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 GROUP HOLDINGS, LTD.

(Securities Code: 2502)

Dear Shareholders:

You are cordially invited to attend the 92nd Annual General Meeting of Shareholders of Asahi Group Holdings, Ltd. (the "Company"), which will be held as described in the Particulars below.

Sincerely,

March 2, 2016

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

CONVOCATION NOTICE OF THE 92nd ANNUAL GENERAL MEETING OF SHAREHOLDERS

PARTICULARS

1. DATE AND TIME

March 24 (Thursday), 2016, at 1:00 p.m. (JST) (Reception start time: 11:30 a.m.)

2. PLACE

Banquet Room "Tsuru", Banquet Floor of "The Main" of Hotel New Otani, 4-1, Kioi-cho, Chiyoda-ku, Tokyo
(Please note that if Banquet Room "Tsuru" becomes full, you will be guided to another venue.)

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 Accounting Auditor and the Board of Corporate Auditors for the 92nd term, from January 1, 2015 to December 31, 2015.

Items to Be Resolved:

Item 1: Appropriation of surplus
Item 2: Partial amendments to the Articles of Incorporation
Item 3: Election of ten (10) Directors
Item 4: Election of one (1) Corporate Auditor
Item 5: Decision of Amount and Details of Stock Compensation for Directors

Corrections to Reference Materials for General Meeting of Shareholders, Business Report, Consolidated Financial Statements, and Non-Consolidated Financial Statements, if any, will be posted on the Company's website.
http://www.asahigroup-holdings.com/

Please exercise your voting right, which is the right to participate in the Company's management.

Guide to Exercising Voting Rights

A voting right at the General Meeting of Shareholders is an important right that entitles shareholders to participate in the Company's management. Please refer to the following and exercise your voting rights by either method.

<u>Attending the General Meeting of Shareholders in person</u>

Date and time of the General Meeting of Shareholders: March 24 (Thursday), 2016, at 1:00 p.m. (JST) (Reception start time: 11:30 a.m.)

- Please submit the voting form at the reception desk at the venue.
- Please also bring this notice with you, to help us preserve resources.
- You are advised to arrive at the venue early, as the reception desk is expected to become extremely crowded immediately before the commencement of the meeting.
- Please note that anyone other than a shareholder who is entitled to exercise voting rights (e.g., non-shareholding proxy, person accompanying the shareholder) will not be allowed inside the venue.

<u>Not attending the General Meeting of Shareholders in person</u>

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 ANNUAL GENERAL MEETING OF SHAREHOLDERS", and exercise your voting rights no later than 5:30 p.m., March 23 (Wednesday), 2016 (JST) by following the "Guide to Exercising Voting Rights" on pages 2 and 3.

Deadline for exercising voting rights: No later than 5:30 p.m., March 23 (Wednesday), 2016 (JST)

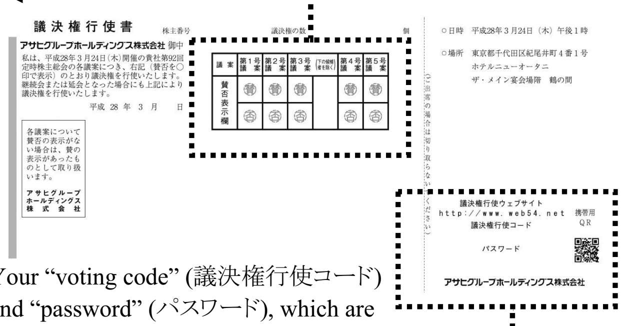
(1) Voting via Postal Mail

Please indicate your consent/dissent concerning the items shown on the voting form, and send back the form so that it will arrive no later than the deadline for exercising voting rights.

* If you submit a voting form without indicating your consent/dissent with respect to each item, you will be deemed to have voted *in favor of* the Company's proposal(s).

<Guide to filling in the voting form for exercising voting rights>

Please indicate your consent/dissent with respect to each item here.



Items 1, 2, 4 and 5
If you consent: Mark a 〇 in the box marked "賛"
If you dissent: Mark a 〇 in the box marked "否"

Your "voting code" (議決権行使コード) and "password" (パスワード), which are necessary for exercising voting right, are stated here.

Item 3		
For all candidates		For certain candidates
If you consent: Mark a 〇 in the box marked "賛"	If you dissent: Mark a 〇 in the box marked "否"	If you selectively veto certain candidates: Mark a 〇 in the in the box marked "賛" and write the number of each candidate you choose to veto.

(2) Voting via Internet
Online voting website: **http://www.web54.net**
Please input your consent/dissent concerning each item no later than the deadline for exercising voting rights. For details, please refer to following pages.

Guide to Exercising Voting Rights via the Internet

** The online voting website and Help Desk information are <u>available only in Japanese.</u>*

If you intend to exercise your voting rights by online voting, please access the website noted below from a computer, smartphone or cellular phone and follow the instructions on the screen.

Online voting website: **<u>http://www.web54.net</u>**

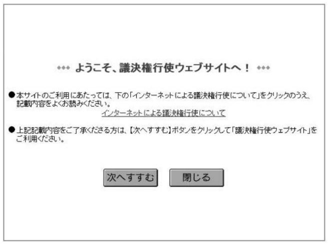
Deadline for exercising voting rights via the Internet: No later than 5:30 p.m., March 23 (Wednesday), 2016 (JST)

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

Accessing Procedures

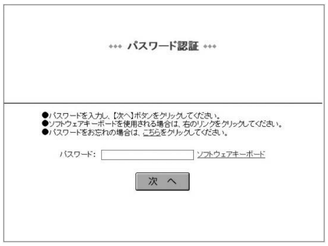
The following charts display PC screens.

1. Access the online voting website
<u>http://www.web54.net</u>
Click on“次へすすむ”(“NEXT”).



2. Log in
Enter the “voting code”(議決権行使コード) indicated on the voting form and click on “ログイン”(“Log in”).
*Shareholders who have not specified a “password” for themselves are required to register a new password.

3. Enter the password
Enter the “password” (パスワード) indicated on the voting form and click on “次へ”(“NEXT”).
* Please note that shareholders who received the Convocation Notice of the Annual General Meeting of Shareholders for the fiscal year under review by e-mail will not find the “password” on their voting form. Such shareholders are asked to enter the “password” that they specified when registering their e-mail addresses.



4. Indicate your consent/dissent concerning each item by following the instructions displayed on the screen.

Q1. What will happen if I exercise my voting right not only via postal mail but also via the Internet?

A. If you exercise your voting right in duplicate (i.e., voting online as well as voting by using the voting form), only the online vote will be counted.

Q2. I can exercise my voting right online more than once. Will all my voting attempts be considered valid?

A. If you exercise your voting right online more than once, only the most recent vote will be counted.

Inquiries for Online Voting

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

Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Web Support Phone No.
Toll-free (within Japan): 0120-652-031 (9:00 a.m. to 9:00 p.m.) (JST)

Note:

Shareholders who wish to receive the convocation notices of Annual General Meetings of Shareholders by e-mail beginning with the next meeting may so register on the e-mail address registration website noted below. Please note that the site cannot be accessed via cellular phone.

E-mail address registration website: **http://www.web5106.net**

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:

Year-end dividends

As a holding company of the Group (the Company, its subsidiaries and its affiliates are collectively referred as the "Group" or the "Asahi Group"), under the "Medium-Term Management Plan 2015" to be completed in the fiscal year under review, the Company was giving top priority to utilizing free cash flows generated by the Group to fund investments in growth, including expansion in our business networks worldwide. In terms of shareholder returns, given the Company's improved surplus investment funding position due to a stronger cash flow generation capacity and an increase of equity capital, the Company aimed to steadily increase dividends, targeting a dividend payout ratio of around 30% by the fiscal year under review. Efforts were also be made to enhance total shareholder returns by targeting a total return ratio, including acquisition of treasury shares, of 50% or higher.

Based on the aforementioned 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 ¥26 per share, as follows:

(1) Type of dividend asset

Cash

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

¥26 per share of common stock **Total amount of payout: ¥11,905,648,638**

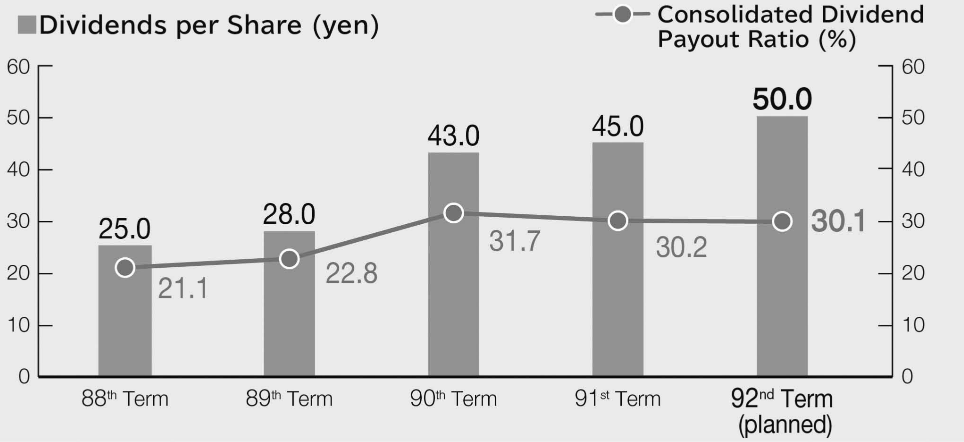
Since the Company previously paid out ¥24 per share as an interim-period dividend, the annual dividend for the fiscal year under review will amount to ¥50 per share, which is an increase of ¥5 per share from the previous fiscal year.

(3) Effective date of dividends of surplus

March 25, 2016

Reference

Trends in Annual Dividend per Share and Consolidated Dividend Payout Ratio



Item 2: 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

(1) In view of the spread of the Internet, to make it possible to disclose by the Internet a part of the matters in the reference materials, etc. for general meeting of shareholders in accordance with the provisions of the Ordinance of the Ministry of Justice, the Company will set forth Article 15 (Disclosure of reference materials, etc. for general meeting of shareholders via the Internet and deemed provision) in the Articles of Incorporation to this effect.

(2) Following the enforcement of the Act for Partial Revision of the Companies Act (Act No. 90, 2014), which changed the scope of the Directors and Corporate Auditors of the Company with which companies can enter into agreements limiting liability and therefore enabled companies to enter into agreements limiting liability with Directors with no executive functions and Corporate Auditors other than Outside Corporate Auditors, the Company will make partial amendment respectively to Article 25 (Agreement limiting liability with Outside Directors) and Article 33 (Agreement limiting liability with Outside Corporate Auditors) of the Company’s current Articles of Incorporation so that these Directors and Corporate Auditors can fulfill their expected roles. All members of Corporate Auditors have consented to the submission to this Annual General Meeting of Shareholders of the part of the proposal relating to amendment to Article 25 of the current Articles of Incorporation in this proposal.

2. Substance of Amendments

The proposed amendments are as follows:

(Amended parts are indicated by underlining)

Current Articles	Proposed Amendment
Chapter 3. General meeting of shareholders Article 12.~14. (Text omitted)	**Chapter 3. General meeting of shareholders** Article 12.~14. (Text unchanged)
	Article 15. Disclosure of reference materials, etc. for general meeting of shareholders via the Internet and deemed provision
(Inserted)	When convening a general meeting of shareholders, it shall be deemed that the Company has provided shareholders with necessary information that should be described or presented in reference materials for the general meeting of shareholders, business reports, and non-consolidated and consolidated financial statements, if they are disclosed via the Internet in accordance with the Ministry of Justice Ordinance.
Article 15.~16. (Text omitted)	Article 16.~17. (Text unchanged)

Current Articles	Proposed Amendment
Chapter 4. Directors and Board of Directors	**Chapter 4. Directors and Board of Directors**
Article 17.~24. (Text omitted)	Article 18.~25. (Text unchanged)
Article 25. Agreement limiting liability with Outside Directors	Article 26. Agreement limiting liability with Directors
The Company may, in accordance with the provisions of Paragraph 1, Article 427 of the Companies Act, conclude agreements with Outside Directors to limit the liability for damages pursuant to Paragraph 1, Article 423, of the Companies Act. Provided, however, that the liability limit amount under such agreements shall be the higher of either a predetermined amount of not less than 10 million yen or the minimum liability amount provided for by laws and regulations.	The Company may, in accordance with the provisions of Paragraph 1, Article 427 of the Companies Act, conclude agreements with Directors (excluding Executive Directors, etc.) to limit the liability for damages pursuant to Paragraph 1, Article 423, of the Companies Act. Provided, however, that the liability limit amount under such agreements shall be the higher of either a predetermined amount of not less than 10 million yen or the minimum liability amount provided for by laws and regulations.
Chapter 5. Corporate Auditors and Board of Auditors	**Chapter 5. Corporate Auditors and Board of Auditors**
Article 26.~32. (Text omitted)	Article 27.~33. (Text unchanged)
Article 33. Agreement limiting liability with Outside Corporate Auditors	Article 34. Agreement limiting liability with Corporate Auditors
The Company may, in accordance with the provisions of Paragraph 1, Article 427 of the Companies Act, conclude agreements with Outside Corporate Auditors to limit the liability for damages pursuant to Paragraph 1, Article 423, of the Companies Act. Provided, however, that the liability limit amount under such agreements shall be the higher of either a predetermined amount of not less than 10 million yen or the minimum liability amount provided for by laws and regulations.	The Company may, in accordance with the provisions of Paragraph 1, Article 427 of the Companies Act, conclude agreements with Corporate Auditors to limit the liability for damages pursuant to Paragraph 1, Article 423, of the Companies Act. Provided, however, that the liability limit amount under such agreements shall be the higher of either a predetermined amount of not less than 10 million yen or the minimum liability amount provided for by laws and regulations.
Chapter 6. Independent Accounting Auditors	**Chapter 6. Independent Accounting Auditors**
Article 34.~36. (Text omitted)	Article 35.~37. (Text unchanged)
Chapter 7. Accounts	**Chapter 7. Accounts**
Article 37.~39. (Text omitted)	Article 38.~40. (Text unchanged)

Item 3: Election of ten (10) Directors

At the conclusion of this Annual General Meeting of Shareholders, the terms of office of all nine (9) Directors will expire. In order to enhance the management system, the Company wishes to increase the number of Directors by one (1) person. The Company therefore asks the shareholders to elect ten (10) Directors.

The candidates for the position of Director are as follows. Concerning candidates who are candidates for the positions of independent Outside Director, the Company deems that, according to the "Criteria for independence of Outside Directors and Outside Corporate Auditors" of the Company, they therefore maintain sufficient independence with no potential conflict of interests occurring between them and the general shareholders. Moreover, as they meet the requirements for independent directors/auditors as defined by the Tokyo Stock Exchange, the Company has reported them as independent directors/auditors to the said exchange.

Candidate number	Name (Age)	Position	Responsibilities	Number of Board of Directors meetings attended
1	Naoki Izumiya (67) Reappointment	President and Representative Director CEO	Overall Group Management Group International Operations	12/12
2	Katsutoshi Takahashi (61) Reappointment	Managing Director and Managing Corporate Officer	Procurement Section Production Section Logistics Section Research & Development Section Agribusiness Development Section Intellectual Property Section Quality Assurance Section Group Soft Drinks Business	12/12
3	Yoshihide Okuda (60) Reappointment	Managing Director and Managing Corporate Officer (CFO)	Audit Section General & Legal Affairs Management Section Secretary Section Finance Section Information Technology Section	12/12
4	Akiyoshi Koji (64) Reappointment	Director	Group Alcoholic Beverages Business	12/12
5	Mariko Bando (69) Reappointment Candidate for independent Outside Director	Outside Director	—	12/12
6	Naoki Tanaka (70) Reappointment Candidate for independent Outside Director	Outside Director	—	12/12
7	Noboru Kagami (57) New candidate	—	—	—

Candidate number	Name (Age)	Position	Responsibilities	Number of Board of Directors meetings attended
8	Kenji Hamada (52) New candidate	—	—	—
9	Ryoichi Kitagawa (52) New candidate	—	—	—
10	Tatsuro Kosaka (63) New candidate Candidate for independent Outside Director	—	—	—

Note: The age, position and responsibilities are as of this Annual General Meeting of Shareholders.

[Reference] Criteria for independence of Outside Directors and Outside Corporate Auditors

The Company has established standards as set forth below for objectively assessing the independence of its Outside Directors and Outside Corporate Auditors (herein this section the "Outside Directors/Corporate Auditors") and accordingly deems that an Outside Director/Corporate Auditor lacks sufficient independence for the Company if any of the following apply, such that he or she is:

1. A party who serves as an executive*1 of the Company or a subsidiary of the Company (herein this section collectively referred to as the "Group") or has served as an executive of the Group in the past;
2. A party for whom the Group is a major business partner*2 (or if the business partner is an incorporated entity, an executive thereof);
3. A party who is a major business partner of the Group*3 (or if the business partner is an incorporated entity, an executive thereof);
4. A consultant, certified public accountant or other accounting professional, or an attorney at law or other legal professional who has been paid substantial amounts of money or other financial benefits*4 other than Directors' and Corporate Auditors' remuneration paid by the Group (or if the party receiving such financial benefits is an incorporated entity, association or other organization, then persons belonging to such organization);
5. A certified public accountant who belongs to the auditing firm which serves as the Accounting Auditor of the Group;
6. A major shareholder*5 of the Group (or if the major shareholder is an incorporated entity, an executive thereof);
7. An executive of an incorporated entity that is a major shareholder of the Group;
8. An executive of a company which has a relationship involving cross-assumption of office of Outside Directors/Corporate Auditors*6;
9. A party who receives substantial donations*7 from the Group (or if the party receiving such donations is an incorporated entity, association or other organization, then an executive thereof);
10. A close relative*9 of a party who falls under any of the above items from 1 to 9 (limited to important persons*8, with the exception of item 1);
11. A party who has fallen under any of the above items from 2 to 10 during the past five (5) years;
12. A party who has exceeded the tenure for Outside Directors/Corporate Auditors stipulated by the Company*10; or
13. Notwithstanding the provisions of the respective items above, a party with respect to whom there are special grounds for deeming there to be potential for conflict of interests with general shareholders.

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*1. "Executive" refers to an executive as defined in Item 6, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act, and includes both executive directors and employees, but does not include Corporate Auditors.

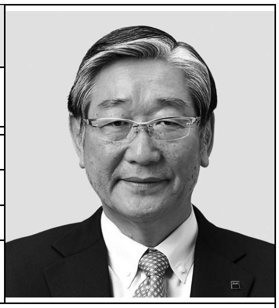
*2. "Party for whom the Group is a major business partner" refers to a party whose transactions in the most recent fiscal year amount to 2% or more of the consolidated net sales of the business partner's group.

*3. "Party who is a major business partner of the Group" refers either to a party whose transactions in the most recent fiscal year amount to 2% or more of the Company's consolidated net sales, or a party who loans to the Group an amount equivalent to 2% or more of the Company's consolidated assets as of the end of the most recent fiscal year.

*4. "Substantial amounts of money or other financial benefits" refers to money and other financial benefits amounting to 10 million yen or more annually, excluding Directors' and Corporate Auditors' remuneration, for the most recent fiscal year (if such financial benefits are obtained by an incorporated entity, association or other organization, it refers to money or other financial benefits amounting to 2% or more of such organization's total revenues for the most recent fiscal year).

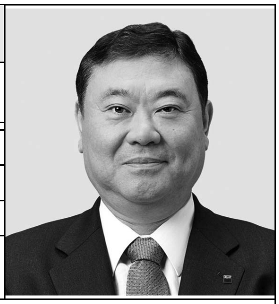
*5. "Major shareholder" refers to a person or incorporated entity that directly or indirectly holds 10% or more of the Company's total voting rights.
*6. "Relationship involving cross-assumption of office of Outside Directors/Corporate Auditors" refers to a relationship where an executive of the Group serves as an outside director/corporate auditor of another company, and an executive of that company serves as an Outside Director/Corporate Auditor of the Company.
*7. "Substantial donations" refers to annual donations of 10 million yen or more made during the most recent fiscal year.
*8. "Important person" refers to directors (excluding outside directors), executive officers, corporate officers, and other executives in positions of general manager or above; certified public accountants belonging to auditing firms or accounting offices; attorneys at law belonging to law firms; councilors, directors, auditors or other officers belonging to incorporated foundations, incorporated associations, educational institutions and other incorporated entities; and other persons objectively and reasonably deemed to be in positions of similar importance.
*9. "Close relative" refers to a spouse or persons within the second degree of consanguinity.
*10. "Tenure of Outside Directors/Corporate Auditors stipulated by the Company" means ten (10) years with respect to Directors and twelve (12) years with respect to Corporate Auditors.

Candidate Number	Name	Note to Appointment
1	**Naoki Izumiya**	Reappointment



Date of Birth (Age)	August 9, 1948 (67 years old)
Owned Shares of the Company	51,500
Attended BOD meetings	12/12
Tenure (at the conclusion of this Annual General Meeting of Shareholders)	13 years
Position	President and Representative Director CEO
Responsibilities	Overall Group Management, Group International Operations
Career Summary	Apr. 1972 Entered the Company Mar. 2000 Corporate Officer, Senior General Manager of Group Management Strategy Headquarters Oct. 2000 Corporate Officer, Senior General Manager of Strategy Planning Headquarters Sep. 2001 Corporate Officer, Deputy General Manager of Tokyo Metropolitan Headquarters, General Manager of Tokyo Branch Mar. 2003 Director Mar. 2004 Managing Director Mar. 2006 Managing Director, Managing Corporate Officer, Senior General Manager of Sales & Marketing Headquarters for Alcoholic Beverages Mar. 2009 Senior Managing Director, Senior Managing Corporate Officer Mar. 2010 President and Representative Director Mar. 2014 President and Representative Director, CEO (to the present)
Reasons for recommending Naoki Izumiya as a candidate for Director	Naoki Izumiya fulfills his duties as a Director on the basis of a track record encompassing his experience in exercising strong leadership geared to achieving objectives of the medium-term management plan and enhancing corporate value, since being appointed as President and Representative Director of the Company in March 2010. Accordingly, we deem that he maintains capabilities appropriate for carrying out business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend his reappointment as a Director.
Candidates' special interests in the Company	There are no special interests between Naoki Izumiya and the Company.

