

English Translation of Original Japanese

This is a translation of the original notice in Japanese. In the event of any discrepancy, the original notice in Japanese shall prevail.

ASAHI BREWERIES, LTD.

(Securities Code: 2502)

March 3, 2011

Dear Shareholders:

NOTICE OF THE 87th ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the Annual General Meeting of Shareholders of Asahi Breweries, Ltd. (the "Company"), which will be held as described below.

If you can attend the meeting, please submit the enclosed voting form directly at the meeting.

If you are unable to attend the meeting in person, you may exercise your voting rights via either postal mail or Internet. Please review the attached "REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS," pages 82 to 108, and exercise your voting rights no later than 5:30 p.m., Thursday, March 24, 2011 (JST).

Voting via Postal Mail

Please indicate your consent/dissent concerning 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 provided on the enclosed voting form. Following the instructions on your screen, enter your consent/dissent concerning the items to be voted on by the deadline noted above. (This site can also be accessed on the Internet via cellular phone.)

If you exercise your voting rights via the Internet, please review "Reminder to Shareholders Concerning Online Voting" on page 109 to 110.

** Please note that the online voting site is available only in the Japanese language.*

Sincerely,

Naoki Izumiya, President and Representative Director
ASAHI BREWERIES, LTD.
23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

1. DATE AND TIME

March 25 (Friday), 2011, at 1:00 p.m. (JST)

2. PLACE

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

3. PURPOSES

Items to Be Reported:

Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements and reports of the audit results of the consolidated financial statements by the Independent Auditor and the Board of Corporate Auditors for the 87th term, from January 1, 2010 to December 31, 2010.

Items to Be Resolved:

Item 1: Appropriation of surplus

Item 2: Approval of absorption-type demerger agreement

Item 3: Partial amendments to the Articles of Incorporation

Item 4: Election of eleven (11) Directors

Item 5: Election of three (3) Corporate Auditors

BUSINESS REPORT

From January 1 to December 31, 2010

1. Overview of Operations of Asahi Group

(1) Business Progress and Results

The Japanese economy has showed signs of improvement thanks to the effect of the government's economic stimulus measures and recovery in foreign economies; nevertheless, the rapidly appreciating yen and persistently high unemployment are evidence that full-fledged recovery is not yet assured.

In the alcoholic beverages industry, while the new-genre market grew as a result of a deep-seated tendency among consumers to exercise thrift, the markets for beer and happoshu (low-malt beer) both shrank. Taxable shipment volumes for all types of beer and beer-type beverages declined by 2.8%. Outside this segment, most alcoholic beverage categories saw further maturation of markets with growth essentially flat overall, although the low-alcohol beverages and the market for whisky and other spirits were buoyed by renewed popularity of the highball.

In the soft drinks industry, total sales volume rose by an estimated 3%, reflecting such factors as the summer heat wave.

Against this backdrop, during 2010, the first year of "Medium-Term Management Plan 2012," Asahi Breweries, Ltd. and its consolidated subsidiaries and affiliates (collectively, the "Asahi Group", or "the Group") focused its management resources on core product across all of its businesses and sought to improve the overall profitability of its operations through ongoing reinforcement of its cost competitiveness as part of efforts to achieve the goals elucidated in "Long-Term Vision 2015".

The Asahi Group posted net sales of ¥1,489,460 million, a year-on-year increase of 1.2%. Operating income increased by 15.2% to ¥95,349 million and recurring profit rose by 11.7% to ¥101,142 million. Net income totaled ¥53,080 million, an increase of 11.4% compared with the previous year.

	Asahi Group (Consolidated)	Asahi Breweries, Ltd. (Non-consolidated)
Net sales	¥1,489,460 million (up 1.2% year-on-year)	¥963,270 million (down 2.3% year-on-year)
Operating income	¥95,349 million (up 15.2% year-on-year)	¥84,741 million (up 7.9% year-on-year)
Recurring profit	¥101,142 million (up 11.7% year-on-year)	¥84,707 million (up 6.8% year-on-year)
Net income	¥53,080 million (up 11.4% year-on-year)	¥17,661 million (down 41.2% year-on-year)

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

Alcoholic Beverages Segment

In its domestic alcoholic beverages business, Asahi Breweries, Ltd. ("the Company") promoted brand reinforcement and growth initiatives in line with the slogan "Striving toward reform", focusing on "Asahi Super Dry" and "Clear Asahi" as flagship brands. Meanwhile, in the pursuit of a solid earnings base immune to the effects of changes in the market environment, it pushed ahead with both earnings structure reforms through Group-wide procurement as a means of reducing raw materials costs and the consolidation of breweries in order to enhance production efficiency.

- Beers and Beer-type Products Business

In the beer sector, the Company worked to enhance the appeal of its "Asahi Super Dry" among a much wider range of customers through two proactive, conceptually linked information provision and sales promotion projects. The first was a sales campaign that aimed at invigorating the brand with an "Asahi Super Dry Extra Cold" variety enjoyed at temperatures below freezing – that is, between -2°C and 0°C – the second, an environmental protection initiative (the "Refreshingly Sustainable" project) under which the Company donated a portion of its proceeds from sales to regional organizations throughout the country that are dedicated to preserving Japan's natural and cultural assets.

In the happoshu sector, the Company worked to energize the market by boosting the quality of "Asahi Style Free" – its ground-breaking "zero-carbohydrate"*¹ product – and also through a range of promotion activities.

In the new-genre sector, the Company focus its management resources on the "Clear Asahi" and "Asahi Off" brands in order to help establish them as the leading products in the growing "new genre (malt-type)"*² segment, and of particular note in this regard was the March launch of a kegged variety of "Clear Asahi" for on-site sales. The Company also developed products catering for diversifying customer tastes, introducing "Asahi Strong Off" in March and "Asahi Kutsurogi-Jikomi <4VG>" in September.

*¹ "Zero-carbohydrate" is defined as a sugar content of less than 0.5g per 100ml based on the Japanese labeling standards for nutritional content.

*² "New genre (malt-type)" is defined by the Company as a genre classified as "liquors (happosei) (1)" that are happoshu with less than 50% malt and mixed with barley spirits.

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

In the shochu sector, the Company renewed its “Imo-Jochu Kanoka Kurokouji-Jikomi” product line as part of efforts to energize the “Kanoka” brand. In May, meanwhile, the Company continued its forward-looking sales promotion activities with the launch of “Honkaku Imo-Jochu Satsuma Koku-Murasaki”.

In the low-alcohol beverages sector, the Company not only added new flavors to the “Asahi Slat” and “Asahi Cocktail Partner” canned chu-hi (shochu cocktail) series, but it also focused on brand cultivation, introducing “Asahi Chu-hi Kajitsu-no-Shunkan” and “Asahi Sparx” in March and July, respectively. “Asahi Chu-hi Kajitsu-no-Shunkan” prides itself on the full flavor of natural fruit juice, while “Asahi Sparx” boasts an alcohol content of 9% and 70% reduction in carbohydrates^{*3}.

In the whisky and other spirits sector, sales of the core brand “Black Nikka Clear Blend” continued to expand steadily, posting positive growth for the fourth successive year. In February, “Taketsuru 21-Year Pure Malt” won accolades at the “World Whiskies Awards (WWA) 2010”^{*4} as the world’s best blended malt whisky. This was the second year in succession that the whisky won this prize, and the third time overall.

In the wine sector, the Company continued to promote sales of domestically produced wine through renewal of the “Sanka-boshi-zai Mutenka Yuki Wine” line of antioxidant-free organic wines as part of efforts to increase “Sainte Neige” brand penetration. In imported wines, efforts focused on the expansion of sales through cultivation of a varied product lineup, with the Company promoting such key labels as “Maison Louis Latour” and “Zonin.”

^{*3} Calculated with respect to the average carbohydrate content of the Company’s fruit chu-hi products.

^{*4} The WWA is an international competition exclusively for whiskies and sponsored by the specialized UK publication *Whisky Magazine*.

- International Alcoholic Beverages Business

In the Chinese beer business, Hangzhou Xihu Beer Asahi Co., Ltd. and Beijing Beer Asahi Co. Ltd. began production of Tsingtao beer products under contract in July. Through these and other efforts, the Group worked to strengthen its strategic partnership with Tsingtao Brewery Co., Ltd. as a means of improving profitability. In Asian and Oceania markets such as Korea, Taiwan, Hong Kong, Thailand and Australia, the Group boosted the market presence of the “Asahi” brand through steady growth in sales of “Asahi Super Dry” among other products.

In a reflection of lower sales of beer and beer-type beverages, net sales recorded in the alcoholic beverages business segment amounted to ¥935,850 million, a decline of

2.3% compared with the previous year. Operating income rose by 7.2% year-on-year to ¥84,566 million, thanks to the Group's efforts to stem growth in raw materials costs and to reduce other costs.

Soft Drinks Segment

- Domestic Soft Drinks Business

In the domestic soft drinks business, Asahi Soft Drinks Co., Ltd. pursued a growth strategy while simultaneously implementing further structural reforms to realize dramatic growth in this sector.

Efforts have focused on channeling marketing resources in order to further strengthen and develop key brands such as “MITSUYA”, “WONDA” and “Asahi Juroku-Cha” at the heart of the growth strategy. Meanwhile, Asahi Soft Drinks also worked to energize the market through, for example, its May launch of “Asahi TeaO” – a product that delivers the full flavor of black tea despite having “zero sugar”^{*5}. And thanks in part to the acquisition of House Foods Corporation's “Rokko no Oishii Mizu” production and marketing operations, overall sales volume at Asahi Soft Drinks Co., Ltd. grew for the eighth year in succession, hitting a record high.

Restructuring efforts in this segment targeted further quality improvements and earnings structure reforms. Besides working to stem growth in raw materials costs, the Company added a new state-of-the-art production line featuring equipment for in-house manufacture of PET bottles at its Ibaraki Brewery, while also enhancing the efficiency of production and logistics operations.

^{*5} “Zero sugar” is defined as a sugar content of less than 0.5g per 100 ml based on the Japanese labeling standards for nutritional content.

- International Soft Drinks Business

In the Group's international soft drinks business, Tingyi-Asahi Beverages Holding Co., Ltd. worked to reinforce its position in the Chinese market through sales campaigns and a range of other promotion activities focused on core products, thus strengthening its business platform. In Australia, meanwhile, Schweppes Australia Pty Limited continued to implement forward-looking policies to further enhance existing brands and to also expand new sales routes.

In a reflection of the significant increase in sales volume at Asahi Soft Drinks Co., Ltd. and the sales contribution from Schweppes Australia Pty Limited, the soft drinks business segment posted net sales of ¥391,565 million, a gain of 10.2% compared with the previous year. Operating income increased by 608.4% from the previous year to ¥4,922 million.

Foods Segment

In the foods segment, Group subsidiary Asahi Food & Healthcare Co., Ltd. worked to lay the groundwork for further growth by expanding sales, strengthening corporate capabilities, and creating safe and reassuring brands. Asahi Food & Healthcare boosted sales through aggressive advertising expansion and sales promotion initiatives, in addition to the ongoing introduction of new and renewed product lines. These efforts supported the growth in sales of such mainstay brands as “MINTIA” breath mints, “BALANCEUP” nutritionally balanced snack bars, the “Ippon Manzoku Bar” range of nutritional snacks, yeast-derived quasi-drug “EBIOS” tablets, “Dear-Natura” dietary supplements and “Slim Up Slim” dietary aids.

In line with its management policy of building of a growth-oriented business platform, Wakodo Co., Ltd. pursued a strategy of reinforcing and expanding its operating base. Leveraging its expertise in “infant-safe quality” developed in the production of high-quality baby foods over many years, Wakodo continued to revamp product lines and expand its brand portfolio. Thanks to these efforts, strong performance of such mainstay brands as the “Goo-Goo Kitchen” baby food line contributed to a year-on-year increase in sales.

In other segment developments, Group subsidiary Amano Jitsugyo Co., Ltd. focused on business expansion and increasing its profitability with the aim of dominating the Japanese market for freeze-dried foods. Mail-order sales operations performed much better than in the previous year, thanks in part to sustained growth in mainstay freeze-dried miso soup products; similarly, its distribution sales operations achieved record sales on the back of a significant increase in the number of outlets carrying its products.

In a reflection of strong performance in mainstay Group products, net sales in the foods segment amounted to ¥95,440 million, a gain of 3.3% compared with the previous year. Operating income soared by 32.4% from the year before to ¥3,632 million, thanks to sales growth and production efficiency enhancements at Asahi Food & Healthcare among other factors.

Other Businesses Segment

In the other businesses segment, expansion of business in restaurant and logistics operations helped to keep net sales almost level, declining just 0.2% year-on-year to ¥66,604 million despite difficult market conditions. In a reflection of improved profitability in logistics operations, segment profitability increased 69.3% from the year before to ¥1,505 million.

Asahi Group Breakdown of Net Sales (Consolidated)

Million yen

Segment	86 th term 2009 (previous)	87 th term 2010 (under review)	Change in amount	Change in percentage
Alcoholic Beverages	¥958,155	¥935,850	(22,305)	-2.3 %
Soft Drinks	355,162	391,565	36,403	10.2
Foods	92,399	95,440	3,040	3.3
Other Businesses	66,751	66,604	(146)	-0.2
Total	1,472,468	1,489,460	16,991	1.2

Note: The above figures exclude intra-Group sales.

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

Million yen

Business area	86 th term 2009 (previous)	87 th term 2010 (under review)	Change in amount	Change in percentage
Beers and Beer-Type Products	¥844,328	¥812,496	¥ (31,832)	-3.8 %
(Beer)	646,517	620,367	(26,150)	-4.0
(Happoshu)	96,239	71,510	(24,728)	-25.7
(New Genre)	101,571	120,618	19,046	18.8
Shochu	50,265	48,262	(2,002)	-4.0
Low-Alcohol Beverages	30,558	31,209	651	2.1
Whisky and Other Spirit	26,005	30,411	4,406	16.9
Wine	12,420	11,546	(874)	-7.0
Other Alcoholic Beverages	3,877	6,972	3,094	79.8
Contract Manufacture	16,227	20,611	4,384	27.0
Real Estate and Others	1,785	1,760	(25)	-1.4
Total	985,468	963,270	(22,198)	-2.3

Note: "Other Alcoholic Beverages" above includes beer-tasted soft drinks and soft drinks for on-site sales.

(2) Management Perspectives

Working under the slogan “Reform, Execution, Full Participation” in 2011, the second year of the “Medium-Term Management Plan 2012”, the Asahi Group will implement global management measures focused on further enhancement of corporate value. Meanwhile, with the planned transition in July 2011 to a pure holding company structure, it is intended not only to clarify the roles and responsibilities of each business department and strengthen business platforms through specialization, but to also target dramatic growth through the audacious allocation of resources to growth areas both at home and overseas.

The Domestic Alcoholic Beverages Business

In the domestic alcoholic beverages business, the Company will target expansion of overall demand by further building customer trust and affinity as a means of enhancing the value of existing brands and offering original value in this market. In the beers and beer-type products business, the Company will work to cultivate core brands in each category, with a distinct focus on “Asahi Super Dry” and “Clear Asahi”; furthermore, it also aims to further energize the market for beers and beer-type products with the March launch of “Ichibanmugi” – a new product that delivers the authentic clear flavor and crisp aftertaste of the “new-genre 100% malt beer”*. In the shochu, low-alcohol beverages, whisky and other spirits and wine categories, the Company will work to boost its market presence, cultivating all of its major products while at the same time striving for higher cost competitiveness. In addition, it will integrate beer production from the Nishinomiya Brewery into Suita Brewery’s operations in order to greatly enhance production efficiency, and through this and other measures, aims to reform its earnings structure.

- * “100% malt” is defined as a beverage produced only from malt, barley spirits, and other barley-derived ingredients, with the exception of hops at less than 0.5%.

Group Operations

In the soft drinks business, key Group subsidiary Asahi Soft Drinks Co., Ltd. is pursuing a policy of accelerating growth through the creation of a stronger base for future development with a focus on key brands such as “WONDA”, “MITSUYA” and “Asahi Juroku-Cha”; by offering new value in long-selling brands; and by re-launching the “Rokujo Mugicha” brand of barley tea products acquired from Kagome Co., Ltd. In addition, Asahi Soft Drinks also aims to keep quality assurance as viewed through the eyes of the customer at the highest possible levels and to further optimize its production and logistics systems in the quest to become the industry leader in terms of cost

competitiveness. LB Co., Ltd. (Tokyo) and LB Co., Ltd. (Nagoya), which between them handle chilled soft-drink operations, merged in January 2011, seeking to enhance profitability and to develop new growth strategies benefiting from synergistic effects.

In the foods business, Group subsidiary Asahi Food & Healthcare Co., Ltd. aims to expand sales by developing new products in the growing businesses of confectionery, health foods and seasonings, and also by developing new markets. In addition, Asahi Food & Healthcare will work to realize a structure capable of consistently generating profits and a business platform that is sound, dependable and resilient in the face of change. Elsewhere, Wakodo Co., Ltd. will strive to further enhance its powerful position in powdered baby milks, baby foods and other existing businesses, while at the same time remaining committed to “infant-safe quality” and preparing for future growth through the development of new businesses, including overseas operations and business targeting seniors. In order to realize a platform capable of supporting dramatic growth going forward, Amano Jitsugyo Co., Ltd. is working to develop and cultivate core products; to expand its marketing network; to achieve further growth in mail-order sales operations; and in addition, to enhance its production capabilities in the field of freeze dried products.

In international operations, the Group is committed to further improving margins in its beer operations in the key China market through its strategic partnership with Tsingtao Brewery Co., Ltd.; in addition, it will deploy growth strategies aimed at expanding the Asahi brand. Elsewhere, Schweppes Australia Pty Limited will also actively pursue growth strategies focused on expanding sales of major product lines through forward-looking marketing investments and entry into new categories. The company has concluded a share purchase agreement with P&N Beverages Australia Pty Limited in anticipation of acquisition, and together, they aim to identify synergies that can be leveraged upon merging as they work to reinforce their position in the Australian soft drinks market. Through a joint venture with Itochu Corporation, meanwhile, the Asahi Group has invested in the Ting Hsin International Group, one of the largest packaged food manufacturing and distribution groups in Greater China, and in order to further expand its business in both China and Taiwan, it intends to work closely with Ting Hsin, efficiently applying the strengths of each in the wide range of food businesses in which that group is active.

In accordance with “Medium-Term Management Plan 2012,” the Asahi Group intends to strengthen all of its brands and increase its profitability through optimizing its finances and implementing a cash flow strategy aimed at increasing total enterprise value. Creating a stronger base for future growth is the Group’s top priority. To this end, it plans to investigate and actualize opportunities for strategic business investments and alliances, both in Japan and abroad, targeting the alcoholic beverage and soft drink business segments in particular. The Group will adopt a flexible approach with respect

to the allocation of funds in order to return cash flows to shareholders and create additional corporate value.

The Group cordially requests shareholders' continuing encouragement and support.

(3) Capital Investment Activities

Consolidated capital expenditures in the year under review totaled ¥36,737 million, a large portion of which represented investments made to upgrade existing facilities and implement energy conservation measures. Other projects are specified below:

Major capital investments and facility upgrades in process during 2010

Segment concerned: Soft drink operations

Item and expenditure: Manufacturing facility for soft drinks: ¥3,068 million (at Ibaraki Brewery, Asahi Breweries, Ltd.: total projected capital investment of ¥24,500 million between 2006 and 2010)

(4) Financing Activities

The Company financed the capital investments detailed in item (3) above and other capital requirements through loans from financial institutions and the issuance of commercial paper. On April 27, 2010, furthermore, the Company issued its 32nd series of unsecured bonds (5-year, ¥20,000 million bond issue) to raise bond-redemption funds.

