

[Translation]

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Sapporo Holdings' Opposing Views Regarding SPJSF's Shareholder Proposal

Steel Partners Japan Strategic Fund (offshore) L.P. ("SPJSF"), which has submitted a shareholder proposal for the 86th ordinary general meeting of shareholders of Sapporo Holdings ("we" or the "Company") to be held on March 30, 2010 (the "General Meeting"), has publicly announced, via its internet website, its message regarding its shareholder proposal. In connection with that message, SPJSF has also espoused its views which contain many one-sided criticisms against our management and assertions or other content that are inconsistent with the facts or that are potentially misleading.

We have announced our opposition to SPJSF's shareholder proposal and the rationale therefor in our press release dated February 12, 2010, "Sapporo Holdings' Views on Certain Shareholder Proposal at Its Ordinary General Meeting of Shareholders."

Via this press release, we seek to further explain **(i) the contents of our past management reforms and the key points of the new management plan, "Sapporo Group Management Plan 2010-2011" (the "New Management Plan"), (ii) how the assertions or other contents set forth in SPJSF's message are inconsistent with the facts or are potentially misleading and (iii) the reasons why we believe that our candidates for director are the most appropriate people to carry out the New Management Plan.**

Key facts that we wish you to know:

1. The current management of Sapporo Group has taken the lead in the management reforms of the Sapporo Group, achieved our goals with respect to operating income and ordinary income for two consecutive terms and accomplished increases in ordinary income for three consecutive terms on a year-to-year comparison. In addition, the current management has made a series of strategic moves toward the future growth of our group

via strategic alliances and international business expansion.

By contrast, SPJSF's statement contains many factual misinterpretations with respect to our past business performance, and we believe SPJSF's opinions are thus unreliable.

2. We have drawn up the New Management Plan in order to achieve maximum benefits by leveraging the group's strengths, switching to a path of growth as an important goal of the Sapporo Group, and aiming to achieve an operational goal of increasing both sales and profits.

By contrast, the management improvement plans described by SPJSF are abstract, and are neither new nor strategic. Most of their proposals are largely the same as the 2007 proposal, and lack substance.

3. In order to achieve the goals set by the New Management Plan, continued management reform that is based on our long-term management policies "New Management Framework", leadership in integrating the whole group, and implementing the management plan in a manner that fosters trust among our stakeholders is necessary. We believe it is best to leave such task to those candidates for director currently set forth in the company proposal.

By contrast, SPJSF's proposal has not made clear under what management policies and management organization our group would be managed if their proposed board candidates were to be elected. In the event that the candidates for director set forth in shareholder proposal advanced by SPJSF are elected, our corporate value could be damaged.

1. The current management has taken the lead in implementing the management reforms of the Sapporo Group and has hitherto made a strategic move toward the achievement of earnings targets and growth. By contrast, there are many factual misperceptions in the opinions that SPJSF asserts with respect to our past business performance, and we believe these opinions are thus unreliable.

(i) While the business environment has severely deteriorated as a result of the global economic downturn, we have reinforced our earnings base by undertaking and implementing management reforms and have achieved our initial goals with respect to operating income and ordinary income for two consecutive terms.

➤ We established clear long-term and short-term management targets as well as the group companies and affiliates through which we concentrated on achieving such targets.

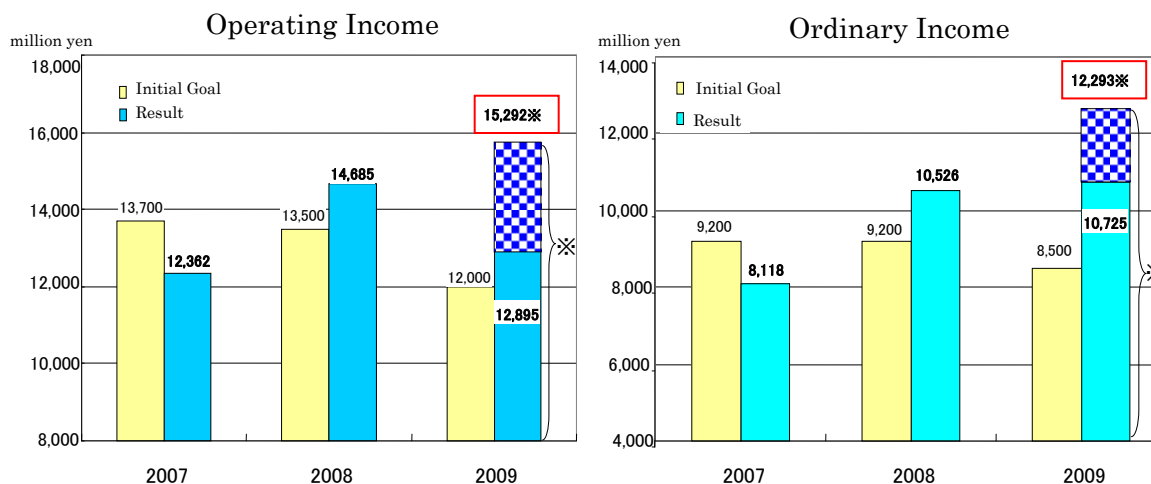
In 2007 we made clear our long-term operating and financial targets by formulating "Sapporo Group's New Management Framework" (the "New Management Framework") as the group's long-term management policy. Since 2008, we have formulated the two-year

