

(TRANSLATION)

[This English translation is an abridged version of the original notice in Japanese. In the event of any discrepancy, the Japanese version shall prevail.]

(Securities code: 2501)

March 5, 2010

To Our Shareholders

Takao Murakami
President and Director
Sapporo Holdings Limited
20-1, Ebisu 4-chome, Shibuya-ku, Tokyo

Notice of Convocation of The 86th Ordinary General Meeting of Shareholders

Dear Sirs/Madams:

You are cordially invited to attend the 86th Ordinary General Meeting of Shareholders of Sapporo Holdings Limited (the “Company”) to be held as described below.

If you are unable to attend the meeting, please exercise your voting rights using one of the following methods, after examining the “Reference Materials for the General Meeting of Shareholders” set forth below.

Exercise of voting rights by mail

Please indicate your approval or disapproval in respect of each proposal on the enclosed voting rights exercise form and send the form back to us so that it reaches us by no later than 5:30 p.m. on Monday, March 29, 2010.

Exercise of voting rights by electronic method (Internet etc.)

Please access the Company’s specified website for exercising voting rights via a computer, and register your approval or disapproval in respect of each proposal by no later than 5:30 p.m., Monday, March 29, 2010.

Description

1. Date and time of the meeting: Tuesday, March 30, 2010 at 10:00 a.m.
2. Place of the meeting: The Garden Hall (inside Yebisu Garden Place)
13-2, Mita 1-chome, Meguro-ku, Tokyo

3. Purpose of the meeting:

Matters to be reported:

1. Report on the business report, the consolidated financial statements, and the results of audit of the consolidated financial statements by the accounting auditors and the Board of Corporate Auditors for the 86th business term (from January 1, 2009 to December 31, 2009)
2. Report on the non-consolidated financial statements for the 86th business term (from January 1, 2009 to December 31, 2009)

Matters to be resolved:

<Company Proposals (Proposals No. 1 to No. 4)>

Proposal No. 1:	Dividends from surplus
Proposal No. 2:	Election of ten (10) Directors
Proposal No. 3:	Election of one (1) Substitute Corporate Auditor
Proposal No. 4:	Approval of Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company

<Shareholder Proposal (Proposal No.5)>

Proposal No. 5:	Election of ten (10) Directors
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Please refer to “Reference Materials for the General Meeting of Shareholders” herein (p.42 to p.46) for the text of the Proposed Resolution of the Shareholder Proposal.

Business Report

(From January 1, 2009 to December 31, 2009)

1. Review of Group Operations

(1) Operations in the Term under Review

(i) Operations and Operating Results

The global financial crisis and global recession that started in the fall of 2008 caused a substantial decrease in overall demand levels worldwide, in turn greatly damaging the Japanese economy, the continued growth of which is dependant on exports.

Under such conditions, the Japanese economy during the term under review was characterized by forced personnel reductions and investment constraints on the part of corporations, a large drop in domestic demand in the form of consumer spending and capital investment, and an increased downward trend in commodity prices.

Regarding the industries in which Sapporo Group is active, which include alcoholic beverages, soft drinks, and restaurants, etc., corporate earnings were significantly affected by sluggish consumer spending and unseasonable summer weather.

In the real estate industry, there was continued deterioration with respect to vacancy rates and rent levels in the office leasing market in the Tokyo metropolitan area from the beginning of the year, and although this trend gradually eased since the second half towards the end of the year, no turnaround was seen.

Amid these conditions, the Group has promoted “laying a platform for sustainable growth” and “capitalizing on our strengths and bolstering our earnings base,” which are the key objectives of the rolling plan based on “Sapporo Group’s New Management Framework,” announced in 2007.

Regarding sustainable future growth, the Group implemented various initiatives aimed at achieving its planned objectives such as the decision to expand into the Vietnamese beer market in the alcoholic beverages segment, the establishment of a strategic capital and business alliance with Pokka Corporation in the soft drinks segment and commencement of a joint venture with Marudai Group in the yogurt, dessert and chilled beverages segment. Moreover, regarding bolstering our earnings base, although operating income fell due to changes in accounting and taxation standards, cost structure reforms promoted to stabilize revenue in response to changes in the economic environment, as well as continuous and thorough cost control efforts, helped us achieve the targeted level of profits.

For the term under review, the Group’s consolidated operating results were as follows.

Sales decreased as a result of an increased sales composition ratio for the new genre in the domestic alcoholic beverages segment, a revision of unprofitable transactions in the soft drinks segment, a drop in demand for restaurant meals, and unseasonable summer weather. As a result, consolidated sales came to ¥387.5 billion, reflecting a decrease of ¥27.0 billion, or 7%, compared with the previous term.

As for earnings, in the domestic alcoholic beverages segment, despite thorough cost control efforts, earnings fell due to special factors such as an increase in depreciation and amortization and the posting of operating expenses such as loss on disposal of inventories following changes in accounting and taxation standards. In the international alcoholic beverages segment, despite a higher sales volume achieved mostly in Canada, earnings decreased due to the effect of foreign exchange rates. The soft drinks segment had higher earnings as a result of our ongoing program to boost earnings power despite up-front investments in the food business. The restaurant segment saw lower earnings due to decreased sales resulting from the decline in demand for restaurant meals. Earnings decreased in the real estate segment as efforts to maintain and improve occupancy

rates and rent levels as well as cost reductions, among other things, failed to offset the impact caused by the disposal of a 15% co-ownership stake in Yebisu Garden Place during the previous term. As a result of these factors, consolidated operating income was ¥12.8 billion (a decrease of ¥1.7 billion, or 12%, from the previous term).

Although financial liabilities were at the same level as that of the previous term, lower interest rates on loans improved financial income (expense), and equity in income of affiliates was posted from Pokka Corporation and Azumino Food Co., Ltd. As a result, consolidated ordinary income amounted to ¥10.7 billion (an increase of ¥0.1 billion, or 2%, from the previous term).

Consequently, consolidated net income amounted to ¥4.5 billion (a decrease of ¥3.1 billion, or 41%, from the previous term). This difference between the figures for the two terms is mainly due to gains made on sales of property, plant and equipment that were recorded during the previous term.

(2) Issues to be Addressed by the Group

Sapporo Group's management philosophy is expressed with the words "to make people's lives richer and more enjoyable" and its fundamental management policy is to "strive to maintain integrity in corporate conduct that reinforces stakeholder trust, and aims to achieve continuous growth in corporate value."

In October 2007, the Group announced the "Sapporo Group's New Management Framework," which is to be achieved by the year 2016, being the 140th anniversary of the Group's founding.

The fundamental strategy challenges under the "Sapporo Group's New Management Framework" are as follows:

(i) Create high-value-added products and services

The Group aims to maximize capital efficiency by focusing its management resources on areas that offer the greatest competitive strengths in each of its businesses and to build sustainable market advantages. The Group will foster common values that focus on "providing valuable products and services that customers can identify with" and thereby create "high value-added" products and services.

(ii) Form strategic alliances

Rather than focusing solely on its own operations, the Group plans to promote strategic alliances with powerful partners that will enable it to enhance the Group's strengths, complement its capabilities, and acquire know-how, so as to rapidly develop competitive advantages on a large scale.

(iii) Promote international expansion

Expand the soft drinks and food products businesses, as well as the alcoholic beverages business, in overseas markets. Aim to build brands in overseas markets by utilizing technological capabilities and business alliances.

(iv) Expand synergies among group companies

The Group will promote flexible collaboration and cooperation unconstrained by existing organizational boundaries and pursue synergies among businesses.

The newly formulated "Sapporo Group Management Plan 2010-2011" which is a revised version of the two-year rolling plan for 2009-2010 announced last year, takes into consideration the factors changing the domestic and overseas operating environments.

As outlined in the "Sapporo Group Management Plan 2010-2011," the Group is promoting proactive efforts to realize results from the further continuation of business structure reforms and by improving its adaptability to operating environment changes, as well as from new measures implemented for the purpose of achieving future group-wide growth such as strategic alliances previously effected in the food business, the alliance with Pokka Corporation, and expansion into the Vietnamese beer market.

Moreover, as part of efforts to harness intra-group synergies, last year we hosted the Sapporo beer festival in various parts of Hokkaido and, particularly, in Sapporo, the birthplace of the Sapporo Group, as well as the Ebisu Beer Festival in Ebisu. Both events drew large crowds. This year, we will continue making concerted efforts as a Group aiming to enhance brand strength by unleashing group synergies.

We have also designated CSR Management as one of the "Important Strategies Supporting Continuous Growth of the Group." We will promote measures to tackle "food security issues," "alcohol related issues" and "global warming and environmental issues" based on the Sapporo Group CSR policy. Also, we will steadily promote awareness and activities regarding CSR and compliance by continuing our in-house education and through other means.

Consolidated Balance Sheet

(As of December 31, 2009)

(Million Yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets	102,277	Current liabilities	169,252
Cash and bank deposits	6,387	Accounts payable	20,185
Notes and accounts receivable	60,120	Short-term bank loans	36,735
Marketable securities	47	Current portion of long-term debt	10,000
Merchandise and finished products	13,258	Liquor taxes payable	35,242
Raw materials and supplies	9,689	Income taxes payable	843
Deferred tax assets	2,787	Accrued bonuses	1,638
Refundable income taxes	1,236	Deposits received	27,084
Other	8,941	Other	37,523
Allowance for doubtful receivables	(192)		
Fixed assets	404,596	Long-term liabilities	219,032
Tangible fixed assets	317,838	Bonds	43,843
Buildings and structures	176,378	Long-term borrowings	106,216
Machinery and vehicles	43,986	Deferred tax liabilities	12,097
Land	84,384	Employees' retirement benefits	7,487
Construction in progress	8,487	Directors' and corporate auditors' severance benefits	45
Other	4,601	Dealers' deposits for guarantees	32,011
Intangible fixed assets	21,894	Other	17,330
Goodwill	14,926	Total liabilities	388,284
Other	6,967	[Net Assets]	
Investment and other assets	64,863	Shareholders' equity	119,360
Investment securities	35,390	Capital amount	53,886
Long-term loans receivable	11,072	Capital surplus	46,318
Deferred tax assets	4,824	Retained earnings	20,286
Other	15,339	Treasury stock	(1,131)
Allowance for doubtful receivables	(1,763)	Valuation and translation adjustments	(988)
		Unrealized holding gains on securities	2,637
		Deferred hedge gains or losses	0
		Foreign currency translation adjustments	(3,627)
		Minority interests	218
Total assets	506,874	Total net assets	118,590
		Total liabilities and net assets	506,874

