Interview with the President

ACTION, Asahi

We firmly executed our strategy in 2010 in line with Medium-Term Management Plan 2012.

STRATEGY EXECUTION 2010

- In fiscal 2010, the first year of Medium-Term Management Plan 2012, we took assertive action to improve the profitability of existing businesses and enhance business and capital alliances in Japan and overseas. These efforts resulted in greater-than-expected growth in sales and earnings for the year.
- We promoted efficiency enhancements in all divisions across the Asahi Group, most notably in the alcoholic beverages business, reforming our profit structure to meet profit targets.
- By aggressively pursuing business and capital alliances in Japan and overseas, we ultimately gained new business bases in every business.
- To make global management a reality, we adopted a human resource development program for executives and all other employees.

Naoki Izumiya
President

Q The year ended December 2010 was also the first year of Asahi Breweries' Medium-Term Management Plan 2012. Can you give an overview of performance for the term?

A We forged ahead with initiatives in alcoholic beverages, soft drinks, food and overseas operations designed to enhance growth and profitability.

Under Long-Term Vision 2015, the Asahi Group is striving for transforming the bounty of nature into the "Kando" of food while becoming a trusted company with global quality. Our Medium-Term Management Plan 2012 (the "2012 Plan") sets out milestones for realizing this vision. Our top priority under the 2012 Plan is to improve the profitability of existing businesses by seeking, for example, to raise our consolidated operating income ratio to around 8%.

The business environment this term, the first for our 2012 Plan, remained a severe one in Japan. It was notably impacted by low economic growth, but also by aging demographics and long-term population decline. On a more positive note, I feel that signs of change have begun emerging in overall consumer spending. Despite tough times, consumers are devising ways to get more enjoyment out of life. These trends suggest to me that Japanese society as a whole is transitioning into a state of maturity, rather than one of simple low growth. Outside of Japan, growth in developed nations remains persistently low, while emerging markets, especially in Asia, continue to show dramatic economic and consumer growth.

In this climate, the Asahi Group used the year to move toward reform. The Group worked quickly to make existing businesses more profitable, and pursue business and capital alliances in Japan and around the world.

1. Making Existing Businesses More Profitable

We recognize that having a stronger brand and proposing new products that capture changes in overall consumption are vital first steps to improving profitability. With overall consumption levels in decline, the advantages that products backed by strong brand power offer are more important than ever. For this reason, we prioritized our core brands in each business when allocating management resources and took steps to enhance and cultivate brand power.

A case in point is *Asahi Super Dry*, our beer category entry with annual sales of over 100 million cases*. Here, we pushed the full-scale promotion of a new way to enjoy this product called 'Extra Cold,' where *Asahi Super Dry* is chilled to –2°C. We also promoted the Refreshingly Sustainable project, in which a portion of sales was donated to local governments and other organizations in all areas of Japan. These were just two ways in which we continued to breathe new life into the brand, and refresh it.

To help with proposing new products that capture changes in overall consumption, we established the Kotomono Laboratory in September 2010 to support these activities at an organizational level. The aim of the laboratory is to propose options to consumers that create new value, both in terms of tangible product innovation and intangible innovations that motivate consumers to buy and enjoy our products. We also set up a team dedicated to creating a new category that bridges alcoholic beverages and soft drinks.

In establishing the laboratory and the team, we are focusing fully on our customers and building a framework for proposing new value that will create demand.

In the domestic alcoholic beverages business, we improved efficiency around any costs above those planned for overall manufacturing and fixed costs. We also sought to further boost productivity, part of which was the decision to reorganize our production framework for beer-type beverages in the Kansai area.

Long-Term Vision 2015

Striving for transforming the bounty of nature into the "Kando" of food while becoming a trusted company with global quality.

- **The Group aims to increase its sales to ¥2–2.5 trillion and join the ranks of the top global food companies by size.**
- **The Group aims to increase its EBITDA margin to 12% or more.**

ACTION, Asahi

Turning to overseas operations, we reconfigured our business base for improved profitability. Specifically, we sold off our underperforming soft drinks business in South Korea, while in our beer business in China, we started contract production of Tsingtao Brewery Co., Ltd. (Tsingtao Brewery) core brands at every production base.

2. Business and Capital Alliances in Japan and Around the World

In our soft drinks business in Japan, we sought to enhance our business base with an upgraded product lineup, acquiring new brands such as *Rokko no Oishii Mizu* from House Foods Corp. and *Rokujo Mugicha* from Kagome Co., Ltd.