(5) Status of Principal Lenders

(As of December 31, 2010)

Lender	Outstanding balance
	(Million yen)
Sumitomo Mitsui Banking Corporation	34,655
Mizuho Corporate Bank, Ltd.	14,934
The Sumitomo Trust & Banking Co., Ltd.	10,500
The Dai-ichi Life Insurance Company, Limited	10,200
The Norinchukin Bank	7,400

Note: Pursuant to organizational changes, The Dai-ichi Mutual Life Insurance Company became The Dai-ichi Life Insurance Company, Limited on April 1, 2010.

(6) Financial and Profit/Loss Indicators

A. Financial and profit/loss indicators of Asahi Group (Consolidated)

	84 th term 2007	85 th term 2008	86 th term 2009	87 th term 2010 (under review)
Net sales (million yen)	1,464,071	1,462,747	1,472,468	1,489,460
Operating income (million yen)	86,955	94,520	82,777	95,349
Recurring profit (million yen)	90,217	96,474	90,546	101,142
Net income (million yen)	44,797	45,014	47,644	53,080
Earnings per share (yen)	94.94	96.31	102.49	114.10
Total assets (million yen)	1,324,391	1,299,058	1,433,652	1,405,358
Net assets (million yen)	529,782	534,627	577,702	612,670
Net assets per share (yen)	1,089.33	1,122.13	1,233.25	1,315.51

Note: Earnings per share are calculated based on the average total number of shares outstanding during the term. Net assets per share are calculated based on the total number of shares outstanding at term-end. The number of shares outstanding is exclusive of treasury stock.

B. Financial and profit/loss indicators of Asahi Breweries, Ltd. (Non-consolidated)

	84 th term 2007	85 th term 2008	86 th term 2009	87 th term 2010 (under review)
Net sales (million yen)	1,030,736	1,019,613	985,468	963,270
Operating income (million yen)	79,933	91,050	78,513	84,741
Recurring profit (million yen)	77,372	88,562	79,303	84,707
Net income (million yen)	40,513	38,994	30,036	17,661
Earnings per share (yen)	85.84	83.43	64.61	37.97
Total assets (million yen)	1,070,506	1,049,190	1,155,860	1,100,325
Net assets (million yen)	482,026	485,538	507,569	514,226
Net assets per share (yen)	1,020.24	1,044.56	1,091.53	1,105.00

Note: Earnings per share are calculated based on the average total number of shares outstanding during the term. Net assets per share are calculated based on the total number of shares outstanding at term-end. The number of shares outstanding is exclusive of treasury stock.

(7) Principal Subsidiaries

Company name	Capital (Million yen)	Shareholdings (%)	Main operations
The Nikka Whisky Distilling Co., Ltd.	14,989	100.0	Production of alcoholic beverages
Sainte Neige Wine Co., Ltd.	50	100.0	Production of alcoholic beverages
Asahi Soft Drinks Co., Ltd.	11,081	100.0	Production and marketing of soft drinks
Asahi Calpis Beverage Co., Ltd.	495	80.0	Sales of soft drinks
LB Co., Ltd. (Tokyo)	487	100.0	Production and marketing of soft drinks
LB Co., Ltd. (Nagoya)	55	100.0	Production and marketing of soft drinks
Asahi Food & Healthcare Co., Ltd.	3,200	100.0	Production and marketing of foods
Wakodo Co., Ltd.	2,918	100.0	Production and marketing of foods
Amano Jitsugyo Co., Ltd.	67	100.0	Production and marketing of foods
Asahi Logistics, Ltd.	80	100.0	Cargo transportation
Asahi Food Create, Ltd.	40	100.0	Operation of bars and restaurants
Beijing Beer Asahi Co. Ltd.	7,902 (609,322 thousand RMB)	72.8	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 Tsingtao Asahi Co., Ltd.	3,032 (218,804 thousand RMB)	51.0	Brewing of beer
Schweppes Australia Pty Limited	13,591 (A\$200,018 thousand)	100.0	Production and marketing of soft drinks
Asahi Beer U.S.A., Inc.	3,720 (US\$32,000 thousand)	100.0	Sales of beer

Notes:

1. Shareholding percentages include shares held indirectly.
2. The Company made LB Co., Ltd. (Tokyo) a wholly owned subsidiary via the acquisition on November 8, 2010 of 32.1% of its shares.
3. The Company made LB Co., Ltd. (Nagoya) a wholly owned subsidiary via the acquisition on November 8, 2010 of 3.0% of its shares.
4. The Company made Amano Jitsugyo Co., Ltd. a wholly owned subsidiary via the acquisition on December 17, 2010 of 20.0% of its shares.
5. On January 1, 2010, Asahi Food Create, Ltd. absorbed the subsidiaries Sumida River Brewing Company and Asahi Beer Annex Company.

(8) Acquisition or Disposal of Other Company Shares, Equity Stakes and Stock Acquisition Rights

- A. The Company acquired 6.5% of the common shares (indirect) of the holding company of Ting Hsin International Group, Ting Hsin (Cayman Islands) Holding Corporation, through private placement in line with a resolution at a meeting of the Board of Directors on September 28, 2010. The purchase was conducted through AI Beverage Holding Co. Ltd., a wholly owned subsidiary of the Company.
- B. On November 19, 2010, following approval of a resolution at a meeting of the Board of Directors on September 28, 2010, Asahi Breweries, Ltd. assigned 80,008 shares of common stock in Tingyi-Asahi Beverages Holding Co., Ltd. to Ting Hsin (Cayman Islands) Holding Corporation via AI Beverage Holding Co Ltd. This gave the Company an equity stake (indirect) of 32.0% in Tingyi-Asahi Beverages Holding Co., Ltd.

(9) Transfer of operations from other companies

In accordance with a business purchase agreement concluded with House Foods Corporation on April 8, 2010, Asahi Soft Drinks Co., Ltd. took over the production and marketing of mineral water sold under that company's "Rokko no Oishii Mizu" brand as of May 31 of the same year. The purchase price for the transaction was ¥5,300 million.

(10) Principal Operations

(As of December 31, 2010)

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

Principal operations	Principal products
Alcoholic Beverages	<i>Asahi Super Dry, Asahi The Master, Asahi Premium Draft Beer Jukusen, Asahi Style Free, Asahi Honnama Draft, Asahi Honnama Aqua Blue, Clear Asahi, Asahi Off, Asahi Mugishibori, Asahi Strong Off, Asahi Kutsurogi-Jikomi <4VG> (beers and beer type of beverages) Kanoka, Daigoro, Ichibanfuda, Satsuma Tsukasa (shochu) Asahi Slat, Asahi Cocktail Partner, Asahi Chu-hi Kajitsu-no-Shunkan, Asahi Sparx, Black Nikka Clear Highball (low-alcohol beverages) Taketsuru, Black Nikka Clear Blend, Single Malt Yoichi (whisky) Sainte Neige, Louis Latour, Lanson, Zonin, Caliterra, ALMADEN, Gancia (wine)</i>
Soft Drinks	<i>Mitsuya Cider, Wilkinson, Bireley's, WONDA, Asahi Juroku-Cha, Asahi TeaO, Asahi Ikkyu-Chaba Oolong-Cha, Asahi Shokuji No Abura Ni Kono Ippon, Asahi Fujisan-no Vanadium Ten-Nen-Sui, Asahi Rokko no Oishii Mizu, Asahi Super H₂O</i>
Foods	<i>EBIOS, Dear-Natura, Slim Up Slim, MINTIA, BALANCEUP, Ippon Manzoku Bar, Hai Hai, Gun Gun, Goo-Goo Kitchen, Gyunyuya-san no Kohii, Oshibori Wetty, Siccarol, Mutenka-misoshiru, Nyumen, Shunkan Bishoku, Soup Days</i>

(11) Principal Offices and Factories

(As of December 31, 2010)

Asahi Breweries, Ltd.	Registered head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
	Regional sales offices	Hokkaido Regional Headquarters (Sapporo), Tohoku Regional Headquarters (Sendai), Tokyo Metropolitan Headquarters for On-Premise Retailers (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, 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	Development Laboratories for Alcoholic Beverages, Research Laboratories of Brewing Technology, Research & Development Laboratories for Packaging, Research Laboratories for Food Technology, Research Laboratories for Food Safety Chemistry, Research & Development Laboratories for Sustainable Value Creation, Research Laboratories for Fundamental Technology of Food (all in Moriya, Ibaraki Prefecture)
	Overseas offices	Coordination Division for China Business (China), North America Office (U.S.A.), Europe Branch (U.K.)

Subsidiaries	Domestic	The Nikka Whisky Distilling Co., Ltd. Headquarters: Minato-ku, Tokyo
		Sainte Neige Wine Co., Ltd. Headquarters: Yamanashi, Yamanashi Prefecture
		Asahi Soft Drinks Co., Ltd. Headquarters: Sumida-ku, Tokyo
		Asahi Food & Healthcare Co., Ltd. Headquarters: Sumida-ku, Tokyo
		Wakodo Co., Ltd. Headquarters: Chiyoda-ku, Tokyo
		Amano Jitsugyo Co., Ltd. Headquarters: Fukuyama, Hiroshima Prefecture
	Overseas	Beijing Beer Asahi Co. Ltd. (China) Hangzhou Xihu Beer Asahi Co., Ltd. (China) Yantai Beer Tsingtao Asahi Co., Ltd. (China) Schweppes Australia Pty Limited (Australia) Asahi Beer U.S.A., Inc. (U.S.A.)

(12) Employees

(As of December 31, 2010)

A. Employees of the Asahi Group (Consolidated)

Business segment	Number of employees
Alcoholic Beverages	7,036 (down 245)
Soft Drinks	5,045 (down 324)
Foods	1,540 (up 41)
Other Businesses	3,091 (down 76)
Total	16,712 (down 604)

Note: Figures in parentheses indicate increases or decreases from 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 remuneration
3,576 (down 143)	40.9	15.2	¥8,795,364

Notes:

1. Figures in parentheses indicate increases or decreases from the end of the previous term.
2. Full-time employees include 178 persons seconded to the Company from other companies.
3. In addition to the employees enumerated above, the Company employs 166 persons on a term contract basis.

(13) Overview of Other Significant Asahi Group Activities

Research and Development

R&D operations have principally involved 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:

- In the field of packaging technology, Asahi Soft Drinks Co., Ltd. has developed a PET bottle based on a universal design for environment load reduction. These bottles not only reduce both material usage and weight by approximately 24% when compared with previous products, but they have been designed such that the cap is easier to open and the bottle can be held more securely while being drunk from. As a result, they simultaneously help to minimize the Group's environmental footprint and enhance user convenience. From 2011, the bottles will be successively phased in for tea beverages, starting with "Asahi Juroku-Cha", thus contributing to the conservation of resources and lower CO₂ emissions.
- In cooperation with the National Agricultural Research Center for Kyushu Okinawa Region (under the National Agriculture and Food Research Organization), the Group has developed a new combined sugar/bioethanol production process and begun testing it at a special pilot plant on Okinawa Prefecture's Ie island. Using a new variety of high-biomass sugarcane capable of producing 50% more biomass, this process not only produces the same amount of sugar as conventional methods, but it also delivers high volumes of bioethanol at low cost and with no requirement for fossil fuels at any stage. Thanks to this breakthrough, the process was selected by the Ministry of Agriculture, Forestry and Fisheries as one of its top ten research topics for 2010, and much is expected from promising technology in many fields, not the least of which being the reduction of greenhouse gas emissions.

Corporate Social Responsibility (CSR)

Together with its stakeholders, the Asahi Group is constantly on the lookout for new ways in which it can proactively discharge its social responsibilities. In line with this approach, the Group updated its basic CSR policy in January and is now focusing on such priority areas as environmental conservation and social contribution activities.

- As part of its environmental conservation activities, the Group formulated its Environmental Vision 2020 in March 2010 in order to bolster Group-wide environmental preservation. This policy focuses on four key themes – namely, Building a Low Carbon Society, Building a Recycling-Based Society, Conserving Biodiversity and Spreading Awareness of the Gift of Nature. Given that its business relies on water, grain and other gifts of nature, the Group takes

biodiversity in particularly very seriously, and in recognition of this fact, has declared its commitment to the conservation thereof. In order to ensure progress towards a sustainable society, the Group will strive to reduce the environmental footprint of its business operations; to develop closer bonds with the members of such a society, including its next generations; and to approach conservation efforts with a shared Group-wide perspective.

- Among its social contribution activities, the Group donated one yen for every can of “Asahi Super Dry” sold to Japanese regional organizations that are dedicated to preserving the country’s natural and cultural assets. Begun in 2009 and dubbed the “Refreshingly Sustainable” project, this initiative seeks to strengthen local community relations while boosting corporate value by fulfilling the Group’s social responsibility through business activities. Total donations in the first phase amounted to ¥1,508,874,176 (with ¥828,129,448 thereof from the year under review).

Other significant Asahi Group activities are as follows.

- A. On January 1, 2011, Company subsidiaries LB Co., Ltd. (Tokyo) and LB Co., Ltd. (Nagoya) merged with the former as the surviving company.
- B. On January 11, 2011, the Company assigned all of its 10,919,480 shares in Haitai Beverage Co., Ltd. to LG Household & Health Care Ltd.

2. Overview of the Company

(1) Shares Outstanding

(As of December 31, 2010)

A. Total number of authorized shares	972,305,309
B. Total number of issued shares	483,585,862
C. Number of shareholders	131,262

(Increased by 11,354 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)	250,214	5.4
Japan Trustee Services Bank, Ltd. (Trust Account)	224,179	4.8
Asahi Kasei Corporation	187,853	4.0
The Dai-ichi Life Insurance Company, Limited	169,200	3.6
Fukoku Mutual Life Insurance Company	168,830	3.6
JP Morgan Chase Bank 380055	107,578	2.3
Sumitomo Mitsui Banking Corporation	90,280	1.9
The Sumitomo Trust & Banking Co., Ltd.	81,260	1.7
State Street Bank and Trust Company	71,129	1.5
Sumitomo Life Insurance Company	70,900	1.5
Total	1,421,424	30.5

Notes:

1. The Company holds treasury stock numbering 18,220,056 shares. However, the Company is excluded from the above list of major shareholders.
2. Shareholding percentages are calculated based on the total number of issued shares less the number of shares in treasury stock.

(2) Status of Stock Acquisition Rights, etc.

A. Stock acquisition rights held by Directors and Corporate Auditors of the Company, granted as part of remuneration for execution of their duties

(As of December 31, 2010)

	1) Stock option system based on acquisition of treasury stock	2) Stock option system based on subscription rights
Date of issuance resolution	March 29, 2001	March 28, 2002
Class and number of shares subject to stock acquisition rights	Shares of common stock: 16,000	Shares of common stock: 18,600
Fee for exercise of options	¥1,185 per share	¥1,090 per share
Exercisable period	January 1, 2005 to March 28, 2011	January 1, 2005 to March 27, 2012
Conditions for exercise of options	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited. 	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited.
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors		
Directors (except Outside Directors)	<ul style="list-style-type: none"> • Number of shares subject to stock acquisition rights: 16,000 • Number of holders: 2 	<ul style="list-style-type: none"> • Number of shares subject to stock acquisition rights: 13,800 • Number of holders: 3
Outside Directors	<ul style="list-style-type: none"> • Number of shares subject to stock acquisition rights: — • Number of holders: — 	<ul style="list-style-type: none"> • Number of shares subject to stock acquisition rights: — • Number of holders: —
Corporate Auditors	<ul style="list-style-type: none"> • Number of shares subject to stock acquisition rights: — • Number of holders: — 	<ul style="list-style-type: none"> • Number of shares subject to stock acquisition rights: 4,800 • Number of holders: 1

	3) First issue of stock acquisition rights	4) Second issue of stock acquisition rights
Date of issuance resolution	March 28, 2003	March 30, 2004
Number of stock acquisition rights	20	950
Class and number of shares subject to stock acquisition rights	Shares of common stock: 20,000	Shares of common stock: 95,000
Fee for exercise of stock acquisition rights	¥830 per share	¥1,205 per share
Exercisable period	March 28, 2005 to March 27, 2013	March 30, 2006 to March 29, 2014
Conditions for exercise of stock acquisition rights	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited. 	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • The options shall be cancelled if a holder is dismissed for certain specified reasons. • Any assignment or pledging of the options is prohibited.
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors		
Directors (except Outside Directors)	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: — 	<ul style="list-style-type: none"> • Number of stock acquisition rights: 400 • Number of shares subject to stock acquisition rights: 40,000 • Number of holders: 3
Outside Directors	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: — 	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —
Corporate Auditors	<ul style="list-style-type: none"> • Number of stock acquisition rights: 20 • Number of shares subject to stock acquisition rights: 20,000 • Number of holders: 2 	<ul style="list-style-type: none"> • Number of stock acquisition rights: 550 • Number of shares subject to stock acquisition rights: 55,000 • Number of holders: 4

	5) Third issue of stock acquisition rights	6) Fourth issue of stock acquisition rights
Date of issuance resolution	March 30, 2005	March 30, 2006
Number of stock acquisition rights	1,200	1,700
Class and number of shares subject to stock acquisition rights	Shares of common stock: 120,000	Shares of common stock: 170,000
Fee for exercise of stock acquisition rights	¥1,374 per share	¥1,688 per share
Exercisable period	March 30, 2007 to March 29, 2015	March 30, 2008 to March 29, 2016
Conditions for exercise of stock acquisition rights	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • Any assignment or transfer of the stock acquisition rights is subject to approval of the Board of Directors. 	<ul style="list-style-type: none"> • The options are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be. • The options may be passed on to heirs. • Any assignment or transfer of the stock acquisition rights is subject to approval of the Board of Directors.
Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors		
Directors (except Outside Directors)	<ul style="list-style-type: none"> • Number of stock acquisition rights: 550 • Number of shares subject to stock acquisition rights: 55,000 • Number of holders: 4 	<ul style="list-style-type: none"> • Number of stock acquisition rights: 1,050 • Number of shares subject to stock acquisition rights: 105,000 • Number of holders: 7
Outside Directors	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: — 	<ul style="list-style-type: none"> • Number of stock acquisition rights: — • Number of shares subject to stock acquisition rights: — • Number of holders: —
Corporate Auditors	<ul style="list-style-type: none"> • Number of stock acquisition rights: 650 • Number of shares subject to stock acquisition rights: 65,000 • Number of holders: 5 	<ul style="list-style-type: none"> • Number of stock acquisition rights: 650 • Number of shares subject to stock acquisition rights: 65,000 • Number of holders: 5

B. Significant items regarding other stock acquisition rights

Overview of Euroyen conditional convertible bonds with stock acquisition rights

	1) Euroyen conditional convertible bonds with stock acquisition rights maturing in 2023	2) Euroyen conditional convertible bonds with stock acquisition rights maturing in 2028
Date of issuance resolution	May 13, 2008	May 13, 2008
Date of issue	May 29, 2008	May 29, 2008
Outstanding amount of bonds with stock acquisition rights	¥35,144 million	¥35,000 million
Details concerning the stock acquisition rights		
Number of stock acquisition rights	Total of 35,000 and the number calculated by dividing the total face value of the substitute bonds with stock acquisition rights by ¥1,000,000	Total of 35,000 and the number calculated by dividing the total face value of the substitute bonds with stock acquisition rights by ¥1,000,000
Class and number of shares subject to stock acquisition rights	Shares of common stock: 16,611,295	Shares of common stock: 17,073,170
Fee for exercise of stock acquisition rights	¥2,107 per share	¥2,050 per share
Exercisable period	June 12, 2008 to May 12, 2023	June 12, 2008 to May 12, 2028
Conditions for exercise of stock acquisition rights	<ul style="list-style-type: none"> • Certain stock acquisition rights may not be exercised • Prior to May 29, 2011, but only when the closing price of the Company's common stock for 20 of the last 30 trading days (including the last trading day) exceeds 125% of the conversion price (¥2,107) as of the last trading date of each quarter. In such cases, exercise is possible, in principle, during the following quarter. 	<ul style="list-style-type: none"> • Certain stock acquisition rights may not be exercised • Prior to May 29, 2014, but only when the closing price of the Company's common stock for 20 of the last 30 trading days (including the last trading day) exceeds 125% of the conversion price (¥2,050) as of the last trading date of each quarter. In such cases, exercise is possible, in principle, during the following quarter.
Conditions under which the Company may acquire stock acquisition rights	<ul style="list-style-type: none"> • On or after May 29, 2011, the Company may acquire all of the bonds after notifying the bondholders. • The acquisition date shall be at least 60 but no more than 75 days from the notification date. 	<ul style="list-style-type: none"> • On or after May 29, 2014, the Company may acquire all of the bonds after notifying the bondholders. • The acquisition date shall be at least 60 but no more than 75 days from the notification date.