Consolidated Statement of Income

(From January 1, 2009 to December 31, 2009)

(Million Yen)

Item	Amount	
Net sales		387,534
Cost of sales		267,690
Gross profit		119,843
Selling, general and administrative expenses		106,947
Operating income		12,895
Non-operating income		2,226
Interest income	398	
Dividend income	536	
Gain (loss) on gift voucher redemptions	532	
Equity in income of affiliates	275	
Foreign exchange gains	50	
Other	431	
Non-operating expenses		4,396
Interest expense	3,623	
Other	773	
Ordinary income		10,725
Extraordinary income		967
Gain on sales of fixed assets	948	
Gain on sales of investment securities	19	
Extraordinary loss		2,818
Loss on disposal of fixed assets	1,523	
Loss on impairment of fixed and leased assets	925	
Loss on devaluation of investment securities	244	
Loss on devaluation of inventories	125	
Income before income taxes and minority interests		8,874
Current income taxes		912
Deferred income taxes		3,437
Loss on minority shareholders		11
Net income		4,535

Consolidated Statement of Changes in Shareholders' Equity

(From January 1, 2009 to December 31, 2009)

(Million Yen)

	Shareholders' equity				
	Capital amount	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2008	53,886	46,325	19,972	(1,058)	119,126
Effect of changes in accounting policies applied to foreign subsidiaries			(1,477)		(1,477)
Changes of items during the period					
Dividends from surplus			(2,743)		(2,743)
Net income			4,535		4,535
Purchase of treasury stock				(119)	(119)
Disposition of treasury stock		(7)		46	39
Net changes of items other than shareholders' equity during the period					
Total changes of items during the period	-	(7)	1,791	(73)	1,711
Balance as of December 31, 2009	53,886	46,318	20,286	(1,131)	119,360

	Valuation and translation adjustments				Minority interests	Total net assets
	Unrealized holding gains on securities	Deferred hedge gains or losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of December 31, 2008	3,046	-	(5,536)	(2,490)	226	116,862
Effect of changes in accounting policies applied to foreign subsidiaries						(1,477)
Changes of items during the period						
Dividends from surplus						(2,743)
Net income						4,535
Purchase of treasury stock						(119)
Disposition of treasury stock						39
Net changes of items other than shareholders' equity during the period	(408)	0	1,909	1,501	(7)	1,494
Total changes of items during the period	(408)	0	1,909	1,501	(7)	3,205
Balance as of December 31, 2009	2,637	0	(3,627)	(988)	218	118,590

Non-Consolidated Balance Sheet

(As of December 31, 2009)

(Million Yen)

Item	Amount	Item	Amount
[Assets]		[Liabilities]	
Current assets	93,553	Current liabilities	53,547
Cash and bank deposits	2,898	Short-term bank loans	18,000
Accounts receivable	394	Current portion of long-term debt	14,964
Advance payments-trade	0	Current portion of bonds	10,000
Prepaid expenses	22	Accounts payable	1,682
Deferred tax assets	76	Accrued expenses	386
Accrued revenue	966	Income taxes payable	231
Refundable income taxes	1,174	Deposits received	8,218
Consumption taxes receivable	23	Accrued bonuses	64
Short-term loan receivables	87,805	Long-term liabilities	137,868
Other	192	Bonds	40,000
Fixed assets	231,099	Long-term borrowings	95,773
Tangible fixed assets	2	Employees' retirement benefits	1,980
Tools, furniture and fixtures	2	Directors' and corporate auditors' severance benefits	1
Intangible fixed assets	12	Other	113
Trademark rights	12		
Investment and other assets	231,084	Total liabilities	191,416
Investment securities	7,244	[Net Assets]	
Shares in affiliates	135,417	Shareholders' equity	132,889
Long-term loans receivable	91,038	Capital amount	53,886
Long-term prepaid expenses	10	Capital surplus	46,570
Deferred tax assets	601	Capital reserves	46,543
Allowance for investment loss	(3,532)	Other capital surplus	27
Other	303	Retained earnings	33,563
		Earnings reserve	6,754
		Other retained earnings	26,809
		Contingent reserve	16,339
		Unappropriated retained earnings at end of period	10,470
		Treasury stock	(1,131)
		Valuation and translation adjustments	347
		Unrealized holding gains on securities	347
		Total net assets	133,236
Total assets	324,652	Total liabilities and net assets	324,652

Non-Consolidated Statement of Income

(From January 1, 2009 to December 31, 2009)

(Million Yen)

Item	Amount	
Operating revenues		9,072
Managing revenue from operating companies	3,655	
Dividend income from subsidiaries and affiliates	5,416	
Operating expenses		2,979
General administrative expenses	2,979	
Operating income		6,092
Non-operating income		3,943
Interest and dividend income	3,902	
Other	41	
Non-operating expenses		3,291
Interest expense	3,021	
Other	269	
Ordinary income		6,745
Extraordinary income		0
Gain on sales of investment securities	0	
Income before income taxes		6,745
Current income taxes		534
Deferred income taxes		7
Net income		6,202

Non-Consolidated Statement of Changes in Shareholders' Equity

(From January 1, 2009 to December 31, 2009)

(Million Yen)

	Shareholders' equity									
	Capital amount	Capital surplus			Earnings reserve	Retained earnings			Treasury stock	Total shareholders' equity
		Capital reserves	Other Capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
						Contingent reserve	Unappropriated retained earnings			
Balance as of December 31, 2008	53,886	46,543	34	46,577	6,754	16,339	7,011	30,104	(1,058)	129,510
Changes of items during the period										
Dividends from surplus							(2,743)	(2,743)		(2,743)
Net income							6,202	6,202		6,202
Purchase of treasury stock									(119)	(119)
Disposition of treasury stock			(7)	(7)					46	39
Net changes of items other than shareholders' equity during the period										
Total changes of items during the period	-	-	(7)	(7)	-	-	3,459	3,459	(73)	3,378
Balance as of December 31, 2009	53,886	46,543	27	46,570	6,754	16,339	10,470	33,563	(1,131)	132,889

	Valuation and translation adjustments		Total net assets
	Unrealized holding gains on securities	Total valuation and translation adjustments	
Balance as of December 31, 2008	421	421	129,931
Changes of items during the period			
Dividends from surplus			(2,743)
Net income			6,202
Purchase of treasury stock			(119)
Disposition of treasury stock			39
Net changes of items other than shareholders' equity during the period	(73)	(73)	(73)
Total changes of items during the period	(73)	(73)	3,304
Balance as of December 31, 2009	347	347	133,236

Reference Materials for the General Meeting of Shareholders

<Company Proposals (Proposal No.1 to Proposal No.4)>

Proposal No. 1 – Dividends from surplus

The Company considers the appropriate return of profits to its shareholders as a fundamental aspect of management policy and has adopted a policy to essentially maintain stable dividends and undertake dividend payments taking into consideration the Company's performance and financial condition.

The operating results for the 86th business term are as shown in the Business Report. While giving consideration to both providing a return of profits to our shareholders and maintaining internal reserves for the purpose of strengthening the Company's financial base, the Company intends to maintain the current level of dividends after an increase in the previous business term and distribute year-end dividends as follows.

Matters relating to year-end dividends

(1) Category of dividend assets

Cash

(2) Matters relating to the allocation of dividend assets and the total amount of such allocation

The Company intends to issue a dividend of 7 yen per one share of the Company's common stock.

In this event, the total dividend payment would be 2,742,268,963 yen.

(3) Date on which the dividends from surplus will take effect

March 31, 2010

Proposal No. 2 – Election of ten (10) Directors

At the conclusion of this General Meeting, the terms of office of all ten (10) Directors will expire. The Company therefore proposes the election of a total of ten (10) Directors (including three (3) Outside Directors) provided in “2. Candidates for Directors” for the reasons described in 1. below.

1. Basis for Selection of Candidates for Directors

In order to promote the continuous improvement of its corporate value and ultimately the common interests of its shareholders, the Board of Directors of the Company considers it best that the Company’s Board of Directors be primarily composed of management having extensive know-how and abundant experience in each business of its Group as well as deep knowledge of relationships, etc., established with the stakeholders, including customers, employees and business partners, etc., which are the sources of its corporate value and that its Board of Directors be engaged in management while taking responsibility to comply with the mandate of its shareholders, for the purpose of managing the Company, which as a holding company oversees the management of the entire business of the Group, which the Group is primarily composed of the domestic alcoholic beverage, international alcoholic beverage, soft drinks, restaurant and real estate businesses.

Furthermore, in October 2007, the Company announced its long-term management policy entitled the “Sapporo Group’s New Management Framework”, which is targeted towards 2016, the 140th anniversary of its business, and has aimed to improve the corporate value of the Group by promoting “aggressive management” that heightens its competitiveness through re-adjusting the distribution of management resources and strategic investment in addition to implementing solid management focused on long-term goals. During the last three years in particular, the Company has consistently achieved the reinforcement of its earnings base. On February 12, 2010, the Company announced the “Sapporo Group’s 2010-2011 Management Plan” as the action plan to be achieved in the two-year period starting this year based on the “Sapporo Group’s New Management Framework.” A summary of the plan is described in the Business Report at page 5, and the plan designates this two-year period as a period for shifting from a stage where “enhancing the basis was given priority” to a “growth stage” to further secure the mid- to long-term enhancement of the Group’s corporate value. Business conditions are becoming much more severe and the outlook for future conditions is still uncertain. The Board of Directors of the Company, therefore, believes that the entire Group should continue to consistently promote management reform under the system composed of responsible directors and should promote the continuous improvement of its corporate value and ultimately the common interests of its shareholders, and the director candidates should be selected from such point of view.

In consideration of the explanations above, the Company considers it essential that the ten director candidates stated in 2. below be elected as directors at this General Meeting in order to achieve the “Sapporo Group’s New Management Framework” stated above and consistently carry out management reform as a whole group.

As described above, Takao Murakami, one of the ten director candidates, has strongly promoted the management reform of the Group as President and Representative Director, serving concurrently as CEO of the Group with responsibility for the management of the entire business of the Group.

