

**English Translation Originally Issued in Japanese**

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

**Asahi Breweries, Ltd.**

(Ticker Code: 2502)

**March 4, 2009**

**Dear Shareholders:**

**NOTICE OF THE 85<sup>th</sup> ANNUAL SHAREHOLDERS' MEETING**

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

*Upon attending the Meeting, please submit the enclosed voting form to the place of the Meeting.*

*If you are unable to attend the Meeting in person, you may exercise your voting rights either via postal mail or via Internet. Please review the attached "Reference Materials for Shareholders' Meeting" on pages 75 to 91 and exercise your voting rights no later than 5:30 p.m., Wednesday, March 25, 2009 (JST).*

**Voting via Postal Mail**

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

**Voting via Internet**

After accessing our voting site at <<http://www.webdk.net>>, enter the voting code and password provided on the enclosed voting form. Following the instructions on your screen, enter your consent/dissent concerning the items to be voted on by the deadline noted above. (This site can also be accessed on the Internet via cellular phone.)

If you exercise your voting rights via the Internet, please review "Reminder to Shareholders Concerning Online Voting" on pages 92 to 93.

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

Sincerely,

Hitoshi Ogita, President and Representative Director  
Asahi Breweries, Ltd.  
23-1, Azumabashi 1-chome, Sumida-ku, Tokyo

## **1. DATE AND TIME**

March 26 (Thursday), 2009 at 1:00 p.m. (JST)

## **2. PLACE**

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

## **3. PURPOSES**

### **Items to Be Reported:**

Business Report, Consolidated Statutory Report, Non-Consolidated Statutory Report and report of the audit of the consolidated accounts by the Independent Auditor and the Board of Corporate Auditors for the 85<sup>th</sup> term, from January 1, 2008 to December 31, 2008.

### **Items to Be Resolved:**

- Item 1:** Appropriation of retained earnings for the 85<sup>th</sup> term
- Item 2:** Amendments of the Articles of Incorporation
- Item 3:** Election of thirteen (13) Directors
- Item 4:** Election of one (1) Corporate Auditor

# BUSINESS REPORT

From January 1 to December 31, 2008

## 1. Overview of Operations of Asahi Breweries Group

### (1) Business Progress and Results

Although the Japanese economy traced a gentle but expansionary trend during early 2008 thanks to growth supported from the outset by healthy production and export levels, a continued rise in raw materials prices and the global financial crisis from September onwards, resulted in a rapid downturn in the economy with a drop in corporate earnings and deteriorating employment conditions.

In the alcoholic beverages industry, the new-genre market for non-malt beer-flavored beverages continued to grow, as upward price revisions by brewers strengthened the value-based appeal of these drinks. However, as the price revisions made the markets for beer and happoshu (low-malt beer) both decline, and the overall market for beer and beer-type beverages contracted on a year-on-year basis as a result. Alcoholic beverage categories other than the beer and beer-type beverages tended to record flat or negative growth, highlighting the market's increasing maturity.

In the soft drink industry, overall sales volumes dropped an estimated 1% compared with the previous year, despite extremely hot conditions during part of the summer. The economic downturn was the main factor contributing to this decline, which reflected a defensive move by consumers away from spending on non-essentials.

Against this backdrop, the Company and its consolidated subsidiaries and affiliates (collectively, the "Asahi Breweries Group" or the "Group") focused on promoting the three core elements of their "Third Medium-Term Management Plan" in its second year during the fiscal year 2008, which provides a basis for the Group management: "brand cultivation and reinforcement," "reform of the earnings structure" and "investment for dramatic growth."

The Asahi Breweries Group posted net sales of ¥1,462,747 million, a year-on-year decline of 0.1%. Operating income increased by 8.7% to ¥94,520 million and recurring profit rose by 6.9% to ¥96,474 million. Net income totaled ¥45,014 million, an increase of 0.5% compared with the previous year.

	Asahi Breweries Group (Consolidated)	Asahi Breweries, Ltd. (Non-consolidated)
Net sales	¥1,462,747 million (down 0.1% year-on-year)	¥1,019,613 million (down 1.1% year-on-year)
Operating income	¥94,520 million (up 8.7% year-on-year)	¥91,050 million (up 13.9% year-on-year)
Recurring profit	¥96,474 million (up 6.9% year-on-year)	¥88,562 million (up 14.5% year-on-year)
Net income	¥45,014 million (up 0.5% year-on-year)	¥38,994 million (down 3.8% year-on-year)

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

### **Alcoholic Beverages Segment**

In its domestic alcoholic beverages business, the Company promoted brand cultivation and reinforcement initiatives by developing product offerings matched to customer needs and undertaking sales promotion activities. At the same time, the Company focused on creating a resilient earnings structure with less susceptibility to changing conditions. In March 2008, the Company revised ex-factory prices for its beers and beer-type beverages to reflect the sharp increases in raw material costs and energy prices. In September 2008, in a move aimed at facilitating appropriate price setting based on costs and profit margins in each stage of distribution, the Company introduced an open pricing system throughout the shochu, whisky and other spirits and wine categories.

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

In the beer sector, the Company conducted activities aimed at enhancing the value of its "Asahi Super Dry" flagship brand by promoting such concepts as the "challenge of freshness" and the "great taste of draft beer in kegs." Total annual sales for the brand exceeded 100 million cases<sup>\*1</sup> for the 20th consecutive year. In addition, the brand's share of the beer market<sup>\*2</sup> exceeded 50%, a new record.

In the happoshu sector, which saw other market players launch "zero-sugar" product lines, sales volumes of the "Asahi Style Free" brand that had pioneered this segment exceeded expectations due to its popularity with customers.

In the new-genre sector, sales of "Clear Asahi" launched in March 2008 topped 14 million cases, and greatly contributed to the activation of the new-genre market in this partially malt-derived category as the main driver of the expansion of the market.

\*<sup>1</sup> A case is a volume corresponding to 20 bottles of 633ml.

\*<sup>2</sup> The beer market share is calculated based on the taxable shipment volumes of the five leading brewers of Japan.

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

In the shochu sector, the Company channeled management resources into its three core brands “Kanoka,” “Satsuma Tsukasa” and “Daigoro.” Particular efforts were made to reinforce the “Kanoka” brand in this year marking the 15th anniversary of its launch with a consumer campaign and other initiatives.

In the low-alcohol beverages sector, the Company focused on promoting higher sales of the core brands “Asahi Cocktail Partner,” presenting it as an enjoyable alternative, and “Asahi Shunka Shibori,” stressing the appeal of freshly squeezed fruit juice. Elsewhere, as part of the ongoing challenge to create innovative value and stimulate demand, the Company introduced new products such as “Asahi Vegete” and “Asahi Vegesh,” both fruits of its ongoing joint development program with Kagome Co., Ltd.

In the whisky and other spirits sector, sales of the core brand “Black Nikka Clear Blend” continued to expand steadily. In April 2008, “Single Malt Yoichi 1987” won accolades as the world’s best single malt whisky at the “World Whiskies Awards” of 2008 <sup>\*3</sup>, further boosting the prestige of the “Nikka” brand.

In the wine sector, the Company sought to expand sales by cultivating a varied product lineup. Sales of domestically produced wine were promoted through the renewal of the “Sankaboshizai-Mutenka Wine Monogatari” line of antioxidant-free organic wine as part of the “Sainte Neige” brand development program. Among imported wines, the Company promoted such key labels as “Baron Philippe” and “Louis Latour.”

In the meantime, in September 2008, the Company initiated a voluntary recall and ceased sales of some of its imo-shochu product lines following the discovery that the malt rice used in the manufacture of the unprocessed shochu had contained some contaminated rice husks that had been illegally resold to the Company by Mikasa Foods Co., Ltd. These actions were taken to avoid any possible harm to consumers from these products. The Company extends its sincere apologies to its shareholders and others concerned for any problems caused by this incident.

Going forward, the Company is planning to establish a new quality control system for imo-shochu products. Every effort is being made to address the relevant issues with a view to the early resumption of sales of the affected brands, “Imo-Shochu Kanoka” and “Satsuma Tsukasa.”

<sup>\*3</sup> The international competition intended exclusively for whiskies that is hosted by “WHISKY Magazine,” the specialized magazine of whiskies in U.K.

### ***- International Alcoholic Beverages Business***

The Group significantly expanded its sales volumes in the European market through a license agreement with Baltika Breweries, Russia's largest domestic brewer, granting the latter the right of local production and sales of "Asahi Super Dry." In Taiwan, the Company sought a new business development by establishing a joint venture company with the Taiwanese trading house Mercuries and Associates Ltd., which has a direct selling system, one of the largest of its kind in Taiwan, to sell alcoholic beverages, soft drinks and foods.

Net sales recorded in the alcoholic beverages business segment amounted to ¥995,703 million, a decline of 1.6% compared with the previous year. Operating income increased by 14.5% from the year before to ¥90,762 million, reflecting successful efforts to improve the efficiency of spending on advertising and promotions. This more than offset the impact of escalating raw material prices.

### **Soft Drinks Segment**

#### ***- Domestic Soft Drinks Business***

In the domestic soft drinks business, Asahi Soft Drinks Co., Ltd. pursued a growth strategy while implementing further structural reforms and seeking to establish growth in new areas aiming at realizing dramatic growth in this sector.

These efforts focused on channeling management resources toward reinforcing the key brands at the heart of the growth strategy, "WONDA," "Mitsuya Cider" and "Asahi Juroku-Cha." Annual sales of both "WONDA" and "Mitsuya Cider" exceeded 30 million cases<sup>\*4</sup> respectively, underscoring the strong presence of these two brands within the Japanese soft drink market. In addition, the Company continued to focus on strengthening and cultivating other established brands, notably "Asahi Fujisan-no Vanadium Ten-Nen-Sui." It also concentrated aggressive product development efforts on creating new products tailored to diverse consumer preferences.

Structural reforms within this segment targeted further improvements in the earnings structure by further cooperation within the Group. Along with its efforts to stem the rise in raw materials costs, the Group sought further improvement of product quality and cost reduction through the launch of operations of a newly constructed PET bottle line at the Ibaraki Plant of the Company.

Its initiatives aimed at achieving growth in new areas included efforts to build a fresh platform for growth with respect to products and sales channels<sup>\*5</sup>.

In addition to these various initiatives, the start-up of full-scale operations by Asahi Calpis Beverage Co., Ltd. made a significant contribution to growth in sales during 2008. This joint venture was established to boost the strength and efficiency of the Group's vending machine operations, an important sales channel for the soft drink industry.

\*<sup>4</sup> Calculations of cases sold are based on actual shipment.

\*<sup>5</sup> Sales channels mean direct and indirect retail sales routes for soft drinks, including supermarkets, discount outlets, convenience stores, vending machines, mail order and sales activities conducted by contracted distributors.

### ***- International Soft Drinks Business***

In its international soft drinks business, the Group focused on further development of its existing base of operations. In China, it provided management support for Tingyi-Asahi-Itochu Beverages Holding Co., Ltd., which continued to perform particularly well. In South Korea, it initiated reforms to improve the earnings structure of the Group subsidiary Haitai Beverage Co., Ltd. In another development, the Group entered into a basic agreement with Cadbury plc of the United Kingdom in December 2008 to acquire their Australian beverages business, contemplating to establish the Group's soft drinks business base in the Oceania region.

The soft drinks business segment recorded net sales of ¥316,737 million, an increase of 5.7% compared with the previous year. Operating income fell by 86.6% year on year to ¥615 million, reflecting the impact of higher raw materials prices in the domestic soft drinks business and a downturn in sales by beverage operations in South Korea.

### **Foods and Pharmaceuticals Segment**

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

This subsidiary's aggressive sales promotion activities and successive introduction of renewed product lines helped foster growth in sales of such mainstay brands as its "Mintia" breath mints, "Balance Up" nutritionally balanced snack bar, "Dear-Natura" dietary supplement and "EBIOS" quasi-drug made from brewer's yeast. Its efforts to expand its sales channels and promote operating efficiency in the direct marketing business were also successful, contributing to a significant rise in sales.

Wakodo Co., Ltd. pursued a basic growth strategy aimed at expanding operations while seeking to solidify its business base. Leveraging expertise developed in production of high-quality baby foods, Wakodo launched a range of baby foods under the "Goo Goo Kitchen" brand in September 2008 and introduced renewed versions of mainstay "Haihai" and "Gungun" powdered baby milk brands in October 2008. Its efforts to reinforce the brand value of its mainstay products proved successful, contributing to steady growth in sales.

Other efforts to further reinforce the business base included the conclusion of a

capital and business tie-up with Amano Jitsugyo Co., Ltd., a firm with highest-performing technical capabilities and manufacturing scale for freeze-dried foods in Japan.

Net sales in the foods and pharmaceuticals business segment amounted to ¥79,202 million, an increase of 18.1% compared with the previous year. Besides the contribution from Amano Jitsugyo Co., Ltd., this performance reflected higher sales of mainstay products. Operating income surged by 44.7% above the previous-year level to ¥1,944 million.

### Other Businesses Segment

Lower sales due to the reorganization of wholesaling operations and other factors led to a downturn in net sales of this segment by 16.4% from the year before to ¥71,104 million, while operating income declined by 41.6% to ¥1,006 million.

#### Asahi Breweries Group Breakdown of Net Sales (Consolidated)

Million yen

Segment	85 <sup>th</sup> term 2008 (under review)	84 <sup>th</sup> term 2007 (previous)	Change in amount	Change in percentage
Alcoholic Beverages	¥995,703	¥1,012,255	¥(16,552)	(1.6)%
Soft Drinks	316,737	299,663	17,074	5.7
Foods and Pharmaceuticals	79,202	67,088	12,113	18.1
Other Businesses	71,104	85,064	(13,959)	(16.4)
Total	1,462,747	1,464,071	(1,324)	(0.1)

Note: The above figures exclude intra-Group sales.

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

Million yen

Business area	85 <sup>th</sup> term 2008 (under review)	84 <sup>th</sup> term 2007 (previous)	Change in amount	Change in percentage
Beers and Beer-Type Products	¥873,514	¥891,888	¥(18,374)	(2.1)%
(Beer)	685,729	705,462	(19,732)	(2.8)
(Happoshu)	110,314	124,697	(14,382)	(11.5)
(New Genre)	77,469	61,729	15,740	25.5
Shochu	52,710	54,878	(2,168)	(4.0)
Low-Alcohol Beverages	31,393	35,707	(4,313)	(12.1)
Whisky and Other Spirits	27,512	27,326	186	0.7
Wine	14,840	15,263	(422)	(2.8)
Other Alcoholic Beverages	3,235	3,234	0	0.0
Contract Manufacture	14,612	609	14,002	2,298.9
Real Estate and Others	1,794	1,827	(33)	(1.8)
Total	1,019,613	1,030,736	(11,122)	(1.1)

Notes:

1. "Other Alcoholic Beverages" above includes beer-tasted soft drinks and soft drinks for on-site sales.
2. Effective fiscal 2008, the new "Contract Manufacture" category has been added to reflect the



increasing importance of the production of some of the products of Asahi Soft Drinks Co., Ltd. by the Company on a contract manufacturing basis.

## **(2) Management Perspectives**

During fiscal 2009, the final year of its “Third Medium-Term Management Plan,” the Asahi Breweries Group plans to focus on reinforcing its business base. Besides working to reinforce all its operations to establish a strong earnings base and platform for future growth, the Company intends to promote Group-wide synergies by building production systems that are optimized across borders between businesses and by promoting cross-functional personnel recruiting and transfers.

### **The Domestic Alcoholic Beverages Business**

Conditions are expected to remain challenging in the alcoholic beverages business in an environment of ongoing shifts in consumer preferences and rising raw materials costs. The Company will seek to create original value by deploying improved product development capabilities to cultivate its brands. The Company also aims to make its earnings structure more resilient to changes in the business environment by promoting joint purchasing initiatives, both within the Group and in conjunction with third parties, and by restructuring its production systems.

In the beer and beer-type beverage sector, the Company plans to focus on reinforcing the flagship “Asahi Super Dry” brand along with other core brands such as “Asahi Style Free” and “Clear Asahi.” At the same time, the Company will respond to the continuing need to cater to diversifying consumer tastes by establishing new market segments. In February 2009, the Company will launch “Asahi Off,” a new-genre beer-type beverage combining reduced purine and low carbohydrate content. In the happoshu sector, March 2009 will see the launch of “Asahi COOL DRAFT,” a new type of happoshu blending a sharp taste with a rich, smooth finish.

In the shochu, low-alcohol beverages, whisky and other spirits and wine categories, the Company plans to continue focusing on the development and reinforcement of its existing brands while pursuing further enhanced profitability. Its intention remains to create systems capable of maintaining reliable supplies of high-quality products while establishing brands that reassure consumers.

### **Group Operations**

In the soft drinks business, the Group aims to foster dramatic growth, with a particular focus on Asahi Soft Drinks Co., Ltd., the core Group firm in this segment, through deployment of the Group’s operational resources and pursuit of a more dynamic, fast-responding management style. Asahi Soft Drinks will continue pursuing a growth strategy that focuses on strengthening its core brands, while at the same time furthering the development and new proposal of brands in growth sectors. Asahi Calpis Beverage Co., Ltd., meanwhile, will pursue enhanced synergies through the integration of its vending machine operations, while at the same time strengthening the earnings structure

by targeting operating efficiency.

