

May 11, 2006

For Immediate Release

Company Name: Kirin Beverage Corporation  
Name of Representative: President and Representative  
Director, Yoshikazu Arai (Stock Code: 2595, the First  
Section of the Tokyo Stock Exchange)  
Direct your queries to:  
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### **Notification with Respect to Approval of Tender Offer**

At the meeting of the Board of Directors held on May 11, 2006, the Board resolved to approve the Tender Offer for the shares of the Company (the “Tender Offer”) by Kirin Brewery Co., Ltd. (“Kirin Brewery”; Code 2503, the Tokyo, Osaka, Sapporo, Nagoya and Fukuoka Stock Exchanges). In connection with such resolutions, we would like to provide notice of the following:

Kirin Brewery plans to make the Company its wholly owned subsidiary, and the shares of the Company are likely to be delisted as a result of the Tender Offer and a series of subsequent procedures. Kirin Brewery will apply for the approval of the relevant authorities of the business restructuring plan under the Law on Special Measures for Industrial Revitalization (the “Industrial Revitalization Law”). When Kirin Brewery receives approval, it plans to effect an exchange of shares (*kabushiki kokan*) for cash consideration (the “exchange of shares”) pursuant to Article 12-9 of the Law on Special Measures for Industrial Revitalization prior to the revision under Article 449 of the Law Concerning Developments of Related Laws in Enforcement of the Company Law, which remains effective by virtue of the provisions of Article 450, Paragraph 7 of the same law (the “Former Law on Industrial Revitalization”).

#### 1. Outline of the Tender Offeror

- (1) Trade name: Kirin Brewery Co., Ltd.
- (2) Main Business: Manufacture and sales of beer, pharmaceutical products
- (3) Date of incorporation: February 23, 1907
- (4) Address of head office: 10-1, Shinkawa 2-chome, Chuo-ku, Tokyo 104-8288, Japan
- (5) Representative: President and Representative Director, Kazuyasu Kato

- (6) Amount of share capital: ¥102,045,000,000 (as of December 31, 2005)
- (7) Composition of major shareholders and shareholding ratios (as of December 31, 2005)
  - Meiji Yasuda Life Insurance Company: 4.44%
  - The Bank of Tokyo-Mitsubishi, Ltd.: 3.56%
  - Moxley & Co.: 3.45%
  - Trust account, Japan Trustee Service Bank, Ltd.: 3.35%
  - State Street Bank and Trust Company: 2.78%
  - Trust account, The Master Trust Bank of Japan Ltd.: 2.43%
  - Isono Shokai Ltd.: 2.36%
  - Mellon Bank Treaty Clients Omnibus: 1.95%
  - Shinsei Bank, Ltd.: 1.56%
  - The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust for the Mitsubishi UFJ Trust and Banking Corporation): 1.18%

(8) Relationship with the Company

Capital relationship: Kirin Brewery is the parent company, holding 59.37% of the issued and outstanding shares of the Company.

Personnel relationship: Kirin Brewery has seconded 1 director and 1 statutory corporate auditor to the Company.

Transaction relationship: Kirin Brewery manufactures and sells products and merchandise of the Company.

2. Opinions on and reasons for the Tender Offer

- (1) The business environment has been changing rapidly as consumer needs have been diversifying, the structure of markets and distribution systems have changed, competition among companies has intensified and globalization has advanced. Amidst this environment, while the Company and Kirin Brewery have been maintaining various cooperative arrangements as the core businesses of the Kirin Group, these two companies have developed their businesses based on their management policies and strategies under their respective proprietary management systems.
- (2) To attain more dynamic group management with a competitive edge, Kirin Brewery plans to implement a pure holding company system in July 2007. Its objective will be to enhance the corporate value of the Kirin Group through a dramatic allocation of

resources to growth areas, the expansion of synergistic effects inherent in the Group, and the enhancement of the autonomy, mobility, and flexibility of each business.

In addition, with the objective of enhancing the corporate value of the Group, the Company will become a wholly owned subsidiary of Kirin Brewery as a result of the Tender Offer and a series of subsequent procedures effected by Kirin Brewery and concurrently, the domestic alcoholic beverage business, and pharmaceutical business will be spun off by divestiture and the Group's support functions such as accounting and human resources will be integrated and spun off under a plan to enhance their efficiency for the Group. In this context, the Company will be aligned in parallel with the business corporations such as domestic alcoholic beverage business and pharmaceutical business under the pure holding company system.

