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Securities code: 2587

March 5, 2015

To: Our Shareholders

Notice of Convocation of the 6th Ordinary General Meeting of Shareholders

Dear Shareholder:

You are hereby notified that the 6th Ordinary General Meeting of Shareholders (the “Meeting”) of Suntory Beverage & Food Limited (the “Company”) will be held as described below. Your attendance would be much appreciated.

If you are unable to attend the Meeting, you may exercise your voting rights by any of the following methods. Please review the attached Reference Document for the General Meeting of Shareholders and exercise your voting rights before 5:30 p.m. Thursday, March 26, 2015.

Exercising voting rights by mail

Please indicate “For” or “Against” with respect to each proposal on the enclosed voting form and send it by mail to arrive before the above-mentioned voting deadline.

Exercising voting rights by the Internet, etc.

[Translation omitted.]

1. Date and Time: March 27, 2015 (Friday) at 10:00 a.m.
2. Place: Grand Prince Hotel New Takanawa
“International Convention Center PAMIR”
13-1, Takanawa 3-chome, Minato-ku, Tokyo
3. Purpose:
Items to be reported:
 1. Business Report and the Consolidated Financial Statements for the 6th business term (from January 1, 2014 to December 31, 2014), the audit reports on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. The Financial Statements for the 6th business term (from January 1, 2014 to December 31, 2014)

Items to be resolved:

- Proposal 1: Appropriation of Surplus
- Proposal 2: Election of Eight (8) Directors
- Proposal 3: Partial Changes to the Articles of Incorporation
- Proposal 4: Election of Eight (8) Directors (excluding Directors Serving on the Audit and Supervisory Committee)
- Proposal 5: Election of Three (3) Directors Serving on the Audit and Supervisory Committee
- Proposal 6: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee
- Proposal 7: Determination of Amounts of Remuneration, etc. for Directors (excluding Directors Serving on the Audit and Supervisory Committee)
- Proposal 8: Determination of Amounts of Remuneration, etc. for Directors Serving on the Audit and Supervisory Committee

4. Exercise of Voting Rights:

If you exercise your voting rights both by sending the voting form by mail and via the Internet, etc., the vote exercised via the Internet, etc. will be taken as valid. If you exercise your voting rights more than once via the Internet, etc., or twice by using both your personal computer and mobile phone, only the final vote will be taken as valid.

Sincerely yours,

Nobuhiro Torii
Representative Director and President

Suntory Beverage & Food Limited
1-1, Kyobashi 3-chome, Chuo-ku, Tokyo

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- If attending the Meeting in person, please present the enclosed voting form to the reception desk. Please note that persons other than shareholders who can exercise voting rights, such as proxies who are not shareholders or accompanying persons shall not be permitted entry even if they hold the enclosed voting form. Also, if attending the Meeting in person, please bring this Notice of Convocation to save resources.
 - If revisions are made to the Reference Document for the General Meeting of Shareholders, the Business Report, the Financial Statements or the Consolidated Financial Statements, we will post the revised versions on the Company's Internet website:
<http://www.suntory.com/softdrink/ir/stock/meeting.html>

Reference Document for the General Meeting of Shareholders

Proposals and Reference Information

Proposal 1: Appropriation of Surplus

Considering the business performance and business environment, we propose to pay a year-end dividend for the current business term of ¥31 per share of common stock of the Company in accordance with our policy for profit distribution.

Accordingly, including the interim dividend of ¥29 already paid, the annual dividend for the current business term will be ¥60 per share. The details are as follows.

- (i) Type of dividend property: Cash
- (ii) Matters concerning the allotment of dividend property to shareholders and the total amount of the allotment:
¥31 per share of common stock of the Company
Total cash dividends of ¥9,579,000,000
- (iii) Date on which the dividend of surplus will become effective: March 30, 2015

We believe our prioritization of strategic investments as well as capital expenditures for sustainable revenue growth and increasing the corporate value will benefit our shareholders. In addition, we view an appropriate shareholder return as one of our core management principles. While giving due consideration to providing a stable return and maintaining robust internal reserves for the future, we intend to pursue a comprehensive shareholder return policy that also takes into account our business results and future funding needs. Specifically, we aim to stably increase dividends on the basis of profit growth with a targeted consolidated payout ratio of 30% or more of net income before amortization of goodwill (i.e. the sum of net income and amortization of goodwill). Looking to the medium- and long-term, we will also consider increasing the payout ratio depending on such factors as our need for funds and progress in profit growth.

Proposal 2: Election of Eight (8) Directors

At the close of the Meeting, the term of office of all nine (9) Directors will expire. Therefore, we would like you to approve the reduction of the number of Directors by one (1) Director to enable swifter decision making at the Board of Directors and the election of eight (8) Directors.

The candidates for Directors to be elected are as follows:

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 1</p> <p>Nobuhiro Torii (March 10, 1966)</p>	<p>Joined The Industrial Bank of Japan, Limited (Present: Mizuho Bank, Ltd.) in July 1991.</p> <p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1997.</p> <p>Assumed the office of Senior General Manager, Overall Sales & Marketing Division of such company in September 2005.</p> <p>Assumed the office of Director, Member of the Board of such company in March 2007.</p> <p>Assumed the office of Chief Operating Officer, Corporate Development Division of such company in April 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Corporate Development Division of such company in April 2009.</p> <p>Assumed the office of Managing Executive Officer of such company in April 2010.</p> <p>Assumed the office of Chief Operating Officer, International Strategy Division of such company in April 2010.</p> <p>Has occupied the office of Representative Director and President of Suntory Beverage & Food Limited from January 2011 to date (incumbent).</p> <p>Assumed the office of Chief Operating Officer, International Division of such company in January 2011.</p> <p>Assumed the office of Senior Managing Director, Member of the Board of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of Senior General Manager, Corporate Development Department of Suntory Beverage & Food Limited in January 2013.</p> <p>Has occupied the office of Director, Member of the Board of Suntory Holdings Limited from January 2013 to date (incumbent).</p> <p>Assumed the office of Chief Operating Officer, International Division of Suntory Beverage & Food Limited in April 2013.</p> <p><Responsibilities> Overall Group Management</p>	<p>9,000</p>

[Translation]

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
	<Important Concurrent Positions> Director, Member of the Board of Suntory Holdings Limited Director of Orangina Schweppes Holding B.V. Director of Suntory Beverage & Food Asia Pte. Ltd. Director of Cerebos Pacific Limited Director of FRUCOR BEVERAGES LIMITED Director of FRUCOR BEVERAGES (AUSTRALIA) PTY LTD Director of Pepsi Bottling Ventures LLC	

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 2</p> <p>Yoshihiko Kakimi (March 22, 1952)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1975.</p> <p>Assumed the office of Senior General Manager, Beer Production Department of such company in March 2002.</p> <p>Assumed the office of Director, Member of the Board of such company in March 2003.</p> <p>Assumed the office of Deputy Chief Operating Officer, Production Division and Chief Operating Officer, Beer Production Division of such company in March 2003.</p> <p>Assumed the office of Managing Director, Member of the Board of such company in March 2007.</p> <p>In charge of Beverage & Food Production Division, Chief Operating Officer, Beverage & Food Production Development Division and Senior General Manager, Beverage Production Department of such company in March 2007.</p> <p>Assumed the office of Director, Member of the Board of Suntory Beverage & Food Limited in January 2009.</p> <p>Assumed the office of Senior Managing Director, Member of the Board of such company in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Beverage & Food Production Development Division of such company in April 2009.</p> <p>Has occupied the office of Representative Director and President of Suntory Products Limited from April 2009 to date (incumbent).</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>In charge of Research & Development, Production and Chief Operating Officer, Technology Development Division of Suntory Beverage & Food Limited in May 2012.</p> <p>Has occupied the office of Executive Vice-President of such company from December 2012 to date (incumbent).</p> <p>In charge of Research & Development, Production and Chief Operating Officer, New Product Development Division of such company from April 2014 to date (incumbent).</p> <p><Responsibilities></p> <p>Research & Development, Production and Chief Operating Officer, New Product Development Division</p> <p><Important Concurrent Positions></p> <p>Representative Director and President of Suntory Products Limited</p> <p>Director of Suntory Beverage & Food Asia Pte. Ltd.</p>	<p>2,000</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 3</p> <p>Saburo Kogo (August 27, 1954)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1977.</p> <p>Assumed the office of Chief Operating Officer, Supply Chain Management (SCM) Division and Senior General Manager, Supply Chain Management (SCM) Department of such company in September 2004.</p> <p>Assumed the office of Director, Member of the Board of such company in March 2006.</p> <p>Assumed the office of Chief Operating Officer, Sales & Marketing Division Kinki Area of such company in March 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Director of Suntory Beer & Spirits Limited (Present: Suntory Liquors Limited) in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Sales & Marketing Division Kinki Area of such company in April 2009.</p> <p>Assumed the office of Chief Operating Officer, Metropolitan Sales & Marketing Division of such company in September 2009.</p> <p>Assumed the office of Senior Managing Director, Member of the Board of Suntory Beverage & Food Limited in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Marketing & Development Division of such company in January 2011.</p> <p>Assumed the office of Managing Executive Officer of Suntory Holdings Limited in January 2011.</p> <p>Has occupied the office of Chief Operating Officer, Beverage & Food Business Division of Suntory Beverage & Food Limited from May 2012 to date (incumbent).</p> <p>Has occupied the office of Executive Vice-President of such company from December 2012 to date (incumbent).</p> <p><Responsibilities></p> <p>Chief Operating Officer, Beverage & Food Business Division</p> <p><Important Concurrent Positions></p> <p>Director, Member of the Board of Suntory Foods Limited</p> <p>Director, Member of the Board of Suntory Products Limited</p>	<p>1,400</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 4</p> <p>Nobuhiro Kurihara (January 23, 1955)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1979.</p> <p>Assumed the office of Senior General Manager, Human Resources Department of such company in March 2002.</p> <p>Assumed the office of Director, Member of the Board of such company in March 2005.</p> <p>Assumed the office of Senior General Manager, Human Resources Department and in charge of Carrier Development Department of such company in March 2005.</p> <p>Assumed the office of Representative Director and President of Suntory Foods Limited in March 2009.</p> <p>Assumed the office of Director, Member of the Board of Suntory Beverage & Food Limited in April 2009.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Executive Officer of such company in January 2011.</p> <p>Has occupied the office of Senior Managing Director, Member of the Board of Suntory Beverage & Food Limited from December 2012 to date (incumbent).</p> <p>Assumed the office of Chief Operating Officer, Business Administration Division and in charge of Finance & Accounting Division of such company in January 2013.</p> <p>Has occupied the office of Chief Operating Officer, Business Administration Division of such company from April 2014 to date (incumbent).</p> <p><Responsibilities></p> <p>Chief Operating Officer, Business Administration Division</p>	<p>1,400</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
Candidate 5 Masato Tsuchida (October 21, 1962)	Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1985. Assumed the office of Chief Executive, Tokyo Regional Office 2 of Suntory Beer & Spirits Limited (Present: Suntory Liquors Limited) in April 2009. Assumed the office of Vice Chief Operating Officer, Nationwide Chainstores Sales Division of such company in September 2010. Assumed the office of Executive Officer of Suntory Liquors Limited (Present: Suntory Spirits Limited) in September 2011. Assumed the office of Chief Operating Officer, Spirits Division of such company in September 2011. Has occupied the office of Director, Member of the Board of Suntory Beverage & Food Limited from December 2012 to date (incumbent). Has occupied the office of Representative Director and President of Suntory Foods Limited from January 2013 to date (incumbent). <Important Concurrent Positions> Representative Director and President of Suntory Foods Limited	1,400

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 6</p> <p>Yasuhiko Kamada</p> <p>(February 4, 1958)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1980.</p> <p>Assumed the office of Chief Operating Officer, Liquor China Division of such company and Vice President of Suntory (China) Holding Co., Ltd. in April 2008.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in April 2009.</p> <p>Assumed the office of Managing Director, Member of the Board of Suntory Liquors Limited (Present: Suntory Spirits Limited) in April 2009.</p> <p>Assumed the office of Chief Operating Officer, China Division of such company and President of Suntory (China) Holding Co., Ltd. in April 2009.</p> <p>In charge of China Division of Suntory Liquors Limited (Present: Suntory Spirits Limited) and President of Suntory (China) Holding Co., Ltd. in April 2010.</p> <p>Assumed the office of Managing Director, Member of the Board of Suntory Beer & Spirits Limited (Present: Suntory Liquors Limited) in January 2011.</p> <p>Assumed the office of Chief Executive, Sales & Marketing Division Kyusyu Area of such company in January 2011.</p> <p>Has occupied the office of Director, Member of the Board of Suntory Beverage & Food Limited from March 2013 to date (incumbent).</p> <p>Has occupied the office of Representative Director and President of Suntory Beverage Service Limited from April 2013 to date (incumbent).</p> <p>Has occupied the office of Executive Vice President of Suntory Foods Limited from March 2014 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Representative Director and President of Suntory Beverage Service Limited</p> <p>Executive Vice President of Suntory Foods Limited</p>	<p>1,400</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 7</p> <p>Shinichiro Hizuka (November 19, 1955)</p>	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1978.</p> <p>Assumed the office of Senior General Manager, Sales Development & Marketing Promotion Department 1 of such company in April 2008.</p> <p>Assumed the office of Executive Officer of Suntory Beer & Spirits Limited (Present: Suntory Liquors Limited) in April 2009.</p> <p>Assumed the office of Senior General Manager, Sales Development & Marketing Promotion Department 1 of such company in April 2009.</p> <p>Assumed the office of Executive Officer of Suntory Holdings Limited in January 2011.</p> <p>Assumed the office of Chief Operating Officer, Group Strategy Planning Division and Senior General Manager, Group Strategy Planning Department of such company in January 2011.</p> <p>Assumed the office of Managing Director, Member of the Board of Suntory Beverage & Food Limited in March 2012.</p> <p>Assumed the office of Senior General Manager, Corporate Planning Department and Chief Operating Officer, Business Administration Division of such company in March 2012.</p> <p>Has occupied the office of Senior Managing Director, Member of the Board of such company from December 2012 to date (incumbent).</p> <p>Assumed the office of Chief Operating Officer, Corporate Planning Division and Senior General Manager, Corporate Planning Department of such company in January 2013.</p> <p>In charge of Corporate Planning Division, Finance & Accounting Division and Corporate Communication Department of such company from April 2014 to date (incumbent).</p> <p><Responsibilities></p> <p>Corporate Planning Division, Finance & Accounting Division and Corporate Communication Department</p> <p><Important Concurrent Positions></p> <p>Director of Suntory Beverage & Food Asia Pte. Ltd.</p> <p>Director of FRUCOR BEVERAGES LIMITED</p> <p>Director of FRUCOR BEVERAGES (AUSTRALIA) PTY LTD</p>	<p>3,000</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
Candidate 8 Yukari Inoue (April 4, 1962)	<p>Joined Procter & Gamble Far East, Inc. in April 1985.</p> <p>Assumed the office of Marketing Director of Procter & Gamble North America in October 1995.</p> <p>Assumed the office of Marketing Director, Feminine Care of Procter & Gamble Northeast Asia in October 1998.</p> <p>Assumed the office of General Manager, Feminine Care of Procter & Gamble Northeast Asia in March 2000.</p> <p>Assumed the office of Managing Director of Jardine Wines and Spirits K.K. (Present: MHD Moët Hennessy Diageo K.K.) in March 2003.</p> <p>Assumed the office of Representative Director and President of Cadbury Japan Limited (Present: Mondelēz Japan Limited) in November 2005.</p> <p>Assumed the office of Outside Director of AXA Life Insurance Co., Ltd. in June 2010.</p> <p>Has occupied the office of Managing Director of Kellogg Japan G.K. from July 2013 to date (incumbent).</p> <p>Has occupied the office of Outside Director of JC Comsa Corporation from June 2014 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Managing Director of Kellogg Japan G.K.</p> <p>Outside Director of JC Comsa Corporation</p>	3,000

