

[Translation]

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## **Rolling Plan for Steadfastly Executing Strategies in a Changing Environment**

### **— Sapporo Group’s 2009-2010 Management Plan —**

Sapporo Group (“the Group”) formulated “Sapporo Group’s 2009-2010 Management Plan” (hereinafter, “2009-2010 Management Plan”), as the action plan for “Sapporo Group’s New Management Framework” (“New Management Framework”), which is to be achieved by the year 2016, the 140th anniversary of the Group’s founding. The 2009-2010 Management Plan is a rolling plan consisting of a revised version of the 2008-2009, two-year management plan announced last year.

The 2009-2010 Management Plan tackles two continuously prioritized issues, namely “Efforts toward sustainable growth” and “Developing business by leveraging strengths and fortifying the earnings structure,” however, assuming the present difficult business conditions will continue, our strategies have been partly revised to better execute the Plan.

Measures based on the 2009-2010 Management Plan will be steadfastly executed along side efforts aimed at the enhancement of the Group’s corporate value.

#### **1. Basic Policies of the Management Plan**

(1) Designation of the two-year period as the roadmap of the New Management Framework

The Group will develop its business in the two business domains of “creation of value in food” and “creation of comfortable surroundings” and, aiming for sustainable growth, execute four basic strategies, namely “Create high-value-added products and services,” “Form strategic alliances,” “Promote international expansion,” and “Expand synergies among group companies.” 2009-2010 is designated as the “period for building the basis for shifting to the next growth trajectory.”

(2) Important themes of the 2009-2010 Management Plan

□ Efforts toward sustainable growth

The Group will expand its business domain with a mid-term prospective and implement measures that will result in new business in hopes of ensuring a growth trajectory for the future.

□ Business development leveraging our strengths and fortifying the earnings structure

The Group will concentrate its management resources on our main brands and services for each business and accelerate the further reform of its cost structure, aiming to formulate a strong business base that can ensure stable earnings even during times of changes.

(3) Revised matters in the rolling plan taking into account environmental changes

□ After a careful examination of the present difficult external environmental conditions, the Group will revise the assumptions of each business strategy and make strategic investments geared towards growth while prioritizing the further advancement of the fortification of our base.

- Continuous building of our base to realize stable earnings even during times of changes
- Stringent risk evaluation and strategic investments taking into account present environmental conditions
- Search for business expansion opportunities overseas and move into those markets
- Build a lower cost framework for the entire Group

## 2. Management Goals

- Management goals were revised from the following perspectives.
- Serious revision of the assumptions for each business' sales plans, etc. taking into account changes in environmental conditions
  - Considering in effects from changes in the accounting system such as depreciation and amortization expense

(Billion yen)

	2008 Results	2009 Target (rolling plan)	2010 Target	New Management Framework Goals (2016)
Consolidated net sales (incl. liquor taxes)	414.5	<b>408.3</b>	<b>413.1</b>	600.0
Domestic Alcoholic Beverages	299.6	<b>295.6</b>	<b>296.0</b>	350.0
International Alcoholic Beverages	25.0	<b>22.1</b>	<b>23.0</b>	42.0
Soft Drinks	36.8	<b>35.5</b>	<b>36.7</b>	70.0
Restaurants	29.5	<b>30.5</b>	<b>31.4</b>	50.0
Real Estate	23.4	<b>24.6</b>	<b>26.0</b>	50.0
Consolidated operating income	14.6	<b>12.0</b>	<b>14.7</b>	40.0
Domestic Alcoholic Beverages	7.7	<b>5.6</b>	<b>6.1</b>	15.0
International Alcoholic Beverages	0.9	<b>0.9</b>	<b>1.0</b>	5.0
Soft Drinks	0.2	<b>0.3</b>	<b>0.8</b>	2.0
Restaurants	0.5	<b>0.7</b>	<b>1.0</b>	2.5
Real Estate	7.6	<b>7.7</b>	<b>8.1</b>	15.0
Overall	(2.3)	<b>(3.2)</b>	<b>(2.3)</b>	(2.5)