Candidate Number	Name	Note to Appointment
2	**Katsutoshi Takahashi**	Reappointment



Date of Birth (Age)	September 24, 1954 (61 years old)
Owned Shares of the Company	6,000
Attended BOD meetings	12/12
Tenure (at the conclusion of this Annual General Meeting of Shareholders)	3 years

Position	Managing Director and Managing Corporate Officer	
Responsibilities	Procurement Section, Production Section, Logistics Section, Research & Development Section, Agribusiness Development Section, Intellectual Property Section, Quality Assurance Section Group Soft Drinks Business	
Career Summary	Apr. 1977	Entered Yoshida Kogyo K.K. (current YKK Corporation)
	May 1991	Entered the Company
	Mar. 2008	Corporate Officer, Senior Deputy General Manager of Production Headquarters, General Manager of Production Technology Department
	Jul. 2011	Corporate Officer, Senior Deputy General Manager of Research & Development-Production Headquarters, General Manager of Production Strategy Department of Asahi Breweries, Ltd.
	Mar. 2012	Corporate Officer, General Manager of the Production Section of the Company Corporate Officer, Senior Deputy General Manager of Research & Development-Production Headquarters, General Manager of Production Strategy Department of Asahi Breweries, Ltd.
	Sep. 2012	Corporate Officer, General Manager of the Production Section of the Company Corporate Officer, Senior Deputy General Manager of Research & Development-Production Headquarters of Asahi Breweries, Ltd.
	Mar. 2013	Director, Corporate Officer of the Company
	Mar. 2015	Managing Director, Managing Corporate Officer of the Company
		(to the present)
Significant Concurrent Positions	Director of Asahi Soft Drinks Co., Ltd. Director of LB Co., Ltd.	

Reasons for recommending Katsutoshi Takahashi as a candidate for Director	Katsutoshi Takahashi fulfills his duties as a Director on the basis of a track record encompassing his experience in exercising leadership with respect to developing new mechanisms covering overseas expansion in the areas of procurement, production, logistics and quality assurance, and integrating operations in the soft drinks segment, since being appointed to the Company's Director. Accordingly, we deem that he maintains capabilities appropriate for carrying out business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend his reappointment as a Director.
Candidates' special interests in the Company	There are no special interests between Katsutoshi Takahashi and the Company.

Candidate Number	Name	Note to Appointment
3	**Yoshihide Okuda**	Reappointment

Date of Birth (Age)	January 3, 1956 (60 years old)
Owned Shares of the Company	5,600
Attended BOD meetings	12/12
Tenure (at the conclusion of this Annual General Meeting of Shareholders)	3 years
Position	Managing Director and Managing Corporate Officer (CFO)
Responsibilities	Audit Section, General & Legal Affairs Management Section, Secretary Section, Finance Section, Information Technology Section
Career Summary	Apr. 1978 Entered Konishiroku Photo Industry Co., Ltd. (current Konica Minolta, Inc.) Sep. 1988 Entered the Company Mar. 2010 Corporate Officer, General Manager of Finance Department Mar. 2011 Corporate Officer, General Manager of Finance Department of the Company Senior Managing Director of Asahi Management Services Co., Ltd. (current Asahi Professional Management Co., Ltd) Jul. 2011 Corporate Officer, General Manager of Finance Section of the Company Senior Managing Director of Asahi Management Services Co., Ltd. Sep. 2012 Corporate Officer in charge of promoting efficiency (administrative sections overall) of the Company Senior Managing Director of Asahi Professional Management Co., Ltd. Mar. 2013 Director, Corporate Officer of the Company Mar. 2015 Managing Director, Managing Corporate Officer of the Company (to the present)
Significant Concurrent Positions	President and Representative Director of Asahi Professional Management Co., Ltd.
Reasons for recommending Yoshihide Okuda as a candidate for Director	Yoshihide Okuda fulfills his duties as a Director on the basis of a track record encompassing his experience implementing transformative initiatives involving financial and capital policy acting as Chief Financial Officer, since being appointed to the Company's Director. Accordingly, we deem that he maintains capabilities appropriate for carrying out business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend his reappointment as a Director.
Candidates' special interests in the Company	There are no special interests between Yoshihide Okuda and the Company.

Candidate Number	Name	Note to Appointment
4	**Akiyoshi Koji**	Reappointment

Date of Birth (Age)	November 8, 1951 (64 years old)
Owned Shares of the Company	15,100
Attended BOD meetings	12/12
Tenure (at the conclusion of this Annual General Meeting of Shareholders)	9 years

Position	Director	
Responsibilities	Group Alcoholic Beverages Business	
Career Summary	Apr. 1975	Entered the Company
	Sep. 2001	Corporate Officer
	Mar. 2003	Managing Director, Senior General Manager of Planning Division of Asahi Soft Drinks Co., Ltd.
	Mar. 2006	Senior Managing Director, Senior General Manager of Planning Division of Asahi Soft Drinks Co., Ltd.
	Mar. 2007	Managing Director, Managing Corporate Officer of the Company
	Jul. 2011	Director of the Company President and Representative Director of Asahi Breweries, Ltd. (to the present)
Significant Concurrent Positions	President and Representative Director of Asahi Breweries, Ltd.	

Reasons for recommending Akiyoshi Koji as a candidate for Director	Akiyoshi Koji fulfills his duties as a Director on the basis of a track record encompassing his contributions to strengthening the alcoholic beverages segment and improving profitability acting as President and Representative Director of the Group's core company Asahi Breweries, Ltd., since being appointed to the Company's Director. Accordingly, we deem that he maintains capabilities appropriate for carrying out business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend his reappointment as a Director.
Candidates' special interests in the Company	There are no special interests between Akiyoshi Koji and the Company.

Candidate Number	Name	Note to Appointment
5	**Mariko Bando**	Reappointment Candidate for independent Outside Directors

Date of Birth (Age)	August 17, 1946 (69 years old)
Owned Shares of the Company	—
Attended BOD meetings	12/12
Tenure (at the conclusion of this Annual General Meeting of Shareholders)	8 years
Position	Outside Director
Career Summary	Jul. 1969 Joined staff of Prime Minister's Office Oct. 1985 Councilor of Cabinet Secretariat Jul. 1989 Director of Consumer Statistics Division, Statistics Bureau, Management and Coordination Agency Apr. 1995 Vice-Governor of Saitama Prefecture Jun. 1998 Consul General of Brisbane, Australia Jan. 2001 Director General of Gender Equity Bureau, Cabinet Office Oct. 2003 Director of Educational Corporation Showa Women's University Apr. 2007 President of Showa Women's University (to the present) Mar. 2008 Director of the Company (to the present) Apr. 2014 Chancellor of Educational Corporation Showa Women's University (to the present)
Significant Concurrent Positions	Chancellor of Educational Corporation Showa Women's University President of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Outside Director, BroadBand Tower, Inc.
Reasons for recommending Mariko Bando as a candidate for Outside Director	Mariko Bando fulfills her duties as an Outside Director of the Company on the basis of her wide range of knowledge as an educator in addition to her diverse experience in public administration both in Japan and overseas. Accordingly, we deem that she maintains capabilities appropriate for overseeing business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend her reappointment as an Outside Director. Although Mariko Bando has not been involved in company management other than as an Outside Director/Corporate Auditor, the Board of Directors has concluded that she will be able to perform her duties properly as an Outside Director of the Company based on the reasons noted above.

Views on independence	The Group maintains transactional relationships with neither Mariko Bando nor entities where she concurrently serves, and based on the “Criteria for independence of Outside Directors and Outside Corporate Auditors” which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus we have registered Mariko Bando as an independent directors/auditors as stipulated by the Tokyo Stock Exchange.
Candidates’ special interests in the Company	There are no special interests between Mariko Bando and the Company.
Regarding agreements limiting the liability	To enable her to contribute fully in her role as an Outside Director, the Company has entered into an agreement with Mariko Bando that limits her liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, her liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If her election is approved, the current agreement will be extended.

Candidate Number	Name	Note to Appointment
6	**Naoki Tanaka**	Reappointment Candidate for independent Outside Director

Date of Birth (Age)	September 1, 1945 (70 years old)
Owned Shares of the Company	—
Attended BOD meetings	12/12
Tenure (at the conclusion of this Annual General Meeting of Shareholders)	7 years

Position	Outside Director
Career Summary	Jan. 1971 Senior Fellow of Kokumin Keizai Research Institute Apr. 1997 President of the 21st Century Public Policy Institute Apr. 2007 President of Center for International Public Policy Studies (to the present) Mar. 2009 Director of the Company (to the present)
Significant Concurrent Positions	President of Center for International Public Policy Studies
Reasons for recommending Naoki Tanaka as a candidate for Outside Director	Naoki Tanaka fulfills his duties as an Outside Director of the Company on the basis of his abundant experience as a member of government councils and his broad knowledge as a specialist deeply versed in domestic and international economic policy. Accordingly, we deem that he maintains capabilities appropriate for overseeing business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend his reappointment as an Outside Director.
Views on independence	The Group maintains transactional relationships with neither Naoki Tanaka nor entities where he concurrently serves, and based on the "Criteria for independence of Outside Directors and Outside Corporate Auditors" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that he maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus we have registered Naoki Tanaka as an independent directors/auditors as stipulated by the Tokyo Stock Exchange.
Candidates' special interests in the Company	There are no special interests between Naoki Tanaka and the Company.
Regarding agreements limiting the liability	To enable him to contribute fully in his role as an Outside Director, the Company has entered into an agreement with Naoki Tanaka that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act. Under the terms of this agreement, his liabilities are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If his election is approved, the current agreement will be extended.

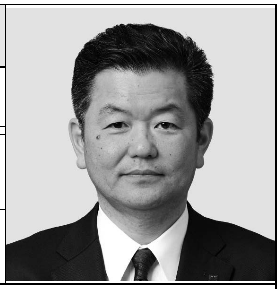
Candidate Number	Name	Note to Appointment
7	**Noboru Kagami**	New candidate

Date of Birth (Age)	November 29, 1958 (57 years old)
Owned Shares of the Company	3,898

Position	—	
Career Summary	Apr. 1982	Entered the Company
	Apr. 2009	Senior Officer, General Manager of Fukushima Brewery of the Company
	Sep. 2012	Corporate Officer, General Manager of Fukushima Brewery of Asahi Breweries, Ltd.
	Jan. 2013	Corporate Officer, General Manager of Hakata Brewery of Asahi Breweries, Ltd. (to the present)

Reasons for recommending Noboru Kagami as a candidate for Director	Noboru Kagami primarily engages in operations involving R&D and production, and has abundant relevant experience and knowledge that includes currently serving as Corporate Officer and General Manager of Hakata Brewery of Asahi Breweries, Ltd. where he is in charge of overseeing factory operations. Accordingly, we deem that he maintains capabilities appropriate for carrying out business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend that he be newly appointed to serve as a Director.
Candidates' special interests in the Company	There are no special interests between Noboru Kagami and the Company.

Candidate Number	Name	Note to Appointment
8	**Kenji Hamada**	New candidate



Date of Birth (Age)	January 7, 1964 (52 years old)
Owned Shares of the Company	2,150

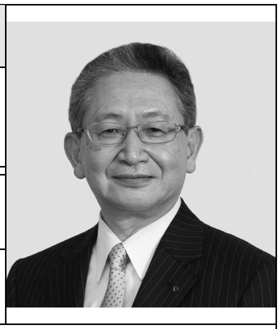
Position	—	
Career Summary	Apr. 1986	Entered the Company
	Apr. 2011	Senior Officer, General Manager of Corporate Strategy Department of the Company
	Jul. 2011	Senior Officer, General Manager of Corporate Strategy Section of the Company
	Oct. 2011	Senior Officer, General Manager of Corporate Strategy Section, General Manager of Business Development Section of the Company
	Sep. 2012	Senior Officer, General Manager of Corporate Strategy Section of the Company
	Mar. 2014	Corporate Officer, General Manager of Corporate Strategy Section of the Company (to the present)

Reasons for recommending Kenji Hamada as a candidate for Director	Kenji Hamada primarily engages in operations involving corporate planning, and has abundant relevant experience and knowledge that includes currently serving the Company as a Corporate Officer and General Manager of the Corporate Strategy Section where he is in charge of overseeing planning of the business strategy for the Group. Accordingly, we deem that he maintains capabilities appropriate for carrying out business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend that he be newly appointed to serve as a Director.
Candidates' special interests in the Company	There are no special interests between Kenji Hamada and the Company.

Candidate Number	Name	Note to Appointment
9	**Ryoichi Kitagawa**	New candidate

Date of Birth (Age)	June 29, 1963 (52 years old)
Owned Shares of the Company	4,381
Position	—
Career Summary	May 1987 Entered Hokkaido Asahi Breweries Co., Ltd. Sep. 1993 Transferred to the Company Apr. 2013 Senior Officer, General Manager of Business Development Section of the Company May 2013 Senior Officer, General Manager of Business Development Section, General Manager of International Business Section of the Company Sep. 2013 Senior Officer, General Manager of Business Development Section of the Company Mar. 2014 Corporate Officer, General Manager of Business Development Section of the Company (to the present)
Reasons for recommending Ryoichi Kitagawa as a candidate for Director	Ryoichi Kitagawa primarily engages in operations involving finance as well as international and corporate alliances, and has abundant relevant experience and knowledge that includes currently serving the Company as a Corporate Officer and General Manager of the Business Development Section where he is in charge of overseeing capital and business alliances both in Japan and abroad. Accordingly, we deem that he maintains capabilities appropriate for carrying out business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend that he be newly appointed to serve as a Director.
Candidates' special interests in the Company	There are no special interests between Ryoichi Kitagawa and the Company.

Candidate Number	Name	Note to Appointment
10	**Tatsuro Kosaka**	New candidate Candidate for independent Outside Directors



Date of Birth (Age)	January 18, 1953 (63 years old)
Owned Shares of the Company	—
Position	—
Career Summary	Apr. 1976 Entered Chugai Pharmaceutical Co., Ltd. Oct. 2002 Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd. Oct. 2004 Senior Vice President, General Manager of Corporate Planning Dept. of Chugai Pharmaceutical Co., Ltd. Mar. 2005 Senior Vice President, Deputy Managing Director of Sales & Marketing Group of Chugai Pharmaceutical Co., Ltd. Jul. 2005 Senior Vice President, Head of Strategic Marketing Unit of Chugai Pharmaceutical Co., Ltd. Mar. 2008 Senior Vice President, Head of Lifecycle Management & Marketing Unit of Chugai Pharmaceutical Co., Ltd. Mar. 2010 Director, Executive Vice President of Chugai Pharmaceutical Co., Ltd. Mar. 2012 Representative Director, President of Chugai Pharmaceutical Co., Ltd. (to the present)
Significant Concurrent Positions	Representative Director, President of Chugai Pharmaceutical Co., Ltd.
Reasons for recommending Tatsuro Kosaka as a candidate for Outside Director	Tatsuro Kosaka serves as the Chief Operating Officer of a global corporation, and has abundant experience and broad knowledge that includes implementing the medium-term management plan and various other business reforms. Accordingly, we deem that he maintains capabilities appropriate for overseeing business execution as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend that he be newly appointed to serve as an Outside Director.
Views on independence	The Group maintains transactional relationships with neither Tatsuro Kosaka nor entities where he concurrently serves, and based on the "Criteria for independence of Outside Directors and Outside Corporate Auditors" which have been established by the Company as a means of objectively assessing independence thereof, the Company has deemed that she maintains sufficient independence with no potential for conflict of interests with general shareholders, and thus we have registered Tatsuro Kosaka as an independent directors/auditors as stipulated by the Tokyo Stock Exchange.

Candidates' special interests in the Company	There are no special interests between Tatsuro Kosaka and the Company.
Regarding agreements limiting the liability	If election of Tatsuro Kosaka is approved, the Company plans to newly enter into an agreement with him that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Companies Act in order to enable him to contribute fully in his role as an Outside Director. Under the terms of this agreement, such liability will be limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher.

Item 4: Election of one (1) Corporate Auditor

At the conclusion of this Annual General Meeting of Shareholders, the term of office of Corporate Auditor Yoshihiro Tonozuka will expire. The Company therefore asks the shareholders to elect one (1) Corporate Auditor.
The candidate for the position of Corporate Auditor is as follows.
This proposal is submitted with the prior consent of the Board of Corporate Auditors.

Name	Note to Appointment
Tetsuo Tsunoda	New candidate

Date of Birth (Age)	April 17, 1956 (59 years old)
Owned Shares of the Company	11,400
Career Summary	Apr. 1980 Entered the Company Apr. 2007 Senior Officer, General Manager of Kobe Branch of the Company Sep. 2007 Senior Officer, General Manager of Wine Business Department of the Company Sep. 2009 Senior Officer, General Manager of General & Legal Affairs Management Department of the Company Jan. 2010 Senior Officer, General Manager of General & Legal Affairs Management Department of the Company, Director of Asahi Management Service Co., Ltd. (current Asahi Professional Management Co., Ltd.) Mar. 2011 Corporate Officer, General Manager of General & Legal Affairs Management Department of the Company, Director of Asahi Management Service Co., Ltd. Jul. 2011 Corporate Officer, General Manager of General & Legal Affairs Management Section of the Company, Senior Managing Director of Asahi Management Services Co., Ltd. Sep. 2012 Director of Asahi Soft Drinks Co., Ltd. Mar. 2013 Managing Director of Asahi Soft Drinks Co., Ltd. Mar. 2014 Executive Vice President and Director of Asahi Professional Management Co., Ltd. (to the present)
Reasons for recommending Tetsuo Tsunoda as a candidate for Corporate Auditor	Tetsuo Tsunoda primarily engages in operations involving sales and general affairs and has abundant relevant experience and knowledge that includes currently serving as the Executive Vice President of Asahi Professional Management Co., Ltd. where he is in charge of overseeing the diversity promotion for the Group. Accordingly, we deem that he maintains capabilities appropriate for carrying out auditing duties as the Company promotes global management of operations while pursuing sustainable growth and increase of corporate value, and thus we recommend that he be newly appointed to serve as a Corporate Auditor.

Candidates' special interests in the Company	There are no special interests between Tetsuo Tsunoda and the Company.

Notes:

1. The age is as of this Annual General Meeting of Shareholders.
2. Tetsuo Tsunoda currently serves as Executive Vice President and Director of Asahi Professional Management Co., Ltd., but plans to retire from that position before the conclusion of this Annual General Meeting of Shareholders.

Item 5: Decision of Amount and Details of Stock Compensation for Directors

1. Reason for the proposal and reasons justifying such compensation

Remuneration, etc. for the Directors of the Company comprises basic remuneration (a fixed monthly amount) and bonuses (yearly performance-linked amounts). In addition to the short-term performance-linked bonuses, the Asahi Group asks the shareholders to approve the introduction of a new Performance-Linked Stock Compensation Plan (hereinafter referred to as the "Plan") as a long-term performance-linked scheme. This is to increase motivation to work toward the sustainable growth and the increase of corporate value over the mid- to long-term of the Company.

The Plan would not only motivate the Directors excluding Outside Directors to strive harder to accomplish their performance goals but also help them share the benefits and risks of stock price fluctuations with the Shareholders because stock price movements will significantly impact the actual amount of remuneration to be received by the Directors under the Plan. The Company believes the Plan to be an appropriate scheme to be adopted by the Company.

Concerning the amount and details of compensation for Directors related to the Plan, the Company will grant to Directors a new stock compensation, of which amount will be treated as separate from the total amount of remunerations, etc. of Directors that was approved at the 83rd Annual General Meeting of Shareholders held on March 27, 2007 (annual amount of ¥760 million of which ¥50 million is allocated to Outside Directors; provided, however, that this excludes the employee salary portion received by Directors also employed by the Company as employees).

Currently there are six (6) Directors who are eligible to receive payment of compensation under the Plan. If the shareholders approve Item 3 "Election of ten (10) Directors" as originally proposed, the Directors eligible to receive compensation under the Plan will be seven (7).

2. Amount and contents of compensation under the Plan

(1) Overview of the Plan

The Plan is a performance-lined stock compensation system for the Directors (excluding Outside Directors) (hereinafter referred to as the "Directors") of the Company whereby the Company will grant points according to the level of the achievements of the Directors' targeted performance benchmarks outlined in the "Medium-Term Management Plan" and, at the time of their retirement, will distribute to them such number of shares of common stock of the Company as would be equivalent to the cumulative number of points theretofore granted to them.

In introducing the Plan, the Company will adopt a structure of a Stock Distribution Trust for Officers (hereinafter referred to as the "Trust") where the Company will create such Trust by contributing cash, the Trust will acquire shares of common stock of the Company and will then distribute such shares to eligible Directors. The timing for distributing shares of common stock of the Company to the eligible Directors will be when they retire from their office.

(2) Performance-linked benchmark

The Company will use earnings per share for the fiscal year ("EPS" (*)) as the performance-linked benchmark, which will be linked to the number of points to be granted. EPS is one of the major benchmarks set in its "Medium-Term Management Plan," and the Company finds EPS suitable as a benchmark for determining part of the remuneration for the Directors of the Company, each of whom bears a responsibility for the enhancement of the enterprise value of the Asahi Group as a whole.

(*)Earnings per share (EPS) = net income / average total number of shares outstanding during the term (excluding treasury shares)

(3) Method of calculating points to be granted to each Director

Pursuant to the Stock Distribution Regulations prescribed by its Board of Directors, on the date of the meeting of the Board of Directors convened for the purpose of approving financial results for each fiscal year during the period of the Trust , the Company will grant to each Director a certain number of points according to his/her executive rank and the level of achievement of the targeted EPS for the Company's fiscal year ended most recently, on the basis of the following calculation formula; provided, however, that the aggregate number of points to be granted by the Company to the eligible Directors shall be up to a limit of twenty one thousand (21,000) points for each fiscal year.

[Calculation formula]

Base points based on executive rank [*1] × performance-linked payment rate [*2]

(*1) Base points based on executive rank will be calculated by multiplying basic remuneration with a certain ratio assigned to each executive rank of the Director concerned, and by dividing the product by a per-share book value of the shares of common stock of the Company held by the Trust.

(*2) Performance-linked payment rate will be set within the range of 0% to 150% according to the level of achievement of targeted EPS.

(4) Upper limit on the amount of Trust Money to be contributed to the Trust as a source of funds with which to acquire shares of common stock of the Company

During the period of the Trust (three years), the Company will create the Trust for the Directors fulfilling certain specific eligibility requirements as Beneficiaries by contributing cash of up to a limit of two hundred and twenty million yen (¥220,000,000) as funds for acquiring shares of common stock of the Company that need to be distributed to such eligible Directors under the Plan. The Trust will use the cash left in trust by the Company (*) as the source of funds to acquire shares of common stock of the Company either through the stock market or by undertaking disposal of treasury shares of the Company.

