

Telephone Conference Q&A:

Results for the Third Quarter of the Fiscal Year Ending December 31, 2014

Date and time: October 31, 2014, 10:00-11:00

Presenters: Director of Group Finance, Director of Corporate Strategy, along with relevant business department heads

Japan Integrated Beverages Business

Q. What were the main reasons sales didn't increase?

(Business department head) For beer products, and especially products in new genre categories, we were unable to meet customer expectations after the April consumption tax hike. This factor weighed on our sales during the period. The sales campaign for *Kirin Nodogoshi Nama* launched in October has been successful, and sales volumes are on an upswing. In the soft drinks business, strengthening core brands is a key issue. In October, we launched new *Kirin FIRE* products, and in November we will revamp the *Kirin Mets COLA* brand with the aim of bolstering our existing brands. We will also newly launch the *Kirin BEKKAKU* series in November to improve profitability.

Q. What is the most important change you need to make in order to ensure medium- and long-term growth?

(Business department head) We are changing our approach to brand investment. We will invest in brands we need to boost through keeping to monitor conditions and situations. In the beer business, we aim to expand our market share. In the soft drinks business, we aim to increase earnings by nurturing brands in product categories that promise higher profitability.

Q. Regarding profit margins for beer and soft drink products, do you expect margins to rebound next year if there is no reoccurrence of unseasonable weather?

(Business department head) In the next fiscal year, we forecast major business environment changes besides potential climatic impacts. We are now planning for many different scenarios. We will continue our brand investments from the medium- and long-term perspective.

Overseas Integrated Beverages Business

Q. How do you plan to increase profit in Brazil in the fourth quarter? What are your long-term strategy and direction for the next fiscal year in Brazil?

(Director of Corporate Strategy) We plan to take strategic pricing initiatives. Additionally, while we continue to take measures to reduce fixed expenses, we will make necessary investments and aim to raise sales volumes. We will also continue to improve product mix. Regarding medium- and long-term strategies, we plan to increase the ratio of products with high unit prices in order to increase gross profits, while expanding our sales territories in all regions of Brazil.

Q. Regarding Lion Pty Ltd's performance in Oceania, do you expect the company to achieve its full-year forecasts?

(Director of Corporate Strategy) Lion's fourth quarter ended on September 30, and during the three months from the July to the September the company's sales volume in its Beer, Spirits, and Wine business declined. In its Dairy and Drinks business, sales declined due to the loss of private brand contracts with major mass retailers, but this had already been factored into the business plan, and the

year-on-year change in milk prices was small. Regarding the full-year forecast, Lion as a whole performed as expected through the third quarter, and there was no change in its forecast, including the forecast of each business, its Beer, Wine and Spirits business and its Dairy and Drink business.

Other

Q. Amid the deterioration in financial performance, has your position on shareholder returns changed?

(Director of Group Finance) Strengthening shareholder returns is the first priority of our financial strategy of medium-term business plan 2013-2015. We plan to make annual dividend payments of ¥40 billion this fiscal year, consistent with the plan at the start of the year, and we have implemented an own-share repurchase program totaling approximately ¥20 billion. We will make future determinations while examining next year's financial performance and trends in free cash flow.