

June 4, 2014

Company Name: Asahi Group Holdings, Ltd.
President and Representative Director: Naoki Izumiya
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Stock Listings: Tokyo Stock Exchange, First Section
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Acquisition and Cancellation of Euro Yen Convertible Bonds due 2023 and due 2028

Asahi Group Holdings, Ltd. (the “Company”) hereby announces that its Board of Directors resolved on June 4, 2014 to exercise its acquisition option and acquire all of the outstanding Zero Coupon Convertible Bonds due 2023 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) and the Zero Coupon Convertible Bonds due 2028 (bonds with stock acquisition rights, *tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) (together, the “Bonds”) issued on May 29, 2008. The acquisition of the Bonds will be made in exchange for a cash amount equivalent to the principal amount of the Bonds and a certain number of the shares of the Company (“Shares”), calculated below, and thereafter the Company will cancel all such Bonds.

1. Reasons for Exercising Acquisition Option (Net Cash Settlement)

In February 2013 the Company devised its vision for the future, entitled “Long-Term Vision 2020”, setting out certain goals that it aims to achieve on a group-wide basis by around 2020, and formulated a three-year action plan (the “2015 Mid-Term Management Plan”) laying out the steps to take in order to achieve these goals.

Under the 2015 Mid-Term Management Plan, the Company has chosen to focus on ROE (return on equity) and growth rate of EPS (earnings per share) as its key performance indicators (the “KPIs”), and aims to prioritise growth in revenue and profit while simultaneously seeking to improve capital efficiency by strengthening shareholder return, thereby increasing its corporate value.

Against this context, the Company’s share price has recently been achieving levels above the respective conversion price of the Bonds, entitling holders to convert their Bonds into shares. The Company anticipates that a significant level of conversion will give rise to dilution, thereby having an impact on its KPIs. As a result, the Company has decided to exercise its acquisition option under the Bonds, so as to increase the likelihood that the Company may attain the level of KPIs that it

targets.

Together with the concurrently announced proposed share repurchase (please refer to the Company's "Notice Regarding Proposed Share Repurchase"), the Company intends to continue to take steps towards improving its capital efficiency going forward, in order to further increase its corporate value.

2. Details of Acquisition

I. Zero Coupon Convertible Bonds due 2023 (the "Bonds" in I.)

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|---|--|
| 1. Name of the Securities | Asahi Group Holdings, Ltd. Zero Coupon Convertible Bonds due 2023 |
| 2. Amount to be Acquired | All of the Bonds outstanding ※Amount outstanding as of June 3, 2014 is JPY 15,888million |
| 3. Date of the Acquisition Notice | June 4, 2014 |
| 4. Acquisition Option Date and Date of Cancellation | August 4, 2014 |
| 5. Assets to be Delivered in Exchange for the Bonds | (i) an amount equal to 100 per cent. of the principal amount of the Bonds; and (ii) the acquisition shares (such number of Shares per Bond, if any, as calculated by dividing (i) the amount by which the Acquisition Share Value (as defined below) exceeds the principal amount of each Bond by (ii) the Average VWAP per Share (as defined below)), provided that fractions of a Share shall be disregarded and no adjustment or cash payment will be made in respect thereof, provided further that any acquisition shares comprising non-unit Shares, if any, will be delivered in the cash amount as calculated by deeming that the holders of such Shares comprising non-unit Shares requested that the Company purchases such Shares under the Companies Act. |
- "Acquisition Share Value" means the yen amount per Bond calculated in accordance with the formula below:
$$\frac{\text{Principal Amount of the Bond}}{\text{Last Day Conversion Price}} \times \text{Average VWAP per Share}$$
 - "Last Day Conversion Price" means the Conversion Price in effect on the last day of the Relevant VWAP Period (July 8, 2014).

- “Average VWAP per Share” means the average of the Volume Weighted Average Prices (“VWAP”) of the shares reported by the Tokyo Stock Exchange on each of the trading days during the relevant VWAP Period (the 20 consecutive trading days beginning on the 5th trading day from, but excluding, the date on which the Company gives the acquisition notice to the bondholders, and being from June 11, 2014 to July 8, 2014).

<For Reference>

Zero Coupon Convertible Bonds due 2023

1. Issue Date May 29, 2008
2. Maturity Date May 26, 2023
3. Aggregate Amount JPY 35,000 million
4. Conversion Price JPY 2,107

II. Zero Coupon Convertible Bonds due 2028 (the “Bonds” in II.)

1. Name of the Securities Asahi Group Holdings, Ltd.
Zero Coupon Convertible Bonds due 2028
2. Amount to be Acquired All of the Bonds outstanding

※Amount outstanding as of June 3, 2014 is JPY 31,938million
3. Date of the Acquisition Notice June 4, 2014
4. Acquisition Option Date and Date of Cancellation August 4, 2014
5. Assets to be Delivered in Exchange for the Bonds
 - (i) an amount equal to 100 per cent. of the principal amount of the Bonds; and
 - (ii) the acquisition shares (such number of Shares per Bond, if any, as calculated by dividing (i) the amount by which the Acquisition Share Value (as defined below) exceeds the principal amount of each Bond by (ii) the Average VWAP per Share (as defined below)), provided that fractions of a Share shall be disregarded and no adjustment or cash payment will be made in respect thereof, provided further that any acquisition shares comprising non-unit Shares, if any, will be delivered in the cash amount as calculated by deeming that the holders of such Shares comprising non-unit Shares requested that the Company purchases such Shares under the Companies Act.

- “Acquisition Share Value” means the yen amount per Bond calculated in accordance with the formula below:

$$\frac{\text{Principal Amount of the Bond}}{\text{Last Day Conversion Price}} \times \text{Average VWAP per Share}$$

- “Last Day Conversion Price” means the Conversion Price in effect on the last day of the Relevant VWAP Period (July 8, 2014).
- “Average VWAP per Share” means the average of the Volume Weighted Average Prices (“VWAP”) of the shares reported by the Tokyo Stock Exchange on each of the trading days during the relevant VWAP Period (the 20 consecutive trading days beginning on the 5th trading day from, but excluding, the date on which the Company gives the acquisition notice to the bondholders, and being from June 11, 2014 to July 8, 2014).

<For Reference>

Zero Coupon Convertible Bonds due 2028

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|---------------------|--------------------|
| 1. Issue Date | May 29, 2008 |
| 2. Maturity Date | May 26, 2028 |
| 3. Aggregate Amount | JPY 35,000 million |
| 4. Conversion Price | JPY 2,050 |

3. Impact on Asahi’s Financial Performance

The acquisition and cancellation of the Bonds is not expected to materially impact Asahi’s Financial Performance.