At the time of expiration of the period of the Trust, the Board of Directors of the Company may resolve to keep the Plan in place by extending the period of the Trust every three years, in which case, with respect to each of the extended periods of the Trust, the Company will contribute cash of up to a limit of two hundred and twenty million yen (¥220,000,000) to the Trust as funds for acquiring additional shares of common stock of the Company that would need to be distributed to eligible Directors under the Plan; provided, however, that in cases where such an additional contribution is made and where any residual shares and/or cash exist within the trust property as of the last day of the period of the Trust prior to such extension(s), the upper limit of the amount of additional contributions will be ¥220,000,000 less an amount equivalent to such residual shares and/or residual cash. Furthermore, in such a case of extension, the Company will continue to assign the points set forth in (3) above and distribute shares of its common stock as prescribed in (5) below within the extended period of the Trust.

However, even where the Company does not continue to grant the points as above, if, at the time of expiration of the period of the Trust, there is any Director who is granted points but is not yet retired, the Company may decide to extend the period of the Trust until such time as he/she is retired and distribution of shares of common stock of the Company is completed.

(*) The actual amount of cash to be left in trust by the Company will be equal to the sum of the abovementioned funds for acquisition of the shares of common stock of the Company and associated necessary expenses including trust fee and fee for the Trust Administrator.

(5) Distribution of shares of common stock of the Company to each Director

The number of shares of common stock of the Company to be distributed to each Director will be the number of points granted to him/her multiplied by a factor of one (1); provided, however, that if any share split, reverse share split or any other event for which it would be considered reasonable to adjust the number of shares occurs with respect to the shares of common stock of the Company, then the Company will make reasonable adjustments depending on the ratio of such stock split or reverse stock split.

Shares of common stock of the Company will be distributed from the Trust to each eligible Director after he/she performs the established beneficiary determination procedures at the time of his/her retirement. However, a certain specific portion of such shares will be sold and converted into cash within the Trust, and will be distributed in cash instead of the shares. If the shares of common stock of the Company left within the Trust are converted into cash such as when a tender offer is accepted and settled with respect to such shares, the Company may make a distribution in money instead of the shares.

(6) Overview of the Trust

(i) Name: Stock Distribution Trust for Officers

(ii) Settlor: Asahi Group Holdings, Ltd.

(iii) Trustee: Sumitomo Mitsui Trust Bank, Limited (scheduled)

(iv) Beneficiaries: Eligible Directors fulfilling requirements of the Beneficiaries

(v) Trust Administrator: The Company selects a third party who does not have any interest in the Company, the Company's subsidiaries, or any director and corporate auditor, or corporate officer belonging thereto (scheduled)

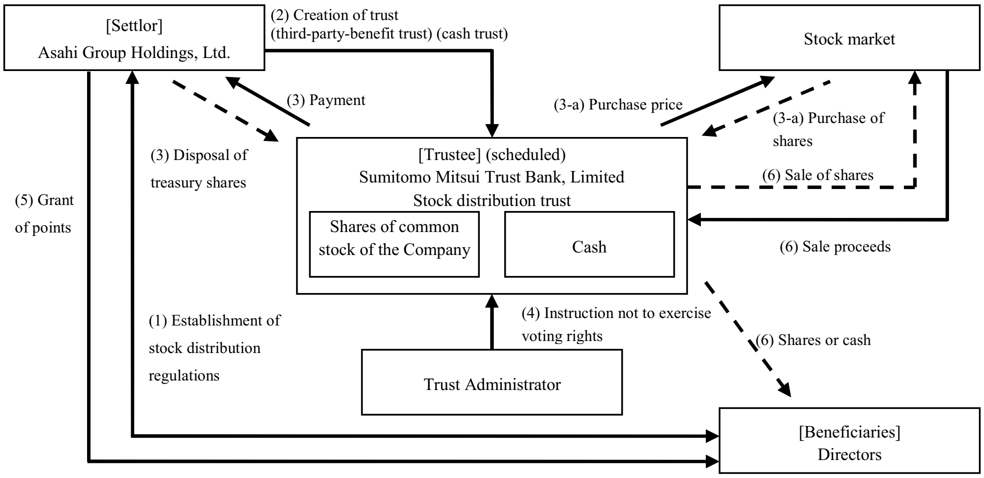
(vi) Trust type: Trust of money other than money trust (third-party-benefit trust)

(vii) Date of Trust Agreement: May 2016 (scheduled)

(viii) Date on which cash will be entrusted: May 2016 (scheduled)

(ix) Trust period: From May 2016 (scheduled) to May 2019 (scheduled)

A. Structure of the Trust



(Note) Dotted lines denote the movements of shares.

1. The Board of Directors of the Company will establish Stock Distribution Regulations intended for its Directors (excluding Outside Directors).
2. The Company will create a stock distribution trust (third-party-benefit trust) for Directors as Beneficiaries. When doing so, the Company will leave such amount of cash as to be equivalent to that for funds to acquire shares (limited to an amount within the purview approved by the Shareholders' Meeting) in trust with the Trustee.
3. The Trustee will acquire, in one lump, a sufficient enough number of shares of common stock of the Company that are expected to be distributed in future (either through the stock market or disposing of treasury shares).
4. Throughout the period of the Trust, the Company will appoint a Trust Administrator (to be limited to be a party independent of the Company, the Company's subsidiaries, or any director and corporate auditor, or corporate officer belonging thereto) who is responsible for protecting the interests of the Beneficiaries who are covered by the Stock Distribution Regulations and supervising the Trustee. Throughout the period of the Trust, the Trust Administrator will give instructions not to exercise any voting rights associated with the shares of common stock of the Company kept within the Trust.
5. Pursuant to the Stock Distribution Regulations, the Company will grant points to the eligible Directors.

6. The Directors fulfilling requirements prescribed in the Stock Distribution Regulation and the Trust Agreement will receive, as Beneficiaries of the Trust, a distribution of shares of common stock of the Company equivalent to the cumulative number of points from the Trustee. In certain specific cases set forth in advance in the Stock Distribution Regulations and the Trust Agreement, the Company will sell part of the distributable shares kept within the Trust in the stock market and distribute cash.

B. Creation of the Trust

Subject to approval of the proposed introduction of the Plan being given by this Annual General Meeting of Shareholders, the Company will create the Trust by contributing the funds necessary for the Trust to acquire, in advance for a certain specific period of time, such number of shares of common stock of the Company as is reasonably expected to be required for distribution pursuant to (5) above. As discussed in Item D below, the Trust will acquire, in one lump, shares of common stock of the Company by applying the funds contributed by the Company as a source of its funds.

C. Period of the Trust

The period of the Trust will be approximately three years, starting in May 2016 (scheduled) and ending in May 2019; provided however, as stated in (4) above, this period of the Trust may be extended.

D. Method of Acquisition by the Trust of Shares of Common Stock of the Company

The Company plans to have the Trust initially acquire shares of its common stock through the stock market or by disposing of treasury shares held by the Company within the upper limit on the amount of Trust Money as stipulated in (4) above, but will resolve at the Board of Directors meeting and disclose further details of the acquisition method after obtaining approval at this Annual General Meeting of Shareholders.

If, during the period of the Trust, due to an increase in the number of Directors or any other cause, the number of shares of common stock of the Company kept within the Trust becomes short of that corresponding to the number of points to be granted to the eligible Directors during the period of the Trust, the Company may have the Trust acquire additional shares by leaving additional cash in trust within the scope of the upper limit on the trust money approved by this Annual General Meeting of Shareholders as stated in (4) above.

E. Exercise of the Voting Rights

Pursuant to the instructions of the Trust Administrator who will be independent of the Company and its Directors and Corporate Auditors, the voting rights associated with the shares kept within the Trust will not be exercised without exception, which will assure the neutrality of the Company’s management in relation to exercise of the voting rights of such shares.

F. Handling of Dividends

Dividends on the shares of common stock of the Company kept within the Trust will be received by the Trust, and will be applied towards payment for acquisition of the shares of common stock of the Company, trust fees for the Trustee associated with the Trust, etc.

G. Handling of Trust Property at the Time of Termination of the Trust

Of the residual property left within the Trust at the time of termination of the Trust, the Company plans to acquire all of the residual shares of its common stock without charge and retire them by a resolution of the Board of Directors. Of the residual property left within the Trust at the time of termination of the Trust, pursuant to the provisions of the Stock Distribution Regulations and the Trust Agreement, the Company plans to donate a certain amount of residual cash to specified public-service promotion corporations who does not have any interest in the Company, the Company’s subsidiaries, or any Director and Corporate Auditor, or Corporate Officer belonging thereto.

BUSINESS REPORT

From January 1, 2015 to December 31, 2015

1. Overview of Operations of the Asahi Group

(1) Business Progress and Results

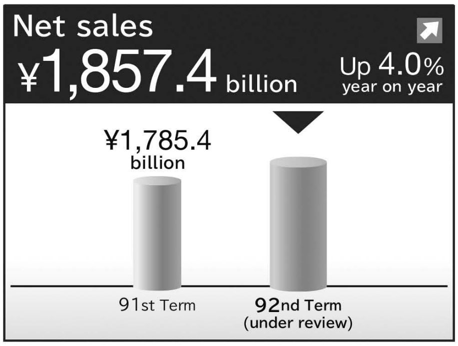
During the fiscal year under review, while business conditions in emerging countries including China slowed down, the global economy continued to follow an overall pattern of modest growth, mirroring the increase in the number of employed workers and the expansion of personal consumption in the United States, as well as a modest business recovery in Europe.

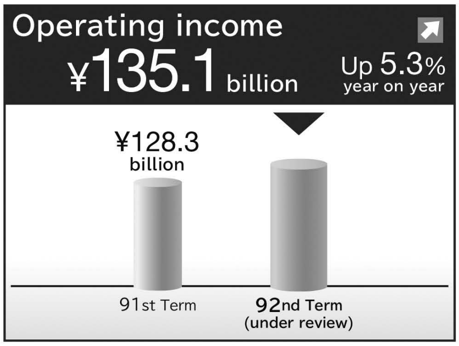
In the Japanese economy, business conditions remained on track for a mild recovery primarily as a result of improved corporate earnings triggered by the increased demand from foreign visitors, as well as steady personal consumption against a backdrop of improved employment and income environments.

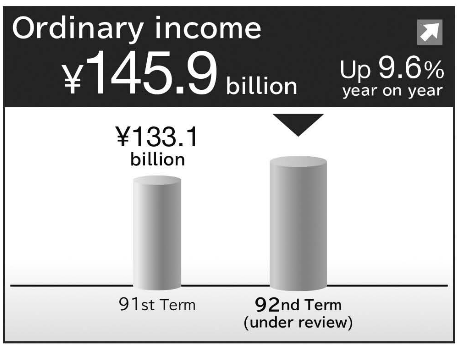
Against this backdrop, the Asahi Group worked on increasing its corporate value by promoting "Value and Network Management", under the "Medium-Term Management Plan 2015" that was completed in the fiscal year under review. In Value and Network Management, the Group promoted initiatives aimed at attaining long-term stable growth by further expanding its domestic and overseas networks, in addition to focusing on the "strengths" that it developed and acquired over the years, such as its brands, technologies and cost competitiveness, and leveraging them for the creation of new values and innovation. Giving utmost priority to growth of its sales and profit, the Group has worked together for the continual increase in key performance indicators ROE (return on equity) and EPS (earnings per share) by improving capital efficiency through such means as increase of shareholder returns.

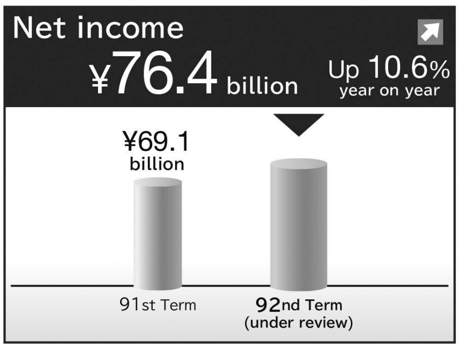
As a result, the Asahi Group posted net sales of ¥1,857,418 million, a year-on-year increase of 4.0%. Operating income increased by 5.3% year on year to ¥135,119 million, and ordinary income rose by 9.6% to ¥145,946 million. Net income totaled ¥76,427 million, an increase of 10.6% compared with the previous year.

■ **Business performance of the Asahi Group**









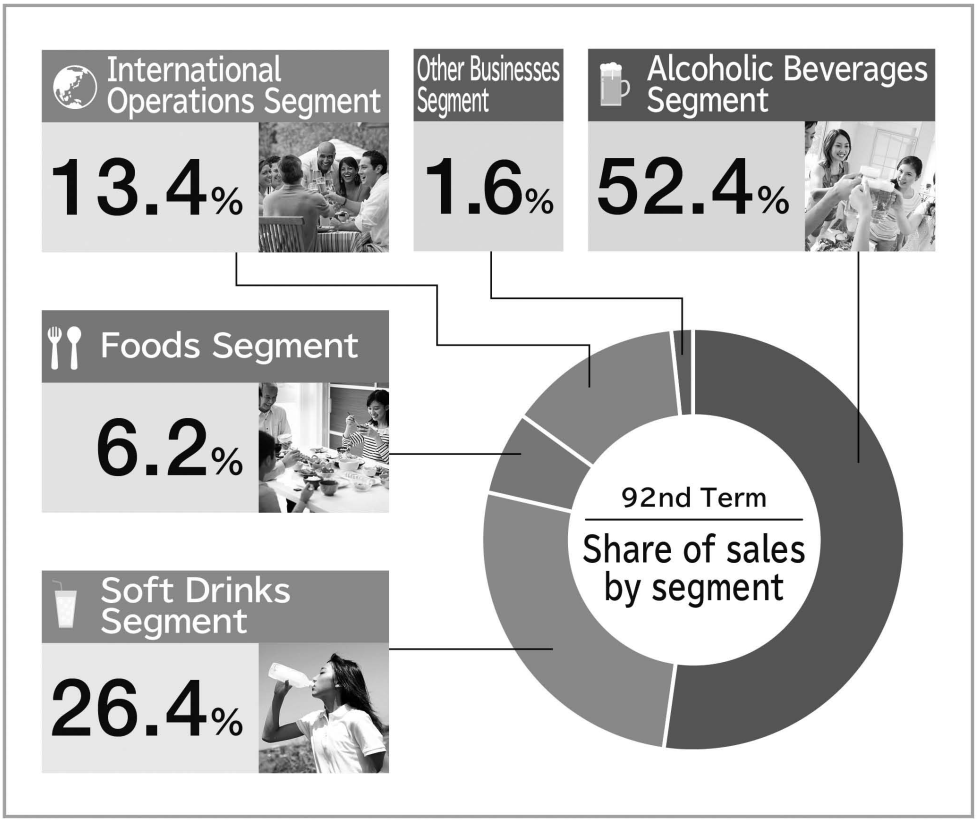
Overview by Business Segment for 92nd Term

■ Asahi Group Breakdown of Net Sales

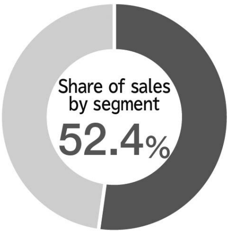
Million yen, except percentages

Segment	91st term FY2014	92nd term FY2015 (under review)	Change in amount	Change in percentage
Alcoholic Beverages	¥941,953	**¥972,924**	¥30,971	3.3%
Soft Drinks	471,456	**490,186**	18,729	4.0
Foods	110,024	**115,035**	5,011	4.6
International Operations	233,184	**249,734**	16,550	7.1
Other Businesses	28,859	**29,537**	677	2.3
Total	1,785,478	**1,857,418**	71,939	4.0

Note: The above figures exclude intra-Group sales.



Alcoholic Beverages Segment



Main products:	Beer, happoshu (low-malt beer), new genre (malt-type), whisky and other spirits, wine, low-alcohol beverages, shochu, beer-taste beverages, etc.

In the alcoholic beverages segment, as diverse values and lifestyles are expected to proliferate further, the Group made efforts to expand demand by breaking away from its dependence on summer-time demand and creating “Koto” consumption—a new-type consumption induced by invisible values such as experience, memories and services, not by the desire for possession— under the slogan of “aiming to become the strongest partner company with proposals on a variety of alcoholic beverages”.

In the beer-type beverages sector, we worked on enhancing the brand value of “Asahi Super Dry” by pursuing further “evolution” of the flavor relative to substantial volume and enhanced sharpness in taste and by launching products with seasonal package design and a limited-time “Asahi Super Dry – Extra Sharp”, brewed super dry to have a high fermentation and alcohol content. Against the backdrop of rising health awareness, we have also made efforts to expand its product lineup to meet diverse consumer needs by releasing a purine bodies-free, derivative product of the carbohydrate-free happoshu (low-malt beer) “Asahi Style Free” and “Clear Asahi – Toshitsu Zero (Carbohydrate-Free)” in the new genre (malt-type) category.

In the sector of alcoholic beverages other than the beer-type beverages, the whisky and other spirits category including the “Taketsuru” and “Black Nikka” brands and imported wines such as “SANTA HELENA Alpaca” from Chile performed strongly.

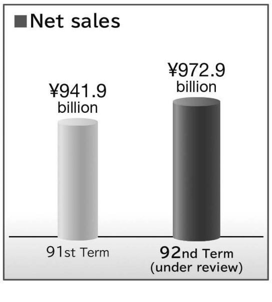
In the alcohol-taste beverages sector, sales grew sharply from those of the previous year mainly due to the release of a beer-taste beverage, “Asahi Dry Zero Free”, that brought consumers “purine bodies-free” in addition to “calorie-free” and “carbohydrate-free”.

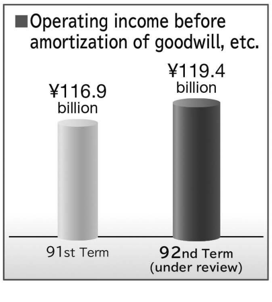
Furthermore, the Group strengthened the operating base of its alcoholic beverages segment by adding ENOTECA CO., LTD., an importer and distributor of wines, as a new consolidated subsidiary in March 2015.

Although sales volume for the alcoholic beverages segment fell due to the contraction of the overall beer-type beverages market, sales of alcoholic beverages other than the beer-type beverages and of alcohol-taste beverages exceeded those of the previous year, and the business performance of the new consolidated subsidiary also provided an additional contribution. As a result, the alcoholic beverages segment posted net sales of ¥972,924 million, up 3.3% from those of the previous year.

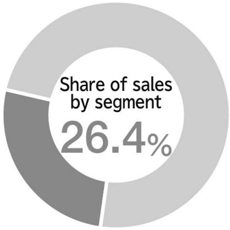
Operating income before amortization of goodwill, etc.* increased by 2.2% year on year to ¥119,496 million due mainly to the sales growth and reduced manufacturing costs, despite an increase in promotion expenses. (Operating income after amortization of goodwill, etc. stood at ¥118,732 million, representing a year-on-year increase of 1.5%.)

* Operating income before amortization of goodwill, etc. = Operating income + Amortization of goodwill and amortization of intangible assets resulting from acquisitions





Soft Drinks Segment



Main products:	Carbonated drinks, coffee, tea, milk-based beverages, lactic acid beverages, mineral water, fruit drinks, etc.

In the soft drinks segment, the Group moved ahead to further enhance its brand value and reform its earnings structures by concentrating marketing investments on its mainstay brands, making proposals for new value, and establishing optimal production and logistics systems.

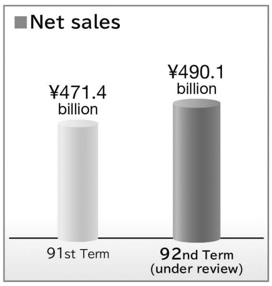
In the "MITSUYA" brand, we sought to enhance brand value by releasing "MITSUYA Fruit Cider" series, a carbonated drink containing fruit juice, on a full-scale basis. In the "WONDA" brand, the Group launched, and made efforts to enhance the market visibility of, new products such as "WONDA GRAND WONDA" series, offered in bottle type can with a twist-off cap and "WONDA Extra Shot" which introduced a depth of taste and "zero-sugar." In the "Calpis" brand, the Group endeavored to strive to stimulate the brands' power by renewing the flagship products of "Calpis Water" and "Calpis Soda" and by performing SNS-based sales promotional activities.

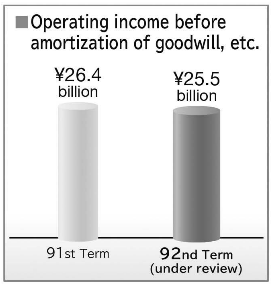
Furthermore, the Group worked on proposing new value by renewing "MITSUYA Cider Plus" and "Asahi Shokujito Isshoni Juroku-Cha W," both of which are Foods for Specified Health Uses, and by releasing "Ameal Water" and "Asahi Memehana-Cha," both of which are Foods with Functional Claims.

With respect to chilled soft drinks, the black tea category performed well, mirroring the expansion of the product lineup for the "Otona no Kocha Premium" series, and the distribution channels for small-capacity products were expanded in response to market needs.

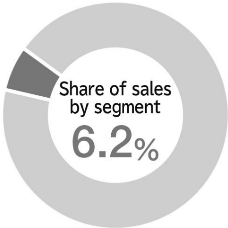
As a result, the soft drinks segment posted net sales of ¥490,186 million, up 4.0% from those of the previous year, as net sales of Asahi Soft Drinks Co., Ltd. and LB Co., Ltd. exceeded those of the previous year.

In spite of sales growth, operating income before amortization of goodwill, etc. decreased by 3.1% year on year to ¥25,596 million due to active budget spending on promotion expenses and deterioration in profitability caused by variations of the component ratio of products categories and size and type of containers. (Operating income after amortization of goodwill, etc. stood at ¥22,409 million, representing a year-on-year increase of 5.1%.)





Foods Segment



Main products:	Confectionery, nutritional snacks, supplements, quasi-drugs, infant formula, baby foods, freeze-dried miso soup, etc.

In the foods segment, the Group companies strove to concentrate on brands and businesses in which they have "strengths", and to attain steady sales growth and improve profitability by reviewing production processes and reducing manufacturing costs.

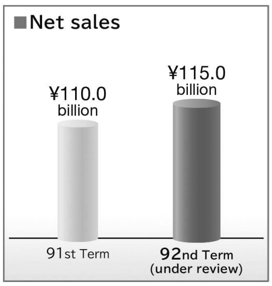
At Asahi Food & Healthcare Co., Ltd., sales remained well thanks to the upgrading and expansion of its product lineup including "MINTIA," a tablet-type confectionary, and "Ippon Manzoku Bar," a nutritional snack. In addition, in the category of dietary supplement "Dear-Natura," Asahi Food & Healthcare launched "Dear-Natura Gold," a Food with Functional Claims, and conducted storefront sales promotional activities in tandem with advertising.