management plan based on such “New Management Framework” and have established an organization in order to cope with changing circumstances and successfully achieve our earnings targets.

As a result, we reformed the cost structure and shifted toward high-value-added products in all segments, achieved our initial goals in operating income and ordinary income for two consecutive terms and accomplished increases in ordinary income for three consecutive terms on a year-to-year comparison despite a decline in demand. In addition, we were able to substantially achieve an increase in operating income for three consecutive terms, after excluding the impact of changes in accounting or tax systems that have been applicable since 2009 (*).

Earnings Trend of Our Company

We clearly achieved our initial goals in operating income and ordinary income for two consecutive terms.



(*) Changes to accounting and tax systems in 2009 had a negative impact on operating income of approximately 2.4 billion yen and ordinary income of approximately 1.5 billion yen. Absent such changes, operating income and ordinary income for the period would have been approximately 15.2 billion yen and 12.2 billion yen, respectively. Management’s initial goals for 2009 took into account these changes.

- We achieved our goal in operating income for two consecutive terms in the domestic alcoholic beverages segment as well as substantial increase in operating income for three consecutive terms.

There has been a trend of decreasing aggregate demand in the beer market, which peaked in 1994, due to, among other factors, a decrease in the number of people consuming alcoholic

beverages and diversification of consumer tastes. Under such circumstances, we implemented certain marketing measures in our domestic alcoholic beverages segment that focus on our main products, “Yebisu” and “*Mugi to Hop*” (a product of “New Genre” (beer-taste alcoholic beverage group)), and we achieved increases in market share in their respective product groups. In addition, we have developed new, clearly differentiated products, such as a new functional product in “New Genre” “*Off no Zeitaku*”, and a limited product, “Silk Yebisu”, in order to accommodate the diversification of consumer tastes. This is all part of our effort to generate new demand.

Furthermore, we lowered our financial break-even point by reforming our cost structure and established a flexible cost control system related primarily to sales promotion costs. As a result, we realized a stabilization of earnings, achieved our goal in operating income for two consecutive terms, and achieved a substantial increase in operating income for three consecutive terms.

- We sustained stable earnings by improving the value of property that we own in the real estate segment.

In our real estate segment, we consummated an alliance with Morgan Stanley in 2007. We held the Yebisu Garden Place property jointly with Morgan Stanley and reinforced the benefits of the premises by taking advantage of Morgan Stanley’s know-how and expertise. As a result, we were able to maintain a high rate of operation and an increase in the rent level despite the shrinking market for rental office properties.

Although there has been a trend of continuing deterioration with respect to real estate market conditions in Japan, such as with respect to demand for offices or residences in recent years, we enhanced the appeal of the properties that we own, improved our services and successfully achieved a high rate of operation and earnings in our real estate segment.

Moreover, we have regarded the current period of economic depression as a chance to acquire high grade properties and have proceeded with the acquisition of well-selected high-grade assets, and we have undertaken further business expansion in this segment.

(ii) We implemented bold strategies, such as strategic alliances with powerful partners and international business expansion, for the future growth of the group.

- Sapporo Holdings established the long-term management policy, “New Management Framework”, and set the growth strategy for the future.

Under the “New Management Framework”, “strategic alliances” and “international business expansion” are set forth as the basic strategies for growth. We made as pillars of our strategy the achievement of the group’s growth and maximization of the group’s corporate value by producing synergistic effects through alliances with partners we can trust and that will be mutually complementary for future group growth and the

implementation of further global business expansion.