Outside of Japan, we signed a share purchase agreement with P&N BEVERAGES AUSTRALIA PTY. LIMITED, which boasts the third-largest sales volume share in the Australian soft drinks market, where stable growth is expected. Through this move, we aim to accelerate growth of the Australian soft drinks business and expand our business base further.

Turning to China, where substantial growth is on the horizon, we acquired shares in food product and distribution giant TING HSIN (CAYMAN ISLANDS) HOLDING CORP. and entered a capital and business alliance with them. This move has gained us a new business base in the Chinese market for food products, to add to our existing businesses in alcoholic beverages and soft drinks.

As these efforts show, we have made definite progress during the December 2010 term at developing our growth bases and boosting profitability in our business domains. As a result, we managed to clear our performance targets for the year. Net sales rose 1.2% from the previous fiscal year to ¥1,489,461 million, while operating income climbed 15.2% to ¥95,349 million and net income increased 11.4% to ¥53,080 million.

*One case is equivalent to 20 bottles (633ml each).

Medium-Term Management Plan 2012

Net Sales (Existing Businesses) (¥ billion)

	2009 Results	2012 (Guidelines)	Compound Annual Growth Rate
Alcoholic beverages business	985.5	975.0	±0% level
Soft drinks business	296.9	335.0	4% level
Food business	96.3	115.0	6% level
Overseas operations	78.5	105.0	10% level
Total Sales	1,472.5	1,560.0	2% level
Sales excl. alcohol tax	1,020.2	1,130.0	2% level

Operating Income (Loss) (Existing Businesses) (¥ billion)

	2009 Results	2012 (Guidelines)	Operating Income Ratio Target
Alcoholic beverages business	78.5	100.0	10% or higher
Soft drinks business	8.0	17.0	5% or higher
Food business	3.7	6.0	5% or higher
Overseas operations	(2.8)	6.0	5% or higher
(Goodwill and other depreciation costs)	(7.1)	(7.7)	—
Total operating income	82.8	123.0	8% level
(excl. alcohol tax)	—	—	12% level
	2009 Results	2012 (Guidelines)	Compound Annual Growth Rate
Equity method income	9.9	16.0	15% or higher
Ordinary income	90.5	131.0	—
Net income	47.6	65.0	—

Q **You mentioned that the December 2010 term was a successful one for moves towards reform. How will you leverage these accomplishments to fulfill your Long-Term Vision 2015 and the 2012 Plan? Can you focus your discussion on initiatives scheduled for the fiscal year ending December 2011?**

A **The year will be a time for delivering definite results and shifting completely into a more outwardly active posture. We will use our transition to a pure holding company as an opportunity to accelerate Group global management.**

This year, we took major steps towards reform that included lifting the profitability of our businesses, making business and capital alliances in and outside of Japan, and human resource development. In light of our successes, we have set the fiscal year ending December 2011 as a time for delivering definite results and shifting completely to an outwardly active posture as we accelerate Group global management.

Let me now turn to specific business strategies for the upcoming fiscal year.

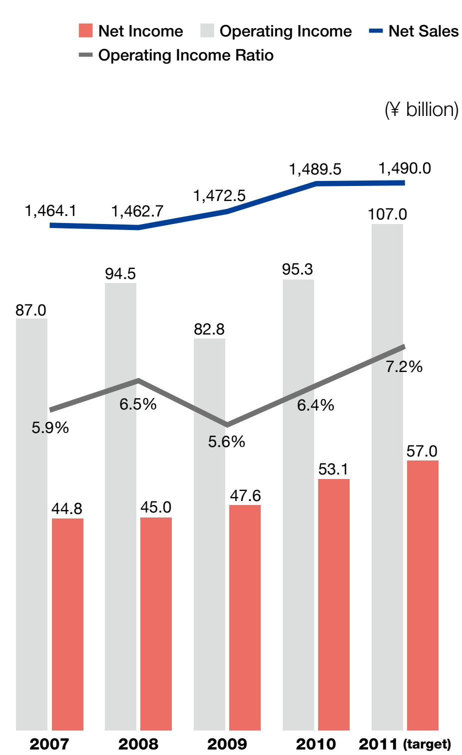
In the domestic alcoholic beverages business our goal is to maximize cash generation to support Group growth strategies. To achieve this, we will step up our development of a business structure with high earnings potential. For example, we will concentrate on investing management resources in priority brands such as *Asahi Super Dry*, *Clear Asahi* and *Asahi Style Free* to raise our profile in each beverage category.