As full-time directors, Tsutomu Kamijo, Hidenori Tanaka and Yoichi Kato have assisted the President and Representative Director serving concurrently as CEO of the Group and have been in charge of

M&A/business development strategy and human resource strategy, financial strategy and CSR strategy and the integration and adjustment of management strategy of the entire Group, etc., respectively, and have implemented various reforms and measures as well as orchestrating cooperation within the Group companies.

Yoshiyuki Mochida and Kazuo Ushio have been in charge of the main operating companies that are given important positions in the entire Group under the Group's management strategy as directors, each serving concurrently as president and representative director of, in the case of Mochida, Sapporo International Inc., and, in the case of Ushio, Yebisu Garden Place Co., Ltd., and they have carried out management reforms of each business segment based on strong trusting relationships with customers, employees, business partners, etc., who are supporting the Group and have powered the improvement of the earnings of the entire Group as described above. Fumiaki Terasaka, a new director candidate, is expected, this March, to assume the office of the representative director and president of Sapporo Breweries Limited, one of the main operating companies described above. He has taken the initiative in the management reform of Sapporo Breweries Limited and achieved a boost in the earnings base as the executive managing officer of Sapporo Breweries Limited and is also expected to take responsibilities for future business growth of Sapporo Breweries Limited based on strong trusting relationships established with customers, employees, business partners, etc.

In addition, Hiroaki Eto, Hiroshi Tanaka and Nobuo Katsumata have abundant experience, achievements, good judgment, etc., which they obtained through many years as business managers of one of Japan's leading financial institutions, in the case of Eto; manufacturers, in the case of Tanaka; and trading companies, in the case of Katsumata. The Board of Directors has received valuable advice and recommendations from Hiroaki Eto, Hiroshi Tanaka and Nobuo Katsumata based on their objective viewpoints as outside directors with respect to the management of a holding company that controls the domestic alcoholic beverages, international alcoholic beverage, soft drinks, restaurant and real estate businesses, etc., and is implementing management reform.

The Board of Directors of the Company believes that these director candidates will demonstrate their respective strengths as much as possible, make the most of their respective abundant experiences, achievements, good judgment, etc., continue to work on management reform together with employees of the Group, and, if so, the Company can promote the continuous improvement of its corporate value and ultimately the common interests of its shareholders. The Board of Directors, therefore, considers it best that such director candidates be elected as directors at this General Meeting.

2. Candidates for Directors

The candidates for Directors are as follows:

(The “*” symbol means new candidates)

Candidate Number	Name and Date of Birth	Career Summary, Position and Business Responsibility in the Company, and Status of Important Concurrent Occupations or Positions at Other Organizations	Number of Shares Held in the Company
1	Takao Murakami August 14, 1945	<p>April 1969 Joined the Company</p> <p>September 1996 Director of Osaka Brewery</p> <p>September 1998 Director of Production & Technology Department, Production & Technology Division</p> <p>March 1999 Operating Officer, Director of Production & Technology Department, Production & Technology Division</p> <p>March 2001 Senior Officer, Director of Merchandising Department, Marketing Division</p> <p>March 2003 Senior Officer, Deputy Director of Beer Marketing & Production Division</p> <p>July 2003 Director and Executive Managing Officer of Sapporo Breweries Limited, Director of Production & Technology Division</p> <p>March 2004 Member of the Board Managing Director of the Company</p> <p>March 2005 President and CEO of the Group (Up to the present)</p>	48,000
2	Yoshiyuki Mochida January 17, 1951	<p>April 1973 Joined the Company</p> <p>March 1991 President of SAPPORO U.S.A., INC.</p> <p>January 1996 General Manager of Tokyo Chuo Branch of the Company</p> <p>November 1997 General Manager of International Division</p> <p>March 2001 Director of International Division</p> <p>July 2003 Director of International Division of Sapporo Breweries Limited</p> <p>March 2004 Director of Corporate Planning Department of the Company</p> <p>September 2004 Director of Corporate Planning Department</p> <p>March 2005 Member of the Board Director of Corporate Planning Department</p> <p>March 2007 Managing Director (Up to the present)</p> <p>March 2009 President of Sapporo International Inc. Group Operating Officer (Up to the present)</p> <p>(Status of Important Concurrent Occupations or Positions at Other Organizations) President of Sapporo International Inc.</p>	15,000

Candidate Number	Name and Date of Birth	Career Summary, Position and Business Responsibility in the Company, and Status of Important Concurrent Occupations or Positions at Other Organizations	Number of Shares Held in the Company
3	Tsutomu Kamijo January 6, 1954	<p>April 1976 Joined the Company</p> <p>November 1992 General Manager of Corporate Planning Department</p> <p>September 1996 General Manager of Sales Planning Department of Sapporo Beverage Co., Ltd.</p> <p>November 1997 Director of Sales Planning Department of Sapporo Beverage Co., Ltd.</p> <p>March 2001 Member of the Board of Sapporo Beverage Co., Ltd. Director of Sales Planning Department</p> <p>September 2003 Director and Managing Executive Officer, Director of Marketing Department of Sapporo Beverage Co., Ltd.</p> <p>September 2005 Director and Managing Executive Officer, Director of Management Strategy Headquarters of Sapporo Beverage Co., Ltd.</p> <p>March 2007 Member of the Board of the Company Director of Corporate Planning Department</p> <p>March 2009 Managing Director (Up to the present)</p>	18,000
4	*Fumiaki Terasaka April 12, 1949	<p>April 1972 Joined the Company</p> <p>September 1998 Director of Advertising Department, Marketing Division</p> <p>September 2000 Director of Marketing Department, Marketing Division</p> <p>October 2002 Director of Kyushu Sales & Marketing Division</p> <p>July 2003 Director of Kyushu Sales & Marketing Division of Sapporo Breweries Limited</p> <p>March 2004 Operating Officer and Director of Kyushu Sales & Marketing Division of Sapporo Breweries Limited</p> <p>September 2004 Director and Senior Officer, Director of Marketing Department of Sapporo Breweries Limited</p> <p>March 2005 Director and Executive Managing Officer, Director of Marketing Department of Sapporo Breweries Limited</p> <p>March 2009 Executive Managing Officer of Sapporo Breweries Limited (Up to the present)</p> <p>(Status of Important Concurrent Occupations or Positions at Other Organizations)</p> <p>Position of President and Representative Director of Sapporo Breweries Limited to be assumed</p>	26,000

Candidate Number	Name and Date of Birth	Career Summary, Position and Business Responsibility in the Company, and Status of Important Concurrent Occupations or Positions at Other Organizations	Number of Shares Held in the Company
5	Kazuo Ushio September 8, 1950	<p>April 1973 Joined the Company</p> <p>September 2000 Managing Director of Sapporo Hotel Enterprises Limited</p> <p>March 2002 President of Sapporo Hotel Enterprises Limited</p> <p>March 2003 President of Chateau Restaurant Co., Ltd. (Concurrent)</p> <p>December 2004 Assistant to the Director, in charge of Group Strategy of the Company</p> <p>March 2005 Senior Officer of the Company Corporate Auditor of Sapporo Lion Limited</p> <p>March 2006 Member of the Board Director of the Company</p> <p>March 2007 President and Representative Director of Yebisu Garden Place Co., Ltd. (Up to the present) Director and Group Operating Officer of the Company (Up to the present)</p> <p>(Status of Important Concurrent Occupations or Positions at Other Organizations) President and Representative Director of Yebisu Garden Place Co., Ltd.</p>	28,000
6	Hidenori Tanaka April 16, 1955	<p>April 1978 Joined the Company</p> <p>July 2003 Director of Accounting & Finance Department</p> <p>March 2005 Director of Accounting & Finance Department of Sapporo Breweries Limited</p> <p>March 2007 Member of the Board of Sapporo Breweries Limited Director of Accounting & Finance Department</p> <p>March 2008 Director of the Company (Up to the present)</p>	30,000
7	Yoichi Kato July 21, 1954	<p>April 1978 Joined the Company</p> <p>September 2003 Member of the Board, Senior Officer, Director of Sales Administration Division of Yebisu Garden Place Co., Ltd.</p> <p>November 2003 Senior Officer, Director of Corporate Planning Department of Yebisu Garden Place Co., Ltd.</p> <p>March 2007 Director and Executive Managing Officer of Yebisu Garden Place Co., Ltd.</p> <p>March 2009 Member of the Board of the Company Director of Corporate Planning Department (Up to the present)</p>	11,000

Candidate Number	Name and Date of Birth	Career Summary, Position and Business Responsibility in the Company, and Status of Important Concurrent Occupations or Positions at Other Organizations	Number of Shares Held in the Company
8	Hiroaki Eto January 14, 1941	<p>April 1964 Joined The Fuji Bank, Ltd.</p> <p>June 1990 Director of The Fuji Bank, Ltd.</p> <p>May 1993 Managing Director of The Fuji Bank, Ltd.</p> <p>June 1996 Senior Managing Director of The Fuji Bank, Ltd.</p> <p>April 1998 Deputy President of The Fuji Bank, Ltd.</p> <p>June 1999 Deputy President of The Yasuda Trust & Banking Co., Ltd. (the current Mizuho Trust & Banking Co., Ltd.)</p> <p>April 2000 President of The Yasuda Trust & Banking Co., Ltd.</p> <p>March 2003 Member of the Board Director of the Company (Up to the present)</p> <p>June 2004 Advisor of Mizuho Trust & Banking Co., Ltd. (Up to the present)</p> <p>(Status of Important Concurrent Occupations or Positions at Other Organizations)</p> <p>External Director of Pasona Group Inc.</p>	14,000
9	Hiroshi Tanaka September 23, 1941	<p>April 1964 Joined Kureha Chemical Industry Co., Ltd. (current Kureha Corporation)</p> <p>July 1988 Director of Legal & Licensing Department of Kureha Corporation</p> <p>June 1997 Director of Corporate Strategic Division of Kureha Corporation Member of the Board</p> <p>June 1999 Senior Vice President of Kureha Corporation (in charge of marketing)</p> <p>June 2000 Executive Vice President of Kureha Corporation (in charge of marketing)</p> <p>June 2001 Senior Executive Vice President of Kureha Corporation (in charge of corporate strategy & marketing)</p> <p>June 2003 President & Chief Executive Officer of Kureha Corporation</p> <p>April 2007 Chairman of the Board of Directors of Kureha Corporation (Up to the present)</p> <p>March 2008 Director of the Company (Up to the present)</p> <p>(Status of Important Concurrent Occupations or Positions at Other Organizations)</p> <p>Chairman of the Board of Directors of Kureha Corporation</p>	0

