tax Effect Accounting

(1) Deferred tax assets and liabilities

(Deferred tax assets)

Allowance for doubtful accounts, in excess of tax-deductible amount:	¥5,006 million
Allowance for employees' bonuses, non-tax deductible:	¥488 million
Allowance for severance and retirement benefits, in excess of tax-deductible amount:	¥9,283 million
Loss on devaluation of investment in affiliates, non-tax deductible:	¥7,060 million
Loss on devaluation of land, non-tax deductible:	¥229 million
Depreciation, in excess of tax-deductible amount:	¥389 million
Loss on establishment of retirement benefit trust, non-tax deductible:	¥1,470 million
Loss on devaluation of investment securities, non-tax deductible:	¥4,337 million
Loss on devaluation of capital contributions for affiliates, non-tax deductible:	¥2,790 million
Amortization of deferred charges, in excess of tax-deductible amount:	¥212 million
Losses from the liquidation of affiliates:	¥1,082 million
Disapproval of unpaid enterprise taxes:	¥1,938 million
Impairment losses:	¥1,301 million
Estimated cost of removal of fixed assets, non-tax deductible:	¥544 million
Others:	¥1,914 million
	¥38,050 million
Valuation allowance:	¥(14,920) million
Total deferred tax assets:	¥23,130 million

(Deferred tax liabilities)

Reserve for reduction in entry of fixed assets:	¥(969) million
Other valuation difference on marketable securities:	¥(9,830) million
Total deferred tax liabilities:	¥(10,800) million
Net deferred tax assets:	¥12,330 million

(2) Effective tax rates before and after application of tax effect accounting

Statutory effective tax rates:	40.4%
(Adjustment)	
Permanent difference (non-deductible), including entertainment expenses:	2.2%
Valuation allowance:	1.7%
Permanent difference (non-taxable), including dividend income:	(0.3)%
Tax credit:	(1.0)%
Others:	0.6%
Effective tax rates after application of tax effect accounting:	43.6%

6. Notes related to leased fixed assets

(1) As of the end of the fiscal year under review

Amount equivalent to acquisition costs: ¥34,732 million

(2) As of the end of the fiscal year under review

Amount equivalent to accumulated depreciation: ¥17,218 million

(3) As of the end of the fiscal year under review

Amount equivalent to prepaid lease rents: ¥18,036 million

7. Per share information

(1) Net assets per share: ¥954.48

(2) Net income per share: ¥81.69

8. Other notes

Figures of less than one million yen are omitted.

INDEPENDENT AUDITOR'S REPORT

January 31, 2007

To: The Board of Directors
Asahi Breweries, Ltd.

AZSA & Co.

Hikoyuki Miwa (Seal)
Designated and Engagement Partner
Certified Public Accountant

Tatsunaga Fumikura (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yasuyuki Nagasaki (Seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with the provision of Item 1, Paragraph 2, Article 436 of the Corporation Law, we have audited the financial statements of Asahi Breweries, Ltd. (the "Company") for its 83rd fiscal year, which ran from January 1, 2006 to December 31, 2006. These statements consist of the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statement of changes in shareholders' equity, notes on significant accounting policies, and the supporting schedules thereto. These financial statements and supporting schedules thereto are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supporting schedules thereto based on our audit as Independent Auditor.

We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require that we obtain reasonable assurance about whether the financial statements and supporting schedules thereto are free of material misstatement. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and assessing the accounting principles used, the methods of application thereof, and estimates made by management, as well as evaluating the overall presentation of the financial statements and supporting schedules thereto. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the foregoing financial statements and supporting schedules thereto present fairly, in all material aspects, the financial position and results of operation of the Company for the period covered by the aforesaid financial statements and supporting schedules thereto in conformity with generally accepted accounting principles in Japan.

Postscript:

As reported in the notes on significant accounting policies, from the fiscal year under review the Company began applying accounting standards related to impairment of fixed assets. Consequently, the financial statements and supporting schedules thereto have been prepared in accordance with these standards.

Our firm and our engagement partners have no interests in the Company required to be disclosed pursuant to the relevant provisions of the Certified Public Accountants Law of Japan.

REPORT OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors has prepared the following report related to the execution of duties by Directors for the 83rd fiscal year, which ran from January 1, 2006 to December 31, 2006. The report was prepared on the basis of audit reports prepared by individual Statutory Auditors and represents a unanimous opinion of all the Statutory Auditors after due discussions and consultations among them.

1. Methods used in audits by the individual Statutory Auditors and by the Board of Statutory Auditors; content of audits

The Board of Statutory Auditors established auditing policies and auditing plans for the fiscal year under review and received reports from each of the Statutory Auditors on the execution of his auditing activities andthe result thereof. In addition, it received reports on business performance from Directors et al. and from the Independent Auditor, and, when necessary, requested their explanations regarding such reports.

In accordance with the auditing standards for Statutory Auditors set by the Board of Statutory Auditors, each of the Statutory Auditors communicated with Directors, the internal auditing division of the Company, and employees, and endeavored to gather information and create an improved environment for auditing, in accordance with the auditing policies and auditing plans established for the year under review. Statutory Auditors also attended Board of Director Meetings and other important meetings, received reports from Directors and the internal auditing division of the Company on business performance, and, when necessary, requested their explanations regarding those reports. Statutory Auditors also inspected documents related to important decisions and examined operations and assets at the Company's head offices and major operational establishments. Statutory Auditors also monitored and examined the systems established to ensure that the execution of duties by Directors shall be in compliance with laws and regulations and with the Company's Articles of Incorporation, and monitored and examined the systems established pursuant to Paragraphs 1 and 3, Article 100 of the Enforcement Regulations of the Corporation Law to ensure that the Company's operations shall be conducted appropriately (internal control systems). With respect to subsidiaries, Statutory Auditors took steps to facilitate communications with directors and statutory auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, Statutory Auditors reviewed the Business Report and the supporting schedules thereto for the fiscal year under review. In addition, Statutory Auditors also monitored and examined whether the Independent Auditor maintains their independence and carry out their audits in an appropriate manner. Statutory Auditors received reports from the Independent Auditor on the execution of their duties and, when necessary, requested their explanations regarding those reports. Statutory Auditors also received notification from the Independent Auditor that they have taken steps to improve the "system for ensuring appropriate execution of their duties" (as enumerated in Article 159 of the Company Accounting Regulation Ordinance) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005). When necessary, Statutory Auditors requested their explanations on these reports and notifications and consequently confirmed that the system under which the Independent Auditor operates is appropriate. Based on the foregoing methods, Statutory Auditors reviewed the financial statements for the fiscal year under review (balance sheets, statements of income, statement of changes in shareholders' equity, and notes on significant accounting policies) and supporting schedules thereto.

2. Result of the Audit

(1) Result of audit of the Business Report

- In our opinion, the Business Report and the supporting schedules thereto fairly present the situation of the Company, in compliance with the provisions of applicable laws and regulations and the Articles of Incorporation.
- In our opinion, there are no wrongful acts or material violations of applicable laws and regulations or the Articles of Incorporation in execution of their duties by Directors.
- In our opinion, the content of the resolution by the Board of Directors regarding internal control systems is appropriate, and, furthermore, execution of the internal control systems by Directors has been appropriate.

(2) Result of the audit of financial statements and the supporting schedules thereto

In our opinion, the auditing methods used by AZSA & Co., the Independent Auditor, and the result of their audit is appropriate.

February 1, 2007

Board of Statutory Auditors
Asahi Breweries, Ltd.

Sugao Nishikawa (Seal)
Standing Statutory Auditor

Hiroshi Fujita (Seal)
Standing Statutory Auditor

Takahide Sakurai (Seal)
Statutory Auditor

Naoto Nakamura (Seal)
Statutory Auditor

Tadashi Ishizaki (Seal)
Statutory Auditor

CONSOLIDATED BALANCE SHEETS

As of December 31, 2006	
	Million yen
ASSETS	
Current assets:	
Cash and deposits	15,873
Notes and accounts receivable	278,139
Securities	5,320
Inventories	92,344
Deferred tax assets	9,688
Other current assets	36,684
Allowance for doubtful accounts	(9,099)
Total current assets	**428,951**
Fixed assets:	
Tangible fixed assets:	
Buildings and structures	209,926
Machinery, equipment and vehicles	182,438
Tools, furniture and fixtures	49,124
Land	185,101
Construction in progress	8,426
Total tangible fixed assets	**635,017**
Intangible fixed assets:	
Consolidation adjustment account	32,635
Other intangible fixed assets	13,751
Total intangible fixed assets	**46,386**
Investments and other assets:	
Investment securities	126,796
Long-term loans receivable	3,401
Long-term prepaid expenses	10,275
Deferred tax assets	19,857
Other investments	25,998
Allowance for doubtful accounts	(8,183)
Total investments and other assets	**178,145**
Total fixed assets	**859,549**
Total assets	**1,288,501**

CONSOLIDATED BALANCE SHEETS

As of December 31, 2006

	Million yen
LIABILITIES, SHAREHOLDERS' EQUITY AND MINORITY INTEREST:	
Current liabilities:	
Notes and trade accounts payable	106,592
Short-term borrowings	102,658
Bonds due within one year	40,000
Alcohol tax payable	132,523
Consumption taxes payable	8,368
Income taxes payable	28,796
Other accounts payable	49,470
Accrued expenses	47,790
Deposits received	37,627
Commercial paper	3,000
Other current liabilities	4,090
Total current liabilities	**560,918**
Long-term liabilities:	
Bonds	55,000
Long-term borrowings	89,443
Allowance for employees' severance and retirement benefits	26,973
Allowance for retirement benefits for directors and statutory auditors	844
Deferred tax liabilities	5,166
Other long-term liabilities	40,379
Total long-term liabilities	**217,807**
Total liabilities	**778,726**

As of December 31, 2006

	Million yen
NET ASSETS:	
Shareholders' equity	
Common stock	182,531
Capital surplus	150,504
Retained earnings	142,329
Treasury stock	(16,946)
Total shareholders' equity	458,418
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	14,563
Deferred gains or losses on hedges	(28)
Foreign currency translation adjustments	3,753
Valuation and translation adjustments	**18,289**
MINORITY INTERESTS	**33,067**
Total net assets	**509,774**
Total liabilities and net assets	**1,288,501**

CONSOLIDATED STATEMENTS OF INCOME

For the year ended December 31, 2006

	Million yen
Net sales	**1,446,385**
Cost of sales	**950,144**
Gross profit	**496,241**
Selling, general and administrative expenses	**407,528**
Operating income	**88,713**
Non-operating income:	
Interest income	693
Dividend income	839
Equity in net income of unconsolidated subsidiaries and affiliated companies	6,367
Other non-operating income	1,664
	9,565
Non-operating expenses:	
Interest expenses	4,407
Allowance for doubtful accounts	103
Other non-operating expenses	3,657
	8,168
Recurring profit	**90,109**
Extraordinary gain:	
Gain on sale of fixed assets	2,028
Gain on sale of investment securities	79
Gain on reverse of allowance for doubtful accounts	1,496
Compensation for transfer of plant	289
	3,894
Extraordinary loss:	
Loss on sale and disposal of fixed assets	6,121
Retirement benefits for Directors and Statutory Auditors	103
Loss on sale of investment securities	190
Loss on devaluation of investment securities	506
Impairment loss on fixed assets	3,905
Loss on business reorganizations	1,776
Other	234
	12,838
Income before income taxes	**81,165**
Income taxes:	
Current	36,862
Deferred	(1,538)
	35,324
Minority interests in net gain (loss) of unconsolidated subsidiaries	1,065
Net income	**44,775**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of December 31, 2006

	Shareholders' equity				
Millions of yen	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Dec 31, 2005	182,531	163,709	106,426	(17,317)	435,349
Changes during the term					
Dividends			(8,607)		(8,607)
Payments of directors' and statutory auditors' bonuses			(146)		(146)
Net income (loss)			44,775		44,775
Acquisition of treasury stock				(13,067)	(13,067)
Retirement of treasury stock		(13,147)		13,147	-
Disposal of treasury stock		(57)		291	233
Reduction in retained earnings due to increase in number of consolidated subsidiaries			(118)		(118)
Other changes in non-shareholders' equity items during the term (net)					-
Total changes during the term	-	(13,204)	35,903	370	23,069
Balance as of Dec 31, 2006	182,531	150,504	142,329	(16,946)	458,418

	Valuation and translation adjustment					
Millions of yen	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustment	Minority interests	Total net assets
Balance as of Dec 31, 2005	16,584	-	2,957	19,542	26,976	481,868
Changes during the term						
Dividends				-		(8,607)
Payments of directors' and statutory auditors' bonuses				-		(146)
Net income (loss)				-		44,775
Acquisition of treasury stock				-		(13,067)
Retirement of treasury stock				-		-
Disposal of treasury stock				-		233
Reduction in retained earnings due to increase in number of consolidated subsidiaries				-		(118)
Other changes in non-shareholders' equity items during the term (net)	(2,021)	(28)	796	(1,253)	6,090	4,837
Total changes during the term	(2,021)	(28)	796	(1,253)	6,090	27,906
Balance as of Dec 31, 2006	14,563	(28)	3,753	18,289	33,067	509,774

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis In Preparation Of Consolidated Financial Statements

(1) Items on the scope of the consolidation

A. Number of consolidated subsidiaries: 53

Principal consolidated subsidiaries

Please see the Item 1 of the "Business Report" {"Overview of Operations of Asahi Breweries Group, section (7) "Principal Subsidiaries,"} for a summary of the current status of important subsidiaries.