Once this system is implemented, the Company will be able to expand the synergistic effects within the Group with the mutual cooperation of both companies. Dramatic advances are expected in the Company's abilities to research and develop raw materials, packaging and manufacturing methods, and to develop new products in order to provide new value to customers and to reinforce the collaboration with support functions of the Group. In addition to gains in management know-how developed on an individual-entity basis, the Company believes that the development of strategies to leverage every asset of Kirin Group throughout the value chain will reinforce the business base and ability to adapt to the changing business environment and to accelerate the growth of business, and in turn bring about rapid growth and enhanced corporate value for both the Company and the Kirin Group.

Kirin Brewery plans to make the Company its wholly owned subsidiary. If Kirin Brewery fails to acquire all the outstanding shares of the Company (excluding those already held by Kirin Brewery and treasury shares held by the Company) it plans to effect an exchange of shares (*kabushiki kokan*) for the shares of the Company for cash consideration. Kirin Brewery will apply for the approval of the relevant authorities of the business restructuring plan pursuant to the Industrial Revitalization Law. Upon approval, Kirin Brewery will effect an exchange of shares to make Kirin Brewery the parent company and the Company its wholly owned subsidiary. And if Kirin Brewery satisfies the requirements of Article 12-9 of the Former Law on Industrial Revitalization, it plans to deliver cash (instead of shares of Kirin Brewery) to shareholders of the Company at the time it becomes the wholly owned subsidiary of Kirin Brewery, which becomes the parent company.

If this exchange of shares is to be effected, Kirin Brewery plans to make the exchange without a resolution for approval at the general meeting of shareholders of Kirin Brewery Co., Ltd. as it qualifies as a “simple organizational restructuring” provided for in Article 796, Paragraph 3 of the Company Law. In addition, it will be implemented without approval of a general meeting of shareholders of Kirin Beverage Corporation, because it will qualify as an informal organizational restructuring provided for in Article 784, Paragraph 1 of the Company Law (if the Company receives an approval for the business restructuring plan above, the requirements for qualification as an informal organizational restructuring will be changed under Article 12, Paragraph 1 of the Industrial Revitalization Law).

The amount of cash delivered for the exchange of shares will be calculated based on the purchase price of the Tender Offer and is expected to be a price similar to the purchase price for the Tender Offer. However, the amount may be different from the purchase price for the Tender Offer. In relation to an exchange of shares, shareholders of the Company, a wholly owned subsidiary, may exercise appraisal rights to require Kirin Brewery to purchase their shares pursuant to legal and regulatory procedures. In this case, the purchase price per share may be different from (a) the amount of cash delivered for an exchange of shares for a share which is held by Kirin Brewery’s shareholder or (b) the purchase price for the Tender Offer. Regarding the tax treatment of the Tender Offer, the exchange of shares for cash consideration and exercise of appraisal rights in respect of the exchange of shares, please consult your tax advisor.

Kirin Brewery intends to make the Company its wholly owned subsidiary through the Tender Offer and a series of subsequent procedures. Therefore, Kirin Brewery has not limited the maximum number of shares which Kirin Brewery will purchase through this Tender Offer. Accordingly, depending on the results of the Tender Offer, the shares of the Company may be delisted through specified procedures pursuant to the delisting standards of the Tokyo Stock Exchange. If an exchange of shares making Kirin Brewery the parent company and the Company its wholly owned subsidiary is implemented after the Tender Offer, the shares of the Company will be delisted. After the delisting, the shares of the Company will not be able to be traded on the Tokyo Stock Exchange.

When the Company is made a wholly owned subsidiary through an exchange of shares, if the Company makes the end of June the record date and pays interim dividends (for the period ending on December 31, 2006), there may be discrepancies in economic effects between shareholders who subscribe for the Tender Offer and those who do not.

In order to avoid this situation, the Board of Directors resolved in their meeting today not to pay interim dividends for the current period. The positions of the Company on the Tender Offer has been approved by resolution on the basis of the forecast.