- We consummated alliances with powerful partners and achieved solid results in our main business segments.

In 2007, we consummated an alliance with Crescent Partners in our beverage segment, and commencing the following year, we implemented management reforms in the new organization. As a result, the operating income of our soft drinks segment became positive in the first year and increased further last year.

Similarly in 2007, as mentioned above, we consummated an alliance with Morgan Stanley in our real estate segment. We held the Yebisu Garden Place property jointly with Morgan Stanley and reinforced the benefits of the premises by taking advantage of Morgan Stanley's know-how and expertise.

- We implemented strategic alliances aiming to gain ground in growing markets and expand our business activities.

In 2008, we decided to enter into the yogurt, dessert and chilled food business through a partnership with Marudai Food Co., Ltd., and in the year following we established a joint venture company together. By leveraging both companies' capabilities in technology, marketing, etc., we are expanding our business into markets in which we can expect large growth among food products.

In September 2009, we established a strategic capital and business alliance with Pokka Corporation ("Pokka"). From this alliance, we expect that the strengths Pokka possesses – for example, a beverage business including lemon juice products, a food products business including soups, and an international business with a strong sales network centered around Singapore – will henceforth have a broad impact on the medium- and long-term growth of the Sapporo Group.

While the growth to be derived from our alliances with Marudai and Pokka lies ahead of us, we were able to post a three hundred million yen equity income profit in last years' financials.

- In regards to international expansion, we decided to enter into the beer business in Vietnam, a growing market.

Vietnam, a market where we decided to start our beer business at the end of last year, is the third-largest beer-consuming country in Asia after China and Japan, and the market continues to grow. Through an alliance with a powerful state-owned enterprise, we will be the first Japanese beer company to establish a beer factory and carry out actual business operations in this increasingly attractive market.

This approach has given us a beachhead for business operations in the Asian market that we have been cultivating. We believe that these efforts will lead to initiatives that will provide traction for the future growth of the group.

(iii) SPJSF’s statement contains many factual misinterpretations, and thus it cannot be relied upon.

- SPJSF states that “earnings targets have not been met” when in fact we have achieved our goals in both operating income and ordinary income over the last two consecutive terms on a consolidated basis.
- In connection with our domestic alcoholic beverages segment (what SPJSF refers to as our “Beer Business”), SPJSF indicates that “earnings targets have not been met” and “reduction of sales promotion and advertising expenditures that sacrifices sales” when in fact we have achieved our goals in operating income over the last two consecutive terms.

In addition, contrary to SPJSF’s assertion, over that period there have been no major changes in sales promotion and advertising expenditures. We have been meeting our goals by undertaking a variety of measures, such as streamlining fixed costs and controlling promotional products and strengthening our brands, in response to changes in sales.

Furthermore, the “sales promotion and advertising costs” statistic set forth in SPJSF’s materials is a figure that reflects the operations of the entire group, including not only the domestic and international alcoholic beverages segments, but also our other segments such as the beverage segment and the restaurant segment. On the other hand, the actual operating results described in connection with the “sales promotion and advertising costs” in SPJSF’s analysis represents the amount of operating income for the domestic and international alcoholic beverages segments only. As such, the “sales promotion and advertising costs” and the actual operating results contained in SPJSF’s material are on different bases, and therefore comparison of the two numbers is not appropriate and is misleading.

- SPJSF compares us to our competitors in respect of production efficiency in the domestic alcoholic beverages segment and asserts that our production efficiency is low. However, we closed our Osaka factory in 2007 and have been moving forward in the consolidation of our production locations. Since then, we have consolidated our assembly lines and have achieved a yield improvement of more than 10% from the time we closed the Osaka factory until last year.

Furthermore, we believe that the approach to measuring the number of factory workers (which is the basis on which the production efficiency is discussed in SPJSF’s material) is inconsistently applied between us and our domestic competitors. As a result, we

believe that shareholders should not rely upon such comparisons.

