

[Translation]

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Progress of the Purchase Proposal by SPJSF of the Shares of the Company

Sapporo Holdings Limited (the “**Company**”) today received a letter from Steel Partners Japan Strategic Fund (Offshore) L.P. (“**SPJSF**”) alleging that the board of the Company “rejected [the] revised proposal as well without any negotiations between us despite [SPJSF’s] repeated requests.” This letter contains many allegations that are not based on fact or that could lead to misunderstandings. The developments to date and the understanding of the board are set out below.

On May 2, 2008 the board held a face-to-face meeting with representatives of SPJSF in connection with the purchase proposal by SPJSF of the Shares of the Company dated February 15, 2007 and the revised version of the proposal dated March 10, 2008. Thereafter, the board continued dialogue through representatives of Steel Partners Japan K.K. whom SPJSF designated as SPJSF contact persons in Japan (the “**SPJ Representatives**”).

To date, many shareholders and stakeholders of the Company, who are the source of the Company’s corporate value, have indicated their anxiety and concern to the board over SPJSF’s desire to raise its shareholding in the Company. On the other hand, SPJSF has to date indicated in its replies and explanations to the board that it is a long-term investor and intends to enhance the corporate value of the Company in collaboration with the current management of the Company.

Therefore, on June 9, 2008 the board suggested to SPJSF through the SPJ

Representatives that “SPJSF maintain its shareholding in the Company below 20% for the time being and support, as a main shareholder of the Company, the measures to be taken by Company management to enhance the corporate value of the Company” in the earnest desire that such suggestion would be a solution that would satisfy the shareholders of the Company including SPJSF and all other stakeholders. Specifically, the board suggested to SPJSF that the Company and SPJSF collaborate to enhance the corporate value of the Company by, among other things, holding regular meetings for constructive discussion by both parties with respect to the “Value Enhancement Plan” submitted by SPJSF in November 2007 and the New Management Framework and management plans, etc. that the Company made public since October 2007 for the purpose of enhancing the corporate value of the Company.

In addition, the above June 9, 2008 suggestion should be properly understood as an expression of the board’s intent on that date to include SPJSF in constructive discussion with Company management and does not mean that other options are excluded from consideration. Moreover, the board is prepared to continue discussing the conditions for the purchase proposal by SPJSF of shares of the Company. In response to the request for confirmation by the SPJ Representatives on their visit to the Company on July 7, 2008, the board clearly and expressly communicated the above-mentioned matters.

The letter from SPJSF that the Company received today does not include this information and single-sidedly states the position of SPJSF. In its previous written responses to the board, SPJSF had used such words as “we are a long-term investor” or “we wish to collaborate and enhance the corporate value of the Company.” However, in the dialogue with the SPJ Representatives, SPJSF repeatedly made remarks that imply that it is not interested in any options other than those for purchasing further shares of the Company and indicated that the suggestions from the board are unacceptable. SPJSF did not show any interest in discussing collaboration for enhancement of the corporate value of the Company.

The board is extremely disappointed that SPJSF has under such circumstances issued a letter which unilaterally criticizes the board and made public announcements which are not based on fact or which could lead to misunderstandings.

The board is also extremely disappointed that its suggestion of June 9, 2008 has not been accepted by SPJSF. The board will, from the perspective of protecting the

common interests of the shareholders of the Company and maximizing the corporate value of the Company, continue dialogue with SPJSF with respect to SPJSF's purchase proposal of the Shares of the Company, analyze in further detail the contents of the letter from SPJSF that the Company received today and, if necessary, further explain the Board's thinking in relation to these matters. The board will also continue to make appropriate announcements at appropriate times in relation to the progress of this matter.

[End of Release]