- Notes:
1. The Company loans funds to and receives surplus funds from Suntory Beverage Service Limited at which Mr. Yasuhiko Kamada serves as Representative Director and President.
 2. There is no special interest between the Company and any other candidate.
 3. The positions and responsibilities held at the parent company, etc. at present and in the last five years for Messrs. Nobuhiro Torii, Yoshihiko Kakimi, Saburo Kogo, Nobuhiro Kurihara, Masato Tsuchida, Yasuhiko Kamada, and Shinichiro Hizuka are as listed in the "Career Summary, Position and Responsibilities and Important Concurrent Positions" column.
 4. Ms. Yukari Inoue is a candidate for Outside Director.
 5. We request Ms. Inoue's election as Outside Director so that we may utilize her abundant experience and strong knowledge as a corporate executive in the running of the Company.
 6. If Ms. Inoue assumes office as a Director, the Company will conclude a limited liability agreement with her, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on this agreement, Ms. Inoue's liability as an Outside Director would be limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan.
 7. The Company intends to designate Ms. Inoue as an Independent Director and report this designation to the Tokyo Stock Exchange. Ms. Inoue currently serves as Managing Director of Kellogg Japan G.K. The Suntory Beverage & Food Limited Group (the Group) conducts transactions with Kellogg Company (U.S.), the parent company of the aforesaid company including transactions relating to beverages. However, the monetary amount of these transactions is less than 1% of consolidated net sales of either company, and the Company believes that this has no material effect on Ms. Inoue's independence. Ms. Inoue currently serves as an Outside Director of JC Comsa Corporation. However, the Group does not conduct any transactions with the aforesaid company.

Proposal 3: Partial Changes to the Articles of Incorporation

1. Reason for proposal

The “Act for partial revision of the Companies Act” (Act No. 90 of 2014; Hereinafter, the Companies Act after revision by the aforesaid act shall be referred to as the “Revised Companies Act.”), which was promulgated on June 27, 2014, makes it newly possible for the Company to make a transition to a Company with an Audit and Supervisory Committee.

The Company wishes to make the transition to a Company with an Audit and Supervisory Committee with a view of enhancing corporate governance by reinforcing the audit and supervisory functions of the Board of Directors. Accordingly, the Company plans to make partial changes to the Articles of Incorporation to make the aforesaid transition.

Furthermore, in accordance with the Revised Companies Act, changes will be made to the scope of directors, etc. who can enter into a limited liability agreement. The Company plans to make partial changes to the Articles of Incorporation to ensure even Directors without executive authority over operations can adequately fulfill the role expected of them through the conclusion of limited liability agreements.

In addition to the above, the Company plans to change the numbering of articles, etc. to reflect the each of the aforementioned changes.

Note that approval has been received from each Audit and Supervisory Board Member for the changes to the Articles of Incorporation related to the limited liability agreements.

This proposal may only take effect on the condition that the Revised Companies Act comes into effect.

2. Details of changes

The details of the changes are as follows.

(Underlined portions are amended)

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p>CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 to 3 (Omitted)</p> <p>(Organizations)</p> <p>Article 4</p> <p>In addition to the general meeting of shareholders and directors, the company shall have the following organizations.</p> <p>(1) Board of directors (2) <u>Audit & supervisory board member</u> (3) <u>Audit & supervisory board</u> (4) Accounting auditor</p> <p>Article 5 to 19 (Omitted)</p>	<p>CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 to 3 (Same as the present)</p> <p>(Organizations)</p> <p>Article 4</p> <p>In addition to the general meeting of shareholders and directors, the company shall have the following organizations.</p> <p>(1) Board of directors (2) <u>Audit and supervisory committee</u> (Deleted) (3) Accounting auditor</p> <p>Article 5 to 19 (Same as the present)</p>

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of directors) Article 20 The company shall have not more than <u>fifteen (15)</u> directors. (Newly established)</p> <p>(Method of election) Article 21 1. A director shall be elected at a general meeting of the shareholders. 2. (Omitted) 3. (Omitted)</p> <p>(Term) Article 22 The term of office of a director shall expire at the close of the ordinary general meeting of the shareholders pertaining to the last business year ending within one (1) year after his/her election. (Newly established)</p>	<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Number of directors) Article 20 1. The company shall have not more than <u>twenty (20)</u> directors. 2. <u>Among the directors mentioned in the preceding paragraph, the number of directors appointed as directors serving on the audit and supervisory committee shall be not more than five (5).</u></p> <p>(Method of election) Article 21 1. A director shall be elected at a general meeting of the shareholders, <u>while making a distinction between directors serving on the audit and supervisory committee and other directors.</u> 2. (Same as the present) 3. (Same as the present)</p> <p>(Term) Article 22 1. <u>The term of office of a director (excluding a director serving on the audit and supervisory committee) shall expire at the close of the ordinary general meeting of the shareholders pertaining to the last business year ending within one (1) year after his/her election.</u> 2. <u>The term of office of a director serving on the audit and supervisory committee shall expire at the close of the ordinary general meeting of the shareholders pertaining to the last business year ending within two (2) years after his/her election.</u></p>

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p>(Newly established)</p> <p>(Representative director(s), director(s) with title, and corporate officer(s)) Article 23</p> <ol style="list-style-type: none"> 1. The board of directors shall by resolution select representative director(s). 2. The board of directors may by resolution appoint one (1) Chairman (<i>torishimariyaku kaicho</i>) and one (1) President (<i>torishimariyaku shacho</i>), and one (1) or more Executive Vice-Presidents (<i>torishimariyaku fuku-shacho</i>), Senior Managing Directors (<i>senmu-torishimariyaku</i>) and Managing Directors (<i>jomu-torishimariyaku</i>). 3. (Omitted) <p>(Person having authority to convene and to serve as chairperson of meeting of board of directors) Article 24 (Omitted)</p>	<ol style="list-style-type: none"> 3. <u>The term of office of a director serving on the audit and supervisory committee elected to fill a vacancy created by the retirement of a director serving on the audit and supervisory committee before the expiration of his/her term of office shall expire at the expiration of the term of office of the retired director serving on the audit and supervisory committee.</u> <p>(Representative director(s), director(s) with title, and corporate officer(s)) Article 23</p> <ol style="list-style-type: none"> 1. The board of directors shall by resolution select representative director(s) <u>from among the directors (excluding directors serving on the audit and supervisory committee).</u> 2. The board of directors may by resolution appoint one (1) Chairman (<i>torishimariyaku kaicho</i>) and one (1) President (<i>torishimariyaku shacho</i>), and one (1) or more Executive Vice-Presidents (<i>torishimariyaku fuku-shacho</i>), Senior Managing Directors (<i>senmu-torishimariyaku</i>) and Managing Directors (<i>jomu-torishimariyaku</i>) <u>from among the directors.</u> 3. (Same as the present) <p>(Person having authority to convene and to serve as chairperson of meeting of board of directors) Article 24 (Same as the present)</p>

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p>(Convocation notice regarding meeting of board of directors)</p> <p>Article 25</p> <ol style="list-style-type: none"> 1. Convocation notice regarding a meeting of the board of directors shall be dispatched to each director <u>and each audit & supervisory board member</u> at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity. 2. A meeting of the board of directors may be held without carrying out the convocation procedure upon the consent of all the directors <u>and audit & supervisory board members</u>. <p>(Newly established)</p> <p>Article <u>26</u> to <u>27</u> (Omitted)</p> <p>(Remunerations, etc.)</p> <p>Article <u>28</u></p> <p>Remuneration, bonus and other economic benefits to be provided by the company as consideration for execution of duties (<u>“Remunerations, etc.”</u>) of the directors shall be determined by resolution of a general meeting of the shareholders.</p>	<p>(Convocation notice regarding meeting of board of directors)</p> <p>Article 25</p> <ol style="list-style-type: none"> 1. Convocation notice regarding a meeting of the board of directors shall be dispatched to each director at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity. 2. A meeting of the board of directors may be held without carrying out the convocation procedure upon the consent of all the directors. <p><u>(Delegation of decision regarding execution of important duties)</u></p> <p>Article <u>26</u></p> <p><u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the company may delegate all or part of a decision regarding execution of important duties (excluding matters set forth in items of Article 399-13, Paragraph 5 of the Companies Act) to a director by resolution of the board of directors.</u></p> <p>Article <u>27</u> to <u>28</u> (Same as the present)</p> <p>(Remunerations, etc.)</p> <p>Article <u>29</u></p> <p>Remuneration, bonus and other economic benefits to be provided by the company as consideration for execution of duties of the directors shall be determined by resolution of a general meeting of the shareholders, <u>while making a distinction between directors serving on the audit and supervisory committee and other directors.</u></p>

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p>(Exemption from liability of directors) Article <u>29</u> (Omitted)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the company may enter into agreements with <u>outside directors</u> to the effect that their liability for damages arising from their failure to perform their duties shall be limited; provided, however, that the limit of the liability under such agreements shall be the amount prescribed by laws and regulations.</p> <p style="text-align: center;">CHAPTER V <u>AUDIT & SUPERVISORY BOARD</u> <u>MEMBERS AND AUDIT &</u> <u>SUPERVISORY BOARD</u></p> <p>(Newly established)</p>	<p>(Exemption from liability of directors) Article <u>30</u> (Same as the present)</p> <p>2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the company may enter into agreements with <u>directors (excluding directors with executive authority over operations, etc.)</u> to the effect that their liability for damages arising from their failure to perform their duties shall be limited; provided, however, that the limit of the liability under such agreements shall be the amount prescribed by laws and regulations.</p> <p style="text-align: center;">CHAPTER V <u>AUDIT AND SUPERVISORY</u> <u>COMMITTEE</u></p> <p>(<u>Authority of audit and supervisory committee</u>) <u>Article 31</u> <u>The audit and supervisory committee shall exercise the necessary authority to determine matters that are provided for in laws and regulations as well as the authority to carry out this duties.</u></p>

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
(Newly established)	<p><u>(Convocation notice regarding meeting of audit and supervisory committee)</u> <u>Article 32</u> 1. <u>Convocation notice regarding a meeting of the audit and supervisory committee shall be dispatched to each member of the audit and supervisory committee at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u> 2. <u>A meeting of the audit and supervisory committee may be held without carrying out the convocation procedure upon the consent of all members of the audit and supervisory committee.</u></p>
(Newly established)	<p><u>(Rules regarding meeting of audit and supervisory committee)</u> <u>Article 33</u> <u>In addition to laws and regulations and these articles on incorporation, matters regarding a meeting of the audit and supervisory committee shall be provided in the regulations of the audit and supervisory committee to be prescribed by a meeting of the audit and supervisory committee.</u></p>
<p><u>(Number of audit & supervisory board members)</u> <u>Article 30</u> <u>The company shall have not more than six (6) audit & supervisory board members.</u></p>	(Deleted)

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p>(Method of election) <u>Article 31</u> 1. <u>An audit & supervisory board member shall be elected at a general meeting of the shareholders.</u> 2. <u>Election of an audit & supervisory board member shall be made by the quorum of shareholders holding one-third (1/3) or more of the voting rights held by all the shareholders entitled to exercise their voting rights being present at the relevant general meeting of the shareholders, and by the resolution of a majority vote of the voting rights of such present shareholders.</u></p>	<p>(Deleted)</p>
<p>(Term) <u>Article 32</u> 1. <u>The term of office of an audit & supervisory board member shall expire at the close of the ordinary general meeting of the shareholders pertaining to the last business year ending within four (4) years after his/her election.</u> 2. <u>The term of office of the audit & supervisory board member elected as the replacement of another audit & supervisory board member who retired before the expiration of his/her term shall be until the expiration of the term of such retired audit & supervisory board member.</u></p>	<p>(Deleted)</p>
<p>(Senior audit & supervisory board members) <u>Article 33</u> <u>The audit & supervisory board shall by resolution select senior audit & supervisory board members.</u></p>	<p>(Deleted)</p>

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p><u>(Convocation notice regarding meeting of audit & supervisory board)</u> <u>Article 34</u> 1. <u>Convocation notice regarding a meeting of the audit & supervisory board shall be dispatched to each audit & supervisory board member at least three (3) days prior to the date of such meeting; provided, however, that such period may be shortened in the case of urgent necessity.</u> 2. <u>A meeting of the audit & supervisory board may be held without carrying out the convocation procedure upon the consent of all the audit & supervisory board members.</u></p>	<p>(Deleted)</p>
<p><u>(Rules regarding meeting of audit & supervisory board)</u> <u>Article 35</u> <u>In addition to laws and regulations and these articles of incorporation, matters regarding a meeting of the audit & supervisory board shall be provided in the regulations of the audit & supervisory board to be prescribed by a meeting of the audit & supervisory board.</u></p>	<p>(Deleted)</p>
<p><u>(Remunerations, etc.)</u> <u>Article 36</u> <u>The Remunerations, etc. of the audit & supervisory board members shall be determined by resolution of a general meeting of the shareholders.</u></p>	<p>(Deleted)</p>

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p data-bbox="225 315 703 383"><u>(Exemption from liability of audit & supervisory board members)</u></p> <p data-bbox="225 387 357 421"><u>Article 37</u></p> <ol data-bbox="225 425 783 1227" style="list-style-type: none"><li data-bbox="225 425 783 786">1. Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the company may, by resolution of the board of directors, exempt audit & supervisory board members (including former audit & supervisory board members) from their liability for damages arising from their failure to perform their duties to the extent prescribed by laws and regulations.<li data-bbox="225 790 783 1227">2. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the company may enter into agreements with outside audit & supervisory board members to the effect that their liability for damages arising from their failure to perform their duties shall be limited; provided, however, that the limit of the liability under such agreements shall be the amount prescribed by laws and regulations.	<p data-bbox="809 315 932 349">(Deleted)</p>

Pre-Amended Articles of Incorporation	Post-Amended Articles of Incorporation
<p style="text-align: center;">CHAPTER VI ACCOUNTING</p> <p>Article <u>38</u> to <u>41</u> (Omitted)</p> <p>(Newly established)</p>	<p style="text-align: center;">CHAPTER VI ACCOUNTING</p> <p>Article <u>34</u> to <u>37</u> (Same as the present)</p> <p style="text-align: center;"><u>SUPPLEMENTARY PROVISION</u></p> <p><u>(Transitional measures concerning exemption from liability of audit and supervisory board members)</u> <u>Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act, the company may, by resolution of the board of directors, exempt audit and supervisory board members (including former audit and supervisory board members) from their liability for damages arising from their failure to perform their duties to the extent prescribed by laws and regulations regarding conduct carried out before the partial changes to the articles of incorporation resolved at the 6th ordinary general meeting of the shareholders take effect.</u></p>

Proposal 4: Election of Eight (8) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

The Company plans to make the transition to a Company with an Audit and Supervisory Committee once Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective. At that point in time, the terms of office of all Directors will expire.