Candidate Number	Name and Date of Birth	Career Summary, Position and Business Responsibility in the Company, and Status of Important Concurrent Occupations or Positions at Other Organizations	Number of Shares Held in the Company
10	Nobuo Katsumata December 5, 1942	<p>April 1966 Joined Marubeni-Iida Co., Ltd. (current Marubeni Corporation)</p> <p>June 1996 Director of Marubeni Corporation</p> <p>April 1999 Corporate Vice President, Director and Chief Operating Officer of Marubeni Corporation</p> <p>April 2001 Senior Vice President, Director and Executive Corporate Officer of Marubeni Corporation</p> <p>April 2003 President and CEO, Member of the Board of Marubeni Corporation</p> <p>April 2008 Chairman, Member of the Board of Marubeni Corporation (Up to the present)</p> <p>March 2009 Member of the Board Director of the Company (Up to the present)</p> <p>(Status of Important Concurrent Occupations or Positions at Other Organizations) Chairman, Member of the Board of Marubeni Corporation Outside Director of Yokogawa Electric Corporation</p>	0

Notes:

- There are no special conflicts of interests between the Company and any of the candidates.
- Mr. Hiroaki Eto, Mr. Hiroshi Tanaka and Mr. Nobuo Katsumata are candidates for Outside Directors.
- Mr. Hiroaki Eto has a wealth of experience and track record as the president of a financial institution and is an individual of great insight. Additionally, he will take an objective standpoint independent of the management team engaged in executing the operations of the Company. The Company has judged that he will contribute greatly to the management of the Company, and he has thus been presented to the shareholders as a candidate.
It should be noted that Mr. Eto is currently an Outside Director of the Company and that he will have served in that capacity for a period of seven (7) years as the conclusion of this General Meeting.
- Messrs. Hiroshi Tanaka and Nobuo Katsumata both have a wealth of experience and track record over a number of years in the management of a business corporation and are individuals of great insight. Additionally, they will take an objective standpoint independent of the management team engaged in executing the operations of the Company. The Company has judged that they will contribute greatly to the management of the Company, and they have thus been presented to the shareholders as candidates.
It should be noted that Messrs. Tanaka and Katsumata are currently Outside Directors of the Company and that Mr. Tanaka will have served in that capacity for a period of two (2) years and Mr. Katsumata for a period of one (1) year as of the conclusion of this General Meeting.
- The Company has entered into limited liability agreements with Messrs. Hiroaki Eto, Hiroshi Tanaka and Nobuo Katsumata. These agreements limit the liability of Messrs. Eto, Tanaka and Katsumata to the extent permitted by laws and ordinances and are intended to be extended should Messrs. Eto, Tanaka and Katsumata be re-elected as Directors.

Proposal No. 3 – Election of one (1) Substitute Corporate Auditor

At the commencement of this General Meeting, the effectiveness of election of Mr. Tsugio Yada as a Substitute Corporate Auditor, who was elected as Substitute Corporate Auditor at the 85th Ordinary General Meeting of Shareholders held on March 27, 2009, shall expire. In preparation for the situation where the number of incumbent Corporate Auditors becomes less than that required by laws and ordinances, the Company proposes that Mr. Yada will be elected as Substitute Corporate Auditor.

With respect to this proposal, the Company has obtained the approval of the Board of Corporate Auditors.

The candidate for Substitute Corporate Auditor is as follows:

Name and Date of Birth	Career Summary, Position, and Status of Important Concurrent Occupations or Positions at Other Organizations	Number of Shares Held in the Company
Tsugio Yada July 22, 1948	April 1976 Prosecutor at the Tokyo District Public Prosecutors Office Thereafter, worked for the District Public Prosecutors Offices in Sendai, Chiba, Kushiro, Tokyo and Osaka August 1989 Retired from the Special Investigation Department of the Tokyo District Public Prosecutors Office September 1989 Registration as lawyer (Daiichi Tokyo Bar Association) Partner of Nozomi Sogo Law Office (Up to the present)	0

Notes:

1. There are no special conflicts of interests between the Company and the candidate.
2. Mr. Tsugio Yada will be elected as Substitute Corporate Auditor for an Outside Corporate Auditor. Mr. Yada has not directly engaged in the management of any company, but has been nominated since the Company has judged that he will be able to monitor the activities of Directors from an objective and fair perspective based on his wealth of knowledge and experience as an attorney with expertise in the field of corporate law.
3. If Mr. Tsugio Yada assumes the position of Corporate Auditor, the Company plans to execute the limited liability agreement with him to limit the liability for damages stipulated in Paragraph 1, Article 423 of the Companies Act pursuant to this provision.

Proposal No. 4 – Approval of Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company

In relation to the “Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company” which was consented to by the shareholders at the 85th ordinary general meeting of shareholders held on March 27, 2009 and became effective on the same date (with a period of validity until the end of the this General Meeting), the Company has continually been assessing the role of such policy, including whether or not to extend the period of validity of such policy, from the perspective of enhancing the corporate value and ultimately protecting the common interests of the shareholders while at the same time considering subsequent changes in the circumstances.

As a result of these deliberations, at the Board Meeting held on February 12, 2010, by the agreement of all board directors the “Basic Policy Regarding What and How a Person Controlling Decisions on the Company’s Financial and Business Policies Should Be” (hereinafter referred to as the “Basic Policy on Company Control”) provided for in Article 118, Item 3 of the Ordinance for Enforcement of the Companies Act was resolved, and in addition, conditional upon consent by the shareholders at this General Meeting, it was decided to continue with the “Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company” (hereinafter referred to as the “Policy”).

The Policy is prepared in terms of protecting the corporate value and ultimately the common interests of the Company’s shareholders, and provides the “Large-Scale Purchase Rules” in order to enable shareholders to appropriately make a judgment by requiring a Large-Scale Purchaser of share certificates, etc. of the Company to provide sufficient information, including the purpose and substance of the Large-Scale Purchase, and to allow a proper assessment period, on the basis that the shareholders shall be entrusted to make decisions regarding whether the Large-Scale-Purchase is beneficial. Thus, the Policy does not prevent the Large-Scale Purchase or deprive the shareholders of the opportunity to determine whether or not to accept the Large-Scale Purchase.

With regard to the continuation of the Policy, we believe that, taking the importance of the Policy into account, it is appropriate to confirm the intention of shareholders, and we hereby request their approval of the continuation of the Policy.

If the Policy is approved by majority of voting rights of the shareholders who are entitled to exercise their voting rights at this General Meeting, the Policy shall continue to be in effect and the expiration date shall be the end of the 87th ordinary general meeting of shareholders of the Company to be held by March 31, 2011.

As for the contents of the Basic Policy on Company Control as well as the Policy, please see the Attachment hereto (on pages 23-41).

In addition, the main features of the Policy and the parts that will be amended upon continuation of the Policy are as set out below.

1. Main Features of the Policy

The Company has reviewed and revised the Policy every year since it has been adopted in February 2006 from the perspective of protecting the common interests of the shareholders considering the enforcement of the Companies Act and the Financial Instruments and Exchange Act, or the “Role of Anti-Takeover Policy Taking Into Account the Recent Changes of Various Environment” announced by the Corporate Value Study Group as of June 30, 2008, or any other environmental change or opinions from the shareholders and investors. The main features of such Policy are as follows:

- 1) Structures to Avoid Unnecessary Prolongation of the Process of Large-Scale Purchase Rules
 - Specific contents of the necessary information the provision of which is to be requested to Large-Scale Purchasers have been limited to the extent necessary and sufficient for the shareholders to determine or the board of directors to form its opinion.
 - An upper limit (which shall be 60 days in principle) on the period for requesting the provision

of information from Large-Scale Purchasers has been set.

- The assessment period for the board of directors shall be set as necessary within 60 days, and even if such assessment period is to be extended, such period shall be limited to 90 days maximum, including the original assessment period.
- 2) Structures to Eliminate Arbitrary Decisions by the Board of Directors
- An independent committee, which shall be independent from the board of directors as its monitoring body, shall be established, and upon making important decisions concerning the Policy, the board of directors shall, in principle, consult with such independent committee and give utmost respect to the recommendations of such independent committee.
 - Furthermore, where a resolution of the board of directors is conducted in relation to an important decision relating to the Policy, such decision may not be resolved unless there is agreement by two-thirds or more of the outside directors attending the board of directors' meeting.
 - In addition to the monitoring by the independent committee and the outside directors as described above, the Policy specifies that resolutions at the shareholders' meeting or approval of the shareholders may be required depending on the content of the countermeasures selected.
- 3) Structures to Limit Implementation of Countermeasures
- If a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, the board of directors shall not in principle take countermeasures against the Large-Scale Purchase. The Company shall not deem that a Large-Scale Purchaser has not complied with the Large-Scale Purchase Rules just because a Large-Scale Purchaser has not provided a part of the necessary information requested by the board of directors.
 - Cases where exceptional measures may be taken against Large-Scale Purchasers complying with the Large-Scale Purchase Rules are limited to cases where Large-Scale Purchases are deemed to clearly and seriously damage the common interests of the shareholders, and the Policy specifies that exceptional measures will not be taken against any Large-Scale Purchase just because the intention of a Large-Scale Purchaser formally falls under any act exemplified in the Policy or the Large-Scale Purchase adversely affects the interests of any stakeholder other than the shareholders.
- 4) Others
- In the event that the board of directors selects to issue stock acquisition rights by allotment to the shareholders as a specific countermeasure, it has been set in relation to the acquisition terms and acquisition conditions of the stock acquisition rights that no money shall be delivered as consideration to any persons belonging to a specific Group of Shareholders.
 - The period of validity for the Policy shall be one year, and after considering, among other things, whether or not to continue the Policy or the review and revision of its contents, if the Policy is to be continued, approval of the shareholders at the shareholders' meeting shall be obtained.

2. Parts Which Have Been Amended upon Continuation of the Policy

Other than the required amendments made in section III. 6. "Period of Validity, and Expiration and Repeal of the Policy" upon continuation of the Policy, formal amendments have been made, such as deleting section 7. "Supplementary Provision" and revising the state of the Company's major shareholders listed in Appendix 3 in accordance with the information as of December 31, 2009.