As from the fiscal year under review, the Company added into the list of its consolidated subsidiaries Wakodo Co., Ltd. and its three subsidiaries because of the acquisition of majority stake in Wakodo Co., Ltd. and three other subsidiaries, namely, Sanwell Co., Ltd., AB Cargo East Co. Ltd., and AB Cargo West Co., Ltd because of their increased materiality in the Group.

On the other hand, the Company eliminated five companies from the list of its consolidated subsidiaries because of mergers with other consolidated companies: Asahi-Kyowa Liquor Manufacturing Co., Ltd., Asahi Logistics Co., Ltd., Asahi Cargo Service Nagoya, Ltd., Asahi Cargo Service Osaka, Ltd., and Asahi Cargo Service Kyushu, Ltd. The Company also ended the consolidation of Kyoto Shurui Ryutsu Kabushikigaisha, a distributor company of alcoholic beverages and soft drinks, because the Company had sold all the stake in that company to a third party company during the year under review, and of Asahi Breweries Itochu China (Holdings) Ltd., because of the completion of the company's final distribution of liquidation dividends.

B. Principal unconsolidated subsidiaries:

Sumidagawa Brewing Co., Ltd., and others

Rationale for exclusion from the scope of consolidation:

The unconsolidated subsidiaries are all small in terms of total assets, sales, net profit or loss, and retained earnings (amount corresponding to equity ownership); they have no material impact as a whole on the consolidated financial statements and thus are excluded from the scope of consolidation.

(2) Items of the application of Equity Method

A. Number of companies subject to application of the equity method: 26

Subsidiary subject to the equity method: 1

Asahi Beer Engineering Co., Ltd.

Affiliates subject to the equity method: 25

These include Asahi Business Solutions Corp., Qingdao Tsingtao Beer & Asahi

Beverage Co., Ltd., Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. and its 22 affiliated companies.

9 affiliated companies of Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. which had been incorporated and started operations during the fiscal year under review, were accounted for under the equity method.

B. Principal unconsolidated subsidiaries and affiliates not subject to application of the equity method

Unconsolidated subsidiaries:	Sumidagawa Brewing Co., Ltd. and others
Affiliates:	Asahi Business Produce Co., Ltd. and others

Rationale for not applying the equity method to the unconsolidated subsidiaries and affiliates:

The companies in question have extremely slight impact on net profit or loss and retained earnings (amount corresponding to the equity ownership the Company holds); they have no material impact as a whole on the consolidated financial statements and thus the equity method were not applied.

(3) Accounting period of the consolidated subsidiaries

The accounting period of Asahi Beer U.S.A., Inc., is October 1 to September 30 and is different from that of the Company. Thus a provisional fiscal year ending at December 31 (calculated by a reasonable procedure in accordance with legitimate accounting methods) was used for Asahi Beer U.S.A., Inc. for consolidation purposes. Other consolidated subsidiaries have the same accounting period as the Company.

(4) Significant Accounting Policies

A. Standards and methods of valuation for important assets

1) Valuation basis and method for securities:

Held-to-maturity debt securities

Held-to-maturity debt securities are stated at amortized cost.

Other securities

Securities with market value

Carried at the average market value for the month immediately preceding the consolidated balance sheet date. (Related valuation differences are directly charged or credited to the net assets, and the cost of securities sold is computed by the moving average method.)

Securities without market value

Stated at cost based on the moving-average method.

2) Valuation basis and method for derivatives:

Market price method

3) Valuation basis and method for inventories:

Merchandise, finished goods, and semi-finished goods are stated at cost determined mainly by the weighted average method.

Raw materials and supplies are stated at cost determined mainly using the moving-average method.

B. Depreciation methods for major assets:

Tangible fixed assets:

Depreciation is provided by the straight-line method with respect to production facilities and by the declining-balance method with respect to other tangible assets. Consolidated subsidiaries mainly adopt the declining-balance method. Buildings (excluding of fixtures), acquired on or after April 1, 1998, however, are calculated using the straight-line method.

The estimated useful life and the residual value of the fixed assets are mainly based on the same standards as specified in the Corporation Tax Law.

Intangible fixed assets:

Intangible fixed assets are calculated using the straight-line method. The estimated useful life of the assets is mainly based on the same standards as specified in the Corporation Tax Law. Software for internal use, however, is amortized by the straight-line method in the useful period of five years.

C. Accounting criteria for major allowances:

Allowance for doubtful accounts:

Allowance for doubtful accounts consists of the estimated uncollectible amounts with respect to certain identified doubtful receivables and an amount calculated using the rate of actual collection losses with respect to the other receivables.

Allowance for employees' severance and retirement benefits:

The Company makes provisions for the necessary amount of allowance for employees' severance and retirement benefits deemed to have accrued during the term, based on the Company's projected benefit obligation and the balance of pension fund at the term-end. Actuarial gain or loss is amortized, from the year following the year in which the gain or loss is recognized, by the straight-line method for a given number of years (mainly10 years) within employees' average remaining years of service.

Prior service cost is amortized by the straight-line method within the average remaining years of service of employees (mainly 10 years) from the time it arises.

Allowance for retirement benefits for Directors and Statutory Auditors:

The Company and some of its consolidated subsidiaries calculate the required amount, based on internal regulations, in preparation for payment of a retirement allowance for Directors and Statutory Auditors applicable to the fiscal year under review.

D. Other significant items associated with the preparation of consolidated financial statements

1) Methods of major lease transactions

Finance leases other than those in which ownership of the leased property is deemed to be transferred to the lessee are accounted for in the manner as followed in operational lease transactions.

2) Accounting for hedging

a. Accounting for hedging

The Company defers gains or losses on its hedges.
For foreign currency swaps, the Company allocates differences in the value of hedging instruments when such hedges meet all requirements for such allocations. For interest rate swaps, the Company applies an exceptional treatment when the swap in question meets the conditions for application of such an exceptional treatment.

b. Hedging instruments and risks being hedged:

Hedging instruments:	Foreign exchange contract, forward foreign exchange currency swaps and interest rate swaps
Risks being hedged:	Interest on borrowings and transactions in foreign currencies

c. Hedging policy:

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets and in interest rates and to reduce the costs of financing. The Company has a policy not to engage in speculative transactions which are deviated from real demand or in highly leveraged transactions.

d. Method of evaluating the effectiveness of hedging:

The Company assesses the effectiveness of its hedges by comparing changes in the market values of the hedged items and of the hedging instruments over the entire period of the hedge. When the Company allocates differences in the value of hedging instruments or when it accounts for the value of swaps under special exceptions, these determinations allow it to forgo evaluations of the effectiveness of hedges in those cases.

3) Consumption tax and similar taxes

Consumption tax and similar taxes are excluded from the statements of income, except nondeductible consumption tax related to fixed assets that are charged when incurred.

(5) Evaluation of consolidated subsidiaries' assets and liabilities

Fair market value method is used to evaluate all assets and liabilities of consolidated subsidiaries.

(6) Consolidation adjustment account

The consolidation adjustment account is amortized by the straight-line method over a five- to twenty-year period.

(Changes in accounting treatment)

(1) Accounting standard for impairment of fixed assets

As from the fiscal year under review, the Company began applying the "Accounting Standard for Impairment of Fixed Assets" {as set under the "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" (Business Accounting Deliberation Council, August 9, 2002)} and the "Implementation Guidance for Accounting Standards for Impairment of Fixed Assets" (Accounting Standards Board of Japan, October 31, 2003; ASB Guidance No. 6). This change resulted in a decrease in net income before taxes of ¥3,905 million.

Accumulated impairment losses were deducted directly from the value of the respective assets concerned.

(2) Accounting standard for Directors' and Statutory Auditors' bonuses

As from the fiscal year under review, the Company began applying the "Accounting Standard for Directors' and Statutory Auditors' Bonuses" (Accounting Standards Board of Japan, November 29, 2005; ASB Accounting Standard No. 4). This change resulted in only an insignificant impact on earnings.

(3) Accounting standard for retirement benefits

As from the fiscal year under review, the Company began applying the "Amendment of Accounting Standards for Retirement Benefits" (Accounting Standards Board of Japan, March 16, 2005; ASB Accounting Standard No. 3) and the "Implementation Guidance for Amendment of Accounting Standards for Retirement Benefits" (Accounting Standards Board of Japan, March 16, 2005; ASB Guidance No. 7). This change resulted in only an insignificant impact on earnings.

(4) Accounting standard for presentation of net assets on the consolidated balance sheets

As from the fiscal year under review, the Company began applying the "Accounting Standard for Presentation of Net Assets on the Balance Sheet" (Accounting Standards Board of Japan, December 9, 2005; ASB Accounting Standard No. 5) and "Implementation Guidance for Accounting Standard for Presentation of Net Assets on the Balance Sheet" (Accounting Standards Board of Japan, December 9, 2005; ASB Guidance No. 8). This change resulted in no impact on earnings. Total shareholders' equity under the previous standard would have been ¥476,736 million.

2. Notes to Consolidated Balance Sheets

(1) Pledged assets and secured liabilities

The following assets have been provided as security for short-term borrowings of ¥1,903 million and long-term borrowings of ¥12,219 million:

Buildings and structures:	¥9,906 million
Machinery, equipment and vehicles:	¥3,777 million
Land:	¥27,179 million
Investment securities:	¥633 million
Total	¥41,496 million

(2) Accumulated depreciation on tangible fixed assets: ¥582,154 million

(3) Contingent liabilities

Guarantees:	¥9,880 million
Discounted export bill of exchange:	¥1 million

(4) Matured notes at term-end

The Balance Sheet date for the term fell on a bank holiday and trade notes with maturity on the Balance Sheet date were cleared on the next business day of the clearing houses. Thus current assets and current liabilities include respectively trade notes receivable and trade notes payable with maturity on the Balance Sheet date as follows:

Notes receivable:	¥396 million
Notes payable:	¥1,328 million

3. Notes to Consolidated Statements of Income

Impairment losses

In the fiscal year under review, the Group recognized impairment losses in the following asset groups:

Use of Asset	Location of Asset	Type of Asset
Operational assets (for product distribution)	Komaki, Aichi and 2 others	Land, Buildings and structures
Leased asset	Sumida-ku, Tokyo	Land, Buildings and structures
Idle assets	Akitakada, Hiroshima and another	Land

The Company and its Group companies in principle divide their respective assets by individual breweries, plants and other operational business establishments and [determine][bases] their groupings based on complementary relations of cash flows among different assets. On the other hand, the Company and its Group companies count as a stand-alone asset group each of individual leased assets and idle assets. Headquarters buildings and employee welfare facilities of the Company and its Group companies are categorized as common-use assets, as they do not generate cash flows by themselves.

At current market prices, the Group's operational assets (for product distribution) and leased asset cited in the table above have lost a substantial part of their respective book values and the likelihood of recovering the investment is projected small. In addition, the market values of the Group's idle assets have also declined substantially compared to their respective book values and the likelihood of future utilization thereof is completely uncertain. Consequently, the Group has written down the book values of these assets to amounts it believes are recoverable. These write-offs have resulted in impairment losses (¥3,905 million, of which the loss on land amounted to ¥2,352 million, and the loss on buildings and structures amounted to ¥1,552 million), which the Group has recognized as extraordinary losses.

The Group arrived at the recoverable values of these respective assets by estimating net sales amounts or value of use. The former was based primarily on an appraisal by a real estate appraiser in accordance with the Standards for Real Estate Appraisal; the latter was calculated by future projected cash flow discounted by 4.3%.

4. Notes related to statement of changes in shareholders' equity

(1) Total shares outstanding as of the end of the fiscal year under review

Common shares

As of the end of the fiscal year (Dec. 31, 2005):	493,585,862 sharers
Decrease:	10,000,000 shares
As of the end of the fiscal year under review:	483,585,862 shares

(Reason for decrease): Decrease due to retirement of treasury stock

(2) Dividends from retained earnings distributed during the fiscal year under review

A. It was resolved at the Annual Shareholders' Meeting of March 30, 2006 as follows:

Item related to dividends on common stock

Total amount of dividends:	¥4,541 million
Dividend per share:	¥9.50
Date of record:	December 31, 2005
Effective date:	March 31, 2006

B. It was resolved at the meting of the Board of Directors of August 4, 2006 as follows:

Item related to interim dividends on common stock

Total amount of interim dividends:	¥4,065 million
Interim dividend per share:	¥8.50
Date of record:	June 30, 2006
Effective date:	September 5, 2006

(3) Dividends from retained earnings to be distributed after the final day of the fiscal year under review

The following item has been placed on the agenda for approval at the Ordinary Shareholders' Meeting scheduled for March 27, 2007.