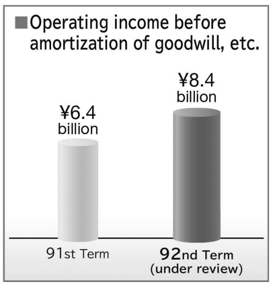
Wakodo Co., Ltd. released a renewal version of "Eiyo Marché," an in-container baby foods as well as a new product in the category of the combined seasoning "Oyako de Gohan," and stepped up sales promotional activities for infant formula. In addition, Wakodo moved ahead on winning new business partners in the contract manufacturing of professional-use products by bolstering its capabilities for business propositions.

Amano Jitsugyo Co., Ltd. sought to enhance the market visibility of the "Amano" brand by expanding the number of mass retailer handling "Itsumono Omisoshiru," one of its mainstay freeze-dried miso soup products. Moreover, Amano Jitsugyo introduced new products such as the "Mitsuboshi Kitchen" pasta series and the "Freeze Dry no Osozai" series aiming to capture markets for a broad range of dinner styles.

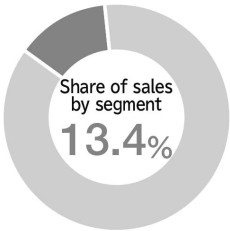
As a result, the foods segment posted net sales of ¥115,035 million, up 4.6% from those of the previous year, as each of the three companies performed better than in the previous year.

Operating income before amortization of goodwill, etc. increased by 30.2% year on year to ¥8,446 million due to increased sales, efficient spending of advertising and sales promotion expenses and reduced manufacturing costs. (Operating income after amortization of goodwill, etc. stood at ¥8,074 million, representing a year-on-year increase of 33.5%.)





International Operations Segment



Main products:	Beer, low-alcohol beverages, carbonated drinks, mineral water, sport drinks, tea, condensed milk, etc.

In the international operations segment, the Group endeavored to expand overall segmental sales and profitability by reinforcing its platform for business growth in each geographical region and creating an integrated synergy in Oceania.

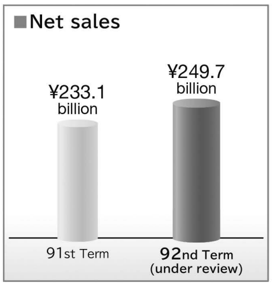
In the Oceania business segment, in the soft drinks sector, the Group made efforts to bolster sales in the mainstay carbonated drinks category such as "Schweppes" and "Solo," and conducted aggressive sales promotional activities in the mineral water category for which the market is expanding by drawing on a diverse product lineup including "Cool Ridge" and "Frantelle." In the alcoholic beverages sector, "Somersby" in the growing category of cider (sparkling apple wine) performed strongly. Meanwhile, the Group sought to enhance the market visibility of the "Asahi" brand by running TV advertisements for "Asahi Super Dry" and by launching "Asahi Soukai," a beer for exclusive distribution within Australia.

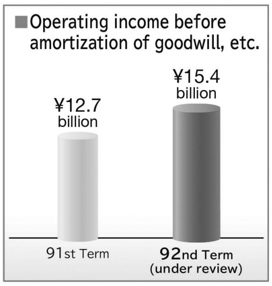
In the Southeast Asia business segment, "Mountain Dew," the mainstay carbonated drink for Malaysia, performed strongly. In addition, the Group endeavored to enhance its market presence by aggressively conducting sales promotional activities for the Group's own brand products such as "WONDA" in Malaysia and "ICHI OCHA" in Indonesia.

In the China business segment, as the sales volume of "Asahi Super Dry" offered in restaurants including Chinese and Korean restaurants exceeded that of the previous year, the Group aspired to firmly establish the "Asahi" brand by expanding to distribute its products through local mass retailers.

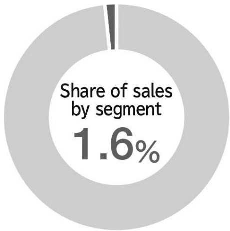
As a result, the international operations segment posted net sales of ¥249,734 million, up 7.1% from those of the previous year, as the business in each geographical region remained solid and the Etika Group's business performance provided an additional contribution.

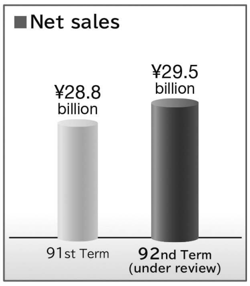
Operating income before amortization of goodwill, etc. increased by 21.7% year on year to ¥15,468 million, thanks to increased sales and the Group's efforts at maximizing an integrated synergy through self-manufacturing of PET bottles and streamlining of logistics costs in Oceania. (Operating income after amortization of goodwill, etc. improved by ¥4,723 million year on year to ¥3,519 million.)

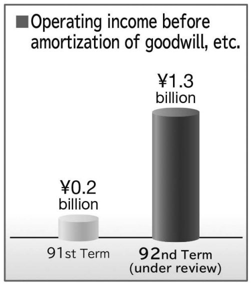




Other Businesses Segment







Main services: Cargo transportation, etc.

In the other businesses segment, net sales increased by 2.3% year on year to ¥29,537 million, mainly due to increase in the contracts in logistics operations overall.

Operating income before amortization of goodwill, etc. increased by 545.8% year on year to ¥1,305 million. (Operating income after amortization of goodwill, etc. stood at ¥1,305 million, representing a year-on-year increase of 545.8%.)

(2) Financial and Profit/Loss Indicators

		89th term FY2012	90th term FY2013	91st term FY2014	**92nd term FY2015 (under review)**
Net sales	(million yen)	1,579,076	1,714,237	1,785,478	**1,857,418**
Operating income	(million yen)	108,437	117,467	128,305	**135,119**
Ordinary income	(million yen)	114,821	123,612	133,168	**145,946**
Net income	(million yen)	57,183	61,749	69,118	**76,427**
Operating margin	(%)	6.9	6.9	7.2	**7.3**
EBITDA*1	(million yen)	170,981	183,695	192,308	**197,993**
Earnings per share*2	(yen)	122.75	135.73	148.92	**166.25**
Total assets	(million yen)	1,732,187	1,791,555	1,936,609	**1,901,554**
Net assets	(million yen)	726,879	827,481	896,510	**891,829**
Net assets per share*2	(yen)	1,553.35	1,772.47	1,904.64	**1,916.69**
ROE (Return On Equity)	(%)	8.4	8.0	8.1	**8.8**

*1 EBITDA is equal to the sum of operating income before amortization of goodwill, etc., and depreciation.

*2 Earnings per share (EPS) is calculated based on the average total number of shares outstanding during the term. Net assets per share is calculated based on the total number of shares outstanding at term-end. The number of shares outstanding is exclusive of treasury shares.

(3) Capital Investment Activities

Consolidated capital expenditures in the year under review totaled ¥56,830 million, the segment breakdown of which is as follows. A large portion of the capital expenditures represented investments made to upgrade existing facilities and implement energy conservation measures.

Business segment	Amount of capital expenditure (Million yen)
Alcoholic Beverages	18,095
Soft Drinks	16,637
Foods	5,359
International Operations	15,680
Other Businesses	201
Company-wide (common)	855
Total	56,830

(4) Financing Activities

The Company financed the capital investments detailed in item 3. above and other capital requirements through loans from financial institutions, the issuance of commercial papers and bonds. (The Company issued the 7th unsecured bonds (5-year bonds: ¥25.0 billion) and the 8th unsecured bonds (7-year bonds: ¥10.0 billion) on May 28, 2015.)

Funds required for companies' businesses of the Asahi Group are primarily sourced by the Company.

(5) Status of Principal Lenders

(As of December 31, 2015)

Lender	Outstanding balance (Million yen)
Sumitomo Mitsui Banking Corporation	61,001
Mizuho Bank, Ltd.	19,042
Sumitomo Mitsui Trust Bank, Limited	15,214
The Norinchukin Bank	15,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,122

(6) Principal Subsidiaries

Company name	Capital (Million yen)	Shareholdings (%)	Main operations
Asahi Breweries, Ltd.	20,000	100.0	Production and marketing of alcoholic beverages
Asahi Soft Drinks Co., Ltd.	11,081	100.0	Production and marketing of soft drinks
LB Co., Ltd.	487	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 Holdings (Australia) Pty Ltd	132,697 (AUD 1,806,901 thousand)	100.0	Overseeing soft drinks and alcoholic beverages operations in Oceania
Asahi Beer (China) Investment Co., Ltd.	9,996 (CNY 737,487 thousand)	100.0	Overseeing alcoholic beverages operations, and marketing of alcoholic beverages in China
Asahi Professional Management Co., Ltd.	50	100.0	Contracting of clerical work

Notes:
1. Shareholding percentages include shares held indirectly.
2. There were 118 consolidated subsidiaries of the Company as of the end of the fiscal year under review, including those listed above. There were 126 entities accounted for using equity method, including Tsingtao Brewery Co., Ltd. and Tingyi-Asahi Beverages Holding Co., Ltd.
3. There are no wholly owned specified subsidiaries as of the end of the fiscal year under review.

(7) Significant Developments such as Corporate Reorganization

As of March 31, 2015, the Company acquired all the shares of ENOTECA CO., LTD. through the intermediary of Asahi Breweries, Ltd., a wholly owned subsidiary.

(8) Principal Offices and Factories

(As of December 31, 2015)

1) Asahi Group Holdings, Ltd.

(Head office) 23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
(Laboratory) Research & Development Center (Moriya City, Ibaraki Prefecture)

2) Subsidiaries

Business segment	Company name	Major establishments	
Alcoholic Beverages	Asahi Breweries, Ltd.	Head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Tokyo Metropolitan Headquarters (Chuo-ku, Tokyo), etc.
		Production facilities	Ibaraki Brewery (Moriya City, Ibaraki Prefecture), etc.
		Laboratories	Development Laboratories for Alcoholic Beverages (Moriya City, Ibaraki Prefecture), etc.

Business segment	Company name	Major establishments	
Soft Drinks	Asahi Soft Drinks Co., Ltd.	Head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
		Regional sales offices	Tokyo Metropolitan Headquarters (Chuo-ku, Tokyo), etc.
		Production facilities	Akashi Plant (Akashi City, Hyogo Prefecture), etc.
		Laboratories	Products Research & Development Laboratory (Moriya City, Ibaraki Prefecture), etc.
	LB Co., Ltd.	Head office	3469-1, Aza Sakuragaoka, Ooaza Kurohama, Hasuda City, Saitama Prefecture
		Regional sales offices	CVS Marketing Department (Taito-ku, Tokyo), etc.
		Production facilities	Hasuda Plant (Hasuda City, Saitama Prefecture), etc.
		Laboratories	Marketing Department (Hasuda City, Saitama Prefecture)
Foods	Asahi Food & Healthcare Co., Ltd.	Head office	4-1, Ebisuminami 2-chome, Shibuya-ku, Tokyo
		Regional sales offices	Food Sales Section I for Chain Stores (Chuo-ku, Tokyo), etc.
		Production facilities	Osaka Plant (Suita City, Osaka Prefecture), etc.
		Laboratories	Products Research & Development Laboratory (Chuo-ku, Tokyo), etc.
	Wakodo Co., Ltd.	Head office	4-1, Ebisuminami 2-chome, Shibuya-ku, Tokyo
		Regional sales offices	Tokyo Branch (Shinjuku-ku, Tokyo), etc.
		Production facilities	Tochigi Plant (Sakura City, Tochigi Prefecture)
		Laboratories	Research Laboratory (Chofu City, Tokyo)
	Amano Jitsugyo Co., Ltd.	Head office	9-10, Dosan-cho, Fukuyama City, Hiroshima Prefecture
		Regional sales offices	East Japan Branch (Chiyoda-ku, Tokyo), etc.
		Production facilities	Okayama Factory (Asakuchi-gun, Okayama Prefecture)
		Laboratories	R&D Center (Asakuchi-gun, Okayama Prefecture)
International Operations	Asahi Holdings (Australia) Pty Ltd	Head office	Victoria, Australia
	Asahi Beer (China) Investment Co., Ltd.	Head office	Shanghai, China

(9) Employees

(As of December 31, 2015)

Business segment	Number of employees	Increase (decrease) from the end of the previous term
Alcoholic Beverages	5,666	555
Soft Drinks	3,998	(82)
Foods	1,368	1
International Operations	8,737	480
Other Businesses	1,915	55
Company-wide (common)	510	8
Total	22,194	1,017

(Reference)

Effective January 1, 2016, the Group reorganized its soft drinks segment and foods segment with a view to bolstering their business platforms in Japan.

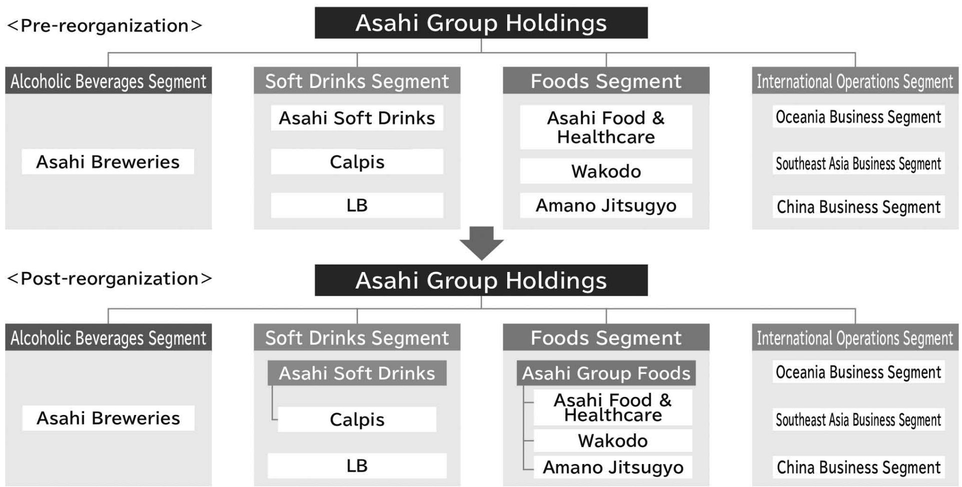
● The soft drinks segment excluding chilled soft drinks was integrated into Asahi Soft Drinks Co., Ltd.

・Calpis Co., Ltd. now specializes in the soft drinks manufacturing and dairy products businesses.

・Calpis Co., Ltd.'s functional foods business (mail-order business and functional raw material) and feedstuffs business were transferred and succeeded to Asahi Calpis Wellness Co., Ltd.

● The foods segment was integrated into Asahi Group Foods, Ltd.

・Asahi Food & Healthcare Co., Ltd., Wakodo Co., Ltd. and Amano Jitsugyo Co., Ltd. continue their respective businesses performing manufacturing functions.



(Reference)

<Group Companies as of January 1, 2016>

Company-wide (Common)

Asahi Group Holdings, Ltd.
Asahi Professional Management Co., Ltd.
and others.

Alcoholic Beverages Segment

Asahi Breweries, Ltd.
The Nikka Whisky Distilling Co., Ltd.
ENOTECA CO., LTD.
Asahi Draft Marketing, Ltd.
Asahi Food Create, Ltd.
Nadaman Co., Ltd.
Masuda Co., Ltd.
Asahi Beer Malt, Ltd.
Asahi Beer Feed Co., Ltd.
Sainte Neige Wine Co., Ltd.
Satsumatsukasa Shuzo Co., Ltd.
Hokkaido Nikka Service Co., Ltd.
Sendai Nikka Service Co., Ltd.

Asahi Beer U.S.A., Inc.
LOTTE Asahi Liquor Co., Ltd.
and others.

Soft Drinks Segment

Asahi Soft Drinks Co., Ltd.
LB Co., Ltd.
Calpis Co., Ltd.
Asahi Calpis Beverage Co., Ltd.
Asahi Orion Calpis Inryo Co., Ltd.
and others.

Foods Segment

Asahi Group Foods, Ltd.
Asahi Food & Healthcare Co., Ltd.
Wakodo Co., Ltd.
Amano Jitsugyo Co., Ltd.
and others.

International Operations Segment

Asahi Holdings (Australia) Pty Ltd
Schweppes Australia Pty Limited
Independent Liquor (NZ) Limited
Asahi Premium Beverages Pty Ltd
The Better Drinks Co Limited
Mountain H2O Pty Ltd

Asahi Group Holdings Southeast Asia Pte. Ltd.
Permanis Sdn. Bhd.
Etika Dairies Sdn. Bhd.
PT Asahi Indofood Beverage Makmur
Asahi Loi Hein Company Limited

Asahi Beer (China) Investment Co., Ltd.
Beijing Beer Asahi Co., Ltd.
Yantai Beer Tsingtao Asahi Co., Ltd.
Shandong Asahi Green Source Hi-Tech Farm Co., Ltd.
Shandong Asahi Green Source Milk Products Co., Ltd.

Buckinghamshire Golf Co., Ltd.
and others.

Other Businesses Segment

Asahi Calpis Wellness Co., Ltd.
Asahi Logistics Co., Ltd.
East Japan AB Cargo Co., Ltd.
West Japan AB Cargo Co., Ltd.

(Reference)

Summary of Medium-Term Management Plan 2015

In Medium-Term Management Plan 2015, launched in 2013, the Company adopted growth in ROE and EPS as key performance indicators (KPI). Under the plan, the Company has worked to enhance corporate value through capital efficiency improvement to increase shareholder returns, while placing the highest priority on sales and profit growth.

In an tough business environment both in Japan and overseas during the term of Medium-Term Management Plan 2015, the Group undertook value creation focused on strengths, network expansion, earning structure reforms results exceeding targets, and substantial shareholder returns and was able to achieve its targets as shown below.

At the same time, in an increasingly fierce competitive environment, issues that remain to be addressed include further high value addition and creation of new demand in the mainstay alcohol beverages and soft drinks businesses. Overseas business, acceleration of growth for Oceania and Southeast Asia and expansion of the global foundations for growth are urgent priorities.

● **Key Performance Indicators (KPI)**

	FY2012 (actual)	FY2013 (actual)	FY2014 (actual)	**FY2015 (actual)**	**Average growth rate for three years**	**Medium-Term Plan target FY2015**
ROE	8.4%	8.0%	8.1%	**8.8%**	–	**About 10%**
Adjusted ROE*	8.6%	8.7%	9.4%	**10.4%**	–	
Adjusted ROE (before goodwill amortization)	11.2%	11.9%	12.6%	**13.1%**	–	**About 12%**
EPS (growth rate)	¥122	¥135 (10.6%)	¥148 (9.7%)	**¥166 (11.6%)**	**10.6%**	**Average annual growth rate of 10% or more**

* Adjusted ROE: In light of the rapid yen depreciation and share price hike, adjusted ROE is calculated after excluding "foreign currency translation adjustment" and "valuation difference on available-for-sale securities" from "equity."

<KPI-based Guidelines>

	FY2012 (actual)	FY2013 (actual)	FY2014 (actual)	**FY2015 (actual)**	**Average growth rate for three years**	**Medium-Term Plan guideline FY2015**
Net sales (growth rate)	¥1,579.0 billion	¥1,714.2 billion (8.6%)	¥1,785.4 billion (4.2%)	**¥1,857.4 billion (4.0%)**	**5.6%**	**Average annual growth rate of 3%**
EBITDA (growth rate)*	¥170.9 billion	¥183.6 billion (7.4%)	¥192.3 billion (4.7%)	**¥197.9 billion (3.0%)**	**5.0%**	**Average annual growth rate of 6%**
Net income (growth rate)	¥57.1 billion	¥61.7 billion (8.0%)	¥69.1 billion (11.9%)	**¥76.4 billion (10.6%)**	**10.2%**	**Average annual growth rate of 7%**
Operating margin	6.9%	6.9%	7.2%	**7.3%**	–	**8% or more**
Dividend payout ratio	22.8%	31.7%	30.2%	**30.1%**	–	**About 30%**
Total return ratio	22.8%	80.5%	102.8%	**56.1%**	–	**50% or more**

* EBITDA is equal to the sum of operating income before amortization of goodwill, etc. and depreciation.

(10) Management Perspectives

1) Management Basic Policy

Under the group-wide corporate philosophy of "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 the enrichment of society worldwide," the Group conducts business activities in the "Alcoholic Beverages," "Soft Drinks" and "Foods" segments and the "International Operations" of such segments, under the command of Asahi Group Holdings, Ltd., a pure holding company.

In addition, the Group makes efforts to resolve social issues through our business activities in the three business activity domains of "Food and Health," "The Environment" and "People and Society," and set out the respective material issues (priority themes) in each domain, toward the realization of a "sustainable society," which is essential for developing our corporate activities.

2) Future Changes in Business Environment

In the business environment surrounding the Asahi Group, as the twenty-year struggle to escape from deflation reaches a crucial stage in Japan, the increase of consumption tax and revision of the liquor tax are expected to result in further diversification of consumption. Overseas, at a time of slowing of growth in emerging economies, a wide variety of risks and opportunities are expected to emerge, including continuation of large-scale global industry realignment.

Furthermore, in response to formulation of the Japan's Stewardship Code and Corporate Governance Code, the management approach of Japanese companies and perspectives of shareholders and other stakeholders are likely to shift more toward sustainable growth and the increase of corporate value over the mid- to long-term.

3) Long-Term Vision

In light of the foregoing, the Asahi Group has revised the "Long-Term Vision 2020" that it developed in 2012 and formulated the new Long-Term Vision, which incorporates a vision of the future ten years or so while following the basis of the Long-Term Vision 2020. The Group envisions what the entire Group desires to be and prescribed the vision for each of stakeholders by advancing the rallying calls of "Striving to be a corporate group trusted around the world through the *Kando* of food (deliciousness, happiness and innovation)" and "Seek 'sustained corporate value enhancement' by pursuing satisfaction for all stakeholders."

4) Medium-Term Management Policy

Concurrently with the renewal of the "Long-Term Vision," the Group plans to amend the existing "Medium-Term Management Plan" as a "Medium-Term Management Policy." The Policy is to indicate guidelines for KPI for the coming three years on a rolling basis in accordance with changes in the business environment. In addition, the Group will strive to further develop "Management for Corporate Value Enhancement" by setting the following three key priorities:

A Strengthening of power of earnings generating by positioning the domestic profit base as the cornerstone of earnings and the overseas business as a growth engine

- Promotion of innovation and demonstration of leadership in the industry with high value addition and differentiation as key areas of focus
- Earning structure reforms and business model evolution through business integration and value chain sophistication
- Acquisition of foundations for growth, mainly in overseas markets, leveraging strengths originating in Japan

B Asset and capital efficiency improvement that takes into consideration capital cost

- Capital efficiency improvement with an emphasis on equity spread (ROE – cost of shareholders' equity)
- Business administration and business portfolio restructuring utilizing ROIC (rate of return on invested capital) as a performance indicator

C Reinforcement of ESG (environmental, social, and governance) initiatives to increase sustainability

- Upgrading of “hidden capital assets” such as nature, social and relationship capital, and personnel and its development toward a CSV* strategy
- Implementation of “active corporate governance” that contributes to the practice of management to enhance corporate value

*CSV: creating shared value

Going forward, the Company will deepen dialogue with the shareholders, investors and other stakeholders and aim at sustained corporate value enhancement by positioning the Long-Term Vision and Medium-Term Management Policy as a stakeholder engagement agenda.