In the foods and pharmaceuticals business, the Group aims to promote growth in sales across the core product ranges of Asahi Food & Healthcare Co., Ltd. and Wakodo Co., Ltd. with a focus on confectioneries, baby foods, health foods and seasonings. At the same time, the Company aims to reinforce its product development capabilities and strengthen its overall business by quickly realizing synergies with Amano Jitsugyo Co., Ltd, a new member of the Group.

In international operations, moves to expand the Group's business domain will focus on the Asian region. Besides trying to improve the profitability of its alcoholic beverage operations in China and soft drink business in South Korea, the Group is willing to realize a stronger strategic partnership with China's Tsingtao Brewery Co., Ltd., a portion of whose issued and outstanding shares the Company is scheduled to acquire in March 2009 subject to approval of Chinese relevant authorities. In addition, The Company entered into the basic agreement with Cadbury plc to acquire their Australian beverages business, which will lead to expansion of the Group's business base beyond Asia into Oceania. The Group plans to develop this base into a significant source of earnings, while at the same time keeping an eye out for new business investment and alliance opportunities.

Through the "Third Medium-Term Management Plan," the Asahi Breweries Group will endeavor to establish a solid growth path for each business segment of the Group. At the same time, the Group will seek to boost its overall corporate value through the pursuit of optimal financial and cash flow strategies. The Group prioritizes investment opportunities that will help expand its business base, and will pursue and implement strategic acquisitions and alliances within the "food and healthcare" sector, both in Japan and abroad. No less important than this, the Group intends to follow a flexible cash flow strategy designed to boost shareholder returns through an optimized mixture of dividends and treasury stock purchases and to improve its capital efficiency.

The Company cordially requests shareholders' continuing encouragement and support.

### **(3) Capital Investment Activities**

Consolidated capital expenditures in the year under review totaled ¥36,134 million, a large portion of which represented investments made to upgrade existing facilities and implement energy conservation measures. Other projects are specified below:

Major capital investments and facility upgrades in process during 2008

#### ***Segment concerned: Soft drink operations***

Item and expenditure: Manufacturing facility for soft drinks: ¥3,947 million (at Ibaraki Plant, Asahi Breweries, Ltd.: total projected capital investment of ¥22,500 million)

#### (4) Financing Activities

The Company financed the capital investments detailed in item (3) above and other capital requirements through loans from financial institutions and the issuance of commercial paper. In addition, on May 29, 2008, the Company issued two series of Euroyen conditional convertible bonds with share purchase warrants due in 2023 (15-year, ¥35,000 million bond issue) and 2028 (20-year, ¥35,000 million bond issue), respectively, to procure funds for repayment of the short-term borrowings used to finance the tender offer for the shares in Asahi Soft Drinks Co., Ltd. and for buybacks of shares in the Company.

#### (5) Status of Principal Lenders

(As of December 31, 2008)

Lender	Outstanding balance
	(Million yen)
Sumitomo Mitsui Banking Corporation	14,500
Mizuho Corporate Bank, Ltd.	11,000
The Dai-ichi Mutual Life Insurance Company	8,500
Fukoku Mutual Life Insurance Company	8,000
The Norinchukin Bank	7,500
Sumitomo Life Insurance Company	5,500
Development Bank of Japan Inc.	3,625
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,500
The Sumitomo Trust & Banking Co., Ltd.	3,000
Mitsubishi UFJ Trust and Banking Corporation	2,500

Note:

Development Bank of Japan was privatized on October 1, 2008, becoming a joint stock company, Development Bank of Japan Inc.

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

	82 <sup>nd</sup> term 2005	83 <sup>rd</sup> term 2006	84 <sup>th</sup> term 2007	85 <sup>th</sup> term 2008 (under review)
Net sales (million yen)	1,430,026	1,446,385	1,464,071	1,462,747
Operating income (million yen)	90,248	88,713	86,955	94,520
Recurring profit (million yen)	91,459	90,109	90,217	96,474
Net income (million yen)	39,870	44,775	44,797	45,014
Earnings per share (yen)	82.22	94.02	94.94	96.31
Total assets (million yen)	1,218,226	1,288,501	1,324,391	1,299,058
Net assets (million yen)	454,891	509,774	529,782	534,627
Net assets per share (yen)	951.12	1,012.77	1,089.33	1,122.13

## Notes:

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

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

	82 <sup>nd</sup> term 2005	83 <sup>rd</sup> term 2006	84 <sup>th</sup> term 2007	85 <sup>th</sup> term 2008 (under review)
Net sales (million yen)	1,054,161	1,031,060	1,030,736	1,019,613
Operating income (million yen)	78,513	78,596	79,933	91,050
Recurring profit (million yen)	76,905	76,307	77,372	88,562
Net income (million yen)	35,498	38,902	40,513	38,994
Earnings per share (yen)	73.41	81.69	85.84	83.43
Total assets (million yen)	981,151	1,014,878	1,070,506	1,049,190
Net assets (million yen)	433,689	449,270	482,026	485,538
Net assets per share (yen)	907.02	954.48	1,020.24	1,044.56

## Notes:

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

## (7) Principal Subsidiaries

Company name	Capital (Million yen)	Shareholdings (%)	Main operations
Asahi Soft Drinks Co., Ltd.	11,081	100.0	Production and sales of soft drinks
Asahi Calpis Beverage Co., Ltd.	495	80.0	Sales of soft drinks
Asahi Food & Healthcare Co., Ltd.	3,200	100.0	Production and sales of foods and pharmaceuticals
Wakodo Co., Ltd.	2,918	100.0	Production and sales of foods and pharmaceuticals
The Nikka Whisky Distilling Co., Ltd.	14,989	100.0	Production of alcoholic beverages
Sainte Neige Wine Co., Ltd.	50	100.0	Production of alcoholic beverages
Asahi Logistics, Ltd.	80	100.0	Cargo transportation
Asahi Food Create, Ltd.	40	100.0	Operation of bars and restaurants
LB Co., Ltd. (Tokyo)	487	67.9	Production and sales of soft drinks
LB Co., Ltd. (Nagoya)	55	97.0	Production and sales of soft drinks
Amano Jitsugyo Co., Ltd.	67	80.0	Production and sales of foods
Beijing Beer Asahi Co., Ltd.	4,744 (374,910 thousand RMB)	47.0	Brewing and sales of beer
Hangzhou Xihu Beer Asahi Co., Ltd.	3,882 (276,000 thousand RMB)	55.0	Brewing and sales of beer
Yantai Beer Asahi Co., Ltd.	3,032 (218,804 thousand RMB)	53.0	Brewing and sales of beer
Haitai Beverage Co., Ltd.	9,460 (100,000 million KRW)	41.0	Production and sales of soft drinks
Asahi Beer U.S.A., Inc.	3,720 (US\$32,000 thousand)	100.0	Sales of beer

### Notes:

1. Shareholding Percentages include shares held indirectly.
2. Asahi Soft Drinks Co., Ltd. became a wholly owned subsidiary of the Company following the acquisition of all its outstanding shares held by minority shareholders, effective of April 30, 2008.
3. Due to voluntary reductions in amount of stated capital, the capital of Sainte Neige Wine Co., Ltd. was lowered to ¥50 million effective on June 1, 2008 (from ¥125 million at the previous fiscal year-end).
4. Description of LB Co., Ltd. (Saitama) was changed to LB Co., Ltd. (Tokyo) from this time (for the avoidance of doubt, there is no change in its legal corporate name or status).
5. Amano Jitsugyo Co., Ltd. became a subsidiary following the Company's acquisition of 80.0% of its shares on July 1, 2008.
6. Asahi Beer U.S.A., Inc. became a wholly owned subsidiary following the Company's acquisition of 0.8% of its shares on November 28, 2008.

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

In accordance with a resolution approved at a meeting of the Board of Directors on June 24, 2008, the Company acquired 1,080,000 shares of common stock in Amano Jitsugyo Co., Ltd. on July 1, 2008, becoming a shareholder holding an equity stake of 80.0% in Amano Jitsugyo and Amano became a consolidated subsidiary of the Company.

## (9) Principal Operations

(As of December 31, 2008)

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

Principal operations	Principal products
Alcoholic Beverages	<i>Asahi Super Dry, Asahi Premium Draft Beer Jukusen, Asahi Style Free, Asahi Honnama Draft, Asahi Honnama Aqua Blue, Asahi Zeitaku Biyori, Clear Asahi, Asahi Ajiwai, Asahi Gokuuma</i> (beers and beer-type beverages) <i>Kanoka, Satsuma Tsukasa, Daigoro, Ichibanfuda, SAZAN</i> (shochu) <i>Asahi Cocktail Partner, Asahi Shunka Shibori, Asahi Tomato</i> (low-alcohol beverages) <i>Taketsuru, Black Nikka Clear Blend, Super Nikka, Single Malt Yoichi</i> (whisky) <i>Sainte Neige, Baron Philippe, Louis Latour, Caliterra, Santa Ana, Gancia, ALMADEN</i> (wine)
Soft Drinks	<i>Mitsuya Cider, Wilkinson, Bireley's, WONDA, Asahi Juroku-Cha, Asahi Wakamusha, FAUCHON, Asahi Ikkyu-Chaba Oolong-Cha, Asahi Fujisan-no Vanadium Ten-Nen-Sui, Asahi Super H<sub>2</sub>O</i>
Foods and Pharmaceuticals	<i>EBIOS, Dear-Natura, Slim Up Slim, Mintia, Balance Up, Haihai</i> (baby milk), <i>Gungun</i> (baby milk), <i>Goo Goo Kitchen</i> (baby food), <i>Gyunyuya-san no Kohii</i> (coffee), <i>Oshibori Wetty</i> (wet tissues), <i>Siccarol</i> (baby skincare powder)

**(10) Principal Offices and Factories**

(As of December 31, 2008)

Asahi Breweries, Ltd.	Registered head office	23-1, Azumabashi 1-chome, Sumida-ku, Tokyo
	Regional sales offices	Hokkaido Regional Headquarters (Sapporo), Tohoku Regional Headquarters (Sendai), Tokyo Regional Headquarters (Chuo-ku, Tokyo), Chubu Regional Headquarters (Nagoya), Hokuriku Regional Headquarters (Kanazawa), Kinkiken Regional Headquarters (Osaka), Chugoku Branch (Hiroshima), Shikoku Regional Headquarters (Takamatsu), Kyushu Regional Headquarters (Fukuoka)
	Production facilities	Hokkaido Brewery (Sapporo), Fukushima Brewery (Motomiya, Fukushima Prefecture), Ibaraki Brewery (Moriya, Ibaraki Prefecture), Kanagawa Brewery (Minami-ashigara, Kanagawa Prefecture), Nagoya Brewery (Nagoya), Suita Brewery (Suita, Osaka Prefecture), Nishinomiya Brewery (Nishinomiya, Hyogo Prefecture), Shikoku Brewery (Saijo, Ehime Prefecture), Hakata Brewery (Fukuoka)
	Laboratories	Development Laboratories for Alcoholic Beverages, Research Laboratories of Brewing Technology, Development Laboratories for Food Product, Research Laboratories for Food Technology, Research Laboratories for Food Safety Chemistry, Research & Development Laboratories for Packaging, Research & Development Laboratories for Sustainable Value Creation, Research Laboratories for Health & Gustatory Science (all in Moriya, Ibaraki Prefecture)
	Overseas offices	North America Office (U.S.A.), Europe Branch (U.K.), Coordination Division for China Business (China)



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

Note: The Company's registered head office relocated to the above address effective September 1, 2008.

## (11) Employees

(As of December 31, 2008)

### A. Employees of the Asahi Breweries Group (Consolidated)

Business segment	Number of employees
Alcoholic Beverages	7,369 (down 55)
Soft Drinks	4,633 (up 369)
Foods and Pharmaceuticals	1,411 (up 438)
Other Businesses	2,944 (up 6)
Total	16,357 (up 758)

Note: Figures in parentheses represent increases or decreases from the end of the previous term.

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

Full-time employees	Average age	Average years of service	Average annual compensation
3,713 (down 12)	40.8	14.4	¥8,923,756

Notes:

1. Figures in parentheses represent increases or decreases from the end of the previous term.
2. Full-time employees include 222 persons seconded to the Company from other companies.
3. In addition to the employees enumerated above, the Company employs 148 persons on a term contract basis.

## (12) Overview of Other Significant Asahi Breweries Group Activities

### Research and Development

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

- The Company has developed, jointly with Showa Aluminum Can Corporation, an eco-friendly, next-generation lightweight can end called the "206 SuperEnd™." The new can end for beers and beer-type beverages based on the SuperEnd™ technology developed by Crown Holdings Inc., a leading U.S. manufacturer of cans and other containers, realizes a reduction of about 9% in the amount of aluminum used in aluminum cans with no change in the external can dimensions but by changing the shapes of the cans. Therefore, it will contribute to emission reduction of CO<sub>2</sub> during transportation and others.
- Asahi Soft Drinks Co., Ltd. has developed a new "Fresh Quality" production method for making carbonated fruit drinks. The new method has been applied in the production of some "Mitsuya Cider" product lines. By facilitating a highly advanced degree of hygiene control in filling processes involving sterilized contents and containers, the new method enables elimination of the heat treatment process conventionally applied after filling and sealing such products. This has resulted in an improved taste together with reduced environmental impact and lower costs.

### Corporate Social Responsibility ("CSR")

The Asahi Breweries Group regards CSR-related activities as "proactive measures to enhance corporate value." Based on the "Asahi Breweries Group CSR Policy," the Group is undertaking CSR-related initiatives in such priority areas as "environmental conservation" and "educational activities to encourage responsible drinking in moderation."

- Among its environmental conservation activities, the Group is focusing primarily on reducing CO<sub>2</sub> emissions as a key approach to helping to prevent global warming. The Company has so far gone ahead with consulting a variety of other eco-friendly initiatives, and the Company, in a new initiative, has additionally

developed a Pre Isomeriser & Evaporator (PIE) technology that can reduce CO<sub>2</sub> emissions from the boiling processes conducted in brewing by up to 30%. In appreciation of our development of this “PIE method,” Japan’s Ministry of the Environment awarded the Company a Minister’s Prize in 2008 in recognition of its potential value in the prevention of global warming. Among other efforts, the Company began providing support for forest development and management programs as an official supporter of the recreational forests initiative being promoted by Japan’s Forestry Agency.

Recognizing its social responsibility as an enterprise engaged in the production and distribution of alcoholic beverages, the Company conducts a range of activities aimed at encouraging responsible drinking. The Company adheres to voluntary standards established by the Japanese alcoholic beverages industry governing the advertising, promotion and packaging of such products. The Group also pursues ongoing activities aimed at preventing problems such as underage drinking and drunk driving. An educational tool for primary school students entitled “What You Should Learn on Underage Drinking” dealing with the dangers of underage drinking won the Outstanding Performance Award in the Printed Material Division of the 6<sup>th</sup> Consumer Education Material Recognition organized by the National Institute on Consumer Education.

## 2. Overview of the Company

### (1) Shares Outstanding

(As of December 31, 2008)

<b>A. Total number of authorized shares</b>	972,305,309
<b>B. Number of shares issued</b>	483,585,862
<b>C. Number of shareholders</b>	115,450

(Decreased by 138 from the end of the previous term)

### D. Major shareholders

	Shareholders' investment in the Company	
	Number of shares held (in hundreds)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	247,272	5.1
Japan Trustee Services Bank, Ltd. (Trust Account)	243,455	5.0
Japan Trustee Services Bank, Ltd. (Trust account 4G)	221,133	4.6
Asahi Kasei Corporation	187,853	3.9
The Dai-ichi Mutual Life Insurance Company	179,200	3.7
Fukoku Mutual Life Insurance Company	168,830	3.5
Sumitomo Mitsui Banking Corporation	90,280	1.9
The Sumitomo Trust & Banking Co., Ltd.	81,260	1.7
Sumitomo Life Insurance Company	70,900	1.5
Mizuho Corporate Bank, Ltd.	56,447	1.2
Total	1,546,630	32.0

Note: The Company holds treasury stock numbering 187,621 hundred shares. However, the Company is excluded from the above list of major shareholders.