Item related to dividends on common stock

Source of dividends:	Retained earnings
Total amount of dividends:	¥4,942 million
Dividend per share:	¥10.50
Date of record:	December 31, 2006
Effective date:	March 28, 2007

(4) Number of shares subject of share purchase warrants upon exercise thereof (as of December 31. 2006)

The First Issue of share purchase warrants (issued on March 28, 2003)

Number of share purchase warrants:	437
Class and number of share subject of purchase warrants:	Common shares: 437,000 shares
Amount to be paid in upon exercise of the share purchase warrants:	¥830
Exercise period:	March 28, 2005 to March 27, 2013

The Second Issue of share purchase warrants (issued on March 30, 2004)

Number of share purchase warrants:	5,850
Class and number of share purchase warrants:	Common shares: 585,000 shares
Amount to be paid in upon exercise of the share purchase warrants:	¥1,205
Exercise period:	March 30, 2006 to March 29, 2014

5. Per share information

(1) Net assets per share: ¥1,012.77

(2) Net income per share: ¥94.02

6. Other notes

Figures of less than one million yen are omitted.

INDEPENDENT AUDITOR'S REPORT

January 31, 2007

To: The Board of Directors
Asahi Breweries, Ltd.

AZSA & Co.

Hikoyuki Miwa (Seal)
Designated and Engagement Partner
Certified Public Accountant

Tatsunaga Fumikura (Seal)
Designated and Engagement Partner
Certified Public Accountant

Yasuyuki Nagasaki (Seal)
Designated and Engagement Partner
Certified Public Accountant

In accordance with the provision of Paragraph 4, Article 444 of the Corporation Law, we have audited the consolidated financial statements of Asahi Breweries, Ltd. (the "Company") for the fiscal year that ran from January 1, 2006 to December 31, 2006. These statements consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statement of changes in shareholders' equity, and notes on significant accounting policies used in consolidation. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit as Independent Auditor.

We conducted our audit in accordance with generally accepted auditing standards in Japan. Those auditing standards require that we obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and assessing the accounting principles used, the methods of application thereof, and estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the foregoing consolidated financial statements present fairly, in all material aspects, the financial position and results of operations of the Company and its consolidated subsidiaries, for the period covered by the aforesaid financial statements in conformity with generally accepted accounting principles in Japan

Postscript:

As reported in the notes on significant accounting policies, from the fiscal year under review the Company began applying accounting standards related to impairment of fixed assets. Consequently, the consolidated financial statements have been prepared in accordance with these standards.

Our firm and engagement partners have no interests in the Company required to be disclosed pursuant to the relevant provisions of the Certified Public Accountants Law of Japan.

REPORT OF THE BOARD OF STATUTORY AUDITORS CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Report

The Board of Statutory Auditors has prepared the following report on the consolidated financial statements (consisting of the consolidated balance sheets, the consolidated statements of income, the consolidated statement of changes in shareholders' equity, and notes on significant accounting policies used in consolidation) for the 83rd fiscal year, which ran from January 1, 2006 to December 31, 2006. This report was prepared on the basis of audit reports prepared by individual Statutory Auditors and represents a unanimous opinion of all the Statutory Auditors after due discussions and consultations among them.

1. Methods used in audits by the individual Statutory Auditors and by the Board of Statutory Auditors; content of audits

The Board of Statutory Auditors established auditing policies and auditing plans for the fiscal year under review and received reports from each of the Statutory Auditors on the execution of his auditing activities and the result thereof. In addition, it received reports on business performance from Directors et al. and from the Independent Auditor, and, when necessary, requested their explanations regarding such reports.

In accordance with the auditing policies and auditing plans established by the Board of Statutory Auditors for the period under review, each of the Statutory Auditors received reports from Directors, employees and others regarding the consolidated financial statements, and, when necessary, requested explanations regarding these reports. Statutory Auditors also monitored and examined whether the Independent Auditor maintains their independence and carry out their audits in an appropriate manner. Statutory Auditors received reports from the Independent Auditor on the execution of their duties and, when necessary, requested their explanations regarding those reports. They also received notification from the Independent Auditor that they have taken steps to improve the "system for ensuring appropriate execution of their duties" (as enumerated in Article 159 of the Company Accounting Regulation Ordinance) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Deliberation Council on October 28, 2005), and, when necessary, requested their explanations and consequently confirmed that the system under which the Independent Auditor operates is appropriate. Based on the foregoing methods, Statutory Auditors reviewed the consolidated financial statements for the fiscal year under review.

2. Result of the Audit

In our opinion, the auditing methods used by AZSA & Co., the Independent Auditor, and the result of their audit is appropriate.

February 1, 2007

Board of Statutory Auditors
Asahi Breweries, Ltd.

Sugao Nishikawa (Seal)
Standing Statutory Auditor

Hiroshi Fujita (Seal)
Standing Statutory Auditor

Takahide Sakurai (Seal)
Statutory Auditor

Naoto Nakamura (Seal)
Statutory Auditor

Tadashi Ishizaki (Seal)
Statutory Auditor

REFERENCE MATERIAL FOR SHAREHOLDERS' MEETING

Agenda items and reference materials

Item 1:Appropriation of retained earnings for the 83rd term

The Company is proposing the disposal of retained earnings in the following manner:

1. Year-end dividends

The Company considers the return of profits to shareholders to be an important policy. While endeavoring to enhance its profitability and to strengthen its financial standing, the Company's fundamental aim is to reward shareholders appropriately in the light of its financial standing. Its policy with respect to dividends is basically to maintain the continuity and stability of payouts, while at the same time targeting to increase the payout ratio up to 20 percent or higher on a consolidated basis. In accordance with this policy, and taking into consideration a variety of factors, including financial standing and profitability of the Company, the Company is proposing to distribute the following dividend keeping in mind great support given to it by its shareholders and in response to shareholders' expectations.

(1) Type of dividend asset

Cash

(2) Allocation of dividend assets to shareholders and total amount of allocation

¥10.50 yen per share of common stock

Total amount of payout: ¥4,942,323,351

The Company previously paid out ¥8.50 per share as an interim-period dividend, so the total dividend for the fiscal year under review will amount to ¥19 per share.

(3) Effective date of dividend payment

March 28, 2007

2. Appropriation of other retained earnings

(1) Retained-earnings accounts showing an increase, and the amount of such increases

Special reserves:	¥30,000,000,000

(2) Retained-earnings accounts showing a decrease, and the amount of such decreases

Retained earnings carried forward:	¥30,000,000,000

Item 2: Directors' and Statutory Auditors' bonuses

In light of its business results during the year under review, the Company is proposing to pay the following bonuses to its twelve (12) Directors and five (5) Statutory Auditors who were in office as of the end of the fiscal year: ¥45,400,000 for Directors' bonuses (of which ¥3,900,000 will be paid to three (3) Outsider Directors); and ¥3,800,000 for Statutory Auditors' bonuses (of which ¥1,500,000 will be paid to three (3) Outside Statutory Auditors). The Company furthermore proposes that decisions regarding individual amounts, and timing and methods of payment, etc. of the bonuses, be left to the discretion of the Board of Directors as for bonuses for Directors, and to mutual consultations among Statutory Auditors as for bonuses for Statutory Auditors.

Item 3: Amendments of the Articles of Incorporation

We hereby propose to amend the Articles of Incorporation of the Company as follows:

(1) Reason for amendments

A. To make management accountability clearer to shareholders, this amendment changes the term of directors to one year from the current two years (proposed amendment to the current Article 20).

B. To enable Outside Directors and Outside Statutory Auditors to effectively fulfill their expected roles, it is proposed that the Company be entitled to conclude agreements with Outside Directors and Outside Statutory Auditors to the effect that liability of such Outside Directors and Outside Statutory Auditors be limited. Toward this end, the Company is proposing the establishment of each new article (proposed amendments to Articles 25 and 33). The Company has obtained the concurrence of all the Statutory Auditors for the submission of the proposed amendment to Article 25.

   In this connection, renumbering of articles necessitated by the establishment of these new articles shall also be made a part of this amendment.

(2) Details of amendments

The proposed amendments are as follows:

(Revised portions are indicated with underlines.)

Current	Amended
Chapter IV: DIRECTORS AND BOARD OF DIRECTORS	Chapter IV: DIRECTORS AND BOARD OF DIRECTORS
Article 20 (Term of Office) The term of office of a Director shall expire at the conclusion of the annual shareholders' meeting for the latest business year ending <u>within two (2) years</u> from his/her appointment of office.	Article 20 (Term of Office) The term of office of a Director shall expire at the conclusion of the annual shareholders' meeting for the latest business year ending <u>within one (1) year</u> from his/her appointment of office.
(Inserted)	<u>Article 25 (Agreements Limiting the Liability of Outside Directors)</u> <u>In accordance with the provision of Paragraph 1, Article 427 of the Corporation Law, the Company may enter into an agreement with an Outside Director to the effect that his/her liability for damages as provided for under Paragraph 1, Article 423 of the Corporation Law is limited. This limit, however, shall be either a predetermined amount no less than ¥10,000,000 or the minimum liability amount stipulated by laws and regulations, whichever is higher.</u>
Chapter V: STATUTORY AUDITORS AND BOARD OF STATUTORY AUDITORS <u>Article 25</u> - <u>Article 31</u> (Omitted)	Chapter V: STATUTORY AUDITORS AND BOARD OF STATUTORY AUDITORS <u>Article 26</u> - <u>Article 32</u> (Unchanged)
(Inserted)	<u>Article 33 (Agreements Limiting the Liability of Outside Statutory Auditors)</u> <u>In accordance with the provisions of Paragraph 1, Article 427 of the Corporation Law, the Company may enter into an agreement with an Outside Statutory Auditor to the effect that his/her liability for damages as provided for under Paragraph 1, Article 423 of the Corporation Law is limited. This limit, however, shall be either a predetermined amount no less than ¥10,000,000 or the minimum liability amount stipulated by laws and regulations, whichever is higher.</u>
Chapter VI: INDEPENDENT AUDITORS <u>Article 32</u> - <u>Article 34</u> (Omitted)	Chapter VI: INDEPENDENT AUDITORS <u>Article 34</u> - <u>Article 36</u> (Unchanged)
Chapter VII: ACCOUNTS <u>Article 35</u> - <u>Article 37</u> (Omitted)	Chapter VII: ACCOUNTS <u>Article 37</u> - <u>Article 39</u> (Unchanged)

Item 4: Election of eleven (11) Directors

At the close of this Annual Shareholders' Meeting, the term of office expires for the following three (3) Directors: Kouichi Ikeda, Akira Ohara, and Naoki Izumiya. Item 3 proposes an amendment to the Articles of Incorporation which would change directors' term to one (1) year from the current two (2) years. Provided that Item 3 is approved, then, Directors' term is changed to one (1) year, leading to the effect that the term of all of nine (9) other Directors, namely, Hitoshi Ogita, Yoshihiro Goto, Masatoshi Takahashi, Yoshifumi Nishino, Hikaru Kawamura, Kazuo Motoyama, Nobuo Yamaguchi, Yukio Okamoto and Tomoyo Nonaka will also be expiring.

Therefore, we would like shareholders to elect eleven (11) Directors.

In the event that Item 3 is rejected, however, this Item 4 shall be amended to read that only the five (5) candidates listed as Candidates No. 1, 5, 9, 10 and 11 in the Table on pages 68 to 75 are proposed to be elected (for the avoidance of doubt, excluding those six (6) persons whose term does not expire at the close of this meeting in case Item 3 is rejected, namely, Hitoshi Ogita, Masatoshi Takahashi, Yoshifumi Nishino, Kazuo Motoyama, Nobuo Yamaguchi and Yukio Okamoto).
Also, in this case, three (3) Directors, Yoshihiro Goto, Hikaru Kawamura and Tomoyo Nonaka will be resigning voluntarily at the close of this meeting.