We will also move to boost productivity across the entire segment. Among other steps, this will include our transition to a new

Qualitative Targets for Fiscal 2011

(¥ billion)

	2010 Results	YoY	2011 Target	YoY
Alcoholic beverages business	963.3	−2%	957.5	−1%
Soft drinks business	315.2	+6%	327.8	+4%
Food business	100.5	+4%	107.6	+7%
Overseas operations	97.8	+25%	86.4	−12%
Other	12.7	−17%	10.7	−16%
Total Sales	1,489.5	+1%	1,490.0	+0%
Sales excl. alcohol tax	1,055.6	+3%	1,065.2	+0%
Alcoholic beverages business	84.7	+8%	90.0	+6%
Soft drinks business	11.0	+39%	13.2	+19%
Food business	4.6	+26%	5.0	+8%
Overseas operations	(1.1)	—	4.4	—
Other	(4.0)	—	(5.6)	—
(Goodwill and other depreciation costs)	(7.7)	—	(7.2)	—
Total operating income	95.3	+15%	107.0	+12%
Equity method income	9.8	+16%	9.4	−4%
Ordinary income	101.1	+12%	112.0	+11%
Extraordinary profit (loss)	(8.7)	—	(8.0)	—
Net income	53.1	+11%	57.0	+7%



ACTION, Asahi

production framework in beer-type beverages in Japan, scheduled for September 2011.

In the domestic soft drinks business, we will focus on developing *Rokko no Oishii Mizu*, *Rokujo Mugicha* and other newly acquired brands along with building a firmer growth base for existing core brands like *Mitsuya Cider*.

We also intend to continue making lighter PET bottles and other cost-cutting efforts as part of profit structure reforms.

Moreover, we integrated management of the two LB companies in January 2011 in a bid to realize synergies in the chilled beverages business, as we look to reinforce the earnings base for the entire soft drinks business.

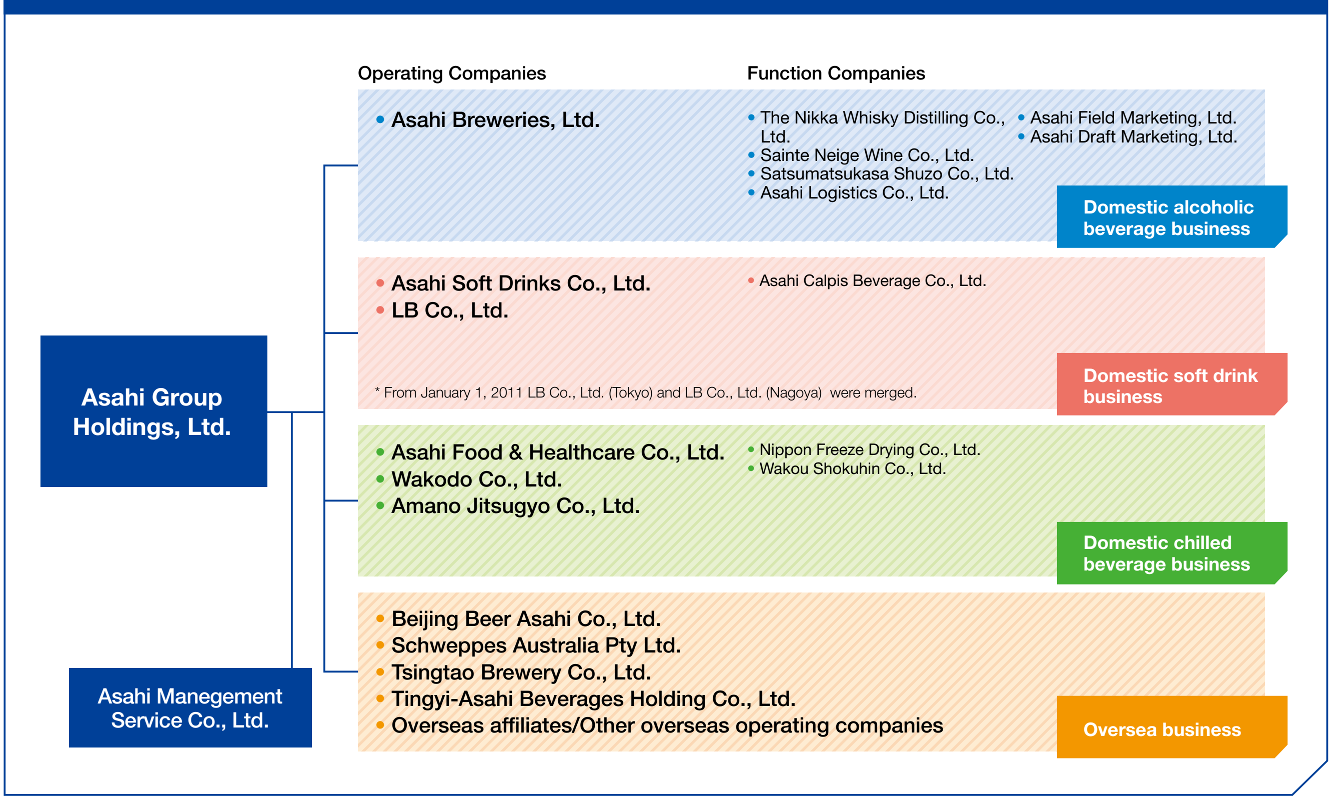
In the food business, together with bolstering each company's core brands, we plan to build up the high-value-added yeast extract and natural seasonings business, where future growth is anticipated, and expand our overseas business base. At the same time, we will view the food business as a single value chain and pursue synergies to boost the profitability of the entire business.