**(2) Status of Share Purchase Warrants, etc.**

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

(As of December 31, 2008)

	1) Stock option system based on acquisition of treasury stock	2) Stock option system based on acquisition of treasury stock	3) Stock option system based on subscription rights
Date of issuance resolution	March 30, 2000	March 29, 2001	March 28, 2002
Class and number of shares subject to warrants	Common shares: 16,000	Common shares: 64,000	Common shares: 95,000
Fee for exercise of warrants	¥1,115 per share	¥1,185 per share	¥1,090 per share
Exercisable period	January 1, 2005 to March 29, 2010	January 1, 2005 to March 28, 2011	January 1, 2005 to March 27, 2012
Conditions for exercise of warrants	<ul style="list-style-type: none"> <li>The warrants are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>The warrants may be passed on to heirs.</li> <li>The warrants shall be cancelled if a holder is dismissed for certain specified reasons.</li> <li>Any assignment or pledging of the warrants is prohibited.</li> </ul>	<ul style="list-style-type: none"> <li>The warrants are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>The warrants may be passed on to heirs.</li> <li>The warrants shall be cancelled if a holder is dismissed for certain specified reasons.</li> <li>Any assignment or pledging of the warrants is prohibited.</li> </ul>	<ul style="list-style-type: none"> <li>The warrants are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>The warrants may be passed on to heirs.</li> <li>The warrants shall be cancelled if a holder is dismissed for certain specified reasons.</li> <li>Any assignment or pledging of the warrants is prohibited.</li> </ul>
Situation concerning the holding of share purchase warrants by Directors and Corporate Auditors			
Directors (except Outside Directors)	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: 14,000 shares</li> <li>Number of holders: 6</li> </ul>	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: 56,000 shares</li> <li>Number of holders: 6</li> </ul>	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: 63,000 shares</li> <li>Number of holders: 5</li> </ul>
Outside Directors	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: 2,000</li> <li>Number of holders: 1</li> </ul>	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: 8,000 shares</li> <li>Number of holders: 1</li> </ul>	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: 7,000 shares</li> <li>Number of holders: 1</li> </ul>
Corporate Auditors	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: –</li> <li>Number of holders: –</li> </ul>	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: –</li> <li>Number of holders: –</li> </ul>	<ul style="list-style-type: none"> <li>Number of shares subject to share purchase warrants: 25,000 shares</li> <li>Number of holders: 2</li> </ul>

	4) First Issue of share purchase warrants	5) Second Issue of share purchase warrants
Date of issuance resolution	March 28, 2003	March 30, 2004
Number of share purchase warrants	44	1,600
Class and number of shares subject to share purchase warrant	Common shares: 44,000	Common shares: 160,000
Fee for exercise of share purchase warrants	¥830 per share	¥1,205 per share
Exercisable period	March 28, 2005 to March 27, 2013	March 30, 2006 to March 29, 2014
Conditions for exercise of share purchase warrants	<ul style="list-style-type: none"> <li>• The warrants are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>• The warrants may be passed on to heirs.</li> <li>• The warrants shall be cancelled if a holder is dismissed for certain specified reasons.</li> <li>• Any assignment or pledging of the warrants is prohibited.</li> </ul>	<ul style="list-style-type: none"> <li>• The warrants are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>• The warrants may be passed on to heirs.</li> <li>• The warrants shall be cancelled if a holder is dismissed for certain specified reasons.</li> <li>• Any assignment or pledging of the warrants is prohibited.</li> </ul>
Situation concerning the holding of share purchase warrants by Directors and Corporate Auditors		
Directors (except Outside Directors)	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 22</li> <li>• Number of shares subject to share purchase warrants: 22,000 shares</li> <li>• Number of holders: 3</li> </ul>	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 950</li> <li>• Number of shares subject to share purchase warrants: 95,000 shares</li> <li>• Number of holders: 6</li> </ul>
Outside Directors	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: –</li> <li>• Number of shares subject to share purchase warrants: –</li> <li>• Number of holders: –</li> </ul>	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 100</li> <li>• Number of shares subject to share purchase warrants: 10,000 shares</li> <li>• Number of holders: 1</li> </ul>
Corporate Auditors	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 22</li> <li>• Number of shares subject to share purchase warrants: 22,000</li> <li>• Number of holders: 4</li> </ul>	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 550</li> <li>• Number of shares subject to share purchase warrants: 55,000</li> <li>• Number of holders: 4</li> </ul>

	6) Third Issue of share purchase warrants	7) Fourth Issue of share purchase warrants
Date of issuance resolution	March 30, 2005	March 30, 2006
Number of share purchase warrants	1,750	2,150
Class and number of shares subject to share purchase warrants	Common shares: 175,000	Common shares: 215,000
Fee for exercise of share purchase warrants	¥1,374 per share	¥1,688 per share
Exercisable period	March 30, 2007 to March 29, 2015	March 30, 2008 to March 29, 2016
Conditions for exercise of share purchase warrants	<ul style="list-style-type: none"> <li>• The warrants are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>• The warrants may be passed on to heirs.</li> <li>• Any assignment or transfer of the share purchase warrants is subject to approval of the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>• The warrants are exercisable even after the resignation of Directors or Corporate Auditors, as the case may be.</li> <li>• The warrants may be passed on to heirs.</li> <li>• Any assignment or transfer of the share purchase warrants is subject to approval of the Board of Directors.</li> </ul>
Situation concerning the holding of share purchase warrants by Directors and Corporate Auditors		
Directors (except Outside Directors)	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 1,000</li> <li>• Number of shares subject to share purchase warrants: 100,000</li> <li>• Number of holders: 6</li> </ul>	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 1,400</li> <li>• Number of shares subject to share purchase warrants: 140,000</li> <li>• Number of holders: 8</li> </ul>
Outside Directors	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 100</li> <li>• Number of shares subject to share purchase warrants: 10,000</li> <li>• Number of holder: 1</li> </ul>	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 100</li> <li>• Number of shares subject to share purchase warrants: 10,000</li> <li>• Number of holder: 1</li> </ul>
Corporate Auditors	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 650</li> <li>• Number of shares subject to share purchase warrants: 65,000</li> <li>• Number of holders: 5</li> </ul>	<ul style="list-style-type: none"> <li>• Number of share purchase warrants: 650</li> <li>• Number of shares subject to share purchase warrants: 65,000</li> <li>• Number of holders: 5</li> </ul>

## B. Important items regarding other share purchase warrants

Overview of Euroyen conditional convertible bonds with share purchase warrants adopted by resolution of the Board of Directors of May 13, 2008

	1) Euroyen conditional convertible bonds with share purchase warrants maturing in 2023	2) Euroyen conditional convertible bonds with share purchase warrants maturing in 2028
Date of issuance resolution	May 13, 2008	May 13, 2008
Date of issue	May 29, 2008	May 29, 2008
Outstanding amount of bonds with share purchase warrants	¥35,168 million	¥35,000 million
Details concerning the share purchase warrants		
Number of share purchase warrants	Total of 35,000 and the number calculated by dividing the total face value of the substitute bonds with share purchase warrants by ¥1,000,000	Total of 35,000 and the number calculated by dividing the total face value of the substitute bonds with share purchase warrants by ¥1,000,000
Class and number of shares subject to share purchase warrants	Common shares: 16,611,295	Common shares: 17,073,170
Fee for exercise of share purchase warrants	¥2,107 per share	¥2,050 per share
Exercisable period	June 12, 2008 to May 12, 2023	June 12, 2008 to May 12, 2028
Conditions for exercise of share purchase warrants	<ul style="list-style-type: none"> <li>• Certain share purchase warrants may not be exercised.</li> <li>• Prior to May 29, 2011, but only when the closing price of the Company's common stock for 20 of the last 30 trading days (including the last trading day) exceeds 125% of the conversion price (¥2,107) as of the last trading date of each quarter. In such cases, exercise is possible, in principle, during the following quarter.</li> </ul>	<ul style="list-style-type: none"> <li>• Certain share purchase warrants may not be exercised.</li> <li>• Prior to May 29, 2014, but only when the closing price of the Company's common stock for 20 of the last 30 trading days (including the last trading day) exceeds 125% of the conversion price (¥2,050) as of the last trading date of each quarter. In such cases, exercise is possible, in principle, during the following quarter.</li> </ul>
Conditions under which the Company may acquire share purchase warrants	<ul style="list-style-type: none"> <li>• On or after May 29, 2011, the Company may acquire all of the bonds after notifying the bondholders.</li> <li>• The acquisition date shall be at least 60 but no more than 75 days from the notification date.</li> </ul>	<ul style="list-style-type: none"> <li>• On or after May 29, 2014, the Company may acquire all of the bonds after notifying the bondholders.</li> <li>• The acquisition date shall be at least 60 but no more than 75 days from the notification date.</li> </ul>



### (3) Directors and Corporate Auditors of the Company

#### A. Directors and Corporate Auditors

(As of December 31, 2008)

Name	Position	Areas of responsibility, primary positions, and representation of other companies and organizations
Kouichi Ikeda	Chairman of the Board and Representative Director	Chairman of the Board of Asahi Beer Arts Foundation
Hitoshi Ogita	President and Representative Director	
Masatoshi Takahashi	Senior Managing Director	Senior Managing Executive Officer, Domestic Marketing Headquarters of the Company
Masahiko Osawa	Managing Director	Managing Executive Officer, Senior General Manager of International Headquarters of the Company President and Representative Director of AI Beverages Holding Co., Ltd. Representative Director and Chairman of the Board of Haitai Beverage Co., Ltd.
Naoki Izumiya	Managing Director	Managing Executive Officer, Senior General Manager of Liquor Sales & Marketing Headquarters of the Company
Kazuo Motoyama	Managing Director	Managing Executive Officer, Group Headquarters (Corporate Planning Department, Public Relations Department, Logistics Department and IT Strategy & BPM Department) of the Company
Akiyoshi Koji	Managing Director	Managing Executive Officer, Group Headquarters (Personnel Department, Finance Department and Institute of Lifestyle & Culture) of the Company
Shin Iwakami	Managing Director	Managing Executive Officer, Group Headquarters (Quality Assurance Department) and Research & Development Headquarters of the Company Chairman of the Board of Asahi Breweries Foundation
Noriyuki Karasawa	Director	Executive Officer, Group Headquarters (Procurement Department) and Senior General Manager of Production Headquarters of the Company
Nobuo Yamaguchi	Outside Director	Chairman of the Board and Representative Director of Asahi Kasei Corporation Chairman of the People's Political Association

Name	Position	Areas of responsibility, primary positions, and representation of other companies and organizations
Mariko Bando	Outside Director	President of Showa Women's University Director of The Institute of Women's Culture, Showa Women's University Chairman of the Board of Rural Women Empowerment and Life Improvement Association
Yoshihiro Goto	Standing Corporate Auditor	
Yoshifumi Nishino	Standing Corporate Auditor	
Takahide Sakurai	Outside Corporate Auditor	Senior Advisor to The Dai-ichi Mutual Life Insurance Company
Naoto Nakamura	Outside Corporate Auditor	Partner and Attorney at Law, Nakamura, Tsunoda & Matsumoto Law Offices
Tadashi Ishizaki	Outside Corporate Auditor	Professor, Faculty of Commerce, Chuo University

Notes:

1. Directors Nobuo Yamaguchi and Mariko Bando are Outside Directors as defined in Item 15, Article 2 of the Corporation Law.
2. Corporate Auditors Takahide Sakurai, Naoto Nakamura and Tadashi Ishizaki are Outside Corporate Auditors as defined in Item 16, Article 2 of the Corporation Law.
3. Corporate Auditor Yoshihiro Goto was formerly Director in charge of finance of the Company and has considerable expertise in finance and accounting.
4. Corporate Auditor Naoto Nakamura who is an attorney at law is jurisprudent, among others, to corporate legal affairs; he also has considerable expertise in finance and accounting.
5. 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.
6. Directors Yoshifumi Nishino and Yukio Okamoto and Corporate Auditor Sugao Nishikawa retired upon the expiration of their terms of office at the conclusion of the 84<sup>th</sup> Annual Shareholders' Meeting held on March 26, 2008.
7. Noriyuki Karasawa and Mariko Bando were newly elected as Directors and Yoshifumi Nishino was newly elected as Corporate Auditor, at the 84<sup>th</sup> Annual Shareholders' Meeting held on March 26, 2008, and all assumed their respective offices. On the same day, Mr. Nishino was appointed as Standing Corporate Auditor by a resolution of Board of Corporate Auditors, and he assumed his office.

8. In addition to the foregoing, important concurrent positions held by Directors and Corporate Auditors are as follows.

Directors

Name	Companies and other organizations in which Directors hold concurrent positions	Specific concurrent position
Kouichi Ikeda	New Otani Co., Ltd	Director
Masatoshi Takahashi	ORION BREWERIES, LTD.	Director
Masahiko Osawa	Tingyi-Asahi-Itochu Beverages Holding Co., Ltd.	Vice Chairman
Kazuo Motoyama	Asahi Logistics, Ltd. Amano Jitsugyo Co., Ltd. Asahi Soft Drinks Co., Ltd. Asahi Food & Healthcare Co., Ltd. Wakodo Co., Ltd.	Director Director Corporate Auditor Corporate Auditor Corporate Auditor
Akiyoshi Koji	AI Beverages Holding Co. Ltd. Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. Haitai Beverage Co., Ltd.	Director Director Director
Shin Iwakami	Asahi Soft Drinks Co., Ltd. Asahi Food & Healthcare Co., Ltd. Wakodo Co., Ltd. AI Beverages Holding Co. Ltd. Tingyi-Asahi-Itochu Beverages Holding Co., Ltd.	Director Director Director Director Director
Noriyuki Karasawa	The Nikka Whisky Distilling Co., Ltd. LB Co., Ltd. (Tokyo) LB Co., Ltd. (Nagoya)	Director Director Director
Nobuo Yamaguchi	Nippon Television Network Corp. The Shoko Chukin Bank, Ltd. The Yomiuri Shimbun Holdings	Director Director Corporate Auditor
Mariko Bando	Asahi Mutual Life Insurance Co. Showa Women's University	Director Director

## Corporate Auditors

Name	Companies and other organizations in which Corporate Auditors hold concurrent positions	Specific concurrent position
Yoshihiro Goto	Asahi Soft Drinks Co., Ltd. Wakodo Co., Ltd.	Corporate Auditor Corporate Auditor
Yoshifumi Nishino	Asahi Food & Healthcare Co., Ltd. The Nikka Whisky Distilling Co., Ltd. Amano Jitsugyo Co., Ltd.	Corporate Auditor Corporate Auditor Corporate Auditor
Takahide Sakurai	Imperial Hotel, Ltd. Seven Bank, Ltd.	Director Director
Naoto Nakamura	Mitsui & Co., Ltd.	Corporate Auditor

(Reference) In addition to the above, Executive Officers who do not serve concurrently as Directors are as follows.

Position	Name
Senior Managing Executive Officer	Masaru Kuraguchi
Managing Executive Officer	Yuji Ninomiya, Akira Matsunobu, Seikou Takahashi
Executive Officer	Fumio Yamasaki, Kenji Taniguchi, Katsuyuki Kawatsura, Makoto Sugiura Masafumi Tanino, Yoshihisa Kitagawa, Toshihiko Nagao, Naoki Morie Norio Naito, Takayoshi Kanaya, Toshio Mori, Hideaki Takemoto Shoji Tsumura, Takami Maruyama, Toshio Kodato, Katsutoshi Takahashi Shinichi Hirano

## B. Remuneration paid to Directors and Corporate Auditors

Category	Directors' and Corporate Auditors' compensation		Directors' and Corporate Auditors' bonuses		Total amount (yen)
	Number of persons remunerated	Total amount of remuneration paid (yen)	Number of persons remunerated	Total amount of remuneration paid (yen)	
Directors	13	384,480,000	13	105,000,000	489,480,000
[of which, Outside Directors]	[ 3 ]	[21,600,000]	[ 3 ]	[6,700,000]	[28,300,000]
Corporate Auditors	6	92,370,000	6	3,800,000	96,170,000
[of which, Outside Auditors]	[ 3 ]	[30,600,000]	[ 3 ]	[1,500,000]	[32,100,000]

Notes:

- The above includes Directors Yoshifumi Nishino and Yukio Okamoto and Corporate Auditor Sugao Nishikawa, who retired upon conclusion of the 84<sup>th</sup> Annual Shareholders' Meeting held on March 26, 2008. After retiring from the position of Director, Mr. Nishio assumed his office as Corporate Auditor on the same day and is therefore represented as both a Director and a Corporate Auditor.
- 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 Shareholders' Meeting held on March 27, 2007. As of the end of the fiscal year under review, the anticipated total amount of future payments was as follows:
  - Total of ¥136,500,000 to six Directors (including ¥19,500,000 to one Outside Director)
  - Total of ¥33,000,000 to three Outside Corporate Auditors
- The total amount of Directors' remuneration is limited to ¥760 million (including ¥50 million for Outside Directors) per year according to the resolution passed at the 83rd Annual Shareholders'

Meeting held on March 27, 2007.

4. The total amount of Corporate Auditors' remuneration is limited to ¥120 million (including ¥40 million for Outside Corporate Auditors) per year according to the resolution passed at the 83rd Annual Shareholders' Meeting held on March 27, 2007.

### C. Outside Directors and Outside Corporate Auditors

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

Name	Companies at which concurrent positions are held and positions held
Nobuo Yamaguchi	Chairman of the Board and Representative Director of Asahi Kasei Corporation Outside Director of Nippon Television Network Corp. Outside Director of The Shoko Chukin Bank, Ltd. Outside Corporate Auditor of The Yomiuri Shimbun Holdings
Mariko Bando	Outside Director of Asahi Mutual Life Insurance Company

Note:

Director Nobuo Yamaguchi is Chairman of the Board and Representative Director of Asahi Kasei Corporation. Although Asahi Kasei is one of the major shareholders of the Company, it does not have a significant commercial relationship with the Company.