- SPJSF states that “The investment in Sleeman Brewing & Malting Co., Ltd., was inappropriate.” However, Sleeman achieved a 15% rise in sales over the three years since the acquisition by our group, greatly surpassing the growth rate of aggregate beer demand in Canada (negative 0.9% over that same period). The primary reason for the impairment losses that SPJSF references is the financial crisis, which triggered an increase in the observed risk premiums on companies listed on Canada’s stock markets, which in turn resulted in a reassessment of the value of goodwill. Such impairment losses have not arisen from a deterioration in the actual results of Sleeman. Rather, the acquisition of Sleeman has made a large contribution to the group and is significant for our further business expansion in North America.

2. We have drawn up the New Management Plan in order to achieve maximum benefits by leveraging the group’s strengths, switching to a path of growth as an important goal of the Sapporo Group, and aiming to achieve an operational goal of increasing both sales and profits. SPJSF’s opinion is abstract and is largely the same as its 2007 proposal.

(i) Switching to a path of growth is currently an important goal of the Sapporo Group, and we will commence our approach to reaching that goal based on the New Management Plan.

- In our New Management Plan, we aim to switch to a path of growth, and we plan to achieve an operational goal of increasing both sales and profits.

In the New Management Plan, the major theme for the group’s future growth – on the basis of our strengthened business foundation – is to develop and grow the measures and policies that we have heretofore implemented as a strategic move toward growth and to link such measures and policies to the group’s future growth.

As one of the goals of the New Management Plan, we continue to pursue profit growth and also aim to raise sales. To that end, we have prepared a fund of a minimum of 65 billion yen for use in strategic investments over the next two years, and we are moving forward with an approach to realize expansion in our sales and achieve future growth. We are even divesting assets that are owned by the group and may be liquidated to help generate incremental cash flow. Furthermore, the common goal of the group is to increase high-value-added products, and we plan to improve our competitiveness and expand our business through an aggressive investment policy.

Goals of the New Management Plan

We aim to increase sales and profits through an approach of foundation strengthening and

growth via the New Management Plan.

	2009 (billion yen)	2010 (est.) (billion yen)	2011 (est.) (billion yen)
Consolidated Net Sales	387.5	394.5	406.0
Consolidated Operating Income	12.8	13.5	17.0
Consolidated Ordinary Income	10.7	11.0	13.5
Consolidated Net Income	4.5	4.8	6.0
ROE	3.9%	4.0%	5.0%

- Based on our strengthened foundation, we will develop a strategy that harnesses the strong points of each of our businesses and increases our competitiveness.

In the domestic alcoholic beverages segment, we are concentrating managerial resources on our three core brands (Black Label, Yebisu and *Mugi to Hop*) and are planning to strengthen these brands. We are moving forward with the development of new beverages with clearly differentiated characteristics, such as Silk Yebisu, which commences full-year sales this year, and also commencing the sale of a “New Genre” alcoholic beverage named “Creamy White” that has been sold only in the Kinki region of Japan (near Osaka). Furthermore, we have been steadily expanding our wine and *shochu* business and expanding the degree to which it contributes to our domestic alcoholic beverage sales and profits.

In our international alcoholic beverages segment, together with the expansion of the Sleeman’s business, we are exploring a new manufacturing system as our manufacturing capacity may become insufficient to meet the anticipated growth in sales.

In our soft drinks segment, while strengthening our core brands by dedicating increased managerial resources to them, we are restructuring costs by harnessing the synergies of Pokka’s manufacturing, distribution, procurement, and other capabilities.

In our restaurant segment, while developing new categories of restaurants and bars with unique characteristics, such as the Yebisu Bar, and promoting a focus on large cities, such as establishing chain stores in the Tokyo metropolitan area, we will achieve a profit this year through structural cost improvements.

In our real estate segment, we are moving forward with a policy to improve the value of our core properties, such as Yebisu Garden Place, and to build an even stronger profit base. Furthermore, we will acquire first-class real estate assets and expand our business.

- With an eye towards growth, we continue our steps to broaden the results of our strategic alliances and international expansion.

Through our efforts with Pokka, we plan to effect group-wide cost synergies as early as possible and maximize the results of collaboration in our soft drinks segment; and we will further our efforts to expand our beer business in Singapore through our alliance with Pokka in our international alcoholic beverages segment.

With respect to Vietnam, we intend to start the construction of a new factory this year with a view to commencing the operation of the factory in autumn 2011. In the meantime, we are expanding our beer business there through exportation of product from Japan.

(ii) The management improvement plans of SPJSF are neither new nor strategic.