The candidates for the positions are as follows:

(New candidates are marked with (*))

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
1	Kouichi Ikeda (April 21, 1940)	Apr. 1963 Entered Asahi Breweries, Ltd. Mar. 1996 Director; General Manager of Kyushu, Chugoku and Shikoku Regional Headquarters Mar. 1997 Managing Director; Senior Deputy General Manager of Sales Division and Senior General Manager of Kyushu and Chugoku Regional Headquarters Sep. 1997 Managing Director, Senior Deputy General Manager of Sales Division, and Senior General Manager of Shutoken Regional Headquarters and Kanshin-etsu Regional Headquarters Sep. 1998 Managing Director, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters Mar. 1999 Senior Managing Director, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters Mar. 2000 Senior Managing Executive Officer, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters Oct. 2000 Senior Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters Mar. 2001 Senior Managing Director Jan. 2002 President and Representative Director Mar. 2006 Chairman of the Board and Representative Director (to the present) < Representation of other companies and other organizations > Chairman of the board of Asahi Beer Arts Foundation	22,200	See the Note 1

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
2	Hitoshi Ogita (January 1, 1942)	Apr. 1965 Entered Asahi Breweries, Ltd. Mar. 1997 Director, General Manager of Fukuoka Branch Sep. 1997 Director, Senior General Manager of Kyushu Regional Headquarters Mar. 2000 Managing Executive Officer, Senior General Manager of Kyushu Regional Headquarters Oct. 2000 Managing Executive Officer, Senior General Manager of Kanshin-etsu Regional Headquarters Mar. 2002 Senior Managing Executive Officer, Senior General Manager of Kanshin-etsu Regional Headquarters Sep. 2002 Executive Officer, Vice President of Asahi Soft Drinks Co., Ltd. Mar. 2003 President and Representative Director of Asahi Soft Drinks Co., Ltd. Mar. 2006 President and Representative Director of Asahi Breweries, Ltd. (to the present)	11,000	---

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and organizations		Number of shares in the Company owned by the candidate	Special interests in the Company
3	Masatoshi Takahashi (October 24, 1946)	Apr. 1969	Entered Asahi Breweries, Ltd.	26,502	---
		Mar.2000	Executive Officer, Senior General Manager of Chubu Regional Headquarters		
		Sep. 2001	Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters		
		Mar. 2002	Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters		
		Sep. 2003	Managing Executive Officer, Senior General Manager of Kinkiken Regional Headquarters		
		Mar. 2005	Senior Managing Executive Officer, Senior General Manager of Kinkiken Regional Headquarters		
		Mar. 2006	Senior Managing Director, Senior Managing Executive Officer (to the present)		

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
4	Yoshifumi Nishino (March 4, 1947)	Apr. 1969 Entered Asahi Breweries, Ltd. Sep. 2001 Executive Officer, Senior General Manager of Production Headquarters Mar. 2003 Managing Executive Officer, Senior General Manager of Production Headquarters Mar. 2004 Managing Director Mar. 2006 Managing Director, Managing Executive Officer (to the present) < Representation of other companies and organizations> Chairman of the board of Asahi Breweries Foundation	16,366	See the Note 1
5	Naoki Izumiya (August 9, 1948)	Apr. 1972 Entered Asahi Breweries, Ltd. Mar. 2000 Executive Officer, Senior General Manager of Group Management Strategy Division Oct. 2000 Executive Officer, Senior General Manager of Strategy Planning Headquarters Sep. 2001 Executive Officer, Deputy General Manager of Shutoken Regional Headquarters and General Manager of Tokyo Branch Mar. 2003 Director Mar. 2004 Managing Director Mar. 2006 Managing Director, Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters (to the present)	8,800	---

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
6	Kazuo Motoyama (March 14, 1950)	Apr. 1972 Entered Asahi Breweries, Ltd. Mar. 2000 Executive Officer, Senior General Manager of Quality Development Headquarters and Senior General Manager of Logistics Department Sep. 2001 Executive Officer, Senior General Manager of SCM Headquarters Sep. 2002 Executive Officer Sep. 2003 Executive Officer, Senior General Manager of Strategy Planning Headquarters Oct. 2005 Executive Officer Mar. 2006 Director, Executive Officer (to the present)	10,200	---
7	Nobuo Yamaguchi (December 23, 1924)	Apr. 1952 Entered Asahi Chemical Industry Co., Ltd. Jun. 1976 Director Nov. 1978 Managing Director Jun. 1981 Executive Vice President and Representative Director Mar. 1982 Director of Asahi Breweries, Ltd. (to the present) Apr. 1992 Chairman of the Board and Representative Director of Asahi Chemical Industry Co., Ltd. (now Asahi Kasei Corporation) (to the present) < Representation of other companies and organizations> Chairman of the Board and Representative Director of Asahi Kasei Corporation Chairman, The Japan Chamber of Commerce and Industry; Chairman, The Tokyo Chamber of Commerce and Industry	11,000	---

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
8	Yukio Okamoto (November 23, 1945)	Apr. 1968 Entered the Ministry of Foreign Affairs Jan. 1991 Resigned from the Ministry of Foreign Affairs Apr. 1991 Adviser to The Japan Foundation President and CEO of Okamoto Associates, Inc. (to the present) Nov. 1996 Adviser to the Prime Minister on Okinawa Affairs Jul. 1998 Advisor to the Science and Technology Agency Mar. 2000 Director of Asahi Breweries, Ltd. (to the present) Sep. 2001 Special Advisor to the Cabinet Apr. 2003 Special Advisor to the Prime Minister < Representation of other companies and organizations> President and CEO of Okamoto Associates, Inc. General Partner of Pacifica Neo Ventures LLC	3,700	See the Note 1

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
9	Masahiko Osawa * (January 28, 1946)	Apr. 1968 Entered Asahi Breweries, Ltd. Mar. 1998 General Manager of Saga Branch Sep. 1998 General Manager of Hiroshima Branch Sep. 1999 Deputy General Manager of Chugoku Regional Headquarters and General Manager of Hiroshima Branch Mar. 2000 Executive Officer, Senior General Manager of Logistics Department Sep. 2001 President of Asahi Beer (Shanghai) Product Services Co., Ltd. Sep. 2002 Managing Executive Officer, Chief Representative of China Representative Office Jan. 2005 Managing Executive Officer, Senior General Manager of China Business Headquarters, Chief Representative of China Representative Office Oct. 2005 Managing Executive Officer, Senior General Manager of China Headquarters, Chief Representative of China Representative Office (to the present)	17,652	---
10	Akiyoshi Koji * (November 8, 1951)	Apr. 1975 Entered Asahi Breweries, Ltd. Sep. 2001 Executive Officer in charge of Management Strategy, Personnel Strategy and Business Planning Promotion Mar. 2002 Executive Officer in charge of Management Planning, Personnel Strategy, Business Planning Promoting and Public Relations Sep. 2002 Executive Officer in charge of Beverage Business of Asahi Breweries, Ltd. Mar. 2003 Managing Director and Senior General Manager of Planning Division, Asahi Soft Drinks Co., Ltd. Mar. 2006 Senior Managing Director and Senior General Manager of Planning Division, Asahi Soft Drinks Co., Ltd. (to the present)	7,100	---

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
11	Shin Iwakami* (May 18, 1949)	Apr. 1972 Entered Asahi Breweries, Ltd. Mar. 1999 Senior Officer of Asahi Breweries, Ltd., Vice President of Beijing Beer Asahi Co., Ltd. Sep. 1999 Senior Officer and Deputy General Manager, Tokyo Brewery, Asahi Breweries, Ltd. Mar. 2000 Senior Officer and General Manager, Nagoya Brewery Sep. 2001 Senior Officer and General Manager, Production Department Sep. 2002 Senior Officer and General Manager, Production Department I Sep. 2003 Senior Officer and Deputy Senior General Manager, Production Operations Headquarters; General Manager, Production Department I Mar. 2004 Executive Officer and Senior General Manager, Production Operations Headquarters Mar. 2005 Executive Officer and Senior General Manager, Production Headquarters (to the present)	11,400	---

Notes:

1. Special interests in the Company candidates have:

1) The Company has made donations to the Asahi Brewery Arts Foundation, of which board Kouichi Ikeda is the Chairman. The Company also receives rent from the foundation with respect to facilities of the Asahi Beer Oyamazaki Villa Museum, which is operated by the foundation.
2) The Company has made donations to the Asahi Breweries Foundation, of which board Yoshifumi Nishino is the Chairman.
3) The Company has made investments in the Pacifica Fund 1, L.P., which is managed by Pacifica Neo Ventures LLC, where Yukio Okamoto is a General Partner.

2. Nobuo Yamaguchi and Yukio Okamoto are both candidates for Outside Directors defined in Item 15, Article 2 of the Corporation Law.

3. The following are items required to be noted about candidates for Outside Director.
   (1) Reasons for recommending them as candidates for Outside Directors
      A. Nobuo Yamaguchi would bring a wealth of company management experience and insight into a broad range of issues, to the management of the Company. We thus recommend his election to the board as an Outside Director.
      B. As an expert on diplomatic and international affairs, Yukio Okamoto would bring deep insight and a wide range of experience to the management of the Company. We thus recommend his election to the board as an Outside Director.
   (2) In case of the candidates' service over the past five years as Outside Director or Outside Statutory

Auditor at other companies; records of inappropriate actions by these companies during the candidates' terms of office therein, or of steps taken by the candidates to prevent such inappropriate actions, or of responses taken by the candidates to deal with such actions after their occurrence

A. Nobuo Yamaguchi has been concurrently serving as an Outside Statutory Auditor of The Yomiuri Shimbun Holdings, which since the 1950s owned shares in a number of television station companies through third-party accounts. This was in violation of regulations (ordinances of Ministry of Internal Affairs and Communications) limiting the holdings of such shares, which were adopted for the purpose of eliminating an excessive concentration of ownership in the mass media. The violation was discovered in November 2004 and rectified in March 2005. Nobuo Yamaguchi was not involved in any of the actions leading to this violation. With respect to actions taken by the candidate since the issue was uncovered, Nobuo Yamaguchi offered proposals designed to prevent the reoccurrence of such violations to the board, based on internal and external investigative reports.

B. Yukio Okamoto concurrently serves as an Outside Director of Mitsubishi Materials Corporation, which together with Mitsubishi Estate Co., Ltd. and Obayashi Corporation, developed and sold the Osaka Amenity Park Residence Tower (a condominium tower). The developers of the project were sued by residents of the condominium over contaminated soil on the project site. Yukio Okamoto was not involved in this project. He offered proposals designed to prevent the reoccurrence of such violations to the board, based on internal and external investigative reports.

(3) Number of years of service as Outside Director

A. At the conclusion of this Annual Shareholders' Meeting, Nobuo Yamaguchi will have served as an Outside Director for 25 years.

B. At the conclusion of this Annual Shareholders' Meeting, Yukio Okamoto will have served as an Outside Director for 7 years.

(4) Regarding agreements limiting the liability of Outside Directors

To enable Outside Directors to effectively fulfill their expected roles, the Company is proposing in Item 3 of the agenda for this meeting (" Amendments of the Articles of Incorporation") that the Company shall be entitled to conclude agreements with Outside Directors to the effect that liability of Outside Directors is limited. If this amendment is approved, the Company will, in accordance with Paragraph 1, Article 427 of the Corporation Law, enter into such agreements with all the Outside Directors limiting their liability as defined in Paragraph 1, Article 423 of the Corporation Law.

Item 5: Election of three (3) Statutory Auditors

At the close of this Annual Shareholders' Meeting, the terms of office will expire for the following three (3) Statutory Auditors: Hiroshi Fujita, Takahide Sakurai and Naoto Nakamura.

Therefore we would like shareholders to elect three (3) Statutory Auditors.

The candidates are as follows:

For the avoidance of doubt, the Company has obtained the concurrence of the Board of Statutory Auditors for the submission of this proposal.

(New candidates are marked with (*))

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and organizations		Number of shares in the Company owned by the candidate	Special interests in the Company
1	Takahide Sakurai (October 30, 1932)	Apr. 1955	Entered The Dai-ichi Mutual Life Insurance Company Limited	0	---
		Apr. 1983	Managing Director		
		Apr. 1986	Executive Vice President and Representative Director		
		Apr. 1987	President and Representative Director		
		Mar. 1994	Statutory Auditor, Asahi Breweries, Ltd. (to the present)		
		Apr. 1997	Chairman and Representative Director, The Dai-ichi Mutual Life Insurance Company Limited		
		Jul. 2004	Senior Advisor to The Dai-ichi Mutual Life Insurance Company (to the present)		
2	Naoto Nakamura (January 25, 1960)	Oct. 1982	Passed Bar Examination	0	---
		Apr. 1985	Graduated from the Legal Research and Training Institute; registered with the Daini Tokyo Bar Association; joined the Mori Sogo Law Offices		
		Apr. 1998	Established the Hibiya Park Law Office; partner		
		Feb. 2003	Established the Naoto Nakamura Law Offices (present Nakamura, Tsunoda & Matsumoto Law Offices); partner (to the present)		
		Mar. 2003	Outside Statutory Auditor, Asahi Breweries, Ltd. (to the present)		

Candidate Number	Name (date of birth)	Career summaries, ranks within the Company, areas of responsibility, and representation of other companies and organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
3	Yoshihiro Goto * (October 20, 1944)	Apr. 1967 Entered Asahi Breweries, Ltd. Mar. 1999 Director, General Manager of Fukuoka Branch Sep. 1999 Director, General Manager of Audit Department Mar. 2000 Executive Officer, General Manager of Audit Department Mar. 2002 Managing Executive Officer Sep. 2003 Managing Executive Officer, Senior General Manager of Management Headquarters Mar. 2004 Senior Managing Director and Senior Managing Executive Officer, Senior General Manager of Management Headquarters Oct. 2005 Senior Managing Director and Senior Managing Executive Officer, Group Headquarters (to the present)	11,300	---

Notes:

1. Takahide Sakurai and Naoto Nakamura are both candidates for Outside Statutory Auditor as defined in Item 16, Article 2 of the Corporation Law.
2. The following are items required to be noted about candidates for Outside Statutory Auditors.
   (1) Reasons for recommending them as candidates for Outside Statutory Auditors:
      A. Takahide Sakurai would bring a wealth of experience of company management and insight into a broad range of issues to the management of the Company. We thus recommend his election to the Board of Statutory Auditors as an Outside Statutory Auditor.
      B. Naoto Nakamura would bring professional perspective as an attorney at law, deep insight into management and oversight capabilities to the task of auditing the Company. We thus recommend his election to the Board of Statutory Auditors as an Outside Statutory Auditor.
   (2) In case any candidate for Outside Statutory Auditor has not had any past involvement in the management of companies other than in his/her role as an outside director or an outside statutory auditor, justification that the Company believes he/she would be capable of appropriately executing the duties of Outside Statutory Auditor:

      In his position as an attorney at law, Naoto Nakamura has established a highly regarded record of achievement in corporate laws and is deeply knowledgeable about company management. The Company thus believes that he will be able to appropriately execute the tasks of Outside Statutory Auditor.
   (3) In case, over the past five years, any candidate for Outside Statutory Auditor has engaged in operations of a "special related party" (as defined in Item 18, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Corporation Law):

      Until June 2004, Takahide Sakurai was the Representative Director and Chairman of The Dai-Ichi Mutual Life Insurance Company, which falls under the category of a "special related party" of the Company (a party with which the Company has had considerable dealings).