In overseas operations, we are eyeing new business investments and alliances to achieve an overseas sales contribution of 20% to 30%. We will reinforce the growth bases we have developed in our beer business in China and soft drinks business in Australia, and promote greater profitability.

To steadily execute initiatives of this kind and fully engage in Group global management, we plan to move to a pure holding company structure in July 2011. The new organizational format will reinforce our business bases by strengthening our governance structure, clarifying authority and accountability, and pursuing specialization in every business segment. At the same time, we plan to use the change to promote greater expansion of our global business network.

The holding company's specific role will be to optimally manage resource allocation and formulate new business investment strategies. Operating companies, meanwhile, will aim for growth by working to boost the competitiveness of their respective operations through relatively autonomous business development.

Pure Holding Company Structure — Group Structure as of July 1, 2011



Q President Izumiya, you place strong emphasis on human resource development. What are your motivations and objectives in this area, and what are some specific development measures?

A To achieve our global expansion ambitions, we adopted a human resource development program targeting all employees, particularly executives.

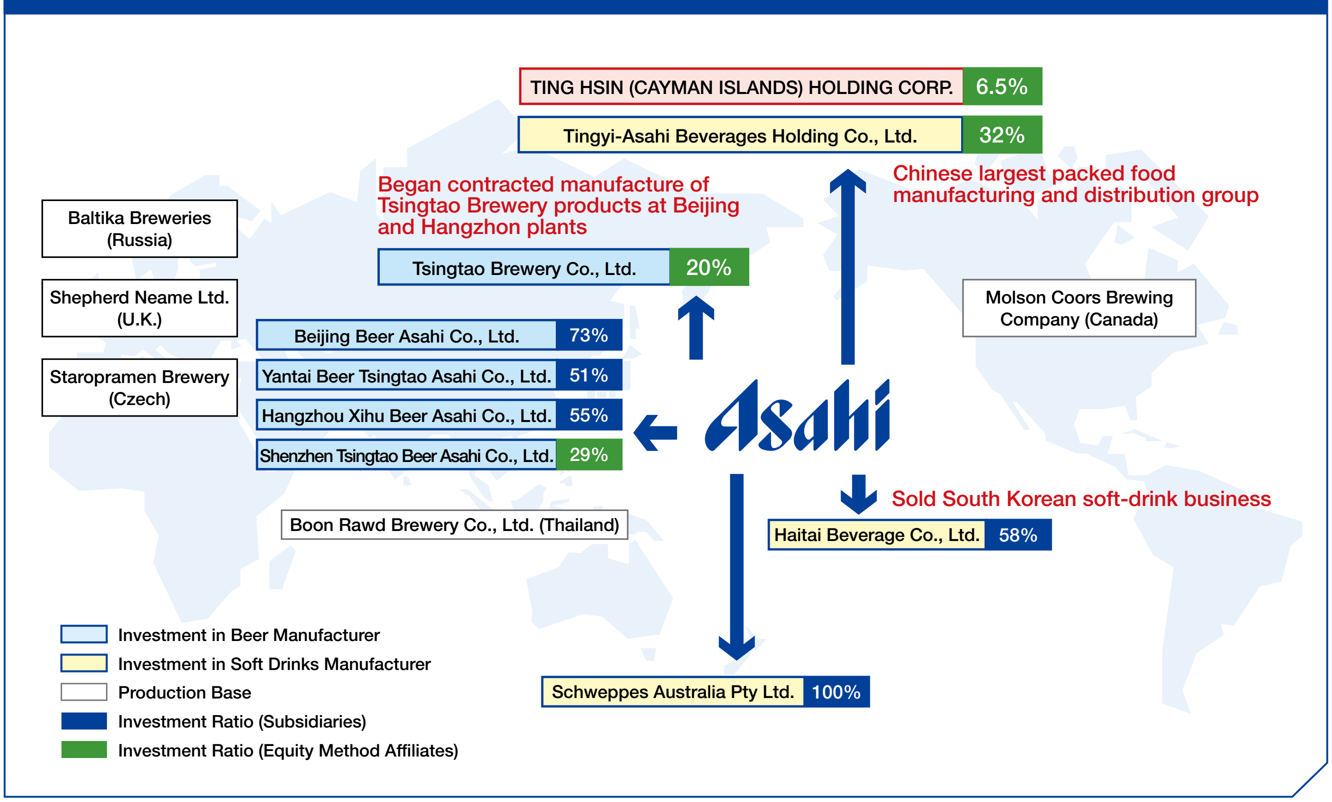
I consider human resource development to be one of the most critical issues we need to address during the 2012 Plan.