The Group cordially requests shareholders’ continuing encouragement and support.

Corporate Philosophy of the Asahi Group

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 the enrichment of society worldwide.

Long-Term Vision

Striving to be a corporate group trusted around the world through the *Kando* of food (deliciousness, happiness and innovation)

As a comprehensive beverage and food business group whose core business is alcohol beverages, aim to be an industry leader in Japan with high value addition as a key area of focus and establish a unique position as a global player that leverages strengths originating in Japan.

Seek "sustained corporate value enhancement" by pursuing satisfaction for all stakeholders

Vision for Stakeholders

Customers	Continue to create new value based on strengths nurtured in Japan and achieve the No. 1 ranking for customer satisfaction in Japan and each region of the world.
Business partners	Develop relationships with our business connections and alliance partners that enable mutual growth through new value creation.
Society	Contribute to the resolution of social problems through the Group's businesses in areas such as development of a wholesome food culture.
Employees	Develop an environment in which employees experience both personal and corporate growth and can work vigorously.
Shareholders	Enhance corporate value (equity value) through sustained profit creation and shareholder returns.

Medium-Term Management Policy

Further development of management to enhance corporate value in order to achieve sustainable growth

Key Performance Indicator (KPI) Guidelines

	FY2015 actual	Guidelines for FY2016 to FY2018
Net sales	¥1,857.4 billion	• Stable growth from main businesses – Business restructuring + New M&A
Operating income	¥135.1 billion	• Existing businesses (Average annual growth rate in the high single digits) + Impact of new M&A
EPS	¥166	• Average annual growth of approx. 10%
ROE	8.8%	• Maintenance and increase to 10% or higher

Notes: 1. Guidelines for each indicator take into account the impact of International Financial Reporting Standards (IFRS) transition at the end of FY2016.
2. The calculation basis excludes special factors such as foreign exchange impact and one-off extraordinary items.

Financial and Cash Flow Guidelines

	FY2016 to FY2018 cumulative guidelines
Cash flow (CF)	• Generated cash flow: ¥470.0 billion or more (Operating cash flow + Maximization measures + Assets review) • Capital expenditures: ¥180.0 to ¥220.0 billion
Growth investment	• Active investment in M&As and alliances to acquire foundations for growth (Maximum D/E ratio* of approx. 1.0 time acceptable if major capital demands arise)
Shareholder returns	• Stable dividend increases with the aim of a dividend payout ratio of 30% (IFRS basis) by FY2018 • Flexible acquisition of treasury shares taking into account an appropriate balance with growth investment

* D/E ratio (debt equity ratio) = interest-bearing debt / equity

(Reference) CSR Activities of the Asahi Group

The Asahi Group aims to be a trustworthy corporate group by proactively making efforts to resolve social issues through our business activities in the three business activity domains of "Food and Health", "The Environment" and "People and Society".

■ Food and Health

Wakodo Awarded by Consumer Affairs Agency for Activities in Assisting Childrearing

Wakodo, dealing in baby items, has been sending nutritionists across Japan and conducting childcare consultation, ahead of its competitors, for more than 55 years. Furthermore, Wakodo has, in cooperation with the government, been transmitting information for babies' healthy, safe and secure life. In recognition of such activities performed for a long time, Wakodo earned the "Best Consumer Supporter Award" for 2015 at the Consumer Affairs Agency-hosted ceremony to present the commendations for contributors to consumer support, where individuals and entities participating actively in the protection and promotion of consumer interests were commended.

Going forward, Wakodo will continue to advance its business activities while concurrently conducting CSR activities in order to realize sustainable society, valuing the corporate philosophy it has had since its inception: "We support the healthy growth of babies and the well-being life of everyone."

■ The Environment

Asahi Group Holdings Wins Highest Rating on "Water Resource Management" and "Response to Climate Change" by CDP

By CDP (previously called "Carbon Disclosure Project"), an international non-profit organization, the Company was awarded the highest "A" rating for each of the "water resource management" and "response to climate change" categories in 2015. CDP performs annual evaluations of the impact of corporate activities on the environment and natural resources with a view to requesting, for and on behalf of institutional investors, that corporations disclose and take actions regarding such impact. These favorable ratings are considered to be attributable to the Group-wide initiatives and efforts as listed below.

The Group will strive to realize a sustainable society by continuing to work on environmental challenges.

CDP A LIST 2015 WATER

<Initiatives and efforts relating to "water resource management">

- Environmental preservation activities at water sources to factories
- Reduction of water usage in production processes and wastewater emission control
- Analysis of risks to water and evaluation of economic impact of such risks on business from the viewpoint of major materials purchasing

CDP A LIST 2015 CLIMATE

<Initiatives and efforts relating to "response to climate change">

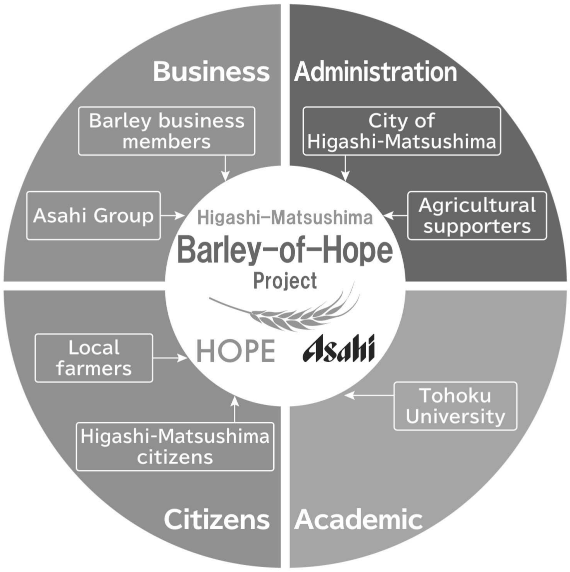
- Reduction of greenhouse-effect gas, such as use of green electricity, introduction of a co-generation system, and active deployment of energy-saving vending machines
- Construction of an environmental data system within the Group, promotion of its disclosure, and implementation of third-party verification

(Reference)

■ People and Society

“Barley-of-Hope Project” off to Full-Scale Startup

The Company started the “Barley-of-Hope Project” jointly with “Higashimatsushima Organization for Progress and Economy, Education, Energy” with the aim of creating new industries and employment in one of the areas stricken by the Great East Japan Earthquake by growing barley with the know-how, technologies, and networks held with research institutes, by the Asahi Group. The Company formed a coalition encompassing business, administration, academic and civil sectors with the City of Higashi-Matsushima, Tohoku University, local citizens, and others. In April 2014, the project team commenced demonstration experiments at three locations in Higashi-Matsushima, Miyagi Prefecture, and harvested barley for the first time in 2015. Furthermore, the project is moving ahead to play an active role in bringing bread-and-butter jobs and diminished street bustle back to the disaster areas by developing products made from harvested barley and expanding growing area by using a former park site near the coast from October onwards.



Asahi Group Holdings Chosen as “Health & Productivity Stock Selection”

Asahi Group Holdings was chosen by the Ministry of Economy, Trade and Industry and by the Tokyo Stock Exchange as a “Health & Productivity Stock Selection” for two consecutive years in FY 2015 and 2016. Chosen from among the TSE-listed issues, a “Health & Productivity Stock Selection” represents a corporation which considers the healthcare of its employees from the managerial perspective and strategically puts such considerations into practice. At Asahi Breweries as the core company of the Asahi Group, the rallying call goes: “Health is the foundation for everything, and each one of us will make efforts to prevent disease and promote physical and mental health.” Asahi Breweries undertook initiatives to support such efforts, and we believe that Asahi Group Holdings was chosen in recognition of such initiatives.

Going forward, the Asahi Group will continue to drive “health and productivity management” so that its employees may work with vigor and enthusiasm with an optimistic outlook toward the future, create an environment for living a healthy and fulfilling life, and “contribute to the promotion of healthy living and the enrichment of society worldwide” as pledged in its corporate philosophy.

2. Corporate Governance System

(1) Basic Concept

With the belief that "growth-oriented governance" by which to make transparent, fair, swift and bold decisions is indispensable for striving to achieve sustainable growth and increase a corporate value over the mid- to long-term, the Company has established its Corporate Governance Guidelines, and makes efforts primarily in the following areas:

1) Ensuring rights of and equality among shareholders

Recognizing that "a shareholder is equal in accordance with his/her equity interest", the Company strives to ensure substantial equality of shareholders and conduct appropriate information disclosure by posting various information for shareholders and/or individual investors with updates, as needed, on its website. Information disclosure is also ensured for overseas investors using the English website, as well as the issuance of the English-version Convocation Notice of the General Meeting of Shareholders in view of the convenience of exercising of shareholders' rights by foreign shareholders. Furthermore, the Company has streamlined a system that allows for employees assigned to assist the Board of Corporate Auditors, who are not be subject to directives or orders from Directors or employees, under the control of the Board of Corporate Auditors, so that Corporate Auditors can handle claims from any minority shareholders against the Company or any Director and Corporate Auditor, independently from management to ensure the substantial rights of minority shareholders.

2) Appropriate Collaboration with Stakeholders

The Company has identified corporate value as a summation of six types of capital: financial capital, manufacturing capital, intellectual capital, human capital, social and relationship capital and natural capital, and has set its vision vis-à-vis its customers, business partners, society, employees and shareholders as stakeholders as described below. The Company has appropriately put into practice its collaboration with stakeholders based on such vision:

Customers:	Continue to create new value based on strengths nurtured in Japan and achieve the No. 1 ranking for customer satisfaction in Japan and each region of the world.
Business partners:	Develop relationships with our business connections and alliance partners that enable mutual growth through new value creation.
Society:	Contribute to the resolution of social problems through the Group's businesses in areas such as development of a wholesome food culture.
Employees:	Develop an environment in which employees experience both personal and corporate growth and can work vigorously.
Shareholders:	Enhance corporate value (equity value) through sustained profit creation and shareholder returns.

3) Ensuring Proper Information Disclosure and Transparency Thereof

The Company formulated the "Disclosure Policy" and proactively addresses the voluntary disclosure of information. The Company strives to provide well-balanced information disclosure between financial information, such as accounting, and non-financial information, such as management strategies, risks and governance, by publicizing the Integrated Report, in addition to the statutory disclosure, timely disclosure and other information disclosures on the website.

4) Responsibilities of the Board of Directors

The Company's Board of Directors appropriately fulfills their roles and responsibilities to ensure the sustainable growth and the increase of corporate value over the mid- to long-term of the Company, as well as to promote the improvement of earning capacity and capital efficiency by taking into account their fiduciary responsibility and accountability to shareholders. Such initiatives include determining the Long-Term Vision and medium-term management policies and promoting their execution, while also properly supporting management's risk taking by streamlining the internal control system and risk management system.

The Board of Directors, in deliberating management strategies etc., mainly prepared by management, takes care to plan the meetings as a venue for constructive discussion by avoiding ritual discussion with measures such as sharing information with Outside Directors and a preliminary explanation of agenda items thereto in the review process or receiving reports on the results of discussion from the Board of Corporate Auditors, thereby aiming for the sustainable growth and the increase of corporate value over the mid- to long-term of the Company.

5) Dialogues with Shareholders

For promoting constructive dialogues with shareholders, the Company shall appoint an officer as a responsible executive in charge of dialogues with shareholders and ensure well-organized collaboration among the auxiliary departments by providing the information for the dialogues. In addition, the Company shall endeavor to understand the shareholder structure and conduct various explanatory meetings by Representative Directors of the Company, visits to domestic/overseas investors and/or factory tours for shareholders.

(2) Characteristics of Current Systems

As a company with a Board of Corporate Auditors, the Company audits the execution of duties by the Directors utilizing the Board of Corporate Auditors, of which a majority of the board members are independent Outside Corporate Auditors, while taking advantage of the corporate auditor system with its independence, and in which the power of final decision making is given to each person and which has Standing Corporate Auditors. In addition, the Nomination Committee and the Compensation Committee have been established to act as advisory bodies to the Board of Directors, of which half the members of each committee are independent Outside Directors. Under the system of these discretional bodies, the Company is creating a structure that allows independent Outside Directors/Corporate Auditors to monitor the management of the Company with high effectiveness.

(3) Structure of the Board of Directors

The Board of Directors includes three or more Outside Directors who have been elected from among corporate managers and/or experts in view of their experience, insight and professional background to ensure the balance and diversity in terms of knowledge, experience and ability of the entire board. The Board of Directors comprehensively evaluates and judges the candidates' experience, insight and professional background with reference to the requirements for Directors, which are determined based on the management strategies of the Company, such as the "Corporate Philosophy of the Asahi Group" and the "Asahi Group's Corporate Action Guidelines." The number of Directors is fixed to be up to fifteen in total of both outside and internal directors.

(4) Evaluation of Effectiveness of the Board of Directors

To contribute to the creation of corporate value over the mid- to long-term, the Company analyzes and evaluates the effectiveness of the Board of Directors, and discloses the summary of the evaluation results of Fiscal 2015.

(5) Requirements for Directors and Corporate Auditors

In appointing candidates for Directors and Corporate Auditors, the Board of Directors appoints candidates who have a wealth of experience, excellent insight and expertise, which are appropriate for such positions of the Company for the purpose of realizing effective corporate governance.

Also, in the interests of higher fairness and transparency in determining the personnel affairs of officers, the Board of Directors has established the Nomination Committee to act as an advisory body, of which half the committee members are Outside Directors, for the consultation of all queries related to candidates for Directors, Corporate Auditors and Corporate Officers of the Company.

(6) Succession Plan and Training

Pursuant to the requirements demanded of its Directors, the Company has identified the matters of succession (cultivation of successors) and pipeline (personal resources of successors) of its Directors and Corporate Officers as the highest priorities, and plans to develop a succession plan for the CEO, etc. during Fiscal 2016. The Board of Directors will properly supervise the development of such a succession plan.

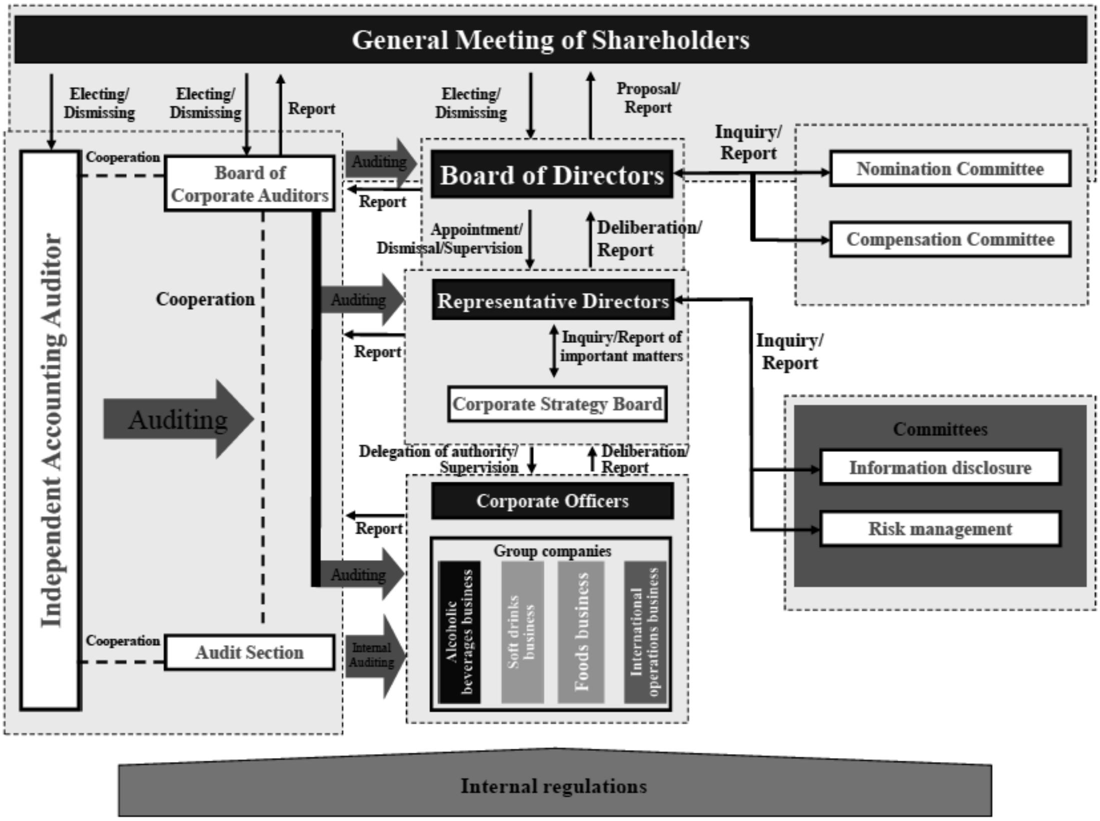
In addition, the Company sets the requirements for each of Directors and Corporate Auditors according to his/her executive stage, and conducts training conducive to enhancement of Directors and Corporate Auditors as a whole in accordance with such requirements. On the occasions of their appointments, the Company provides Outside Directors/Corporate Auditors with information relating to the overview of the Asahi Group including its operations, financial affairs and organizations, and implements measures, such as factory tours, to facilitate their understanding of the Group as needed.

(7) Criteria for judgment of independence of Outside Directors/Corporate Auditors

The criteria for judgment of independence of Outside Directors/Corporate Auditors are as described on pages 10 and 11.

(8) System chart

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



(9) Roles and compositions of the advisory bodies

The roles and compositions of the advisory committees and deliberative bodies are as described below:

1) Nomination Committee

The Nomination Committee provides reports on its findings and views about candidates for Directors, Corporate Auditors and Corporate Officers in response to the inquiries referred from the Board of Directors. The Committee consists of two Outside Directors and two internal Directors, and an internal Director is co-operatively appointed as its chairperson. The Committee held two meetings during Fiscal 2015, and provided reports on its findings and views primarily about personnel affairs of officers.

2) Compensation Committee

The Compensation Committee provides reports on its findings and views about the remuneration system and amount of remuneration for Directors and Corporate Officers in response to the inquiries referred from the Board of Directors. The Committee consists of two Outside Directors and two internal Directors, and an Outside Director is co-operatively appointed as its chairperson. The Committee held a total of nine meetings during Fiscal 2015, and provided reports on its findings and views primarily about officers’ bonuses.

3) Information Disclosure Committee

The Information Disclosure Committee is responsible for centrally managing and controlling corporate information disclosure, and provides reports on its findings and views about proposals for fair, prompt and widespread information disclosure in response to the inquiries referred from the President and Representative Director. The Committee consists of internal Directors and Corporate Officers excluding the President and Representative Director, and the Director in charge of public relations serves as its chairperson. The Committee held a total of twelve meetings during Fiscal 2015, analyzed the contents of relevant information, and provided reports on its findings and views about the need or otherwise, contents, methods, etc. of information disclosure in light of the Timely Disclosure Rules of the Tokyo Stock Exchange.

4) Risk Management Committee

The Risk Management Committee provides reports on its findings and views about policies on overall risk management activities based on the results of risk surveys and the priority ranking of measures against main risks in response to the inquiries referred from the President and Representative Director. The Risk Management Committee consists of internal Directors, external attorneys at law and the Director in charge of general and legal affairs serves as its chairperson. The Committee held a total of four meetings during Fiscal 2015, and provided reports on its findings and views about periodic risk surveys, operation and analysis of the Clean Line System, etc.

5) Corporate Strategy Board

The Corporate Strategy Board provides reports on its findings and views about evaluation of the objectivity, reasonableness and legality of substantive matters in response to the inquiries referred from the President and Representative Director, in order to promptly convert his/her decisions into tangible forms. The Board consists of internal Directors and Corporate Officers, and the President and Representative Director serves as its chairperson. The Board held a total of fifty meetings during Fiscal 2015, and provided reports on its findings and views primarily about development of corporate strategies and status of business executions by Group companies.

(As of December 31, 2015)

Category	Name	Nomination Committee	Compensation Committee	Information Disclosure Committee	Risk Management Committee	Corporate Strategy Board
Directors	Naoki Izumiya	◎			○	◎
	Katsuyuki Kawatsura	○		◎	○	○
	Shiro Ikeda		○	○	○	○
	Katsutoshi Takahashi		○	○	○	○
	Yoshihide Okuda			○	◎	○
	Akiyoshi Koji			○	○	○
	*Mariko Bando	○	○			
	*Naoki Tanaka	○	◎			
	*Ichiro Ito					
Corporate Auditors	Yoshihiro Tonozuka				observer	observer
	Akira Muto				observer	observer
	*Tadashi Ishizaki					
	*Katsutoshi Saito					
	*Yumiko Waseda					

Note: *denotes Outside Directors/Corporate Auditors ◎committee chairpersons ○committee members.

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

Overview of the resolution regarding systems to ensure appropriate business operations

The Board of Directors passed the following resolution with respect to the above-mentioned systems. Also, in light of revisions to the Companies Act and other related laws and regulations, through a resolution made by the Board of Directors on April 30, 2015, the contents of the above mentioned systems have been revised.

The Company has adopted the following corporate philosophy of the Asahi Group: "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 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 the appropriate execution of Directors' duties in conformity with laws and regulations and the Articles of Incorporation of the Company and its subsidiaries (herein this section the "Group Companies") and ensure the appropriate business operations of the Group Companies (herein this section the "Internal Control System");
- recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control System in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Corporate Officers, through the respective departments and organizations they are in charge of, to develop and fully enforce individual internal regulations that will be applied to the Company and the entire Asahi Group and are required based on the Basic Policies; and
- take steps to maintain and enhance the effectiveness of the Internal Control System by reviewing the Basic Policies and relevant internal regulations that will be applied to the Company and the entire Asahi Group in a timely and appropriate manner in accordance with changes in conditions and circumstances.

(1) System to ensure execution of duties by Directors and employees of the Company and the Group Companies in conformity with laws and regulations and the Articles of Incorporation of the Company and the Group Companies

1) In accordance with a statement of "Fair and Transparent Corporate Ethics" as stipulated in "Asahi Group's Corporate Action Guidelines", the Company shall establish "Regulations on Corporate Ethics for the Asahi Group" and "Asahi Group Corporate Ethics Guidelines" and procure its Directors, Corporate Auditors and employees abide by these regulations.
2) In accordance with "Asahi Group Risk Management Regulations", the Company shall establish the "Risk Management Committee", which will oversee the compliance and risk management of the Asahi Group. One of the committee's members shall be an external attorney at law.
3) An Officer of the Company in charge shall have authority over compliance and risk management within the Asahi Group. The sections in charge of general and legal affairs shall handle day-to-day compliance and risk management tasks.
4) The Company shall assign responsible persons in charge of compliance and risk management in the Company and the Group Companies. The responsible person shall make efforts to prioritize compliance in all aspects of business activities at each Group Company.
5) 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.
6) The Company shall establish "Asahi Group's Basic Policy on Procurement" addressing mutual cooperation for fair deals and social responsibilities between the each Group Company and suppliers and system that enables suppliers to blow a whistle on breaches of

the Policy as necessary. The Company shall inform and spell out these measures to its suppliers to enable the Company to develop an Internal Control System in cooperation with its suppliers.