(4) Number of years of service as Outside Statutory Auditor

A. At the conclusion of this Annual Shareholders' Meeting, Takahide Sakurai will have served as an Outside Statutory Auditor for 13 years.

B. At the conclusion of this Annual Shareholders' Meeting, Naoto Nakamura will have served as an Outside Statutory Auditor for 4 years.

(5) Agreements limiting the liability of Outside Statutory Auditors

To enable Outside Statutory Auditors to effectively fulfill their expected roles, the Company is proposing in Item 3 of the agenda for this meeting ("Amendments of the Articles of Incorporation") that the Company shall be entitled to conclude agreements with Outside Statutory Auditors to the effect that liability of Outside Statutory Auditors is limited. If this amendment is approved, the Company will, in accordance with Paragraph 1, Article 427 of the Corporation Law, enter into such agreements with all the Outside Statutory Auditors limiting their liability as defined under Paragraph 1, Article 423 of the Corporation Law.

Item 6: Payments of Retirement Bonuses to Retiring Directors and Retiring Statutory Auditor, and Final Payments Marking the Termination of the System of Retirement Bonuses for Directors and Statutory Auditors

In recognition of their services while in office, the Company is proposing that retirement bonuses be paid to four (4) retiring Directors and a retiring Statutory Auditor, leaving office at the conclusion of this Annual Shareholders' Meeting. The retiring Directors are: Yoshihiro Goto, Akira Ohara, Hikaru Kawamura and Tomoyo Nonaka. The retiring Statutory Auditor is Hiroshi Fujita.

For the retiring Directors, the Company is proposing a payment of ¥77,000,000 (of which ¥11,400,000 will be paid to the one retiring Outside Director). For the Statutory Auditor, the Company is proposing a payment of ¥20,300,000. The Company furthermore proposes that decisions regarding specific amounts, and timing and methods of payment, etc., be left to the discretion of the Board of Directors as for the retirement bonuses to the individual retiring Directors and to mutual consultations among Statutory Auditors as for the retiring Statutory Auditor.

A brief summary of the careers of each of the retiring Directors and retiring Statutory Auditor is as follows:

Name	Brief Record	
Yoshihiro Goto	Mar. 2004	Senior Managing Director (to the present)
Akira Ohara	Mar. 2001	Director
	Mar. 2002	Managing Director
	Mar. 2004	Senior Managing Director (to the present)
Hikaru Kawamura	Mar. 2004	Managing Director (to the present)
Tomoyo Nonaka	Mar. 2002	Director (to the present)
Hiroshi Fujita	Mar. 2003	Statutory Auditor (to the present)

Meanwhile, the Board of Directors made a resolution in its meeting of February 6, 2007 to abolish the system of retirement bonuses for retiring Directors and retiring Statutory Auditors, effect as of the conclusion of this Annual Shareholders' Meeting.

In this connection, the Company is proposing that a final payment to mark the termination of this system be made to the Directors (excluding the retiring Directors) and Statutory Auditors (excluding the retiring Statutory Auditor) who were in office as of the end of the fiscal year under review. In recognition of services performed during their terms of office, the Company is proposing that a final payments marking the termination of the system of retirement bonuses be paid to the following eight (8) Directors and four (4) Statutory Auditors for their contributions made up to the conclusion of this Annual Shareholders' Meeting. The Directors concerned are: Kouichi Ikeda, Hitoshi Ogita, Masatoshi Takahashi, Yoshifumi Nishino, Naoki Izumiya, Kazuo Motoyama, Nobuo Yamaguchi and Yukio Okamoto. The Statutory Auditors concerned are: Sugao Nishikawa, Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki.

For the Directors, the Company is proposing a payment of ¥166,500,000 (of which ¥34,500,000 will be paid to two (2) Outside Directors). For the Statutory Auditors, the Company is proposing a payment of ¥48,000,000 (of which ¥33,000,000 will be paid to three (3) Outside Statutory Auditors). The Company furthermore proposes that decisions regarding specific amounts and methods of payment, etc., be left to the discretion of the Board of Directors as for the bonuses to the individual Directors and to mutual consultations among the Statutory Auditors as for the bonuses to the individual Statutory Auditors. Finally, as for the timing of the payment thereof, the Company proposes that payments of such bonuses be made to each of the Directors and Statutory Auditors upon his/her retirement.

A brief summary of the Directors and Statutory Auditors concerned is as follows.

Name	Brief Record	
Kouichi Ikeda	Mar. 2001	Senior Managing Director
	Jan. 2002	President and Representative Director
	Mar. 2006	Chairman of the Board and Representative Director (to the present)
Hitoshi Ogita	Mar. 2006	President and Representative Director (to the present)
Masatoshi Takahashi	Mar. 2006	Senior Managing Director (to the present)
Yoshifumi Nishino	Mar. 2004	Managing Director (to the present)
Naoki Izumiya	Mar. 2003	Director
	Mar. 2004	Managing Director (to the present)
Kazuo Motoyama	Mar. 2006	Director (to the present)
Nobuo Yamaguchi	Mar. 1982	Director (to the present)
Yukio Okamoto	Mar. 2000	Director (to the present)
Sugao Nishikawa	Mar. 2004	Statutory Auditor (to the present)
Takahide Sakurai	Mar. 1994	Statutory Auditor (to the present)
Naoto Nakamura	Mar. 2003	Statutory Auditor (to the present)
Tadashi Ishizaki	Mar. 2005	Statutory Auditor (to the present)

Item 7: Revision of Amount of Remuneration for Directors and Statutory Auditors

At two previous Shareholders' Meetings, shareholders approved ceilings on remuneration paid to Directors and Statutory Auditors. With respect to Directors, the figure was set at the 76th Annual Shareholders' Meeting held on March 30, 2000 and it limited Directors' remuneration to a total of ¥30,000,000 per month (which would, however, not include salaries paid for work done in the role of an employee to a Director who is concurrently a Director and an employee). With respect to the Statutory Auditors, the figure was set at the 65th Annual Shareholders' Meeting held on March 30, 1989 and it limited Statutory Auditors' remuneration to a total of ¥7,000,000 per month. Both ceilings have remained in effect to date.

As part of a major reevaluation of its remuneration system for Directors and Statutory Auditors, the Board of Directors made a resolution in its meeting of February 6, 2007 to abolish the stock option system that had been a part of the Company's remuneration program for Directors and Statutory Auditors since March 2000.

In addition, with the enforcement of the Corporation Law, the previously used term "remuneration" was adjusted to "remuneration, etc." in Paragraph 1, Article 361 and Paragraph 1, Article 387 of that law, defining that term as any and all considerations, including, without limitation, bonuses, paid to Directors and Statutory Auditors for execution of their duties.

In light of these circumstances, the Company is proposing a revision of Directors' remuneration, etc. to a maximum of ¥760,000,000 per year (including a maximum of ¥50,000,000 for Outside Directors) and of Statutory Auditors' remuneration to a maximum of ¥120,000,000 per year (including a maximum of ¥40,000,000 for Outside Statutory Auditors), with bonuses paid to Directors and Statutory Auditors included under these figures (the limit for Directors, however, will not include salaries and bonuses paid for work done in the role of an employee to a Director who is concurrently a Director and an employee). The Company believes that these figures are appropriate in light of changes in economic conditions since the adoption of the current ceilings, abolishment of the retirement bonus system and the stock option system, both being considered at this Annual Shareholders' Meeting, and the need to build a stronger and more effective system of auditing for the Company.

While the number of Directors and Statutory Auditors now stands at 12 (including 3 Outside Directors) and 5 (including 3 Outside Statutory Auditors), respectively, these numbers will be changed to 11 (including 2 Outside Directors) and 5 (including 3 Outside Statutory Auditors), respectively subject to approval of Items 4 and 5 as proposed.

Item 8: Introduction of a Plan against Large-Scale Purchases of the Shares in the Company (a framework of takeover defense measures) In order to maintain and enhance its corporate value and the common interests of shareholders of the Company, the Company is requesting shareholder approval of a plan against large-scale purchases of the shares in the Company (the "Plan").

1. Objectives of this Plan

In light of the fact that the Company is listed on the stock exchanges and its shares are traded thereon, the Board of Directors of the Company (the "Board") is not always in a position to automatically object to a so-called hostile takeover, which is pursued without approval from the Board provided that such takeover is intended to contribute to the enhancement of the Company's corporate value and the common interests of shareholders of the Company. Also, the Board recognizes that the final decision as to whether to accept a proposal for an acquisition of shares in the Company that would lead to a transfer of control of the Company should be made based on the will of the shareholders as a whole.

It shall be noted, however, that, as you can see in the recent capital markets aggressive takeover cases forcing through acquisition of a large number of shares in a target company in an abrupt manner, skipping sufficient talks with and setting of a due process for agreement with the management of the target company, there are not a few cases of large-scale share purchases that would not contribute to the enhancement of the corporate value and the common interests of shareholders of a company, including ones that would, in light of their purposes, cause obvious damage to the corporate value and the common interests of shareholders or could effectively coerce shareholders to sell their shares, ones that the purchaser does not provide information and/or time reasonably necessary for the target company's board of directors and shareholders to review and examine details of the proposed purchase or for the target company's board of directors to make an alternative proposal, and ones where the target company's board of directors would have to conduct negotiation with the purchaser so as to seek more favorable terms than those initially proposed by the purchaser.

The initiatives to "create appealing products," to "care about quality and craftsmanship" and to "convey a sense of joy to customers", among others, are the source of Asahi Breweries' corporate value. Underlying these initiatives are the brewing and fermenting technologies and the research and development capability that Asahi Breweries has accumulated ever since its establishment, each employee's experiences and know-how as well as the Company's unique corporate environment that encourages sustained efforts to create the Asahi Breweries Group's brand value and its corporate culture based on the close collaboration of labor and management. All these shall be maintained to enhance the corporate value of the Company. Further, Asahi Breweries has strengthened investor relations activities, so that its shareholders will become "supporters of Asahi" and thus fostered the trust between the Company and its shareholders. It is essential to maintain the relations of trust. Given a person intending to conduct a large-scale purchase of shares in Asahi Breweries and if he/she fails to maintain and enhance those elements underlying this trust after acquiring control of the Company, that means the corporate value of the Company and its Group and the common interests of shareholders would be damaged. If and when the Board receives a proposal for a large-scale share purchase from an outsider, it is necessary for the Board to make a judgment with regard to possible consequent effects of the purchase on its corporate value and the common interests of shareholders after properly grasping various matters including effects to value of tangible and intangible resources of the Company and its Group, potential effects of forward-looking measures and other items that constitute the corporate value of the Company and the Group, in addition to the matters mentioned above.

Based on the factors and matters stated above, the Board determined that it is vital to introduce a framework for preventing large-scale share purchases that would undermine the corporate value of the Company and the Group and the common interests of shareholders by enabling shareholders of the Company to make decisions as to whether to accept a proposal of large-scale share purchases or entitling the Board to secure the information and time necessary for making an alternative proposal to the shareholders and conduct negotiations for the interest of and on behalf of the shareholders.

2. Contents of the Plan

(1) Outline of the Plan

(a) Establishment of Procedures Concerning Exercise of the Plan

The Plan, with a view to enhancing Asahi Breweries' corporate value and the common interests of shareholders, lays down procedures for measures to be taken in the event that Asahi Breweries becomes a target of a large-scale purchase of shares or a similar move or a proposal thereof (hereinafter collectively referred to as a “Purchase”). Such measures include ① requiring a person conducting the Purchase (hereinafter referred to as a “Purchaser”) to provide necessary and sufficient information in advance, ② securing time necessary for gathering and examining information concerning the Purchase, and ③ presenting an alternative proposal to shareholders of the Company or conducting negotiations with the Purchaser.