(Attachment to Proposal No. 4)

I Basic policy regarding what and how a person controlling decisions on the Company's financial and business policies should be

The board of directors of the Company believes that since we, as a public corporation, allow the free purchase and sale of shares of the Company, the shareholders of the Company should be entrusted to make the final decision regarding whether or not to accept a large-scale purchase by a specific person.

However, in managing the Company that, as a holding company, controls the management of the entire business of the Group, which is primarily comprised of the domestic alcoholic beverage, international alcoholic beverage, soft drink, food service and real estate businesses, 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. Without a sufficient understanding of the above matters by a person controlling decisions on our financial and business policies, the shareholder value that could be realized in the future by our shareholders may be damaged.

We shall make every effort to cultivate the shareholders' and the investors' understanding of the appropriate value of the Company's shares through IR activities; however, it is indispensable that the shareholders of the Company are provided with appropriate and sufficient information by both a purchaser and the board of directors of the Company in order to appropriately determine, within a short period of time, whether or not the purchase price of the Company's shares proposed by the purchaser is reasonable, when a large-scale purchase is suddenly made. In addition, we believe that information regarding the impact of the purchase on the Company, the basic management policy that the purchaser wishes to adopt if the purchaser participates in the management of the Company, and the opinion of the board of directors of the Company towards the purchase, etc. is material to the decision making process of the shareholders of the Company who intend to hold the Company's shares continuously in respect of whether or not to continue to hold such shares.

Taking the above into account, we believe that it is necessary for a large-scale purchaser to commence a large-scale purchase only after the purchaser provides necessary and sufficient information regarding the purchase in advance and a certain period for the board of directors of the Company elapses, in accordance with the rules established and disclosed in advance by the Company (please refer to III 3 for details; hereinafter referred to as the "Large-Scale Purchase Rules") for the benefit of the decision making process of the shareholders of the Company.

In addition, in large-scale purchases, it cannot be said that there are never cases where the large-scale purchase in question will be determined as clearly and seriously damaging to the common interests of the Company's shareholders. In order to protect the common interests of the Company's shareholders, we believe that it is necessary to take such measures against such purchase as the board of directors deems appropriate in accordance with the Large-Scale Purchase Rules.

II Effective utilization of our assets, the formation of the appropriate corporate group, and other special efforts to realize the basic policy on company control

In addition to the efforts set forth in III below, we will make every special effort to realize the Basic

Policy on Company Control as follows.

1 Efforts based on the “Sapporo Group’s New Management Framework”

In October 2007, the Sapporo Group announced the “Sapporo Group’s New Management Framework” which is targeted towards 2016, the 140th anniversary year of the foundation of our Group.

In order to engage in business development that utilizes the strengths and assets held by the Group, the business domains under the “Sapporo Group’s New Management Framework” are “the creation of value in food” and “the creation of comfortable surroundings”. Along with planning for further growth and improved profits in these domains, we will strive to create new business opportunities and plan to build new businesses that will support the growth of the Group for the next generation.

Into the future, using the “Sapporo Group’s New Management Framework” we aim to improve the corporate value of the Group by progressing with “attacking management” that heightens our competitiveness through re-adjusting the distribution of management resources and strategic investment in addition to implementing solid management focused on long term goals. We will also further implement and position “CSR Management” as one of the “Important Strategies Supporting Continuous Growth of the Group”.

The fundamental strategy challenges under the “Sapporo Group’s New Management Framework” are as follows:

(i) Create high-value-added products and services

The Group aims to maximize capital efficiency by focusing its management resources on areas that offer the greatest competitive strengths in each of its businesses and building sustainable market advantages. The Group will foster common values that focus on “providing valuable products and services that customers can identify with” and thereby create high value-added.

(ii) Form strategic alliances

Rather than focusing solely on its own operations, the Group plans to promote strategic alliances with powerful partners that will enable it to enhance the Group’s strengths, complement its capabilities, and acquire know-how, so as to rapidly develop competitive advantages on a large scale.

(iii) Promote international expansion

Expand the soft drinks and food products businesses, as well as the alcoholic beverages business, in overseas markets. Aim to build brands in overseas markets by utilizing technological capabilities and business alliances.

(iv) Expand synergies among group companies

The Group will promote flexible collaboration and cooperation unconstrained by existing organizational boundaries, and pursue synergies among businesses.

2 Efforts toward the strengthening and reinforcing of corporate governance

We shifted to a pure holding company system in July 2003, and formulated the Group's governance system based on the management philosophy of the Group. The basic principles and policy of management of the Group are as follows:

(1) Management philosophy of the Group and basic policy on our management

Sapporo Group states its management philosophy to be “create enjoyment and contribute to enrichment” and its basic management policy is “strive to maintain integrity in corporate conduct that reinforces stakeholder trust and aim to achieve continuous growth in corporate value”, and is focused on improving the corporate value of the whole Group by achieving continuous growth and revenue and to contribute to the stakeholders in the future.

(2) Basic principles of the management of the Group

Under a holding company system, Sapporo Group has established the following basic principles of group management and aims to maximize corporate value by achieving total optimization of Sapporo Group and creating synergies, while retaining the autonomy of each business segment.

<Principle of total optimization of the Group>

The Group companies shall focus on their respective business activities, on the premises of value maximization and total optimization of the Group, and contribute to the improvement of the consolidated achievements of the Group.

<Principle of autonomy>

The Group companies aim to reinforce the management basis and to be autonomous in the realization of each of their missions based on the purpose of their foundation and the management policy of Sapporo Group.

The Company, as the holding company, delegates the operating authority necessary for corporate management to the presidents of the Group companies and these presidents are responsible for the management of their companies. In addition, the Company supports and guides the Group companies in their growth and progression.

<Principle of mutual cooperation>

The Company and the Group companies cooperate with each other in promoting business, including the procurement of materials, products, services, etc., and endeavor to realize the effects of synergies in the Group, while considering economic reasonableness.

(3) Basic policy on the constitution of the system of Group governance

In order to realize the management philosophy and the basic policy of management and to promote the continuous improvement of the corporate value of the whole Group, we regard the strengthening and reinforcement of Group governance as an important management issue. We are clarifying the

supervisory function, operating function and audit function of our Group under the holding company system, and are endeavoring to improve the transparency of the management and to reinforce the management monitoring function toward the achievement of management goals.

<Supervisory function>

The board of directors plays a role in the supervisory function in the management of the Group, makes decisions pertaining to legally stipulated items and material operating issues that are stipulated in the rules of the board of directors, elects the representative directors and Group CEO, Group operating officers and other important employees, and supervises their operation.

<Operating function>

The representative directors and Group CEO control the operations of the whole Group in accordance with the decisions of our board of directors. Group operating officers who double as presidents of main operating companies control the operations of each of the main business segments, subject to the total control by the representative directors and Group CEO of the Company.

<Audit function>

We have chosen to be a company with company auditors who work independently of the board of directors and of each other (self-independent system) and audit the operations of the directors, and to establish the board of company auditors.

(4) Efforts toward strengthening the Group governance system

We have made positive efforts toward strengthening the governance system through adopting operating officers in March 1999 which was before our shift toward a pure holding company system, and reducing the term of office of the directors to one year as of March 2002, etc. Since we shifted to a pure holding company system on July 2003, we have endeavored to strengthen the Group governance as described in (3) above. We have also made efforts to gradually increase the number of outside directors. We will further endeavor to strengthen and reinforce corporate governance in the future.

We believe that efforts based on the “Sapporo Group’s New Management Framework” improve the corporate value of the Group and reduce the risk that a large scale purchaser who will materially damage the common interests of the Company’s shareholders will appear. In addition, we believe that efforts toward the strengthening of corporate governance will promote the “Sapporo Group’s New Management Framework” and will be the basis for improvements of the corporate value. Therefore, we believe that such efforts are in accordance with the Basic Policies on Company Control.

III Efforts to prevent the Company’s financial and business policies from being controlled by an inappropriate party according to the basic policy on company control

In accordance with the Basic Policy on Company Control described in I above, we consider that it is the efforts to prevent the Company’s financial and business policies from being controlled by an inappropriate party according to the Basic Policy on Company Control that we establish certain reasonable rules that the Large-Scale Purchaser (as defined below) is requested to follow (“Large-Scale

Purchase Rules”) in the event of the implementation of any purchase of Share Certificates, Etc.³ of the Company by a Group of Shareholders¹ with the intent to hold twenty percent (20%) or more of the Voting Rights Ratio² of the Group of Shareholders or any purchase of Share Certificates, Etc. of the Company resulting in a Group of Shareholders holding twenty percent (20%) or more of the total voting rights of the Company (we do not make any distinction based on specific means of purchase, such as market transactions or tender offers, but the purchases to which the Company’s board of directors has given prior consent are not included; such a purchase shall be hereinafter referred to as a “Large-Scale Purchase” and a person that conducts a Large-Scale Purchase shall be hereinafter referred to as a “Large-Scale Purchaser”); and that we constitute certain policies depending on whether or not the Large-Scale Purchaser observes the rules. We materialize those rules and policies as the policy toward Large-Scale Purchase of Share Certificates, Etc. of the Company (hereinafter referred to as the “Policy”), and set forth them as follows.

Notes

1 A Group of Shareholders means:

- (i) a Holder (including a person deemed as a holder pursuant to Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Law. The same shall apply hereinafter) and any Joint Holders (provided in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Law, including a person deemed as a Joint Holder pursuant to Paragraph 6 thereof. The same shall apply hereinafter) of Share Certificates, Etc. (provided in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law) of the Company; or
- (ii) a person who makes purchases, etc. (provided in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law, including any purchase, etc. made on a Financial Instruments Exchange Market) of the Share Certificates, Etc. (provided in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law) and any Specially Related Parties (provided in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Law).

2 Voting Rights Ratio means:

- (i) in the case of Note 1(i) above, the Share Holding Ratio (provided in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law; in this case, the number of Share Certificates, Etc. Held (the number of Share Certificates, Etc. Held as provided in the same Paragraph. The same shall apply hereinafter) of the Joint Holders in respect of the holder shall be added) of the holder of the Share Certificates, Etc. of the Company; or
- (ii) in the case of Note 1(ii) above, the amount of the sum of the Shareholding Ratio (provided in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) of the Large-Scale Purchaser and its Specially Related Parties.