- The management improvement plans suggested by SPJSF include policies for the alcohol beverages segment such as “focus on Yebisu Beer” and “further strengthening of overseas businesses”, and ideas for the real estate segment such as utilization of some properties that we already own. However, such plans have, in fact, either been already implemented by us or examined by us. They are not new.
- Most of SPJSF’s recent opinions are predominantly unchanged from its 2007 proposals. However, since 2007, the environment for each of our businesses has changed. Especially as a result of the Lehman shock two years ago, managing the Company has become increasingly challenging, with the current economic slump being one of the examples of such an environment. SPJSF’s opinions ignore such changes in the environment.
- As discussed above, we question SPJSF’s view that with SPJSF’s management improvement plans they “will be able to implement changes and reforms that are necessary for our operation results and the enhancement of corporate value”.

3. In order to achieve the goals set by the New Management Plan, leadership in integrating the whole group and implementing the management plan is necessary. We believe it is best to leave such task to those candidates for director currently set forth in the company proposal.

(i) Election of the candidates for director set forth in the company proposal is the best approach to implementing the “New Management Plan”, which aims to enhance corporate value.

- We consider the continuity of management crucial to achieving the reforms outlined in our long-term management policy, “New Management Framework”.

As stated above, we are aiming at the enhancement of interests of all our stakeholders through realization of our long-term management policy, “New Management Framework”,

which sets forth our concrete goals and strategy for the enhancement of corporate value. We contend that the implementation of a series of management reforms, on the basis of the management reforms we have previously implemented and the profit base that we have succeeded in strengthening, and in continuity with our past approaches, is a reasonable and highly executable strategy for enhancing the corporate value of the group.

By contrast, we believe that, in today's severe economic environment, a discontinuation or change in the efforts and outcomes of the management reforms we have made and achieved thus far will cause severe problems for the Company from the perspective of sustainable enhancement of corporate value. Continuity of management in their leadership of the whole group is an important factor in implementing such management reforms without delay, in accordance with our clear strategic plans.

- We consider that management must lead in a manner that fosters trust among our stakeholders and with in-depth knowledge of the internal and external environment of each of the group's businesses.

We believe that, in order to capitalize on the strength of the businesses of our group and steadily implement the New Management Plan, it is important that the management of the Company thoroughly understand the business environment surrounding our group as well as liaise and maintain a relationships of trust with our shareholders, customers, employees and business partners.

Moreover, maximization of the benefits of our strategic alliances and international business expansion remains to be completed. Management must take full advantage of its negotiation history and relationships of trust with our business partners in order to further develop our business and take it into the next growth stage, as envisioned under our management plan.

We consider the candidates for director set forth in the company proposal to have acquired all the requirements necessary to successfully implement the New Management Plan in every regard as set forth above given their active involvement in the preparation and implementation of the "New Management Framework".

- The candidates for director set forth in the company proposal are indispensable to the implementation of the New Management Plan and are the best candidates for the achievement of the New Management Plan.

We, as a holding company of businesses, continue to pursue multi-faceted business development. As such, we have employed a governing organization consisting of a board of directors composed of seven hands-on directors (four full-time directors and three directors who each also serve as a president of a principal business company of the group) who have wide experience and have achieved impressive operating results in each business segment of the group. The board of directors also consists of three outside directors who

also have abundant experience and have achieved noteworthy operational results as members of senior management of top-tier Japanese companies. Such a governing organization is regarded as cutting-edge and effective for Japanese stock corporations with statutory auditor, such as the Company.

We consider that such governing organization will work extremely effectively in terms of both the prompt and smooth implementation of the New Management Plan and the strengthening of management monitoring. Regarding the role of each director, four full-time directors, including President and Group CEO of the group, are in charge of the broad group-wide management strategy, including the direction of the group as a whole, strategic alliances, and international business expansion. The three directors of the Company who are each also the president of a principal business company of the group are responsible for business operations and contribute to more efficient and effective group operations from the perspective of optimizing the group as a whole.

The three outside directors contribute valuable advice and proposals in the process of important decision making at the board level, taking advantage of their independence from management and multi-faceted perspectives based on diverse and abundant experience. They contribute to the strengthening of our corporate governance.

The personal history of each candidate for director set forth in the company proposal is described below. Each candidate for director shares the management goals to be achieved and possesses a strong sense of responsibility for, and determination in, meeting the expectations of our shareholders by achieving management goals through mutual cooperation.