Accordingly, we request the election of eight (8) Directors (excluding Directors serving on the Audit and Supervisory Committee; the same applies hereafter in this proposal). This proposal may only take effect on the condition that Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective.

The candidates for Directors to be elected are as follows:

Candidate 1: Nobuhiro Torii

Candidate 2: Yoshihiko Kakimi

Candidate 3: Saburo Kogo

Candidate 4: Nobuhiro Kurihara

Candidate 5: Masato Tsuchida

Candidate 6: Yasuhiko Kamada

Candidate 7: Shinichiro Hizuka

Candidate 8: Yukari Inoue

The date of birth and career summary of each of the aforementioned candidates for Director and other matters stated in Reference Document for the General Meeting of Shareholders are as stated in Proposal 2 “Election of Eight (8) Directors.” Please see pages 5 to 13.

If Mr. Shinichiro Hizuka assumes office as a Director, the Company will conclude a limited liability agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on this agreement, Mr. Hizuka’s liability as a Director would be limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan.

Proposal 5: Election of Three (3) Directors Serving on the Audit and Supervisory Committee

The Company plans to make the transition to a Company with an Audit and Supervisory Committee once Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective. Accordingly, we request the election of three (3) Directors serving on the Audit and Supervisory Committee. The Audit & Supervisory Board has already given their consent to this proposal.

This proposal may only take effect on the condition that Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective.

The candidates for Directors serving on the Audit and Supervisory Committee to be elected are as follows:

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
Candidate 1 Seiichiro Hattori (September 25, 1956)	<p>Joined Suntory Limited (Present: Suntory Spirits Limited) in April 1980.</p> <p>Assumed the office of Senior General Manager, London Branch of Suntory Holdings Limited and Senior General Manager, International Liquor Division of Suntory Liquors Limited (Present: Suntory Spirits Limited) in December 2009.</p> <p>Assumed the office of Audit & Supervisory Board Member of Suntory Beverage & Food Limited in January 2011.</p> <p>Has occupied the office of Senior Audit & Supervisory Board Member of such company from December 2012 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Audit & Supervisory Board Member of Suntory Foods Limited</p> <p>Audit & Supervisory Board Member of Suntory Beverage Service Limited</p>	-

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
<p>Candidate 2</p> <p>Yukihiko Uehara (April 9, 1944)</p>	<p>Assumed the office of Professor of Meiji Gakuin University in April 1986.</p> <p>Has occupied the office of Professor of Meiji University Professional Graduate School from April 2004 to date (incumbent).</p> <p>Has occupied the office of Outside Director of INTAGE Inc. (Present: INTAGE HOLDINGS Inc.) from June 2009 to date (incumbent).</p> <p>Has occupied the office of Chairman of The Distribution Economics Institute of Japan from May 2010 to date (incumbent).</p> <p>Has occupied the office of Outside Audit & Supervisory Board Member of Suntory Beverage & Food Limited from December 2012 to date (incumbent).</p> <p>Has occupied the office of Visiting Professor of Showa Women's University from April 2014 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Professor of Meiji University Professional Graduate School</p> <p>Visiting Professor of Showa Women's University</p> <p>Chairman of The Distribution Economics Institute of Japan</p> <p>Outside Director of INTAGE HOLDINGS Inc.</p>	<p>—</p>

Name (Date of Birth)	Career Summary, Position and Responsibilities and Important Concurrent Positions	Number of Company's Shares Held (shares)
Candidate 3 Harumichi Uchida (April 7, 1947)	<p>Registered as Attorney in April 1973.</p> <p>Joined Mori Sogo Law Office (Present: Mori Hamada & Matsumoto) in April 1973 (incumbent).</p> <p>Registered as Attorney in New York State, USA in October 1980.</p> <p>Assumed the office of Professor of Keio University Law School in April 2004.</p> <p>Has occupied the office of Outside Audit & Supervisory Board Member of Daifuku Co., Ltd. from June 2004 to date (incumbent).</p> <p>Assumed the office of Outside Director of Hitachi High-Technologies Corporation in June 2005.</p> <p>Has occupied the office of Lecturer of Keio University Law School from April 2007 to date (incumbent).</p> <p>Has occupied the office of Outside Audit & Supervisory Board Member of Sumitomo Dainippon Pharma Co., Ltd. from June 2010 to date (incumbent).</p> <p>Has occupied the office of Auditor of KEIDANREN (Japan Business Federation) from April 2012 to date (incumbent).</p> <p>Has occupied the office of Outside Audit & Supervisory Board Member of Suntory Beverage & Food Limited from December 2012 to date (incumbent).</p> <p><Important Concurrent Positions></p> <p>Attorney (Partner) of Mori Hamada & Matsumoto</p> <p>Outside Audit & Supervisory Board Member of Daifuku Co., Ltd.</p> <p>Outside Audit & Supervisory Board Member of Sumitomo Dainippon Pharma Co., Ltd.</p>	-

- Notes:
1. There are no special interests between the Company and Mr. Seiichiro Hattori, Mr. Yukihiro Uehara or Mr. Harumichi Uchida.
 2. The positions and responsibilities held at the parent company, etc. by Mr. Hattori at present and in the last five years are as listed in the "Career Summary, Position and Responsibilities and Important Concurrent Positions" column.
 3. Mr. Uehara and Mr. Uchida are candidates for Outside Directors.
 4. Although Mr. Uehara has not been directly involved in corporate management in ways other than being an Outside Director or Outside Audit & Supervisory Board Member, we request his election as an Outside Director as we expect him to provide appropriate advice about the properness and suitability of decision making related to the Company's business execution, based on his high level of expertise regarding economics and marketing. Although Mr. Uchida has not been directly involved in corporate management in ways other than being an Outside Director or Outside Audit & Supervisory Board Member, we request his election as an Outside Director as we expect him to provide appropriate advice about the properness and suitability of decision making related to the Company's business execution, based on his high level of expertise as an attorney.
 5. If Mr. Hattori, Mr. Uehara and Mr. Uchida assume office as Directors serving on the Audit and Supervisory Committee, the Company will conclude a limited liability agreement with each of them pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on this agreement, the liability of each of them as Directors serving on the Audit and Supervisory Committee would be limited to the minimum liability amount stipulated by

Article 425, Paragraph 1 of the Companies Act of Japan.

6. The Company designated Mr. Uehara as an Independent Director/Independent Audit & Supervisory Board Member and reported this designation to the Tokyo Stock Exchange. Mr. Uehara currently serves as Chairman of The Distribution Economics Institute of Japan. The Group conducts transactions with the aforesaid institute including participation in workshops organized by the institute. However, the monetary amount of these transactions is less than 1% of consolidated net sales of the Company and less than 1.5% of the business income of the aforesaid institute. In addition, Mr. Uehara currently serves as Outside Director of INTAGE HOLDINGS Inc. The Group conducts transactions with the aforesaid company including contract research and analytical services. However, the monetary amount of these transactions is less than 1% of consolidated net sales of either company. The Company believes that neither of these positions have a material effect on Mr. Uehara's independence.

Proposal 6: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

The Company plans to make the transition to a Company with an Audit and Supervisory Committee once Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective. Accordingly, to prepare for a situation where the number of Directors serving on the Audit and Supervisory Committee does not satisfy the number prescribed by laws and regulations, we request the election of one (1) Substitute Director serving on the Audit and Supervisory Committee, as a substitute for all the Directors serving on the Audit and Supervisory Committee. The Audit & Supervisory Board has already given their consent to this proposal.

This proposal may only take effect on the condition that Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective.

The candidate for Substitute Director serving on the Audit and Supervisory Committee to be elected is as follows:

Name (Date of Birth)	Career Summary and Important Concurrent Positions	Number of Company’s Shares Held (shares)
Mitsuhiro Amitani (June 2, 1956)	Registered as Attorney in April 1985. Joined Hashidate Law Office in April 1985. Joined Wakita Law Office in November 1989. Has occupied the office of Attorney of Shimada, Seno & Amitani Law Office (Present: SAH & Co.) from March 1990 to date (incumbent). Has occupied the office of Outside Audit & Supervisory Board Member of STANLEY ELECTRIC CO., LTD. from June 2006 to date (incumbent). Has occupied the office of Outside Audit & Supervisory Board Member of HUB CO., LTD. from May 2013 to date (incumbent). <Important Concurrent Positions> Attorney (Partner) of SAH & Co. Outside Audit & Supervisory Board Member of STANLEY ELECTRIC CO., LTD. Outside Audit & Supervisory Board Member of HUB CO., LTD.	-

- Notes:
1. There is no special interest between the Company and Mr. Mitsuhiro Amitani.
 2. Mr. Amitani is a candidate for Substitute Outside Director.
 3. Although Mr. Amitani has not been directly involved in corporate management in ways other than being an Outside Director or Outside Audit & Supervisory Board Member, we request his election as a Substitute Director serving on the Audit and Supervisory Committee as we expect him to provide appropriate advice about the properness and suitability of decision making related to the Company’s business execution, based on his high level of expertise as an attorney.

4. In November 2013, STANLEY ELECTRIC CO., LTD., where Mr. Amitani currently serves as Outside Audit & Supervisory Board Member, concluded a plea agreement with the United States Department of Justice in connection with a violation of antitrust laws concerning automotive HID lamp ballasts. Mr. Amitani regularly makes appropriate comments at meetings of the Board of Directors and the like at that company regarding the importance of compliance with laws and regulations and thoroughly instilling such compliance. In addition, after the relevant incident was discovered, Mr. Amitani carried out checks and provided opinions as necessary regarding maintenance and enhancement of that company's compliance system in order to prevent such illegal conduct in advance.
5. If Mr. Amitani assumes office as a Director serving on the Audit and Supervisory Committee, the Company will conclude a limited liability agreement with him, pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on this agreement, Mr. Amitani's liability as a Director serving on the Audit and Supervisory Committee would be limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan.

Proposal 7: Determination of Amounts of Remuneration, etc. for Directors
(excluding Directors Serving on the Audit and Supervisory
Committee)

The Company plans to make the transition to a Company with an Audit and Supervisory Committee once Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective. Accordingly, as provided for under Article 361, Paragraphs 1 and 2 of the Revised Companies Act, we wish to determine an amount of remuneration, etc. for Directors (excluding Directors serving on the Audit and Supervisory Committee; the same applies hereafter in this proposal) that reflects the general circumstances including the economic situation and totals to ¥1,000,000,000 or less per year (and ¥100,000,000 or less per year for the portion of this amount payable to Outside Directors) to replace the current provision related to the amount of remuneration, etc. for Directors. We also wish for the determination of the details such as the actual amounts to be paid to each Director and the timing of such payments to be made by a Board of Directors’ meeting. The amount of remuneration, etc. for Directors excludes the portion of salaries for employees to those Directors concurrently working as employees.

Although there are currently nine (9) Directors (including one (1) Outside Director), we plan for there to be eight (8) Directors (including one (1) Outside Director) when Proposal 3 “Partial Changes to the Articles of Incorporation” and Proposal 4 “Election of Eight (8) Directors (excluding Directors Serving on the Audit and Supervisory Committee)” take effect.

This proposal may only take effect on the condition that Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective.

Proposal 8: Determination of Amounts of Remuneration, etc. for Directors
Serving on the Audit and Supervisory Committee

The Company plans to make the transition to a Company with an Audit and Supervisory Committee once Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective. Accordingly, as provided for under Article 361, Paragraphs 1 and 2 of the Revised Companies Act, we wish to determine an amount of remuneration, etc. for Directors serving on the Audit and Supervisory Committee that reflects the general circumstances including the economic situation and totals to ¥150,000,000 or less per year. We also wish for the determination of the details such as the actual amounts to be paid to each Director serving on the Audit and Supervisory Committee and the timing of such payments to be made through discussions among Directors serving on the Audit and Supervisory Committee.

We plan for there to be three (3) Directors serving on the Audit and Supervisory Committee when Proposal 3 “Partial Changes to the Articles of Incorporation” and Proposal 5 “Election of Three (3) Directors Serving on the Audit and Supervisory Committee” take effect.

This proposal may only take effect on the condition that Proposal 3 “Partial Changes to the Articles of Incorporation” becomes effective.

End

1. Matters Concerning the Present Condition of Our Group

(1) Progress and Achievement of Business

In the fiscal year under review, there was a gradual recovery in the global economy overall despite signs of weakness in some areas. Although the Japanese economy continued to follow a path of gradual recovery, improvement in consumer spending came to a standstill.

Amid these circumstances, the Suntory Beverage & Food Limited Group (the Group) strived to grow both its Japanese and overseas businesses further through brand reinforcement and new demand creation under its philosophy of proposing premium and unique products that match the tastes and needs of consumers, and enriching consumers' lives. By utilizing the expertise of each company, the Group also worked to improve quality of products throughout the group and to strengthen earning capacity through cost reductions.

In the Japan segment, the Group maintained its sales volume at about the same level as the previous fiscal year, despite expectations of a year-on-year decline in the market overall reflecting the consumption tax increase in April and unseasonable weather in the summer. In addition to sales contributions from the main core brands *Suntory Tennensui* range and *BOSS* coffee range, there were strong sales of high-value-added products such as *Iyemon Tokucha*. Furthermore, the Group continued efforts to further strengthen the business structure to realize greater profit growth, such as reducing costs and investing effectively in marketing.

In the overseas segment, the Group's business scale grew, mainly reflecting further reinforcement of core brands carried out in each area and the start of operations at Lucozade Ribena Suntory Limited in January, as well as strong sales volume at Suntory PepsiCo Vietnam Beverage Co., Ltd. In Europe, the Group worked to create a more effective business foundation to create synergy between Orangina Schweppes Group and Lucozade Ribena Suntory Limited. Furthermore, in Asia, the Group worked to strengthen product development functions, marketing functions and its production structure.

