

Telephone Conference Q&A:

Results for the First Quarter of the Fiscal Year Ending December 2013

Date and time: April 30, 2013, 10:00-11:00

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

Brazil

Q. Why was income up in the first quarter?

(Director of Corporate Strategy) Improved marginal profit resulting from higher sales levels together with cost cutting effects contributed to the increase.

Q. The economy is slowing slightly; has there been any change in your projections for future beer demand?

(Director of the Strategic Planning Department) We are conscious of the sluggish economic trend. Wage levels are rising in conjunction with inflation, but there is a tendency for consumers to curtail excessive spending due to uncertainty concerning the future. In addition, regulatory control on drunk driving has become stricter, and as a result, we believe the total demand will be weaker than previously anticipated. We will continue conducting effective marketing and endeavor to achieve our initial targets for the year.

Japan Integrated Beverages Business

Q. A new structure was adopted for the Japan integrated beverages business this fiscal year; did any changes occur in the first quarter?

(Director of Corporate Strategy) One change, for example, is increased coverage achieved for *Kirin Gogo-no-Kocha Oishii Sugar-Free*, a Kirin Beverage product, as a result of suggesting consumption with food, based on insights from the customer's perspective. We have released various new products each year, but now we have commenced development of a brand that reflects customer insights. *Kirin Sumikiri*, a new product that Kirin Brewery will launch in May, will make use of the lessons learned from prior products in the new genre category using barley, and consumers can look forward to the development of a product based on customer insights. Also, *Ichiban Shibori* keg sales volumes have recovered as a result of promotion of *Ichiban Shibori Frozen Nama* draft beer and *Ichiban Shibori Two Tone* beer cocktails.

Other

Q. The interest-bearing debt ratio was above 1 at the end of the last year, but fell to 0.8 in the first quarter. It seems that progress is faster than the guideline in the medium-term business plan, which sets a target of approximately 0.7. How should this be understood?

(Director of Corporate Finance) Approximately 80 billion yen of the proceeds from the sale of Fraser and Neave, Limited shares was applied to repaying debt. Also, net assets increased by about 120 billion yen as a result of foreign currency translation adjustments. If free cash flows in excess of plans are generated this fiscal year, we will likely apply them to financial strategies for next fiscal year and later, but our approach to repaying interest-bearing debt and making strategic investments with priority on shareholder returns remains unchanged.