- (3) The purchase price (¥3,350 per share) for the Tender Offer represents an approximately 17.2% premium to the average share closing price of Kirin Beverage Corporation's common stock on the First Section of the Tokyo Stock Exchange during the three months prior to May 10, 2006. The Board of Directors assessed the purchase price (¥3,350 per share) prudently with reference to the valuations of the Company's shares developed by Mitsubishi UFJ Securities Co., Ltd., and has concluded that the purchase price for the Tender Offer is accurate and fair, and that the Tender Offer will provide the shareholders of the Company with the opportunity to sell their shares of the Company at a fair price.

In light of the above, the Board of the Directors of the Company resolved, at their meeting on May 11, 2006, to approve the implementation of the Tender Offer by Kirin Brewery for the shares of the Company with the strong expectation of further development of the businesses of the Company.

### 3. Prospects after the Tender Offer

The Company will become a wholly owned subsidiary of Kirin Brewery as a result of the Tender Offer and a series of subsequent procedures. The Company will disclose the effects of the Tender Offer and a series of subsequent procedures on the forecast regarding the Company's consolidated business results for the period ending on December 31, 2006 as soon as it is confirmed.

Outline of Tender Offer of Shares of the Company by Kirin Brewery (for reference)

1. Description of shares to be purchased: common shares
2. Tender offer period: Friday, May 12, 2006 to Thursday, June 15, 2006 (35 days)
3. Purchase price per share: ¥3,350 per share
4. Basis for calculation of purchase price

The purchase price proposed by Kirin Brewery (¥3,350 per share) was determined by comprehensively taking into consideration various factors, including the market prices of the common shares of the Company, financial conditions, future expected revenues and evaluation of the value of the Company's shares by Nomura Securities Co., Ltd., a third party appraiser. The purchase price (¥3,350 per share) for the Tender Offer represents an approximately 17.2% premium to the average share closing price of Kirin Beverage Corporation's common stock on the First Section of the Tokyo Stock Exchange during the three months prior to May 10, 2006.

5. Total number of shares planned to be purchased: 22,344,488 shares

(Note 1) Kirin Brewery will purchase all the shares so offered.

(Note 2) There is no plan to acquire 402 shares of treasury stock owned by the Company through the Tender Offer.

(Note 3) Shares constituting less than a whole unit are also offered for purchase through the Tender Offer. For application, submission of the share certificates is necessary (if such share certificates are kept in custody by the Japan Securities Depository Center, Inc. through the Tender Offer Agent, there is no need for such submission.)

(Note 4) The total number of 22,344,488 shares planned to be purchased is calculated by deducting from the total of 55,002,370 outstanding shares as of December 31, 2005 (described in the 43th Fiscal Year Annual Report filed by the Company on March 30, 2006) the 32,657,480 shares that Kirin Brewery holds and the 402 treasury shares that the Company holds.

6. Changes in the number of shares owned by Kirin Brewery due to the Tender Offer:

Number of shares owned prior to the tender offer: 32,657,480 shares (shareholding percentage of 59.37%)

Number of shares owned subsequent to the tender offer: 55,001,968 shares (shareholding percentage of 100%)

(Note 1) The percentage of shares owned prior to the Tender Offer is calculated based on the total number of 55,002,370 outstanding shares of the Company (as of December 31, 2005).

(Note 2) The number of shares owned subsequent to the Tender Offer represents to the number of shares to be owned by Kirin Brewery assuming Kirin Brewery purchases the total number of 22,344,488 shares planned to be purchased.

(Note 3) The percentage of shares owned subsequent to the Tender Offer is calculated based on 55,001,968 shares, which is calculated by deducting 402 treasury shares held by the Company (as of December 31, 2005) from the total number of 55,002,370 outstanding shares of the Company (as of December 31, 2005).

7. Date of public notification: Friday, May 12, 2006

(Note) On the same day, a notice in the Nihon Keizai Shimbun will specify that an electronic public announcement is to be made at the following web address.  
<http://info.edinet.go.jp/EdiHtml/main.htm>

8. TOB agent: Nomura Securities Co., Ltd.

9. Funds required for the tender offer: ¥75,174 million (expected)

10. Commencement date of settlement: Thursday, June 22, 2006