(3) Directors and Corporate Auditors of the Company

A. Directors and Corporate Auditors

(As of December 31, 2010)

Name	Position	Areas of responsibility and significant concurrent positions held by Director or Corporate Auditor
Hitoshi Ogita	Chairman of the Board and Representative Director	Chairman of the Board of Asahi Beer Arts Foundation Outside Director of Imperial Hotel, Ltd.
Naoki Izumiya	President and Representative Director	
Kazuo Motoyama	Executive Vice President and Representative Director	Group Headquarters (Corporate Planning Department, Public Relations Department, Department of Agribusiness Development and Logistics Department) Director of LB Co., Ltd. (Tokyo)
Masatoshi Takahashi	Senior Managing Director Senior Managing Corporate Officer	Domestic Marketing Headquarters of the Company Outside Director of Orion Breweries, Ltd.
Akiyoshi Koji	Managing Director Managing Corporate Officer	Group Headquarters (Human Resources Department, Finance Department, IT Strategy & BPM Department) Supervisor of Tsingtao Brewery Co., Ltd.
Noriyuki Karasawa	Managing Director Managing Corporate Officer	Senior General Manager of Production Headquarters of the Company Director of The Nikka Whisky Distilling Co., Ltd. Director of LB Co., Ltd. (Tokyo) Director of LB Co., Ltd. (Nagoya)
Katsuyuki Kawatsura	Managing Director Managing Corporate Officer	Group Headquarters (Quality Assurance Department) and Senior General Manager of Research & Development Headquarters of the Company Chairman of the Board of Asahi Breweries Foundation
Toshihiko Nagao	Director Corporate Officer	Senior General Manager of Liquor Sales & Marketing Headquarters
Toshio Mori	Director Corporate Officer	Group Food Business Director of Asahi Food & Healthcare Co., Ltd. Director of Wakodo Co., Ltd. Director of Amano Jitsugyo Co., Ltd.
Toshio Kodato	Director Corporate Officer	Group International Business and Senior General Manager of International Headquarters of the Company Vice Chairman of Tingyi-Asahi Beverages Holding Co., Ltd. Director of Schweppes Australia Pty Limited

Name	Position	Areas of responsibility and significant concurrent positions held by Director or Corporate Auditor
Yoshihiro Tonozuka	Director Corporate Officer	Group Soft Drinks Business Director of Asahi Soft Drinks Co., Ltd.
Mariko Bando	Outside Director	President of Showa Women's University Director of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Chairman of the Board of Rural Women Empowerment and Life Improvement Association Outside Director of Asahi Mutual Life Insurance Company
Naoki Tanaka	Outside Director	President of Center for International Public Policy Studies Chairman of Financial System Council, Financial Services Agency Chairman of Postal Services Privatization Committee
Yoshihiro Goto	Standing Corporate Auditor	Corporate Auditor of Asahi Soft Drinks Co., Ltd. Corporate Auditor of Wakodo Co., Ltd.
Yoshifumi Nishino	Standing Corporate Auditor	Corporate Auditor of The Nikka Whisky Distilling Co., Ltd. Corporate Auditor of Asahi Food & Healthcare Co., Ltd. Corporate Auditor of Amano Jitsugyo Co., Ltd.
Takahide Sakurai	Outside Corporate Auditor	Special Advisor to The Dai-ichi Life Insurance Company, Limited Outside Director of Imperial Hotel, Ltd.
Naoto Nakamura	Outside Corporate Auditor	Partner and Attorney at Law of Nakamura, Tsunoda & Matsumoto Law Office Outside Corporate Auditor of Mitsui & Co., Ltd.
Tadashi Ishizaki	Outside Corporate Auditor	Professor, Faculty of Commerce, Chuo University

Notes:

1. Directors Mariko Bando and Naoki Tanaka are Outside Directors as defined in Item 15, Article 2 of the Companies Act.
2. Corporate Auditors Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki are Outside Corporate Auditors as defined in Item 16, Article 2 of the Companies Act.
3. The Company designated Outside Directors Mariko Bando and Naoki Tanaka and Outside Corporate Auditors Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and the Osaka Securities Exchange and reported to said exchanges thereof.
4. Corporate Auditor Yoshihiro Goto was formerly Director in charge of finance of the Company and has considerable expertise in finance and accounting.
5. Corporate Auditor Naoto Nakamura who is an attorney at law is jurisprudent, among others, to corporate legal affairs; he also has considerable expertise in finance and accounting.
6. Corporate Auditor Tadashi Ishizaki has carried out research on accounting for many years as a university professor; he has considerable expertise in finance and accounting.
7. Katsuyuki Kawatsura, Toshio Mori, Toshio Kodato and Yoshihiro Tonozuka were newly elected as Directors at the 86th Annual General Meeting of Shareholders held on March 26, 2010, and all assumed their respective offices.

8. The following director, having retained his office as of the day after conclusion the above-mentioned 86th Annual General Meeting of Shareholders, retired during the year under review.

Name	Position upon retirement	Significant concurrent positions held upon retirement	Date of retirement	Reason for retirement
Nobuo Yamaguchi	Outside Director	Honorary Chairman and Representative Director of Asahi Kasei Corporation Outside Director of Nippon Television Network Corp. Outside Director of The Shoko Chukin Bank, Ltd. Outside Corporate Auditor of The Yomiuri Shimbun Holdings	September 14, 2010	Demise

9. In addition to the above, the retirement from significant concurrent positions held by Directors or Corporate Auditors during the year under review are detailed below.

Name	Position	Significant concurrent positions held by Director or Corporate Auditor	Date of retirement
Naoki Izumiya	President and Representative Director	Director of Amano Jitsugyo Co., Ltd. Director of Wakodo Co., Ltd. Director of Asahi Food & Healthcare Co., Ltd. Director of Tingyi-Asahi Beverages Holding Co., Ltd.	March 19, 2010 March 30, 2010 March 31, 2010 May 7, 2010
Kazuo Motoyama	Executive Vice President and Representative Director	Director of Asahi Logistics, Ltd. Director of Asahi Soft Drinks Co., Ltd. Director of Schweppes Australia Pty Limited	March 19, 2010 March 24, 2010 March 26, 2010
Toshio Kodato	Director Corporate Officer	Director of Asahi Beer U.S.A., Inc.	April 1, 2010
Yoshihiro Tonozuka	Director Corporate Officer	President and Representative Director and Director of LB Co., Ltd. (Tokyo)	March 17, 2010
Naoki Tanaka	Outside Director	Member and Deputy Chairman of Fiscal System Council, Ministry of Finance	April 26, 2010

(Reference) Corporate Officers other than the above are as follows.

Position	Name
Managing Corporate Officer	Yuji Ninomiya, Akira Matsunobu, Fumio Yamasaki, Kenji Taniguchi, Masafumi Tanino, Takayoshi Kanaya, Hideaki Takemoto
Corporate Officer	Norio Naito, Shoji Tsumura, Takami Maruyama, Katsutoshi Takahashi, Shinichi Hirano, Seiichi Ishikawa, Kenkichi Aoki, Hirohisa Shibuya, Suguru Nohara, Hiroshi Katagiri, Kazunori Shibata, Shiro Ikeda, Kiminari Maruta, Yukihiro Shiraishi, Yukio Kakegai, Kazuya Arakeda, Hiroshi Kawashita, Yoshihide Okuda

B. Remuneration paid to Directors and Corporate Auditors

Category	Basic remuneration		Bonus		Total amount (yen)
	Number of persons remunerated	Total amount of remuneration paid (yen)	Number of persons remunerated	Total amount of remuneration paid (yen)	
Directors	17	457,320,000	17	132,600,000	589,920,000
[of which, Outside Directors]	[3]	[29,400,000]	[3]	[8,500,000]	[37,900,000]
Corporate Auditors	5	96,000,000	—	—	96,000,000
[of which, Outside Corporate Auditors]	[3]	[32,400,000]	—	—	[32,400,000]

Notes:

- The figures above include Directors Kouichi Ikeda, Masahiko Osawa and Shin Iwakami, who retired at the conclusion of the 86th Annual General Meeting of Shareholders held on March 26, 2010, and also Director Nobuo Yamaguchi, who passed away on September 14, 2010 and was thus retired.
- A resolution authorizing payments associated with the termination of the retirement bonus system to be paid at the time of retirement was passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007. As of the end of the fiscal year under review, the anticipated total amount of future payments was as follows:
 - Total of ¥42,000,000 to four Directors
 - Total of ¥33,000,000 to three Outside Corporate Auditors
 Final payments totaling ¥6 million are due to be paid to one Director who is scheduled to retire at the conclusion of the 87th Annual General Meeting of Shareholders to be held on March 25, 2011.
- The total amount of Directors' remuneration is limited to ¥760 million (including ¥50 million for Outside Directors) per year according to the resolution passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007.
- The total amount of Corporate Auditors' remuneration is limited to ¥120 million (including ¥40 million for Outside Corporate Auditors) per year according to the resolution passed at the 83rd Annual General Meeting of Shareholders held on March 27, 2007.

C. Policies concerning the setting of remuneration paid to Directors and Corporate Auditors

Directors' and Corporate Auditors' remuneration amounts are set within the total amount of remuneration resolved in advance at a Shareholders' Meeting. Furthermore, Directors' remuneration is set in line with a resolution at a meeting of the Board of Directors, and Corporate Auditors' remuneration is set by discussion by the Corporate Auditors thereof. When remuneration -related resolutions are being made by the Board of Directors, the Compensation Committee, having Outside Directors making up half of its membership, acts as an advisory body to the Board of Directors, evaluating the content of said resolutions in the interests of greater transparency and objectivity.

It should be noted that the retirement bonus system and stock option system were both discontinued in 2007.

In the interests of setting Directors' remuneration in a reasonable manner given roles and responsibilities, the system for doing so takes into consideration each Director's motivational abilities in terms of ongoing enhancement of corporation performance and value in addition to the recruitment of talented persons.

In specific terms, remuneration comprises basic remuneration (a fixed monthly amount) and bonuses (yearly performance-linked amounts), and each item is determined using survey data prepared by external specialist organizations and based on duties and status as Director or Outside Director. In addition, bonuses are raised or lowered based on consolidated operating income as the main index.

In the interests of setting Corporate Auditors' remuneration in a reasonable manner given roles and responsibilities, the system for doing so takes the recruitment of talented persons into consideration.

In specific terms, remuneration comprises only basic remuneration (a fixed monthly amount), and it is determined by discussion by the Corporate Auditors using survey data prepared by external specialist organizations and based on duties and status as Corporate Auditor or Outside Corporate Auditor.

D. Outside Directors and Outside Corporate Auditors

- Major activities of Outside Directors and Outside Corporate Auditors

Category	Name	No. of Board of Directors meetings attended	No. of Board of Corporate Auditors meetings attended	Form of participation
Outside Director	Nobuo Yamaguchi	6/7	—	Mr. Yamaguchi participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
	Mariko Bando	11/11	—	Ms. Bando participated in discussions as necessary, primarily from the perspective of her wealth of experience as an educator.
	Naoki Tanaka	11/11	—	Mr. Tanaka participated in discussions as necessary, primarily from the perspective of his wealth of experience as an expert in economic policy.
Outside Corporate Auditor	Takahide Sakurai	11/11	7/7	Mr. Sakurai participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
	Naoto Nakamura	10/11	7/7	Mr. Nakamura participated in discussions as necessary, primarily from his expert perspective as an attorney at law.
	Tadashi Ishizaki	11/11	7/7	Dr. Ishizaki participated in discussions as necessary, primarily from his expert perspective as a scholar of accounting.

Note:

Director Nobuo Yamaguchi passed away on September 14, 2010 and was thus retired, and the number of meetings held during his tenure is therefore different from that of other Outside Directors and Outside Corporate Auditors.

- Summary of agreements limiting liability

The Company has entered into an agreement with each of its Outside Directors and Outside Corporate Auditors limiting his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act, to either ¥20,000,000 or the minimum amount stipulated by applicable laws and regulations, whichever is higher.

(4) Independent Auditor

A. Name of the Independent Auditor

KPMG AZSA LLC

Note: KPMG AZSA & Co. became KPMG AZSA LLC on July 1, 2010 pursuant to a change in classification.

B. Remuneration paid to the Independent Auditor for the fiscal year under review

	Amount payable
Remuneration paid for the fiscal year under review	¥189 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥404 million

Notes:

1. In its agreement with the Independent Auditor, the Company makes no distinction between the remuneration that it pays for auditing services governed by the Companies Act and for auditing services governed by the Financial Instruments and Exchange Act. Consequently, the amount ¥189 million shown above is a sum of these two amounts.
2. All subsidiaries which are subject to statutory audit by an independent auditor have been audited by KPMG AZSA LLC.

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

The Company also assigns professional duties to the Independent Auditor that are not statutory auditing duties as stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law. These non-audit services include financial due diligence investigations.

D. Company Policy regarding dismissal of or decision not to reappoint the Independent Auditor

Article 340 of the Companies Act stipulates that the Board of Corporate 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, with the prior consent of, or a request by, the Board of Corporate Auditors, shall offer to the Shareholders' Meeting a resolution to dismiss or not to reappoint the Independent Auditor.

3. Systems to Ensure Appropriate Execution of Directors' Duties in Conformity With Laws and Regulations and the Articles of Incorporation, and Other Systems to Ensure Appropriate Business Operations

The Board of Directors passed the following resolution with respect to the above-mentioned systems:

The Company has adopted the following corporate philosophy: "The Asahi 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 Companies Act and the Enforcement Regulations of the Companies Act, 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") (the "Internal Control");
- recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Corporate Officers, through the respective departments they are in charge of, to develop and fully enforce individual internal regulations and manuals required 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 and appropriate 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" as stipulated in its Corporate Action Guidelines, the Company shall establish the "Regulations on Corporate Ethics for the Asahi Group" and procure its Directors, Corporate Auditors and employees abide by these regulations.
- B. The Company shall establish the "Corporate Ethics Committee for the Asahi Group," which will oversee the compliance affairs of the Asahi Group. One of the committee's members shall be an outside attorney-at-law.
- C. A Corporate Officer of the Company in charge of compliance shall have the authority to manage compliance-related risks within the Asahi Group. The General and Legal Affairs Management Department shall handle day-to-day tasks of implementation of the compliance program.

- D. The Company shall assign one person as compliance-promotion personnel in each of 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 of the Group Companies, 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 Group, enabling them to blow the whistle on illicit behavior of others to a specific section of the Company or a designated outside attorney-at-law.
- F. The Company shall establish a "Basic Policy on Procurement" addressing mutual cooperation for fair deals and social responsibilities between the Company and suppliers and a "Clean Line System for Suppliers" enabling suppliers to blow a whistle on illicit behavior 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. To ensure antisocial forces do not exert any undue influence on the Group, all relevant information shall be shared within the Asahi Group and the Company shall establish an internal system on the measures. The Company shall also cooperate closely with industry bodies, local communities, the police and other external specialist organizations in this area.
- H. 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 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 Corporate Auditors for inspection at any time.
- C. Control over the clerical tasks related to preservation and management of the foregoing information shall be determined by individual relevant regulations.

<Regulations and other organizational structures to manage risk of loss>

- 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 Group. It shall also develop and adopt an operational manual on risk management and disseminate 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 Group Risk Management Committee” as a vehicle for comprehensive risk management across the entire Asahi Group. This committee shall periodically analyze and evaluate risks in accordance with the regulations and manuals cited in the previous paragraph 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 food and drink manufacturers, the Asahi Group strongly recognizes their social responsibility to consumers to ensure the safety of their products.
- C. In the event of any major accident, disaster or scandal, the Company shall establish a crisis-response meeting 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 Corporate 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 Corporate Strategy Board and the Business Unit Management Board.
- 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 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. In addition, regarding the Internal Control related to financial

reporting, the evaluation organization established within the Company shall conduct the evaluation on the Internal Control of the Group Companies and submit the relevant reports.

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

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

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

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

- A. When a member of the staff of the Board of Corporate Auditors, as stipulated in the previous paragraph, receives an order from a Corporate 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 Corporate Auditors shall require the prior concurrence of Corporate Auditors.

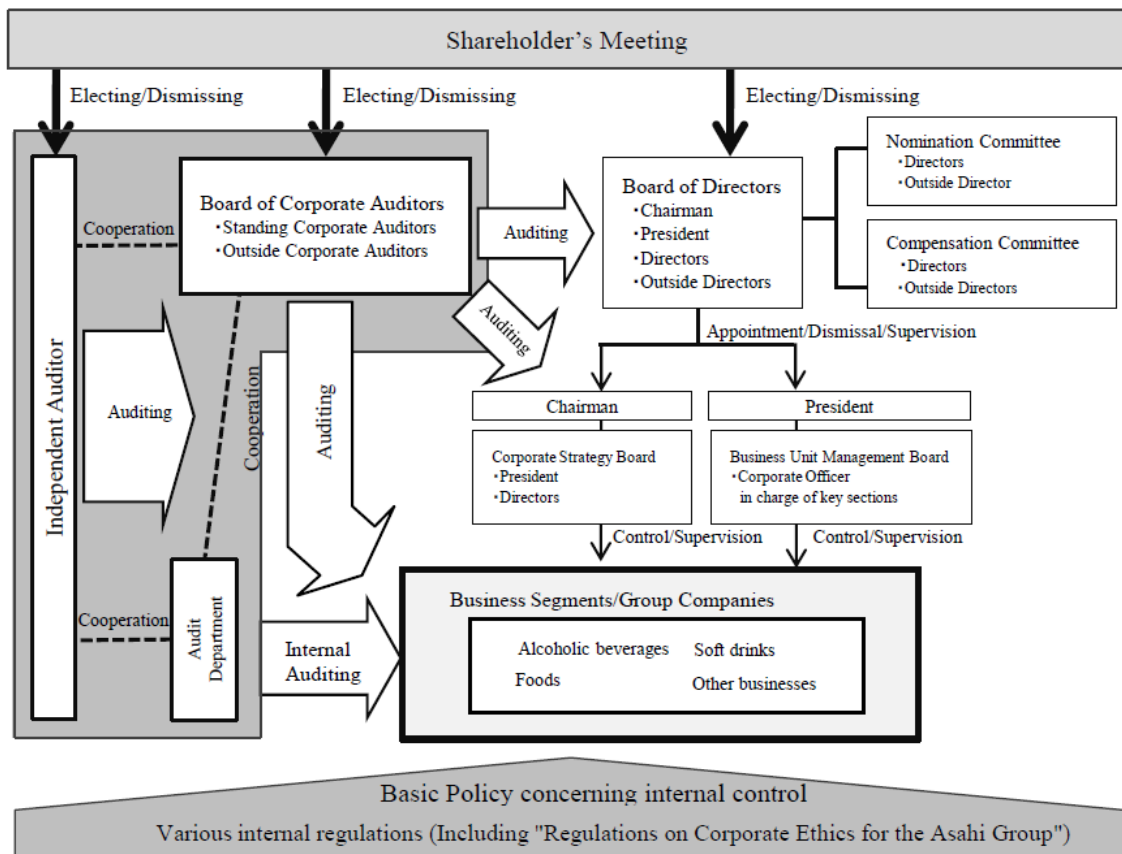
<System for Directors’ and employees’ reporting to Corporate Auditors; system relating to other reporting to Corporate Auditors>

- A. Directors and employees shall report regularly to Corporate Auditors on matters related to the Internal Control, and shall report on an as-needed basis when a significant event occurs. When necessary, the Corporate Auditors shall be entitled to request reports from the Directors and employees (including from Directors and employees of the Group Companies).
- B. Directors shall ensure that Corporate Auditors have every opportunity to participate in the Board of Directors meetings, the Corporate Strategy Board meetings and the Business Unit Management Board meetings. Directors shall provide details of the agenda items of such meetings beforehand for Corporate Auditors.
- C. Corporate 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 Corporate Auditors>

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

The corporate governance system of the Company is shown in the chart below.