(b) **Gratis Allotment of the Stock Acquisition Rights**

In the case where a Purchaser has conducted a Purchase without observing and following the procedures set forth in the Plan and where the Purchase is recognized to bring the risk of undermining the corporate value and the common interests of shareholders (for detailed conditions, refer to **(3) “Conditions for Gratis Allotment of the Stock Acquisition Rights”** below), the Company may allot gratis to all shareholders at the time of exercise thereof stock acquisition rights with an exercise condition that the Purchaser shall not be entitled to exercise those rights and with a provision to the effect that the Company may acquire the rights from shareholders other than the Purchaser in exchange for ordinary shares in the Company (hereinafter referred to as the “Stock Acquisition Rights”)(Key details thereof are explained in **(4) “Outline of Gratis Allotment of the Stock Acquisition Rights”** below) under the method of gratis allotment of stock acquisition rights (as specified in Article 277 and its following articles of the Corporation Law).

(c) Utilization of the Independent Committee to Prevent Arbitrary Decisions by the Board

With regard to decisions as to whether to exercise the gratis allotment of the Stock Acquisition Rights and whether to acquire the allotted rights, the Plan seeks to prevent arbitrary decisions by the Board by soliciting judgment of the Independent Committee (hereinafter referred to as the “Independent Committee” or the “Committee”) that consists of experts with a high level of independence from the Board, such as outside directors, outside statutory auditors and other experts, according to the rules concerning the Independent Committee (for its outlines, refer to **Note 1**). The Plan also seeks to ensure transparency by requiring information disclosure to shareholders at an appropriate time as determined by the Independent Committee.

Initially, the Independent Committee will consist of two outside statutory auditors of the Company, namely, Mr. Naoto Nakamura and Dr. Tadashi Ishizaki and one outside expert, namely, Mr. Morio Ikeda who is the Senior Advisor to Shiseido Co., Ltd. and the Chairman of Toyo Eiwa Jogakuin. These three candidates have no special interest in the Company and have high degree of independence from the management of the Company. (Note. With regard to the criteria for selecting members of the Independent Committee, the conditions for the Committee’s judgments/decisions and the items subject to the Committee’s decisions, refer to **Note 1**).

(d) Exercise by Shareholders of the Stock Acquisition Rights and Acquisition by the Company of the Allotted Stock Acquisition Rights

In the case where the Stock Acquisition Rights are allotted gratis in accordance with the provisions of the Plan and shareholders other than the Purchaser exercise the rights, or the Company acquires the rights in exchange for the shares in the Company allotted to shareholders other than the Purchaser, the ratio of the voting rights held by the Purchaser may be diluted by approximately 50%.

(2) Procedures concerning exercise of the Plan

(a) Scope of Share Purchases subject to the Exercise of the Plan

The Plan shall be applicable to any of the following two types of share purchases (the “Purchase(s)”).

① A purchase of shares (refer to **Note 2**) in the Company as a result of which the purchaser’s (shareholder’s) (refer to **Note 3**) holding ratio (refer to **Note 4**) will rise to 20% or more of the total outstanding shares in the Company; and

② A tender offer (refer to **Note 6**) for shares (refer to **Note 5**) in the Company as a result of which the purchaser’s shareholding ratio (refer to **Note 7**) targeted by the tender offer and the holding ratio of its "special affiliates" (refer to **Note 8**), when combined, will be 20% or more of the total outstanding shares in the Company.

(b) Request to a Purchaser for Information

A Purchaser contemplating a Purchase as specified in (a) above shall, except when the Purchase is deemed by the Board to be a friendly offer, shall be requested to provide in advance of commencement of the Purchase a document containing the information described below (hereinafter referred to as the “Required Information”) and a written pledge to observe and follow the procedures set forth in the Plan in conducting the Purchase in the form prescribed by the Board (hereinafter referred to as the “Purchase Prospectus”).

The Independent Committee, if it determines that the information provided by the

Purchaser fails to meet the criteria for the Required Information, may directly or indirectly ask the Purchaser to provide additional information by a deadline date reasonably designated by the Committee. In such a case, the Purchaser shall be required to provide such additional information requested by the said deadline date.

Required Information

① Details (including specific names, the shareholding structure and the financial status) of the Purchaser and its group (including co-owners (refer to **Note 9**), special affiliates and, in the case where the Purchaser is an investment fund, its partners and other members);
② The purpose, method and other details of the Purchase (including the proposed value of the Purchase, type of consideration, time of the Purchase, structure of related transactions, the legality of the Purchase method and the feasibility of the Purchase and related transactions);
③ The basis for the calculation of the proposed Purchase price (assumptions for the valuation, the valuation method, numerical information used in the valuation and the amount of the synergy effects expected to be created as a result of transactions related to the Purchase) and details of the source of the funds for the Purchase (including the names of providers of the funds, inclusive of substantive providers, the fund-raising method and related transactions);
④ The profiles of persons whom the Purchaser plans to appoint for management posts (including information concerning such persons' experiences in the same types of businesses as those in which the Company or the Group is engaged), and the management policy, business plan, finance plan, capital policy, and dividend policy to be adopted, after joining the management of the Company;
⑤ Whether or not the Purchaser has any plans to change the relations of the Company and the Group with their stakeholders such as suppliers, customers and employees after the completion of the Purchase. If the Purchaser has such plans, the details thereof should be provided;
⑥ Specific measures for avoiding potential conflicts of interest with other shareholders of the Company; and
⑦ Other information reasonably determined as necessary by the Independent Committee.

Once the Independent Committee has determined that the Purchaser has commenced the Purchase without observing and following the procedures set forth in the Plan, the Committee shall in principle recommend the Board to exercise gratis allotment of the Stock Acquisition Rights as specified in (d) ① below, except when there are special grounds for continuing to ask the Purchaser to provide the Purchase Prospectus and the Required Information and conducting consultations and negotiations with the Purchaser.

(c) Examination of Details of the Proposed Purchase, Negotiations with the Purchaser and Review of Alternative Proposals

① Request for Information to the Board

If the Purchaser has provided the Purchase Prospectus and the Required Information, the Independent Committee may ask the Board to express its opinion with regard to the details of the Purchase (including an opinion to the effect that the Board reserves its judgment, as the case may be. The same shall apply hereinafter) and to provide to the

Committee documents and other materials used as a basis for such an opinion and other information determined as required by the Committee within a period prescribed by the Committee (within 60 days at maximum in principle), for the purpose of conducting a comparative analysis, review and examination of the Purchase Prospectus and the Required Information provided by the Purchaser and the business plan and the corporate assessment provided by the Board from the viewpoint of enhancing the corporate value and the common interests of shareholders.

② Examination by the Independent Committee

The Independent Committee shall examine the details of the proposed Purchase, gather information concerning the business plans provided by the Purchaser and those provided by the Board, conduct a comparative analysis, review and examination of those plans and examine an alternative proposal made by the Board within 60 days in principle; provided, however, that the Committee may extend the period in the case of (d) ③ below (hereinafter referred to as the "Independent Committee Review Period") after receiving information from the Purchaser and from the Board (in the case where the Committee has asked the Board to provide information as specified above). Also, the Independent Committee shall conduct consultations and negotiations with the Purchaser directly or indirectly if necessary in order to seek better purchase terms from the viewpoint of enhancing the corporate value and the common interests of shareholders, or present an alternative plan made by the Board to shareholders.

In order to ensure that decisions by the Independent Committee will contribute to the enhancement of the Company's corporate value and shareholders' common interests, the Committee may seek advice from independent third parties (including financial advisors, certified public accountants, lawyers, consultants and other experts) at the expense of the Company.

The Purchaser, when asked directly or indirectly by the Independent Committee to provide materials necessary for reviewing the Purchase and other information and to enter into consultations and negotiations with the Independent Committee, shall promptly respond accordingly.

③ Information Disclosure

The Board shall disclose information to the public with regard to the fact of the appearance of a Purchaser and receipt of a Purchase Prospectus from the Purchaser and other information including the Required Information as determined appropriate by the Independent Committee, at an appropriate time as determined by the Committee.

(d) <u>Procedures to Recommendations to be taken by the Independent Committee</u>

The Independent Committee shall make recommendations to the Board in accordance with the procedures specified below when a Purchaser appears. In the case where the Committee has made decisions concerning recommendations specified in ① to ③ below to the Board and in other cases determined as appropriate by the Committee, the Committee shall disclose to the public information with regard to the outline of the recommendations and other matters determined as appropriate by the Independent Committee (including a decision of an extension of the Independent Committee Review Period and the reason therefor, as the case may be), immediately after making such decisions.

① Recommendation of the Independent Committee to Exercise the Plan:

In the case where the Purchaser has not observed and followed the procedures specified in the Plan, and in other cases where the Purchase is deemed to meet either of the conditions set forth in **(3) "Conditions for Gratis Allotment of the Stock Acquisition Rights**" below as a result of a review of the details of the Purchase by the Committee, leading the Committee to determine that it is appropriate to allot gratis the Stock Acquisition Rights, the Committee shall recommend the Board to allot gratis the rights even before the maturity of the Independent Committee Review Period.

Notwithstanding the above, even after having recommended the Board to allot gratis the Stock Acquisition Rights but before the starting date of the exercise period for the rights (as defined in **(f) of (4) "Outline of Gratis Allotment of the Stock Acquisition Rights**"), the Independent Committee may make a new recommendation to the effect that the allotment shall be cancelled (in the case where the allotment has not yet taken effect) or to the effect that the Company acquire the rights gratis (in the case where the allotment has already taken effect), if the Committee determines that any of the following cases applies.

(i) When the Purchase has ceased to exist as a result of its cancellation by the Purchaser or for any other reason; or

(ii) When there has been a change in the grounds upon which the said recommendations were based, leading to the situation where the Purchase does not meet any of the conditions set forth in **(3) "Conditions for Gratis Allotment of the Stock Acquisition Rights"** below, or where, even if the Purchase meets the said conditions, it is determined that it is not appropriate to allot gratis the Stock Acquisition Rights or allow shareholders to exercise the rights, as the case may be.

② Recommendation of the Independent Committee Not to Exercise the Plan

The Independent Committee shall recommend non-exercise of the Plan to the Board regardless of whether during or after the Independent Committee Review Period if the Committee determines, as a result of analysis, review and examination of the details of the Purchase and consultations and negotiations with the Purchaser, that the Purchase does not meet any of the conditions set forth in **(3) "Conditions for Gratis Allotment of the Stock Acquisition Rights"** below or that even if the Purchase meets the conditions, it is not appropriate to exercise the Gratis Allotment of the Stock Acquisition Rights.

Notwithstanding the above, the Committee, even after once having recommended the Board non-exercise of the Gratis Allotment of the Stock Acquisition Rights, may make a new decision concerning matters including the recommendation of exercise of the Gratis Allotment of the Stock Acquisition Rights and present its recommendation to the Board in the case where there has been a change in the grounds upon which the recommendation of non-exercise was based, leading to the situation where the Purchase meets any of the conditions set forth in **(3) "Conditions for Gratis Allotment of Stock Acquisition Rights"** below.

③ Extension of the Independent Committee Review Period

In the case where the Independent Committee fails to recommend exercise or non-exercise of the Gratis Allotment of the Stock Acquisition Rights before the Independent Committee Review Period elapses, the Committee shall make a decision to the effect that the review period be extended within reasonable limits necessary to review the details of the Purchase and conduct consultations and negotiations with the Purchaser and review an alternative proposal made by the Board (the same procedure shall be applied to any further extension of the review period, if any).

If the Independent Committee Review Period is extended based on the decision thus taken, the Committee shall make its best efforts to gather information, conduct a review and make a recommendation of exercise or non-exercise of the Gratis Allotment of the Stock Acquisition Rights within the extended period.

(e) Decisions by the Board

The Board shall pay its utmost respect to the recommendation made by the Independent Committee as stated above and promptly make a decision as a statutory body under the Corporation Law with regard to exercise or non-exercise of the Gratis Allotment of the Stock Acquisition Rights. Until and unless the Board makes a decision on non-exercise of the Plan, the Purchaser shall be prohibited from conducting the Purchase. The Board, if it has made a decision as stated above, shall promptly disclose information to the public with regard to the outline of the decision and other appropriate matters as determined by the Board.

(3) Conditions for Gratis Allotment of the Stock Acquisition Rights

In the case where the Purchaser's activities meet either of the cases specified below and where it is deemed appropriate to allot gratis the Stock Acquisition Rights, the Company will allot gratis the rights by the resolution of the Board as specified in **(e) of (2) "Procedures concerning Exercise of the Plan"** above. As specified in **(d) of (2) "Procedures concerning Exercise of the Plan**" above, the judgment with regard to whether the cases stated below apply and whether it is appropriate to exercise the Gratis Allotment of the Stock Acquisition Rights shall always be made after a judgment by the Independent Committee:

(a) In the case where the Purchaser does not observe and follow the procedures specified in the Plan;

(b) In the case where the Purchase could cause obvious damage to the Company's corporate value and the common interests of shareholders by engaging in the activities listed below:

① Buying up a large amount of shares in the Company and demanding that the Company buy them back for unduly high amount of consideration;.