As a result of the above, for the fiscal year under review, the Group reported consolidated net sales of ¥1,257.3 billion, up 12.1% year on year, operating income of ¥85.9 billion, up 18.2%, ordinary income of ¥82.3 billion, up 22.3%, and net income of ¥36.2 billion, up 16.2%.

Results by segment are as follows:

< Japan segment >

In the *Suntory Tennensui* range, the Group promoted the brand's original value by emphasizing its qualities of "clear & tasty" and "natural & healthy." Sales of *Suntory Minami-Alps Tennensui Sparkling*, *Suntory Minami-Alps Tennensui Sparkling Lemon*, and the brand's flavored water variety, *Suntory Minami-Alps Tennensui & Asa-zumi Orange*, were strong. As a result, sales volume for the

range as a whole grew considerably year on year.

In the *BOSS* coffee range, there were firm sales of the core products including *Rainbow Mountain Blend*, *Zeitaku Bito*, *Muto Black*, and *Café au Lait*. In addition, *PREMIUM BOSS*, which was created with a new production method using the Company's R&D capabilities, recorded good sales following its launch in September. As a result, there was considerable growth in sales volume for the range as a whole.

In the *Iyemon* range, the FOSHU (a Food for Specified Health Uses) green tea *Iyemon Tokucha* continued to sell strongly, as shown by its annual sales volume, which exceeded 12 million cases in the second year following its launch. As a result, there was growth in sales volume for the range as a whole.

The sales volume of the *Pepsi* range was about level with the previous fiscal year. Topical advertising activities were carried out to promote *Pepsi NEX ZERO*, which had its contents and packaging renewed.

The sales volume of the *Suntory Oolong Tea* range fell year on year, despite continued marketing activities.

GREEN DAKARA obtained further recognition as a fluid replacement beverage as a countermeasure for the dryness in winter and heat stroke in the summer. Sales of the barley tea *GREEN DAKARA Yasashii Mugicha* were also strong. As a result, sales volume for the range as a whole grew dramatically year on year. The sales volume of the carbonated fruit drink *Orangina* showed considerable growth due partly to the launch of a 1.2-liter PET bottle size in response to the diverse needs of consumers.

The Company made a contribution to market expansion of FOSHU drink products, which are attracting attention on the back of increasing health consciousness, and is establishing a strong position in this market. In total, the sales volume of the FOSHU drink products, which include *BOSS GREEN*, *Suntory Black Oolong Tea*, *Suntory Goma Mugicha* and *Pepsi Special* in addition to *Iyemon Tokucha*, grew dramatically year on year.

The Group's initiatives to improve profitability consisted of not only improving the product mix by strengthening sales of FOSHU drink products, but also continuing to reduce manufacturing costs by such means as making PET bottles and cardboard for packaging lighter.

As a result of these activities, net sales and segment profit of the Japan segment are as follows.

Japan segment net sales: ¥722.3 billion (up 0.8% year on year)

Japan segment profit: ¥46.6 billion (up 2.7% year on year)

< Overseas segment >

In Europe, Lucozade Ribena Suntory Limited started operations and the Group's business grew considerably in scale. Marketing activities were conducted centering on core brands such as *Orangina* and *Schweppes* in France and Spain, and *Lucozade* and *Ribena* in the UK. In addition, the Group strengthened its sales structure in Spain for the on-premise market. The Group also worked to optimize

its operating resources, particularly in production and sales, and to create synergy with the aim of accelerating growth in Europe as a whole. As part of these efforts, UK sales operations for *Orangina* and a range of energy drinks marketed under the *V* brand, which were previously carried out by consignment, were transferred in increments to Lucozade Ribena Suntory Limited from July.

With respect to Asia, we made aggressive efforts to expand business in various countries mainly by strengthening our business foundation and launching new products. In Thailand and Indonesia, although the unstable economic environments continued to affect our business, we worked to expand sales of Suntory brand products including *MYTEA Oolong Tea* in Indonesia and *TEA+ Oolong Tea* in Vietnam.

In Oceania, the Frucor Group worked to vitalize its mainstay energy drink *V*. It also expanded its product lineup by such means as launching *OVI*, its first Suntory brand product, in September. In addition, the Frucor Group's research and development base in New Zealand was upgraded in order to further strengthen its product development capabilities.

In the Americas, the Group improved business efficiency in sales activities and distribution, and further promoted *Pepsi* brand products, focusing on the state of North Carolina.

In addition to activities to expand sales in each area, the Group strove to further improve quality and strengthen earning capacity through the overseas deployment of the R&D technology and knowhow for the reduction of costs developed in Japan.

As a result of these activities, net sales and segment profit of the overseas segment are as follows.

Overseas segment net sales: ¥535.0 billion (up 32.3% year on year)

Overseas segment profit: ¥64.4 billion (up 27.4% year on year)

(2) Issues to Address

The type of value the Group wants to offer to the consumers is encapsulated in the slogan, “A quest for the best tastes & quality to bring happiness & wellness into everyday life,” while the Group’s goal is encapsulated in the slogan, “To be the leading global soft drink company recognized for our premium and unique brands.” With these slogans in mind, we consistently develop products that match the tastes and needs of consumers in order to offer them “tasty and healthy products,” “safe and reliable products” and “popular products that are appealing to many people,” primarily in the field of soft drinks.

Through the products we offer, we aim to be a group of companies that consistently offers new value to consumers around the world.

The Group has expanded its business foundation by such means as stock listings on the Tokyo Stock Exchange and M&As. With the aim of evolving toward integrated development by utilizing this business foundation not only to accelerate self-sustaining growth in each area around the world but also to create synergies, we have formulated the following management strategies for 2015 to 2017.

1. Focus on core areas

We will concentrate management resources on approximately 20 countries that include new areas in Asia and Africa, in addition to our existing areas of operation, which we will continue to strengthen.

2. Establish a position with a strong presence in each area

- (i) We will not only continue to reinforce existing core brands in each area but also create demand by proposing products that match the needs of consumers and bring new value. To realize these aims, we will strive to implement constant innovations in research and development, marketing and production technology.
- (ii) We will make focused efforts to further strengthen our distribution and production capabilities in ways that are tailored to different areas. We will also actively consider M&As as a means to strengthen our distribution capabilities.
- (iii) We will continue to reduce costs and secure the funds necessary for growth investment.

3. Evolve toward integrated development

We will create synergies among areas and Group companies in terms of both sales and costs and aim for integrated development. In addition, we will determine and distribute brands with sales potential in the global market.

The targets for the Group's existing businesses are as follows (each in comparison to 2014 figures and on a currency-neutral basis)

Operating profit:	Mid single-digit or above Compound Annual Growth Rate (CAGR) growth
ROE:	Further improve ratio of operating income to net sales Maintain at 10% or above based on net income before amortization of goodwill and improve it further through profit growth
Net sales:	Aim for continued growth

In the 2015 fiscal year, the Group will work to build business foundations both in its Japanese and overseas businesses and aim for sales and profit growth in each area.

In the Japan segment, we forecast continued uncertainties in the market environment due to factors including further economizing by consumers as a result of the consumption tax increase. Nevertheless, we aim to reinforce core brands and create new demand by proposing value-added products that accurately match the tastes and needs of consumers as well as products that bring new value. We will carry out further reinforcement of our core brands with a focus on *Suntory Tennensui* and the *BOSS* coffee range, which contributed to market expansion in 2014. In addition, we will not only continue to strengthen our FOSHU category and drive growth in this market but also proactively address the challenge of developing products in new categories.

Furthermore, through innovations in research and development, production technology and others, we will offer products that bring new value, and create a virtuous cycle that promotes further increases in brand value. To achieve these aims, we will channel investment into research and development, marketing and production facilities, and continue to reduce costs in order to create the resources needed for this kind of growth investment.

In the overseas segment, we will work toward integrated development in the medium term. To do so, we will boost profitability by reinforcing core brands, strengthening our business foundation and reducing costs, and reinforce collaboration among Group companies.

Looking at Europe, we forecast that the economic environment will continue to be tough. Amid this situation, the Group will concentrate marketing investment on the key products *Orangina*, *Schweppes*, *Lucozade* and *Ribena*, and work to expand sales by strengthening distribution capabilities through such means as emphasizing on-premise channels as well as household use channels. In addition, we will strengthen our initiatives in Africa.

In Asia, despite concerns about slower economic growth in emerging countries, we will focus on core brands with the aim of achieving business expansion in excess of market growth, and establish a solid position in Southeast Asia. At the Cerebos Group, we will concentrate marketing activities on the mainstay health food *BRAND'S Essence of Chicken*. At the Suntory Garuda Group and Suntory PepsiCo Vietnam Beverage Co., Ltd., which operate beverage businesses, we will not only continue to focus efforts on fostering existing brands and Suntory brands

but also strengthen our sales and production structures with the aim of accelerating growth. Furthermore, we will create our own sales structures in Malaysia, Singapore and Hong Kong, and work to achieve integrated growth in Asia. In Oceania, although competition is expected to intensify further, we will reinforce *V* at the Frucor Group as the leading brand in the energy drink category and take aggressive steps to expand the brand portfolio including Suntory brands and implement cost reductions in order to boost profitability. In the Americas, at Pepsi Bottling Ventures LLC, we will work to expand sales not only for carbonated beverages but also in the non-carbonated beverages field, which is expected to grow.

We appreciate and value your ongoing cooperation and support.

(3) Status of Assets and Profit and Loss

Category	The 3rd Fiscal Year 2011	The 4th Fiscal Year 2012	The 5th Fiscal Year 2013	The 6th Fiscal Year 2014 (fiscal year under review)
Net Sales (Millions of yen)	893,353	992,160	1,121,361	1,257,280
Operating Income (Millions of yen)	59,789	58,446	72,715	85,949
Ordinary Income (Millions of yen)	55,529	54,033	67,257	82,272
Net Income (Millions of yen)	29,497	23,385	31,196	36,239
Net Income per Share (Yen)	136.56	108.27	118.79	117.28
Total Equity (Millions of yen)	181,890	204,275	592,968	635,624
Equity per Share (Yen)	764.48	881.24	1,806.48	1,926.79
Total Assets (Millions of yen)	802,876	844,450	1,256,701	1,389,096

Notes:

- Commencing in the 5th fiscal year the Group prepares consolidated financial statements in accordance with Article 444 of the Companies Act of Japan. The amounts stated in the consolidated financial statements of the 3rd fiscal year and the 4th fiscal year have been audited in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act and they have not been audited by Audit and Supervisory Board Members and the Accounting Auditor in accordance with Article 444, Paragraph 4 of the Companies Act of Japan.
- The Company conducted a share split at a ratio of 500 to 1 with April 16, 2013 as the effective date. However, the amounts of net income per share and equity per share have been calculated on the assumption that the aforesaid share split was conducted at the beginning of the 3rd fiscal year.

(4) Summary of Principal Businesses (as of December 31, 2014)

The Group manufactures and sells beverages and food including coffee beverages, mineral water, tea beverages, carbonated beverages, sports and functional beverages, and FOSHU.

(5) Status of Significant Parent Company and Subsidiaries

1) Status of Significant Parent Company

Name	Shares Held	Ratio of Voting Rights	Business Relationship
Suntory Holdings Limited	183,800,000 shares	59.4 %	Payment of brand royalties, etc.

2) Status of Significant Subsidiaries, etc.

Name	Paid-in Capital	Ratio of Voting Rights (%)	Principal Business Purpose
Suntory Foods Limited	(Million) ¥1,000	100.0	Sale of non-alcoholic beverages
Suntory Beverage Service Limited	(Million) ¥100	98.0	Sale of non-alcoholic beverages
Suntory Products Limited	(Million) ¥1,000	100.0	Manufacture of non-alcoholic beverages
Orangina Schweppes Holding B.V.	(Thousand) €18	100.0	Manufacture and sale of non-alcoholic beverages
Lucozade Ribena Suntory Limited	(Million) £755	100.0	Manufacture and sale of non-alcoholic beverages
Suntory Beverage & Food Asia Pte. Ltd.	(Thousand) S\$1,543,648	100.0	Strategic planning and group supervision for beverage and food businesses in South East Asia
Cerebos Pacific Limited	(Thousand) S\$75,649	100.0	Manufacture and sale of health foods and processed foods
PT SUNTORY GARUDA BEVERAGE	(Million) IDR101,044	51.0	Manufacture and sale of non-alcoholic beverages
Suntory PepsiCo Vietnam Beverage Co., Ltd.	(Million) VND4,733,429	100.0	Manufacture and sale of non-alcoholic beverages
FRUCOR BEVERAGES LIMITED	(Thousand) NZ\$446,709	100.0	Manufacture and sale of non-alcoholic beverages
FRUCOR BEVERAGES (AUSTRALIA) PTY LTD	A\$2	100.0	Sale of non-alcoholic beverages
Pepsi Bottling Ventures LLC	(Thousand) US\$215,554	65.0	Manufacture and sale of non-alcoholic beverages

Notes:

1. The ratio of voting rights includes indirect holdings.
2. On January 1, 2014, Lucozade Ribena Suntory Limited started manufacturing and sales operations of *Lucozade* and *Ribena*, for which it assumed the rights from GlaxoSmithKline plc. In line with the start of these operations, Lucozade Ribena Suntory Limited has been added to the list of significant subsidiaries as

of the fiscal year under review.

3. As of August 28, 2014, Suntory PepsiCo Vietnam Beverage Co., Ltd. has changed its name from the former trade name PEPSICO INTERNATIONAL - VIETNAM COMPANY to the current trade name.
4. The Company holds 51.0% of the issued shares of Suntory PepsiCo Investment B.V., which holds all of the issued shares of Suntory PepsiCo Vietnam Beverage Co., Ltd.

(6) Principal Offices and Plants, etc. (as of December 31, 2014)

1) The Company

Head Office:	1-1, Kyobashi 3-chome, Chuo-ku, Tokyo
Research Institute:	New Products Development Center (Kawasaki-shi, Kanagawa)

2) Subsidiaries

Name of Segment	Name	Major Business Sites	
Japan	Suntory Foods Limited	Head Office	Chuo-ku, Tokyo
		Office	Metropolitan Marketing Office (Chuo-ku, Tokyo), etc.
	Suntory Beverage Service Limited	Head Office	Shinjuku-ku, Tokyo
		Office	Metropolitan Area Sales Division (Shinjuku-ku, Tokyo), etc.
	Suntory Products Limited	Head Office	Chuo-ku, Tokyo
		Plant	Haruna Plant (Shibukawa-shi, Gunma), etc.
Overseas	Orangina Schweppes Holding B.V.	Head Office	Amsterdam, the Netherlands
	Lucozade Ribena Suntory Limited	Head Office	London, U.K.
	Suntory Beverage & Food Asia Pte. Ltd.	Head Office	Singapore
	Cerebos Pacific Limited	Head Office	Singapore
	PT SUNTORY GARUDA BEVERAGE	Head Office	Jakarta, Indonesia
	Suntory PepsiCo Vietnam Beverage Co., Ltd.	Head Office	Ho Chi Minh, Viet Nam
	FRUCOR BEVERAGES LIMITED	Head Office	Auckland, New Zealand

[Translation]

Name of Segment	Name	Major Business Sites	
	FRUCOR BEVERAGES (AUSTRALIA) PTY LTD	Head Office	New South Wales, Australia
	Pepsi Bottling Ventures LLC	Head Office	North Carolina, U.S.A.