We believe that, for the purposes of realizing sustainable enhancement of corporate value of the Company and ultimately the common interest of our shareholders, it is best for our shareholders to elect the following candidates for director and charge them with managing the group in a responsible and trustworthy manner.

Full-time Directors of the Company: Four Candidates

Takao Murakami President and Group CEO

- Mr. Murakami, as Group CEO since March 2005, has fully implemented our group's corporate vision of making safe, reassuring and high-quality products and services a top priority, powerfully led the management reform by announcing the New Management Framework in October 2007 and achieved successful results, including increases in ordinary income in three consecutive terms.

Tsutomu Kamijo Managing Director (M&A, Corporate Planning Strategy)

- Mr. Kamijo has advanced our efforts toward the sustainable growth of our group by

executing strategic business alliances with outside partners in our real estate and soft drink segments in 2007 and, since 2008, concluding strategic capital and business alliances with Marudai and Pokka as well as making key decisions on the entry of our beer business into Vietnam.

Hidenori Tanaka Director (Financial Strategy, Investor Relations)

- Mr. Tanaka has been in charge of financial strategy and investor relations since March 2008. He has promoted the architecture and establishment of the internal control system of our group, and he successfully strengthened our financial fundamentals by reducing interest-bearing debts and establishing a solid earnings base for the whole group.

Yoichi Kato Director (General Manager of Corporate Planning Department)

- As Director and Executive Managing Officer of Yebisu Garden Place Co., Ltd., Mr. Kato has supervised the management of our real estate segment as a whole and contributed to the increase in earnings. Since March 2009, he assumed office of Director and General Manager of Corporate Planning Department of the Company, and he has been responsible for the preparation and implementation of the group management strategy. He forged the New Management Plan.

Directors of the Company and Presidents of Principal Business Companies: Three Candidates

Yoshiyuki Mochida Managing Director and Group Operating Officer (President and Representative Director of Sapporo International Inc.)

- After assuming the offices of President of Sapporo U.S.A., Inc. and Director of International Division, Sapporo Breweries Limited, Mr. Mochida, as General Manager of Corporate Planning Department, has concluded the acquisition of Canada's Sleeman. Since March 2009, he has assumed the office of President of Sapporo International Inc. and promoted international business expansion, which is one of the strategic goals of our group.

Fumiaki Terasaka New candidate for Managing Director and Group Operating Officer (President and Representative Director of Sapporo Breweries Limited)

- During his office as General Manager of Marketing Department of Sapporo Breweries Limited, Mr. Terasaka expanded the lineup of "Yebisu" brand beers and achieved the largest volume of sales of that brand. Since March 2009, he has assumed the office of Executive Managing Officer of Sapporo Breweries Limited and led operation and management reforms of Sapporo Breweries Limited.

Kazuo Ushio Director and Group Operating Officer (President and Representative Director of Yebisu Garden Place Co., Ltd.)

- As President of Yebisu Garden Place Co., Ltd. since March 2007, Mr. Ushio has increased earnings by maintaining high a operation ratio, increasing rents and reducing costs regarding the facilities owned by that company. He has also proactively advanced the development of existing properties and the acquisition of new assets as well as promoted the expansion of the real estate segment of our group.

Outside Directors: Three Candidates

Hiroaki Eto Outside Director (Advisor of Mizuho Trust & Banking Co., Ltd., Former President and Representative Director of Mizuho Trust & Banking Co., Ltd.)

Hiroshi Tanaka Outside Director (Chairman of the Board of Directors of Kureha Corporation, Former President & Chief Executive Officer of Kureha Corporation)

Nobuo Katsumata Outside Director (Chairman, Member of the Board of Marubeni Corporation, Former President and CEO, Member of the Board of Marubeni Corporation)

- As top managers of a top-tier Japanese financial institution, manufacturer and trading company, respectively, these three individuals have many years experience and have made abundant achievements. As outside directors, they have each contributed their objective and valuable advice to the meetings of the board of directors of the Company in connection with the management of the Company, which, as a holding company, supervises each business segment and implements management reform.

(ii) In the event that the candidates for director set forth in shareholder proposal advanced by SPJSF are elected, our corporate value could be damaged.

- SPJSF has not made clear under what management policies and management organization our group would be managed if their proposed board candidates were to be elected.