4. Basic Policy Concerning the Persons Who Control Decisions on the Company's Financial and Business Policy

<Basic policy>

According to the Company's view, the persons who control decisions on its financial and business policy must properly grasp various matters concerning its business, including the initiatives to “create appealing products,” to “care about quality and craftsmanship” and to “convey the sense of joy to customers,” which form the source of the corporate value of the Group, and other tangible and intangible management resources thereof, potential effects of forward-looking measures and other items that constitute the Group's corporate value, and must enable to maintain and enhance the Group's corporate value as well as the common interests of shareholders continuously and sustainably.

Upon facing a proposal of large-scale share purchases, the Company is not always in a position to automatically object to a so-called hostile takeover, which is pursued without approval from the Board of Directors (hereinafter referred to as 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 Company 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 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 person who intends to conduct a large-scale purchase of shares in the Company must have an understanding of the source of the Group's corporate value and have the capability to maintain and enhance it in the medium and long term; otherwise, the Group's corporate value and the common interests of shareholders would be damaged.

Based on the factors and matters stated above, the Company determines that it is vital to have in place a framework for preventing large-scale share purchases that would undermine the Group's corporate value and the common interests of shareholders.

<A framework that contributes to the realization of the basic policy>

A. Special Measures Contributing to Realization of the Basic Policy

In its “Long-Term Vision 2015”, the Company sets out its aim to grow as an enterprise with a trusted reputation for global quality that transforms the bounty of nature into emotionally inspiring foods and beverages. Measures set forth in “Medium-Term Management Plan 2012” in order to achieve this aim got underway in earnest in 2010.

“Medium-Term Management Plan 2012” targets further enhancement of the Company’s strengths in craftsmanship as a means of boosting corporate value; in addition, it also looks to raise quality in all aspects of business – from products, to management, to human resources – to world class levels and to raise the profitability of existing businesses in order to develop a new growth path.

Meanwhile, the Company has adopted “Share the Kando” as its Corporate Brand Statement, underlining its commitment to clearly define the value that the Group delivers to customers and to society as a whole.

The Company is convinced that by diligently implementing “Medium-Term Management Plan 2012” in pursuit of the goals of “Long-Term Vision 2015”, and therefore, by successfully delivering the value called for by the Corporate Brand Statement based on the *raison d’être* engrained in the Group’s corporate philosophy, it can significantly strengthen the relationship of trust between the Group and its stakeholders, and in addition, can secure and enhance corporate value, and thus, the common interests of shareholders.

Furthermore, the Company also plans to further strengthen its corporate governance in the execution of the above-mentioned measures.

By introducing a corporate officer (*Sikko-Yakuin*) system on March 30, 2000, the Company separated the management decision-making and execution functions with a view to speeding up execution of business decisions and endeavored to strengthen the supervisory function of the Board. In addition, the Company operates a system that facilitates checks by outside directors/auditors by electing Outside Directors/Corporate Auditors and by establishing the “Nomination Committee” and the “Compensation Committee,” both including Outside Directors as their members, as a sub-body of the Board.

In order to further clarify the accountability of the management to shareholders, the Company shortened the term of office of its directors from two years to one year at the 83rd Annual General Meeting of Shareholders held on March 27, 2007.

B. Efforts to prevent decisions on the Company's financial and business policy from being controlled by any person who is inappropriate according to the basic policy (plan against large-scale purchase of shares in the Company)

With the approval at the meeting of the Board held on February 8, 2010, the Company resolved to update its countermeasures against large-scale purchases of the shares in the company (hereinafter, "the Plan") in light of the fundamental approach to corporate control as set forth in <Basic policy> above, and the updated Plan was approved at the 86th Annual General Meeting of Shareholders held on March 26, 2010.

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

- i) A purchase of shares in the Company as a result of which the holder's (shareholder's) holding ratio will rise to 20% or more of the total outstanding shares in the Company; and
- ii) A tender offer for shares in the Company as a result of which the purchaser's shareholding ratio targeted by the tender offer and the holding ratio of "persons in special relationship," when combined, will be 20% or more of the total outstanding shares in the Company.

A Purchaser contemplating a Purchase shall be requested to provide in advance of commencement of the Purchase a statement of intent containing a written pledge to follow the procedures set forth in the Plan in conducting the Purchase. Thereafter, the Purchaser shall be requested to provide, in a format set forth by the Company, a Purchase Prospectus containing the information necessary to evaluate the content of the Purchase. The Company shall present the content of the Purchase Prospectus to the Independent Committee whose members shall consist of Outside Directors, Outside Corporate Auditors and/or experts, all of whom are independent of management of the Company. The content shall be assessed and evaluated by this committee. On its own accord, the Independent Committee will obtain advice from independent third parties (including financial advisers, CPAs, lawyers, consultants and other experts) and, on the basis of such advice, will assess and evaluate the content of the Purchase, evaluate alternative proposals offered by the Company's Board, negotiate with the Purchaser, and disclose information to shareholders of the Company. If the Independent Committee determines that the information provided by the Purchaser does not meet the criteria for the Required Information (as defined in the Plan), it may, either directly or indirectly, request the Purchaser to submit additional information within an appropriate period of time as designated by the Independent Committee. In this event, the Purchaser shall submit such additional information within the period of time provided.

The Independent Committee will make recommendations to the Board to execute the Plan to allot gratis the Stock Acquisition Rights (as defined in the Plan) to shareholders of the Company if the Independent Committee has determined that the Purchase meets either of the requirements for exercise of the Plan and it is appropriate to so exercise: e.g. in case the Purchaser has not observed and followed the procedures specified in the Plan or in case, as a result of review by the Committee, the Committee concludes the Purchase could cause obvious damage to the Company's corporate value and the common interests of shareholders in the opinion of the Committee. In the event that the Independent Committee cannot easily determine whether or not the Purchase as set forth in the Plan (a) could cause obvious damage to the Company's corporate value and the common interests of shareholders; (b) could result in implementation of a coercive two-tier purchase method or any other method by which the shareholders could be forced to sell their shares; or (c) would be notably inadequate or inappropriate in light of the fundamental value of the Company, said Independent Committee may attach an opinion to its recommendation that the will of the shareholders concerning execution of the gratis Allotment of the Stock Acquisition Rights should be confirmed at a shareholders' meeting. These Stock Acquisition Rights shall entitle their holders to acquire one share of the common stock in the Company by exercising the rights at a price to be determined by the Company's Board - which shall be set at a level between a minimum of one (1) yen and a maximum of one-half the market value per share of the Company's stock. In addition, these rights shall contain conditions that exclude the Purchaser from exercising the rights and shall also be accompanied by provisions that enable the Company to acquire one (1) Stock Acquisition Right in exchange for one (1) share of the Company's stock from persons other than the Purchaser.

While paying utmost respect to the recommendation made by the Independent Committee as stated above, the Company's Board shall, as the organizational body authorized to do so under the Companies Act, promptly decide whether or not to execute the gratis Allotment of the Stock Acquisition Rights. In the event that the Board deems confirmation of the will of the shareholders to be appropriate and convenes a shareholders' meeting for this purpose, the Board shall, as the authorized body as described above and in accordance with the resolution of said meeting, issue a resolution concerning execution or non-execution of the gratis Allotment of the Stock Acquisition Rights.

The Plan shall be effective from the close of the 86th Annual General Meeting of Shareholders held on March 26, 2010 until the close of the Company's annual general meeting of shareholders that concerns the last one of the Company's business years that end within three years from the close of the 86th 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.

Under the Plan, shareholders of the Company remain directly and specifically unaffected unless and until the gratis Allotment of the Stock Acquisition Rights is executed. On the other hand, if the Plan is set in motion and a gratis Allotment of the Stock Acquisition Rights is executed, the shares held by a shareholder of the Company will be subject to dilution unless he/she carries out the procedures required for the exercise of the Stock Acquisition Rights (note, however, no dilution shall occur in case the Company exercises option of acquisition of the Stock Acquisition Rights for shares in the Company).

<Judgment of the Company's Board regarding the specific measures and reasons therefor>

The special measures intended to contribute to realization of the Basic Policies described above in A of <A framework that contributes to the realization of the basic policy> conform to the basic policy of the Company as described above, are fully compatible with the corporate value and the common interests of shareholders of the Company, and are never implemented for the purpose of maintaining the status of Directors and Corporate Auditors of the Company.

The following elements having been taken into consideration and incorporated into the design of the Plan described above in B of <A framework that contributes to the realization of the basic policy>, the Board of the Company believes that the Plan conforms to the basic policy of the Company as described above and meets the corporate value and the common interests of shareholders of the Company and that it is never for the purpose of maintaining the status of Directors and Corporate Auditors of the Company.

A. Respect for Shareholders' Will

- The Plan was approved at the 86th Annual General Meeting of Shareholders held on March 26, 2010.
- The effective period of the Plan is limited, running until the close of the Company's annual general meeting of shareholders that concerns the last one of the Company's business years that end within three years from the close of the above annual general meeting of shareholders.
- The term of office of Directors is one year, allowing the shareholders to have their intentions reflected through elections of Directors every year.

B. Respect for Judgment of Outside Parties with High Degree of Independence and Information Disclosure

In updating the Plan, the Company has established the Independent Committee as a body to make a substantial judgment objectively with regard to matters concerning the operation of the Plan such as its exercise of, abrogation of, amendment to or alteration of the Plan for and on behalf of shareholders with a view to preventing arbitrary decisions by the Board. The members of the Independent Committee consisting of 3 or more are appointed by the Board from among Outside Directors, Outside Corporate Auditors and/or experts who meet the requirements stipulated in the Company's internal rules for the Independent Committee.

Once a Purchase has been made, the Independent Committee shall offer a recommendation as to whether or not the Purchase would damage the Company's corporate value and the common interests of shareholders, as stated above. Then, the Board shall honor the Independent Committee's recommendation and subsequently make a resolution under the Companies Act.

In this way, the Independent Committee shall maintain close surveillance over the Board to prevent any arbitrary decision by the Board and disclose to shareholders information concerning the details of its judgment, thus ensuring that the Plan will be handled in a transparent manner within the limits necessary for contributing to the enhancement of the Company's corporate value and the common interests of shareholders.

C. Setting of Reasonable and Objective Conditions

The Plan is designed in ways not to be triggered unless and until reasonable and objective conditions are met, and ensures a structure to eliminate arbitrary triggering by the Board.

CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2010	(Reference) As of December 31, 2009
ASSETS		
Current assets:		
Cash and deposits	11,534	19,583
Notes and accounts receivable	274,379	274,558
Inventories	95,358	97,442
Deferred tax assets	14,622	11,175
Other current assets	30,842	32,952
Allowance for doubtful accounts	(5,685)	(7,665)
Total current assets	421,052	428,047
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	173,729	189,152
Machinery, equipment and vehicles	131,522	160,924
Tools, furniture and fixtures	47,548	48,929
Land	182,569	184,433
Lease assets	14,920	9,142
Construction in progress	6,714	6,382
Other tangible fixed assets	95	142
Total tangible fixed assets	557,100	599,108
Intangible fixed assets:		
Goodwill	84,172	100,314
Other intangible fixed assets	37,640	40,427
Total intangible fixed assets	121,812	140,741
Investments and other assets:		
Investment securities	235,685	206,364
Long-term loans receivable	6,602	4,975
Long-term prepaid expenses	8,611	10,730
Deferred tax assets	30,450	21,021
Other investments	29,942	26,995
Allowance for doubtful accounts	(5,900)	(4,332)
Total investments and other assets	305,392	265,755
Total fixed assets	984,305	1,005,605
Total assets	1,405,358	1,433,652

CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2010	(Reference) As of December 31, 2009
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Notes and trade accounts payable	102,948	100,998
Short-term borrowings	69,259	141,220
Bonds due within one year	15,000	15,000
Lease obligations	4,011	2,031
Alcohol tax payable	119,338	123,470
Consumption taxes payable	8,583	8,914
Income taxes payable	32,493	24,096
Other accounts payable	52,560	49,836
Accrued expenses	56,460	52,462
Deposits received	19,609	20,429
Commercial paper	14,000	30,000
Allowance for employees' bonuses	2,817	2,559
Other current liabilities	2,789	2,761
Total current liabilities	499,874	573,780
Long-term liabilities:		
Bonds	135,144	130,156
Long-term borrowings	78,019	75,499
Lease obligations	12,163	7,341
Allowance for employees' severance and retirement benefits	24,738	24,252
Allowance for retirement benefits for directors and corporate auditors	597	602
Deferred tax liabilities	4,831	4,860
Other long-term liabilities	37,318	39,457
Total long-term liabilities	292,813	282,169
Total liabilities	792,688	855,949

CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2010	(Reference) As of December 31, 2009
NET ASSETS		
Shareholders' equity:		
Capital stock	182,531	182,531
Capital surplus	150,910	151,048
Retained earnings	295,228	252,146
Treasury stock	(28,721)	(29,283)
Total shareholders' equity	599,948	556,443
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	198	2,444
Deferred gains or losses on hedges	693	(6)
Foreign currency translation adjustment	11,351	14,591
Total valuation and translation adjustments	12,243	17,029
Minority interests	478	4,229
Total net assets	612,670	577,702
Total liabilities and net assets	1,405,358	1,433,652

CONSOLIDATED STATEMENTS OF INCOME

	Million yen (Reference)	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Net sales	1,489,460	1,472,468
Cost of sales	943,323	958,444
Gross profit	564,137	514,024
Selling, general and administrative expenses	450,787	431,247
Operating income	95,349	82,777
Non-operating income:	13,178	15,943
Interest income	314	328
Dividend income	1,389	2,426
Equity in net income of non-consolidated subsidiaries and affiliated companies	9,846	8,512
Foreign exchange gains	—	1,814
Other non-operating income	1,627	2,860
Non-operating expenses:	7,384	8,173
Interest expenses	4,328	4,628
Other non-operating expenses	3,056	3,544
Recurring profit	101,142	90,546
Extraordinary gains:	36,067	19,558
Gain on sales of fixed assets	653	778
Gain on sales of investment securities	1,738	388
Gain on sales of subsidiaries and affiliates' stocks	32,336	16,090
Reversal of allowance for doubtful accounts	179	478
Gain on change in equity	726	912
Compensation for recall	—	910
Other extraordinary gains	432	—
Extraordinary losses:	44,744	22,027
Loss on sales and disposal of fixed assets	5,991	9,954
Loss on sales of investment securities	1,068	487
Loss on devaluation of investment securities	1,004	788
Loss on liquidation of subsidiaries and affiliates	1,265	—
Impairment loss on fixed assets	13,573	8,317
Loss on factory restructurings	19,780	—
Loss on contribution of securities to retirement benefit trust	—	1,401
Other extraordinary losses	2,061	1,077
Income before income taxes and minority interests	92,464	88,077
Income taxes—current	53,547	42,369
Income taxes—deferred	(12,625)	(898)
Minority interests in net gains (losses) of non-consolidated subsidiaries	(1,536)	(1,037)
Net income	53,080	47,644

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2010

Million yen

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of Dec. 31, 2009	182,531	151,048	252,146	(29,283)	556,443
Changes during the term					
Dividends			(9,999)		(9,999)
Net income (loss)			53,080		53,080
Acquisition of treasury stock				(22)	(22)
Disposal of treasury stock		(138)		584	446
Change of scope of equity method			14		14
Change resulting from merger of non-consolidated subsidiary			(12)		(12)
Other changes in non-shareholders' equity items during the term (net)					
Total changes during the term	—	(138)	43,081	561	43,505
Balance as of Dec. 31, 2010	182,531	150,910	295,228	(28,721)	599,948

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Dec. 31, 2009	2,444	(6)	14,591	17,029	4,229	577,702
Changes during the term						
Dividends						(9,999)
Net income (loss)						53,080
Acquisition of treasury stock						(22)
Disposal of treasury stock						446
Change of scope of equity method						14
Change resulting from merger of non-consolidated subsidiary						(12)
Other changes in non-shareholders' equity items during the term (net)						
	(2,246)	700	(3,240)	(4,786)	(3,751)	(8,537)
Total changes during the term	(2,246)	700	(3,240)	(4,786)	(3,751)	34,967
Balance as of Dec. 31, 2010	198	693	11,351	12,243	478	612,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for Preparation of Consolidated Financial Statements

(1) Items in the scope of the consolidation

A. Number of consolidated subsidiaries: 51

Principal consolidated subsidiaries

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

The companies removed from the scope of consolidation during the fiscal year under review were Asahi Breweries Insurance Services, West Japan Asahi Draft Beer Service, Ltd., Nikka Seidaru Co. Ltd., and N.S. CARGO Inc.

B. Principal non-consolidated subsidiaries:

DEMBALL LIMITED

Rationale for exclusion from the scope of consolidation:

The non-consolidated subsidiaries including the one mentioned above 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 are thus excluded from the scope of consolidation.

(2) Items concerning application of the equity method

A. Number of companies subject to application of the equity method: 41

Non-consolidated subsidiary subject to application of the equity method: 1

Asahi Beer Engineering Co., Ltd.

Affiliates subject to application of the equity method: 40

These include Asahi Business Solutions Corp., Shenzhen Tsingtao Beer Asahi Co., Ltd., Asahi & Mercuries Co., Ltd., Tsingtao Brewery Co., Ltd., China Foods Investment Corp., Jiangsu Shengguo Wine Co. Ltd, Tingyi-Asahi Beverages Holding Co., Ltd. and 33 other affiliated companies.

Companies that became subject to application of the equity method in the fiscal year under review were as follows: five affiliates of Tingyi-Asahi Beverages Holding Co., Ltd. and China Foods Investment Corp. due to their incorporation; and Jiangsu Shengguo Wine Co. Ltd. following an increase in its materiality.

B. Principal non-consolidated subsidiaries and affiliates not subject to application of the equity method

Non-consolidated subsidiaries: DEMBALL LIMITED

Affiliates: Asahi Business Produce Co., Ltd.

Rationale for not applying the equity method to the non-consolidated subsidiaries and affiliates:

The companies in question have extremely slight impact on net profit or loss and retained earnings (amount corresponding to the Company's equity ownership); they have no material impact as a whole on the consolidated financial statements and thus the equity method was 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. All other consolidated subsidiaries have the same accounting period as the Company.

(4) Significant accounting policies

A. Policies and methods of valuation for significant assets

1) Valuation basis and method for securities:

Held-to-maturity debt securities

Held-to-maturity debt securities are stated at the 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 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 (write-downs to net selling value regarded as decreased profitability).

Raw materials and supplies are stated at cost determined mainly by the moving-average method (write-downs to net selling value regarded as decreased profitability).

B. Depreciation methods for major assets:

Tangible fixed assets (excluding lease assets):

- 1) Production facilities of the Company
Assets acquired on or before March 31, 2007: the former straight-line method
Assets acquired on or after April 1, 2007: the straight-line method
- 2) Other tangible fixed assets of the Company
Assets acquired on or before March 31, 2007: the former declining-balance method
Assets acquired on or after April 1, 2007: the declining-balance method
- 3) Consolidated subsidiaries
Assets acquired on or before March 31, 2007: mainly the former declining-balance method
Assets acquired on or after April 1, 2007: mainly the declining-balance method

Buildings (exclusive of fixtures), acquired on or after April 1, 1998

- Assets acquired on or before March 31, 2007: mainly the former straight-line method
- Assets acquired on or after April 1, 2007: the straight-line method

The estimated useful lives of tangible fixed assets are based mainly on the same standards as those specified in the Corporation Tax Act.