7) 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.
8) The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations that will be applied to the Company and the entire Asahi Group.

(2) System to ensure the preservation and management of information related to execution of duties by Directors

1) Information related to execution of duties by Directors shall be properly preserved and managed in accordance with "Document-Management Regulations" and other related internal regulations that will be applied to the Company and the entire Asahi Group.
2) The aforementioned information shall be preserved and managed in a way accessible by Directors and Corporate Auditors for inspection at any time.
3) Control over the clerical tasks related to preservation and management of the aforementioned information shall be determined in accordance with internal regulations that will be applied to the Company and the entire Asahi Group.

(3) Regulations and other organizational structures of the Asahi Group to manage risk of loss

1) The Company shall develop and adopt "Asahi Group Risk Management Regulations" and shall affirm them as the highest standards governing risk management within the Asahi Group. It shall also establish a manual on the Regulations and disseminate the same among all over the Group.
2) In addition to having the appropriate sections manage risk in their respective areas, the "Risk Management Committee" shall perform comprehensive risk management across the entire Asahi Group. The "Risk Management Committee" shall periodically analyze and evaluate risks in accordance with the "Asahi Group Risk Management Regulations" and, when necessary, carry out comprehensive reviews of the risk management system. Utmost attention shall be paid to the risk of failing to maintain product quality. As a food and drink manufacturing group, the Asahi Group strongly recognizes their social responsibility to consumers to ensure the safety of their products.
3) In the event of any major accident, disaster or scandal, the Company shall establish a "Crisis-Response Meeting" chaired by a Representative Director.

(4) System to ensure efficient execution of duties by Directors of the Company and the Group Companies

1) 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 sections.
2) The Company shall establish "Regulation of Authority" and "Asahi Group's Regulation of Authority" stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among different sections and among Group Companies.
3) The Company shall ensure the effective utilization of the "Corporate Strategy Board", consisting of the Company's internal Directors and Corporate Officers for formulating the Asahi Group's corporate strategy and implementing progress management, etc.
4) 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.

5) To use funds efficiently, a cash management system among the Company and the Group Companies is introduced.

(5) System to ensure appropriate operations of the Asahi Group

1) All systems required for the Internal Control, including those for compliance and risk management, shall apply comprehensively across the entire Asahi Group. As the holding company, the Company shall manage the said systems of the Group Companies while respecting their autonomy, and supporting the development and operation of the Internal Control System, in accordance with the conditions and circumstances individual companies are facing.
2) The section in charge of internal auditing in the Company shall get a grasp of and evaluate the Internal Control System and discipline in day-to-day tasks within the Asahi Group by directly and indirectly auditing the Group Companies. In addition, regarding the Internal Control related to financial reporting, the organization in charge of evaluation established within the Asahi Group shall conduct the evaluation on the Internal Control System of the Group Companies and submit the relevant reports.
3) Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled "Asahi Group's Regulation of Authority".
4) Each of the Group Companies will provide reports at the "Corporate Strategy Board" one or more times each quarter on performance of its operations including risk-related information.

(6) Securement of employees in the event that Corporate Auditors request staff to assist in their auditing duties

The "Board of Corporate Auditors" shall appoint staff to serve the Board of Corporate Auditors, for assistance in the day-to-day activities of the Corporate Auditors.

(7) Independence of employees assigned to assist the Corporate Auditors from the Directors and ensuring the effectiveness of instructions received by relevant staff

1) When a member of the staff who serves 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.
2) Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff who serves the Board of Corporate Auditors shall require the prior concurrence of Corporate Auditors.

(8) System for Directors' and employees' reporting to Corporate Auditors

1) Directors and employees shall report regularly to Corporate Auditors on matters related to the Internal Control System, 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).
2) Directors shall ensure that Corporate Auditors have every opportunity to participate in discussions of important bodies, etc. such as the Board of Directors meetings, the "Corporate Strategy Board" meetings and the "Risk Management Committee" meetings. Directors shall provide details of the agenda items of such meetings beforehand for Corporate Auditors.
3) Corporate Auditors shall at all times have the right to review the minutes of important meetings, documents of approval, etc.

(9) System for reporting by the Group Companies' Directors, Corporate Auditors, employees or persons receiving such reports to the Company's Corporate Auditors

1) The Group Companies' Directors, Corporate Auditors, employees or persons receiving reports from them shall report regularly to the Company's Corporate Auditors on matters

related to the Internal Control System 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 of the Group Companies.

2) The Company's or the Group Companies' sections in charge of internal auditing shall report the results of the Group Companies' internal audits to the Corporate Auditor of the Company without delay.
3) The whistle-blowing contacts under the Clean Line System shall be the Company's Corporate Auditors, section in charge of general and legal affairs, or attorneys at law designated by the Company ("external attorneys at law"), and the information reported to the Company's section in charge of general and legal affairs and the external attorneys at law shall be reported to the Company's Corporate Auditors.
4) The Company prohibits any party from treating the whistle-blower prescribed in the preceding item and this item in any manner disadvantageous to him/her on the ground of the whistle-blow.

(10) Policy on procedures for advance or reimburse expenses incurred in association with Corporate Auditors' execution of their duties, and treatment of other expenses or debts incurred in association with the execution of their duties

To defray expenses incurred in association with the Corporate Auditors' execution of their duties, the Company shall secure a certain specific amount of budget and shall, in response to the request of the Board of Corporate Auditors or the Standing Corporate Auditor, advance or reimburse expenses or otherwise dispose of debts incurred in association with the Corporate Auditors' execution of their duties.

(11) 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 section in charge of internal auditing of the Company and with the Independent Accounting Auditor.

Overview of operation of systems to ensure appropriate business operations

(1) Overall Internal Control System

1) In order to develop and operate the Internal Control Systems of the Company and the Group Company and effectively achieve the objectives of internal control, the sections of the Company in charge of internal auditing cooperate with the internal auditing organ established within the Asahi Group in conducting audits to determine whether audit operations are executed properly and efficiently in accordance with annual audit plans. During Fiscal 2015, a total of 25 Group Companies were audited.
2) With respect to internal control over financial reporting, the evaluating organ established within the Asahi Group performs evaluation of the Group Companies' internal control activities pursuant to the "Basic Regulations for the Evaluation and Reporting of Internal Control for Financial Reporting."

(2) Compliance System

1) The Company tries hard its newly recruited employees informed about the "Regulations on Corporate Ethics for the Asahi Group" and the "Asahi Group Ethics Guidelines" by providing training on compliance.
2) The Company promotes awareness of compliance by putting managers responsible for compliance and risk management in place in the Company and the Group Companies and conducting education and training by job class. During Fiscal 2015, the principal focus was the themes of "harassment" and "information management".
3) The Company conducts multifaceted and multilayered surveys of compliance awareness and behavior by conducting an anonymous "Compliance Questionnaire" annually to the employees of the Company and the Group Company. In Fiscal 2015, the questionnaire results

revealed that “overall compliance awareness level stood at a high level and was generally on track towards improvement.”

(3) Risk Management System

1) The Company conducts cross-sectional risk management for the entire Asahi Group through the “Risk Management Committee” as the highest-ranking risk management deliberation/promotion organ. During Fiscal 2015, the Committee met for a total of four times to conduct cross-sectional analyses and evaluations under the themes of “compliance,” “information,” “quality,” “environment/disaster,” “management/organization/labor affairs,” “crime,” “financial affairs/assets,” etc. on the basis of the findings of periodic risk surveys conducted by departments concerned.
2) By keeping in place the “Clean Line System,” the Company detects and resolves risk problems early, and effectively prevents risk problems themselves from occurring. During Fiscal 2015, Corporate Auditors were added as a new whistle-blowing contact, which helped enhance the effectiveness of the System.
3) The Company makes it a policy to deal with any major accident, disaster, scandal, etc. by establishing a “Crisis-Response Meeting” chaired by the Representative Director. No major accident, disaster or scandal occurred during Fiscal 2015.

(4) Business Management of Group Companies

1) With respect to the Group Companies’ business management, the Company has put in place a system whereby, pursuant to the “Asahi Group’s Regulation of Authority,” the Group Companies’ business executions are subject to the approval of the Board of Directors or an individual Director of the Company, depending on the degree of their importance.
2) Once a month, the “Corporate Strategy Board” receives reports from main Group Companies on the status of their business executions.

(5) Execution of Directors’ Duties

In order to ascertain the efficiency of Directors’ duties, the Board of Directors conducts rational assignment sharing of services to be performed by Directors and Corporate Officers, and has each Director and Corporate Officer report on the status of his/her business execution once every three months.

(6) Execution of Corporate Auditors’ Duties

1) Corporate Auditors attend meetings of the Board of Directors, the “Corporate Strategy Board,” the “Risk Management Committee” and other important organs, thereby confirming the status of development and operation of the Internal Control System.
2) Corporate Auditors enhance the effectiveness of auditing by finding regular opportunities for exchanging information and views with the section in charge of internal auditing, the independent accounting auditors, etc. During Fiscal 2015, Corporate Auditors had regular opportunities to exchange information and views with the section in charge of internal auditing for a total of three times, with the independent accounting auditors for a total of eight times, and with an organ within the Asahi Group in charge of evaluations on internal control for financial reporting for a total of three times.
3) The Company ensures that Corporate Auditors will be able to smoothly perform their duties by posting three dedicated employees to the Board of Corporate Auditors.

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

(1) 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 Asahi Group, and other tangible and intangible management resources thereof, potential effects of forward-looking measures and other items that constitute the corporate value, and must enable to maintain and increase the Asahi 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 the purchases if it is a so-called hostile takeover, which is pursued without approval from the Board of Directors provided that such takeover is intended to contribute to the increase of the 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 increase 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 Asahi Group's corporate value and have the capability to maintain and enhance it in the medium and long term; otherwise, the Asahi Group's corporate value and the common interests of shareholders would be damaged.

The Company thus believes that it is necessary to protect the Asahi Group's corporate value, and in turn, the common interests of shareholders, from such large scale share purchases.

(2) Framework that contributes to realization of the basic policy

1) Special Measures Contributing to Realization of the Basic Policy

In its "Long-Term Vision 2020", formulated in 2013, the Company sets out its aim: "Striving to be a corporate group trusted around the world through the *Kando* of food (deliciousness, happiness and innovation)". To fulfill this Vision, initiatives in its three-year plan "Medium-Term Management Plan 2015" were carried out on a group-wide scale, aimed at enhancing corporate value through the promotion of "Value and Network Management".

In light of the general overview of the "Medium-Term Management Plan 2015" and changes in the business environment, the Company, while following its Basic Policy, renewed its "Long-Term Vision 2020" in February of this year as a new "Long-Term Vision" to which a delineation of its future business a decade from now is added. In addition, the Company has amended the "Medium-Term Management Plan" to "Medium-Term Management Policy," and has shifted from the previous action-plan-driven contents to a format focusing on medium-term orientation aimed at the realization of the Company's Vision. The contents of the "Long-Term Vision" and the "Medium-Term Management Policy" are as described on pages 44-46.

The Company believes that it will be able to assure the flexibility of its corporate strategy by setting and carrying out such a Management Policy and will be able to increase its sustainable corporate value and ultimately secure common interests of its shareholders by setting such a policy as “Engagement Agenda” (agenda for constructive dialogs) and making dialogs with the stakeholders even more firm.

The Company is striving to further strengthen its corporate governance for the aforementioned measures.

By introducing a corporate officer 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 of Directors. In addition, the Company has appointed three Outside Directors and three Outside Corporate Auditors as independent directors/auditors as defined by the Tokyo Stock Exchange and reported to the exchange to that effect.

Furthermore, the Company operates a system that facilitates checks by Outside Directors/Corporate Auditors by establishing the “Nomination Committee” and the “Compensation Committee”, both of which act as an advisory body to the Board of Directors and include Outside Directors as members.

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.

By transitioning to a pure holding company structure on July 1, 2011, the Company strengthened its business platforms through the pursuit of specialization and the clarification of authorities and responsibilities of each business section, as well as promoted the expansion of domestic and overseas business networks in order to enhance its corporate value.

2) 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

The Company will take appropriate measures against any person who attempts to make a large-scale purchase to the extent permitted by the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations such as requesting provision of necessary and sufficient information for shareholders to properly determine whether to approve or disapprove the large-scale purchase, disclosing the opinions, etc. of the Board of Directors of the Company and endeavoring to secure enough time for shareholders to contemplate the large-scale purchase.

(3) Judgment of the Company’s Board of Directors regarding the specific measures and reasons therefor

The measures described above in 1) of (2) conform to the basic policy of the Company as described above (1), are fully compatible with the corporate value and the common interests of shareholders of the Asahi Group including the Company, and are never implemented for the purpose of maintaining the status of Directors and Corporate Auditors of the Company.

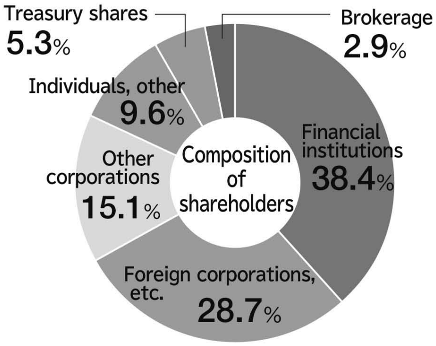
5. Overview of the Company

(1) Shares Outstanding (As of December 31, 2015)

1) Total number of authorized shares 972,305,309 (common stock)

2) Total number of issued shares 483,585,862 (including 25,676,299 treasury shares)

3) Total number of shareholders 106,712 (Decreased by 1,810 from the end of the previous term)



Shareholder classification	Number of shares held (in hundreds)	Number of shareholders
Financial institutions	1,855,827	164
Foreign corporations, etc.	1,386,284	679
Other corporations	732,210	1,885
Individuals, other	465,710	103,940
Treasury shares	256,762	1
Brokerage	139,052	42
Government and local public bodies	10	1

4) Major shareholders

Name of shareholder	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	292,084	6.4
Japan Trustee Services Bank, Ltd. (Trust Account)	205,792	4.5
Asahi Kasei Corporation	187,853	4.1
The Dai-ichi Life Insurance Company, Limited	169,200	3.7
Fukoku Mutual Life Insurance Company	155,000	3.4
Sumitomo Mitsui Banking Corporation	90,280	2.0
Sumitomo Mitsui Trust Bank, Limited	81,260	1.8
JPMorgan Securities Japan Co., Ltd.	66,374	1.4
STATE STREET BANK WEST CLIENT – TREATY 505234	63,818	1.4
THE BANK OF NEW YORK MELLON SA/NV 10	62,364	1.4
Total	**1,374,026**	**30.0**

Notes:

1. The Company holds treasury shares numbering 256,762 hundred 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 treasury shares.

5) Other significant matters related to shares

The Company acquired 4,982,100 shares of common stock of the Company pursuant to the resolution at the meeting of the Board of Directors held on April 30, 2015.

(2) Status of Stock Acquisition Rights, etc. (as of December 31, 2015)

Stock acquisition rights to shares held by Directors and Corporate Auditors of the Company

<table>
<tr><th colspan="2"></th><th>Fourth issue of stock acquisition rights</th></tr>
<tr><td colspan="2">Date of issuance resolution</td><td>March 30, 2006</td></tr>
<tr><td colspan="2">Number of stock acquisition rights</td><td>300</td></tr>
<tr><td colspan="2">Class and number of shares subject to stock acquisition rights</td><td>Shares of common stock: 30,000</td></tr>
<tr><td colspan="2">Fee for exercise of stock acquisition rights</td><td>¥1,688 per share</td></tr>
<tr><td colspan="2">Exercisable period</td><td>March 30, 2008 to March 29, 2016</td></tr>
<tr><td colspan="2">Conditions for exercise of stock acquisition rights</td><td>• 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.</td></tr>
<tr><td rowspan="3">Situation concerning the holding of stock acquisition rights by Directors and Corporate Auditors</td><td>Directors (except Outside Directors)</td><td>Number of stock acquisition rights: 200
Number of shares subject to stock acquisition rights: 20,000
Number of holders: 2</td></tr>
<tr><td>Outside Directors</td><td>Number of stock acquisition rights: –
Number of shares subject to stock acquisition rights: –
Number of holders: –</td></tr>
<tr><td>Corporate Auditors</td><td>Number of stock acquisition rights: 100
Number of shares subject to stock acquisition rights: 10,000
Number of holders: 1</td></tr>
</table>

(3) Directors and Corporate Auditors of the Company

1) Directors and Corporate Auditors

(As of December 31, 2015)

Name	Position	Areas of responsibility and significant concurrent positions
Naoki Izumiya	President and Representative Director CEO	Overall Group Management Group International Operations
Katsuyuki Kawatsura	Executive Vice President and Representative Director	Public Relations Section, Human Resources Section, Corporate Social Responsibility Section Group Food Business Director of Asahi Food & Healthcare Co., Ltd. Director of Wakodo Co., Ltd. Director of Amano Jitsugyo Co., Ltd. Director of Asahi Professional Management Co., Ltd.
Shiro Ikeda	Managing Director Managing Corporate Officer	Group International Operations (Indonesia) Director of Asahi Holdings (Australia) Pty Ltd
Katsutoshi Takahashi	Managing Director Managing Corporate Officer	Procurement Section, Production Section, Logistics Section, Research & Development Section, Agribusiness Development Section, Intellectual Property Section, Quality Assurance Section Group Soft Drinks Business Director of Asahi Soft Drinks Co., Ltd. Director of LB Co., Ltd.
Yoshihide Okuda	Managing Director Managing Corporate Officer (CFO)	Audit Section, General & Legal Affairs Management Section, Secretary Section, Finance Section, Information Technology Section President and Representative Director of Asahi Professional Management Co., Ltd.
Akiyoshi Koji	Director	Group Alcoholic Beverages Business President and Representative Director of Asahi Breweries, Ltd.
Mariko Bando	Outside Director	Chancellor of Educational Corporation Showa Women's University President of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Outside Director of BroadBand Tower, Inc.
Naoki Tanaka	Outside Director	President of Center for International Public Policy Studies
Ichiro Ito	Outside Director	Chairman and Director of Asahi Kasei Corporation
Yoshihiro Tonozuka	Standing Corporate Auditor	Corporate Auditor of Asahi Breweries, Ltd. Corporate Auditor of Amano Jitsugyo Co., Ltd.
Akira Muto	Standing Corporate Auditor	Corporate Auditor of Asahi Soft Drinks Co., Ltd. Corporate Auditor of Asahi Food & Healthcare Co., Ltd. Corporate Auditor of Wakodo Co., Ltd.
Tadashi Ishizaki	Outside Corporate Auditor	Professor of Faculty of Management and Culture, Shoin University Professor Emeritus, Chuo University

Katsutoshi Saito	Outside Corporate Auditor	Chairman and Representative Director of The Dai-ichi Life Insurance Company, Limited Outside Director of Imperial Hotel, Ltd. Outside Corporate Auditor of TOKYU CORPORATION
Yumiko Waseda	Outside Corporate Auditor	Partner and Attorney at Law of Tokyo Roppongi Law & Patent Offices Outside Corporate Auditor of Kao Corporation

Notes:

1. Directors Mariko Bando, Naoki Tanaka and Ichiro Ito are Outside Directors as defined in Item 15, Article 2 of the Companies Act.
2. Corporate Auditors Tadashi Ishizaki, Katsutoshi Saito and Yumiko Waseda are Outside Corporate Auditors as defined in Item 16, Article 2 of the Companies Act.
3. The Company designated Outside Directors Mariko Bando, Naoki Tanaka and Ichiro Ito and Outside Corporate Auditors Tadashi Ishizaki, Katsutoshi Saito and Yumiko Waseda as Independent Directors/Auditors as defined by the Tokyo Stock Exchange and reported to the said exchange.
4. Although the Asahi Group has business transactions with the respective groups of Asahi Kasei Corporation, the Dai-ichi Life Insurance Company, Limited, Imperial Hotel, Ltd., TOKYU CORPORATION and Kao Corporation, as the transaction value for each is minimal, less than 1% of consolidated net sales for the Company and the respective companies, there is no special business relationship that could have impact on the Company's management.
5. Corporate Auditor Akira Muto was formerly General Manager of Finance Department of the group company of the Company and 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. Corporate Auditors Yukio Kakegai and Naoto Nakamura retired upon the expiry of their terms of office at the conclusion of the 91st Annual General Meeting of Shareholders held on March 26, 2015. Also, Akira Muto and Yumiko Waseda were newly elected as Corporate Auditors and assumed their offices at the same meeting.
8. In addition to the above, the retirement from significant concurrent positions by Directors or Corporate Auditors during the year under review are detailed below.

Name	Position	Significant concurrent positions upon retirement	Date of retirement
Mariko Bando	Outside Director	Chairman of the Board of Rural Women Empowerment and Life Improvement Association	May 12, 2015
Yoshihiro Tonozuka	Standing Corporate Auditor	Corporate Auditor of Asahi Food & Healthcare Co., Ltd.	March 20, 2015

2) Policies concerning the setting of remunerations paid to Directors and Corporate Auditors

It is the basic policy for Directors' and Corporate Auditors' remunerations of the Company to ensure that its remunerations are conducive to acquiring superior human resources, suitable for the magnitude of their roles and the scope of their responsibilities for each executive position, motivational for the Company's corporate value enhancement and sustainable growth; and that transparency and objectivity will be assured with respect to the remuneration-setting procedures.

Based on the foregoing policy, Directors' remunerations are set in line with a resolution at a meeting of the Board of Directors, and Corporate Auditors' remunerations are set by discussion by the Corporate Auditors within the total amount of remunerations resolved in advance at a General Meeting of Shareholders. When remuneration-related resolutions are being made by the Board of Directors, the Compensation Committee, having Outside Directors making up half of its membership and Outside Director being appointed as its chairperson, 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.

A Directors' remunerations

Remunerations for a Director consist of basic remuneration (monthly and fixed) and bonuses (annual and performance-linked), forming a scheme giving consideration to motivation for sustained enhancement of corporate performance and value. The level of each item is set according to his/her job responsibilities and status distinction between internal and outside and by drawing on outside expert organs' survey data.