Right now, the Asahi Group's business is using the maturing Japanese market as a platform from which to ramp up expansion in global markets with high growth potential. Going forward, we will need to keep new Group companies and alliance partners on track with a common vision while bolstering ties and bringing synergies to the fore. Developing human resources capable of promoting diverse businesses and holding organizations together will be essential in this regard.

To offer specifics, we opened an in-house university for our executive and director class. The Asahi Executive Institute, as it is called, will foster our next generation of managers. We also introduced a Global Challengers Program, for all employees, to develop our pool of globally viable personnel. (See page 24 for more details.)

Through these initiatives, we hope to gradually enhance our HR capabilities and organizational strength to become the trusted company with global quality that we are striving to be under our Long-Term Vision 2015.

2010 Overseas Business



ACTION, Asahi

Q **You are very active in making business investments at present; can you describe for us the Asahi Group's approach in this area? And in light of this, what is your approach to financial soundness, profitability and shareholder returns?**

A **We will continue making business investments at home and abroad to fuel expansion in the Group's growth bases. At the same time, we are mindful of balancing profitability with financial soundness, and plan to continue paying a stable dividend to meet our shareholders' expectations.**

Under the 2012 Plan, we anticipate generating over ¥360.0 billion in cash flows through a combination of operating cash flows and asset liquidation. Our top priority is to allocate the cash flows gained to business investment to stimulate growth.

In business investment outside of Japan, we will look to expand our network of partners with powerful business bases in the alcoholic beverages and soft drinks businesses, especially in markets across Asia and Oceania where high growth rates are expected.

In our investments in Japan, meanwhile, we are seeking alliances capable of producing synergies, particularly by complementing our brands and sales channels.

Although we are expanding business investment, we are also paying close attention to maintaining financial soundness. Within the Group, we have set a D/E ratio of around 0.7 as our metric for maintaining a sound financial position. Going forward, however, it is possible that we may have to relax this to around 1.0 to cope with temporary fund demand stemming from large-scale investment projects.

In terms of ROE, while remaining mindful of balancing financial soundness with efforts to boost profitability, we plan to maintain our current ROE level of around 9% as a necessary preparation for business investment under the 2012 Plan.

Regarding shareholder returns, as in the past, we remain committed to the payment of a stable dividend, with a consolidated payout ratio of 20% or more. Meanwhile, during the 2012 Plan we plan to prioritize business investment for stimulating growth, using the subsequent improvement in operating performance as another tool for meeting our shareholders' expectations.