Intangible fixed assets (excluding lease assets):

Intangible fixed assets are amortized using the straight-line method.

The estimated useful lives of the assets are based mainly on the same standards as those specified in the Corporation Tax Act.

Software for internal use is amortized by the straight-line method over a useful life of 5 years. Trademark rights are generally amortized over 20 years using the straight-line method.

Lease assets:

Finance leases that do not transfer ownership rights are amortized to a residual value of zero using the straight-line method, with the lease period as the estimated useful life.

Of the finance leases that do not transfer ownership rights, those that began before December 31, 2008 are treated similarly as those applied to regular operating leases.

C. Accounting criteria for major allowances:

Allowance for doubtful accounts:

The allowance for doubtful accounts consists of the individually estimated uncollectible amounts with respect to certain identified doubtful receivables and the

amounts calculated using the rate of actual collection losses with respect to the other receivables.

Allowance for employees' severance and retirement benefits:

The Company and its consolidated subsidiaries make provisions in the necessary amount of allowance for employees' severance and retirement benefits deemed to have accrued during the term, based on each company's projected benefit obligations and the pension fund balance as of the end of the fiscal year under review.

Actuarial gain or loss is amortized, beginning in the year following the year in which the gain or loss is recognized, by the straight-line method for a given number of years (generally 10 years) within the employees' average remaining years of service.

Prior service costs are amortized by the straight-line method within the employees' average remaining years of service (generally 10 years) from the time they arise.

(Change in accounting policy)

The Company has applied "Partial Amendments to Accounting Standard for Retirement Benefits (Part3) (ASBJ Statement No. 19 published July 31, 2008) beginning with the fiscal year under review. This change has had no effect on operating income, recurring profit and income before income taxes and minority interests.

Allowance for retirement benefits for directors and corporate auditors:

Some of the consolidated subsidiaries calculate the required amount as of the end of the fiscal year under review, based on internal regulations, in preparation for payment of retirement benefits to directors and corporate auditors.

Allowance for employees' bonuses:

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

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

1) Significant hedge accounting method

a. Hedge accounting method

The Company defers gains or losses on its hedges.

For currency swaps, the Company allocates differences in the values of hedging instruments when such hedges meet all requirements for such allocations. For interest rate swaps, the Company applies exceptional treatment when the swap in question meets the conditions for application of such exceptional treatment.

b. Hedging instruments and hedged items:

Hedging instruments: Currency swaps, foreign exchange contracts and interest rate swaps

Hedged items: Transactions in foreign currencies and 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. It is the Company's policy not to engage in speculative transactions that deviate 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 values of hedging instruments or when it accounts for the value of swaps under exceptional treatment, these determinations allow it to forgo evaluation of the effectiveness of hedges in these cases.

2) Treatment of consumption taxes

Consumption taxes are mainly excluded from the statements of income, except in the case of non-deductible consumption taxes related to fixed assets that are charged when incurred.

(5) Amortization of goodwill

Goodwill is amortized by the straight-line method over a five- to twenty-year period.

(Change in accounting policy)

The Company has applied "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, published December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 published December 26, 2008), "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, published December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, revised December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 revised, December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, revised December 26, 2008) beginning with the fiscal year under review.

2. Notes to the Consolidated Balance Sheets

(1) Pledged assets and secured liabilities

The following assets have been provided as collateral for short-term borrowings of ¥3,855 million and long-term borrowings of ¥244 million:

Buildings and structures:	¥6,128 million
Machinery, equipment and vehicles:	¥405 million
Land:	¥16,057 million
<hr/>	
Total	¥22,591 million

(2) Accumulated depreciation of tangible fixed assets: ¥661,887 million

(3) Contingent liabilities

Guarantees:	¥650 million
Notes discounted:	¥87 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 clearing houses the next business day. Current assets and current liabilities thus respectively include notes receivable and notes payable with maturity on the balance sheet date as follows:

Notes receivable:	¥1,310 million
Notes payable:	¥513 million

3. Notes to the Consolidated Statements of Income

(1) Non-operating expenses

Among non-operating expenses, “Other non-operating expenses” include goodwill amortization costs of ¥424 million arising in relation to the holding company of a Group affiliate accounted for by the equity method.

(2) Impairment losses on fixed assets

In the fiscal year under review, the Group (the Company and its consolidated subsidiaries) recognized impairment losses in the following asset groups:

Use of asset	Location of asset	Type of asset
Leased asset	Takatsuki, Osaka Prefecture and one other	Buildings, structures and land
Others	—	Goodwill

The Group divides their respective assets, in principle, by individual breweries, plants and other business establishments and determines their groupings based on complementary relations of cash flows among the various assets. At the same time, however, the Company and its group companies count each of the individual leased assets and idle assets as a stand-alone asset group. 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 on their own.

An impairment loss (¥366 million for buildings and structures, ¥1,229 million for land, and ¥11,977 million for goodwill) was recorded as an extraordinary loss corresponding to the differences between the recoverable amounts and book values of certain assets. These differences arose, because: (a) the market value of certain leased assets declined substantially below book value, prompting the Group to recognize certain amounts invested as unrecoverable; and (b) a portion of the goodwill booked in the Group’s soft drinks and food businesses was deemed unrecoverable after a review of the business plan was undertaken.

The recoverable amount is estimated using the net sales amount or utility value, with the net sales amount calculated based on the appraised real estate value and the utility value calculated using a discount rate of between 4.3% and 7.3% on future cash flows.

4. Notes to the Consolidated Statements of Changes in Net Assets

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

Common stock

As of the end of the fiscal year (Dec. 31, 2010): 483,585,862 shares

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

A. It was resolved at the 86th Annual General Meeting of Shareholders of March 26, 2010 as follows:

Item related to dividends on common stock

Total amount of dividends: ¥5,115 million

Dividend per share: ¥11.00

Record date: December 31, 2009

Effective date: March 29, 2010

B. It was resolved at the Board of Directors Meeting of July 30, 2010 as follows:

Item related to interim dividends on common stock

Total amount of interim dividends: ¥4,884 million

Interim dividend per share: ¥10.50

Record date: June 30, 2010

Effective date: September 1, 2010

(3) Dividends from surplus 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 87th Annual General Meeting of Shareholders scheduled for March 25, 2011.

Item related to dividends on common stock

Source of dividends: Retained earnings

Total amount of dividends: ¥5,817 million

Dividend per share: ¥12.50

Record date: December 31, 2010

Effective date: March 28, 2011

(4) Number of shares subject to stock acquisition rights upon exercise thereof (as of December 31, 2010)

The First Issue of stock acquisition rights (issued March 28, 2003)

Number of stock acquisition rights: 88

Class and number of shares subject to the stock acquisition rights:
88,000 shares of common stock

Amount to be paid in per share upon exercise of the stock acquisition rights: ¥830

Exercise period: March 28, 2005 to March 27, 2013

The Second Issue of stock acquisition rights (issued March 30, 2004)

Number of stock acquisition rights: 4,845
Class and number of shares subject to the stock acquisition rights:
484,500 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights: ¥1,205
Exercise period: March 30, 2006 to March 29, 2014

The Third Issue of stock acquisition rights (issued March 30, 2005)

Number of stock acquisition rights: 5,805
Class and number of shares subject to the stock acquisition rights:
580,500 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights: ¥1,374
Exercise period: March 30, 2007 to March 29, 2015

The Fourth Issue of stock acquisition rights (issued March 30, 2006)

Number of stock acquisition rights: 6,190
Class and number of shares subject to the stock acquisition rights:
619,000 shares of common stock
Amount to be paid in per share upon exercise of the stock acquisition rights: ¥1,688
Exercise period: March 30, 2008 to March 29, 2016

5. Notes on Financial Instruments

(Additional information)

The Company has applied “Revised Accounting Standard for Financial Instruments” (ASBJ Statement No.10, revised March 10, 2008) and “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised March 10, 2008) beginning with the fiscal year under review.

(1) Financial instruments

A. Policy on handling of financial instruments

The Company and its principal consolidated subsidiaries procure necessary funds via loans from financial institutions and by issuing commercial paper and bonds while taking into account the changing business environment. In doing so, the Company and its principal consolidated subsidiaries consider direct or indirect financing as well as the balance between short and long-term debt based on fund procurement costs, risk diversification. Looking to use funds efficiently, the Group introduced a cash management system among the Company and its principal domestic consolidated subsidiaries to reduce consolidated interest-bearing debt. If surplus funds are generated temporarily, as a result, the Company invests it in safe financial instruments.

The Company’s policy is to use derivatives trading only to hedge risks to be discussed later but not for speculation.

B. Details of financial instruments and risks

Trade receivables, including notes and accounts receivable and long-term loans receivable, are exposed to client credit risks. Additionally, foreign currency-based trade receivables are exposed to currency fluctuation risk as well.

Investment securities include equity interests in business partners and bonds to be held to maturity and are thus exposed to risks of the stock or bond issuer (i.e., the business partner) as well as market price fluctuation risk. Of these, foreign currency-based investment securities are exposed to currency fluctuation risk as well.

Trade payables, including notes and trade accounts payable and other accounts payable, generally have a due date of one year or less. Foreign currency-based trade payables are exposed to currency fluctuation risk as well.

Commercial paper, borrowings, and bonds are exposed to liquidity risk (i.e., the risk of being unable to make payment on the due date due to deterioration in the funds procurement environment). Some of the Company’s borrowings are based on variable interest rates, for which the Company hedges risks using interest rate swaps. Foreign currency-based borrowings are exposed to currency fluctuation risk as well.

Derivatives trades include foreign exchange contracts to hedge against foreign exchange

fluctuation risks related to foreign-currency based receivables and payables, interest rate swap transactions to hedge against interest rate risks on borrowings, and commodity swap transactions to hedge against price fluctuation risks when overseas subsidiaries procure raw materials.

For hedging instruments, hedged items, hedging policy, and method of evaluating the effectiveness of the hedging for the hedge accounting, please see “Significant hedge accounting method” within “Significant accounting policies” discussed earlier.

C. Risk management system relating to financial instruments

1) Credit risk management (managing risks related to business partners not fulfilling contract obligations)

In accordance with accounting rules, guidelines on handling accounting operations, and accounts receivable management rules, each business division or sales management division regularly monitors trade receivables and long-term loans to major business partners. The above divisions also routinely check the management status of deadlines and balances for each business partner. In collaboration with each of the sales divisions, the Company’s Finance Department monitors non-performing assets and their collection status. Consolidated subsidiaries also manage their trading according to the Company’s rules and guidelines to minimize credit risks.

When executing derivatives transactions, the Company as a rule limits its transactions to financial institutions with high credit ratings to minimize credit risk.

2) Managing market risks (foreign exchange and interest rate fluctuation risks)

Looking to reduce foreign exchange fluctuation risks on future foreign currency-based cash flows which the Company has ascertained for specific currencies, the Company has established a currency hedging policy which primarily uses currency forward contracts based on the current status and future outlook of the foreign exchange market. The transactions are being carried out with the approval of the Executives in charge of finance. The Company also engages in interest rate swap transactions to avoid interest rate fluctuation risks relating to borrowings.

For investment securities, the Company regularly monitors their market values and financial status of the issuers (the Company’s business partners). This is to review the Company’s holdings on a consistent basis based on its relationship with business partners.

The Finance Department engages in derivatives transactions in accordance with the derivatives transaction management rules which stipulate the transaction policy and trading authority. Each execution is reported to the Executives in charge of finance. Consolidated subsidiaries also manage their trading according to the Company’s rules.

3) Managing liquidity risk related to funds procurement (risk of being unable to make payment on the due date)

Since the Company and its principal domestic consolidated subsidiaries have introduced the cash management system, the Company manages liquidity risks of those companies participating in this system.

Based on reports from each Department and each company, the Company's Finance Department manages liquidity risk by creating and updating its cash management plan as necessary and by engaging in efficient fund procurement while reducing short-term liquidity.

(2) Market value of financial instruments

	Million yen		
	Amounts recorded on the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	11,534	11,534	—
(2) Notes and accounts receivable	274,379		
Allowance for doubtful accounts (*1)	(5,329)		
Notes and accounts receivable (net)	269,049	269,049	—
(3) Investment securities			
A. Shares in affiliates	72,290	117,400	45,110
B. Held-to-maturity debt securities	501	509	7
C. Other securities	65,787	65,787	—
(4) Long-term loans receivable (*2)	6,989		
Allowance for doubtful accounts(*3)	(3,022)		
Long-term loans receivable (net)	3,967	3,977	10
Total assets	423,130	468,259	45,128
(1) Notes and trade accounts payable	102,948	102,948	—
(2) Short-term borrowings	60,105	60,105	—
(3) Other accounts payable	52,560	52,560	—
(4) Deposits received	19,609	19,609	—
(5) Commercial paper	14,000	14,000	—
(6) Bonds (*4)	150,144	152,925	2,781
(7) Long-term borrowings (*5)	87,173	88,065	891
(8) Lease obligations (*6)	16,174	16,850	675
Total liabilities	502,717	507,065	4,347
Derivatives (*7)	1,042	1,042	—

(*1) Allowances for doubtful accounts recorded under notes and accounts receivable are excluded.

(*2) Long-term loans receivable within one year are included.

(*3) Allowances for doubtful accounts recorded individually under long-term loans receivable are excluded.

(*4) Bonds due within one year are included.

(*5) Long-term borrowings due within one year are included.

(*6) Lease obligations (current liabilities) are included.

(*7) The net amount of receivables and payables accrued from derivatives transactions are indicated.

Note 1. Calculation methods for deriving market values of financial instruments, items relating to securities and derivatives transactions

Assets

(1) Cash and deposits (2) Notes and accounts receivable

Book value is used because these items are settled in a short time, making their market value about equivalent to their book value.

(3) Investment securities

Market value at financial instruments exchange is used for stock, whereas the value indicated by the financial institution with which the Company does business is used for debt securities and others.

(4) Long-term loans receivable

The market value of long-term loans receivable is calculated by discounting the expected value of principal and interest receivable by the interest rate expected if a similar new loan were to be issued.

Liabilities

(1) Notes and trade accounts payable, (2) Short-term borrowings, (3) Other accounts payable, (4) Deposits received, and (5) Commercial paper

Book value is used because these items are settled in a short time, making their market value about equivalent to their book value.

(6) Bonds

For bonds the Company issues, market price is used for those that have a market value and the price indicated by financial institutions with which the Company does business is used for those without market value.

(7) Long-term borrowings

The market value of long-term borrowings is calculated by taking the total amount of principal and interest and discounting it by the interest rate expected if a new borrowing were to be taken out, thereby deriving the present value. Long-term borrowings with variable interest rates are subject to exceptional treatment using interest rate swaps. These are calculated by discounting the total amount of principal and interest involved in the interest rate swap concerned by the interest rate deemed appropriate if a similar borrowing were to be taken out.

(8) Lease obligations

The market value of lease obligations is calculated by taking the present value of the obligation concerned – discounting the total amount of principal and interest by the interest rate expected if a similar, new lease obligation were to be incurred.

Derivatives transactions

The Company considers the price indicated by the financial institution with which it does business as the market value. However, since derivatives transactions subject to exceptional treatment using interest rate swaps are processed as part of long-term borrowings subject to hedging, the market value of these derivative transactions are recorded as part of the market value of the long-term borrowings concerned.

Note 2. Of the other securities and securities of affiliates, those that are unlisted (¥97,106 million recorded on the consolidated balance sheets) do not have a market price and estimating future cash flow is not possible. The Company thus considers that deriving their market value as being extremely difficult and thus does not include these securities under (3) Investment securities.

6. Per share information

(1) Net assets per share:	¥1,315.51
(2) Net income per share:	¥114.10

7. Other notes

Figures in amounts of less than one million yen are omitted.

Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)

	Million yen	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Cash flows from operating activities:		
Income before income taxes and minority interests	92,464	88,077
Depreciation	59,709	58,372
Amortization of goodwill	5,931	5,287
Increase (decrease) in allowance for employees' severance and retirement benefits	2,141	765
Increase (decrease) in allowance for doubtful accounts	(233)	(753)
Decrease (increase) in trade receivables	(255)	(891)
Decrease (increase) in inventories	1,716	5,042
Increase (decrease) in trade payables	2,255	(2,820)
Increase (decrease) in alcohol tax payable	(4,128)	(4,909)
Other cash flows from operating activities	5,633	(1,941)
Subtotal	165,234	146,229
Interest and dividend income received	6,964	7,162
Interest expenses paid	(4,090)	(4,605)
Income taxes paid	(42,499)	(42,428)
Net cash provided by operating activities	125,608	106,358
Cash flows from investing activities:		
Purchase of fixed assets	(30,145)	(58,537)
Purchase of investment securities	(50,264)	(82,837)
Proceeds from sales of investment securities	46,488	39,329
Purchase of investments in subsidiaries	(2,920)	(15,362)
Payments for transfer of business	(5,339)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(60,043)
Other cash flows from investing activities	390	(3,185)
Net cash used in investing activities	(41,790)	(180,637)
Cash flows from financing activities:		
Increase (decrease) in financial liabilities	(78,412)	88,876
Purchase of treasury stock	(22)	(31)
Cash dividends paid	(9,999)	(9,529)
Other cash flows from financing activities	(2,393)	(770)
Net cash provided by (used in) financing activities	(90,828)	78,545

Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)

	Million yen	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Effect of exchange rate change on cash and cash equivalents	(261)	643
Net increase (decrease) in cash and cash equivalents	(7,271)	4,908
Cash and cash equivalents at beginning of year	18,082	12,697
Increase in cash and cash equivalents due to change in scope of consolidation	—	475
Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries	2	—
Cash and cash equivalents at end of year	10,813	18,082

NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2010	(Reference) As of December 31, 2009
ASSETS		
Current assets:		
Cash and deposits	3,696	4,749
Notes receivable	3,040	3,160
Accounts receivable	180,353	185,724
Merchandise and finished goods	9,672	7,985
Semi-finished goods	7,325	8,076
Raw materials	14,188	15,881
Supplies	4,546	4,414
Short-term loans receivable	21,643	16,093
Prepaid expenses	10,096	9,791
Deferred tax assets	6,964	7,439
Other current assets	8,674	6,634
Allowance for doubtful accounts	(4,634)	(5,894)
Total current assets	265,569	264,058
Fixed assets:		
Tangible fixed assets:		
Buildings	112,552	127,332
Structures	14,616	17,128
Machinery and equipment	91,969	117,859
Vehicles	13	23
Tools, furniture and fixtures	40,069	41,312
Land	126,074	127,692
Lease assets	538	487
Construction in progress	1,363	3,041
Total tangible fixed assets	387,198	434,878
Intangible fixed assets:		
Rights to use of facilities	517	576
Trademark rights	17,652	18,615
Software	6,858	7,661
Lease assets	17	22
Other intangible fixed assets	9	6
Total intangible fixed assets	25,055	26,882

NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2010	(Reference) As of December 31, 2009
Investments and other assets:		
Investment securities	73,253	81,002
Shares in affiliates	293,751	307,796
Capital invested in affiliates	5,219	4,244
Long-term loans receivable	8,816	7,797
Deferred tax assets	19,389	6,985
Prepaid pension cost	12,626	—
Other investments	16,249	27,515
Allowance for doubtful accounts	(6,804)	(5,301)
Total investments and other assets	422,501	430,040
Total fixed assets	834,755	891,802
Total assets	1,100,325	1,155,860

NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	(Reference)	
	As of December 31, 2010	As of December 31, 2009
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities:		
Trade accounts payable	55,718	54,939
Short-term borrowings	42,500	106,700
Bonds due within one year	15,000	15,000
Lease obligations	219	167
Other accounts payable	4,819	7,944
Alcohol tax payable	110,271	114,708
Consumption taxes payable	6,545	6,740
Income taxes payable	16,927	12,050
Accrued expenses	42,215	39,071
Deposits received	33,010	30,664
Commercial paper	14,000	30,000
Allowance for employees' bonuses	1,375	1,278
Allowance for directors' and corporate auditors' bonuses	121	108
Other current liabilities	326	370
Total current liabilities	343,051	419,742
Long-term liabilities:		
Bonds	135,144	130,156
Long-term borrowings	71,200	61,000
Lease obligations	366	370
Long-term deposits received	33,317	33,726
Allowance for employees' severance and retirement benefits	2,809	2,907
Other long-term liabilities	208	386
Total long-term liabilities	243,047	228,547
Total liabilities	586,098	648,290

NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2010	(Reference) As of December 31, 2009
NET ASSETS		
Shareholders' equity:		
Capital stock	182,531	182,531
Capital surplus	159,927	160,066
Capital reserve	130,292	130,292
Other capital surplus	29,635	29,773
Retained earnings	199,034	191,372
Other retained earnings	199,034	191,372
Reserve for reduction in entry of fixed assets	946	1,065
General reserve	175,000	155,000
Retained earnings carried forward	23,087	35,306
Treasury stock	(28,721)	(29,283)
Total shareholders' equity	512,771	504,686
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	761	2,882
Deferred gains or losses on hedges	693	—
Total valuation and translation adjustments	1,455	2,882
Total net assets	514,226	507,569
Total liabilities and net assets	1,100,325	1,155,860

NON-CONSOLIDATED STATEMENTS OF INCOME

	Million yen (Reference)	
	For the year ended December 31, 2010	For the year ended December 31, 2009
Net sales	963,270	985,468
Cost of sales	675,160	702,016
Gross profit	288,110	283,452
Selling, general and administrative expenses	203,369	204,939
Operating income	84,741	78,513
Non-operating income:	4,898	7,009
Interest and dividend income	2,539	3,586
Foreign exchange gains	—	1,620
Other non-operating income	2,359	1,802
Non-operating expenses:	4,932	6,219
Interest expenses	2,637	2,955
Other non-operating expenses	2,294	3,263
Recurring profit	84,707	79,303
Extraordinary gains:	2,223	1,711
Gain on sales of fixed assets	17	48
Gain on sales of investment securities	1,653	370
Reversal of allowance for doubtful accounts	309	383
Gain on contribution of securities to retirement benefit trust	242	—
Compensation for recall	—	910
Extraordinary losses:	49,039	21,012
Loss on sales and disposal of fixed assets	4,680	7,453
Loss on sales of investment securities	566	88
Loss on devaluation of investment securities	989	706
Loss on devaluation of investment in affiliates	16,678	4,718
Loss on devaluation of equity participation in affiliates	0	3,207
Loss on liquidation of subsidiaries and affiliates	3,409	—
Impairment loss	1,595	3,435
Loss on factory restructurings	19,778	—
Loss on contribution of securities to retirement benefit trust	—	1,401
Other extraordinary losses	1,340	—
Income before income taxes	37,892	60,002
Income taxes—current	31,193	28,278
Income taxes—deferred	(10,962)	1,688
Net income	17,661	30,036

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2010

Million yen

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings
					Reserve for reduction in entry of fixed assets	General reserve	Retained earnings carried forward	
Balance as of Dec. 31, 2009	182,531	130,292	29,773	160,066	1,065	155,000	35,306	191,372
Changes during the term								
Dividends							(9,999)	(9,999)
Net income (loss)							17,661	17,661
Acquisition of treasury stock								
Disposal of treasury stock			(138)	(138)				
Reversal of reserve for reduction in entry of fixed assets					(118)		118	—
Provision of general reserve						20,000	(20,000)	—
Other changes in non-shareholders' equity items during the term (net)								
Total changes during the term	—	—	(138)	(138)	(118)	20,000	(12,219)	7,661
Balance as of Dec. 31, 2010	182,531	130,292	29,635	159,927	946	175,000	23,087	199,034

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of Dec. 31, 2009	(29,283)	504,686	2,882	—	2,882	507,569
Changes during the term						
Dividends		(9,999)				(9,999)
Net income (loss)		17,661				17,661
Acquisition of treasury stock	(22)	(22)				(22)
Disposal of treasury stock	584	446				446
Reversal of reserve for reduction in entry of fixed assets		—				—
Provision of general reserve		—				—
Other changes in non-shareholders' equity items during the term (net)			(2,120)	693	(1,427)	(1,427)
Total changes during the term	561	8,085	(2,120)	693	(1,427)	6,657
Balance as of Dec. 31, 2010	(28,721)	512,771	761	693	1,455	514,226

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

(1) Valuation basis and method for securities

Investment in subsidiaries and affiliates:

Stated at cost based on the moving-average method.

Other securities

Securities with market value

Carried at the average market value for the month immediately preceding the balance sheet date (related valuation differences are directly charged or credited to 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 by the weighted-average method (write-downs to net selling value regarded as decreased profitability).

Raw materials and supplies are stated at cost determined by the moving-average method (write-downs to net selling value regarded as decreased profitability).

(4) Depreciation methods for fixed assets:

Tangible fixed assets (excluding lease assets):

A. Production facilities:

Assets acquired on or before March 31, 2007: the former straight-line method

Assets acquired on or after April 1, 2007: the straight-line method

B. Other tangible fixed assets

Assets acquired on or before March 31, 2007: the former declining-balance method

Assets acquired on or after April 1, 2007: the declining-balance method

Buildings (exclusive of fixtures) acquired on or after April 1, 1998:

Assets acquired on or before March 31, 2007: the former straight-line method

Assets acquired on or after April 1, 2007: the straight-line method

The estimated useful lives of the fixed assets are based on the same standards as those specified in the Corporation Tax Act.

Intangible fixed assets (excluding lease assets):

Intangible fixed assets are amortized using the straight-line method.

The estimated useful lives of the assets are based on the same standards as those specified in the Corporation Tax Act.

Software for internal use is amortized by the straight-line method over a useful life of 5 years. Trademark rights are generally amortized over 20 years using the straight-line method.

Lease assets:

Finance leases that do not transfer ownership rights are amortized to a residual value of zero using the straight-line method, with the lease period as the estimated useful life.

Of the finance leases that do not transfer ownership rights, those that began before December 31, 2008 are treated similarly as those applied to regular operating leases.

(5) Accounting criteria for allowances:

Allowance for doubtful accounts:

The allowance for doubtful accounts consists of the individually estimated uncollectible amounts with respect to certain identified doubtful receivables and the amounts 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 in 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 obligations and the pension fund balance as of the end of the fiscal year under review.

Actuarial gain or loss is amortized, beginning in 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 the employees' average remaining years of service.

Prior service costs are amortized by the straight-line method within the employees' average remaining years of service (10 years) from the time they arise.

(Change in accounting policy)

The Company has applied "Partial Amendments to Accounting Standard for Retirement Benefits (Part3) (ASBJ Statement No. 19 published July 31, 2008) beginning with the fiscal year under review. This change has had no effect on operating income, recurring profit and income before income taxes and minority interests.

Allowance for employees' bonuses:

An allowance for employees' bonuses is provided at the estimated amount applicable to

the fiscal year under review.

Allowance for directors' and corporate auditors' bonuses:

An allowance for directors' and corporate auditors' bonuses is provided at the estimated amount applicable to the fiscal year under review.

(6) Hedging accounting method

A. Hedging accounting method

The Company defers gains or losses on its hedges.

For foreign exchange contracts, the Company allocates differences in the values of hedging instruments when such hedges meet all requirements for such allocations. For interest rate swaps, the Company applies exceptional treatment when the swap in question meets the conditions for application of such exceptional treatment.

B. Hedging instruments and hedged items:

Hedging instruments: Foreign exchange contracts and interest rate swaps

Hedged items: Loans receivable in foreign currencies and 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. It is the Company's policy not to engage in speculative transactions that deviate 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 values of hedging instruments or when it accounts for the value of swaps under exceptional treatment, these determinations allow it to forgo evaluation of the effectiveness of hedges in these cases.

(7) Treatment of consumption taxes:

Consumption taxes are excluded from the statements of income, except in the case of non-deductible consumption taxes related to fixed assets that are charged when incurred.

(Changes in method of presentation)

Owing to an increase in financial materiality, "Prepaid pension cost" (valued at ¥8,956 million as of the previous fiscal year-end), which had previously been included in "Other investments" under investments and other assets, was classified as a separate item beginning with the fiscal year under review.

2. Notes to the Non-Consolidated Balance Sheets

(1) Accumulated depreciation on tangible fixed assets: ¥485,195 million

(2) Contingent liabilities

A. Guarantees, etc., against bank borrowings

Guarantees: ¥17,536 million

B. Guarantees, etc., against derivatives

Guarantees:

Contract amount, etc.: ¥6,840 million

Unrealized gains (losses): ¥(674) million

(3) 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 clearing houses the next business day. Current assets and current liabilities thus respectively include trade notes receivable and trade notes payable with maturity on the balance sheet date as follows:

Notes receivable: ¥824 million

(4) Monetary claims and obligations with affiliates

Short-term monetary claims on affiliates: ¥32,699 million

Long-term monetary claims on affiliates: ¥3,835 million

Short-term monetary obligations to affiliates: ¥34,245 million

3. Notes to the Non-Consolidated Statements of Income

(1) Transactions with affiliates:

Net sales:	¥44,313 million
Purchases:	¥78,367 million
Selling, general and administrative expenses:	¥31,759 million
Transactions other than operating transactions:	¥2,374 million

(2) Impairment losses on fixed assets

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	Takatsuki, Osaka Prefecture and 1 other locations	Buildings, structures and land

The Company divides its respective assets, in principle, by individual breweries, plants and other business establishments and determines its groupings based on complementary relations of cash flows among the various assets. At the same time, however, the Company counts each of the individual leased assets and idle assets as a stand-alone asset group. Headquarters buildings and employee welfare facilities of the Company are categorized as common-use assets, as they do not generate cash flows on their own.

An impairment loss (¥362 million for buildings, ¥3 million for structures, and ¥1,229 million for land) was recorded as an extraordinary loss corresponding to the difference between the recoverable amount and the book value of certain assets. This difference arose because the market value of certain leased assets declined substantially below book value, prompting the Company to recognize certain amounts invested as irrecoverable.

The recoverable amount is estimated using the net sales amount or utility value, with the net sales amount calculated based on the appraised real estate value.

4. Notes to the Non-Consolidated Statements of Changes in Net Assets

Treasury stock

Type of stock	Balance as of the end of the previous fiscal year (Dec. 31, 2009)	Increase	Decrease	Balance as of the end of the fiscal year under review (Dec. 31, 2010)
Common stock	18,576,966	13,827	370,737	18,220,056

(Reasons for change)

The increase in the number of shares was the result of the following:

Increase resulting from purchases of Less-than-One-Unit Shares from shareholders

upon request: 13,827 shares

The decrease in the number of shares was the result of the following:

Decrease resulting from sales of Less-than-One-Unit Shares to shareholders upon

request: 566 shares

Decrease resulting from exercise of stock options: 300,900 shares

Decrease by share exchanges 69,271 shares

5. Tax effect accounting

(1) Deferred tax assets and liabilities

Deferred tax assets

Allowance for doubtful accounts, in excess of tax-deductible amount:	¥4,332 million
Allowance for employees' bonuses, non-tax deductible:	¥525 million
Allowance for employees' severance and retirement benefits, in excess of tax-deductible amount:	¥6,638 million
Disapproval of unpaid enterprise taxes:	¥1,343 million
Loss on devaluation of investment in subsidiaries, non-tax deductible:	¥17,979 million
Depreciation, in excess of tax-deductible amount:	¥168 million
Loss on establishment of retirement benefit trust, non-tax deductible:	¥1,482 million
Loss on devaluation of investment securities, non-tax deductible:	¥2,757 million
Loss on devaluation of capital contributions for subsidiaries, non-tax deductible:	¥5,158 million
Impairment loss on fixed assets:	¥2,992 million
Loss on factory restructurings, non-tax deductible	¥7,716 million
Amortization of deferred charges, in excess of tax-deductible amount:	¥41 million
Others:	¥5,176 million
Subtotal deferred tax assets:	¥56,312 million
Valuation allowance:	¥(27,472) million
Total deferred tax assets:	¥28,839 million

Deferred tax liabilities

Reserve for reduction in entry of fixed assets:	¥(641) million
Valuation difference on available-for-sale securities:	¥(516) million
Deferred gains or losses on hedges	¥(469) million
Prepaid pension cost:	¥(857) million
Total deferred tax liabilities:	¥(2,485) million

Net deferred tax assets: ¥26,354 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:	3.5%
Valuation allowance:	10.2%
Permanent difference (non-taxable), including dividend income:	(0.6)%
Tax credit:	(1.2)%
Others:	1.2%
Effective tax rates after application of tax effect accounting:	<u><u>53.4%</u></u>

6. Notes related to leased fixed assets

Separately from the fixed assets carried on the balance sheets, some sales-related fixtures are treated based on finance lease agreements that do not transfer ownership rights.

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

Amount equivalent to acquisition costs: ¥16,949 million

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

Amount equivalent to accumulated depreciation: ¥12,864 million

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

Amount equivalent to prepaid lease rents: ¥4,473 million

7. Per share information

(1) Net assets per share: ¥1,105.00

(2) Net income per share: ¥37.97

8. Other notes

Figures in amounts of less than one million yen are omitted.

INDEPENDENT AUDITOR'S REPORT

February 3, 2011

To: The Board of Directors
ASAHI BREWERIES, LTD.

KPMG AZSA LLC

Hiroyuki Sakai (Seal)
Designated Limited Liability and Engagement Partner
Certified Public Accountant

Hajime Harada (Seal)
Designated Limited Liability and Engagement Partner
Certified Public Accountant

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

In accordance with the provisions of Paragraph 4, Article 444 of the Companies Act, we have audited the consolidated financial statements of ASAHI BREWERIES, LTD. (the "Company") for the fiscal year from January 1, 2010 to December 31, 2010. These statements consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, 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 conducted 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 that 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.

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

INDEPENDENT AUDITOR'S REPORT

February 3, 2011

To: The Board of Directors
ASAHI BREWERIES, LTD.

KPMG AZSA LLC

Hiroyuki Sakai (Seal)
Designated Limited Liability and Engagement Partner
Certified Public Accountant

Hajime Harada (Seal)
Designated Limited Liability and Engagement Partner
Certified Public Accountant

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

In accordance with the provisions of Item 1, Paragraph 2, Article 436 of the Companies Act, we have audited the financial statements of ASAHI BREWERIES, LTD. (the "Company") for its 87th fiscal year, the period from January 1, 2010 to December 31, 2010. These statements consist of the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, notes on significant accounting policies, and 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 conducted 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 that 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 operations 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.

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

REPORT OF THE BOARD OF CORPORATE AUDITORS

The Board of Corporate Auditors has prepared the following report based on the audit reports prepared by individual Corporate Auditors related to the Directors' execution of their duties during the 87th fiscal year, the period from January 1, 2010 to December 31, 2010, after due discussions and consultations among the Corporate Auditors.

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

- (1) The Board of Corporate Auditors determined the audit policies and division of duties, and received reports from each Corporate Auditor regarding the status and results of the audits, as well as reports from the Directors and Independent Auditor on the execution of their duties, and requested explanations of those reports when necessary.
- (2) Each Corporate Auditor sought to achieve mutual understanding with the Directors and other employees, and strove to collect information and create an audit environment in accordance with the audit policies and division of duties based on the audit standards established by the Board of Corporate Auditors. The Corporate Auditors also attended meetings of the Board of Directors and other important meetings, received reports from Directors and other employees regarding the execution of their duties and requested explanations when necessary, reviewed documents related to important decisions, and inspected the operations and property of the head office and other important business facilities. The Board also oversaw and verified the status of "the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation (internal control systems)" (Item 6, Paragraph 4, Article 362 of the Companies Act and Paragraph 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act) that is included in the business report. With respect to internal controls on financial reporting, the Board received reports from the Directors and the Independent Auditor related to evaluation and auditing of the Company's internal controls, and sought additional explanations as necessary. In addition, the Board examined the status of "the basic policy and measures concerning the persons responsible for controlling decisions pertaining to the Company's financial affairs and business policies" (Item 3, Article 118 of the Ordinance for Enforcement of the Companies Act), based on discussions with the Board of Directors and other parties. With respect to subsidiaries, the Corporate Auditors took steps to facilitate communications with the directors and corporate auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, the Corporate Auditors reviewed the Business Report and the supporting schedules thereto for the fiscal year under review.
- (3) The Board of Corporate Auditors oversaw and verified that the Independent Auditor maintained its independence and carried out appropriate audits, moreover, and received reports from the Independent Auditor regarding the execution of its duties and requested explanations when necessary. The Board also received notifications from the Independent Auditor to the effect that "a system for the maintenance of appropriate execution of duties" (included in Article 131 of the Corporate Calculation Regulations) in accordance with the "standards for quality control of audits" (Business Accounting Council; October 28, 2005), and requested explanations when necessary. Based on the above activities, the Board of Corporate Auditors examined the financial statements (Balance Sheets, Statements of Income, Statements of Changes in Net Assets, and notes to those statements), supporting schedules, and the consolidated financial statements (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Net Assets, and notes to those statements) for the business year under review.

2. Results of the Audit

(1) Results of audit of the Business Report

- In our opinion, the Business Report and the supporting schedules thereto present the situation of the Company fairly, 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 the execution of their duties by the 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 the Directors has been appropriate.
- In our opinion, the Company's basic policy regarding persons who exercise control over decision-making with respect to the Company's finances and business policies is appropriate. We acknowledge that the measures implemented to achieve this basic policy are consistent with the basic policy, will not harm the common interest of the Company's shareholders, and serve the purpose of maintaining the positions of the Company's executives.

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

In our opinion, the auditing methods used by KPMG AZSA LLC, the Independent Auditor, and the results of its audit are appropriate.

(3) Results of the audit of consolidated financial statements

In our opinion, the auditing methods used by KPMG AZSA LLC, the Independent Auditor, and the results of its audit are appropriate.

February 4, 2011

Board of Corporate Auditors
ASAHI BREWERIES, LTD.

Yoshihiro Goto (Seal)
Standing Corporate Auditor

Yoshifumi Nishino (Seal)
Standing Corporate Auditor

Takahide Sakurai (Seal)
Outside Corporate Auditor

Naoto Nakamura (Seal)
Outside Corporate Auditor

Tadashi Ishizaki (Seal)
Outside Corporate Auditor

REFERENCE MATERIALS FOR GENERAL MEETING OF SHAREHOLDERS

Agenda Items and Reference Information

Item 1: Appropriation of surplus

The Company proposes the appropriation of surplus in the following manner:

1. Year-end dividends

The Company places a priority on returning profit to shareholders and adheres to a basic policy of implementing returns to shareholders with the business performance taken into account while seeking enhanced profitability and stronger financial conditions. The Company continues to strive to ensure sustainable and stable dividend payments while fulfilling the benchmark of 20% in the consolidated payout ratio. Based on this policy and taking into consideration a variety of factors, including the Company's consolidated financial condition and achievement for the fiscal year under review, the Company proposes a year-end dividend of ¥12.50 per share, as follows:

(1) Type of dividend asset

Cash

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

¥12.50 per share of common stock

Total amount of payout: ¥5,817,072,575

Since the Company previously paid out ¥10.50 per share as an interim-period dividend, the total dividend for the fiscal year under review will amount to ¥23.0 per share, which is a dividend increase of ¥2.0.

(3) Effective date of dividend payment

March 28, 2011

2. Other appropriation of surplus

The Company proposes that surplus be invested and otherwise used to enhance its corporate value, and be appropriated as follows in order to strengthen the management base for aggressive business development going forward.