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

Name	Companies at which concurrent positions are held and positions held
Takahide Sakurai	Outside Director of Imperial Hotel, Ltd. Outside Director of Seven Bank, Ltd.
Naoto Nakamura	Outside Corporate Auditor of Mitsui & Co., Ltd.

- Major activities of Outside Directors and Outside Corporate Auditors

Name	Position	No. of Board of Directors meetings attended	No. of Board of Corporate Auditors meetings attended	Form of participation
Nobuo Yamaguchi	Outside Director	12/12	—	Mr. Yamaguchi participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.
Mariko Bando	Outside Director	10/10	—	Ms. Bando participated in discussions as necessary, primarily from the perspective of her wealth of experience as an educator.
Takahide Sakurai	Outside Corporate Auditor	8/12	5/7	Mr. Sakurai participated in discussions as necessary, primarily from the perspective of his wealth of experience as a manager.

Name	Position	No. of Board of Directors meetings attended	No. of Board of Corporate Auditors meetings attended	Form of participation
Naoto Nakamura	Outside Corporate Auditor	10/12	7/6	Mr. Nakamura participated in discussions as necessary, primarily from his expert perspective as an attorney at law.
Tadashi Ishizaki	Outside Corporate Auditor	12/12	7/7	Mr. Ishizaki participated in discussions as necessary, primarily from his expert perspective as a scholar of accounting.

Notes:

1. In addition to the above meetings of the Board of Directors held during the term, two deemed resolutions were passed in writing as per Article 370 of the Corporation Law.
2. Mariko Bando was newly elected as a Director at the 84<sup>th</sup> Annual Shareholders' Meeting held on March 26, 2008, and the number of meetings held during her tenure is therefore different from that for other Outside Directors and Outside Corporate Auditor.

- 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 Corporation Law, to either ¥20,000,000 or the minimum amount stipulated by applicable laws and regulations, whichever is higher.

#### (4) Independent Auditor

##### A. Name of the Independent Auditor

AZSA & Co.

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

	Amount payable
Remuneration paid for the fiscal year under review	¥97 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥215 million

Notes:

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

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

The Company also assigns to its Independent Auditor professional duties, including “advice on construction of internal control system in financial reporting,” which are not statutory auditing duties stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Law.

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

Article 340 of the Corporation Law stipulates that the Board of Corporate Auditors shall be entitled to dismiss the Independent Auditor for reasons stipulated therein. In addition, when it is reasonably recognized that the Independent Auditor is no longer able to execute its duties in an appropriate manner, the Company, with a prior consent of, or a request by, the Board of Corporate Auditors, shall offer to the Shareholders’ Meeting a resolution to dismiss or not to reappoint the Independent Auditor.

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

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

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

- establish, in accordance with the Corporation Law and the Enforcement Regulations of the Corporation Law, the following basic policies (the "Basic Policies") to improve systems designed to ensure appropriate business operations of the Company and its subsidiaries (the "Group Companies") (the "Internal Control");
- recognize that it is the Representative Director(s) who shall assume the ultimate responsibility for the improvement of the Internal Control in accordance with this resolution and demand the Representative Director(s) to cause the Directors and Executive Officers, through the respective departments they are in charge of, to develop and fully enforce individual internal regulations and manuals required based on the Basic Policies; and
- take steps to maintain and enhance the effectiveness of the Internal Control by reviewing the Basic Policies and relevant internal regulations and manuals, etc. in a timely and appropriate manner in accordance with changes in conditions and circumstances.

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

- A. In accordance with a statement of "fair and transparent corporate ethics" as stipulated in its Corporate Action Guidelines, the Company shall establish the "Regulations on Corporate Ethics for the Asahi Breweries Group" and procure its Directors, Corporate Auditors and employees abide by these regulations.
- B. The Company shall establish the "Corporate Ethics Committee for the Asahi Breweries Group," which will oversee the compliance affairs of the Asahi Breweries Group. One of the committee's members shall be an outside attorney-at-law.
- C. An Executive Officer of the Company in charge of compliance shall have the authority to manage compliance-related risks within the Asahi Breweries Group. The General and Legal Affairs Management Department shall handle day-to-day tasks of implementation of the compliance program.



- D. The Company shall assign one person as compliance-promotion personnel in each of the business establishments of the Company and the Group Companies to oversee the promotion of compliance in each business establishment. In conjunction with the Company's Legal Section and the General Affairs Department at each business establishment of the Group Companies, all compliance-promotion personnel shall endeavor to disseminate legal knowledge and to heighten a general awareness of importance of compliance in each business establishment.
- E. The Company shall establish a "Clean Line System" for employees of the Asahi Breweries Group, enabling them to blow the whistle on illicit behavior of others to a specific section of the Company or a designated outside attorney-at-law.
- F. The Company shall establish a "Basic Policy on Procurement" addressing mutual cooperation for fair deals and social responsibilities between the Company and suppliers and a "Clean Line System for Suppliers" enabling suppliers to blow a whistle on illicit behavior of employees of the Company to a specific section of the Company. The Company shall inform and spell out these measures to its suppliers in a bid to enable the Company to improve and develop the system of the Internal Control in cooperation with its suppliers.
- G. The operational details of the aforementioned agencies and systems shall be spelled out under a separately prepared set of internal regulations entitled "Basic Regulations on Corporate Ethics of the Asahi Breweries Group."

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

- A. Information related to execution of duties by Directors shall be properly preserved and managed in accordance with document-management regulations and other related regulations and manuals.
- B. The aforementioned information shall be preserved and managed in a way accessible by Directors and Corporate Auditors for inspection at any time.
- C. Control over the clerical tasks related to preservation and management of the foregoing information shall be determined by individual relevant regulations.

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

- A. The Company shall develop and adopt basic regulations related to risk management and shall affirm such regulations as the highest standards governing risk management within the Asahi Breweries Group. It shall also develop and adopt an operational manual on risk management and disseminate the same among all over the Group.
- B. In addition to having the appropriate departments manage risk in their respective areas, the Company shall establish the "Asahi Breweries Group Risk Management Committee" as a vehicle for comprehensive risk management across the entire Asahi Breweries Group. This committee shall periodically analyze and evaluate

risks in accordance with the regulations and manuals cited in the previous paragraph and, when necessary, carry out comprehensive reviews of the risk management system. An utmost attention shall be paid to the risk of failing to maintain product quality. As food and drink manufacturers, the Asahi Breweries Group strongly recognizes their social responsibility to consumers to ensure the safety of their products.

- C. In the event of any major accident, disaster or scandal, the Company shall establish a crisis-response meeting chaired by a Representative Director.

**<System to ensure efficient execution of duties by Directors>**

- A. To ensure efficient performance of duties by Directors, the Board of Directors shall divide duties in a reasonable way to be delegated to different Directors and shall appoint appropriate persons as Executive Officers in charge of different divisions.
- B. The Company shall establish standards on authority stipulating rules of delegation of power and for a mutual checks-and-balances mechanism among different divisions.
- C. The Company shall ensure effective utilization of the system of the Corporate Strategy Board and the Business Unit Management Board.
- D. To maximize operational efficiency, the Company shall utilize indices that provide an objective and rational way of measuring its management and control of operations; and it shall employ a unified system of follow-up and evaluation.

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

- A. All systems required for the Internal Control, including those for compliance and risk management, shall apply comprehensively across the entire Asahi Breweries Group. As the corporate headquarters of the Group, the Company shall manage and operate the said systems of the Group Companies in accordance with the conditions and circumstances individual companies are facing.
- B. The Company's Internal Auditing Division shall conduct audits of the Group Companies.
- C. Each of the Group Companies shall be required to provide reports on performance of its operations including risk-related information, to the Corporate Auditors of the Company.
- D. Decision-making authority related to business activities of the Group Companies shall be subject to the document entitled "Standards of Authority for the Group Companies."

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

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

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

- A. When a member of the staff of the Board of Corporate Auditors, as stipulated in the previous paragraph, receives an order from a Corporate Auditor in relation to auditing duties, he/she shall not be subject to directives or orders from Directors or other employees regarding that order.
- B. Any issuance of orders to, personnel transfers of, merit evaluations of, or reprimands of a member of the staff of the Board of Corporate Auditors shall require the prior concurrence of Corporate Auditors.

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

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

***<Other systems ensuring effective auditing by Corporate Auditors>***

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

#### **4. Basic Policy Regarding Control of the Company in Deciding its Policies on Finance and Business**

##### **<Basic policy>**

The Company believes that control over decision-making related to its finance and business policies must reside in persons who make it possible for the Company to preserve and enhance corporate value and the common interests of shareholders on a sustained and continuous basis. Such persons must, the Company believes, exert this control on the basis of a proper understanding of various factors including factors that constitute corporate value for the Asahi Breweries Group, beginning with the principles that are its sources: “the creation of attractive products”; “commitment to product quality and craftsmanship”; and “actions that deliver inspiration to customers.” They must understand as well how the Group’s tangible and intangible management resources contribute to corporate value and how measures that are executed with an eye toward the future also potentially impact such value.

The Asahi Breweries Group has adopted as its management creed “creating customer satisfaction, and contributing to the health of the world’s peoples and to the enrichment of society, through outstanding product quality and sincere action”. Guided by these ideals, the Group has positioned itself successfully in several core businesses: beer and other alcoholic beverages, soft drinks, and foods and pharmaceuticals.

Based on this management creed, the Group has endeavored to enhance its overall growth and corporate value through actions that reinforce the sources of this growth and value: by anticipating customer needs in “the creation of attractive products”; by collaborating company-wide in its “commitment to product quality and craftsmanship” - as epitomized by the actions of its production, distribution and sales divisions to bring customers the freshest beer possible; and by demonstrating through such products and services “actions that deliver inspiration to customers”.

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

It shall be noted, however, that, there are not a few cases of large-scale share purchases that would not contribute to the enhancement of the corporate value and the common interests of shareholders of target companies, 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 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.

In this way, investors contemplating a large-scale purchase of shares in the Company could thus damage the Group's corporate value and the common interests of shareholders if they do not understand the sources of the Group's corporate value and are unable to preserve and enhance these sources over the medium-to-long term.

Accordingly, the Company believes that it is absolutely essential for it to establish a framework that deters large-scale share purchases that undermine the Group's corporate value and the common interests of its shareholders.

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

The Company is implementing the following measures to preserve and enhance its corporate value and the common interests of shareholders. It believes that these measures will contribute to the realization of the basic policy spelled out above.

**A. Medium-Term Management Plan of the Asahi Breweries Group**

Under its Third Medium-Term Management Plan, which the Company developed and adopted in 2007, the Company has formulated a long-term Group vision in which it defines its thinking with respect to strengthening specific areas of operation and enhancing its corporate value. It declares in the plan that "the Asahi Breweries Group will make 'food and healthcare' its business domain, and that it will aim to become a fast-growing leader in the industry, principally in the Asian region, by continuing to provide customers with joy and inspiration throughout their lifetimes".

To make this long-term vision a reality, the Group will seek first of all to strengthen its competitiveness in "craftsmanship-based manufacturing". With this as a point of departure, the entire Group will endeavor to establish a new growth path and enhance the value of its corporate brands by elevating the value of the Asahi brand and by creating self-sustaining interactions and synergies between the Asahi brand and the Group's diverse array of other brands.

**B. Corporate governance**

On March 30, 2000, the Company adopted a system of executive officers. Its aim was to separate the decision-making functions of management from the execution of operations. In addition to expediting the execution of operations, it sought to strengthen the oversight function of the Board of Directors. It also selected Outside Directors and made it possible for these Directors to perform a monitoring function by establishing a Nomination Committee and a Compensation Committee under the Board of Directors with Outside Directors as part of its members.

To underscore the responsibilities of management to shareholders, moreover, the Company changed the terms of office of Directors from two years to one year at the 83<sup>rd</sup> Annual Shareholders' Meeting held on March 27, 2007.

**<Framework to prevent persons who are deemed inappropriate in light of the Company's basic policy from taking control of the Company in deciding its policies on finance and business (framework of takeover defense measures)>**

With the approval of the shareholders at the 83<sup>rd</sup> Annual Shareholders' Meeting held on March 27, 2007, the Company adopted a plan against large-scale purchases of the shares in the company (hereinafter, "the Plan").

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

The Plan shall be applicable to any of the following two types of Purchases:

- A. A purchase of shares in the Company as a result of which the purchaser's shareholding ratio will rise to 20% or more of the total outstanding shares in the Company; or
- B. A tender offer for shares in the Company as a result of which the purchaser's shareholding ratio targeted by the tender offer and the holding ratio of its "special affiliates", when combined, will be 20% or more of the total outstanding shares in the Company.

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

request the Purchaser to submit additional information within an appropriate period of time as designated by the Independent Committee. In this event, the Purchaser shall submit such additional information within the period of time provided.

The Independent Committee will make recommendations to the Board to execute the Plan to allot gratis the Stock Acquisition Rights (as defined in the Plan) to shareholders of the Company if the Independent Committee has determined that the Purchase meets either of the requirements for exercise of the Plan and it is appropriate to so exercise: e.g. in case the Purchaser has not observed and followed the procedures specified in the Plan or in case, as a result of review by the Committee, the Committee concludes the Purchase could cause obvious damage to the Company's corporate value and the common interests of shareholders in the opinion of the Committee. These stock acquisition rights shall entitle their holders to acquire one share of the common stock in the Company by exercising the rights at a price to be determined by the Company's Board of Directors - which shall be set at a level between a minimum of one (1) yen and a maximum of one-half the market value per share of the Company's stock. In addition, these rights shall contain conditions that exclude the Purchaser from exercising the rights and shall also be accompanied by provisions that enable the Company to acquire one (1) stock acquisition right in exchange for one (1) share of the Company's stock from persons other than the Purchaser.

While paying its utmost respect to the recommendation made by the Independent Committee as stated above, the Company's Board of Directors shall, as the organizational body authorized to do so under the Corporation Law, promptly decide whether or not to execute the gratis Allotment of the Stock Acquisition Rights.

The Plan shall be effective from the close of the 83<sup>rd</sup> Annual Shareholders' Meeting held on March 27, 2007 until the close of the Company's annual meeting of shareholders that concerns the last one of the Company's business years that end within three years from the close of the 83<sup>rd</sup> Meeting.

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

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

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

***<Judgment of the Company's Board of Directors regarding the framework of takeover defense measures described above in <Framework to prevent persons who are deemed inappropriate in light of the Company's basic policy from taking control of the Company in deciding its policies on finance and business (framework of takeover defense measures)>***

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

**A. The Plan fully reflecting the intentions of the shareholders**

- The Plan was approved at the 83<sup>rd</sup> Annual Shareholders' Meeting held on March 27, 2007.
- The effective period of the Plan is limited, running until the close of the Company's annual meeting of shareholders that concerns the last one of the Company's business years that end within three years from the close of the above annual shareholders' meeting.
- The term of office of Directors is one year, allowing the shareholders to have their intentions reflected through elections of Directors every year.

**B. Judgments by highly independent outsiders to be respected; information disclosure**

A system of the Independent Committee is incorporated in the designing of the Plan, which shall preclude possible arbitrary judgments by the Board of Directors and make substantial judgments objectively for the interest of the shareholders regarding operations of the Plan including execution and abolishment thereof. The members of the Independent Committee are appointed by the Board from among Outside Directors, Outside Corporate Auditors and/or experts who meet the requirements stipulated in the Company's internal rules for the Independent Committee.

Once a Purchase having been commenced, the Independent Committee, in accordance with the aforementioned rules, would make a substantial judgment on whether the Purchase in question would or would not damage the Company's corporate value and the common interests of shareholders. The Board of Directors, paying its utmost respect to the Committee's judgment, would then adopt a resolution under the Corporation Law.

In this way, the Independent Committee would keep a close check and monitoring over any possible arbitrary actions by the Board of Directors and the Company would disclose to the shareholders the main points of judgment made by the Committee. Consequently, the Board believes that the framework is in place to ensure transparency in the operation of the Plan within the scope of contributing to the corporate value and the common interests of shareholders.