SPJSF presents no clear explanation of how the candidates for directors whom SPJSF proposes (“Candidates Proposed by Shareholder”), if elected, could enhance the corporate value of the Company, such as their concrete management policies, the measures they would undertake for enhancing the corporate value of the Company, and a management organization for implementing such measures responsibly. None of the six persons among the Candidates Proposed by Shareholder who are not currently serving as a director of Sapporo Holdings (the “Non-Current Director-Candidates Proposed by Shareholder”) has expressed his innovative viewpoints related to SPJSF’s proposal, or his motivation for the further development of the Company. In other words, it is quite questionable on which grounds SPJSF insists that “once the Candidates Proposed by Shareholders are elected as director, Sapporo will be able to implement changes and reforms that are necessary for its operation results and the enhancement of corporate value”.

Moreover, the Non-Current Director-Candidates Proposed by Shareholder do not have a relationship of trust with customers, business partners or employees, who are currently the source of the corporate value of the Company, and, as mentioned above, SPJSF has not clearly indicated under which management policies and management organization our group would be managed. If such Non-Current Director-Candidates Proposed by Shareholder were elected, such election could bring tremendous confusion to every front of the business operations of the Company. It is difficult to imagine that the management of our group would work more appropriately than ever before in comparison with the current management organization, which has President and Group CEO at its center and has been collectively implementing the Management Plan. Therefore, in the event that the Non-Current Director-Candidates Proposed by Shareholder were elected, our corporate value could be damaged.

- Messrs. Yoichi Kato, Hiroaki Eto, Hiroshi Tanaka and Nobuo Katsumata, who are directors of the Company currently in office, have not indicated to SPJSF their acceptance of becoming the Candidates Proposed by Shareholder.

The Candidates Proposed by Shareholder include Yoichi Kato, Hiroaki Eto, Hiroshi Tanaka and Nobuo Katsumata, who are directors of the Company currently in office, and SPJSF insists that their re-election will maintain the appropriate continuity with the current management. However, SPJSF has not consulted them regarding their willingness to become Candidate Proposed by Shareholder. Neither have they accepted such candidacy.

The board of directors of the Company, including those four directors, holds the unanimous view that “the composition of directors proposed in the shareholder proposal would not make the management of the Company function more effectively than it does at present”.

- The Candidates Proposed by Shareholder include former presidents of Pokka Corporation and Fujiya Co., Ltd., which are in alliance relations with our group. However, those companies have not been informed of nor accepted such candidacy.

The Candidates Proposed by Shareholder include former presidents of Pokka Corporation and Fujiya Co., Ltd., which are in alliance relations with our group. Pokka Corporation and Fujiya Co., Ltd. are currently in respective alliance relations with our group. However, those companies have neither been informed of nor accepted the candidacy of their former presidents for director of the Company, and those companies have confirmed with us that they have not been involved in SPJSF’s shareholder proposal.

4. Conclusion

As mentioned above, we have implemented effective management reforms and achieved earnings targets by strengthening our business foundation. We have also made concerted efforts toward future growth.

Our group is aiming to achieve sustainable enhancement of corporate value and enhancement of the interests of all our stakeholders by maintaining integrity in corporate conduct that reinforces stakeholder trust and realizing our management philosophy of “making people’s lives richer and more enjoyable”. Today’s business environment has severely deteriorated and may be expected to deteriorate even more severely in the future. However, our group has assumed the continuance of such severe economic deterioration, and on such assumption we will proceed with group-wide efforts to focus our maximum power in order to enhance corporate value even in such an environment.

The candidates for director set forth in the Company proposal are the product of repeated deliberations from all perspectives as to who could best maximize the effect of strong leadership in the course of steadily promoting the New Management Plan. We believe that the candidates whom we will recommend at the next ordinary general meeting of shareholders be elected represent the best possible composition of our board.

We deeply appreciate the support and encouragement our group has always received from our various stakeholders, including our many customers and shareholders. We will continue to respond, as a group, to the expectations of all of you by providing safe, reassuring and high-quality products and services. We appreciate your continued support.

[End of this press release]

This press release is prepared for the purposes of seeking the understanding of shareholders on the agenda at the General Meeting and our opinions concerning such agenda. This press release is not in any sense intended to be, and does not constitute, solicitation from our shareholders to authorize us or any other third party as their proxy in exercising their voting rights on their behalf with respect to agenda of the General Meeting, nor should this press release be interpreted as such solicitation.