(7) Status of Employees (as of December 31, 2014)

Name of Segment	Number of Employees	Increase(Decrease) from Previous Fiscal Year
Japan	5,262 [617]	77 [(46)]
Overseas	14,113 [1,174]	1,540 [(454)]
Total	19,375 [1,791]	1,617 [(500)]

Note: The number of employees refers to the number of current workers while the number in the brackets [] is the average number of temporary employees for the most recent one-year period, which is not included in the number of current workers.

(8) Status of Company's Principal Lenders (as of December 31, 2014)

Name of Lender	Amount of Loan (Millions of yen)
Sumitomo Mitsui Trust Bank, Limited	62,385
Mizuho Bank, Ltd.	57,047
Mitsubishi UFJ Trust and Banking Corporation	56,658
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	31,807
Sumitomo Mitsui Banking Corporation	21,617
The Chiba Bank, Ltd.	13,542
SUMITOMO LIFE INSURANCE COMPANY	10,000

(9) Status of Fund Procurement

The Company issued straight bonds in the fiscal year under review, as follows, to pay back loans payable from financial institutions and cover redemptions of short-term bonds.

Name	Date of Issue	Total Amount of Issue (Millions of yen)	Maturity Date
First Series of Unsecured Straight Corporate Bonds	June 26, 2014	25,000	June 26, 2019
Second Series of Unsecured Straight Corporate Bonds	June 26, 2014	15,000	June 26, 2024

(10) Status of Capital Investment

Capital investment in the fiscal year under review was ¥69.1 billion. A breakdown of capital investment by segment is as follows.

Name of Segment	Capital investment (Millions of yen)
Japan	31,885
Overseas	37,255
Total	69,140

1) Major Plant and Equipment Completed in the Fiscal Year under Review

Name of Segment	Content of capital investment
Japan	Expansion of production line at Takasago Plant of Suntory Products Limited
Overseas	Expansion of production line at Sidoarjo Plant of PT SUNTORY GARUDA BEVERAGE

2) New Construction etc. of Major Plant and Equipment in Progress or Planning in the Fiscal Year under Review

Name of Segment	Content of capital investment
Japan	Expansion of production line at Minami Alps Hakushu Water Plant of Suntory Products Limited
Overseas	Expansion of production line at Bekasi Cikarang Plant of PT SUNTORY GARUDA BEVERAGE

(11) Status of Significant Business Realignment

No items to report

2. Matters Concerning Shares (as of December 31, 2014)

- (1) Total Number of Shares Authorized to be Issued: 480,000,000 shares
- (2) Total Number of Issued and Outstanding Shares: 309,000,000 shares
- (3) Number of Shareholders: 63,884

(decreased by 43,337 from the previous fiscal year)

(4) Major Shareholders (Top 10 shareholders):

Name of Shareholder	Shares Held (Thousands)	Ratio of Shareholding (%)
Suntory Holdings Limited	183,800	59.4
GIC PRIVATE LIMITED	9,725	3.1
HSBC BANK PLC A/C ABU DHABI INVESTMENT AUTHORITY	6,928	2.2
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02	5,039	1.6
Japan Trustee Services Bank, Ltd. (Trust Account)	4,561	1.4
BBH FOR MATTHEWS ASIA DIVIDEND FUND	4,148	1.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,929	1.2
CITIBANK, N.A. -NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	2,961	0.9
JP MORGAN CHASE BANK 385632	2,537	0.8
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	1,997	0.6

3. Status of Directors and Audit & Supervisory Board Members

(1) Names, etc. of Directors and Audit & Supervisory Board Members (as of December 31, 2014)

Position	Name	Responsibilities and Important Concurrent Positions
Representative Director and President	Nobuhiro Torii	Overall Group Management Director, Suntory Holdings Limited Director, Orangina Schweppes Holding B.V. Director, Suntory Beverage & Food Asia Pte. Ltd. Director, Cerebos Pacific Limited Director, FRUCOR BEVERAGES LIMITED Director, FRUCOR BEVERAGES (AUSTRALIA) PTY LTD Director, Pepsi Bottling Ventures LLC
Executive Vice-President	Yoshihiko Kakimi	Research & Development, Production, and Chief Operating Officer, New Product Development Division Representative Director and President, Suntory Products Limited Director, Suntory Beverage & Food Asia Pte. Ltd.
Executive Vice-President	Saburo Kogo	Chief Operating Officer, Beverage & Food Business Division Director, Suntory Foods Limited Director, Suntory Products Limited
Senior Managing Director	Nobuhiro Kurihara	Chief Operating Officer, Business Administration Division
Senior Managing Director	Shinichiro Hizuka	Corporate Planning Division, Finance & Accounting Division, and Corporate Communication Department Director, Suntory Beverage & Food Asia Pte. Ltd. Director, FRUCOR BEVERAGES LIMITED Director, FRUCOR BEVERAGES (AUSTRALIA) PTY LTD
Director	Masato Tsuchida	Representative Director and President, Suntory Foods Limited
Director	Yasuhiko Kamada	Representative Director and President, Suntory Beverage Service Limited Executive Vice President, Suntory Foods Limited
Director	Shigehiro Aoyama	Representative Director and Vice Chairman, Suntory Holdings Limited

Position	Name	Responsibilities and Important Concurrent Positions
Director	Hitoshi Kashiwaki	Advisor, Recruit Holdings Co., Ltd. Representative Commissioner, The Ezoe Memorial Foundation
Senior Audit & Supervisory Board Member	Seiichiro Hattori	Audit & Supervisory Board Member, Suntory Foods Limited Audit & Supervisory Board Member, Suntory Beverage Service Limited
Audit & Supervisory Board Member	Toru Yamamoto	Senior Audit & Supervisory Board Member, Suntory Holdings Limited Audit & Supervisory Board Member, Suntory Foods Limited Audit & Supervisory Board Member, Suntory Products Limited
Audit & Supervisory Board Member	Yukihiko Uehara	Professor, Meiji University Professional Graduate School Visiting Professor, Showa Women's University Chairman, The Distribution Economics Institute of Japan Outside Director, INTAGE HOLDINGS Inc.
Audit & Supervisory Board Member	Harumichi Uchida	Attorney (Partner), Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member, Daifuku Co., Ltd. Outside Audit & Supervisory Board Member, Sumitomo Dainippon Pharma Co., Ltd.

Notes:

1. Mr. Hitoshi Kashiwaki is an Outside Director and Messrs. Yukihiko Uehara and Harumichi Uchida are Outside Audit & Supervisory Board Members.
2. The Company designated Outside Director Mr. Hitoshi Kashiwaki and Outside Audit & Supervisory Board Member Mr. Yukihiko Uehara as Independent Director/Independent Audit & Supervisory Board Member as defined by the Tokyo Stock Exchange and reported this fact to the aforementioned exchange.
3. Changes in Director responsibilities during the fiscal year under review were as follows.

[Translation]

Name	Responsibilities before Change	Responsibilities after Change	Date of Change
Nobuhiro Torii	Overall Group Management, Chief Operating Officer, International Division	Overall Group Management	April 1, 2014
Yoshihiko Kakimi	Research & Development, Production, Chief Operating Officer, Technology Development Division	Research & Development, Production, Chief Operating Officer, New Product Development Division	April 1, 2014
Nobuhiro Kurihara	Chief Operating Officer, Business Administration Division, Finance & Accounting Division	Chief Operating Officer, Business Administration Division	April 1, 2014
Shinichiro Hizuka	Chief Operating Officer, Corporate Planning Division, Senior General Manager, Corporate Planning Department	Corporate Planning Division, Finance & Accounting Division, and Corporate Communication Department	April 1, 2014

(2) Remuneration, etc. for Directors and Audit & Supervisory Board Members

Classification	Basic Remuneration		Bonuses		Total (Millions of yen)
	Number of Persons	Payment Amount (Millions of yen)	Number of Persons	Payment Amount (Millions of yen)	
Director (Outside)	11 (1)	273 (12)	9 (-)	188 (-)	462 (12)
Audit & Supervisory Board Member (Outside)	4 (2)	50 (24)	1 (-)	14 (-)	65 (24)
Total (Outside Director and Outside Audit & Supervisory Board Member)	15 (3)	324 (36)	10 (-)	202 (-)	527 (36)

Notes:

1. Above-mentioned bonuses payment amounts are amounts to be paid.
2. The total amount of Directors' remuneration is limited to ¥1,000 million per year (excluding amounts paid as salaries for employees to those Directors who are also employees) by a resolution passed at an Extraordinary General Meeting of Shareholders held on December 26, 2012.
3. The total amount of Audit & Supervisory Board Members' remuneration is limited to ¥150 million per year by a resolution passed at an Extraordinary General Meeting of Shareholders held on December 26, 2012.

(3) Outside Director and Outside Audit & Supervisory Board Members

1) Status of Material Concurrent Positions at Other Companies, etc. and the Company's Relationship with the Aforesaid Organizations

There are no special interests between the Company and the entities listed below at which the Outside Director and Outside Audit & Supervisory Board Members concurrently serve.

Outside Director Hitoshi Kashiwaki	Advisor, Recruit Holdings Co., Ltd. Representative Commissioner, The Ezo Memorial Foundation
Outside Audit & Supervisory Board Member Yukihiko Uehara	Professor, Meiji University Professional Graduate School Visiting Professor, Showa Women's University Chairman, The Distribution Economics Institute of Japan Outside Director, INTAGE HOLDINGS Inc.
Outside Audit & Supervisory Board Member Harumichi Uchida	Attorney (Partner), Mori Hamada & Matsumoto Outside Audit & Supervisory Board Member, Daifuku Co., Ltd. Outside Audit & Supervisory Board Member, Sumitomo Dainippon Pharma Co., Ltd.

2) Principal Activities during the Fiscal Year under Review

Classification	Name	Board of Directors Meeting Attendance	Audit & Supervisory Board Meeting Attendance	Status of Statements
Outside Director	Hitoshi Kashiwaki	15/16	-	He voiced statements based on his experience and knowledge as a corporate executive.
Outside Audit & Supervisory Board Member	Yukihiko Uehara	14/16	16/16	He voiced statements from his technical perspective as a researcher of marketing and business strategy.
	Harumichi Uchida	16/16	16/16	He voiced statements from his technical perspective as an attorney.

3) Outline of Limited Liability Agreements

The Company has concluded limited liability agreements with the Outside Director and the Outside Audit & Supervisory Board Members pursuant to Article 427, Paragraph 1 of the Companies Act of Japan. Based on these agreements, if an Outside Director/Outside Audit & Supervisory Board Member causes the Company to suffer loss through neglect of duties, then providing that Outside Director/Outside Audit & Supervisory Board Member was fulfilling his duties in good faith with no gross negligence, the liability to the Company shall be limited to the minimum liability amount stipulated by Article 425, Paragraph 1 of the Companies Act of Japan.

4. Status of Accounting Auditor

(1) Name: Deloitte Touche Tohmatsu LLC

(2) Amount of Accounting Auditor's Fees, etc.

(Millions of yen)

Amount of fees, etc. for the fiscal year under review	50
Total amount of money and other financial benefits payable to Accounting Auditor by the Company and its subsidiaries	94

Notes:

1. The audit agreement between the Company and the Accounting Auditor does not distinguish between fees paid for the audit conducted in accordance with the Companies Act of Japan from fees paid for the audit conducted in accordance with the Financial Instruments and Exchange Act, and it is practically impossible to make such a distinction. Accordingly, the amount specified above is the aggregate amount of fees for these two types of audits.
2. Of the Company's significant subsidiaries, nine companies, including Orangina Schweppes Holding B.V., are subject to audits of their financial statements by a certified public accountant or an audit corporation (including parties holding qualifications comparable to those of a certified public accountant or an audit corporation in a country besides Japan) other than the accounting auditor of the Company (provided, however, that such audits fall under the provisions of the Companies Act of Japan or the Financial Instruments and Exchange Act (or foreign laws comparable to the said Acts)).

(3) Content of Non-audit Service

The Company commissions the Accounting Auditor to perform services related to preparation of comfort letters and auditing of English-language financial statements, among other services.

(4) Policy Regarding Decisions of Dismissal or Non-reappointment of Accounting Auditor

If the Audit & Supervisory Board deems that any circumstance stipulated in any item of Article 340, Paragraph 1 of the Companies Act of Japan applies to the Accounting Auditor, the Accounting Auditor will be dismissed based on the unanimous approval of all Audit & Supervisory Board Members.

In addition, if either the Board of Directors with the Audit & Supervisory Board's approval or the Audit & Supervisory Board requests the dismissal of the Accounting Auditor if it is deemed that any circumstance stipulated in any of the aforesaid items applies to the Accounting Auditor or requests the non-reappointment of the Accounting Auditor if it is deemed necessary to change the Accounting Auditor upon consideration of the status of execution of duties by the Accounting Auditor or the auditing system of the Company, then a proposal based on that request shall be submitted to a general meeting of shareholders for resolution.

5. The System to Ensure the Appropriateness of the Business

The following is a summary of the resolution at the meeting of the Board of Directors on the arrangement of the system (internal control system) to ensure the appropriateness of the business of our Company:

- (1) System to Ensure the Conformity of Performance of Directors' and Employees' Duties to Laws, Regulations, and the Articles of Incorporation
 - (a) "The corporate philosophy, 'Resonance with People and Nature,' is the universal wish. Compliance shall be treated as a matter of the highest priority. The business activities shall be developed based on social ethics." This code shall be the standard of business conduct for the Directors and employees.
 - (b) The Directors shall take the initiative in complying with laws, regulations, the Articles of Incorporation, and business ethics, and actively make efforts to maintain and improve the management based on compliance.
 - (c) The Company shall establish and promote a Group-wide compliance system that includes Group companies via the Compliance Committee and departments charged with compliance related matters, and discussed matters and activities shall be reported to the Board of Directors and the Audit & Supervisory Board.
Compliance hotlines are established within and outside the Company, and the Company has an established system in which employees, etc. may directly report problems of compliance.
 - (d) The internal audit division shall implement an internal audit of the state of compliance among employees etc., and the suitability of compliance operations.
 - (e) The Directors shall establish and promote a system in order to block any association with anti-social forces and clearly reject improper demands from them.
- (2) System for the Preservation and Management of Information concerning the Performance of Directors' Duties
 - (a) The Directors shall preserve and manage information such as material documents, etc. in accordance with laws, regulations, and internal rules, and maintain the availability of such information for inspection by the Directors and the Audit & Supervisory Board Members, as necessary.