**C. The establishment of reasonable and objective conditions**

The Plan is designed so as not to be set in motion unless reasonable, detailed and objective conditions are met. This ensures a framework to prevent arbitrary actions by the Company's Board of Directors

## CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2008	(Reference) As of December 31, 2007
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	12,771	11,627
Notes and accounts receivable	265,048	278,238
Securities	301	52
Inventories	97,039	90,436
Deferred tax assets	9,009	6,930
Other current assets	34,218	30,502
Allowance for doubtful accounts	(6,044)	(6,576)
<b>Total current assets</b>	<b>412,344</b>	<b>411,211</b>
<b>Fixed assets:</b>		
<b>Tangible fixed assets:</b>		
Buildings and structures	196,061	205,995
Machinery, equipment and vehicles	174,038	184,888
Tools, furniture and fixtures	45,398	47,626
Land	185,201	180,760
Construction in progress	6,090	3,447
<b>Total tangible fixed assets</b>	<b>606,791</b>	<b>622,718</b>
<b>Intangible fixed assets:</b>		
Goodwill	60,675	65,325
Other intangible fixed assets	15,696	15,696
<b>Total intangible fixed assets</b>	<b>76,371</b>	<b>81,022</b>
<b>Investments and other assets:</b>		
Investment securities	142,731	158,037
Long-term loans receivable	6,034	5,759
Long-term prepaid expenses	12,109	11,319
Deferred tax assets	24,212	18,983
Other investments	25,109	22,492
Allowance for doubtful accounts	(6,645)	(7,154)
<b>Total investments and other assets</b>	<b>203,551</b>	<b>209,438</b>
<b>Total fixed assets</b>	<b>886,714</b>	<b>913,179</b>
<b>Total assets</b>	<b>1,299,058</b>	<b>1,324,391</b>

## CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2008	(Reference) As of December 31, 2007
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes and trade accounts payable	99,674	100,720
Short-term borrowings	95,556	140,980
Bonds due within one year	20,000	10,000
Alcohol tax payable	128,379	134,358
Consumption taxes payable	8,636	8,352
Income taxes payable	22,653	14,003
Other accounts payable	53,362	57,196
Accrued expenses	51,823	48,025
Deposits received	22,863	25,662
Commercial paper	7,000	52,000
Other current liabilities	6,111	5,496
<b>Total current liabilities</b>	<b>516,061</b>	<b>596,796</b>
<b>Long-term liabilities:</b>		
Bonds	120,168	70,000
Long-term borrowings	59,535	59,477
Allowance for employees' severance and retirement benefits	23,515	23,819
Allowance for retirement benefits for directors and corporate auditors	633	449
Deferred tax liabilities	6,112	5,018
Other long-term liabilities	38,404	39,048
<b>Total long-term liabilities</b>	<b>248,369</b>	<b>197,813</b>
<b>Total liabilities</b>	<b>764,430</b>	<b>794,609</b>

	Million yen	
	As of December 31, 2008	(Reference) As of December 31, 2007
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
Common stock	182,531	182,531
Capital surplus	151,147	151,259
Retained earnings	214,189	178,079
Treasury stock	(29,579)	(14,674)
<b>Total shareholders' equity</b>	<b>518,288</b>	<b>497,195</b>
<b>Valuation and translation adjustments:</b>		
Valuation difference on available-for-sale securities	1,111	13,037
Revaluation surplus for land	1,751	—
Deferred gains or losses on hedges	(3)	(43)
Foreign currency translation adjustments	446	4,477
<b>Total valuation and translation adjustments</b>	<b>3,305</b>	<b>17,471</b>
<b>Minority interests</b>	<b>13,033</b>	<b>15,115</b>
<b>Total net assets</b>	<b>534,627</b>	<b>529,782</b>
<b>Total liabilities and net assets</b>	<b>1,299,058</b>	<b>1,324,391</b>

## CONSOLIDATED STATEMENTS OF INCOME

	Million yen	
	For the year ended December 31, 2008	(Reference) For the year ended December 31, 2007
<b>Net sales</b>	<b>1,462,747</b>	<b>1,464,071</b>
<b>Cost of sales</b>	<b>953,486</b>	<b>961,181</b>
<b>Gross profit</b>	<b>509,261</b>	<b>502,890</b>
<b>Selling, general and administrative expenses</b>	<b>414,741</b>	<b>415,934</b>
<b>Operating income</b>	<b>94,520</b>	<b>86,955</b>
<b>Non-operating income:</b>	<b>13,923</b>	<b>13,718</b>
Interest income	312	678
Dividend income	1,485	1,369
Equity in net income of unconsolidated subsidiaries and affiliated companies	9,105	9,010
Other non-operating income	3,020	2,659
<b>Non-operating expenses:</b>	<b>11,969</b>	<b>10,457</b>
Interest expenses	5,193	5,020
Foreign exchange losses	1,244	—
Loss on sale and disposal of inventories	2,240	3,400
Other non-operating expenses	3,289	2,035
<b>Recurring profit</b>	<b>96,474</b>	<b>90,217</b>
<b>Extraordinary gains:</b>	<b>2,915</b>	<b>2,432</b>
Gain on sale of fixed assets	130	1,248
Gain on sale of investment securities	69	102
Reversal of allowance for doubtful accounts	571	1,081
Compensation for transfer	758	—
Compensation for recall	1,385	—
<b>Extraordinary losses:</b>	<b>16,452</b>	<b>10,908</b>
Loss on sale and disposal of fixed assets	4,343	6,689
Retirement benefits for directors and corporate auditors	50	137
Loss on sale of investment securities	37	804
Loss on devaluation of investment securities	3,598	343
Impairment loss on fixed assets	2,196	1,387
Expenses for business structure improvement	1,064	—
Recall-related losses	1,407	—
Previous year's sales promotion expenses	3,113	—
Loss on adjustment of estimated consumption of gift coupons	—	1,545
Other extraordinary losses	639	—

	Million yen	
	(Reference)	
	For the year ended December 31, 2008	For the year ended December 31, 2007
<b>Income before income taxes and minority interests</b>	<b>82,938</b>	<b>81,741</b>
Current	39,574	31,227
Deferred	1,548	5,543
Minority interests in net gains (losses) of unconsolidated subsidiaries	(3,198)	173
<b>Net income</b>	<b>45,014</b>	<b>44,797</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2008

Million yen

	Shareholders' equity					Total shareholders' equity	
	Common stock	Capital surplus	Retained earnings	Treasury stock			
Balance as of Dec. 31, 2007	182,531	151,259	178,079	(14,674)		497,195	
Changes during the term							
Dividends			(8,904)			(8,904)	
Net income (loss)			45,014			45,014	
Acquisition of treasury stock				(15,348)		(15,348)	
Disposal of treasury stock		(112)		443		331	
Other changes in non-shareholders' equity items during the term (net)							
Total changes during the term		(112)	36,109	(14,904)		21,092	
Balance as of Dec. 31, 2008	182,531	151,147	214,189	(29,579)		518,288	
	Valuation and translation adjustments					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation surplus for land	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Dec. 31, 2007	13,037	—	(43)	4,477	17,471	15,115	529,782
Changes during the term							
Dividends							(8,904)
Net income (loss)							45,014
Acquisition of treasury stock							(15,348)
Disposal of treasury stock							331
Other changes in non-shareholders' equity items during the term (net)	(11,925)	1,751	40	(4,031)	(14,165)	(2,081)	(16,246)
Total changes during the term	(11,925)	1,751	40	(4,031)	(14,165)	(2,081)	4,845
Balance as of Dec. 31, 2008	1,111	1,751	(3)	446	3,305	13,033	534,627

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis for Preparation of Consolidated Financial Statements

#### (1) Items in the scope of the consolidation

A. Number of consolidated subsidiaries: 50

Principal consolidated subsidiaries

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

Calpis Beverages Co., Ltd. and five companies related thereto, and Amano Jitsugyo Co., Ltd. were added to the scope of consolidation in the fiscal year under review as a result of the acquisition of shares of those companies.

The companies removed from the scope of consolidation in the fiscal year under review were YNETS Corporation as a result of the sale of shares, and Asahi Calpis Beverage Co., Ltd. (which name was changed from Asahi Beverages Service Co., Ltd.), Calpis Beverages Co., Ltd. and four companies related thereto, and Sunwell Co., Ltd., as a result of mergers with other consolidated subsidiaries.

B. Principal unconsolidated subsidiaries:

Sumidagawa Brewing Co., Ltd.

Rationale for exclusion from the scope of consolidation:

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

#### (2) Items concerning application of the equity method

A. Number of companies subject to application of the equity method: 30

Unconsolidated subsidiary subject to application of the equity method: 1

Asahi Beer Engineering Co., Ltd.

Affiliates subject to application of the equity method: 29

These include Asahi Business Solutions Corp., Qingdao Tsingtao Beer & Asahi Beverage Co., Ltd., Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. and its 26 affiliated companies.

The newly incorporated one (1) company affiliated with Tingyi-Asahi-Itochu Beverages Holding Co., Ltd. was accounted for under the equity method effective from the fiscal year under review.



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

Unconsolidated subsidiaries: Sumidagawa Brewing Co., Ltd.

Affiliates: Asahi Business Produce Co., Ltd.

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

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

**(3) Accounting period of the consolidated subsidiaries**

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

**(4) Significant accounting policies**

A. Policies and methods of valuation for important assets

1) Valuation basis and method for securities:

Held-to-maturity debt securities

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

Other securities

Securities with market value

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

Securities without market value

Stated at cost based on the moving-average method.

2) Valuation basis and method for derivatives:

Market price method

3) Valuation basis and method for inventories:

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

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

B. Depreciation methods for major assets:

Tangible fixed assets:

1) Production facilities of the Company

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

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

2) Other tangible fixed assets of the Company

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

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

3) Consolidated subsidiaries

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

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

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

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

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

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

(Additional information)

As per the revision of the Corporation Tax Law, fixed assets acquired on or before March 31, 2007 are depreciated in equal amounts over five years beginning in the year following the year in which the completion of write-offs up to the amount that can be written off. This had the effect of reducing operating income, recurring profit and income before income taxes and minority interests by ¥1,978 million each.

Intangible fixed assets:

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

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

Software for internal use is amortized by the straight-line method over a useful life of five years.

C. Accounting criteria for major allowances:

Allowance for doubtful accounts:

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

Allowance for employees' severance and retirement benefits:

The Company and its consolidated subsidiaries make provisions in the necessary amount of allowance for employees' severance and retirement benefits deemed to have accrued during the term, based on each company's projected benefit obligations and the pension fund balance at term-end. Actuarial gain or loss is amortized, beginning in the year following the year in which the gain or loss is recognized, by the straight-line method for a given number of years (generally 10 years) within the employees' average remaining years of service.

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

Allowance for retirement benefits for directors and corporate auditors:

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

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

1) Accounting for major lease transactions

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

2) Accounting for major hedging

a. Accounting for hedging

The Company defers gains or losses on its hedges.

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

b. Hedging instruments and risks hedged:

Hedging instruments: Forward foreign exchange currency swaps and interest rate swaps

Risks hedged: Transactions in foreign currencies and interest on borrowings

c. Hedging policy:

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets and in interest rates and to reduce the costs of financing. It is the Company's policy not to engage in speculative transactions that deviate from real demand or in highly leveraged transactions.

d. Method of evaluating the effectiveness of hedging:

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

3) Consumption tax and similar taxes

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

**(5) Evaluation of consolidated subsidiaries' assets and liabilities**

A kind of fair market value method evaluating all assets and liabilities of consolidated subsidiaries by fair market value as at the date of acquisition thereof is used.

**(6) Amortization of goodwill**

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

**2. Notes to the Consolidated Balance Sheets**

**(1) Pledged assets and secured liabilities**

The following assets have been provided as collateral for short-term borrowings of ¥4,185 million and long-term borrowings of ¥5,720 million:

Buildings and structures:	¥8,170 million
Machinery, equipment and vehicles:	¥1,291 million
Land:	¥29,887 million
<hr/>	
Total	¥39,349 million

**(2) Accumulated depreciation of tangible fixed assets:** ¥632,479 million

**(3) Contingent liabilities**

Guarantees: ¥2,036 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 next business day. Current assets and current liabilities thus respectively include trade notes receivable and trade notes payable with maturity on the balance sheet date as follows:

Notes receivable: ¥331 million

Notes payable: ¥454 million

**(5) Revaluation surplus for land**

In accordance with changes in the accounting standards in the countries in which they are located, land owned by overseas subsidiaries was revalued based on the appraised real estate value as of December 31, 2008. This resulted in the Company recording a “revaluation surplus for land” in the amount of ¥1,751 million, corresponding to the Company’s equity interest (and adjusted for tax effect considerations) and booked under net assets.

**3. Notes to the Consolidated Statements of Income**

**(1) Impairment losses on fixed assets**

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

Use of asset	Location of asset	Type of asset
Operating assets (assets for logistics business)	Kasumigaura, Ibaraki Prefecture	Buildings and structures
Idle assets	Kashiwa, Chiba Prefecture	Buildings and structures
Others	—	Goodwill

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

Headquarters buildings and employee welfare facilities of the Company and its Group companies are categorized as common-use assets, as they do not generate cash flows on their own.

An impairment loss (¥314 million for buildings and structures and ¥1,881 million for goodwill) was recorded as an extraordinary loss corresponding to the difference between the

recoverable amount and the book value of certain assets. This loss occurred because recovery of amounts invested as operating assets (in the logistics business) apparently impeded by changes in the business environment, the book value of assets idled due to closures of business facilities during the fiscal year under review exceeded their market value, and initially anticipated earnings from goodwill in the soft drinks business under a business plan under study at the time of share acquisition were no longer anticipated.

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

## **(2) Previous year's sales promotion expenses**

Sales promotion expenses, calculated using the sales amount and others by wholesalers to retailers, were formerly calculated using wholesalers' invoices. But certain system enhancements have made it possible to estimate the sales amount and others to retailers and related sales promotion expenses on a timely basis. Thus, beginning with the fiscal year under review, the Company started to record the amount of sales promotion expenses based on this estimated amount at each month end. In order to maintain comparability between the fiscal year under review and subsequent fiscal years, sales promotion expenses related to the amount of sales in the previous fiscal year in the amount of ¥3,113 million were recorded as an extraordinary loss.

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

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

Common shares

As of the end of the fiscal year (Dec. 31, 2008): 483,585,862 sharers

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

A. It was resolved at the 84th Annual Shareholders' Meeting of March 26, 2008 as follows:

Item related to dividends on common stock

Total amount of dividends: ¥4,488 million

Dividend per share: ¥9.50

Record date: December 31, 2007

Effective date: March 27, 2008

B. It was resolved at the Board of Directors Meeting of August 1, 2008 as follows:

Item related to interim dividends on common stock

Total amount of interim dividends: ¥4,416 million

Interim dividend per share: ¥9.50

Record date: June 30, 2008

Effective date:

September 2, 2008

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

The following item has been placed on the agenda for approval at the 85th Annual Shareholders' Meeting scheduled for March 26, 2009.

Item related to dividends on common stock

Source of dividends:	Retained earnings
Total amount of dividends:	¥4,880 million
Dividend per share:	¥10.50
Record date:	December 31, 2008
Effective date:	March 27, 2009

**(4) Number of shares subject to share purchase warrants upon exercise thereof (as of December 31, 2008)**

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

Number of share purchase warrants:	166
Class and number of shares subject to the share purchase warrants:	166,000 common shares
Amount to be paid in per share upon exercise of the share purchase warrants:	¥830
Exercise period:	March 28, 2005 to March 27, 2013

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

Number of share purchase warrants:	5,364
Class and number of shares subject to the share purchase warrants:	536,400 common shares
Amount to be paid in per share upon exercise of the share purchase warrants:	¥1,205
Exercise period:	March 30, 2006 to March 29, 2014

The Third Issue of share purchase warrants (issued March 30, 2005)

Number of share purchase warrants:	5,980
Class and number of shares subject to the share purchase warrants:	598,000 common shares
Amount to be paid in per share upon exercise of the share purchase warrants:	¥1,374
Exercise period:	March 30, 2007 to March 29, 2015

The Fourth Issue of share purchase warrants (issued March 30, 2006)

Number of share purchase warrants:	6,200
Class and number of shares subject to the share purchase warrants:	620,000 common shares
Amount to be paid in per share upon exercise of the share purchase warrants:	¥1,688
Exercise period:	March 30, 2008 to March 29, 2016

**5. Per share information**

<b>(1) Net assets per share:</b>	¥1,122.13
<b>(2) Net income per share:</b>	¥96.31

## **6. Subsequent events**

(Partial acquisition of shares of Tsingtao Brewery Company, Ltd.)

On January 23, 2009, the Company signed a share purchase agreement with Anheuser-Busch InBev S.A. (“ABI”) and its subsidiary for the acquisition of a portion of the shares of Tsingtao Brewery Company, Ltd. (“Tsingtao Brewery”) held by ABI and its subsidiary. The Company expects to complete the acquisition of 261,577,836 H shares of Tsingtao Brewery (listed on the Hong Kong Stock Exchange), or approximately 19.99% of the outstanding shares, around mid-March 2009. The total purchase amount for this transaction will be US\$666.50 million.

The agreement between Asahi and ABI and its subsidiary is subject to necessary approvals from the competent authorities, including the Ministry of Commerce of the People’s Republic of China.

The Company intends to finance this transaction with cash on hand and external borrowings.

The impact of this transaction on business results for the fiscal year to December 2009 has yet to be determined.

