

[Translation]

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Board Opinion on Large-Scale Purchase Relating to Sapporo Shares

On February 15, 2007, Sapporo Holdings Limited (the “**Company**”) received a purchase suggestion of the shares in the Company titled “Announcement pertaining to the receipt of a letter of intent in connection with the Large-Scale Purchase of shares of the Company” (the “**Purchase Suggestion**”) from Steel Partners Japan Strategic Fund (Offshore) L.P. (“**SPJSF**”).

In response, the Board carried out the following procedures based the “Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company”¹ (the “**Policy**”) and on December 6, 2007 entered the Board assessment period (the “**Board Assessment Period**”).

February 15, 2007	Receipt of Purchase Suggestion from SPJSF
March 1, 2007	Company issues a “Necessary Information List” and letter to SPJSF requesting SPJSF to supply Necessary Information.
March 15, 2007	Receipt of answers to the “Necessary Information List” from SPJSF.
March 29, 2007	Company issues a “Further Information List” and letter to

¹ We have continued to apply the pre-amendment version of the Policy (the old “Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company” which was adopted on February 17, 2006 and was abolished at the end of the 83rd ordinary general meeting of shareholders held on March 29, 2007 (the “**General Meeting**”)) which continued under the supplementary provision of the “Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company” which were approved and came into effect at the General Meeting.

	SPJSF requesting SPJSF to supply further information.
November 8, 2007	Receipt of answers to the “Further Information List” from SPJSF.
November 22, 2007	Company issues a “Confirmation - Further Information List” and letter to SPJSF requesting SPJSF to confirm and supply further information.
December 6, 2007	Receipt of answers to the “Confirmation - Further Information List” from SPJSF and, on the same date, commencement of the Board Assessment Period.

Subsequently, on January 8, 2008 the Board requested the Special Committee of the Company to provide an opinion. On February 4, 2008 the Board received from the Special Committee an Opinion Report and on February 20, 2008 received a Supplementary Opinion Report.

We announce that at the Board meeting held today, giving utmost respect to the Opinion Report (including the Supplementary Opinion Report), the Board organized and resolved its opinion on the Purchase Suggestion as set out below with unanimous consent of the directors and notified SPJSF of its contents.

Opinion of the Board of the Company on the Purchase Suggestion

The Board assesses that the purchase of shares in the Company based on SPJSF’s Purchase Suggestion will seriously undermine the interests of the Company’s shareholders as a whole and opposes the Purchase Suggestion.

A summary of the Board’s review and assessment of the Purchase Suggestion is set out in the Attachment. For further details please see the attached “Opinion of the Board of the Company on the Purchase Suggestion by SPJSF of the shares in the Company.”²

In addition, the Necessary Information received to date from SPJSF and the Opinion Report (including the Supplementary Opinion Report) from the Special Committee are listed on the Company’s website³ for your reference. Please see the website for further details.

² Omitted in this translation.

³ The URL of the Company’s website is <http://www.sapporoholdings.jp/>.

Future Response of the Board

With today's release of the Board's opinion on the Purchase Suggestion, the Board will for now discontinue the Large-Purchase Rules procedures which are provided in the Policy and, while monitoring the reaction of SPJSF, if necessary, take action based on the "Policy toward Large-Scale Purchases."

SPJSF's Purchase Suggestion is conditioned on obtaining the agreement of the Board of the Company. At present, specific large-scale purchase has not commenced and, therefore, the Board is not particularly planning to take any exceptional action as set out in the Policy or any countermeasures, nor has the Board sought advice from the Special Committee.

Further, the above opinion of the Board is the result of the organization and assessment of the facts that the Board has obtained to date. Consequently, if SPJSF provides further information or explanation or undertakes a proposal different from the Purchase Suggestion the Board will, as it has done to date, maintain transparency with the Company's shareholders and, as and if necessary, hold discussions with SPJSF.

In summary, the Board will take appropriate action from the perspective of protecting the common interests of the shareholders of the Company and maximizing the corporate value of the Company. We will also make appropriate announcements at appropriate times in relation to the progress in this matter.

Efforts Aimed Towards Increasing the Corporate Value

On October 30 last year, the Company announced the "Sapporo Group's New Management Framework" which is targeted towards 2016, the 140th anniversary year of the foundation of the Group. On February 15 this year, we subsequently announced the "2008 – 2009 Sapporo Group Management Plan" as a strategic Group roadmap based on this New Management Framework.

We shall vigorously execute this Management Plan and continue our efforts towards improving the corporate value of the Group.

