

[Q&A from Teleconference Meeting] 1Q of Year ending December 31, 2015

<Date and Time> May 8, 17:30-18:30

<Speakers> Director Toshio Mizokami with the General Manager of the IR Section

1. Japanese Alcoholic Beverages Business

Q. It would appear that sales volume have fallen in the first quarter as a negative reaction to the increased demand last year in the rush to beat the increase in consumption tax. What are the prospects for a recovery moving forward?

A. Since April, the trend has been for an increase in sales volume against the same period in the previous year. Moving forward, we believe that sales volume will recover each month and that by the third quarter we will have surpassed sales compared to the same period in the previous year (July to September).

We plan to launch the following products and contribute to profits: Mugi to Hop The gold Kaoru Koku will be launched as a limited edition Mugi to Hop the gold product on May 12; Sapporo Plus will be launched on May 26 as the first ever nonalcoholic beer to have received a designation as a “food for specified health uses”; and Gokuzero CHU-HI Gokuhai will be launched on June 16 as Chūhai (alcoholic beverage) that takes advantage of the higher recognition of Gokuzero brand.

Q. Regarding sales promotion expenses, in the first quarter expenditure has been limited in comparison to the same period last year but through the year as a whole the plan is to increase sales promotion expenditure. Could you please tell us what the outlook is for sales promotion expenses moving forward?

A. We have targeted the second and third quarters for sales promotion expenditure as a period of increased sales volume, and as a general rule we will be aiming to make expenditures in line with expected sales.

2. International Business

Q. In the North American business there has been a fall in profits as a result of the higher ingredients cost of soft drinks. What countermeasures are you planning?

A. Silver Springs Citrus Inc.'s products are characterized by their use of Florida-grown oranges, but the company has been affected by rising orange prices since last summer. We plan to respond by improving the product mix through the proposal of products other than orange juice and by implementing the pricing.

3. Food and Soft Drinks Business

Q. Lemon-based soft drinks sales have grown but has there been an impact on core product Kireto Lemon as a result of the launch of the new product Kireto Lemon Energie?

A. Kireto Lemon Energie products are displayed on the energy drinks shelves in stores, and because this puts the products in a different category there has been no cannibalization with Kireto Lemon. Lemon-based soft drinks sales as a whole are up by more than 30% against the same period in the previous year.

Q. Increased costs in the first quarter have led to a fall in profits. What countermeasures are you planning?

A. In the first quarter, we saw increased expenditure related to vending machines. However, we expect to see increased sales volume as we approach the summer season and to recover this expenditure by increasing the efficiency of each machine.

4. Other

Q. Net assets fell in the first quarter as a result of changes to the accounting policy. Do you expect there to be any impact moving forward?

A. As a result of changes to the accounting standards for retirement benefits, there have been changes in the methods for calculating liabilities for retirement benefits and service costs. Retained earnings were adjusted in accordance with the transitional treatment, and this affect is only temporary.

End