## **7. Other notes**

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



**Reference: CONSOLIDATED STATEMENTS OF CASH FLOWS (Summary)**

Million yen

	For the year ended December 31, 2008	For the year ended December 31, 2007
<b>Cash flows from operating activities:</b>		
Income before income taxes and minority interests	82,938	81,741
Depreciation	47,353	45,250
Amortization of goodwill	3,994	2,486
Increase (decrease) in allowance for employees' severance and retirement benefits	(3,271)	(3,908)
Increase (decrease) in allowance for doubtful accounts	(529)	(3,480)
Decrease (increase) in trade receivables	15,576	(2,049)
Decrease (increase) in inventories	(6,956)	1,343
Increase (decrease) in trade payables	(4,104)	(2,716)
Increase (decrease) in alcohol tax payable	(5,970)	1,833
Other cash flows from operating activities	12,729	(5,685)
<b>Subtotal</b>	<b>141,758</b>	<b>114,814</b>
Interest and dividend income received	2,066	6,478
Interest expenses paid	(5,191)	(5,200)
Income taxes paid	(32,538)	(46,519)
<b>Net cash provided by operating activities</b>	<b>106,094</b>	<b>69,573</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(40,717)	(41,404)
Purchase of investment securities	(8,559)	(28,648)
Purchase of investments in subsidiaries	(2,928)	(52,090)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,420)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	2,154	—
Other cash flows from investing activities	(2,764)	4,315
<b>Net cash used in investing activities</b>	<b>(58,235)</b>	<b>(117,828)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in financial liabilities	(22,148)	44,541
Purchase of treasury stock	(15,348)	(230)
Cash dividends paid	(8,904)	(9,428)
Other cash flows from financing activities	37	1,243
<b>Net cash provided by (used in) financing activities</b>	<b>(46,365)</b>	<b>36,126</b>

	Million yen	
	For the year ended December 31, 2008	For the year ended December 31, 2007
Effect of exchange rate change on cash and cash equivalents	(536)	(182)
Net decrease in cash and cash equivalents	956	(12,311)
Cash and cash equivalents at beginning of year	11,741	23,778
Increase in cash and cash equivalents due to change in scope of consolidation	—	274
Cash and cash equivalents at end of year	12,697	11,741

## NON-CONSOLIDATED BALANCE SHEETS

Million yen

	As of December 31, 2008	(Reference) As of December 31, 2007
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	5,403	2,525
Notes receivable	3,317	3,593
Accounts receivable	186,287	200,668
Merchandise and finished goods	11,145	11,098
Semi-finished goods	9,363	9,583
Raw materials	13,790	10,890
Supplies	5,345	4,494
Short-term loans receivable	16,245	13,508
Prepaid expenses	9,202	8,307
Deferred tax assets	5,976	4,136
Other current assets	7,895	4,104
Allowance for doubtful accounts	(4,359)	(4,649)
<b>Total current assets</b>	<b>269,614</b>	<b>268,262</b>
<b>Fixed assets:</b>		
<b>Tangible fixed assets:</b>		
Buildings	135,064	140,077
Structures	18,875	20,103
Machinery and equipment	140,011	148,251
Vehicles	26	39
Tools, furniture and fixtures	42,771	44,244
Land	130,027	130,025
Construction in progress	1,671	2,969
	<b>468,447</b>	<b>485,711</b>
<b>Intangible fixed assets:</b>		
Rights to use of facilities	634	697
Software	8,175	8,370
Other intangible fixed assets	15	13
	<b>8,825</b>	<b>9,080</b>
<b>Investments and other assets:</b>		
Investment securities	85,336	100,778
Shares in affiliates	174,834	170,802
Capital invested in affiliates	4,044	4,891
Long-term loans receivable	10,422	11,385
Deferred tax assets	11,036	5,094
Other investments	24,360	22,273
Allowance for doubtful accounts	(7,732)	(7,773)
	<b>302,302</b>	<b>307,451</b>
<b>Total fixed assets</b>	<b>779,576</b>	<b>802,244</b>
<b>Total assets</b>	<b>1,049,190</b>	<b>1,070,506</b>

## NON-CONSOLIDATED BALANCE SHEETS

	Million yen	
	As of December 31, 2008	(Reference) As of December 31, 2007
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Notes payable	—	105
Trade accounts payable	55,744	52,416
Short-term borrowings	56,625	106,000
Bonds due within one year	20,000	10,000
Other accounts payable	9,363	17,472
Alcohol taxes payable	120,219	125,041
Consumption and similar taxes payable	7,357	6,851
Income taxes payable	19,844	11,126
Accrued expenses	42,024	36,654
Deposits received	26,559	34,932
Commercial paper	7,000	52,000
Allowance for employees' bonuses	1,355	1,726
Allowance for directors' and corporate auditors' bonuses	105	99
Other current liabilities	64	106
<b>Total current liabilities</b>	<b>366,265</b>	<b>454,534</b>
<b>Long-term liabilities:</b>		
Bonds	120,168	70,000
Long-term borrowings	40,000	26,625
Long-term deposits received	33,740	33,389
Allowance for employees' severance and retirement benefits	3,055	3,259
Other long-term liabilities	422	670
<b>Total long-term liabilities</b>	<b>197,386</b>	<b>133,945</b>
<b>Total liabilities</b>	<b>563,652</b>	<b>588,479</b>

	Million yen	
	As of December 31, 2008	(Reference) As of December 31, 2007
<b>NET ASSETS</b>		
<b>Shareholders' equity:</b>		
<b>Common stock</b>	<b>182,531</b>	<b>182,531</b>
<b>Capital surplus</b>	<b>160,165</b>	<b>160,277</b>
Capital reserve	130,292	130,292
Other capital surplus	29,872	29,984
<b>Retained earnings</b>	<b>170,865</b>	<b>140,775</b>
Other retained earnings	170,865	140,775
Reserve for reduction in entry of fixed assets	1,130	1,289
General reserve	125,000	95,000
Retained earnings carried forward	44,735	44,486
<b>Treasury stock</b>	<b>(29,579)</b>	<b>(14,674)</b>
<b>Total shareholders' equity</b>	<b>483,982</b>	<b>468,909</b>
<b>Valuation and translation adjustments:</b>		
<b>Valuation difference on available-for-sale securities</b>	<b>1,555</b>	<b>13,180</b>
<b>Deferred gains or losses on hedges</b>	<b>—</b>	<b>(64)</b>
<b>Total valuation and translation adjustments</b>	<b>1,555</b>	<b>13,116</b>
<b>Total net assets</b>	<b>485,538</b>	<b>482,026</b>
<b>Total liabilities and net assets</b>	<b>1,049,190</b>	<b>1,070,506</b>

## NON-CONSOLIDATED STATEMENTS OF INCOME

Million yen

	(Reference)	
	For the year ended December 31, 2008	For the year ended December 31, 2007
<b>Net sales</b>	<b>1,019,613</b>	<b>1,030,736</b>
<b>Cost of sales</b>	<b>724,460</b>	<b>729,597</b>
<b>Gross profit</b>	<b>295,153</b>	<b>301,138</b>
<b>Selling, general and administrative expenses</b>	<b>204,102</b>	<b>221,204</b>
<b>Operating income</b>	<b>91,050</b>	<b>79,933</b>
<b>Non-operating income:</b>	<b>3,242</b>	<b>3,458</b>
Interest and dividend income	2,372	2,361
Other non-operating income	870	1,097
<b>Non-operating expenses:</b>	<b>5,731</b>	<b>6,020</b>
Interest expenses	2,997	2,905
Loss on sale and disposal of inventories	786	1,056
Other non-operating expenses	1,946	2,059
<b>Recurring profit</b>	<b>88,562</b>	<b>77,372</b>
<b>Extraordinary gains:</b>	<b>2,615</b>	<b>2,520</b>
Gain on sale of fixed assets	3	50
Gain on sale of investment securities	55	0
Reversal of allowance for doubtful accounts	413	999
Compensation for transfer	758	—
Compensation for recall	1,385	—
Gain on liquidation of affiliates	—	1,441
Gain on extinguishment of tie-in shares	—	29
<b>Extraordinary losses:</b>	<b>18,866</b>	<b>10,113</b>
Loss on sale and disposal of fixed assets	3,615	5,446
Loss on sale of investment securities	1	0
Loss on devaluation of investment securities	3,064	230
Loss on sale of investment in affiliates	191	618
Loss on devaluation of investment in affiliates	5,343	1,958
Loss on devaluation of equity participation in affiliates	2,128	314
Previous year's sales promotion expenses	3,113	—
Recall-related losses	1,407	—
Loss on adjustment of estimated consumption of gift coupons	—	1,545
<b>Income before income taxes</b>	<b>72,311</b>	<b>69,779</b>
Current	33,265	25,243
Deferred	52	4,022
<b>Net income</b>	<b>38,994</b>	<b>40,513</b>

## NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended December 31, 2008

Million yen

	Shareholders' equity									
	Capital surplus				Retained earnings					
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
					Reserve for reduction in entry of fixed assets	General reserve	Retained earnings carried forward			
Balance as of Dec. 31, 2007	182,531	130,292	29,984	160,277	1,289	95,000	44,486	140,775	(14,674)	468,909
Changes during the term										
Dividends							(8,904)	(8,904)		(8,904)
Net income (loss)							38,994	38,994		38,994
Acquisition of treasury stock									(15,348)	(15,348)
Disposal of treasury stock			(112)	(112)					443	331
Reversal of reserve for reduction in entry of fixed assets					(159)		159	—		—
Provision of general reserve						30,000	(30,000)	—		—
Other changes in non-shareholders' equity items during the term (net)										
Total changes during the term			(112)	(112)	(159)	30,000	248	30,089	(14,904)	15,072
Balance as of Dec. 31, 2008	182,531	130,292	29,872	160,165	1,130	125,000	44,735	170,865	(29,579)	483,982

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of Dec. 31, 2007	13,180	(64)	13,116	482,026
Changes during the term				
Dividends				(8,904)
Net income (loss)				38,994
Acquisition of treasury stock				(15,348)
Disposal of treasury stock				331
Reversal of reserve for reduction in entry of fixed assets				—
Provision of general reserve				—
Other changes in non-shareholders' equity items during the term (net)	(11,625)	64	(11,561)	(11,561)
Total changes during the term	(11,625)	64	(11,561)	3,511
Balance as of Dec. 31, 2008	1,555	—	1,555	485,538

## NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

### 1. Significant Accounting Policies

#### (1) Valuation basis and method for securities

Investment in subsidiaries and affiliates:

Stated at cost based on the moving-average method.

Other securities with market value

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

Securities without market value

Stated at cost based on the moving-average method.

#### (2) Valuation basis and method for derivatives

Market price method

#### (3) Valuation basis and method for inventories:

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

#### (4) Depreciation methods for fixed assets:

Tangible fixed assets:

A. Production facilities:

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

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

B. Other tangible assets

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

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

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

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

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

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



(Additional information)

As per the revision of the Corporation Tax Law, fixed assets acquired on or before March 31, 2007, are depreciated in equal amounts over five years beginning with the year following the year in which the completion of write-offs up to the amount that can be written off. This had the effect of reducing operating income, recurring profit and income before income taxes by ¥1,747 million each.

Intangible fixed assets:

Intangible fixed assets are amortized using the straight-line method. The estimated useful lives of the assets are based on the standards specified in the Corporation Tax Law. Software for internal use is amortized by the straight-line method over a useful life of five years.

**(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 an amount calculated using the rate of actual collection losses with respect to the other receivables.

Allowance for employees' severance and retirement benefits:

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

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

Allowance for employees' bonuses:

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

Allowance for directors' and corporate auditors' bonuses:

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

**(6) Accounting for lease contracts:**

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

## **(7) Accounting for hedging**

### A. Accounting for hedging

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.

### B. Hedging instruments and risks hedged:

Hedging instruments: Foreign exchange contracts and interest rate swaps

Risks hedged: Foreign currency-denominated loans receivable and interest on borrowings

### C. Hedging policy:

Derivative transactions are used to avoid risks associated with fluctuations in foreign exchange markets and in interest rates and to reduce the costs of financing. It is the Company's policy not to engage in speculative transactions that deviate from real demand or in highly leveraged transactions.

### D. Method of evaluating the effectiveness of hedging:

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

## **(8) Consumption tax and similar taxes:**

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

## **2. Notes to the Non-Consolidated Balance Sheets**

### **(1) Pledged assets and secured liabilities**

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

Land: ¥13,332 million

**(2) Accumulated depreciation on tangible fixed assets:** ¥493,369 million

### **(3) Contingent liabilities**

#### A. Guarantees, etc., against bank borrowings

Guarantees: ¥25,161 million

Comfort letters, etc.: ¥1,382 million

## B. Guarantees, etc., against derivatives

### Guarantees:

Contract amount, etc.:	¥2,000 million
Unrealized gains (losses):	¥0 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 next business day. Current assets and current liabilities thus respectively include trade notes receivable and trade notes payable with maturity on the balance sheet date as follows:

Notes receivable:	¥44 million
Notes payable:	none

### **(5) Monetary claims and obligations with affiliates**

Short-term monetary claims on affiliates:	¥25,543 million
Long-term monetary claims on affiliates:	¥5,422 million
Short-term monetary obligations to affiliates:	¥25,285 million

## **3. Notes to the Non-Consolidated Statements of Income**

### **(1) Transactions with affiliates:**

Net sales:	¥42,396 million
Purchases:	¥84,476 million
Selling, general and administrative expenses:	¥32,053 million
Transactions other than operating transactions:	¥665 million

### **(2) Previous year's sales promotion expenses**

Sales promotion expenses are calculated using the sales amount and others by wholesalers to retailers, and this was previously calculated using wholesalers' invoices. But certain system enhancements have made it possible to estimate the sales amount and others to retailers and related sales promotion expenses on a timely basis. Thus, beginning with the fiscal year under review, the Company started to record the amount of sales promotion expenses based on this estimated amount at each month end. In order to maintain comparability between the fiscal year under review and subsequent fiscal years, sales promotion expenses related to the amount of sales in the previous fiscal year in the amount of ¥3,113 million were recorded as an extraordinary loss.

#### 4. Notes related to the Non-Consolidated Statement of Changes in Net Assets

##### Treasury stock

Type of stock	Balance as of the end of the previous fiscal year (Dec. 31, 2007)	Increase	Decrease	Balance as of the end of the fiscal year under review (Dec. 31, 2008)
Common shares	11,124,073	7,946,291	308,201	18,762,163

##### (Reasons for change)

The increase in shares was the result of the following:

Increase resulting from purchases of shares of less than one unit from shareholders of such shares responding to their request:	186,391 shares
Increase from acquisition of treasury stock shares as per resolution of the Board of Directors:	7,759,900 shares

The decrease in shares was the result of the following:

Decrease resulting from sales of shares of less than one unit to shareholders of shares of less than one voting unit to make their fractional shares a voting unit responding to their demand:	16,301 shares
Decrease resulting from exercise of stock options:	291,900 shares

#### 5. Tax effect accounting

##### (1) Deferred tax assets and liabilities

##### Deferred tax assets

Allowance for doubtful accounts, in excess of tax-deductible amount:	¥4,358 million
Allowance for employees' bonuses, non-tax deductible:	¥527 million
Allowance for employees' severance and retirement benefits, in excess of tax-deductible amount:	¥7,817 million
Loss on devaluation of investment in affiliates, non-tax deductible:	¥8,430 million
Loss on devaluation of land, non-tax deductible:	¥11 million
Depreciation, in excess of tax-deductible amount:	¥265 million
Loss on establishment of retirement benefit trust, non-tax deductible:	¥1,470 million
Loss on devaluation of investment securities, non-tax deductible:	¥5,504 million
Loss on devaluation of capital contributions for affiliates, non-tax deductible:	¥3,862 million
Amortization of deferred charges, in excess of tax-deductible amount:	¥121 million
Disapproval of unpaid enterprise taxes:	¥1,578 million
Impairment loss on fixed assets:	¥1,288 million
Estimated cost of removal of fixed assets, non-tax deductible:	¥34 million
Loss on adjustment of estimated consumption of gift coupons, non-tax deductible:	¥455 million
Others:	¥3,386 million
Subtotal deferred tax assets:	¥39,112 million

Valuation allowance:	¥(18,648) million
<b>Total deferred tax assets:</b>	<u>¥20,463 million</u>
<b>Deferred tax liabilities</b>	
Reserve for reduction in entry of fixed assets:	¥(765) million
Valuation difference on available-for-sale securities:	¥(1,054) million
Prepaid pension expenses:	¥(1,631) million
<b>Total deferred tax liabilities:</b>	<u>¥(3,451) million</u>
<b>Net deferred tax assets:</b>	<u>¥17,012 million</u>

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

Statutory effective tax rates:	40.4%
<b>Adjustment</b>	
Permanent difference (non-deductible), including entertainment expenses:	1.9%
Valuation allowance:	4.1%
Permanent difference (non-taxable), including dividend income:	(0.3)%
Tax credit:	(1.0)%
Others:	<u>1.0%</u>
Effective tax rates after application of tax effect accounting:	<u>46.1%</u>

## 6. Notes related to leased fixed assets

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

Amount equivalent to acquisition costs:	¥27,828 million
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### (2) As of the end of the fiscal year under review

Amount equivalent to accumulated depreciation:	¥16,218 million
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### (3) As of the end of the fiscal year under review

Amount equivalent to prepaid lease rents:	¥12,079 million
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## 7. Transactions with related parties

### Subsidiaries

Attribute	Name of company	Voting interest	Relationship		Transactions	Amount of transactions (Million yen)	Account	Balance at end of year
			Interlocking of directors	Relationship in business				
Subsidiary	AI Beverages Holding Co., Ltd.	80% direct ownership	4 directors	Debt guarantee	Debt guarantee for bank loans and others (Note 1)	19,100	-	-
					Debt guarantee for swap transactions (Note 2)	2,000	-	-

Notes: Condition of transactions and decision policy of condition of transactions

1. The Company guarantees the subsidiary's bank loans and others.
2. The Company guarantees the subsidiary's debts arising from swap transaction contracts. Amounts of transactions concerning swap transactions described above are notional principal.