\*Exchange rates for 2009, 2010: US\$=¥90, CAN\$=¥75

[Target financial indicators]

	2008 Results	2009 Target (rolling plan)	2010 Target	New Management Framework Goals (2016)
Operating margin (excl. liquor taxes)	5.2%	<b>4.2%</b>	<b>5.1%</b>	9%
D/E ratio	1.6 times	<b>1.6 times</b>	<b>1.6 times</b>	approx. 1time
ROE	6.3%	<b>2.6%</b>	<b>3.5%</b>	8% or above

### **3. Business Strategy**

#### (1) Domestic Alcoholic Beverages

- Enhance corporate brands
  - Based on our motto, “Flavor and confidence; Sapporo Breweries is committed to pure quality,” we will strengthen our efforts toward improving quality focusing on the Collaborative Contract Farming System
- Marketing strategy
  - Concentrated infusion of management resources in main beers and beer-type beverages
    - The Group will intensively infuse management resources in the “Yebisu” brand in hopes of further increasing its presence in the high-price market.
    - Regarding new genres that are expected to grow, we will not only strengthen “Draft One” and “Mugi to Hop” but also make proposals that offer “value from new deliciousness” and expand sales by enlarging our portfolio.
  - Expansion of our diversified alcoholic beverages business
    - We will increase the brand strength of our wines and shochu (Japanese distilled spirits) and foster and expand them as pillars of Group earnings.
- Reform the cost structure
  - Strengthen the cost control system
    - We will establish a flexible production response system, save energy and further strengthen the cost control system of our sales promotion expense and haulage cost.
- Efforts toward the creation of new value
  - Aiming to create high added value, the Group will further strengthen its R&D and product development framework.

#### (2) International Alcoholic Beverages

- Canadian market
  - Marketing strategy
    - The Group will invest heavily in marketing to build on the superiority of its mainstay brands in the premium market, namely “Sleeman,” “Unibroue,” “Okanagan Spring” of Sleeman Breweries Ltd.
  - Reform the cost structure
    - Cost cutting measures will be implemented to increase productivity and reduce manufacturing costs at each Sleeman plant.
- American market
  - Marketing strategy
    - The Group will further infiltrate our brands into the American market by strengthening the sales network, selecting important locations and customers and acquiring new customers for our draft beer, which were introduced there five years ago.

### (3) Soft Drinks

- Marketing strategy
  - Fully cultivate and strengthen existing brands and products
    - With our hundred-year-old brand “Ribbon Citron,” we will focus management resources on such mainstays as “GEROLSTEINER,” “Karadani Oishii Ume” “Ocean Spray Cranberry” and “Gabunomi” to increase brand strength.
- Reform the cost structure
  - Increase profitability through selection and concentration
    - We will promote efforts to reform the cost structure through the revision of unprofitable transactions, area selection and concentration, revision of operator policies, etc.
  - Overall optimization of the value chain
    - We will optimize our overall value chain through such efforts as reducing supply and demand losses and inventory and disposal losses as well as streamlining our logistics bases, orders and other organizational aspects.

### (4) Restaurants

- Marketing strategy
  - Further increase sales at existing restaurants
    - Existing restaurant revitalization measures will be promoted by improving the quality of our cuisine and service, among other efforts.
    - The Group will enhance our customer attraction capabilities by using themes related our 110th anniversary campaign.
  - New restaurant opening policy in step with the economic environment
    - New restaurants will be opened mostly in the new small to mid-size category.
- Reform the cost structure
  - Streamlining personnel cost by improving labor productivity
    - Our employee attendance management will be streamlined by introducing a new system, driving down recruitment costs through focused hiring and implementing other measures.
  - Reduce administrative expenses by controlling sales promotion expenses
    - We will strengthen our controls of sales promotion expenses, including Web promotions and sales discounts.