(1) Surplus account showing an increase, and the amount of such increase

General reserves: ¥10,000,000,000

(2) Surplus account showing a decrease, and the amount of such decrease

Retained earnings carried forward: ¥10,000,000,000

Item 2: Approval of absorption-type demerger agreement

1. Reason for absorption-type demerger

With the domestic market reaching maturity, the Company is facing a significant change in its business environment, including the spread of globalization in business competition and the movement toward reorganization of the industry. As the pace of this change is anticipated to accelerate, the Company needs to be more dynamic and conduct its resource allocation more expeditiously to cope with such change in order to achieve sustainable growth.

In 2009, the Company established the “Long-Term Vision 2015” and, as a milestone toward realizing this long-term vision, has embarked on the three-year “Medium-Term Management Plan 2012,” to be completed in 2012. In a bid to achieve its long-term vision, the Company believes that it is imperative to strengthen its business fundamentals by clarifying the roles and responsibilities of its respective business units and to further develop each unit’s business expertise, and at the same time to expand its domestic and overseas business networks with a view to enhancing the Company’s corporate value.

Under this direction, the Company will implement the transition to a pure holding company structure to enhance the functions of the governance of its group of companies (the “Group”), and thereby further cultivate its craftsmanship and strengthen the management infrastructure of the whole Group, by integrating its operations across the Group and improving specialty service functions, as well as develop human resources that are capable of properly responding to the diversity of customers and businesses. At the same time, as the new structure will allow the Company to make bold resource allocation to growing areas in both domestic and overseas markets, the Company will speed up its efforts to achieve significant growth of the whole Group.

Toward this end, the Company proposes to transfer its alcoholic beverages business to Asahi Group Holdings, Ltd. (said trade name is scheduled to be changed to “Asahi Breweries, Ltd.” as of July 1, 2011), through an absorption-type demerger to take effect on July 1, 2011, subject to approval of Item 3, “Partial amendments to the Articles of Incorporation,” and the effectuation of the absorption-type demerger agreement. Asahi Group Holdings, Ltd. is a wholly owned subsidiary of the Company.

2. Overview of the absorption-type demerger agreement

ABSORPTION-TYPE DEMERGER AGREEMENT

ASAHI BREWERIES, LTD. (said trade name is scheduled to be changed to “Asahi Group Holdings, Ltd.” as of July 1, 2011; hereinafter, “Party A”) and Asahi Group Holdings, Ltd. (said trade name is scheduled to be changed to “Asahi Breweries, Ltd.” as of July 1, 2011; hereinafter “Party B”) do hereby enter into this Absorption-Type Demerger Agreement (hereinafter, this “Agreement”) as follows regarding an absorption-type demerger (hereinafter, the “Demerger”) whereby Party A shall transfer part of the rights and duties that Party A holds with respect to its certain business to Party B.

Article 1 (Absorption-Type Demerger)

Party A does transfer to Party B, and Party B does accept the transfer of, the rights and duties set forth in Article 3.1 regarding the alcoholic beverages business operated by Party A (hereinafter, the “Business”).

Article 2 (Demerger Parties)

The parties to the Demerger are as follows:

(1) Party A (the Demerged Company)

Trade name: ASAHI BREWERIES, LTD. (said trade name is scheduled to be changed to “Asahi Group Holdings, Ltd.” as of July 1, 2011)

Legal address: 23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

(2) Party B (the Successor Company)

Trade name: Asahi Group Holdings, Ltd. (said trade name is scheduled to be changed to “Asahi Breweries, Ltd.” as of July 1, 2011)

Legal address: 23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

Article 3 (Rights and Duties to Be Transferred)

1. The assets, obligations, employment contracts, and other rights and duties that shall transfer from Party A to Party B by the Demerger are set forth in the Attachment “Particulars of Rights and Duties to Be Transferred to Party B”. Further, if any such rights and duties to be transferred require the permission, authorization, approval, and the like, of a related government authority or other related party, such rights and duties shall transfer by the Demerger on the condition that said permissions, authorizations, approvals, and the like, have been obtained.
2. The obligations to be transferred to Party B pursuant to the preceding Paragraph shall be with a concomitant assumption of the obligations by Party A.

Article 4 (Demerger Consideration)

Upon effectuation of the Demerger, Party B shall issue 499,980 shares of common stock, and shall allocate and deliver all of said shares to Party A.

Article 5 (Amount of Increase in Capital and Reserves of Party B)

Party B shall increase its capital and reserves as follows upon the effectuation of the Demerger:

(1) Capital

Capital shall increase by JPY19,999,500,000 as a result of the Demerger.

(2) Capital reserves

Capital reserves shall increase by JPY4,999,500,000 as a result of the Demerger.

(3) Legal retained earnings

The amount of legal retained earnings shall not increase as a result of the Demerger.

Article 6 (Effective Date of the Demerger)

The effective date of the Demerger shall be July 1, 2011 (hereinafter, the “Effective Date”). However, Party A and Party B may, upon holding consultations, change said Effective Date if necessary in the course of proceeding with the Demerger.

Article 7 (Duty of Care of Good Manager)

Each of Party A and Party B shall, from the date hereof until the Effective Date, execute its businesses and manage and operate its assets with the due care of a good manager, and shall hold consultations with the other party in advance with regard to any acts that may have a material impact on its assets, rights, or duties.

Article 8 (Duty of Non-Competition)

Party A shall bear no duty of non-competition in relation to the Business on or after the Effective Date.

Article 9 (Approval at General Meeting of Shareholders)

Each of Party A and Party B shall hold a general meeting of shareholders on March 25, 2011 and seek a resolution regarding the approval of this Agreement and the matters concerning the Demerger. However, Party A and Party B may, upon holding consultations, reschedule the respective general meetings of shareholders if necessary in the course of proceeding with the Demerger.

Article 10 (Validity of this Agreement)

This Agreement shall become invalid if the approval of general meeting of shareholders of either Party A or Party B or the approval of a related government authority, or the like, as provided by law or ordinance has not been obtained by the day immediately before the Effective Date.

Article 11 (Amendment and Cancellation)

Party A and Party B may, upon holding consultations, amend the conditions of the Demerger or cancel this Agreement if, from the date hereof until the Effective Date, a material change occurs to the assets or management conditions of Party A or Party B due to a force majeure or other event, or if it becomes difficult to achieve the purpose of this Agreement.

Article 12 (Matters Requiring Consultation)

Party A and Party B will, upon holding consultations, set forth any matter not provided in this Agreement or any other matter that is required to effect the Demerger in accordance with the spirit of this Agreement.

IN WITNESS WHEREOF, two (2) originals of this Agreement are hereby executed and, upon the inscription and seal of Party A and Party B, each party shall retain one (1) original thereof.

February 8, 2011

Party A: 23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
ASAHI BREWERIES, LTD.
Naoki Izumiya, President and Representative Director (Seal)

Party B: 23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
Asahi Group Holdings, Ltd.
Akiyoshi Koji, President and Representative Director (Seal)

PARTICULARS OF RIGHTS AND DUTIES TO BE TRANSFERRED TO PARTY B

The rights and duties to be transferred to Party B by the Demerger shall include the following assets, obligations, employment contracts, and other rights and duties. Further, the assets and obligations to be transferred are based on the balance sheet of Party A as of December 31, 2010 as well as other calculations as of the same date, and shall be adjusted and finalized by adding or deducting any increase or decrease thereof up to the Effective Date (the date set forth in Article 6 of this Agreement).

1. Assets to Be Transferred

(1) Current Assets

Cash and deposits, notes, accounts receivable, loans and accrued interest in relation thereto, merchandise, finished goods, semi-finished goods, raw materials, supplies, prepaid expenses, uncollected receivables and other current assets that fall under the Business. However, the following shall be excluded: loans and accrued interest on said loans to subsidiaries or affiliated companies of Party A (hereinafter, collectively "Affiliates").

(2) Fixed Assets

Tangible fixed assets, intangible fixed assets, investments and other assets that fall under the Business. However, the following shall be excluded:

- 1) the land, building(s), appurtenant fixtures, structures, machinery and equipment, tools, furniture and fixtures, and other property of the head office of Party A (located at 23-1, Azumabashi 1-chome, Sumida-ku, Tokyo);
- 2) the land, building(s), appurtenant fixtures, structures, machinery and equipment, tools, furniture and fixtures, and other property (excluding software) of the research facilities of Party A (located at 1-21, Midori 1-chome, Moriya-shi, Ibaraki Prefecture), which Party A will continue to use jointly with Affiliates on and after the Effective Date;
- 3) all software (excluding software used integrally in research or production equipment that falls under the Business);
- 4) all stock in Affiliates and capital investments in or loans to Affiliates; and
- 5) all trademark rights (including those that are pending; hereinafter the same).

2. Obligations to Be Transferred

(1) Current Liabilities

Notes payable, trade accounts payable, lease obligations, other accounts payable, accrued expenses and other current liabilities that fall under the Business. However, the following shall be excluded:

- 1) all debt interest payable, interest payable on bonds, dividends payable, property taxes payable, alcohol taxes payable, income taxes payable, consumption and similar taxes payable, enterprise taxes payable, income taxes withheld, and deposits from Affiliates;
- 2) all short-term borrowings, bonds due within one (1) year, and commercial papers.

(2) Long-term Liabilities

Long-term liabilities including lease obligations, long-term deposits received and other long-term liabilities that fall under the Business. However, all long-term borrowings and bonds shall be excluded.

3. Contractual Status to Be Transferred

The contractual status under sale and purchase agreements, work delegation agreements, real estate lease agreements, other lease agreements, and all other contracts concerning the Business, and all rights and duties that arise out of or in connection with said agreements that fall under the Business. However, the contractual status, rights and duties pertaining to the assets and liabilities that shall not transfer to Party B pursuant to Paragraphs 1 or 2 above shall be excluded.

4. Employment Contracts, Etc. to Be Transferred

(1) Employment Contracts

The contractual status under employment contracts concerning all employees as of the Effective Date (including employees seconded to Affiliates or other companies or organizations, temporary employees, contract employees, and temporary workers) and all rights and duties that arise out of or in connection with said contracts.

(2) Others

All labor agreements between Party A and the Asahi Brewery Labor Union (excluding the matters stipulated in Article 16 of the Labor Union Act) as of the Effective Date.

5. Other Rights and Duties to Be Transferred

(1) Intellectual Property Rights

All patent rights, utility model rights, design rights, copyrights, other intellectual property rights (excluding trademark rights), and know-how (including prescriptions) that fall under the Business shall be transferred to Party B.

(2) Permissions, Authorizations, Etc.

All permissions, authorizations, approvals, registrations, regulatory filings, and the like, obtained by Party A in relation to the Business that are transferrable from Party A to Party B under the law.

3. Matters related to the number of shares to be allocated to the Company by the successor company in the absorption-type demerger, and to the fairness of the values of the capital and reserves of the successor company in the absorption-type demerger

(1) Fairness of the number of shares

The Company, through the absorption-type demerger (hereinafter, the “Demerger”) with an effective date of July 1, 2011, has resolved to transfer rights and obligations pertaining to its alcoholic beverages business to the Company’s wholly owned subsidiary Asahi Group Holdings, Ltd. (said trade name is scheduled to be changed to “Asahi Breweries, Ltd.” as of July 1, 2011; hereinafter, the “Successor Company”), in accordance with the absorption-type demerger agreement of February 8, 2011, concluded between the two companies.

Upon effectuation of the Demerger, the Successor Company shall newly issue 499,980 shares of common stock, and shall allocate and deliver all of said shares to the Company.

As the shares of the Successor Company to be allocated to the Company through the Demerger shall not result in a change to the net assets of the Company, and moreover, as the entirety of said shares shall be allocated to the Company, it is recognized that the action is one that may be enacted voluntarily, and has been judged to be fair and to have been determined through deliberations between the Successor Company and the Company with due consideration to the net asset value per share.

(2) Fairness of the values of capital and reserves

The capital and reserves that the Successor Company shall increase through the Demerger shall be as follows, with said values having been determined to be fair in light of the business activities of the Successor Company, and the rights and obligations which it will assume from the Company, following the Demerger.

	Thousand yen		
Successor Company	(1) Capital	(2) Capital reserves	(3) Legal retained earnings
Asahi Group Holdings, Ltd.	19,999,500	4,999,500	—

4. Content of the non-consolidated financial statements pertaining to the last fiscal year of the Successor Company in the absorption-type demerger

Asahi Group Holdings, Ltd. (scheduled to change its trade name to “Asahi Breweries, Ltd.,” as of July 1, 2011)

Business Report

(From August 10, 2010 to December 31, 2010)

1. Progress of the Business and the Results Thereof

The Company has not conducted any business activities for the indicated period, and therefore has no matters that must be noted.

2. Issues to be Addressed

The Company shall assume the alcoholic beverages business of Asahi Breweries, Ltd. effective July 1, 2011, and shall conduct business under a new structure as an alcoholic beverages company.

3. Matters Concerning Shares

- (1) Total number of authorized shares 1,000,000,000 shares
- (2) Total number of issued shares 20 shares
- (3) Number of shareholders 1 shareholder
- (4) Major shareholders

Shareholder names	Number of shares held	Percentage of shares held
ASAHI BREWERIES, LTD.	20 shares	100%

Balance Sheets
(as of December 31, 2010)

Thousand yen

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash and deposits	1,000	Other accounts payable	383
		Income taxes payable.	23
		Total liabilities	407
		Net assets	
		Shareholders' equity	
		Capital stock	500
		Capital surplus	500
		Capital reserve	500
		Retained earnings	(407)
		Other retained earnings	(407)
		Retained earnings carried forward:	(407)
		Total net assets	592
Total assets	1,000	Total liabilities and net assets	1,000

Note: Figures in amounts of less than one thousand yen are omitted.

Statements of Income
(From August 10, 2010 to December 31, 2010)

Thousand yen

Item	Amount
Net Sales	—
Gross profit	—
Selling, general and administrative expenses	383
Operating loss	383
Recurring loss	383
Loss before income taxes	383
Income taxes-current	23
Net loss	407

Note: Figures in amounts of less than one thousand yen are omitted.

Statements of Changes in Net Assets

(From August 10, 2010 to December 31, 2010)

Thousand yen

	Shareholders' equity				
	Capital stock	Capital surplus		Retained earnings	
		Capital reserve	Total capital surplus	Other retained earnings Retained earnings carried forward:	Total retained earnings
Changes during the term					
Incorporation	500	500	500		
Net loss				(407)	(407)
Total changes during the term	500	500	500	(407)	(407)
Balance as of Dec 31, 2010	500	500	500	(407)	(407)

	Shareholders' equity	Total net assets
	Total shareholders' equity	
Changes during the term		
Incorporation	1,000	1,000
Net loss	(407)	(407)
Total changes during the term	592	592
Balance as of Dec 31, 2010	592	592

Notes: Figures in amounts of less than one thousand yen are omitted.

Notes to the Statements of Changes in Net Assets:

Total number of issued shares as of last day of term: 20 shares of common stock

CORPORATE AUDITOR'S REPORT

Corporate Auditor Akihito Kodama has prepared the following report related to the Directors' execution of their duties during the first fiscal year, the period from August 10, 2010 to December 31, 2010.

1. Methods used in audits and content of audits

The Corporate Auditor sought to achieve mutual understanding with the Directors and strove to collect information and create an environment for auditing, and, in addition, attended meetings of the Board of Directors, received reports from Directors regarding the execution of their duties and requested explanations when necessary, reviewed important documents, and inspected the status of operations and assets. Using the foregoing methods, the Corporate Auditor reviewed the Business Report thereto for the fiscal year under review.

Furthermore, the Corporate Auditor conducted inspection of account books and related documents, and reviewed the financial statements (Balance Sheets, Statements of Income, and Statements of Changes in Net Assets) and the supporting schedules thereto.

2. Results of the Audit

(1) Results of audit of the Business Report

- 1) In my opinion, the Business Report presents the situation of the Company fairly, in compliance with the provisions of applicable laws and regulations and the Articles of Incorporation.
- 2) In my opinion, there are no wrongful acts or material violations of applicable laws and regulations or the Articles of Incorporation in the execution of their duties by the Directors.

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

In my opinion, the financial statements and the supporting schedules thereto present fairly, in all material aspects, the financial position and results of operation of the Company.

January 28, 2011

Asahi Group Holdings, Ltd.

Akihito Kodama (Seal)
Corporate Auditor

5. Events with significant effect on the status of assets, including the disposition of significant assets and the shouldering of significant debt, of the Successor Company in the absorption-type demerger, following the last day of the last fiscal year of the Successor Company

There are no events with significant effect on the status of the assets of Asahi Group Holdings, Ltd. (said trade name is scheduled to be changed to “Asahi Breweries, Ltd.” as of July 1, 2011), including the disposition of significant assets and the shouldering of significant debt, following the last day of the last fiscal year of the Successor Company.

6. Events with significant effect on the status of assets, including the disposition of significant assets and the shouldering of significant debt, of the Company, following the last day of the last fiscal year of the Company

There are no events with significant effect on the status of the assets of the Company, including the disposition of significant assets and the shouldering of significant debt, following the last day of the last fiscal year of the Company.

Item 3: Partial amendments to the Articles of Incorporation

The Company proposes to amend the Articles of Incorporation of the Company as follows:

1. Reason for Amendments

The Company, as noted in Item 2 will transfer its alcoholic beverages business to a wholly owned subsidiary of the Company through an absorption-type demerger, and will become a pure holding company, effective July 1, 2011 (scheduled). Therefore, in accordance with the Company's transition of its management structure from that of an operating holding company to a pure holding company, the Company's trade name and business purposes shall be amended (Article 1 and Article 2 of the current Articles of Incorporation).

Moreover, along with this amendment, a supplementary provision shall be newly established with an effective date of July 1, 2011, conditional upon the approval of "Item 2: Approval of absorption-type demerger agreement."

2. Substance of Amendments

The proposed amendments are as follows:

(Amended parts are indicated by underlining)

Current Articles	Proposed Amendments
<p style="text-align: center;">CHAPTER I. GENERAL PROVISIONS</p> <p>Article 1. (Trade Name) The name of the Company shall be <u>“Asahi Beer Kabushiki Kaisha.”</u> expressed as <u>“ASAHI BREWERIES, LTD.”</u> (hereinafter referred to as the <u>“Company”</u>) in English.</p> <p>Article 2. (Purposes) The purposes of the Company shall be to <u>engage in the following business activities:</u></p> <ol style="list-style-type: none"> 1) Manufacture and sale of beer and other alcoholic beverages; 2) Manufacture and sale of soft drinks and other beverages; 3) Manufacture and sale of pharmaceuticals, quasi-drugs, reagent chemicals, medical supplies, drugs for animal use and cosmetics; 4) Manufacture and sale of products using microorganisms and biochemical products including enzymes; 5) Manufacture and sale of foodstuffs and food additives; 6) Production, processing and sale of agricultural products including fruits, vegetables and grains; 7) Production and sale of milk and livestock, and manufacture, processing and sale of dairy products; 8) Manufacture and sale of fertilizers and feedstuffs; 9) Purchase and sale, lease, management and administration, development and utilization of real estate, and management of forestry business; 10) Manufacture and sale of glass bottles and other glass products, and related products including stoppers for bottles; 11) Operation of restaurants and coffee houses; 12) Operation of trucking and warehousing businesses; 13) Provision of loans, trading of securities and provision of guaranties; 	<p style="text-align: center;">CHAPTER I. GENERAL PROVISIONS</p> <p>Article 1. (Trade Name) The name of the Company shall be <u>“Asahi Group Holdings Kabushiki Kaisha.”</u> expressed as <u>“Asahi Group Holdings, Ltd.”</u> (hereinafter referred to as the <u>“Company”</u>) in English.</p> <p>Article 2. (Purposes) 1. The purposes of the Company shall be to <u>manage or control companies (including domestic and foreign companies), partnerships (including foreign equivalents), and other entities, which are engaged in one or more of the businesses listed below, through the holding of shares or other equity interests in these entities:</u></p> <ol style="list-style-type: none"> 1) 2) 3) 4) 5) 6) 7) 8) 9) 10) 11) 12) 13) <p style="text-align: right;">(unchanged)</p>

Current Articles	Proposed Amendments
<p>14) Manufacture, sale and maintenance of equipment for manufacturing and selling for alcoholic and non-alcoholic beverages and other products;</p> <p>15) Operation of sports facilities, including tennis courts and athletic clubs, and art museums;</p> <p>16) Non-life insurance and life insurance agency businesses; and</p> <p>17) Any and all business activities incidental or related to any of the preceding items.</p> <p>(newly established)</p>	<p>14)</p> <p>15)</p> <p>16)</p> <p>17)</p> <p style="text-align: center;">} (unchanged)</p> <p><u>2 The Company may also perform any and all business activities incidental or related to any of the preceding items.</u></p>
<p>Articles 3~39 (omitted)</p> <p>(newly established)</p>	<p>Articles 3~39 (unchanged)</p> <p><u>Supplementary Provision</u> <u>The amendments to Articles 1 and 2 shall be effective on and from July 1, 2011. After the effective date thereof, this supplementary provision shall be deleted.</u></p>

Item 4: Election of eleven (11) Directors

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all the Directors will expire. The Company therefore asks the shareholders to elect eleven (11) Directors.