[End of Release]

Attachment

I. Opinion of the Board of the Company on the Purchase Suggestion

The Board assesses that the purchase of shares in the Company based on SPSFJ's Purchase Suggestion will seriously undermine the interests of the Company's shareholders as a whole and opposes the Purchase Suggestion.

II. Summary of the review and assessment of the Board in relation to the Purchase Proposal

The Board performed the following review/assessment in relation to the Purchase Proposal.

1. To manage the Company, it is indispensable to have extensive know-how, abundant experience and an understanding of the relationships established with the stakeholders including domestic and foreign customers, employees, business partners, etc. Consequently, what management policies SPJSF will adopt after obtaining the management control rights of the Company is an extremely important factor in considering the corporate value of the Company and the interests of the Company's shareholders as a whole.

2. Also, because SPJSF is making the partial purchase proposal, a part of the Company's shareholders will remain as shareholders after the purchase by SPJSF. For the shareholders with this possibility, (i) what sort of an investor SPJSF is, who would acquire the management control rights, (ii) what sort of management SPJSF will conduct in relation to the Company, (iii) how the corporate value will be increased by how SPJSF maintains or changes the Group's business and relationships with the stakeholders such as officers, employees, business partners, customers etc., and (iv) what method SPJSF uses to recover its investments are all matters of great interest.

For the Board as well, understanding the intention of SPJSF in relation to these matters is extremely important in making an assessment on whether the Purchase Suggestion "will or will not seriously undermine the interests of the Company's shareholders as a whole."

3. However, even though SPJSF is conducting the Purchase Suggestion which would result in the substantive control over the Company's management, SPJSF has not provided such important information as the management team and policies post-acquisition of the management control rights, the stakeholder relationships, investment return policy and information on SPJSF and its affiliated funds.

Consequently, on the point of determining whether the interests of the Company's shareholders as a whole will be seriously undermined or not, the Board is forced to heavily rely on considering the information relating to SPJSF that the Company has been able to obtain to date, such as past investment activity of SPJSF and its affiliated funds in relation to other companies and their behavior in relation to the Group to date, etc.

4. To give a succinct assessment on the past investment activities of SPJSF and its affiliated funds, it can be said that they have repeatedly conducted investment activity to obtain short term profit for themselves. In relation to SPJSF's conduct, the Tokyo High Court has held that SPJSF is a "being which uses various schemes seeking to solely obtain short to medium term profits by on-selling the target company's shares back to the target company or to third parties and, ultimately, extending its reach into selling-off the assets of the target company to exclusively pursue profits for itself." Even the Supreme Court assesses the decision of the shareholders of Bull-dog Sauce Co., Ltd. that "acquisition of the management control rights will cause loss to the corporate value of the company and harm the common interests of shareholders" as being fair and appropriate.
5. Inconsistent behavior and acts of bad faith can be seen in the actions and remarks of SPJSF and its related people towards our Group too. We have even seen SPJSF intention to cause the Company to propose alternative plans such as a white knight to SPJSF. It can only be said that SPJSF does indeed use various schemes to solely obtain short term profits for itself.

As a result of comprehensively considering the above points, the Board has reached the following conclusions as to the purpose of SPJSF in acquiring the shares in the Company and the foreseeable behavior of SPJSF post-acquisition.

- Upon obtaining the management control rights of the Company, SPJSF does not intend to earnestly participate in the management of the Company and will not take responsible actions as a controlling shareholder. Rather, facts exist which can only give us grave doubts as to the purpose of the Purchase Suggestion of SPJSE, with its responses such as set forth above, and its post-acquisition behavior.
- Consequently, there is sufficient risk that, as in their previous investment activities, SPJSF and its affiliated funds will carry out an acquisition based on the Purchase Suggestion and, even after obtaining the management control rights of the Company, behave as “being ... to exclusively pursue profits for itself.”

In this way, we cannot deny the possibility that, after gaining the management control rights of the Company, SPJSF will, without considering the extensive know-how, abundant experience and the relationships established with the stakeholders including domestic and foreign customers and employees, business partners, etc., which are indispensable for the management of the Company and without revealing its concrete management philosophy or management plan, conduct a form of management that exclusively pursues profits only for itself. We can only say that there is a high danger that the relationships of trust with customers, the Company’s brand value and the vitality of its employees, all of which are the foundation of the corporate value of the Company could be lost and the corporate value destroyed.

From the above, the Board assesses that if SPJSF carries out the purchase stated in the Purchase Suggestion then that purchase will destroy the corporate value of the Company and the interests of the Company’s shareholders as a whole will be seriously undermined. Consequently, the Board opposes the Purchase Suggestion.