His/her basic remuneration is determined on the basis of his/her executive position and magnitude of his/her role, and an increase or decrease in his/her bonuses is determined by comparing consolidated operating income for the fiscal year under review with that for the previous fiscal year.

B Corporate Auditors' remunerations

Remunerations for a Corporate Auditor consists only of basic remuneration (monthly and fixed), and the level of such basic remunerations is set subject to a mutual consultation of Corporate Auditors according to his/her job responsibilities and status distinction between internal and outside and by drawing on outside expert organs' survey data.

3) Remunerations paid to Directors and Corporate Auditors

Category	Basic remuneration		Bonus		Total amount (yen)
	Number of persons remunerated	Total amount paid (yen)	Number of persons remunerated	Total amount paid (yen)	
Directors [of which, Outside Directors]	8 [3]	251,580,000 [31,200,000]	8 [3]	98,800,000 [14,400,000]	350,380,000 [45,600,000]
Corporate Auditors [of which, Outside Corporate Auditors]	7 [4]	96,180,000 [32,400,000]	– [–]	– [–]	96,180,000 [32,400,000]

Notes:

1. The figures above include Corporate Auditor Yukio Kakegai and Outside Corporate Auditor Naoto Nakamura, who retired upon the expiry of their terms of office at the conclusion of the 91st Annual General Meeting of Shareholders held on March 26, 2015.
2. 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:
   ¥19,000,000 to one Director
   ¥3,400,000 to one Outside Corporate Auditor
3. The total amount of Directors' remunerations is ¥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.
4. The total amount of Corporate Auditors' remunerations is ¥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.

4) Outside Directors and Outside Corporate Auditors

A Major activities of Outside Directors and Outside Corporate Auditors

Category	Name	Number of Board of Directors meetings attended	Number of Board of Corporate Auditors meetings attended	Form of participation
Outside Directors	Mariko Bando	12/12	–	Mariko Bando participated in discussions as necessary, primarily from the perspective of her wealth of experience as an educator and diversity promotion.
	Naoki Tanaka	12/12	–	Naoki Tanaka participated in discussions as necessary, primarily from the perspective of his wealth of experience as an expert in economic policy.
	Ichiro Ito	11/12	–	Ichiro Ito participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
Outside Corporate Auditors	Tadashi Ishizaki	12/12	7/7	Tadashi Ishizaki participated in discussions as necessary, primarily from his expert perspective as a scholar of accounting.
	Katsutoshi Saito	12/12	7/7	Katsutoshi Saito participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
	Yumiko Waseda	9/10	5/5	Yumiko Waseda participated in discussions as necessary, primarily from her expert perspective as an attorney at law.

Note: As Corporate Auditor Yumiko Waseda was newly elected at the 91st Annual General Meeting of Shareholders held on March 26, 2015, the above number of Board of Directors meetings and Board of Corporate Auditors meetings held that she could attend is different from other Directors and Corporate Auditors.

B 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 Accounting Auditor

1) Name of the Independent Accounting Auditor

KPMG AZSA LLC

2) Remunerations paid to the Independent Accounting Auditor for the fiscal year under review

Category	Amount payable
Remunerations paid for the fiscal year under review	¥136 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Accounting Auditor	¥465 million

Notes:

1. In its agreement with the Independent Accounting Auditor, the Company makes no distinction between the remunerations 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 ¥136 million shown above is a sum of these two amounts.
2. Having performed the necessary verifications on the contents of the Independent Accounting Auditor's audit plan, evaluation and analysis of the audits actually conducted during the previous fiscal year, status of execution of accounting audit duties, and reasonableness of the basis for calculation of remuneration, the Board of Corporate Auditors has consented to the amount of remunerations for the Independent Accounting Auditor.

3) Nature of non-audit professional services provided by the Independent Accounting Auditor

The Company also assigns professional duties to the Independent Accounting 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 "guidance and advisory services for conversion to International Financial Reporting Standards".

4) Company Policy regarding dismissal of or decision not to reappoint the Independent Accounting Auditor

If the Independent Accounting Auditor is found to correspond to any of the items prescribed in Paragraph 1, Article 340 of the Companies Act, the Board of Corporate Auditors shall be entitled to dismiss the Independent Accounting Auditor subject to the consent of all Corporate Auditors, in which case the Corporate Auditor appointed by the Board of Corporate Auditors reports on the fact that said Independent Accounting Auditor has been dismissed and the reason for dismissal, at the first General Meeting of Shareholders held after such dismissal. When it is reasonably recognized that the Independent Accounting Auditor is no longer able to execute its duties in an appropriate manner, the Board of Corporate Auditors shall determine the contents of a proposal for dismissing or not re-appointing said Independent Accounting Auditor to be submitted to the General Meeting of Shareholders. On the basis of this determination by the Board of Corporate Auditors, the Board of Directors shall offer to the General Meeting of Shareholders a resolution to dismiss or not to reappoint the Independent Accounting Auditor.

Note: The stated amounts in the Business Report are the figures after truncating fractions less than the representative unit, and the stated percentages are the figures after rounding off fractions to the representative unit.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2015	As of December 31, 2014 (Reference)
ASSETS		
Current assets:		
Cash and deposits	48,210	65,064
Notes and accounts receivable - trade	362,240	353,704
Merchandise and finished goods	91,200	82,117
Raw materials and supplies	41,114	42,431
Deferred tax assets	15,048	13,012
Other	47,546	53,042
Allowance for doubtful accounts	(4,861)	(5,529)
Total current assets	**600,498**	**603,842**
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	165,364	169,283
Machinery, equipment and vehicles	134,914	135,064
Tools, furniture and fixtures	61,049	56,993
Land	193,891	202,051
Leased assets	17,394	21,294
Construction in progress	9,339	20,617
Other	144	109
Total property, plant and equipment	**582,098**	**605,415**
Intangible assets:		
Goodwill	145,104	195,859
Other	90,444	99,930
Total intangible assets	**235,549**	**295,790**
Investments and other assets:		
Investment securities	422,469	375,044
Long-term loans receivable	2,458	2,335
Long-term prepaid expenses	11,905	12,490
Net defined benefit asset	24,574	19,252
Deferred tax assets	8,183	9,448
Other	16,388	16,116
Allowance for doubtful accounts	(2,571)	(3,124)
Total investments and other assets	**483,408**	**431,561**
Total non-current assets	**1,301,056**	**1,332,767**
Total assets	**1,901,554**	**1,936,609**

CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2015	As of December 31, 2014 (Reference)
LIABILITIES		
Current liabilities:		
Notes and accounts payable - trade	126,800	130,402
Short-term loans payable	156,239	184,879
Commercial papers	63,000	76,000
Current portion of bonds	30,000	20,000
Lease obligations	7,567	8,486
Accrued alcohol tax	110,044	110,361
Accrued consumption taxes	17,857	26,617
Income taxes payable	23,460	27,396
Accounts payable - other	69,521	73,097
Accrued expenses	76,655	71,137
Deposits received	18,076	18,255
Provision for bonuses	4,917	4,685
Other	11,053	6,054
Total current liabilities	**715,193**	**757,374**
Non-current liabilities:		
Bonds payable	118,000	113,000
Long-term loans payable	47,690	40,846
Lease obligations	11,590	14,810
Provision for directors' retirement benefits	237	302
Net defined benefit liability	23,377	26,525
Deferred tax liabilities	54,445	48,611
Asset retirement obligations	441	430
Other	38,748	38,198
Total non-current liabilities	**294,531**	**282,724**
Total liabilities	**1,009,725**	**1,040,099**
NET ASSETS		
Shareholders' equity:		
Capital stock	182,531	182,531
Capital surplus	120,524	143,339
Retained earnings	524,859	477,427
Treasury shares	(77,377)	(58,176)
Total shareholders' equity	**750,537**	**745,120**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	45,799	28,850
Deferred gains or losses on hedges	(82)	(218)
Foreign currency translation adjustment	81,259	107,832
Remeasurements of defined benefit plans	157	(492)
Total accumulated other comprehensive income	**127,134**	**135,970**
Minority interests	**14,157**	**15,419**
Total net assets	**891,829**	**896,510**
Total liabilities and net assets	**1,901,554**	**1,936,609**

CONSOLIDATED STATEMENTS OF INCOME

Million yen

	For the year ended December 31, 2015	For the year ended December 31, 2014 (Reference)
Net sales	**1,857,418**	**1,785,478**
Cost of sales	**1,100,519**	**1,073,439**
Gross profit	**756,899**	**712,039**
Selling, general and administrative expenses	**621,779**	**583,733**
Operating income	**135,119**	**128,305**
Non-operating income	**19,389**	**13,161**
Interest income	583	453
Dividend income	2,112	1,840
Foreign exchange gains	–	1,404
Share of profit of entities accounted for using equity method	14,167	8,025
Other	2,526	1,437
Non-operating expenses	**8,562**	**8,299**
Interest expenses	3,615	3,686
Other	4,947	4,612
Ordinary income	**145,946**	**133,168**
Extraordinary income	**7,961**	**34,099**
Gain on sales of non-current assets	833	16,243
Gain on sales of investment securities	1,011	611
Gain on step acquisitions	5,932	–
Settlement received	–	16,994
Other	184	250
Extraordinary losses	**41,157**	**38,131**
Loss on sales and retirement of non-current assets	4,903	4,166
Loss on sales of investment securities	157	28
Loss on valuation of investment securities	2,619	23
Impairment loss	21,336	23,701
Business integration expenses	8,049	5,686
Other	4,090	4,525
Income before income taxes and minority interests	**112,750**	**129,136**
Income taxes - current	**42,532**	**52,018**
Income taxes - deferred	**(4,920)**	**7,934**
Income before minority interests	**75,138**	**69,183**
Minority interests in income (loss)	**(1,288)**	**65**
Net income	**76,427**	**69,118**

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2015 Million yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	182,531	143,339	477,427	(58,176)	745,120
Cumulative effects of changes in accounting policies		(22,443)	(7,365)		(29,809)
Restated balance	182,531	120,895	470,061	(58,176)	715,311
Changes of items during period					
Dividends of surplus			(21,629)		(21,629)
Net income			76,427		76,427
Purchase of treasury shares				(20,031)	(20,031)
Disposal of treasury shares		(370)		831	460
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(370)	54,798	(19,200)	35,226
Balance at end of current period	182,531	120,524	524,859	(77,377)	750,537

	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance at beginning of current period	28,850	(218)	107,832	(492)	135,970	15,419	896,510
Cumulative effects of changes in accounting policies			(277)		(277)		(30,086)
Restated balance	28,850	(218)	107,554	(492)	135,693	15,419	866,423
Changes of items during period							
Dividends of surplus							(21,629)
Net income							76,427
Purchase of treasury shares							(20,031)
Disposal of treasury shares							460
Net changes of items other than shareholders' equity	16,949	136	(26,295)	650	(8,558)	(1,261)	(9,820)
Total changes of items during period	16,949	136	(26,295)	650	(8,558)	(1,261)	25,406
Balance at end of current period	45,799	(82)	81,259	157	127,134	14,157	891,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for Preparation of Consolidated Financial Statements

(1) Items in the scope of the consolidation

1) Consolidated subsidiaries

a. Number of consolidated subsidiaries: 118

b. Principal consolidated subsidiaries

Please see Item 1 of the "Business Report" ("Overview of Operations of the Asahi Group, section (6) 'Principal Subsidiaries'"), for a summary of the current status of principal consolidated subsidiaries.

c. Changes in the scope of consolidation

Companies added to the scope of consolidation during the consolidated fiscal year under review were ENOTECA CO., LTD. and four (4) other companies, and Mountain Goat Beer Pty Ltd due to the acquisition of their shares; China Foods Investment Corp., due to an increase in voting rights held by the Company following the acquisition of treasury stock; LOTTE Asahi Liquor Co., Ltd. due to an increase in voting rights held by the Company following the additional acquisition of its shares; and Asahi Group Foods, Ltd., Asahi Calpis Wellness Co., Ltd., Calpis Vietnam Co., Ltd, and Calpis Beverage U.S.A., Inc. due to their incorporation.

2) Non-consolidated subsidiaries

a. Principal non-consolidated subsidiary

Demball Limited

b. Rationale for exclusion from the scope of consolidation:

The non-consolidated subsidiary is small in terms of total assets, sales, net profit or loss, and retained earnings (amount corresponding to equity ownership); it has no material impact as a whole on the consolidated financial statements and is thus excluded from the scope of consolidation.

(2) Items concerning application of the equity method

1) Number of companies subject to application of the equity method: 126

a. Non-consolidated subsidiaries subject to application of the equity method: 2

Asahi Group Engineering Co., Ltd. and The Mill Retail Holdings Limited

b. Affiliates subject to application of the equity method: 124

These include Asahi Business Solutions Corp., Shenzhen Tsingtao Beer Asahi Co., Ltd., Asahi & Mercuries Co., Ltd., Tsingtao Brewery Co., Ltd., Tingyi-Asahi Beverages Holding Co., Ltd. and 114 other affiliated companies, one (1) affiliated company of Mountain H2O Pty Ltd., Shanghai Jiayou Investment Management Co., Ltd., PT Indofood Asahi Sukses Beverage, Asahi Beer Communications, Ltd. and Nippon Shoni-iji Shuppansha Co., Ltd.

Seven (7) affiliates of Tingyi-Asahi Beverages Holding Co., Ltd. became subject to application of the equity method during the consolidated fiscal year under review due to their incorporation. China Foods Investment Corp. and LOTTE Asahi Liquor Co., Ltd. were excluded from the scope of application of the equity method due to the inclusion of the both companies in the scope of consolidation.

2) Principal non-consolidated subsidiaries and affiliates not subject to application of the equity method

a. Principal non-consolidated subsidiary: Demball Limited

b. Principal affiliate: Asahi Business Produce Co., Ltd.

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

The companies not subject to application of the equity method have an 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

Among the consolidated subsidiaries, the closing date of Asahi Beer U.S.A., Inc., and two (2) companies of the Etika group is September 30, that of TERROIR CO., LTD. and Asahi Loi Hein Company Limited is March 31 and that of Nadaman Hong Kong Company Limited is January 31. Because these closing dates are different from that of the Company, a provisional fiscal year ending at December 31 was used for these companies for consolidation purposes. All other consolidated subsidiaries have the same closing date as the Company.

(4) Significant accounting policies

1) Basis and methods of valuation for significant assets

a. Valuation basis and method for securities

Available-for-sale 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.

b. Valuation basis and method for derivatives

Market price method

c. Valuation basis and method for inventories

Merchandise and finished goods

Stated at cost determined mainly by the weighted-average method (write-downs to net selling value regarded as decreased profitability).

Raw materials and supplies

Stated at cost determined mainly by the moving-average method (write-downs to net selling value regarded as decreased profitability).

2) Depreciation methods for major assets

Property, plant and equipment (excluding leased assets):

Property, plant and equipment are mainly depreciated 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.

Intangible assets (excluding leased assets):

Intangible 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 five (5) years. Trademark right is mainly amortized over twenty (20) years using the straight-line method.

Leased 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.

3) 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.

Provision for bonuses:

A provision for bonuses is provided at the estimated amount applicable to the consolidated fiscal year under review.

Provision for directors' retirement benefits:

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

4) Accounting method concerning retirement benefits

a. Method of attributing projected retirement benefits to periods of service

In calculating retirement obligations, the benefit formula basis is mainly applied for attribution of projected benefits to the periods of service until the end of the fiscal year under review.

b. Method of amortization of actuarial gain or loss and prior service costs

Actuarial gain or loss is amortized using the straight-line method over the determined years (mainly 10 years) within the average remaining years of service at the time of occurrence, beginning from the fiscal year following the year of occurrence. Prior service costs are amortized using the straight-line method over the determined years (mainly 10 years) within the average remaining years of service at the time of occurrence.

Unrecognized actuarial gains and losses and unrecognized prior service costs are recognized in remeasurements of defined benefit plans, after adjusting for tax effects, under accumulated other comprehensive income of net assets.

5) Significant hedge accounting method

a. Hedge 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, interest rate swaps and commodity swaps
Hedged items:	Interest on borrowings, transactions in foreign currencies, and purchases of raw materials

c. Hedging policy

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets, interest rates and raw materials costs 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.

6) Method and period of amortization of goodwill

Goodwill is amortized by the straight-line method over a five (5) to twenty (20) years period.

However, immaterial goodwill is entirely amortized for the fiscal year of occurrence.

7) Other significant items associated with the preparation of consolidated financial statements

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 non-current assets that are charged when incurred.

2. Notes on Changes in Accounting Policies

Changes in Accounting Policies

1) Application of the Accounting Standard for Retirement Benefits

Regarding the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), effective from the consolidated fiscal year under review, the Company has applied the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of Guidance on Accounting Standard for Retirement Benefits, reviewed its calculation method for retirement benefit obligations and current service costs, and changed its method of attributing expected benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Company has changed the method for determining the discount rate from one that uses a discount rate based on the period of years approximate to the estimated average remaining working lives of employees to one that uses a single weighted average discount rate reflecting the estimated timing and amount of benefit payments.

Application of the Accounting Standard for Retirement Benefits and Guidance on Accounting Standard for Retirement Benefits is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits, and the effect of the revision to the calculation method for retirement benefit obligations and current service costs has been added to or deducted from retained earnings as of the beginning of the consolidated fiscal year under review. As a result, as of the beginning of the consolidated fiscal year under review, net defined benefit asset increased by ¥159 million, net defined benefit liability decreased by ¥2,653 million and retained earnings increased by ¥1,835 million. The effects of these changes on operating income, ordinary income and income before income taxes and minority interests for the consolidated fiscal year under review, however, were immaterial.

2) Application of Accounting Standard for Business Combinations, etc.

Effective from the beginning of the fiscal year starting on or after April 1, 2014, the Company was able to adopt the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), and has accordingly adopted these accounting standards effective from the consolidated fiscal year under review (except for the provisions of Paragraph 39 of the Accounting Standard for Consolidated Financial Statements). Under the adopted accounting standards, the difference arising from the change in the Company's ownership interests in subsidiaries is accounted for as capital surplus as long as the Company retains control over its subsidiaries, and acquisition-related costs are recognized as expenses in the consolidated fiscal year in which the costs are incurred. Furthermore, for business combinations carried out on or after the beginning of the consolidated fiscal year under review, the adjustments of the provisional acquisition cost allocation for a business combination due to the completed measurement are retrospectively reflected as if the accounting for the business combination had been completed at the acquisition date.

For the application of the Accounting Standard Business Combinations, etc., in accordance with the transitional treatment prescribed in Paragraph 58-2 (3) of the Accounting Standard for Business Combinations, in Paragraph 44-5 (3) of the Accounting Standard for Consolidated Financial Statements and in Paragraph 57-4 (3) of the Accounting Standard for Business Divestitures, the cumulative effects of the retrospective application of the changes in accounting policies were added to or deducted from capital surplus and retained earnings as of the beginning of the consolidated fiscal year under review.

As a result, at the beginning of the consolidated fiscal year under review, goodwill, capital surplus, retained earnings and foreign currency translation adjustment decreased by ¥31,922 million, ¥22,443 million, ¥9,201 million and ¥277 million, respectively. Meanwhile, for the consolidated fiscal year under review, operating income increased by ¥1,801 million, and ordinary income as well as income before income taxes and minority interests both increased by ¥2,225 million. In addition, resulting from the cumulative effect of the aforementioned retrospective application on net assets, capital surplus, retained earnings and foreign currency translation adjustment of Consolidated Statements of Changes in Net Assets decreased by ¥22,443 million, ¥9,201 million, and ¥277 million, respectively, as of the beginning of the consolidated fiscal year under review.

3. Notes to the Consolidated Balance Sheets

(1) Pledged assets and secured liabilities

The following assets have been provided as collateral for short-term loans payable of ¥404 million and long-term loans payable of ¥331 million:

Machinery, equipment and vehicles:	¥1,119 million

(2) Accumulated depreciation of property, plant and equipment: ¥800,450 million

(3) Contingent liabilities

Guarantees:	¥3,431 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:	¥209 million
Notes payable:	¥97 million

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

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

Common stock	483,585,862 shares

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

1) It was resolved at the 91st Annual General Meeting of Shareholders of March 26, 2015 as follows:

Item related to dividends on common stock

Total amount of dividends:	¥10,639 million
Dividend per share:	¥23.00
Record date:	December 31, 2014
Effective date:	March 27, 2015

2) It was resolved at the Board of Directors Meeting of August 5, 2015, as follows:

Item related to interim dividends on common stock

Total amount of interim dividends:	¥10,989 million
Interim dividend per share:	¥24.00
Record date:	June 30, 2015
Effective date:	September 1, 2015

(3) Dividends of surplus to be distributed after the final day of the consolidated fiscal year under review

The following item has been placed on the agenda for approval at the 92nd Annual General Meeting of Shareholders scheduled for March 24, 2016.

Item related to dividends on common stock

Source of dividends:	Retained earnings
Total amount of dividends:	¥11,905 million
Dividend per share:	¥26.00
Record date:	December 31, 2015
Effective date:	March 25, 2016

(4) Number of shares subject to stock acquisition rights upon exercise thereof at the end of the consolidated fiscal year under review

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

Number of stock acquisition rights: 2,881

Class and number of shares subject to the stock acquisition rights:

288,100 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) Treasury shares

Type of stock	Number of shares as of Jan. 1, 2015	Increase during this fiscal year	Decrease during this fiscal year	Number of shares as of Dec. 31, 2015
Common stock	20,984,062	4,990,397	298,160	25,676,299

(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: 8,297 shares

Increase resulting from acquisition of treasury shares 4,982,100 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: 160 shares

Decrease resulting from exercise of stock options: 298,000 shares

5. Notes on Financial Instruments

(1) Financial instruments

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

The Company's policy is to use derivatives trading only to hedge risks to be discussed later, and not for speculation.

2) Details of financial instruments and risks

Trade receivables of the Group companies, including notes and accounts receivable - trade 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 of the Company and the Group companies include stocks and bonds regarding business partners 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 of the Group companies, including notes and accounts payable - trade and accounts payable - other, generally have a due date of one (1) year or less. Foreign currency-based trade payables are exposed to currency fluctuation risk as well.

Commercial papers, borrowings, and bonds are exposed to liquidity risk, 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 consolidated 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.

3) Risk management system relating to financial instruments

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

In accordance with accounting rules and their detailed regulations, each business section or sales management section of the Group companies regularly monitors trade receivables and long-term loans to major business partners. The above sections also routinely check the management status of deadlines and balances for each business partner. In collaboration with each of the sales sections, the Group companies monitor non-performing assets and their collection status.