The candidates for the position of Director are as follows. Among these, the candidates for position for Outside Director meet the requirements for independent directors/auditors as defined by the Tokyo Stock Exchange and the Osaka Securities Exchange.

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Special interests in the Company
1	Hitoshi Ogita (January 1, 1942)	<p>Apr. 1965 Entered Asahi Breweries, Ltd.</p> <p>Mar. 1997 Director, General Manager of Fukuoka Branch</p> <p>Sep. 1997 Director, Senior General Manager of Kyushu Regional Headquarters</p> <p>Mar. 2000 Managing Corporate Officer, Senior General Manager of Kyushu Regional Headquarters</p> <p>Oct. 2000 Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters</p> <p>Mar. 2002 Senior Managing Corporate Officer, Senior General Manager of Kanshin-etsu Regional Headquarters</p> <p>Sep. 2002 Corporate Officer, Vice President of Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2003 President and Representative Director of Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2006 President and Representative Director of Asahi Breweries, Ltd.</p> <p>Mar. 2010 Chairman of the Board and Representative Director of Asahi Breweries, Ltd. (to the present)</p> <p><Important concurrent positions> Chairman of the Board of Asahi Beer Arts Foundation Outside Director of Imperial Hotel, Ltd.</p>	48,000	Refer to Notes: 1

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Special interests in the Company
2	Naoki Izumiya (August 9, 1948)	<p>Apr. 1972 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2000 Corporate Officer, Senior General Manager of Group Management Strategy Headquarters</p> <p>Oct. 2000 Corporate Officer, Senior General Manager of Strategy Planning Headquarters</p> <p>Sep. 2001 Corporate Officer, Deputy General Manager of Shutoken Regional Headquarters, General Manager of Tokyo Branch</p> <p>Mar. 2003 Director</p> <p>Mar. 2004 Managing Director</p> <p>Mar. 2006 Managing Director, Managing Corporate Officer, Senior General Manager of Liquor Sales & Marketing Headquarters</p> <p>Mar. 2009 Senior Managing Director, Senior Managing Corporate Officer</p> <p>Mar. 2010 President and Representative Director (to the present)</p>	35,300	—
3	Kazuo Motoyama (March 14, 1950)	<p>Apr. 1972 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2000 Corporate Officer, Senior General Manager of Quality Development Headquarters</p> <p>Sep. 2001 Corporate Officer, Senior General Manager of SCM Headquarters</p> <p>Sep. 2002 Corporate Officer</p> <p>Sep. 2003 Corporate Officer, Senior General Manager of Strategy Planning Headquarters</p> <p>Oct. 2005 Corporate Officer</p> <p>Mar. 2006 Director, Corporate Officer</p> <p>Mar. 2007 Managing Director, Managing Corporate Officer</p> <p>Mar. 2009 Senior Managing Director, Senior Managing Corporate Officer</p> <p>Mar. 2010 Executive Vice President and Representative Director (to the present)</p> <p><Important concurrent positions> Director of LB Co., Ltd.</p>	35,000	—

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Special interests in the Company
4	Akiyoshi Koji (November 8, 1951)	<p>Apr. 1975 Entered Asahi Breweries, Ltd.</p> <p>Sep. 2001 Corporate Officer</p> <p>Mar. 2003 Managing Director, Senior General Manager, Planning Division of Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2006 Senior Managing Director, Senior General Manager, Planning Division of Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2007 Managing Director, Managing Corporate Officer of Asahi Breweries, Ltd. (to the present)</p> <p><Important concurrent positions> President and Representative Director of Asahi Group Holdings, Ltd. Supervisor of Tsingtao Brewery Co., Ltd.</p>	12,500	—
5	Katsuyuki Kawatsura (October 1, 1950)	<p>Apr. 1975 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2005 Corporate Officer, Senior General Manager of Product & Technology Development Headquarters</p> <p>Oct. 2007 Corporate Officer, Senior General Manager of Research & Development Headquarters for Alcoholic Beverages</p> <p>Jul. 2008 Corporate Officer, Senior General Manager of Research & Development Headquarters</p> <p>Mar. 2009 Managing Corporate Officer, Senior General Manager of Research & Development Headquarters</p> <p>Mar. 2010 Managing Director, Managing Corporate Officer, Senior General Manager of Research & Development Headquarters (to the present)</p> <p><Important concurrent positions> Chairman of the Board of Asahi Breweries Foundation</p>	8,100	Refer to Notes: 1.

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Special interests in the Company
6	Toshihiko Nagao (July 21, 1954)	<p>Apr. 1978 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2006 Corporate Officer, Senior Deputy General Manager of Liquor Sales & Marketing Headquarters, General Manager of Sales Department</p> <p>Sep. 2006 Corporate Officer, Senior Deputy General Manager of Liquor Sales & Marketing Headquarters, General Manager of Beer Category Department</p> <p>Sep. 2008 Corporate Officer, Senior General Manager of Sales Headquarters</p> <p>Mar. 2009 Director, Corporate Officer, Senior General Manager of Liquor Sales & Marketing Headquarters (to the present)</p>	11,300	—
7	Toshio Kodato (September 20, 1954)	<p>Apr. 1978 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2008 Corporate Officer, Senior General Manager of Shikoku Regional Headquarters</p> <p>Sep. 2009 Corporate Officer, Senior Deputy General Manager of International Headquarters</p> <p>Mar. 2010 Director, Corporate Officer, Senior General Manager of International Headquarters (to the present)</p> <p><Important concurrent positions> Vice Chairman of Tingyi-Asahi Beverages Holding Co., Ltd. Director of Schweppes Australia Pty Limited</p>	6,500	—
8	Yoshihiro Tonozuka (June 5, 1951)	<p>Apr. 1975 Entered Asahi Breweries, Ltd.</p> <p>Oct. 2005 President and Representative Director of LB Co., Ltd. (Tokyo)</p> <p>Mar. 2010 Director, Corporate Officer of Asahi Breweries, Ltd. (to the present)</p> <p><Important concurrent positions> Director of Asahi Soft Drinks Co., Ltd.</p>	2,700	—

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Special interests in the Company
9	Mariko Bando (August 17, 1946)	<p>Jul. 1969 Joined staff of Prime Minister's Office</p> <p>Oct. 1985 Councilor of Cabinet Secretariat</p> <p>Jul. 1994 Director of Gender Equality Office, Prime Minister's Office</p> <p>Apr. 1995 Vice-Governor of Saitama Prefecture</p> <p>Jun. 1998 Consul General of Brisbane, Australia</p> <p>Jan. 2001 Director General of Gender Equity Bureau, Cabinet Office</p> <p>Oct. 2003 Director of Showa Women's University (to the present)</p> <p>Apr. 2007 President of Showa Women's University (to the present)</p> <p>Mar. 2008 Director of Asahi Breweries, Ltd. (to the present)</p> <p><Important concurrent positions> President of Showa Women's University Director of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Chairman of the Board of Rural Women Empowerment and Life Improvement Association Outside Director of Asahi Mutual Life Insurance Company</p>	—	—

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Special interests in the Company
10	Naoki Tanaka (September 1, 1945)	Jan. 1971 Senior Fellow of Kokumin Keizai Research Institute Apr. 1997 President of the 21 st Century Public Policy Institute Apr. 2007 President of Center for International Public Policy Studies (to the present) Mar. 2009 Director of Asahi Breweries, Ltd. (to the present) <Important concurrent positions> President of Center for International Public Policy Studies Chairman of Postal Services Privatization Committee	—	—

(New candidate is marked with (*))

Candidate number	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Special interests in the Company
11	Ichiro Ito * (July 6, 1942)	<p>Apr. 1966 Entered Asahi Chemical Industry Co., Ltd. (present Asahi Kasei Corporation)</p> <p>Jun. 2001 Director</p> <p>Feb. 2003 Managing Director</p> <p>Jun. 2003 Director, Primary Executive Officer</p> <p>Apr. 2006 Director, Vice President Executive Officer</p> <p>Apr. 2010 Representative Director, Chairman (to the present)</p> <p><Important concurrent positions> Representative Director, Chairman of Asahi Kasei Corporation</p>	1,000	—

Notes:

1. Candidates' special interests in the Company:
 - (1) The Company has made donations to the Asahi Beer Arts Foundation, the Board of Directors of which Hitoshi Ogita is Chairman. The company also receives rent from the foundation for the 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, the Board of Directors of which Katsuyuki Kawatsura is Chairman.
2. Mariko Bando, Naoki Tanaka, and Ichiro Ito are candidates for the position of Outside Director as defined in Item 7, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act.
3. The following are items required to be noted about candidates for Outside Director.
 - (1) Reasons for recommending them as candidates for Outside Director
 - A. Mariko Bando has a wide range of knowledge as an educator in addition to her diverse experience in public administration. To provide the Company with the benefit of this experience and knowledge, the Company recommends her election to the Board as an Outside Director.
Although Mariko Bando has not been involved in company management other than as an outside director or an outside auditor, the Board has concluded that she will be able to perform her duties as an Outside Director of the Company based on the reasons noted above.
 - B. Naoki Tanaka has a great deal of experience as a member of government councils and broad knowledge as a specialist deeply versed in economic policy. The Company thus recommends his election to the Board as an Outside Director to provide the benefit of this experience and knowledge to the management of the Company.
 - C. Ichiro Ito would bring a wealth of company management experience and insight into a broad range of issues to the management of the Company. The Company thus recommends his election to the Board as an Outside Director.
 - (2) In cases in which the candidates have served during the past five years as outside directors or outside corporate auditors of other companies, records of inappropriate actions by these companies during the candidates' terms of office therein, steps taken by the candidates to prevent such inappropriate actions, or responses taken by the candidates to deal with such

actions after their occurrence

Asahi Mutual Life Insurance Company, where Mariko Bando also serves as an outside director, received a business improvement order from the Financial Services Agency on July 3, 2008 regarding its inadequate management of payments of insurance claims, etc., based on Paragraph 1, Article 132 of the Insurance Business Act. This followed an overall review of its payments of insurance claims and benefits during a five-year period (from fiscal 2001 to fiscal 2005), through which it was revealed that there had been failures in adequate payments of insurance claims. Although Ms. Bando was not involved in the case in question, she has fulfilled her responsibilities by speaking out in favor of measures to prevent a recurrence of similar problems.

(3) Number of years of service as Outside Director

A. At the conclusion of this Annual General Meeting of Shareholders, Mariko Bando will have served as an Outside Director for 3 years.

B. At the conclusion of this Annual General Meeting of Shareholders, Naoki Tanaka will have served as an Outside Director for 2 years.

(4) Regarding agreements limiting the liability of Outside Directors

To enable him/her to contribute fully in his/her role as an Outside Director, the Company has entered into agreements with Mariko Bando and Naoki Tanaka that limit his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of these agreements, Ms. Bando's and Mr. Tanaka's respective liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If this agenda item is approved as submitted, the current agreements with Ms. Bando and Mr. Tanaka will be extended, and the Company will newly enter into an agreement of identical content with Ichiro Ito.

Item 5: Election of three (3) Corporate Auditors

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of three Corporate Auditors (Yoshihiro Goto, Takahide Sakurai, and Naoto Nakamura) will expire.

The Company therefore asks the shareholders to elect three (3) Corporate Auditors.

The candidates for the position of Corporate Auditor are as follows. Among these, the candidates for position of Outside Corporate Auditor meet the requirements for independent directors/auditors as defined by the Tokyo Stock Exchange and the Osaka Securities Exchange.

This proposal is submitted with the prior consent of the Board of Corporate Auditors.

Candidate number	Name (Date of birth)	Career summary, positions, and significant concurrent positions held by the candidate	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 (present The Dai-ichi Life Insurance Company, Limited) Apr. 1983 Managing Director Apr. 1986 Vice President and Representative Director Apr. 1987 President and Representative Director Mar. 1994 Corporate Auditor of Asahi Breweries, Ltd. (to the present) Apr. 1997 Chairman of the Board and Representative Director of The Dai-ichi Mutual Life Insurance Company Jul. 2004 Adviser Apr. 2010 Special Adviser (to the present) <Important concurrent positions> Special Adviser to The Dai-ichi Life Insurance Company, Limited Outside Director of Imperial Hotel, Ltd.	—	—

(New candidate is marked with (*))

Candidate number	Name (Date of birth)	Career summary, positions, and significant concurrent positions held by the candidate	Number of shares in the Company owned by the candidate	Special interests in the Company
2	Naoto Nakamura (January 25, 1960)	<p>Oct. 1982 Passed bar examination</p> <p>Apr. 1985 Graduated The Legal Training and Research Institute of Japan</p> <p>Registered the Daini Tokyo Bar Association</p> <p>Joined the Mori Sogo Law Office</p> <p>Apr. 1998 Established the Hibiya Park Law Office, Partner</p> <p>Feb. 2003 Established the Naoto Nakamura Law Office (present Nakamura, Tsunoda & Matsumoto Law Office), Partner</p> <p>(to the present)</p> <p>Mar. 2003 Corporate Auditor of Asahi Breweries, Ltd.</p> <p>(to the present)</p> <p><Important concurrent positions></p> <p>Partner at Nakamura, Tsunoda & Matsumoto Law Office</p> <p>Outside Corporate Auditor at Mitsui & Co., Ltd.</p>	—	—
3	Yukio Kakegai * (June 27, 1954)	<p>Apr. 1979 Entered Komatsu Mech Co., Ltd.</p> <p>Dec. 1987 Entered Asahi Breweries, Ltd.</p> <p>Apr. 2007 Deputy General Manager of Finance Department</p> <p>Sep. 2008 Senior Officer, General Manager of Audit Department</p> <p>Mar. 2010 Corporate Officer, General Manager of Audit Department</p> <p>(to the present)</p>	500	—

Notes:

1. Takahide Sakurai and Naoto Nakamura are candidates for the position of Outside Corporate Auditor as defined in Item 8, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act.
2. The following are items required to be noted about candidates for Outside Corporate Auditor.
 - (1) Reasons for recommending them as candidates for Outside Corporate Auditor
 - A. Takahide Sakurai would bring a wealth of company management experience and insight into a broad range of issues to the auditing of the Company. The Company thus recommends his election as an Outside Corporate Auditor.
 - B. Naoto Nakamura would bring expert viewpoints as an attorney and high-level insights on management to the auditing of the Company. The Company thus recommends his election as an Outside Corporate Auditor.

Although Naoto Nakamura has not been involved in company management other than as an outside director or an outside corporate auditor, the Board has concluded that he will be able to perform his duties as Outside Corporate Auditor of the Company based on the reasons noted above.

- (2) In cases in which the candidates have served during the past five years as outside directors or outside corporate auditors of other companies, records of inappropriate actions by these companies during the candidates' terms of office therein, steps taken by the candidates to prevent such inappropriate actions, or responses taken by the candidates to deal with such actions after their occurrence

At Mitsui & Co., Ltd., where Naoto Nakamura also serves as an outside corporate auditor, it was discovered that a 100% Singapore subsidiary of the company, Mitsui Oil (Asia) Pte. Ltd., had, through deceptive reporting on market price, concealed losses related to naphtha trading transactions; that the sales division of Mitsui & Co., Ltd.'s Kyushu Office was involved in improper "round-tripping" transactions in agricultural materials for local clients, a portion of which included fictional trades, from September 2000 to February 2008; and that the sales division of Mitsui & Co., Ltd.'s performance chemical business unit engaged in transactions with Indonesia and elsewhere in Southeast Asian which were presented as export transactions but which did not involve actual sales from April 2004 to August 2008. Although Mr. Nakamura was not involved in the case in question, he has fulfilled his responsibility by speaking out in favor of measures to prevent a recurrence of similar problems.

- (3) Number of years of service as Outside Corporate Auditor

- A. At the conclusion of this Annual General Meeting of Shareholders, Takahide Sakurai will have served as an Outside Corporate Auditor for 17 years.
- B. At the conclusion of this Annual General Meeting of Shareholders, Naoto Nakamura will have served as an Outside Corporate Auditor for 8 years.

- (4) Regarding agreements limiting the liability of Outside Corporate Auditors

To enable him to contribute fully in his role as Outside Corporate Auditor, the Company has entered into agreements with Takahide Sakurai and Naoto Nakamura that limit his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of these agreements, Mr. Sakurai's and Mr. Nakamura's respective liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If this agenda item is approved as submitted, the current agreements with Mr. Sakurai and Mr. Nakamura will be extended.

Reminder to Shareholders Concerning Online Voting

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

Dear Shareholder,

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

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

Online voting site: <http://www.webdk.net>

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



2. When voting online, enter the voting code and password indicated on the enclosed voting form. Then indicate your consent/dissent concerning for each item by following the instructions displayed on the screen.
3. Online votes will be accepted until the day immediately prior to the date of the Annual General Meeting of Shareholders (deadline for online voting: 5:30 p.m., March 24, 2011, JST). 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 the enclosed voting form, only the online vote shall be counted.
5. In the event that more than one online vote is exercised (including votes via PC and via cellular phone), only the most recent vote shall be counted.
6. Any costs related to connecting to a shareholder's Internet provider, as well as communication charges (including telephone charges) for accessing the online voting site, shall be borne by the shareholder.
7. Shareholders who wish to receive notices of shareholders' meetings by e-mail beginning with the next meeting may so register on the online voting site noted below. Please be noted that the site can not be accessed via cellular phone.

E-mail address registration site: <http://www.webdk.net/mail>

System Requirements for Online Voting

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

- (1) Internet access
- (2) When voting via PC, Microsoft® Internet Explorer version 6.0 or newer, browser software and compatible hardware.
- (3) When voting via cellular phone, a 128-bit SSL communication (encrypted communication) compatible model. (For security purposes, only 128-bit SSL communication compatible cellular phones can access the online voting system. Other models are not compatible with this system. Please also note that while voting via smartphones and other cellular phones with full browser functionality is supported in principle, we cannot guarantee compatibility with all available models.)

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

Inquiries for Online Voting

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

Agent for Shareholder Registry Management:

The Sumitomo Trust & Banking Co., Ltd.

Stock Transfer Agency Department (Help Desk)

Phone (toll-free within Japan): 0120-186-417 (9:00 a.m. to 9:00 p.m.)

For any other inquiries not related to online voting, please contact: The Sumitomo Trust & Banking Co., Ltd., Stock Transfer Agency Department at 0120-176-417 (toll-free phone within Japan, 9:00 a.m. to 5:00 p.m., except Saturday, Sunday and holidays).