In calculating the Shareholding Ratio, the annual report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently submitted to the authorities, may be referred to in deciding the Total Number of Voting

Rights (provided in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) or Total Number of Issued Shares (provided in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law).

- 3 Share Certificates, Etc mean Share Certificates, Etc. as provided in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law.

1 Necessity of introducing the Policy

As described in I above, we believe that, in the event of a Large-Scale Purchase, the Large-Scale Purchaser should provide the board of directors of the Company with necessary and sufficient information regarding the Large-Scale Purchase in advance and should only be allowed to commence a Large-Scale Purchase after a certain assessment period for the board of directors of the Company elapses, in accordance with the Large-Scale Purchase Rules that the Company established and disclosed in advance, for the benefit of the decision making process of the shareholders.

After such information is provided, the board of directors of the Company will immediately start to consider the board of directors' opinion on the Large-Scale Purchase and shall subsequently form and disclose such opinion after careful consideration with advice from outside experts, etc. In addition, the board of directors may negotiate with the Large-Scale Purchaser in order to improve the proposal of the Large-Scale Purchaser or offer the shareholders alternative plans developed by the board of directors, if deemed necessary. Such process shall enable the shareholders of the Company to examine the proposal of the Large-Scale Purchaser and the alternative plans (in the case that any alternative plans are proposed) with reference to the opinion of the board of directors, and thus, the shareholders shall be given the opportunity to make the final decision as to whether or not to accept the proposal of the Large-Scale Purchaser.

When it comes to establishing such rules, the court has issued the following decision: "In the case where a hostile purchaser appears who intends to acquire control of the management, it is not an abuse of rights for the board of directors to require such hostile purchaser to propose a business plan and establish a period for assessment, to assess the business plan through discussion with the purchaser, to disclose the opinion of the board of directors, and to offer shareholders alternative plans, so long as the contents of the materials that are required to be submitted and the period for assessment are reasonable" so that establishing such rules was deemed to be legitimate. (Decision of the Tokyo District Court, July 29, 2005)

In addition, the board of directors established a certain policy to be applied depending on whether or not the Large-Scale Purchaser Rules are observed, and determined to establish the Policy as efforts in the case of a Large-Scale Purchase by an inappropriate party according to the Basic Policy on Company Control.

The Policy is in compliance with the three principles set forth in "Guidelines With Respect To Anti Takeover Policy for Securing And Enhancing Corporate Value and Common Interests of Shareholders" made by Ministry of Economy, Trade and Industry and Ministry of Justice and dated May 27, 2005 and has been drafted in reference to "Role of Anti Takeover Policy Based on Recent Changes of Environments" made by Corporate Value Study Group and dated June 30, 2008.

2 Establishment of Independent Committee

The Independent Committee is established as a body to ensure that the Policy is properly applied and to prevent arbitrary decisions by the board of directors. The Independent Committee shall have at least three members and in order to be able to judge fairly and neutrally, its members shall be elected from outside directors and outside company auditors of the Company or outside knowledgeable persons⁴ who are independent of the management team of the Company. The names and profiles of members of the Independent Committee are described in Appendix 1.

In the Policy, we set forth the objective requirements for the invocation of countermeasures, that we will not, in principle, take the countermeasures in the event the Large-Scale Purchaser observes the Large-Scale Purchase Rules (described in III 4(1) below) and that we may take the countermeasures in the event the Large-Scale Purchaser does not observe the Large-Scale Purchase Rules (described in III 4(2) below); however, in the event the board of directors makes a significant determination pertaining to the Policy, including an event in which we make an exceptional response described in III 4(1) below and an event in which we take the countermeasures described in III 4(2) below, the board of directors shall generally consult with the Independent Committee and respect the recommendations of the Independent Committee to the utmost extent.

Furthermore, where a vote of the Board is conducted in relation to an important decision relating to the Policy, the decision will not be resolved unless there is agreement by two-thirds or more of the Outside Directors attending the meeting.

Note 4 Outside knowledgeable persons are elected from corporate managers who have sufficient experience, persons who are familiar with the investment banking business, lawyers, certified public accountants, academic experts who specialize in the Corporation Law, etc. or persons who are equivalent to these personnel.

3 Details of the Large-Scale Purchase Rules

(1) Provision of Information

The Large-Scale Purchase Rules which we hereby establish require that (i) a Large-Scale Purchaser provide, in advance, necessary and sufficient information regarding the Large-Scale Purchase to the board of directors of the Company, and that (ii) the Large-Scale Purchaser commence the Large-Scale Purchase only after a certain assessment period for the board of directors of the Company.

More specifically, first, a Large-Scale Purchaser is required to submit to the Representative Director of the Company a “letter of intent” to comply with the Large-Scale Purchase Rules, which shall specify the name, address, law governing the incorporation, name of the representative, contact details in Japan of the Large-Scale Purchaser and an outline of the proposed Large-Scale Purchase, and in addition, a Large-Scale Purchaser is required to provide the board of directors of the Company with necessary and sufficient information (hereinafter referred to as the “Necessary Information”) to allow shareholders of the Company to make their decision and the board of directors of the Company to form its opinion.

Within ten (10) business days after receipt of such letter of intent, the board of directors of the Company will deliver to the Large-Scale Purchaser a list of the Necessary Information to be initially

provided by the Large-Scale Purchaser. If the information initially provided by the Large-Scale Purchaser is deemed less than as the Necessary Information as a result of the board of directors' examination, the board of directors of the Company will require the Large-Scale Purchaser to provide additional information until the Company has received all of the Necessary Information.

The board of directors of the Company may, as necessary, set the due date for responses of the Large-Scale Purchaser every time the board of directors requests the provision of information from the perspective of prompt administration of the Large-Scale Purchase Rules. In addition, the board of directors shall set a period equal to 60 days commencing on the date of dispatch of the list of the Necessary Information to be initially provided by the Large-Scale Purchaser as the upper limit of the period within which the board of directors of the Company shall request the Large-Scale Purchaser to provide information and the Large-Scale Purchaser shall respond (hereinafter referred to as the "Information Provision Request Period"). In the event that the Information Provision Request Period reaches the upper limit and expires, the board of directors shall terminate the correspondence with the Large-Scale Purchaser with respect to the provision of information at that time and immediately commence the Board Assessment Period, even where not all Necessary Information has been provided. However, if the Large-Scale Purchaser requests for an extension of the Information Provision Request Period for reasonable cause, the board may extend the Information Provision Request Period by up to 30 days as necessary. On the other hand, the board shall terminate the Information Provision Request Period and commence the Board Assessment Period immediately upon provision of all Necessary Information even before the expiration of the Information Provision Request Period.

Part of the general items of the Necessary Information is as set forth in (1) through (5) below. Details of the Necessary Information may differ according to the characteristics of the Large-Scale Purchaser and the purpose and details of the Large-Scale Purchase; however, in all cases, such Necessary Information shall be limited to within the necessary and sufficient scope for the judgment of the shareholders and the formation of opinion of the board of directors. In the case that the Large-Scale Purchaser is unable to provide part of the Necessary Information, the board will request the Large-Scale Purchaser to provide instead the specific reasons for the inability to provide such information. Such inability of the Large-Scale Purchaser to provide information and the reasons for such inability will be information subject to evaluation and analysis for the judgment of the shareholders and the formation of opinion of the board of directors of the Company.

- (1) An outline (including information relating to the substance of the business of the Large-Scale Purchaser, capital structure and experience in businesses similar to the Company's business or the Group's business) of the Large-Scale Purchaser and its group (including Joint Holders and Specially Related Parties);
- (2) The purpose and substance of the Large-Scale Purchase (including amounts/type of the consideration of the purchase, etc., timing of the purchase, etc., structure of related transactions, and legality of the means of purchase, etc., feasibility of purchase, etc. and related transactions);
- (3) The basis for the calculation of the value of the Company's shares and financial resources backing the purchase (including specific names of the financial backers (including substantial backers), financing methods, and substance of related transactions);

- (4) The candidates for the management team (including information regarding experience at businesses similar to business of the Company and the Group), basic management policy, business plan, capital policy, distribution policy, policy of utilization of assets, etc. (hereinafter referred to as the “Management Basic Policy after Purchase”) expected after the Large-Scale Purchaser participates in the management of the Company’s business and the Group’s business; and
- (5) The possibility and basic substance of any change of the Company’s and the Group’s relationship with stakeholders, such as business partners, customers, employees, etc., as planned after the completion of the Large-Scale Purchase.

In addition to the cases of disclosure required in accordance with laws and regulations and the rules of financial instruments exchanges, we will disclose at the time the board of directors of the Company deems appropriate all or part of the fact that a Large-Scale Purchase was proposed and the Necessary Information provided to the board of directors of the Company, if such disclosure is considered necessary for the shareholders of the Company to make their decisions.

(2) Assessment period for the board of directors

Subsequent to the expiration or termination of the Information Provision Request Period, the board of directors of the Company shall set a period equal to or less than 60 days which is necessary for the board of directors to assess, examine, negotiate, form an opinion and seek alternative plans (hereinafter referred to as the “Board Assessment Period”). The board of directors sets the specific period in consideration of the level of difficulty in making an assessment of the Large-Scale Purchase, including an assessment of the purpose of the purchase, the kind of consideration, the means of the purchase, etc., and the board of directors may extend the period to a maximum of 90 days (including the initial set period), upon consultation with the Independent Committee and giving the utmost respect to the recommendations of the Independent Committee. The Large-Scale Purchase may only be commenced after the Board Assessment Period has elapsed. Moreover, in the event the Necessary Information is completely provided, the board of directors of the Company shall promptly disclose such fact and the expiration date of the Board Assessment Period. In addition, in the event the board of directors extends the Board Assessment Period after receiving the recommendation of the Independent Committee, it promptly discloses the extended period and the reasons for the extension.

The board of directors of the Company shall thoroughly assess and examine the Necessary Information it receives, in consultation with the Independent Committee, with advice from outside experts during the Board Assessment Period as needed and giving the utmost respect to the recommendation of the Independent Committee, and shall form and disclose its opinion. In addition, the board of directors may negotiate with the Large-Scale Purchaser in order to improve the terms of the proposed Large-Scale Purchase or may offer alternative plans to shareholders of the Company, as necessary.