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

b. Managing market risks (foreign exchange and interest rate fluctuation risks)

Looking to reduce foreign exchange fluctuation risks on future foreign currency-based cash flows ascertained by each currency, the Company and its principal consolidated subsidiaries mainly use foreign exchange contracts. The Company and its principal consolidated subsidiaries also engage in interest rate swap transactions to avoid interest rate fluctuation risks relating to borrowings, and in commodities swap transactions to avert risks of fluctuations in raw materials prices.

For investment securities, each of the Group companies regularly monitors their market values and financial status of the issuers (the Group company's business partners) and reviews the Group company's holdings on a consistent basis based on its relationship with business partners.

The Company's Finance Section engages in derivatives transactions in accordance with the derivatives transaction management rules which stipulate the transaction policy and trading authority and reports the transactions to the executives in charge of finance pursuant to the regulation of authority. Consolidated subsidiaries also manage their trading according to the Company's rules.

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

Since the Company and its principal 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 section and each company, the Company's Finance Section 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

The amount recorded on the consolidated balance sheets at the end of the consolidated fiscal year under review, the market value and the difference between the two are shown below for each financial instrument.
Financial instruments with respect to which the Company considers deriving the market value to be extremely difficult are not included in the table (see Note 2).

Million yen

	Amounts recorded on the consolidated balance sheets	Market value	Difference
(1) Cash and deposits	48,210	48,210	–
(2) Notes and accounts receivable - trade	362,240		
Allowance for doubtful accounts (*1)	(1,943)		
Notes and accounts receivable - trade (net)	360,297	360,297	–
(3) Investment securities			
A. Shares of subsidiaries and associates	98,886	142,530	43,644
B. Available-for-sale securities	147,794	147,794	–
(4) Long-term loans receivable (*2)	6,146		
Allowance for doubtful accounts (*3)	(2,442)		
Long-term loans receivable (net)	3,704	3,562	(141)
Total assets	658,891	702,394	43,502
(1) Notes and accounts payable - trade	126,800	126,800	–
(2) Short-term loans payable	148,750	148,750	–
(3) Commercial papers	63,000	63,000	–
(4) Accounts payable - other	69,521	69,521	–
(5) Deposits received	18,076	18,076	–
(6) Bonds payable (*4)	148,000	148,927	927
(7) Long-term loans payable (*5)	55,179	56,164	984
(8) Lease obligations (*6)	19,157	19,531	373
Total liabilities	648,486	650,771	2,285
Derivatives (*7)	(37)	(37)	–

(*1) Allowances for doubtful accounts recorded under notes and accounts receivable - trade are excluded.
(*2) Long-term loans receivable within one (1) year are included.
(*3) Allowances for doubtful accounts recorded individually under long-term loans receivable are excluded.
(*4) Current portion of bonds are included.
(*5) Long-term loans payable due within one (1) 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 - trade

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.

(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, thereby deriving the present value.

Liabilities

(1) Notes and accounts payable - trade, (2) Short-term loans payable, (3) Commercial papers, (4) Accounts payable - other, and (5) Deposits received

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 payable

The market value of the bonds the Company issues, that have market value, is the market price thereof.

(7) Long-term loans payable

The market value of long-term loans payable 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. Long-term loans payable with variable interest rates are subject to exceptional treatment for 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, thereby deriving the present value.

(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, etc. with which it does business as the market value. However, since derivatives transactions subject to exceptional treatment for interest rate swaps are processed as part of long-term loans payable subject to hedging, the market value of these derivative transactions are recorded as part of the market value of the long-term loans payable concerned.

Note 2. Of available-for-sale securities and shares of subsidiaries and associates, those that are unlisted (¥175,789 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 deriving their market value as being extremely difficult and does not include these securities under“(3) Investment securities”.

6. Notes to per share information

(1) Net assets per share: ¥ 1,916.69

(2) Earnings per share (Net income per share): ¥166.25

7. Significant subsequent events

Transactions under common control

The Company passed resolutions at a meeting of Board of Directors held on June 3, 2015 to reorganize its domestic soft drinks and food businesses, and executed the reorganization effective as of January 1, 2016.

(1) Purpose of the business reorganization

The business reorganization was implemented as part of the effort to strengthen domestic businesses, and resulted in a structure that increases the speed of decision-making, more rapidly responds to changes in the business environment and maximizes synergies within businesses by more clearly defining areas of responsibility.

(2) Summary of the planned business reorganization

1) Reorganization of domestic soft drinks business

- Name of the company involved in business combination

Calpis Co., Ltd.

- Name and description of businesses involved and legal form of business combination

Calpis Foods Service Co., Ltd., a wholly owned subsidiary of Calpis Co., Ltd. that engages in the sale of dairy products, succeeded the domestic soft drink manufacturing business and dairy products business, including milk purchasing, of Calpis Co., Ltd. in an absorption-type split.

Asahi Calpis Wellness Co., Ltd., a wholly owned subsidiary of the Company, succeeded the functional foods business (mail-order business, functional raw material) and feedstuffs business of Calpis Co., Ltd. in an absorption-type split.

After the business successions above, Calpis Co., Ltd. was absorbed in a merger with Asahi Soft Drinks Co., Ltd. as the surviving company.

Calpis Foods Service Co., Ltd. changed its name to Calpis Co., Ltd.

- Name of the company after the business combination

Asahi Soft Drinks Co., Ltd.

Asahi Calpis Wellness Co., Ltd.

Calpis Co., Ltd. (former Calpis Foods Service Co., Ltd.)

- Other items regarding outline of transaction

The Company made the transaction to enhance its business competitiveness by integrating the strengths of each of the companies involved such as brands, product lines, technologies, sales networks and human resources aiming to realize to be a growth company in domestic soft drinks industry with high-quality and customer-oriented product lines.

2) Reorganization of food business in Japan

- Name and description of businesses involved and legal form of business combination

Asahi Group Foods, Ltd., a wholly owned subsidiary of the Company, succeeded all the business excluding the operations relating to the manufacturing and the control of the products (including the purchase operation of merchandise) of Asahi Food and Healthcare Co., Ltd., Wakodo Co., Ltd. and Amano Jitugyo Co., Ltd. in an absorption-type split.

- Name of the company after the business combination

Asahi Group Foods, Ltd.

- Other items regarding outline of transaction

The reorganization was implemented with the goals of creating a management structure that increases the speed of decision-making and more rapidly responds to change by more clearly defining areas of business, as well as the goal of maximizing synergies within businesses.

(3) Outline of accounting procedures applied

The transaction was accounted for as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013).

8. Other notes

The stated amounts are the figures after truncating fractions less than the representative unit.

Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)

Million yen

	For the year ended December 31, 2015	For the year ended December 31, 2014
Cash flows from operating activities:		
Income before income taxes and minority interests	112,750	129,136
Depreciation	60,682	59,050
Amortization of goodwill	10,564	14,247
Increase (decrease) in net defined benefit asset and liability	(5,308)	(3,908)
Increase (decrease) in allowance for doubtful accounts	(1,148)	(29)
Loss (gain) on step acquisitions	(5,932)	–
Settlement received	–	(16,994)
Decrease (increase) in notes and accounts receivable - trade	(12,775)	(26,223)
Decrease (increase) in inventories	(4,721)	(838)
Increase (decrease) in notes and accounts payable - trade	(3,030)	5,748
Increase (decrease) in accrued alcohol tax payable	(173)	(80)
Other	25,321	26,739
Subtotal	176,227	186,846
Interest and dividend income received	8,798	8,329
Interest expenses paid	(3,644)	(3,676)
Settlement package received	–	20,306
Income taxes paid	(68,616)	(65,022)
Net cash provided by (used in) operating activities	**112,765**	**146,783**
Cash flows from investing activities:		
Purchase of non-current assets	(51,508)	(64,036)
Purchase of investment securities	(3,822)	(18,147)
Proceeds from sales of investment securities	2,279	3,405
Purchase of subsidiaries stocks and others resulting in change in scope of consolidation	(21,257)	(28,563)
Payments for transfer of business	–	(2,408)
Other	(1,275)	17,567
Net cash provided by (used in) investing activities	**(75,583)**	**(92,183)**
Cash flows from financing activities:		
Increase (decrease) in financial liabilities	(21,612)	41,852
Purchase of treasury shares	(20,031)	(50,378)
Cash dividends paid	(21,629)	(20,353)
Other	(9,770)	(6,962)
Net cash provided by (used in) financing activities	**(73,044)**	**(35,842)**
Effect of exchange rate change on cash and cash equivalents	**(4,558)**	**2,361**
Net increase (decrease) in cash and cash equivalents	**(40,421)**	**21,118**
Cash and cash equivalents at beginning of period	**62,235**	**41,116**
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	**21,476**	**–**
Cash and cash equivalents at end of period	**43,290**	**62,235**

NON-CONSOLIDATED FINANCIAL STATEMENTS

NON-CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2015	As of December 31, 2014 (Reference)
ASSETS		
Current assets:		
Cash and deposits	22,840	21,744
Short-term loans receivable	292,996	319,116
Prepaid expenses	793	790
Deferred tax assets	242	366
Income taxes receivable	4,266	9,903
Other	7,507	6,698
Allowance for doubtful accounts	(1,947)	(1,478)
Total current assets	**326,700**	**357,140**
Non-current assets:		
Property, plant and equipment:		
Buildings	13,408	13,575
Structures	279	293
Machinery and equipment	240	254
Vehicles	0	1
Tools, furniture and fixtures	816	605
Land	15,037	15,037
Leased assets	489	471
Construction in progress	744	390
Total property, plant and equipment	**31,017**	**30,629**
Intangible assets:		
Right of using facilities	40	40
Trademark right	12,828	13,788
Software	12,184	11,501
Leased assets	289	355
Other	9	0
Total intangible assets	**25,352**	**25,686**
Investments and other assets:		
Investment securities	53,577	48,904
Shares of subsidiaries and associates	464,397	460,172
Investments in capital of subsidiaries and associates	6,226	6,226
Long-term loans receivable from subsidiaries and associates	730	1,290
Deferred tax assets	6,858	9,286
Other	1,477	1,229
Allowance for doubtful accounts	(215)	(202)
Total investments and other assets	**533,052**	**526,907**
Total non-current assets	**589,423**	**583,223**
Total assets	**916,123**	**940,364**

NON-CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2015	As of December 31, 2014 (Reference)
LIABILITIES		
Current liabilities:		
Short-term loans payable	129,800	157,200
Commercial papers	63,000	76,000
Current portion of bonds	30,000	20,000
Lease obligations	283	280
Accounts payable - other	528	556
Accrued expenses	3,407	3,603
Deposits received	20,806	25,842
Provision for bonuses	158	131
Provision for directors' bonuses	98	89
Other	367	433
Total current liabilities	**248,451**	**284,138**
Non-current liabilities:		
Bonds payable	118,000	113,000
Long-term loans payable	30,200	24,200
Lease obligations	547	594
Other	1,415	29
Total non-current liabilities	**150,163**	**137,824**
Total liabilities	**398,615**	**421,962**
NET ASSETS		
Shareholders' equity:		
Capital stock	**182,531**	**182,531**
Capital surplus	**151,985**	**152,356**
Legal capital surplus	130,292	130,292
Other capital surplus	21,693	22,064
Retained earnings	**247,945**	**232,953**
Other retained earnings	247,945	232,953
General reserve	195,000	195,000
Retained earnings brought forward	52,945	37,953
Treasury shares	**(77,377)**	**(58,176)**
Total shareholders' equity	**505,085**	**509,665**
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	**12,422**	**8,737**
Total valuation and translation adjustments	**12,422**	**8,737**
Total net assets	**517,508**	**518,402**
Total liabilities and net assets	**916,123**	**940,364**

NON-CONSOLIDATED STATEMENTS OF INCOME

Million yen

	For the year ended December 31, 2015	For the year ended December 31, 2014 (Reference)
Operating revenue	**70,409**	**87,519**
Operating income of the Group	29,384	28,502
Rent income of real estate	1,589	1,581
Dividends from subsidiaries and associates	39,435	57,435
Operating expenses	**29,519**	**25,746**
Operating income	**40,889**	**61,772**
Non-operating income	**1,976**	**2,311**
Interest and dividend income	1,937	2,149
Foreign exchange gains	–	120
Other	38	42
Non-operating expenses	**2,976**	**2,474**
Interest expenses	1,346	1,474
Provision of allowance for doubtful accounts	481	87
Other	1,148	912
Ordinary income	**39,889**	**61,609**
Extraordinary income	**37**	**61**
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	37	61
Extraordinary losses	**311**	**46,736**
Loss on sales and retirement of non-current assets	310	455
Loss on valuation of shares of subsidiaries and associates	–	44,994
Loss on write-off of loans receivable from affiliates	–	765
Other	0	520
Income before income taxes	**39,616**	**14,934**
Income taxes - current	**1,521**	**2,003**
Income taxes - deferred	**1,473**	**(152)**
Net income	**36,621**	**13,084**

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2015 Million yen

	Shareholders' equity						
		Capital surplus			Retained earnings		
					Other retained earnings		
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surpluses	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	182,531	130,292	22,064	152,356	195,000	37,953	232,953
Changes of items during period							
Dividends of surplus						(21,629)	(21,629)
Net income						36,621	36,621
Purchase of treasury shares							
Disposal of treasury shares			(370)	(370)			
Net changes of items other than shareholders' equity							
Total changes of items during period	–	–	(370)	(370)	–	14,992	14,992
Balance at end of current period	182,531	130,292	21,693	151,985	195,000	52,945	247,945

	Shareholders' equity		Valuation and translation adjustments		
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance at beginning of current period	(58,176)	509,665	8,737	8,737	518,402
Changes of items during period					
Dividends of surplus		(21,629)			(21,629)
Net income		36,621			36,621
Purchase of treasury shares	(20,031)	(20,031)			(20,031)
Disposal of treasury shares	831	460			460
Net changes of items other than shareholders' equity			3,685	3,685	3,685
Total changes of items during period	(19,200)	(4,579)	3,685	3,685	(894)
Balance at end of current period	(77,377)	505,085	12,422	12,422	517,508

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Notes to Significant Accounting Policies

(1) Valuation basis and method for securities

Shares in subsidiaries and affiliates:

Stated at cost based on the moving-average method.

Available-for-sale 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

Supplies:

Stated at cost based on the moving-average method (write-downs to net selling value regarded as decreased profitability).

(4) Depreciation methods for non-current assets

Property, plant and equipment (excluding leased assets):

Property, plant and equipment are depreciated 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.

Intangible assets (excluding leased assets):

Intangible 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 five (5) years. Trademark right is mainly amortized over twenty (20) years using the straight-line method.

Leased 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.

(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.

Provision for bonuses:

A provision for bonuses is provided at the estimated amount applicable to the fiscal year under review.

Provision for directors' bonuses:

A provision for directors' bonuses is provided at the estimated amount applicable to the fiscal year under review.

(6) Hedging accounting method

1) 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.

2) 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

3) 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.

4) Method of evaluating the effectiveness of hedging

The Company assesses the effectiveness of its hedges by comparing changes in the market values of the hedging instruments and of the hedged items 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) Other significant items associated with the preparation of non-consolidated financial statements

Treatment of consumption taxes

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

2. Notes to the Non-Consolidated Balance Sheets

(1) Accumulated depreciation on property, plant and equipment ¥30,303 million

(2) Contingent liabilities

1) Guarantees, etc., against bank borrowings, etc.

Guarantees: ¥31,925 million

2) Guarantees against derivatives

Guarantees:

Contract amount, etc.: ¥3,692 million

Unrealized gains (losses): ¥(443) million

(3) Monetary claims and obligations with affiliates (excluding those classified separately in the Balance Sheets)

Short-term monetary claims on affiliates: ¥300,350 million

Short-term monetary obligations to affiliates: ¥20,645 million

3. Notes to the Non-Consolidated Statements of Income

Transactions with affiliates

Operating revenue:	¥70,320 million
Operating expenses:	¥3,381 million
Transactions other than operating transactions:	¥1,334 million

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

Treasury shares

Type of stock	Number of shares as of Jan. 1, 2015	Increase during this fiscal year	Decrease during this fiscal year	Number of shares as of Dec. 31, 2015
Common stock	20,984,062	4,990,397	298,160	25,676,299

(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: 8,297 shares

Increase resulting from acquisition of treasury shares: 4,982,100 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: 160 shares

Decrease resulting from exercise of stock options: 298,000 shares

5. Notes to tax effect accounting

(1) Breakdown of main reasons for deferred tax assets and liabilities

(Deferred tax assets)

Shares of subsidiaries and associates due to restructuring:	¥17,598 million
Allowance for doubtful accounts, in excess of tax-deductible amount:	¥697 million
Provision for bonuses, non-tax deductible:	¥52 million
Loss on valuation of investment in subsidiaries, non-tax deductible:	¥22,662 million
Loss on valuation of investment securities, non-tax deductible:	¥651 million
Loss on valuation of capital contributions for subsidiaries, non-tax deductible:	¥5,055 million
Deferred loss on transfer of business between consolidated corporations:	¥1,071 million
Others:	¥220 million
Subtotal deferred tax assets:	¥48,009 million
Valuation allowance:	¥(29,697) million
Total deferred tax assets	¥18,312 million

(Deferred tax liabilities)

Valuation difference on available-for-sale securities	¥(5,916) million
Deferred gain on transfer of business between consolidated corporations:	¥(5,295) million
Total deferred tax liabilities	¥(11,211) million
Net deferred tax assets:	¥7,100 million

(2) Breakdown of main items which caused the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

Statutory effective tax rates:	35.6%
(Adjustments)	
Permanent difference (non-deductible), including entertainment expenses:	1.4%
Valuation allowance:	0.5%
Permanent difference (non-taxable), including dividend income:	(33.0)%
Difference due to changes in tax rate	3.5%
Tax credit:	(0.4)%
Others:	(0.1)%
Effective tax rates after adoption of tax effect accounting:	7.6%

6. Notes to related party transactions

Subsidiaries and affiliates

Million yen

Type	Company	Percentage of voting rights, etc. held	Relationship with related party	Description of transaction	Transaction amount	Account item	Balance as of Dec. 31, 2015
Subsidiary	Asahi Breweries, Ltd.	100% direct ownership	Interlocking of directors/ corporate auditors	Operating revenue (Note 1)	37,958	–	–
				Loaning funds (Note 2)	(23,608)	Short-term loans receivable	217,703
Subsidiary	Asahi Soft Drinks Co., Ltd.	100% direct ownership	Interlocking of directors/ corporate auditors	Loaning funds (Note 2)	3,265	Short-term loans receivable	30,602
Subsidiary	AI Beverage Holding Co., Ltd.	100% direct ownership	Interlocking of directors/ corporate auditors	Loaning funds (Note 2)	(3,768)	Short-term loans receivable	19,798
Subsidiary	Asahi Holdings (Australia) Pty Ltd	100% direct ownership	Interlocking of directors/ corporate auditors	Guarantees for liabilities (Note 3)	11,781	–	–
Subsidiary	Asahi Professional Management Co., Ltd.	100% direct ownership	Interlocking of directors/ corporate auditors	Outsourcing indirect services, etc. (Note 4)	2,816	–	–

Terms and conditions of transaction and policy, etc. on determination thereof

Note 1: Operating revenue is determined in accordance with certain reasonable standards in order to provide supervision, guidance, etc., regarding business management.

Note 2: The interest rate for the loans receivable is reasonably determined, taking the market interest rate into consideration.

For the transaction amount, the amount of net increase (decrease) in the fiscal year under review is stated.

Note 3: The Company guaranteed bank loans in the amount of AUD134 million.

Note 4: The amount of outsourced indirect services, etc. is determined based on certain reasonable criteria.

7. Notes to per share information

(1) Net assets per share:	¥1,130.15
(2) Earnings per share (Net income per share):	¥79.66

8. Other notes

The stated amounts are the figures after truncating fractions less than the representative unit.

AUDIT REPORT

Independent accounting auditor's report on consolidated financial statements

Independent Auditor's Report

February 4, 2016

The Board of Directors
ASAHI GROUP HOLDINGS, LTD.

KPMG AZSA LLC

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

Hirotaka Tanaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kei Sakayori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of ASAHI GROUP HOLDINGS, LTD. as at December 31, 2015, and for the year from January 1, 2015 to December 31, 2015 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of ASAHI GROUP HOLDINGS, LTD. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent accounting auditor's report on non-consolidated financial statements

Independent Auditor's Report

February 4, 2016

The Board of Directors
ASAHI GROUP HOLDINGS, LTD.

KPMG AZSA LLC

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

Hirotaka Tanaka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kei Sakayori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of ASAHI GROUP HOLDINGS, LTD. as at December 31, 2015 and for the year from January 1, 2015 to December 31, 2015 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the non-consolidated Financial Statements and Others

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the non-consolidated financial position and the results of operations of ASAHI GROUP HOLDINGS, LTD. for the period, for which the non-consolidated financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

REPORT OF THE BOARD OF CORPORATE AUDITORS

Audit Report

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 92nd fiscal year, the period from January 1, 2015 to December 31, 2015, 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 Accounting 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, sections in charge of internal audit 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 locations. With respect to "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 (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, the Board of Corporate Auditors received reports regularly from Directors and other employees regarding the status of the establishment and implementation of the systems, sought additional explanations as necessary and expressed opinions thereon. As regards "basic policy concerning the persons who control decisions on the Company's financial and business policies" (Item 3, Article 118 of the Ordinance for Enforcement of the Companies Act) included in the Business Report, 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 supplementary schedules for the fiscal year under review.

(3) The Board of Corporate Auditors oversaw and verified that the Independent Accounting Auditor maintained its independence and carried out appropriate audits, moreover, and received reports from the Independent Accounting Auditor regarding the execution of its duties and requested explanations when necessary. The Board of Corporate Auditors also received notifications from the Independent Accounting 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 non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets, and notes to the non-consolidated financial statements), the supplementary schedules, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to the consolidated financial 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 supplementary schedules 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, content of the Business Report regarding the internal control systems and the execution by the Directors have been appropriate.
- In our opinion, the Company’s basic policy concerning the persons who control decisions on the Company’s financial and business policies in the Business Report 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 will not serve the purpose of maintaining the positions of the Company’s Directors and Corporate Auditors.

(2) Results of the audit of non-consolidated financial statements and the supplementary schedules

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

February 5, 2016

Board of Corporate Auditors

Asahi Group Holdings, Ltd.

Yoshihiro Tonozuka (Seal)

Standing Corporate Auditor

Akira Muto (Seal)

Standing Corporate Auditor

Tadashi Ishizaki (Seal)

Outside Corporate Auditor

Katsutoshi Saito (Seal)

Outside Corporate Auditor

Yumiko Waseda

Outside Corporate Auditor

Asahi