## **8. Per share information**

<b>(1) Net assets per share:</b>	¥1,044.56
<b>(2) Net income per share:</b>	¥83.43

## **9. Subsequent events**

(Partial acquisition of shares of Tsingtao Brewery Company, Ltd.)

On January 23, 2009, the Company signed a share purchase agreement with Anheuser-Busch InBev S.A. (“ABI”) and its subsidiary for the acquisition of a portion of the shares of Tsingtao Brewery Company, Ltd. (“Tsingtao Brewery”) held by ABI and its subsidiary. The Company expects to complete the acquisition of 261,577,836 H shares of Tsingtao Brewery (listed on the Hong Kong Stock Exchange), or approximately 19.99% of the outstanding shares, around mid-March 2009. The total purchase amount for this transaction will be US\$666.50 million.

The agreement between Asahi and ABI is subject to necessary approvals from the competent authorities, including the Ministry of Commerce of the People’s Republic of China.

The Company intends to finance this transaction with cash on hand and external borrowings.

## **10. Other notes**

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

## INDEPENDENT AUDITOR'S REPORT

February 2, 2009

To: The Board of Directors  
ASAHI BREWERIES, LTD.

AZSA & Co.

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

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

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

In accordance with the provisions of Paragraph 4, Article 444 of the Corporation Law, we have audited the consolidated financial statements of ASAHI BREWERIES, LTD. (the "Company") for the fiscal year from January 1, 2008 to December 31, 2008. These statements consist of the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and notes on significant accounting policies used in consolidation. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit conducted as Independent Auditor.

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

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

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

## INDEPENDENT AUDITOR'S REPORT

February 2, 2009

To: The Board of Directors  
ASAHI BREWERIES, LTD.

AZSA & Co.

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

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

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

In accordance with the provisions of Item 1, Paragraph 2, Article 436 of the Corporation Law, we have audited the financial statements of ASAHI BREWERIES, LTD. (the "Company") for its 85<sup>th</sup> fiscal year, the period from January 1, 2008 to December 31, 2008. These statements consist of the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, notes on significant accounting policies, and supporting schedules thereto. These financial statements and supporting schedules thereto are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supporting schedules thereto based on our audit conducted as Independent Auditor.

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

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

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



## **REPORT OF THE BOARD OF CORPORATE AUDITORS**

The Board of Corporate Auditors has prepared the following report based on the audit reports prepared by individual Corporate Auditors related to the Directors' execution of their duties during the 85<sup>th</sup> fiscal year, the period from January 1, 2008 to December 31, 2008, 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; content of audits**

- (1) The Board of Corporate Auditors determined the audit policies and division of duties, and received reports from each Corporate Auditor regarding the status and results of the audits, as well as reports from the Directors and Independent Auditor on the execution of their duties, and requested explanations of those reports when necessary.
- (2) Each Corporate Auditor sought to achieve mutual understanding with the Directors and other employees, and strove to collect information and create an audit environment in accordance with the audit policies and division of duties based on the audit standards established by the Board of Corporate Auditors. The Corporate Auditors also attended meetings of the Board of Directors and other important meetings, received reports from Directors and other employees regarding the execution of their duties and requested explanations when necessary, reviewed documents related to important decisions, and inspected the operations and property of the head office and other important business facilities. The Board also oversaw and verified the status of "the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation (internal control systems)" (Article 362.4.6 of the Corporation Law and Article 100, Sections 1 and 3 of the Ordinance for Enforcement of the Corporation Law) that is included in the business report. In addition, the Board examined the status of "the basic policy and measures concerning the persons responsible for controlling decisions pertaining to the Company's financial affairs and business policies" (Article 127 of the Ordinance for Enforcement of the Corporation Law), based on discussions with the Board of Directors and other parties. With respect to subsidiaries, the Corporate Auditors took steps to facilitate communications with the directors and corporate auditors of subsidiaries and, when necessary, received reports from subsidiaries on the status of their businesses. Using the foregoing methods, the Corporate Auditors reviewed the Business Report and the supporting schedules thereto for the fiscal year under review.
- (3) The Board of Corporate Auditors oversaw and verified that the Independent Auditor maintained its independence and carried out appropriate audits, moreover, and received reports from the Independent Auditor regarding the execution of its duties and requested explanations when necessary. The Board also received notifications from the Independent Auditor to the effect that "a system for the maintenance of appropriate execution of duties" (included in Article 159 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 accounting documents (Balance Sheets, Statements of Income, Statements of Changes in Net Assets, and notes to those statements), supplementary statements, and the consolidated accounting documents (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Net Assets, and notes to those statements) for the business year under review.

### **2. Results of the Audit**

- (1) Results of audit of the Business Report
  - In our opinion, the Business Report and the supporting schedules thereto present the situation of the Company fairly, in compliance with the provisions of applicable laws and regulations and the Articles of Incorporation.

- In our opinion, there are no wrongful acts or material violations of applicable laws and regulations or the Articles of Incorporation in the execution of their duties by the Directors.
  - In our opinion, the content of the resolution by the Board of Directors regarding internal control systems is appropriate, and, furthermore, execution of the internal control systems by the Directors has been appropriate.
  - In our opinion, the Company's basic policy regarding persons who exercise control over decision-making with respect to the Company's finances and business policies is appropriate. We acknowledge that the measures implemented to achieve this basic policy are consistent with the basic policy, will not harm the common interest of the Company's shareholders, and serve the purpose of maintaining the positions of the Company's executives.
- (2) Results of the audit of financial statements and the supporting schedules thereto  
In our opinion, the auditing methods used by AZSA & Co., the Independent Auditor, and the results of its audit are appropriate.
- (3) Results of the audit of consolidated financial statements  
In our opinion, the auditing methods used by AZSA & Co., the Independent Auditor, and the results of its audit are appropriate.

February 3, 2009

Board of Corporate Auditors  
ASAHI BREWERIES, LTD.

Yoshihiro Goto (Seal)  
Standing Corporate Auditor

Yoshifumi Nishino (Seal)  
Standing Corporate Auditor

Takahide Sakurai (Seal)  
Outside Corporate Auditor

Naoto Nakamura (Seal)  
Outside Corporate Auditor

Tadashi Ishizaki (Seal)  
Outside Corporate Auditor

# REFERENCE MATERIALS FOR SHAREHOLDERS' MEETING

## Agenda Items and Reference Materials

### Item 1: Appropriation of retained earnings for the 85<sup>th</sup> term

The Company proposes the appropriation of retained earnings in the following manner:

#### 1. Year-end dividends

The Company places priority on returning profit to shareholders and adhere to the basic policy of implementing shareholder return taking into account business performance while seeking enhanced profitability and stronger financial conditions. Ensuring sustainable and stable dividend payments, the Company continues to strive for increase in dividends while fulfilling the benchmark of 20% in the consolidated payout ratio. Based on this policy and taking into consideration a variety of factors, including the Company's consolidated financial position and its results for the fiscal year under review, the Company proposes a ¥1 per share increase in the year-end dividends to ¥10.50 per share, as follows:

(1) Type of dividend asset

Cash

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

¥10.50 yen per share of common stock

Total amount of payout: ¥4,880,648,840

Since the Company previously paid out ¥9.50 per share as an interim-period dividend, the total dividend for the fiscal year under review will amount to ¥20 per share.

(3) Effective date of dividend payment

March 27, 2009

#### 2. Appropriation of other retained earnings

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

General reserves: ¥30,000,000,000

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

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

## **Item 2: 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) With the enforcement of “the Law Partially Amending the Law Concerning Book-Entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining of Trades of Stocks, Etc.” (Law No.88 of 2004; hereinafter, the “Streamlining Settlement Law”) on January 5, 2009, it is legally deemed that the provision of the Articles of Incorporation of the Company that the Company shall issue share certificates for its shares has been repealed as of the same date. Consequently, the Company will make formal amendments to this effect including deletion of unneeded provisions and terms throughout the Articles of Incorporation (Articles 9, 10, 11, 12, 14 and 39 of the present Articles of Incorporation) as well as adjusting the numbering of articles as a result of deletion of the present Article 9 in its entirety.
- (2) As the Streamlining Settlement Law requires that the Company shall still keep the register of lost share certificates for a period of one year from the following date of the enforcement date of the said Law, the Company will set forth supplementary provisions in the Articles of Incorporation to this effect.

## 2. Substance of amendments

The proposed amendments are as follows:

(Amended parts are indicated by underlining)

Current Articles	Proposed Amendment
<p style="text-align: center;">CHAPTER II. SHARES</p> <p><u>Article 9. (Issuance of Share Certificates)</u></p> <ol style="list-style-type: none"> <li><u>1. The Company shall issue share certificates for its shares.</u></li> <li><u>2. Notwithstanding the foregoing, the Company may elect not to issue a share certificate for shares constituting less than one voting unit (“Less-than-One-Voting-Unit Shares”).</u></li> </ol> <p>Article <u>10.</u> (Demand for Sale by Shareholders with Shares Constituting Less-than-One-Voting-Unit Shares)</p> <p style="padding-left: 40px;">Shareholders <u>(including beneficial shareholders; the same shall apply hereinafter)</u> having Less-than-One-Voting-Unit Shares may demand the Company to sell them such number of shares as may, together with the number of such Less-than-One-Voting-Unit Shares, constitute the number of shares constituting one voting unit.</p> <p>Article <u>11.</u> (Agent to Manage Shareholders Registry)</p> <ol style="list-style-type: none"> <li>1. The Company shall have an agent to manage shareholders registry.</li> <li>2. The agent to manage shareholders registry and the location of its handling office shall be determined by resolution of the Board of Directors, and be publicly notified.</li> <li>3. The preparation and keeping of the Company’s shareholder register <u>(including the register of beneficial shareholders; the same shall apply hereinafter), register of lost share certificates</u> and list of share purchase warrants, and other administrative works related to shareholder registers, <u>registers of lost share certificates</u> and list of share purchase warrants shall be entrusted to the agent to manage shareholders registry and shall not be handled by the Company itself.</li> </ol>	<p style="text-align: center;">CHAPTER II. SHARES</p> <p style="text-align: center;">(Deleted)</p> <p>Article <u>9.</u> (Demand for Sale by Shareholders with Shares Constituting Less-than-One-Voting-Unit Shares)</p> <p style="padding-left: 40px;">Shareholders having Less-than-One-Voting-Unit Shares may demand the Company to sell them such number of shares as may, together with the number of such Less-than-One-Voting-Unit Shares, constitute the number of shares constituting one voting unit.</p> <p>Article <u>10.</u> (Agent to Manage Shareholders Registry)</p> <ol style="list-style-type: none"> <li>1. The Company shall have an agent to manage shareholders registry.</li> <li>2. The agent to manage shareholders registry and the location of its handling office shall be determined by resolution of the Board of Directors, and be publicly notified.</li> <li>3. The preparation and keeping of the Company’s shareholder register and list of share purchase warrants, and other administrative works related to shareholder registers and list of share purchase warrants shall be entrusted to the agent to manage shareholders registry and shall not be handled by the Company itself.</li> </ol>

Current	Amended
<p>Article <u>12</u>. (Share Handling Rules)</p> <p>The handling <u>and fees</u> relating to shares of the Company shall be governed by applicable laws and regulations and/or these Articles of Incorporation as well as by the Share Handling Rules determined by the Board of Directors.</p> <p>CHAPTER III. SHAREHOLDERS' MEETING</p> <p>Article <u>13</u>. (Text omitted)</p> <p>Article <u>14</u>. (Record Date)</p> <p>The Company shall deem that the shareholders with voting rights, who are <u>entered or</u> recorded in the final shareholder register as of December 31 of each year, are entitled to exercise their rights as shareholders at the annual shareholders' meeting for the corresponding fiscal year.</p> <p>Article <u>15</u>. - Article <u>17</u>. (Text omitted)</p> <p>CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article <u>18</u>. - Article <u>26</u>. (Text omitted)</p> <p>CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>Article <u>27</u>. - Article <u>34</u>. (Text omitted)</p> <p>CHAPTER VI. INDEPENDENT AUDITORS</p> <p>Article <u>35</u>. - Article <u>37</u>. (Text omitted)</p> <p>CHAPTER VII. ACCOUNTS</p> <p>Article <u>38</u>. (Text omitted)</p>	<p>Article <u>11</u>. (Share Handling Rules)</p> <p>The handling relating to shares of the Company shall be governed by applicable laws and regulations and/or these Articles of Incorporation as well as by the Share Handling Rules determined by the Board of Directors.</p> <p>CHAPTER III. SHAREHOLDERS' MEETING</p> <p>Article <u>12</u>. (Text unchanged)</p> <p>Article <u>13</u>. (Record Date)</p> <p>The Company shall deem that the shareholders with voting rights, who are recorded in the final shareholder register as of December 31 of each year, are entitled to exercise their rights as shareholders at the annual shareholders' meeting for the corresponding fiscal year.</p> <p>Article <u>14</u>. - Article <u>16</u>. (Text unchanged)</p> <p>CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article <u>17</u>. - Article <u>25</u>. (Text unchanged)</p> <p>CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>Article <u>26</u>. - Article <u>33</u>. (Text unchanged)</p> <p>CHAPTER VI. INDEPENDENT AUDITORS</p> <p>Article <u>34</u>. - Article <u>36</u>. (Text unchanged)</p> <p>CHAPTER VII. ACCOUNTS</p> <p>Article <u>37</u>. (Text unchanged)</p>

Current	Amended
<p>Article <u>39</u>. (Distribution of Retained Earnings)</p> <ol style="list-style-type: none"> <li>1. The Company, may, by resolution of a shareholders' meeting, distribute dividends from retained earnings (hereinafter referred to as the "End-of-Term Dividends") to the shareholders or registered share pledgees who are <u>entered or</u> recorded on the final register of shareholders as of the close of December 31 each year.</li> <li>2. The Company may, by resolution of the Board of Directors, distribute dividends from retained earnings (hereinafter referred to as the "Interim Dividends"), as provided under Paragraph 5, Article 454 of the Corporation Law, to the shareholders or registered share pledgees who are <u>entered or</u> recorded in the final register of shareholders as of the close of June 30 of each year.</li> </ol>	<p>Article <u>38</u>. (Distribution of Retained Earnings)</p> <ol style="list-style-type: none"> <li>1. The Company, may, by resolution of a shareholders' meeting, distribute dividends from retained earnings (hereinafter referred to as the "End-of-Term Dividends") to the shareholders or registered share pledgees who are recorded on the final register of shareholders as of the close of December 31 each year.</li> <li>2. The Company may, by resolution of the Board of Directors, distribute dividends from retained earnings (hereinafter referred to as the "Interim Dividends"), as provided under Paragraph 5, Article 454 of the Corporation Law, to the shareholders or registered share pledgees who are recorded in the final register of shareholders as of the close of June 30 of each year.</li> </ol>
<p>Article <u>40</u>. (Text omitted)</p>	<p>Article <u>39</u>. (Text unchanged)</p>
<p>(Inserted)</p>	<p><u>Supplementary provisions</u></p>
<p>(Inserted)</p>	<p>Article 1. <u>The preparation and keeping of the register of lost share certificates and other administrative works related thereto shall be entrusted to the agent to manage shareholders registry and shall not be handled by the Company itself.</u></p>
	<p>Article 2. <u>The provisions of the preceding Article 1 and this Article 2 shall be effective until January 5, 2010, and shall be deleted as of January 6, 2010.</u></p>

### Item 3: Election of thirteen (13) Directors

At the conclusion of this Annual Shareholders' Meeting, the term of office of all the Directors will expire. The Company would therefore like shareholders to elect thirteen (13) Directors.