### (5) Real Estate

- Promote value enhancement measures for existing properties
  - Increase the value of Yebisu Garden Place
    - We will work to maintain high occupancy rates and raise office rents.
    - Functions of our rental condominium “Yebisu Garden Terrace” will be enhanced and strengthened by investing in renovations, energy saving measures and other aspects in an effort to raise its value.

- Develop Group-owned real estate
  - Promote the development of real estate mostly in the Tokyo metropolitan area
    - The Group will develop a property acquired at Shinjuku 6-chome (retail and office complex to be completed in 2010), a property adjacent to Yebisu Garden Place (retail and restaurant facilities to be opened in September 2009), among others.
- Acquisition of new assets
  - Acquire new properties mostly in the Tokyo metropolitan area
    - Designating Ebisu as a strategic area, we will uncover and acquire new properties aiming to increase value using synergies between Group-owned properties.
    - Regarding office buildings, we will uncover and acquire new properties not only in the Ebisu area but the entire center of Tokyo.

#### (6) Food Products

- Market penetration through early brand strength enhancement
  - Promote our confectionary business through SAPPORO FINE FOODS CO., LTD.
    - We will launch our “SapporoPotekaru,” made using a unique technology that does not require frying in oil, in February throughout the Tokyo metropolitan area aiming for early brand penetration.
  - Enter the yogurt, dessert, chilled beverages market
    - The Group will begin efforts aimed at the development of our yogurt, dessert and chilled beverages business under a basic cooperative business agreement executed with Marudai Food Co., Ltd. in October of last year.
- Realize growth through M&As
  - Further business expansion will be realized with an eye on acquiring technological strengths and products that will differentiate us from others.

## **4. Overall Strategy**

### (1) Basic concept behind strategic investment

- Strategic investment geared towards the future growth of the Group
  - As an important strategy for realizing the growth of the Group, we will effectuate strategic investments with a clearly defined target prioritizing M&As and overseas development in the food value creation business, closely evaluating risks and opportunities.
- Revision of investment plan taking into account the economic environment
  - Regarding the former site of the Osaka plant of Sapporo Breweries, we have ceased all deliberations regarding its development as a Group in light of changes in real estate market conditions.

## (2) Unleashing group synergies

- Communalize the Group's management resources and infrastructure
  - We will push forward with the formulation of a Group-wide research, product development and quality assurance framework that includes the new food products business.
  - We will integrate our IT infrastructure, further consolidate our support departments and build a lower Group-wide cost structure in order to promote smooth information sharing and business streamlining throughout the Group.

## (3) Maintaining CSR Management

- Efforts based on Sapporo Group's CSR policies
  - We will promote measures to tackle "food security issues," "D.U.I. and other alcohol related issues" and "environmental issues and global warming" as well as constantly fortify our entrenchment by building a CSR and compliance framework and providing in-house education, both of which make up the foundation of corporate conduct.

## **5. Policy on the Distribution of Profits to Shareholders**

- Basic policy
  - Sapporo Holdings Limited ("the Company") has positioned the appropriate return of profits to its shareholders as a fundamental management policy and has made it a policy to essentially maintain stable dividends and undertake dividend payments taking into consideration the Company's performance and financial condition.
- Dividend policy
  - The Company intends to distribute 7 yen per one share as dividends from surplus for the business term ended December 31, 2008, thus increasing year-end dividends by 2 yen per one share from that of the previous business term.
  - The Company intends to distribute 7 yen per one share as dividends from surplus for the business term ending December 31, 2009 as per the steadfast execution of the management plan.

We aim to steadfastly execute each and every measure based on the 2009-2010 Management Plan as described above aiming for the sustainable enhancement of Sapporo Group's corporate value.

[End of this release]

The earnings forecasts and forward-looking statements appearing in this document were determined by the Group based on presently available information and include potential risks and uncertainties. Therefore, please acknowledge that actual results may greatly differ from these future outlooks due to changes in various factors.