- (b) The Company shall establish and promote an information security governance system via the Information Security Committee that not only protects and preserves information but also boosts corporate value through the utilization of information.
- (3) Rules and Other Systems for Management of Risk of Loss
- (a) Each Director shall be responsible for taking measures against risks in performance of businesses. Material risks shall be analyzed and evaluated, and improvement plans shall be discussed and determined by the Board of Directors.
 - (b) As for material risks, quality risks pertaining to the Group as a whole, and risks incidental to the execution of business throughout the Group shall be managed comprehensively and collectively by the Risk Management Committee and Quality Assurance Committee, both of which are entrusted by the Board of Directors. Measures against newly arising material risks shall be determined by the Board of Directors.
- (4) System to Ensure the Efficient Performance of Directors' Duties
- (a) Company-wide goals shall be established, and the Directors in charge shall determine efficient methods for achieving the goals.
 - (b) The Directors in charge shall confirm the progress of the achievement of goals and report the measures to achieve the goals at the meetings of the Board of Directors.
 - (c) Each Director shall be in charge of his/her duties appropriately and attempt efficient decision-making under internal rules.
- (5) System to Ensure the Appropriateness of Business of the Group Consisting of the Company, its Parent Company, and its Subsidiaries
- (a) The Directors and Audit & Supervisory Board Members shall be seconded to the Group companies as necessary to implement the appropriate execution of business and decision-making and to supervise and audit them.
 - (b) Under the internal rules, we shall require certain matters to be discussed with and reported to relevant departments at the Company, or require the approval of the Board of Directors of the Company.
 - (c) In addition to ensuring objectivity and rationality in transactions between the Company and Group companies, including the parent company, the

Company shall ensure the Company's independence from the parent company in transactions with the parent company.

- (d) An internal control system shall be arranged by and established within the Group to ensure the appropriateness of financial reporting.

- (6) Matters Regarding Employees who are Requested by the Audit & Supervisory Board Members to be Assigned to Assist the Audit & Supervisory Board Members' Duties, and Matters Regarding the Independence of Such Employees from the Directors

An employee shall, upon consultation, be assigned to assist the Audit & Supervisory Board Member's duties, if required by the Audit & Supervisory Board Members. Efforts shall be made to ensure the independence of such employee from the Directors.

- (7) System for Directors and Employees to Report to the Audit & Supervisory Board Members, and System for Other Reports to the Audit & Supervisory Board Members

- (a) The Audit & Supervisory Board Members shall attend the meetings of the Board of Directors, and the Representative Director and Business Executing Directors shall report on their execution of business.
- (b) If the Audit & Supervisory Board Members request a report on a business or conduct an investigation of a business or property, the Directors and employees, etc. shall respond to request or investigation promptly and accurately.

- (8) System for Enabling the Audit & Supervisory Board Members to Efficiently Conduct Other Audits

- (a) The Audit & Supervisory Board Members shall strive to facilitate communication and information exchange between them and the Audit & Supervisory Board Members of the Company's subsidiaries or equivalent persons, and the internal audit division.
- (b) The Audit & Supervisory Board Members shall provide opportunities for the exchange of opinions with the Representative Director and President, and the Accounting Auditor.

Consolidated Balance Sheet

(As of December 31, 2014)

(Unit: Millions of yen)

Assets		Liabilities	
Account Titles	Amount	Account Titles	Amount
Current assets	386,446	Current liabilities	354,650
Cash and deposits	105,520	Notes and accounts payable–trade	111,612
Notes and accounts receivable–trade	152,476	Electronically recorded obligations–operating	11,990
Merchandise and finished goods	42,254	Short-term borrowings	54,688
Work in process	3,553	Lease obligations	986
Raw materials and supplies	29,079	Consumption taxes payable	6,122
Deferred tax assets	11,658	Accrued income taxes	14,456
Other	42,258	Accounts payable–other	79,155
Allowance for doubtful accounts	(354)	Accrued expenses	51,305
		Provision for bonuses	4,485
Noncurrent assets	1,001,836	Other	19,847
Property, plant, and equipment	339,100	Long-term liabilities	398,821
Buildings and structures	65,957	Bonds payable	40,000
Machinery, equipment, and other	138,989	Long-term debt	264,399
Tools, furniture and fixtures	58,010	Lease obligations	2,281
Land	41,831	Deferred tax liabilities	63,030
Construction in progress	24,547	Retirement allowances for directors and audit and supervisory board members	9
Other	9,764	Net defined benefit liability	10,474
Intangible fixed assets	623,458	Other	18,626
Goodwill	381,760		
Trademark	199,899	Total liabilities	753,471
Other	41,798	Equity	
Investments and other assets	39,277	Shareholders' equity	511,549
Investment securities	19,277	Common stock	168,384
Deferred tax assets	3,482	Capital surplus	192,701
Other	16,985	Retained earnings	150,463
Allowance for doubtful accounts	(468)	Accumulated other comprehensive income	83,827
Deferred assets	813	Unrealized gain on available-for-sale securities	1,316
		Deferred gain on derivatives under hedge accounting	606
		Foreign currency translation adjustments	83,801
		Remeasurements of defined benefit plans	(1,897)
		Minority interests	40,247
		Total equity	635,624
Total assets	1,389,096	Total liabilities and equity	1,389,096

Note: All amounts have been rounded down to the nearest million yen.

Consolidated Statement of Income
(For the year ended December 31, 2014)

(Unit: Millions of yen)

Account Titles	Amount	
Net sales		1,257,280
Cost of sales		574,203
Gross profit		683,077
Selling, general and administrative expenses		597,127
Operating income		85,949
Non-operating income		
Interest income	340	
Dividend income	135	
Equity in earnings of affiliates	522	
Other	1,379	2,377
Non-operating expenses		
Interest expense	4,605	
Other	1,449	6,055
Ordinary income		82,272
Extraordinary income		
Gain on sales of noncurrent assets	284	
Other	37	321
Extraordinary loss		
Loss on disposal of property, plant, and equipment	3,029	
Restructuring cost	7,912	
Other	1,160	12,102
Income before income taxes and minority interests		70,491
Income taxes—current	29,374	
Income taxes—deferred	387	29,761
Net income before minority interests		40,730
Minority interests in net income		4,490
Net income		36,239

Note: All amounts have been rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity
(For the year ended December 31, 2014)

(Unit: Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at January 1, 2014	168,384	192,701	141,077	502,163
Changes of items during the fiscal year				
Cash dividends			(26,883)	(26,883)
Net income			36,239	36,239
Put option granted to minority shareholders			29	29
Net changes of items other than shareholders' equity				
Total changes of items during the fiscal year	-	-	9,386	9,386
Balance at December 31, 2014	168,384	192,701	150,463	511,549

	Accumulated other comprehensive income (loss)					Minority interests	Total equity
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at January 1, 2014	963	264	54,809	-	56,037	34,767	592,968
Changes of items during the fiscal year							
Cash dividends							(26,883)
Net income							36,239
Put option granted to minority shareholders							29
Net changes of items other than shareholders' equity	353	341	28,992	(1,897)	27,790	5,479	33,270
Total changes of items during the fiscal year	353	341	28,992	(1,897)	27,790	5,479	42,656
Balance at December 31, 2014	1,316	606	83,801	(1,897)	83,827	40,247	635,624

Note: All amounts have been rounded down to the nearest million yen.

Notes to Consolidated Financial Statements

BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of consolidation

- (1) Our consolidated subsidiaries are comprised of Suntory Foods Limited and 84 other companies. The main subsidiaries are Suntory Products Limited, Suntory Beverage Service Limited, Orangina Schweppes Holding B.V., Lucozade Ribena Suntory Limited, Suntory Beverage & Food Asia Pte. Ltd., Cerebos Pacific Limited, FRUCOR BEVERAGES LIMITED and Pepsi Bottling Ventures LLC.

As a result of the new establishment of 3 subsidiaries of Suntory Beverage & Food Asia Pte. Ltd. in the fiscal year under review, the said subsidiaries have been included in the scope of consolidation. In addition, as a result of a merger between 2 subsidiaries of Orangina Schweppes Holding B.V., the company dissolved in the merger has been excluded from the scope of consolidation.

- (2) The major unconsolidated subsidiary is Kyushu Sunvend Co., Ltd.

Our unconsolidated subsidiaries are excluded from the scope of consolidation because they have minor effects on each of total assets, net sales, net income/loss, retained earnings, and other items on a consolidated basis, and, as a whole, do not have material effects on the consolidated financial statements.

2. Application of equity method

- (1) There are no unconsolidated subsidiaries accounted for by the equity method.

The number of affiliates accounted for by the equity method is 7. The major such company is TIPCO F&B CO., LTD.

- (2) Investments in unconsolidated subsidiaries, including Kyushu Sunvend Co., Ltd., and affiliates, including Kanto Foods Service Co., Ltd., are not accounted for by the equity method but stated at cost because they have minor effects on each of net income/loss, retained earnings, and other items on a consolidated basis, and, as a whole, do not have material effects on the consolidated financial statements.

3. Fiscal year-ends of consolidated subsidiaries

The balance sheet date of the consolidated subsidiaries coincides with the consolidated balance sheet date.

4. Accounting policies

- (1) Basis and methods of valuation of significant assets

Securities

Held-to-maturity debt securities

Stated at cost amortized by the straight-line method.

Available-for-sale securities

Securities with readily determinable fair value:

Stated at fair market value, based on market quotation at the balance sheet date.

(Net unrealized gains and losses, net of applicable income taxes, are reported in a separate component of equity. The cost of securities sold is mainly determined based on the moving-average method.)

Securities without readily determinable fair value:

Mainly stated at cost determined by the moving-average method.

Derivatives

Stated at fair market value.

Inventories

Mainly stated at cost determined by the periodic average method.

(The value stated in the balance sheet is determined according to write-downs based on the decreased profitability of assets.)

- (2) Depreciation and amortization of significant depreciable and amortizable assets

Property, plant, and equipment (except for lease assets)

Mainly depreciated by the straight-line method. Useful lives of principal property, plant, and equipment are as follows.

Buildings and structures: 5–50 years

Machinery, equipment, and other: 2–17 years

Tools, furniture and fixtures: 2–15 years

Intangible fixed assets (except for lease assets)

Mainly amortized by the straight-line method. However, trademarks for which the useful life is indefinite are not amortized. Software for internal use is amortized by the straight-line method over the internally estimated useful lives (within 5 years).

Lease assets

Lease assets in finance lease transactions that do not transfer ownership are depreciated by the straight-line method based on the assumption that the useful life is equal to the lease term and the residual value is equal to zero.

Finance lease transactions that do not transfer ownership, whose transactions commenced on or before December 31, 2008, are accounted for in a manner similar to accounting treatment for ordinary rental transactions.

(3) Basis for provision of significant reserves

Allowance for doubtful accounts

The Company and some of its domestic consolidated subsidiaries provide allowance for doubtful accounts mainly to cover possible losses from bad debts of receivables at the estimated uncollectable amount. The amount for normal receivables is determined by the credit loss ratio based on past experience, and that for specific receivables, such as receivables at high risk of bankruptcy, is determined based on the individually expected probability of those accounts being collectable. The foreign consolidated subsidiaries provide the allowance at the estimated uncollectable amount mainly for specific receivables.

Provision for bonuses

To cover the payments of bonuses, the Company and some of its consolidated subsidiaries set aside provision for bonuses based on the projected amount for such payments.

Retirement allowances for directors and audit and supervisory board members

Some domestic consolidated subsidiaries set aside retirement allowances for directors and audit and supervisory board members to prepare for expenditures of retirement allowances for directors and audit and supervisory board members at the amount such subsidiaries would be required to pay if all eligible directors and audit and supervisory board members retired at the year-end date, based on their respective internal regulations.

(4) Accounting method of retirement benefits

Methods of attributing estimated retirement benefits to accounting periods

When calculating retirement benefit obligations, the straight-line method is mainly used to attribute estimated retirement benefits to the period through the end of the current fiscal year.

Amortization of actuarial differences and prior service cost

Prior service cost is amortized by the straight-line method over the period (mainly 15 years) which is shorter than the average remaining service life of employees as incurred, and unrecognized actuarial differences are amortized by the straight-line method over the period (mainly 15 years) which is shorter than the average remaining service life of employees as incurred from the year following that in which they arise.

(5) Basis for translating significant assets or liabilities denominated in foreign currencies into Japanese currency

Monetary receivables and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate as of the consolidated balance sheet date. Differences arising from such translation are included in gains or losses. Assets and liabilities of foreign subsidiaries or the like are translated into Japanese yen at the spot exchange rate as of the consolidated balance sheet date. Revenue and expense accounts of such are translated into Japanese yen at the average exchange rate during the period under review. Differences arising from such translations are included in foreign currency translation adjustments and minority interests in equity.

(6) Method of significant hedge accounting

Mainly accounted for with deferred hedge accounting. Items that satisfy the requirements for an accounting method in which monetary receivables and liabilities denominated in foreign currencies are translated at a predetermined rate to hedge against exchange rate fluctuation risk are accounted for under this method. Those that satisfy the requirements for exceptional treatment for interest rate swaps are accounted for under the said exceptional treatment.

(7) Method and period for amortization of goodwill

Goodwill is mainly equally amortized over 20 years. However, goodwill whose amount is immaterial is fully written down in the year in which it arises.

(8) Method and period for amortization of deferred assets

Stock issuance expenses are equally amortized over 3 years starting from the time of issuance and business commencement expenses are equally amortized over 5 years.

Bond issuance expenses are amortized by the straight-line method over the period up to bond redemption.

(9) Other significant matters forming the basis of preparing the consolidated financial statements

Accounting for consumption taxes

Consumption taxes are excluded from the revenue and expense accounts that are subject to such taxes.

CHANGES IN ACCOUNTING POLICIES

Application of the Accounting Standard for Retirement Benefits and its Guidance

The “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012) were applied effective the end of the fiscal year under review; provided, however, that they were applied excluding the provisions specified under the main clause of Section 35 of the Accounting Standard for Retirement Benefits and the main clause of Section 67 of the Guidance on the Accounting Standard for Retirement Benefits. Under the new accounting policy, the amount of retirement benefit obligations minus plan assets is recorded as net defined benefit liability, and the unrecognized actuarial

differences and unrecognized prior service cost were recognized in net defined benefit liability.