4 Policy toward Large-Scale Purchases

(1) In the event a Large-Scale Purchaser observes the Large-Scale Purchase Rules

If a Large-Scale Purchaser observes the Large-Scale Purchase Rules, the board of directors of the

Company, even if it disagrees with the proposed Large-Scale Purchase, will not in principle take countermeasures against the Large-Scale Purchase, while it may attempt to persuade the shareholders of the Company by expressing an objection to the proposal of the Large-Scale Purchase or by offering alternative plans. The board of directors believes that the shareholders of the Company should make their own decision as to whether or not they accept the proposal of the Large-Scale Purchaser upon consideration of such proposal and the opinion on such proposal and alternative plans provided by the Company.

However, in the event that it is considered that the Large-Scale Purchase will clearly and seriously damage the common interests of the Company's shareholders, including the case where, for example, it is intended that the Large-Scale Purchase entails any of the acts set forth in (1) through (5) below and such act will likely cause irreparable damage to the Company or will in fact likely coerce shareholders to sell their shares, the board of directors of the Company may take any measures considered to be appropriate, as exceptional measures, in order to protect the interests of the Company's shareholders.

- (1) act of purchasing a substantial portion of shares and demanding the company to repurchase such shares at a high price;
- (2) acts such as temporarily controlling the company and managing it to realize a profit for the purchaser at the sacrifice of the company, including the acquisition of important assets, etc. of the company at a low price;
- (3) act of using the assets of the company as security or the source of repayment of the debt of the purchaser or its group companies, etc.;
- (4) act of temporarily controlling the management of the company and to have the company dispose of its valuable assets, etc., which have no immediate relationship with the businesses of the company, and to have the company temporarily pay large dividends against the profits gained from such disposition, or sell the shares at a higher price, taking the opportunity to rapidly increase the share price influenced by the temporarily large payment of dividends; or
- (5) act of purchasing shares, including takeover bids, etc., without soliciting the purchase of all shares at the initial purchase and with terms and conditions for second purchase that are less favorable or that are unclear.

Even in the case where the Large-Scale Purchaser intends with respect to such Large-Scale Purchase to use the assets of the company as security for the purchaser's debt or to dispose of idle assets of the company and have the company pay large dividends against the profits of such disposition, the above-mentioned exceptional measures shall be taken only in the event that such Large-Scale Purchase is determined as clearly and seriously damaging the common interests of the shareholders, and shall not be taken solely for reasons that the intention of the Large-Scale Purchaser falls within the actions set forth above or negatively affects the interests of stakeholders other than the shareholders.

In addition, in order to secure the objectiveness and reasonableness of the decisions made in the event that the exceptional measures described above are taken, the board of directors of the Company shall assess the specific details of the Large-Scale Purchaser and the Large-Scale Purchase and the influence

of the Large-Scale Purchase on the common interests of the Company's shareholders by taking into account the Necessary Information, including the Management Basic Policy after Purchase, provided by the Large-Scale Purchaser, and obtaining the advice of outside experts, etc., as necessary, and give utmost respect to the recommendations of the Independent Committee, before making judgment.

(2) In the event a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, regardless of the specific method of purchase, the board of directors of the Company may take countermeasures against the Large-Scale Purchase to protect the common interests of the Company's shareholders. Countermeasures include the issuance of stock acquisition rights or any other measures that the board of directors is permitted to take under the Corporation Law or other laws and the Articles of Incorporation of the Company. When determining whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, the board shall sufficiently consider to a reasonable extent various facts on the side of the Large-Scale Purchaser, including the facts that the Large-Scale Purchaser may not necessarily have detailed information with respect to the Company or that there are items with respect to which the Large-Scale Purchaser is not expected to disclose voluntarily due to its takeover strategy (for example, specific figures of profits after acquisition, etc.), and at least shall not determine that the Large Scale Purchaser has not complied with the Large-Scale Purchase Rules solely for the reason that part of the Necessary Information that has been requested by the board of directors of the Company has not been provided by the Large-Scale Purchaser. The board of directors of the Company shall decide whether or not a Large-Scale Purchaser observes the Large-Scale Purchase Rules and whether it is appropriate to take countermeasures by taking into account the opinions of outside experts, etc. and by giving the utmost respect to the recommendations of the Independent Committee.

The board of directors will select the specific countermeasures that it deems most appropriate at that time and adopt such countermeasures after receiving the recommendations of the Independent Committee. Depending on the content of the countermeasures selected, the board may request resolutions of the general meeting of shareholders in accordance with the laws and regulations or provisions of the Articles of Incorporation, or approval by the shareholders present at the general meeting of shareholders based on the recommendations of the Independent Committee.

In the event the board of directors elects to issue stock acquisition rights as a specific countermeasure, the outline of such stock acquisition rights shall be as described in Appendix 2 attached hereto; however, if the board of directors actually elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and the conditions for exercise, acquisition terms and acquisition conditions etc., of the stock acquisition rights considering the effectiveness thereof as a countermeasure, including, for instance, the condition not to belong to a specific Group of Shareholders with a 20% or more Voting Rights Ratio.

(3) Cessation, etc. of taking countermeasures

When the board of directors, after having decided to take the exceptional measures described in III 4(1) above or the countermeasures described in III 4(2) above, judges that it is no longer appropriate to take countermeasures in such an event as the withdrawal or change by the Large-Scale Purchaser of the Large-Scale Purchase, it may cease to take or change countermeasures upon giving the utmost respect

to the recommendations of the Independent Committee.

For example, when the board of directors judges that it is no longer appropriate to take countermeasures in such an event as the withdrawal or change by a Large-Scale Purchaser of the Large-Scale Purchase in the case of the gratuitous allotment of stock acquisition rights, even after shareholders who are entitled to receive stock acquisition rights have been determined, the board of directors may cease the countermeasures, as follows:

- (1) Until the effective date of the stock acquisition rights, the board of directors may cease the gratuitous allotment of stock acquisition rights upon the recommendation of the Independent Committee; or
- (2) After the gratuitous allotment of stock acquisition rights and until the exercise period begins, the board of directors may acquire stock acquisition rights gratuitously upon the recommendation of the Independent Committee.
In the event of such cessation of countermeasures, the board of directors shall disclose the information that the Independent Committee believes necessary.

5 Influence, etc. on Shareholders and Investors

(1) Influence, etc. of the Large-Scale Purchase Rules on Shareholders and Investors

The purpose of the Large-Scale Purchase Rules is to provide the shareholders of the Company with the information necessary for them to determine whether or not to accept a Large-Scale Purchase in addition to the opinion of the board of directors of the Company that is actually in charge of the Company's management, and to ensure that the shareholders of the Company have opportunities to receive any alternative plans. The board of directors believes that under the Large-Scale Purchase Rules, the shareholders of the Company, with sufficient information, will be able to make appropriate decisions as to whether or not to accept the Large-Scale Purchase, whereby the common interests of the Company's shareholders shall be protected. Accordingly, the board of directors believes that the establishment of the Large-Scale Purchase Rules is a prerequisite for appropriate investment decisions of the shareholders of the Company and investors and is for the interest of the shareholders of the Company and investors.

The board of directors hereby advises the shareholders of the Company and investors to observe carefully any actions by a Large-Scale Purchaser, because the policy of the Company will differ depending on whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, as described in III 4 above.

(2) Influence, etc. of Countermeasures on Shareholders and Investors

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, the board of directors of the Company may take countermeasures, which the board of directors is permitted to take under the Corporation Law or other laws and the Articles of Incorporation of the Company, to protect the common interests of the Company's shareholders. However, given the structure of the countermeasures, the board of directors does not expect that taking such countermeasures will cause any legal or economic damage or loss to the shareholders of the Company (excluding a Large-Scale

Purchaser who does not observe the Large-Scale Purchase Rules or implements a Large-Scale Purchase which is considered to clearly and seriously damage the common interests of the Company's shareholders). When the board of directors elects to take any specific countermeasure, the board of directors will make an appropriate disclosure in a timely manner in accordance with the relevant laws, regulations and stock exchange regulations.

The procedures related to the shareholders of the Company in respect of the issuance of stock acquisition rights, as one of the possible countermeasures, are as follows.

With respect to the issuance of stock acquisition rights, it may be necessary for the shareholders to make a payment of certain amount of money within a specific period in order to acquire new shares upon exercising his/her stock acquisition rights. When the board of directors decides to acquire stock acquisition rights, it may issue new stock to shareholders without paying the amount equivalent to the exercise price, in exchange for the acquisition of the stock acquisition rights. Details of these procedures will be informed in accordance with the laws and regulations in the event of actual issuance of stock acquisition rights. However, in order for shareholders to acquire the stock acquisition rights, the shareholders need to be recorded in the register of shareholders as of the end of the date of the allotment of the stock acquisition rights to be separately decided upon and publicly announced by the board of directors of the Company.

In addition, in the event the board of directors of the Company ceases to issue stock acquisition rights or acquire issued stock acquisition rights gratuitously, upon the recommendation of the Independent Committee, the share value shall not be diluted, so that shareholders and investors, who purchased or sold shares after the date of the expiration of the gratuitous allotment of stock acquisition rights on the assumption that the stock value of the Company would be diluted do not suffer unexpected losses because of movements in share price.

6 Period of validity, and expiration and repeal of the Policy

The Policy shall continue to be in effect, provided it be approved at this General Meeting, and the Policy will remain effective until the close of the Company's 87th ordinary general meeting of shareholders to be held on or before March 31, 2011. However, if the Policy is approved to be continued at the 87th ordinary general meeting of shareholders the period of validity of the Policy will be extended for another one year and the same shall apply thereafter. On the other hand, if the continuation of the Policy is not approved at that ordinary general meeting of shareholders, or if the board of directors of the Company does not submit an agenda requesting approval for the continuation of the Policy to that ordinary general meeting of shareholders, the Policy will expire as of the end of the aforementioned period of validity. If the continuation of the Policy is approved or if the Policy is determined to expire, the board of directors shall promptly give notice of such fact.

In addition, from the viewpoint of the improvement of corporate value and, ultimately, the protection of the common interests of the shareholders, in the event the Policy is decided to be continued, the board of directors will review the Policy from time to time from the viewpoint of improvement of related laws and regulations and the listing system of the Tokyo Stock Exchange and the Sapporo Stock Exchange, and may change or repeal the Policy upon the approval of the Company's general meeting of shareholders. In such case, the board of directors will promptly disclose the content of such change or repeal.