Financial and Cash Flow Policies

Operating Cash Flows + Asset Liquidation (Cumulative Total, 2010–2012)	¥360.0 billion or higher

Cash Flow Allocation Guidelines → Allocate flexibly taking into account management and operating conditions

Investments to strengthen the base for growth	**Capital investments to strengthen the base for growth and enhance efficiency: approx. ¥100.0 billion** • Investments for constructing optimal production and distribution frameworks and increasing efficiencies in the soft drinks and food businesses • Environmental investments for a low-carbon society **Aggressively promote capital and business alliances** • Make use of financial debt for capital demands in excess of internal funds (The Asahi Group considers an appropriate D/E ratio level to be about 0.7, with temporary increases acceptable)
Shareholder returns	**Consolidated payout ratio: Continue payment of stable dividends with a consolidated payout ratio of 20% or more** **Purchase of treasury stock: Consider purchase of treasury stock as capital demands and financial soundness permit** → Prioritize business investment and aim for shareholder returns through higher share prices

ROE target: Maintain current level of around 9%

Q **Addressing corporate governance and building good relationships with diverse stakeholders will become increasingly important because of your efforts to accelerate Group global management. What measures will the Asahi Group take in this regard?**

A **We will listen to input from our many stakeholders, and apply what we learn in our approach to management. In this way we will channel stakeholder input into dramatic growth.**

Earning the trust of our many stakeholders is critical to realizing Long-Term Vision 2015, completing the 2012 Plan, and achieving sustainable growth. The foundation of this trust is our efforts to strengthen highly transparent governance, proper information disclosure and compliance.

Moreover, on top of this firm corporate base Group executives and employees will actively build further trust by tackling individually important themes, such as contributing to local culture. As president, I will be out in front promoting these measures in an effort to enhance corporate value.

During the December 2010 term, one such measure was the formulation of our Environmental Vision 2020 to strengthen environmental conservation activities across the Group, and the Statement on Biodiversity to give substance to steps to conserve biodiversity. We also took active part in projects related to COP10, the 10th meeting of the Conference of Parties to the Convention on Biological Diversity, which was hosted in Nagoya, Japan.

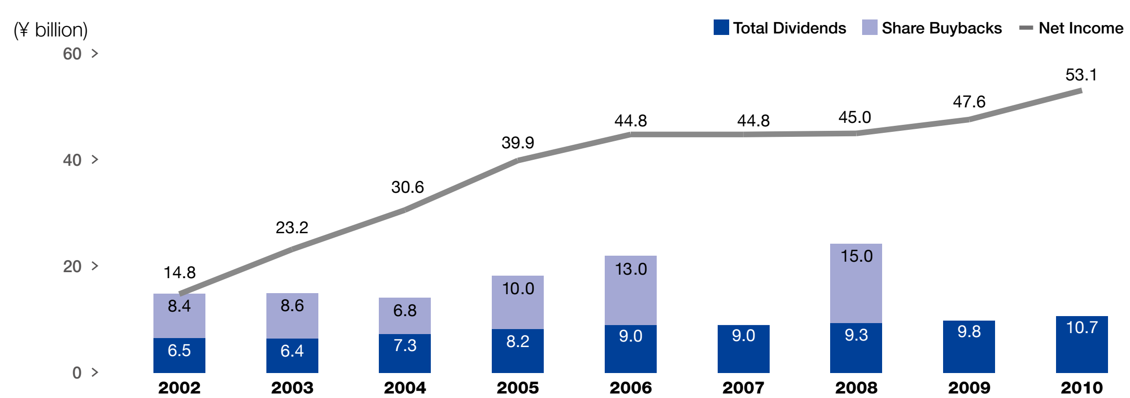
In fiscal 2011, we will concentrate on making our Environmental Vision 2020 a more concrete reality, reinforcing activities for protecting biodiversity. Another focus will be publicizing the 70th anniversary of Asahi Forest, which coincides with recognition of 2011 as the "International Year of Forests."* (See p. 55 for more details.)

The business climate surrounding the Asahi Group is always rapidly changing. We must grasp these changes accurately and link them to Group growth. I am sure that listening to input from our shareholders, investors and many other stakeholders as part of our process will enable us to utilize their insights to engender real growth.

I invite all of you to share your opinions and suggestions with us.

*Created by resolution of the UN General Assembly, the International Year of Forests is an attempt to raise awareness of efforts to enhance the sustainable management, preservation and development of all types of forests at every level to ensure they are enjoyed by current and future generations.

Net Income and Total Dividends



EPS	¥28.9	¥46.8	¥62.5	¥82.2	¥94.0	¥94.9	¥96.3	¥102.5	¥114.1
Dividend per share	¥13.0	¥13.0	¥15.0	¥17.0	¥19.0	¥19.0	¥20.0	¥21.0	¥23.0
Dividend payout ratio	45.0%	27.8%	24.0%	20.7%	20.2%	20.0%	20.8%	20.5%	20.2%