② Controlling the management of the Company temporarily to acquire the Company's important assets at unfairly low prices from the Company or acting in other ways that would bring profits to the Purchaser at the sacrifice of the Company;

③ Using the Company's assets as collateral of debts owed by the Purchaser or its group companies or as the source of funding for repayments of the same; or

④ Controlling the management of the Company temporarily to make it dispose of high-value assets not related to the Company's current business operations, with a view to making the Company use the profits thus obtained for paying inflated dividends or with a view to selling the shares purchased at an inflated price resulting from the payment of such inflated dividends.

(c) In the case where the Purchaser uses a coercive two-tier purchase method (a takeover offer, such as a tender offer in which the Purchaser makes only a partial acquisition offer, instead of an offer for all outstanding shares, in the first stage, and sets less favorable terms or leaves details of the second stage unclear at the time of the first stage, as a way to prompt shareholders to sell off their shares early) and other means that could in effect coerce shareholders to sell their shares;

(d) In the case where the Purchaser does not grant the Board a period of time reasonably necessary for the Board to present an alternative proposal to the Purchase;

(e) In the case where shareholders of the Company are not provided with the Required Information and other information considered as reasonably necessary for them to make a decision with regard to the Purchase, or where the information provided to shareholders is substantially insufficient;

(f) In the case where the terms of the Purchase (including the value of the Purchase, the type of the consideration, the date of the Purchase, the legality of the Purchase method and the feasibility of the Purchase and related transactions, the management policy and business plan to be adopted after the completion of the Purchase and the policy concerning the treatment after the Purchase of stakeholders including shareholders, employees and suppliers) are substantially unfair or inappropriate in light of the fundamental value of the Company; and

(g) In the case where the Purchase has a serious risk of undermining the Company's corporate value and the common interests of shareholders by damaging the Company's relations with its employees and suppliers that are vital to the creation of its corporate value or by destroying its corporate culture.

(4) Outline of Gratis Allotment of the Stock Acquisition Rights

The outline of the Gratis Allotment of the Stock Acquisition Rights under the Plan is described below:

(a) Number of Stock Acquisition Rights to Be Allotted

The number of the Stock Acquisition Rights to be allotted gratis under the Plan shall be the same as the total number of the Company's shares outstanding (excluding shares held by the Company as treasury stock) on the date that shall be separately set by the Board (hereinafter referred to as the "Allotment Date") in a Board decision concerning the Gratis Allotment of the Stock Acquisition Rights (hereinafter referred to as the "Decision on Rights Allotment").

(b) Shareholders Entitled to be Allotted Stock Acquisition Rights

Shareholders whose names are registered or recorded in the registry of shareholders or the registry of beneficial shareholders of the Company as of the Allotment Date shall be allotted gratis one (1) Stock Acquisition Right per each share in the Company held by them.

(c) Effective Date of the Gratis Allotment of the Stock Acquisition Rights

The effective date of the Gratis Allotment of the Stock Acquisition Rights shall be separately set by the Board in the Decision on Rights Allotment.

(d) Number of Shares to be Allotted for Each Stock Acquisition Right

The number of shares in the Company (refer to **Note 10**) to be allotted for each Stock Acquisition Right (hereinafter referred to as the "Applicable Number") shall be one (1).

(e) Value of Assets to Be Paid In upon Exercise of the Stock Acquisition Rights

The assets to be paid in upon the exercise of the Stock Acquisition Rights shall be monetary currency, and the per-share price shall be separately determined by the Board in the Decision on Rights Allotment. The per-share price shall be one yen (¥1) or higher but not higher than half of the then fair per-share market price of the Company. "The fair per-share market price" shall be equivalent to the average of the closing prices of common shares in the Company in regular trading on the Tokyo Stock Exchange during the 90-day period, excluding days on which no trading was done, prior to the date of the Decision on the Rights Allotment. A fraction portion smaller than one yen (¥1) shall be rounded up.

(f) Exercise Period for the Stock Acquisition Rights

The start date of the exercise period for the Stock Acquisition Rights (the "Start Date") shall be separately determined by the Board in the Decision on Rights Allotment. The period therefor shall be separately determined by the Board in the Decision on Rights Allotment within a range of 1 (one) to 3 (three) months. Notwithstanding the above, in the event that the Company acquires the Stock Acquisition Rights allotted in accordance with the provisions of (i) below, the exercise period for the rights shall expire on the previous day of the date of such acquisition. In the case where the last day of the exercise period falls on a non-business day for the financial institutions that accept the payment for the exercise of the Stock Acquisition Rights, the last business day before that date shall be the last day of the exercise period.

(g) Conditions for Exercise of the Stock Acquisition Rights

A person who fits any of the following descriptions shall not in principle be entitled to exercise the Stock Acquisition Rights:

(I) a Large-Scale Shareholder (refer to **Note 11**);
(II) a Co-Owner of a Large-Scale Shareholder;
(III) a Large-Scale Purchaser (refer to **Note 12**);
(IV) a Special Affiliate of a Large-Scale Purchaser;
(V) a person to whom the Stock Acquisition Rights were transferred from a person who fits any of the descriptions specified in (I) to (IV) above without approval from the Board; and
(VI) a person who is related to a party who fits any of the descriptions specified in (I) to (V) above (refer to **Note 13**).

(A person who fits any of the descriptions specified in (I) to (VI) above shall be hereinafter referred to as the "Ineligible Person.")

In addition, non-residents who are required under applicable foreign laws to follow prescribed procedures with regard to the exercise of the Stock Acquisitions Rights shall not in principle be eligible to exercise the rights. (However, certain persons including those who are eligible for exemption from the said applicable laws concerned shall be eligible to exercise the rights, and the rights held by non-residents may be acquired by the Company in exchange for shares in the Company as specified in (i) below.)

(h) Restriction on Transfer of the Stock Acquisition Rights

Transfer of the Stock Acquisition Rights shall be subject to approval by the Board.

(i) Acquisition of the Stock Acquisition Rights by the Company

① The Company may acquire all the Stock Acquisition Rights gratis at any time until the previous day of the Start Date, upon a date to be separately determined by the Board, in the case where the Board determines it is appropriate to acquire the rights.

② Upon a date to be separately determined by the Board, the Company may acquire all of those Stock Acquisition Rights that are held by persons other than Ineligible Persons and that remain unexercised as of the previous day of the said designated date and allot them shares in the Company in exchange, with an exchange ratio of the Applicable Number of shares to each one right.

When the Board determines that there are persons other than Ineligible Persons who still hold the Stock Acquisition Rights after the Company's acquisition of the rights mentioned above, the Company may, upon a date that is subsequent to the said acquisition and that shall be separately determined by the Board, acquire all of the Stock Acquisition Rights that are still held by those persons and that remain unexercised as of the previous day of the said designated date. The same arrangement shall apply thereafter.

(5) Effective Period of the Plan and Abrogation of, Amendment to and Alteration of the Plan

The Plan shall be effective until the close of the Company's annual shareholders' meeting that concerns the last one of the Company's business years that end within three years from the close of this Annual Shareholders' Meeting.

Notwithstanding the above, the Company may abrogate the Plan even before the effective period expires upon a decision thereof by the Board. Also, the Board may amend or alter the Plan during its effective period subject to approval by the Independent Committee.

When the Plan is thus abrogated, amended or altered, the Company shall promptly disclose to the public information with regard to the background of such abrogation, amendment or alteration, as the case may be, and, in the case of amendment or alteration, the outline of such amendment or alteration and other necessary matters.

(6) Modification of the Plan due to Changes in Laws and Regulations

The provisions of the laws and regulations cited above are those that are effective as of February 6, 2007. If any need arises thereafter for modification of the provisions and/or terms specified in each of the above items due to the enactment of new laws and regulations or amendment to or abolition of existing laws and regulations, the Board may revise or modify the said provisions and terms as necessary within the reasonable limits with due consideration for the purpose of the said enactment of, amendment to and/or abolition of relevant laws and regulations.

(7) Other items

The Company's Board of Directors shall have the authority to stipulate the details of the Plan.

(Note 1) The rules concerning the Independent Committee will contain the followings:

- The Independent Committee shall be established by a resolution of the Board.
- The Independent Committee shall consist of three or more members appointed by the Board from among (i) the Company's outside directors, (ii) its outside statutory auditors and/or (iii) experts, all of whom shall be independent from the Board that is in charge of execution of the Company's business. The experts shall be either experienced company executives, professionals with expertise in investment banking, lawyers, certified public accountants, researchers majoring in the Corporation Law, or persons with similar qualifications thereto. The experts appointed shall conclude a contract, separately prescribed by the Board, containing a duty of care clause, with the Company.
- The term of office for the members of the Independent Committee shall be until the close of the annual shareholders' meeting concerning the last of the business years that end within three years from their appointment. This shall, however, not apply when determined otherwise by the Board. The term of office for the members of the Independent Committee appointed from among the Company's outside directors and outside statutory auditors shall expire when they cease to be outside directors and outside statutory auditors, respectively (except when they are reappointed).
- The Independent Committee shall make decisions with regard to the following items and make a recommendation thereof to the Board with reasons therefor attached. The Board shall pay its utmost respect to the recommendation provided by the Independent Committee in making its decision as a statutory body under the Corporation Law whether to exercise the Gratis Allotment of the Stock Acquisition Rights. Each of the members of the Independent Committee and the Board shall make his/her decision with regard to these matters from the viewpoint of enhancing the Company's corporate value and the common interests of shareholders, and in no event for the purpose of benefiting personal interests of his/her own or members of the Board:
  ① Whether to exercise the Gratis Allotment of the Stock Acquisition Rights;
  ② Cancellation of the Stock Acquisition Rights or gratis acquisition of the allotted rights; and
  ③ Other matters which are subject to decisions by the Board and which the Board has asked the Independent Committee to review for its recommendation.
- In addition to making a judgment with regard to the items listed above, the Independent Committee may conduct the following:

① Judgment with regard to whether a purchase is a Purchase which is subject to the Plan;
② Decision of extension of the Independent Committee Review Period;
③ Designation of information a Purchaser and the Board, respectively, shall provide to the Committee and a deadline date thereof;
④ Review and examination of the details of a Purchase;
⑤ Consultations and negotiations with a Purchaser;
⑥ Requiring the Board to present an alternative proposal to the Purchase concerned and reviewing the same;
⑦ Approval to amendment to or alteration of the Plan; provided, however, that any alteration shall be within the limits reasonably deemed as necessary due to a change in laws and regulations including the Corporation Law and the Securities and Exchange Law or stock exchange rules, a change in interpretation and enforcement thereof, or a change in taxation or judicial precedents;
⑧ Other matters which the Independent Committee is authorized to conduct under the Plan; and
⑨ Matters separately determined by the Board as fit to be conducted by the Independent Committee.

- When the Independent Committee determines that the Purchase Prospectus and other information provided by a Purchaser are insufficient, the Committee shall ask the Purchaser to provide additional information. Once the Purchaser has provided to the Committee the Purchase Prospectus and the necessary additional information required by the Committee, the Committee may also ask the Board to submit, within a prescribed reasonable period of time, its opinion with regard to the details of the Purchase and supporting materials thereof and to present an alternative proposal (if any) and provide information concerning other matters determined as necessary by the Committee.
- The Independent Committee shall directly or indirectly conduct consultations and negotiations with the Purchaser if necessary in order to seek more favorable purchase terms from the viewpoint of enhancing the Company’s corporate value and the common interests of shareholders. The Committee shall also present any proposal made by the Board to shareholders.
- In order to gather necessary information, the Independent Committee may summon directors, statutory auditors and employees of the Company and other persons as determined as necessary by the Committee and request them to give explanations with regard to necessary matters.
- The Independent Committee may seek advice from independent third parties (including financial advisors, certified public accountants, lawyers, consultants and other experts) at the expense of the Company.
- Each member of the Independent Committee may convene a meeting of the Committee when a Purchase is conducted or on any other occasion.
- The Independent Committee shall in principle make its decisions by a majority vote with all the Committee members present. Should there be an unavoidable situation, however, the Independent Committee shall make its decision by a majority vote with a majority of all the Committee members present.

(Note 2) As defined in Paragraph 1, Article 27-23 of the Securities and Exchange Law. The same shall also apply elsewhere in this Agenda Item unless otherwise specified.

(Note 3) Including shareholders as defined in Paragraph 3, Article 27-23 of the Securities and Exchange Law (also including shareholders as so recognized by the Board). The same shall also apply elsewhere in this Agenda Item.

(Note 4) As defined in Paragraph 4, Article 27-23 of the Securities and Exchange Law. The same shall also apply elsewhere in this Agenda Item.

(Note 5) As defined in Paragraph 1, Article 27-2 of the Securities and Exchange Law. The same shall also apply in 2. (2) (a) □ and Note 12 in this Agenda Item.

(Note 6) As defined in Paragraph 6, Article 27-2 of the Securities and Exchange Law. The same shall also apply elsewhere in this Agenda Item.

(Note 7) As defined in Paragraph 8, Article 27-2 of the Securities and Exchange Law. The same shall also apply elsewhere in this Agenda Item.

(Note 8) As defined in Paragraph 7, Article 27-2 of the Securities and Exchange Law (including special affiliates as so recognized by the Board); provided however, that with regard to special affiliates as defined in Item 1 of the same paragraph, those thereof that fit the definition specified in Paragraph 2, Article 3 of the Cabinet Order concerning the disclosure of tender offers for shares in companies by persons other than the issuer shall be excluded. The same shall also apply elsewhere in this Agenda Item.