The application of the Accounting Standard for Retirement Benefits and its Guidance by the Company is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the effects of the changes in accounting policies were recognized at the end of the fiscal year under review in remeasurements of defined benefit plans under accumulated other comprehensive income.

As a result, as of December 31, 2014, net defined benefit liability of ¥10,474 million was recognized. Also, accumulated other comprehensive income decreased by ¥1,897 million and minority interests decreased by ¥19 million.

The impact from this on per share information is provided in the relevant section.

CHANGES IN PRESENTATIONS

Consolidated statements of income

“Foreign currency exchange loss, net,” which was reported as a separate item under “Non-operating expenses” in the previous fiscal year (¥114 million in the fiscal year under review), is included in “Other” under non-operating expenses because it now accounts for 10% or less of total non-operating expenses.

“Gain on sales of noncurrent assets,” which was included in “Other” under “Extraordinary income” in the previous fiscal year (¥72 million in the previous fiscal year), is reported as a separate item from the fiscal year under review because it now accounts for more than 10% of total extraordinary income.

“Impairment loss,” which was reported as a separate item under “Extraordinary loss” in the previous fiscal year (¥130 million in the fiscal year under review), is included in “Other” under extraordinary loss because it now accounts for 10% or less of total extraordinary loss.

CONSOLIDATED BALANCE SHEET

1. Assets pledged as collateral

Assets pledged as collateral are shown below:

Buildings and structures	¥1,447 million
Land	¥4,768 million
Total	¥6,216 million

Liabilities corresponding to the above:

Long-term debt ¥750 million
(includes ¥500 million in current portion of long-term debt)

2. Accumulated depreciation of property, plant, and equipment ¥353,907 million

CONSOLIDATED STATEMENT OF INCOME

Restructuring cost

Restructuring cost mainly consists of various costs resulting from restructuring of consolidated subsidiaries in Europe.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Total number of issued shares as of December 31, 2014: Common stock 309,000,000 shares

2. Cash dividends from surplus paid during the fiscal year under review

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
At Ordinary General Meeting of Shareholders held on March 28, 2014	Common stock	¥17,922 million	(Note) ¥58.00	December 31, 2013	March 31, 2014
At Meeting of the Board of Directors held on August 5, 2014	Common stock	¥8,961 million	¥29.00	June 30, 2014	September 2, 2014

Note: Includes a special dividend payment of ¥5 to commemorate the listing of shares on the stock exchange.

3. Approval of dividend payment for which the record date is in the fiscal year under review, and the effective date is in the following fiscal year

Resolution [Plan]	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
At Ordinary General Meeting of Shareholders held on March 27, 2015	Common stock	¥9,579 million	¥31.00	December 31, 2014	March 30, 2015

FINANCIAL INSTRUMENTS

1. Matters relating to the conditions of financial instruments

The Company invests cash on hand in financial assets that have high levels of safety and adheres to the policy of never conducting investments for trading profit or for speculative purposes. The Company procures funds by using borrowings from financial institutions and commercial paper for short-term funding demands, and by using borrowings from financial institutions and issuing bonds, etc. for long-term funding demands.

Moreover, the Company's domestic consolidated subsidiaries procure funds and entrust deposits of cash on hand using the group company loan system operated by the Company.

The Company's overseas consolidated subsidiaries invest cash on hand in financial assets that have high levels of safety and adhere to the policy of never conducting investments for trading profit or for speculative purposes. These overseas subsidiaries follow a policy of procuring funds through borrowing from the Company or from financial institutions after considering the market situation etc.

The Company works to mitigate customer credit risk arising from notes and accounts receivable—trade by monitoring each customer. Investment securities are primarily the shares of associate companies and companies with which the Group has operational relationships. Though they are exposed to fair value fluctuation risk, the Company periodically identifies their market values and financial status of issuers. To mitigate liquidity risk related to notes and accounts payable—trade, cash funds are timely managed by the division responsible for financial affairs based on our financial plan.

With regard to derivatives, foreign exchange forward contracts and currency options are used to hedge foreign exchange fluctuation risk related to foreign currency-denominated transactions, interest rate swaps to hedge interest rate fluctuation risk, and commodity swaps to hedge price fluctuation risk of raw materials. In these derivative transactions, the Company, in accordance with internal regulations, adheres to the policy to conduct transactions based on actual demand and never conduct speculative transactions for trading profit.

2. Matters on fair values of financial instruments

The consolidated balance sheet amounts and fair values as of December 31, 2014, and variances thereof are shown below. However, items of which it is considered extremely difficult to figure out fair values are not included in the following table (see Note 2).

	(Millions of yen)		
	Balance sheet amount	Fair value	Variance
Assets			
(1) Cash and deposits	105,520	105,520	—
(2) Notes and accounts receivable—trade	152,476	152,476	—
(3) Investment securities	3,634	3,634	—
Total assets	261,631	261,631	—
Liabilities			
(1) Notes and accounts payable—trade	111,612	111,612	—
(2) Electronically recorded obligations—operating	11,990	11,990	—
(3) Short-term borrowings	54,688	54,724	36
(4) Consumption taxes payable	6,122	6,122	—
(5) Accrued income taxes	14,456	14,456	—
(6) Accounts payable—other	79,155	79,155	—
(7) Accrued expenses	51,305	51,305	—
(8) Bonds payable	40,000	40,478	478
(9) Long-term debt	264,399	269,591	5,192
Total liabilities	633,730	639,437	5,706
Derivatives (*)	515	515	—

- * The derivative positions above are net amounts of receivables and liabilities. When the net amount is a liability, it is presented inside parentheses.

Notes:

1. Method of measurement of fair values of financial instruments and matters regarding securities and derivatives

Assets

(1) Cash and deposits and (2) Notes and accounts receivable–trade

These items are settled in a short period of time and their fair values are virtually equal to their book values. Hence, their fair values are based on the relevant book values.

(3) Investment securities

The fair value of equity securities is based on their prices at the exchanges.

Liabilities

(1) Notes and accounts payable–trade, (2) Electronically recorded obligations–operating, (3) Short-term borrowings, (4) Consumption taxes payable, (5) Accrued income taxes, (6) Accounts payable–other and (7) Accrued expenses

These items are settled in a short period of time and their fair values are virtually equal to their book values. Hence, their fair values are based on the relevant book values. However, the fair value of current portion of long-term debt, which is included in “(3) Short-term borrowings,” is measured at the present values of the total of principal and interest, discounted by the rate in which the remaining periods of loans and the credit risk of the Company and its consolidated subsidiaries are factored. The fair value of such loans with floating interest rate is based on their book values as their fair values are deemed to be almost equivalent to their book values. It is because they reflect the market interest rate, and the credit status of the Company and its consolidated subsidiaries has not materially changed since the times borrowings were made.

(8) Bonds payable

The fair value of bonds payable is measured at the present value of the total of principal and interest, discounted by the rate in which the remaining periods of those bonds and the credit risk of the Company and its consolidated subsidiaries are factored.

(9) Long-term debt

The fair value of long-term debt is measured at the present value of the total of principal and interest, discounted by the rate in which the remaining periods of debt and the credit risk of the Company and its consolidated subsidiaries are factored. The fair value of such debt with floating interest rate is based on their book values as their fair values are deemed to be almost equivalent to their book values. It is because they reflect the market interest rate, and the credit status of the Company and its consolidated subsidiaries has not materially changed since the times borrowings were made.

Derivatives

The fair value of derivatives is based on their prices indicated by counterparty financial institutions or other business entities, etc. However, forward exchange contracts to which deferral hedge accounting is applied are accounted for as an integral part of payables as hedged items. Thus, their fair values are included in the fair value of payables.

Interest rate swaps to which exceptional treatment is applied are accounted for as an integral part of long-term debt as hedged items. Thus, their fair values are included in the fair value of long-term debt.

2. Financial instruments of which it is considered extremely difficult to figure out fair values

Category	Balance sheet amount
Investment securities	
Unlisted stocks (Stocks of subsidiaries and affiliates)	¥9,879 million
Unlisted stocks (Available-for-sale securities)	¥5,763 million

- * Since these stocks have no market prices, it is considered extremely difficult to figure out their fair values. Consequently, they are not included in “Assets (3) Investment securities” above.

PER SHARE INFORMATION

1. Equity per share ¥1,926.79
2. Net income per share ¥117.28

As stated in “CHANGES IN ACCOUNTING POLICIES (Application of the Accounting Standard for Retirement Benefits and its Guidance),” application of the Accounting Standard for Retirement Benefits and its Guidance is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits, and the effects of the changes in accounting policies were recognized at the end of the fiscal year under review in remeasurements of defined benefit plans under accumulated other comprehensive income. As a result, equity per share for the fiscal year ended December 31, 2014, decreased by ¥6.14.

SUBSEQUENT EVENTS

No items to report.

(*) All amounts have been rounded down to the nearest million yen.

Balance Sheet
(As of December 31, 2014)

(Unit: Millions of yen)

Assets		Liabilities	
Account Titles	Amount	Account Titles	Amount
Current assets	168,397	Current liabilities	125,264
Cash and deposits	47,242	Accounts payable–trade	56,812
Accounts receivable–trade	69,718	Electronically recorded obligations–operating	5,193
Merchandise and finished goods	40	Short-term borrowings	7,481
Work in process	895	Current portion of long-term debt	16,721
Raw materials and supplies	5,550	Accounts payable–other	8,683
Advance payments–trade	218	Accrued expenses	14,425
Prepaid expenses	717	Consumption taxes payable	1,334
Deferred tax assets	1,344	Accrued income taxes	3,328
Short-term loans receivable	33,848	Deposits received	7,341
Accounts receivable–other	6,722	Provision for bonuses	1,807
Other	2,099	Other	2,134
Noncurrent assets	764,491	Long-term liabilities	309,221
Property, plant, and equipment	28,881	Bonds payable	40,000
Buildings	1,438	Long-term debt	252,367
Machinery and equipment	2,580	Deferred tax liabilities	15,375
Tools, furniture and fixtures	644	Liability for employee retirement benefits	1,282
Land	23,979	Asset retirement obligations	171
Construction in progress	205	Other	24
Other	33		
Intangible fixed assets	873	Total liabilities	434,485
Goodwill	833	Equity	
Other	40	Shareholders' equity	498,952
Investments and other assets	734,736	Common stock	168,384
Stocks of subsidiaries and affiliates	564,295	Capital surplus	213,425
Long-term loans receivable from subsidiaries and affiliates	168,250	Legal capital surplus	145,884
Guarantee deposits	861	Other capital surplus	67,541
Long-term prepaid expenses	1,254	Retained earnings	117,142
Other	74	Other retained earnings	117,142
Deferred assets	809	Reserve for advanced depreciation of noncurrent assets	938
Stock issuance expenses	651	General reserve	34,982
Bond issuance expenses	158	Retained earnings brought forward	81,221
		Valuation and translation adjustments	260
		Unrealized gain on available-for-sale securities	26
		Deferred gain on derivatives under hedge accounting	234
		Total equity	499,213
Total assets	933,698	Total liabilities and equity	933,698

Note: All amounts have been rounded down to the nearest million yen.

Statement of Income
(For the year ended December 31, 2014)

(Unit: Millions of yen)

Account Titles	Amount	
Net sales		355,927
Cost of sales		262,879
Gross profit		93,047
Selling, general and administrative expenses		70,882
Operating income		22,165
Non-operating income		
Interest income	2,625	
Dividend income	20,259	
Other	925	23,811
Non-operating expenses		
Interest expense	2,860	
Amortization of stock issuance expenses	434	
Other	542	3,836
Ordinary income		42,139
Extraordinary income		
Gain on transfer of intellectual property rights	500	
Other	0	500
Extraordinary loss		
Contribution for disposal of assets	144	
Other	20	165
Income before income taxes		42,474
Income taxes—current	7,635	
Income taxes—deferred	549	8,184
Net income		34,289

Note: All amounts have been rounded down to the nearest million yen.

Statement of Changes in Equity
(For the year ended December 31, 2014)

(Unit: Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings				Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings			Total retained earnings	
					Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward		
Balance at January 1, 2014	168,384	145,884	67,541	213,425	945	34,982	73,806	109,735	491,545
Changes of items during the fiscal year									
Cash dividends							(26,883)	(26,883)	(26,883)
Net income							34,289	34,289	34,289
Reversal of reserve for advanced depreciation of noncurrent assets					(7)		7	–	–
Net changes of items other than shareholders' equity									
Total changes of items during the fiscal year	–	–	–	–	(7)	–	7,414	7,406	7,406
Balance at December 31, 2014	168,384	145,884	67,541	213,425	938	34,982	81,221	117,142	498,952

	Valuation and translation adjustments			Total equity
	Unrealized gain on available-for-sale securities	Deferred gain on derivatives under hedge accounting	Total valuation and translation adjustments	
Balance at January 1, 2014	21	135	157	491,702
Changes of items during the fiscal year				
Cash dividends				(26,883)
Net income				34,289
Reversal of reserve for advanced depreciation of noncurrent assets				–
Net changes of items other than shareholders' equity	5	98	103	103
Total changes of items during the fiscal year	5	98	103	7,510
Balance at December 31, 2014	26	234	260	499,213

Note: All amounts have been rounded down to the nearest million yen.

Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis and methods of valuation of significant assets
 - (1) Securities

Stocks of subsidiaries and affiliates: Stated at cost determined by the moving-average method.

Available-for-sale securities:

Securities with readily determinable fair value:

Stated at fair market value, based on market quotation at the balance sheet date.

(Unrealized gains and losses, net of applicable income taxes, are reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.)

Securities without readily determinable fair value:

Stated at cost determined by the moving-average method.
 - (2) Derivatives: Stated at fair value.
 - (3) Inventories: Stated at cost determined by the periodic average method.
(The value stated in the balance sheet is determined according to write-downs based on the decreased profitability of assets.)

2. Depreciation and amortization of noncurrent assets
 - (1) Property, plant, and equipment

Property, plant, and equipment are depreciated by the straight-line method. Useful lives of principal property, plant, and equipment are as follows.

Buildings:	5–50 years
Machinery and equipment:	2–17 years
 - (2) Intangible fixed assets

Intangible fixed assets are amortized by the straight-line method. Goodwill is equally amortized over 20 years. Software for internal use is amortized by the straight-line method over the internally estimated useful lives (within 5 years).

3. Basis for provision of reserves
 - (1) Provision for bonuses

To cover the payments of bonuses, the Company sets aside provision for bonuses based on the projected amount for such payments.
 - (2) Liability for employee retirement benefits

The Company sets aside liability for employee retirement benefits to prepare for expenditures of employees' retirement benefits based on the estimated amount of retirement benefit obligation and pension assets at the end of the fiscal year under review. Prior service cost is amortized by the straight-line method over the period (15 years), which is shorter than the average remaining service life of employees as incurred, and unrecognized actuarial differences are amortized by the straight-line method over the period (15 years) which is shorter than the average remaining service life of employees as incurred from the year following that in which they arise.