The candidates for the Directors are as follows:

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
1	Kouichi Ikeda (April 21, 1940)	<p>Apr. 1963 Entered Asahi Breweries, Ltd.</p> <p>Mar. 1996 Director, General Manager of Kyushu, Chugoku and Shikoku Regional Headquarters</p> <p>Mar. 1997 Managing Director, Senior Deputy General Manager of Sales Division, Senior General Manager of Kyushu and Chugoku Regional Headquarters</p> <p>Sep. 1997 Managing Director, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters and Kanshin-etsu Regional Headquarters</p> <p>Sep. 1998 Managing Director, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters</p> <p>Mar. 1999 Senior Managing Director, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters</p> <p>Mar. 2000 Senior Managing Executive Officer, Senior Deputy General Manager of Sales Division, Senior General Manager of Shutoken Regional Headquarters</p> <p>Oct. 2000 Senior Managing Executive Officer, Senior General Manager of Liquor Sales &amp; Marketing Headquarters</p> <p>Mar. 2001 Senior Managing Director</p> <p>Jan. 2002 President and Representative Director</p> <p>Mar. 2006 Chairman of the Board and Representative Director (to the present)</p> <p>&lt; Representation of other companies and other organizations &gt; Chairman of the Board of Asahi Beer Arts Foundation</p>	36,200	See Note 1



Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
2	Hitoshi Ogita (January 1, 1942)	<p>Apr. 1965 Entered Asahi Breweries, Ltd.</p> <p>Mar. 1997 Director, General Manager of Fukuoka Branch</p> <p>Sep. 1997 Director, Senior General Manager of Kyushu Regional Headquarters</p> <p>Mar. 2000 Managing Executive Officer, Senior General Manager of Kyushu Regional Headquarters</p> <p>Oct. 2000 Managing Executive Officer, Senior General Manager of Kanshin-etsu Regional Headquarters</p> <p>Mar. 2002 Senior Managing Executive Officer, Senior General Manager of Kanshin-etsu Regional Headquarters</p> <p>Sep. 2002 Executive Officer, Vice President of Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2003 President and Representative Director of Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2006 President and Representative Director of Asahi Breweries, Ltd. (to the present)</p>	36,000	---
3	Masatoshi Takahashi (October 24, 1946)	<p>Apr. 1969 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2000 Executive Officer, Senior General Manager of Chubu Regional Headquarters</p> <p>Sep. 2001 Executive Officer, Senior General Manager of Liquor Sales &amp; Marketing Headquarters</p> <p>Mar. 2002 Managing Executive Officer, Senior General Manager of Liquor Sales &amp; Marketing Headquarters</p> <p>Sep. 2003 Managing Executive Officer, Senior General Manager of Kinkiken Regional Headquarters</p> <p>Mar. 2005 Senior Managing Executive Officer, Senior General Manager of Kinkiken Regional Headquarters</p> <p>Mar. 2006 Senior Managing Director, Senior Managing Executive Officer (to the present)</p>	26,500	---

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
4	Masahiko Osawa (January 28, 1946)	<p>Apr. 1968 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2000 Executive Officer, Senior General Manager of Logistics Department</p> <p>Sep. 2001 President of Asahi Beer (Shanghai) Product Services Co., Ltd.</p> <p>Sep. 2002 Managing Executive Officer, Chief Representative of China Representative Office</p> <p>Jan. 2005 Managing Executive Officer, Senior General Manager of China Business Headquarters, Chief Representative of China Representative Office</p> <p>Oct. 2005 Managing Executive Officer, Senior General Manager of China Headquarters, Chief Representative of China Representative Office</p> <p>Mar. 2007 Managing Director, Managing Executive Officer</p> <p>Sep. 2007 Managing Director, Managing Executive Officer, Senior General Manager of International Headquarters (to the present)</p> <p>&lt; Representation of other companies and other organizations &gt;</p> <p>President and Representative Director of AI Beverages Holding Co., Ltd.</p> <p>Representative Director and Chairman of Haitai Beverage Co., Ltd.</p>	31,652	See Note 1

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
5	Naoki Izumiya (August 9, 1948)	<p>Apr. 1972 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2000 Executive Officer, Senior General Manager of Group Management Strategy Division</p> <p>Oct. 2000 Executive Officer, Senior General Manager of Strategy Planning Headquarters</p> <p>Sep. 2001 Executive Officer, Deputy General Manager of Shutoken Regional Headquarters, General Manager of Tokyo Branch</p> <p>Mar. 2003 Director</p> <p>Mar. 2004 Managing Director</p> <p>Mar. 2006 Managing Director, Managing Executive Officer, Senior General Manager of Liquor Sales &amp; Marketing Headquarters (to the present)</p>	19,400	---
6	Kazuo Motoyama (March 14, 1950)	<p>Apr. 1972 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2000 Executive Officer, Senior General Manager of Quality Development Headquarters</p> <p>Sep. 2001 Executive Officer, Senior General Manager of SCM Headquarters</p> <p>Sep. 2002 Executive Officer</p> <p>Sep. 2003 Executive Officer, Senior General Manager of Strategy Planning Headquarters</p> <p>Oct. 2005 Executive Officer</p> <p>Mar. 2006 Director, Executive Officer</p> <p>Mar. 2007 Managing Director, Managing Executive Officer (to the present)</p>	13,200	---

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
7	Akiyoshi Koji (November 8, 1951)	<p>Apr. 1975 Entered Asahi Breweries, Ltd.</p> <p>Sep. 2001 Executive Officer</p> <p>Mar. 2003 Managing Director and Senior General Manager, Planning Division, Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2006 Senior Managing Director and Senior General Manager, Planning Division, Asahi Soft Drinks Co., Ltd.</p> <p>Mar. 2007 Managing Director, Managing Executive Officer, Asahi Breweries, Ltd. (to the present)</p>	7,100	---
8	Shin Iwakami (May 18, 1949)	<p>Apr. 1972 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2004 Executive Officer, Senior General Manager of Production Operations Headquarters</p> <p>Oct. 2005 Executive Officer, Senior General Manager of Production Headquarters</p> <p>Mar. 2007 Managing Director, Managing Executive Officer, Senior General Manager of Production Headquarters</p> <p>Mar. 2008 Managing Director, Managing Executive Officer (to the present)</p> <p>&lt; Representation of other companies and organizations &gt; Chairman of the Board of Asahi Breweries Foundation</p>	17,400	See Note 1

(New candidates are marked with (\*))

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
9	Noriyuki Karasawa (October 20, 1951)	<p>Apr. 1974 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2006 Executive Officer, Senior Deputy General Manager of Production Headquarters</p> <p>Mar. 2008 Director, Executive Officer, Senior General Manager of Production Headquarters (to the present)</p>	8,200	---
10	Nobuo Yamaguchi (December 23, 1924)	<p>Apr. 1952 Entered Asahi Chemical Industry Co., Ltd.</p> <p>Jun. 1976 Director</p> <p>Nov. 1978 Managing Director</p> <p>Jun. 1981 Executive Vice President and Representative Director</p> <p>Mar. 1982 Director of Asahi Breweries, Ltd. (to the present)</p> <p>Apr. 1992 Chairman of the Board and Representative Director of Asahi Chemical Industry Co., Ltd. (now Asahi Kasei Corporation) (to the present)</p> <p>&lt; Representation of other companies and organizations &gt;</p> <p>Chairman of the Board and Representative Director of Asahi Kasei Corporation</p> <p>Chairman of the People's Political Association</p>	34,000	See Note 1

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
11	Mariko Bando (August 17, 1946)	<p>Jul. 1969 Joined staff of Prime Minister's Office</p> <p>Oct. 1985 Councillor, Cabinet Secretariat</p> <p>Jul. 1994 Director, Gender Equality Office, Prime Minister's Office</p> <p>Apr. 1995 Vice-Governor, Saitama Prefecture</p> <p>Jun. 1998 Consul General, Brisbane, Australia</p> <p>Jan. 2001 Director General, Gender Equity Bureau, Cabinet Office</p> <p>Oct. 2003 Director, Showa Women's University (to the present)</p> <p>Apr. 2004 Director, The Institute of Women's Culture, Showa Women's University (to the present)</p> <p>Apr. 2007 President, Showa Women's University (to the present)</p> <p>Mar. 2008 Director, Asahi Breweries, Ltd. (to the present)</p> <p>&lt; Representation of other companies and organizations &gt;</p> <p>President, Showa Women's University</p> <p>Director, The Institute of Women's Culture, Showa Women's University</p> <p>Chairman of the Board, Rural Women Empowerment and Life Improvement Association</p>	---	---

(New candidates are marked with (\*))

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
12	Toshihiko Nagao * (July 21, 1954)	<p>Apr. 1978 Entered Asahi Breweries, Ltd.</p> <p>Mar. 2004 Senior Officer, General Manager of Kobe Branch</p> <p>Jan. 2005 Senior Officer, Senior Deputy General Manager of Liquor Sales &amp; Marketing Headquarters, General Manager of Sales Department I</p> <p>Oct. 2005 Senior Officer, Senior Deputy General Manager of Liquor Sales &amp; Marketing Headquarters, General Manager of Sales Department</p> <p>Mar. 2006 Executive Officer, Senior Deputy General Manager of Liquor Sales &amp; Marketing Headquarters, General Manager of Sales Department</p> <p>Sep. 2006 Executive Officer, Senior Deputy General Manager of Liquor Sales &amp; Marketing Headquarters, General Manager of Beer Category Department</p> <p>Sep. 2008 Executive Officer, Senior General Manager of Sales Headquarters (to the present)</p>	11,300	---

(New candidates are marked with (\*))

Candidate Number	Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and other organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
13	Naoki Tanaka * (September 1, 1945)	<p>Jan. 1971 Senior Fellow, Kokumin Keizai Research Institute</p> <p>Apr. 1997 President, the 21<sup>st</sup> Century Public Policy Institute</p> <p>Jul. 1998 Member, Financial System Council, Financial Services Agency (to the present)</p> <p>Jan. 2001 Member and Deputy Chairman, Fiscal System Council, Ministry of Finance (to the present)</p> <p>Apr. 2006 Chairman, Postal Services Privatization Committee, Cabinet Office (to the present)</p> <p>Apr. 2007 President, Center for International Public Policy Studies (to the present)</p> <p>Dec. 2008 Chairman, Council on Promotion of Accepting Highly-Skilled Foreign Workers, Cabinet Office (to the present)</p> <p>&lt; Representation of other companies and organizations &gt;</p> <p>President, Center for International Public Policy Studies</p>	---	---

Notes:

1. Candidates' special interests in the Company:

- (1) The Company has made donations to the Asahi Beer Arts Foundation, the Board of Directors of which Kouichi Ikeda is Chairman. The Company also receives rent from the foundation for the facilities of the Asahi Beer Oyamazaki Villa Museum, which is operated by the foundation.
- (2) The Company has a stake in AI Beverages Holding Co., Ltd., for which Masahiko Osawa is serving as President and Representative Director. The Company guarantees the bank loans of that company.
- (3) The Company has made donations to the Asahi Breweries Foundation, the Board of Directors of which Shin Iwakami is Chairman.
- (4) The Company has made donations to the People's Political Association, the Board of Directors of which Nobuo Yamaguchi is Chairman.

2. Nobuo Yamaguchi, Mariko Bando and Naoki Tanaka are candidates for Outside Directors as defined in Item 15, Article 2 of the Corporation Law

3. The following are items required to be noted about candidates for Outside Director.

(1) Reasons for recommending them as candidates for Outside Director

- A. Nobuo Yamaguchi would bring a wealth of company management experience and insight into a broad range of issues to the management of the Company. The Company thus recommends his election to the Board as an Outside Director.



B. In addition to her diverse experience in public administration, Mariko Bando has a wide range of knowledge as an educator. To provide the Company with the benefit of this experience and knowledge, the Company recommends her election to the Board as an Outside Director.

Although Mariko Bando has not been involved in company management other than as an outside director, the Board has concluded that she will be able to perform her duties as Outside Director of the Company based on the reasons noted above.

C. Naoki Tanaka has a great deal of experience as a member of government councils and broad knowledge as a specialist deeply versed in economic policy. The Company thus recommends his election to the Board as an Outside Director to provide the benefit of this experience and knowledge to the management of the Company.

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

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

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

(3) Number of years of service as Outside Director

A. At the conclusion of this Annual Shareholders' Meeting, Nobuo Yamaguchi will have served as an Outside Director for 27 years.

B. At the conclusion of this Annual Shareholders' Meeting, Mariko Bando will have served as an Outside Director for 1 year.

(4) Regarding agreements limiting the liability of Outside Directors

To enable him/her to contribute fully in his/her role as Outside Director, the Company has entered into agreements with Nobuo Yamaguchi and Mariko Bando that limits his/her liability for damages as prescribed in Paragraph 1, Article 423 of the Corporation Law. Under the terms of these agreements, Mr. Yamaguchi's and Ms. Bando's liabilities, respectively, are limited to ¥20 million or to the minimum limited amount stipulated by applicable laws and regulations, whichever is higher. If this agenda item is approved as submitted, the agreement with Mr. Yamaguchi and Ms. Bando will be continued, and the Company will also enter into a similar agreement with Mr. Naoki Tanaka that limits his liability in the same manner.

#### Item 4: Election of one (1) Corporate Auditor

At the conclusion of this Annual Shareholders' Meeting, the term of office will expire for Corporate Auditor Tadashi Ishizaki.

The Company would therefore like shareholders to elect one (1) Corporate Auditor.

The candidate is introduced below.

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

Name (date of birth)	Career summary, positions in the Company, areas of responsibility, and representation of other companies and organizations	Number of shares in the Company owned by the candidate	Special interests in the Company
Tadashi Ishizaki (June 2, 1941)	Apr. 1970 Assistant, Faculty of Commerce, Chuo University	---	---
	Apr. 1972 Lecturer, Faculty of Commerce, Chuo University		
	Apr. 1973 Assistant Professor, Faculty of Commerce, Chuo University		
	Apr. 1982 Professor, Faculty of Commerce, Chuo University (to the present)		
	Apr. 1986 Director, Graduate School of Commerce, Chuo University (to the present)		
	Apr. 2000 Director, Institute of Business Research, Chuo University		
	Mar. 2005 Corporate Auditor of Asahi Breweries, Ltd. (to the present)		

Notes:

1. Tadashi Ishizaki is a candidate for Outside Corporate Auditor as defined in Item 16, Article 2 of the Corporation Law.
2. The following are items required to be noted about a candidate for Outside Corporate Auditor.
  - (1) Reasons for recommending him as a candidate for Outside Corporate Auditor  
Tadashi Ishizaki has long been involved in research activities as a university professor and has acquired specialized knowledge in accounting. The Company thus recommends his election as an Outside Corporate Auditor expecting that he would provide the benefit of this experience and knowledge to the auditing of the Company.  
In addition, even though Tadashi Ishizaki has not previously participated in the management of the Company other than as an outside director or outside corporate auditor, the Company believes he will be able to carry out the duties of Outside Corporate Auditor of the Company appropriately based on the reasons noted above.
  - (2) Term of Outside Corporate Auditor  
Mr. Ishizaki's term as Outside Corporate Auditor will be for four years at the conclusion of this Annual Shareholders' Meeting.
  - (3) Regarding agreements limiting the liability of Outside Corporate Auditors  
In order to enable him to contribute fully in his role as Outside Corporate Auditor, the Company has entered into an agreement with Mr. Ishizaki that limits his liability for damages as prescribed in Paragraph 1, Article 423 of the Corporation Law. Under the terms of this agreement, Mr. Ishizaki's liability is limited to ¥20 million or to the minimum limited amount

stipulated by applicable laws and regulations, whichever is higher. The Company intends to continue this agreement with Mr. Ishizaki if this agenda item is approved as submitted.

## Reminder to Shareholders Concerning Online Voting

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

Dear Shareholder,

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

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

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

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



2. When voting online, enter the voting code and password indicated on the enclosed voting form. Then indicate your consent/dissent concerning for each item by following the instructions displayed on the screen.
3. Online votes will be accepted until the day immediately prior to the date of the Annual Shareholders' Meeting (deadline for online voting: 5:30 p.m., March 25, 2009, JST). However, voting in advance will be highly appreciated for our convenience in vote counting.
4. In the event that a vote is exercised in duplicate via online and via the enclosed voting form, only the online vote shall be counted.
5. In the event that more than one online vote is exercised (including votes via PC and via cellular phone), only the most recent vote shall be counted.
6. Any costs related to connecting to a shareholder's Internet provider, as well as communication charges (including telephone charges) for accessing the online voting site, shall be borne by the shareholder.
7. Shareholders who wish to receive notices of shareholders' meetings by e-mail beginning with the next meeting may so register on the online voting site.

### **System Requirements for Online Voting**

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

- (1) Internet access
- (2) When voting via PC, Microsoft® Internet Explorer version 5.5 SP2 or newer, or Netscape® version 6.2 or newer browser software and compatible hardware.

(3) When voting via cellular phone, a 128-bit SSL communication (encrypted communication) compatible model. (For security purposes, only 128-bit SSL communication compatible cellular phones can access to the online voting system. Other models are not compatible with this system.)

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

### **Inquiries for Online Voting**

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

**Agent for Shareholder Registry Management:**

**The Sumitomo Trust & Banking Co., Ltd.**

**Stock Transfer Agency Department (Help Desk)**

**Phone (toll-free within Japan): 0120-186-417 (24 hours/day)**

For other inquiries, please contact: The Sumitomo Trust & Banking Co., Ltd., Stock Transfer Agency Department at 0120-176-417 (toll-free phone within Japan, 9:00 a.m. to 5:00 p.m.).