(Note 9) As defined in Paragraph 5, Article 27-23 of the Securities and Exchange Law, including those deemed "co-owners" as defined in Paragraph 6 of the same article (also including co-owners as so recognized by the Board). The same definition shall also apply elsewhere in this Agenda Item.

(Note 10) If and when the Company becomes a class-stock issuer (as defined in Item 13 of Article 2, the Corporation Law) in the future, shares that fit the description in either of the following two items shall be the same type of shares as the type of the Company shares issued and outstanding as of the date of this Annual Shareholders' Meeting (namely, common shares).

□ The Company shares to be allotted upon the exercise of the Stock Acquisition Rights

□ The Company shares to be allotted in exchange for the Company's acquisition of the Stock Acquisition Rights.

(Note 11) The term "Large-Scale Shareholder" means a shareholder of share certificates, etc.

issued by the Company, whose holding ratio of share certificates, etc. pertaining to the said share certificates, etc. is 20% or higher (including a person deemed by the Board to be such a holder); provided, however, that shareholders whose acquisition or holding of Company's share certificates, etc. is considered by the Board not to be against the corporate values and the common interests of shareholders of the Company and shareholders who are specifically designated by the Board in the Decision on the Rights Allotment shall be excluded from the scope of the Large-Scale Shareholders. The same shall also apply elsewhere in this Agenda Item.

(Note 12) The term "Large-Scale Purchaser" means a purchaser who has announced a purchase, etc. (as defined in Paragraph 1, Article 27-2 of the Securities and Exchange Law; hereinafter the same shall apply in this Agenda Item) of Share Certificates, etc issued by the Company by means of a Tender Offer and whose Ratio of Ownership of Share Certificates, etc. pertaining to the Share Certificates, etc. after the completion of the said Purchase, etc. (including similar cases as specified in Paragraph 1, Article 7 of the Order for Enforcement of the Securities and Exchange Law), when combined with the Ratio of Ownership of Share Certificates, etc. of the Special Affiliates thereof, is contemplated to stand at 20% or higher (including a person deemed by the Board to be such a Purchaser) ; provided, however, that shareholders whose acquisition or holding of Company's share certificates, etc. is considered by the Board not to be against the corporate values and the common interests of shareholders of the Company and shareholders who are specifically designated by the Board in the Decision on Rights Allotment shall be excluded from the scope of the Large-Scale Shareholders. The same shall also apply elsewhere in this Agenda Item.

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(Note 13) A person is a "related party" to another, if the former essentially controls, is controlled by or under the common control with the latter (including a person deemed by the Board to be such a person), or a person recognized by the Board to be acting in concert with the said party.

<Reference>

Profiles of the Members of the Independent Committee

The three initial members of the Independent Committee are proposed as follows:

○ **Mr. Naoto Nakamura**

Partner, Attorney at Law
Nakamura, Tsunoda & Matsumoto Law Offices
Born on January 25th, 1960

<Profile>

October 1982	Passed bar examination
April 1985	Graduated from the Legal Research and Training Institute Registered the Daini Tokyo Bar Association Joined the Mori Sogo Law Offices
April 1998	Established the Hibiya Park Law Offices (engaged as a partner)
February 2003	Established the Naoto Nakamura Law Offices (present Nakamura, Tsunoda & Matsumoto Law Offices) (engaged as a partner) (to the present)
March 2003	Outside Statutory Auditor of Asahi Breweries, Ltd. (to the present)
June 2004	Outside Director of Eisai Co., Ltd. (to the present)
June 2006	Outside Statutory Auditor of Mitsui & Co., Ltd. (to the present)

Mr. Naoto Nakamura is an outside statutory auditor who meets the requirement for an outside statutory auditor candidate prescribed in item 8, paragraph 3, Article 2 of the Ordinance for Enforcement of the Corporation Law. Mr. Nakamura will be reappointed as a statutory auditor at the 83rd Annual Shareholders' Meeting of Asahi Breweries, Ltd subject to approval at that Meeting.

Mr. Nakamura has no special interest in the Company.

○ **Dr. Tadashi Ishizaki**

Professor, Faculty of Commerce, Chuo University
Born on June 2nd, 1941

<Profile>

April 1970	Assistant, Faculty of Commerce, Chuo University
April 1972	Instructor, Faculty of Commerce, Chuo University
April 1973	Associate Professor, Faculty of Commerce, Chuo University
April 1982	Professor, Faculty of Commerce, Chuo University (to the present)
April 1986	Professor, Graduate School of Commerce, Chuo University (to the present)
April 2000	Director of the Institute of Business Research, Chuo University
March 2005	Statutory Auditor of Asahi Breweries, Ltd. (to the present)

Dr. Tadashi Ishizaki is an outside statutory auditor who meets the requirement for an outside statutory auditor candidate prescribed in item 8, paragraph 3, Article 2 of the Ordinance for Enforcement of the Corporation Law.

Dr. Ishizaki has no special interest in the Company.

○ **Mr. Morio Ikeda**

Senior Advisor to Shiseido Co., Ltd.
Chairman of Toyo Eiwa Jogakuin
Born on December 25th, 1936

<Profile>

April 1961	Joined Shiseido Co., Ltd.
June 1990	Director of Shiseido Co., Ltd.
June 1995	Executive Director (*Jomu-Torishimariyaku*) of Shiseido Co., Ltd.
June 1997	Senior Executive Director (*Senmu-Torishimariyaku*) of Shiseido Co., Ltd.
June 2000	Representative Director & Vice President of Shiseido Co., Ltd.
June 2001	Representative Director, President & CEO of Shiseido Co., Ltd.
June 2005	Director & Chairman of Shiseido Co., Ltd.
	Director of Komatsu Ltd. (to the present)
	Chairman of Toyo Eiwa Jogakuin (to the present)
June 2006	Senior Advisor to Shiseido Co., Ltd. (to the present)

Major public duties of Mr. Ikeda are as follows:

Vice Chairman of Tokyo Chamber of Commerce and Industry, Special Advisor to the Japan Chamber of Commerce and Industry, Vice Chairmen of the Board of Councillors, Nippon Keidanren, Chairman of the Vocational Education Promotion Association, Acting Chairman of the Education Rebuilding Council, Manager of Keizai Doyukai (Japan Association of Corporate Executives), and Vice-Representative of Congressional Forum for New Japan (21 Seiki Rincho)

Mr. Ikeda has no special interest in the Company.

Reminders to Shareholders for Online Voting

**** The online voting site and Help Desk information is only available in Japanese.***

Dear Shareholder,
Please check the points listed below when exercising your voting rights via Internet.

1. Online voting is only available by accessing the website noted below. This site is also available through Internet via cellular phone.

   Online voting site URL: http://www.webdk.net

   * If your cellular phone is equipped with a barcode reader, you may use the "QR code" at right in order to access the online voting site. For more detailed information on that procedure, please refer to the user's manual for your phone.

2. When voting online, enter the voting code and password indicated on the enclosed voting form. Then indicate your consent/dissent for each item by following instructions displayed on screen.

3. Online votes are acceptable until the day immediately prior to the date of the Annual Shareholders' Meeting (deadline of online voting: 5:30 p.m., March 26, 2007, Tokyo time). However, voting in advance will be highly appreciated for our convenience in vote counting.

4. In the event that a vote is exercised in duplicate via online and via enclosed voting form, the online vote shall only be effective.

5. In the event that more than one online vote is exercised (including via PC and via cellular phone), the latest vote shall only be effective.

6. Any costs related to connecting to your Internet provider, as well as communication charges (including telephone charges) for accessing the online voting site, will be borne by the shareholder.

7. Shareholders who are willing to receive notices of shareholders' meetings by e-mail from the next time may so register on the online voting site.

System Requirements for Online Voting

The following system environments are required for accessing the online voting site.

(1) Access to Internet.

(2) In case of vote via PC, Microsoft® Internet Explorer version 5.5 or newer version, or Netscape® 6.2 or newer version as a browser software with hardware compatible with them.

(3) In case of vote via cellular phone, 128-bit SSL communication (encrypted communication) compatible model.
(For security purposes, only 128-bit SSL communication compatible phones are accessible to the online voting system. Other models may not be compatible with this system.)

(Microsoft is a registered trademark of Microsoft Corporation in the United States and other countries. Netscape is a registered trademark of Netscape Communications Corporation in the United States and other countries.)

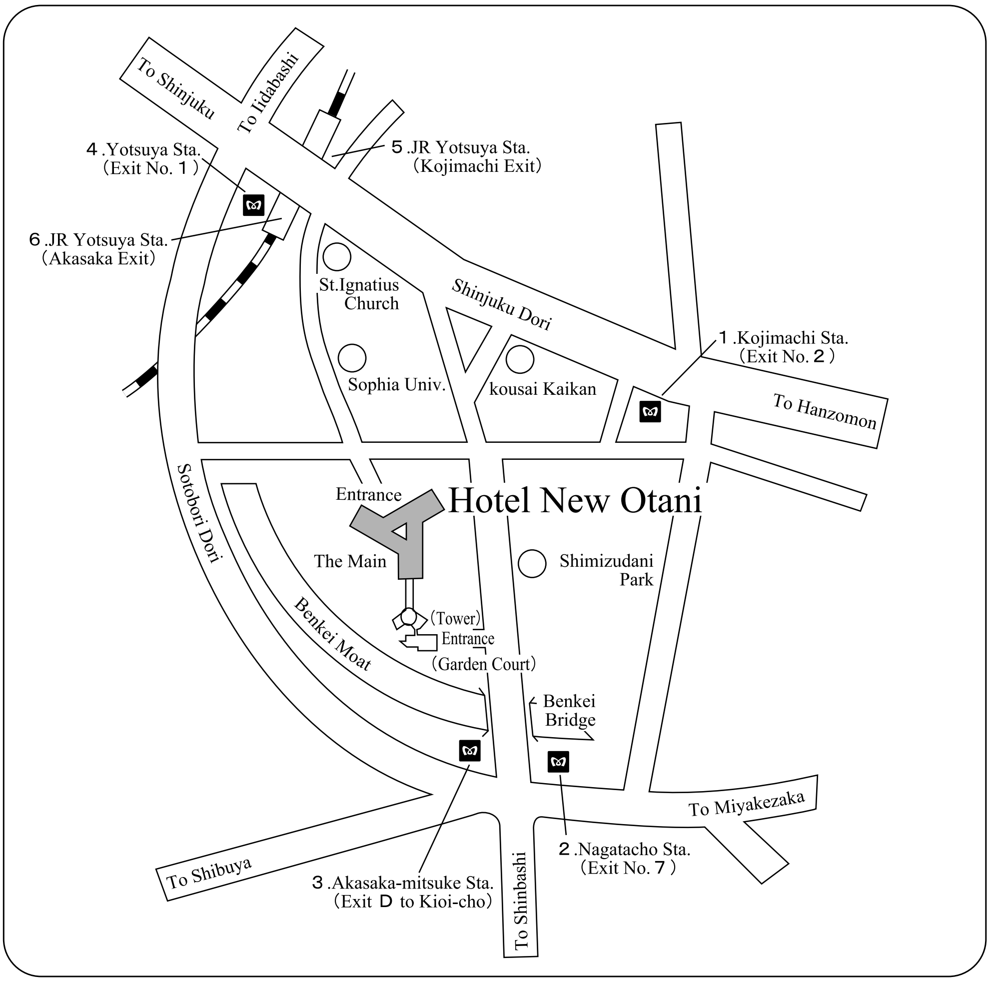
Inquiries for Online Voting

Please contact the following Help Desk for inquiries about online voting.

Agent to Manage Shareholders Registry:
The Sumitomo Trust & Banking Co., Ltd.
Stock Transfer Agency Department (Help Desk)
Phone (toll-free in Japan): 0120-186-417 (24 hours accessible)

Location Map to the Venue of the Annual Shareholders' Meeting
Asahi Breweries, Ltd.

Location: Banquet Room "Tsuru," The Main Banquet Floor
Hotel New Otani, 4-1 Kioi-cho, Chiyoda-ku, Tokyo
TEL 03-3265-1111
URL http://www.newotani.co.jp/tokyo/



On Foot

1 . Kojimachi Station (Exit No. 2) Yurakucho Line, Tokyo Metro	9 minutes
2 . Nagatacho Station (Exit No. 7) Yurakucho, Hanzomon or Nanboku Line, Tokyo Metro	10 minutes
3 . Akasaka-mitsuke Station (Exit D to Kioi-cho) Marunouchi or Ginza Line, Tokyo Metro	10 minutes
4 . Yotsuya Station (Exit No. 1) Marunouchi or Nanboku Line, Tokyo Metro	9 minutes
5 . Yotsuya Station (Kojimachi Exit) JR Chuo or Sobu Line	9 minutes
6 . Yotsuya Station (Akasaka Exit) JR Chuo or Sobu Line	9 minutes

Note: It is anticipated that the streets and parking lots in the area will be crowded on the day of the meeting. We respectfully request that you do not come by car.