4. Other significant matters forming the basis of preparing financial statements
 - (1) Method of hedge accounting

Mainly accounted for with deferred hedge accounting. Items that satisfy the requirements for an accounting method in which monetary receivables and liabilities denominated in foreign currencies are translated at a predetermined rate to hedge against exchange rate fluctuation risk are accounted for under this method. Those that satisfy the requirements for exceptional treatment for interest rate swaps are accounted for under the said exceptional treatment.
 - (2) Method and period for amortization of deferred assets

Stock issuance expenses are equally amortized over 3 years starting from the time of issuance.

Bond issuance expenses are amortized by the straight-line method over the period up to bond redemption.
 - (3) Accounting for consumption taxes

Consumption taxes are excluded from the revenue and expense accounts that are subject to such taxes.

CHANGES IN PRESENTATIONS

1. Balance sheet

In the previous fiscal year the following items were reported as separate items. However, as these items are now immaterial in terms of amount, “Structures” and “Vehicles” are included in “Other” under “Property plant and equipment,” while “Leasehold right” and “Software” are included in “Other” under “Intangible fixed assets.” In addition, “Investment securities” and “Investments in capital” are included in “Other” under “Investments and other assets.” The respective amounts of these items in the fiscal year under review are shown below.

Account titles	As of December 31, 2014
Structures (Property, plant, and equipment)	¥26 million
Vehicles (Property, plant, and equipment)	¥2 million
Leasehold right (Intangible fixed assets)	¥24 million
Software (Intangible fixed assets)	¥8 million
Investment securities (Investments and other assets)	¥71 million
Investments in capital (Investments and other assets)	¥0 million

2. Statement of income

“Amortization of stock issuance expenses,” which was included in “Other” under non-operating expenses in the previous fiscal year is reported as a separate item because it has become material in terms of amount.

Account titles	For the year ended December 31, 2013
Amortization of stock issuance expenses	¥217 million

BALANCE SHEET

1. Assets pledged as collateral

Assets pledged as collateral are shown below:

Buildings	¥5 million
Land	¥4,768 million
Total	¥4,773 million

Liabilities corresponding to the above:

Long-term debt	¥750 million
(includes ¥500 million in current portion of long-term debt)	

2. Accumulated depreciation of property, plant, and equipment ¥10,127 million

3. Guarantee obligation

The Company extends guarantee for obligations for borrowings or the like for associate companies (companies such as parent company, subsidiaries and affiliates; hereinafter the same) as shown below.

Suntory Capital, Inc.	¥13,260 million
PT SUNTORY GARUDA BEVERAGE	¥8,460 million
Suntory Products Limited	¥5,273 million
Orangina Schweppes Holding B.V.	¥5,128 million
Other	¥5,804 million
Total	¥37,929 million

4. Monetary receivables and payables from/to associate companies

Short-term monetary receivables	¥107,003 million
Long-term monetary receivables	¥168,251 million
Short-term monetary payables	¥13,565 million
Long-term monetary payables	¥3 million

STATEMENT OF INCOME

1. Transactions with associate companies

Operating transactions	
Net sales	¥346,101 million
Cost of sales	¥46,051 million
Selling, general, and administrative expenses	¥20,891 million
Non-operating transactions	
Non-operating income	¥23,628 million
Non-operating expenses	¥261 million
Extraordinary income	¥500 million

2. Gain on transfer of intellectual property rights

The gain on transfer of intellectual property rights was the result of the transfer of intellectual property rights to a subsidiary of the Company.

STATEMENT OF CHANGES IN EQUITY

Number of treasury shares as of December 31, 2014: No items to report.

TAX EFFECT ACCOUNTING

1. Significant components of deferred tax assets

Temporary differences for investments in subsidiaries	¥3,102 million
Provision for bonuses	¥583 million
Liability for employee retirement benefits	¥475 million
Accounts payable—other	¥475 million
Accrued enterprise tax	¥370 million
Other	¥54 million
<hr/> Subtotal	¥5,063 million
Valuation allowance	¥(379) million
<hr/> Total deferred tax assets	¥4,684 million

2. Significant components of deferred tax liabilities

Temporary differences for investments in subsidiaries	¥(18,051) million
Reserve for advanced depreciation of noncurrent assets	¥(519) million
Other	¥(144) million
<hr/> Total deferred tax liabilities	¥(18,715) million
<hr/> Net deferred tax liabilities	¥(14,030) million

NONCURRENT ASSETS USED THROUGH LEASES (EXCEPT FOR THOSE BOOKED ON BALANCE SHEET)

1. Acquisition cost equivalent of leases as of December 31, 2014:	¥212 million
2. Accumulated depreciation equivalent of leases as of December 31, 2014:	¥174 million
3. Present value of future minimum lease payments equivalent of leases as of December 31, 2014:	¥40 million

PER SHARE INFORMATION

1. Equity per share	¥1,615.58
2. Net income per share	¥110.97

RELATED PARTY TRANSACTIONS

Attribute	Name of company	Percentage of voting rights owned or owning	Relationship	Content of transaction	Transaction amount (Millions of yen) (Note 1)	Account title	Balance as of December 31, 2014 (Millions of yen) (Note 1)
Parent company's subsidiary	Suntory Business Expert Limited	None	-Contract work of indirect operations -Interlocking of officers	Advance payment for raw materials, etc. (Note 2)	-	Accounts payable-trade	56,632
Subsidiary	Suntory Foods Limited	Directly owning 100%	-Sales of products of the Company -Interlocking of officers	Sales of products of the Company (Note 3)	345,650	Accounts receivable-trade	68,955
				Dividend income (Note 4)	5,001	-	-
Subsidiary	Suntory Products Limited	Directly owning 100%	-Outsourcing of manufacturing operations -Interlocking of officers	Payment of processing fee (Note 3)	34,682	Accounts payable-other	2,222
Subsidiary	Suntory Capital, Inc.	Directly owning 100%	-Guarantee for obligations	Guarantee for obligations (Note 5)	13,260	-	-
Subsidiary	Orangina Schweppes Holding B.V.	Directly owning 100%	-Proceeds from dividends -Money lending -Interlocking of officers	Dividend income (Note 4)	6,345	-	-
				Money lending (Note 6)	74,735	Long-term loans receivable from subsidiaries and affiliates	74,735
				Proceeds from interest (Note 6)	638	Other current assets	328
Subsidiary	Lucozade Ribena Suntory Limited	Directly owning 100%	-Money lending	Money lending (Note 6)	112,218	Short-term loans receivable	18,703
				Proceeds from interest (Note 6)	1,787	Long-term loans receivable from subsidiaries and affiliates	93,515
				Other current assets	697		

Terms and conditions of transactions and method of deciding terms and conditions of transactions

Notes:

1. Consumption taxes are not included in the transaction amounts. Consumption taxes are included in the balance as of December 31, 2014.
2. This advance payment was implemented by Suntory Business Expert Limited to external business partners, etc. As the transactions were not direct transactions with a parent company's subsidiary, the disclosure of transaction amount is omitted.
3. Price and other terms and conditions of transactions are decided upon negotiations with each of counterparties considering the actual market prices.
4. Dividends are decided upon mutual consultation between the two parties based on the amount obtained by deducting necessary investment and other amounts from the net income of the subsidiary.
5. The Company extends guarantee for the subsidiary's obligations for borrowings. The Company receives a guarantee fee of 0.1% per annum.
6. Money borrowing and money lending are carried out based on the group company loan system. Applicable interest rates are decided considering the market interest rates. Transaction amounts of money borrowing and money lending indicate the balance as of December 31, 2014.

SUBSEQUENT EVENTS

No items to report.

(* All amounts have been rounded down to the nearest million yen.

Audit Report by Accounting Auditor Pertaining to Consolidated Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

February 6, 2015

To: Board of Directors
Suntory Beverage & Food Limited

Deloitte Touche Tohmatsu LLC

[Hirofumi Kawasaki], CPA (seal)
Designated Limited Liability Partner
Engagement Partner

[Koji Inagaki], CPA (seal)
Designated Limited Liability Partner
Engagement Partner

[Hideyuki Hirata], CPA (seal)
Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, the Consolidated Financial Statements of Suntory Beverage & Food Limited (the “Company”) for the consolidated fiscal year which commenced on January 1, 2014 and ended on December 31, 2014, i.e., the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit from an independent position. We conducted our audits in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We find that the Consolidated Financial Statements of the Company as stated above appropriately indicate, in every material respect, the status of the properties and the profits and losses of the corporate group that consists of Suntory Beverage & Food Limited and its consolidated subsidiaries for the period concerning the relevant Consolidated Financial Statements in accordance with generally accepted accounting standards in Japan.

Conflicts of Interest

There is no interest between the Company and our firm or the Engagement Partners that should be mentioned in accordance with the provisions of the Certified Public Accountants Act of Japan.

[End]

Audit Report by Accounting Auditor Pertaining to Financial Statements

AUDIT REPORT BY INDEPENDENT AUDITOR

February 6, 2015

To: Board of Directors
Suntory Beverage & Food Limited

Deloitte Touche Tohmatsu LLC

[Hirofumi Kawasaki], CPA (seal)
Designated Limited Liability Partner
Engagement Partner

[Koji Inagaki], CPA (seal)
Designated Limited Liability Partner
Engagement Partner

[Hideyuki Hirata], CPA (seal)
Designated Limited Liability Partner
Engagement Partner

We have audited, pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, the Financial Statements of Suntory Beverage & Food Limited (the “Company”) for the 6th business term which commenced on January 1, 2014 and ended on December 31, 2014, i.e., the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and Notes to Financial Statements, and the Supplementary Schedules.

Management’s Responsibility for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the Financial Statements and the Supplementary Schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Financial Statements and the Supplementary Schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Financial Statements and the Supplementary Schedules based on our audit from an independent position. We conducted our audits in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements and the Supplementary Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements and the Supplementary Schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements and the Supplementary Schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Financial Statements and the Supplementary Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements and the Supplementary Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We find that the Financial Statements and the Supplementary Schedules of the Company as stated above appropriately indicate, in every material respect, the status of the properties and the profits and losses for the period concerning the relevant Financial Statements and the Supplementary Schedules in accordance with generally accepted accounting standards in Japan.

Conflicts of Interest

There is no interest between the Company and our firm or Engagement Partners that should be mentioned in accordance with the provisions of the Certified Public Accountants Act of Japan.

[End]

Audit Report by Audit & Supervisory Board

AUDIT REPORT

The Audit & Supervisory Board (the “Board”) of Suntory Beverage & Food Limited (the “Company”) has deliberated on the performance of the duties of Directors during the 6th business term which commenced on January 1, 2014 and ended on December 31, 2014 based on the audit reports prepared by each of the Audit & Supervisory Board Members. As a result, the Board has prepared this Audit Report as a unanimous opinion of all the Audit & Supervisory Board Members and hereby reports as follows.

1. Method and content of audit by Audit & Supervisory Board Members and Board

The Board has determined the audit policy, allocation of duties, etc., received from each of the Audit & Supervisory Board Members a report on the status and result of his/her audit, received from the Directors, etc. and the Accounting Auditor (kaikei kansanin) reports on the status of performance of their duties, and requested for explanations as necessary.

In compliance with the standard of audit for Audit & Supervisory Board Members prescribed by the Board, and pursuant to the audit policy, allotment of duties, etc., each Audit & Supervisory Board Member communicated with the Directors and the internal audit division and other employees, etc., made efforts to gather information and maintain the audit environment, participated in the Meeting of the Board of Directors and other important meetings, received reports from the Directors and employees, etc. regarding the performance of their duties, requested such Directors and employees, etc. to provide explanation as necessary, inspected important decision-making documents, etc., and investigated the conduct of business and the status of property at the head office and the principal offices of the Company. In addition, each Audit & Supervisory Board Member received reports periodically from Directors and employees, etc., requested them to provide explanation as necessary, and expressed his/her opinions with respect to the contents of the resolution of the Meeting of the Board of Directors concerning the establishment of a system that ensures that the performance of the duties of Directors is in compliance with the laws and regulations and the Articles of

Incorporation of the Company and other systems necessary to ensure the appropriateness of the business of a joint-stock company as set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as described in the Business Report, as well as the status of the building and operations of the systems established pursuant to the foregoing resolution of the Meeting of the Board of Directors (the “Internal Control System”). As for the subsidiaries of the Company, communication and exchange of information were sought with the directors and the audit & supervisory board members, etc. of such subsidiaries, and reports concerning the subsidiaries’ businesses were received from them, as necessary. Based on the above-mentioned methods, inspection was conducted regarding the Business Report and the Supplementary Schedules for the current fiscal year.

Furthermore, such matter as to whether the Accounting Auditor kept its independent position and performed proper audit were monitored and verified. Also, reports by the Accounting Auditor concerning the performance of its duties were received, and request for explanation was made as necessary. Moreover, a notice informing that a “system to ensure the proper performance of the duties” (as prescribed in each item of Article 131 of the Corporate Calculation Regulations) has been established pursuant to the “Quality Control Standards Concerning Audits” (Business Accounting Council dated October 28, 2005), etc. was received from the Accounting Auditor, and requests seeking explanation regarding such system were made, as necessary. Based on the above-mentioned methods, inspection was conducted regarding the Financial Statements (the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and Notes to Financial Statements) and the Supplementary Schedules for the current fiscal year and the Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements) for the current fiscal year.

2. Result of audit

(1) Result of audit of Business Report, etc.

- (i) We confirm that the Business Report and the Supplementary Schedules accurately indicate the condition of the Company in compliance with the laws, regulations and the Articles of Incorporation of the Company.
- (ii) We have not detected any misconduct or material fact of violation of the

relevant laws, regulations or the Articles of Incorporation of the Company, in connection with the performance of the duties of Directors.

- (iii) We confirm that the content of the resolution of the Meeting of the Board of Directors concerning the Internal Control System is reasonable. Furthermore, we have not found anything that should be pointed out with respect to the content of the Business Report and the performance of the duties of Directors concerning the Internal Control System.

(2) Result of audit of the Financial Statements and the Supplementary Schedules

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the Independent Auditor, are reasonable.

(3) Result of audit of the Consolidated Financial Statements

We confirm that the audit method and result of Deloitte Touche Tohmatsu LLC, the Independent Auditor, are reasonable.

February 13, 2015

Audit & Supervisory Board of
Suntory Beverage & Food Limited

Senior Audit & Supervisory Board Member

Seiichiro Hattori (seal)

Audit & Supervisory Board Member

Toru Yamamoto (seal)

Outside Audit & Supervisory Board Member

Yukihiko Uehara (seal)

Outside Audit & Supervisory Board Member

Harumichi Uchida (seal)