As the period of validity of the Policy is approximately one year up to the close of the Company's 87th ordinary general meeting of shareholders, the Policy will not be extended but expire unless the board submits to that ordinary general meeting of shareholders an agenda requesting approval for the continuation of the Policy. The board may also repeal the Policy before the expiration of the period of validity by obtaining the approval of the Company's general meeting of shareholders. Moreover, the board of directors may exempt the application of the Policy to a specific purchase of shares, etc. of the Company in accordance with the Policy by consenting in advance to the purchase. Therefore, the Policy is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the board of directors are replaced, the triggering of the measure cannot be stopped). Also, as the term of office of the Company's directors is one year and the Company has not adopted a staggered board, the Policy is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the directors cannot be replaced all at once).

IV The Policy will comply with the basic policy on company control, so as not to damage the common interests of shareholders and not to pursue the maintenance of the status of directors and reasons therefor

(1) The Policy will comply with the Basic Policy on Company Control

The Policy sets forth matters such as the substance of the Large-Scale Purchase Rules, the policy toward a Large-Scale Purchase, the establishment of the Independent Committee, and the influence on shareholders and investors.

In the Policy, it is stipulated that a Large-Scale Purchaser is required to provide the board of directors of the Company with all necessary and sufficient information concerning the Large-Scale Purchase in advance and that it may commence the Large-Scale Purchase only after a certain assessment period for the board of directors of the Company has elapsed, and that the board of directors of the Company may take countermeasures against any Large-Scale Purchaser who does not observe these rules.

In addition, it is stipulated that, even if the Large-Scale Purchaser observes the Large-Scale Purchase Rules, in the event that the board of directors of the Company judges that the Large-Scale Purchase by the Large-Scale Purchaser will seriously damage the common interests of the Company's shareholders, the board of directors of the Company may take countermeasures against the Large-Scale Purchaser that are considered necessary in order to protect the common interests of the Company's shareholders.

As set forth above, the Policy is consistent with the Basic Policy on Company Control.

(2) The Policy will not damage the common interests of shareholders of the Company

As described in I, the Basic Policy on Company Control is based on the assumption that the common interests of shareholders of the Company should be respected. The Policy is consistent with the Basic Policy on Company Control and intended to ensure that shareholders of the Company are provided with the information necessary to decide whether or not to accept a Large-Scale Purchase, the opinion of the board of directors of the Company and the opportunity to receive alternative plans. Because the shareholders of the Company and investors can make proper investment judgments through the Policy,

it does not damage the common interests of the shareholders of the Company, but rather contributes to their interests.

In addition, we believe that the facts that the implementation and continuation of the Policy depend on the approval of shareholders of the Company and that the shareholders can repeal the Policy if they so desire ensure that the Policy will not damage the common interests of shareholders of the Company.

(3) The Policy will not pursue the maintenance of the status of directors

The Policy has a broad principle that leaves the final decision whether or not a Large-Scale Purchase shall be accepted to the judgment of the shareholders, requires compliance with the Large-Scale Purchase Rules and allows countermeasures to the extent necessary to protect the common interests of the Company's shareholders. The Policy discloses the condition that the board of the directors of the Company may take countermeasures in advance and in detail, and countermeasures by the board of directors of the Company may be taken in accordance with the provisions of the Policy. The board of directors of the Company cannot solely implement and continue the Policy, and the approval of shareholders of the Company is necessary.

In addition, in the event that, in relation to a Large-Scale Purchase, the board of directors of the Company assesses and reviews the purchase, forms opinions, suggests alternative plans, negotiates with the Large-Scale Purchaser, or takes countermeasures, the board requests advice from outside experts, etc., as necessary, and consults with the Independent Committee consisting of members who are independent of the management team operating businesses of the Company and gives utmost respect to the recommendation of the Independent Committee. As mentioned above, the Policy includes procedures through which the appropriate operations by the board of directors of the Company are ensured.

As described above, we believe that it is clear that the Policy does not pursue the maintenance of the status of directors.

Name and personal history of the members of the Independent Committee

Shunko Muto

Mar. 1929	Born
Apr. 1953	Assistant Judge, the Yokohama District Court
Apr. 1963	Judge, the Tokyo District Court
Apr. 1966	Instructor, the Legal Training and Research Institute
Apr. 1982	Judge, the Tokyo High Court
Apr. 1984	President, the Niigata District Court
May 1991	President, the Hiroshima High Court
Sep. 1992	Registered as lawyer (Daiichi Tokyo Bar Association)
Oct. 1992	Professor, Faculty of Law, Teikyo University
Mar. 2003	Professor Emeritus Faculty of Law, Teikyo University (up to the present)

Hiroshi Oura

Feb. 1934	Born
Apr. 1956	Joined Fuji Tsushinki Manufacturing Corporation (now Fujitsu Limited)
Jul. 1978	Chief of General Planning Office, Fuji Tsushinki Manufacturing Corporation
Jun. 1985	Director, Fuji Tsushinki Manufacturing Corporation
Jun. 1988	Executive Director, Fuji Tsushinki Manufacturing Corporation
Jun. 1989	Representative Director, President and CEO, Advantest Corporation
Jun. 2001	Representative Director and Chairman of the Board, Advantest Corporation
Jun. 2003	Director, Fujitsu Limited (up to the present)
Jun. 2005	Director and Senior Executive Advisor, Advantest Corporation
Jun. 2007	Senior Executive Advisor, Advantest Corporation (up to the present)

Iwao Nakatani

Jan. 1942	Born
Apr. 1965	Joined Nissan Motor Co., Ltd.
Jul. 1973	Lecturer and Researcher, The Graduate School of Arts and Sciences, Harvard University
Jul. 1974	Associate Professor, Faculty of Economics, Osaka University
Apr. 1984	Professor, Faculty of Economics, Osaka University
Oct. 1991	Professor, Faculty of Commerce and Management, Hitotsubashi University
Oct. 1999	Professor, Department of Management and Information Sciences, Tama University
Apr. 2000	Chairman, Sanwa Research Institute Corporation (now Mitsubishi UFJ Research and Consulting Co., Ltd.) (up to the present)
Sep. 2001	President, Tama University
Apr. 2005	Professor Emeritus, Hitotsubashi University (up to the present)
Apr. 2008	President-Emeritus, Tama University (up to the present)

Outline of Stock Acquisition Rights**1. Shareholders who are entitled to receive stock acquisition rights and conditions of issuance thereof:**

One (1) stock acquisition right shall be allotted to a shareholder for each share of common stock of the Company held by such shareholder (excluding the Company's common stocks held by the Company), whose name is recorded in the register of shareholders as of the end of the date of allotment to be specified by the board of directors of the Company.

2. Type and number of shares to be acquired upon exercise of the stock acquisition right:

The type of shares to be acquired upon exercise of the stock acquisition right shall be common stock of the Company, and the total number of such shares shall be up to 580,000,000. The number of shares to be acquired upon exercise of one (1) stock acquisition right shall be separately determined by the board of directors of the Company; provided, however, that such number shall be adjusted to the extent necessary if the Company performs a stock split or a stock consolidation.

3. Total number of stock acquisition rights to be issued:

The total number of stock acquisition rights to be allotted shall be separately determined by the board of directors of the Company. The board of directors of the Company may allot stock acquisition rights in installments.

4. Issuance price of stock acquisition rights:

The issuance price of the stock acquisition right is nil.

5. Amount to be paid upon exercise of stock acquisition rights:

The amount to be paid upon exercise of a stock acquisition right shall be an amount to be determined by the board of directors of the Company which shall be at least one (1) Japanese yen.

6. Restriction on transfer of stock acquisition rights:

Stock acquisition rights may not be transferred without the approval of the board of directors of the Company.

7. Conditions of exercise, terms of acquisition and conditions of acquisition of stock acquisition rights:

Certain conditions of exercise shall be provided, including a condition that a person belonging to a Group of Shareholders that holds at least 20% of the Voting Rights Ratio may not exercise stock acquisition rights. Details of the conditions shall be separately determined by the board of directors of the Company.

In addition, there could be terms of acquisition and conditions of acquisition established. As between certain shareholder groups holding at least 20% of the Voting Rights Ratio and other shareholders, there could be differences in treatment relating to the price of the acquisition or other terms, and the stock acquisition rights held by people belonging to a certain group of shareholders

holding at least 20% of the Voting Right Ratio will not be within the class that can acquire. In the case of acquisition of the stock acquisition rights held by people belonging to a certain group of shareholders holding at least 20% of the Voting Right Ratio, the Company shall not pay cash as consideration of such stock acquisition rights. Further details will be decided separately by the Board.

8. Exercise period, etc. of stock acquisition rights:

The exercise period, extinguishment grounds, extinguishment conditions and other necessary subject matter of the stock acquisition rights shall be separately determined by the board of directors of the Company.

The major shareholders of the Company

The major shareholders of the Company (top 10) as of December 31, 2009 were as below.

Name of Shareholder	Number of Shares Held (thousands of shares)	Percentage of Shares Held
Steel Partners Japan Strategic Fund (Offshore), L.P.	69,150	17.7
Japan Trustee Services Bank, Ltd. (on trust)	12,471	3.2
Nippon Life Insurance Company	12,332	3.1
Mizuho Trust & Banking of the employee pension trust of Trust and Custody Service Bank, Ltd.	12,212	3.1
Meiji Yasuda Life Insurance Company	10,434	2.7
J.P. Morgan Chase Bank 380055	9,713	2.5
The Norinchukin Bank	9,375	2.4
The Master Trust Bank of Japan, Ltd. (on trust)	9,287	2.4
Mizuho Corporate Bank, Ltd.	8,698	2.2
Marubeni Corporation	8,246	2.1

Note

1 The total number of the issued and outstanding shares of the Company is 393,971,493. The Percentage of Shares Held is calculated after deducting the Shares held by the Company as treasury stock (2,218,784 shares).

2 The 12,212 thousands shares held by Mizuho Trust & Banking of the employee pension trust of Trust and Custody Service Bank, Ltd. are trust assets of the employee pension trust entrusted by Mizuho Trust & Banking Co., Ltd. and the voting rights thereof belong to Mizuho Trust & Banking Co., Ltd.. Other than the aforementioned shares, Mizuho Trust & Banking Co., Ltd. has 4,162,000 shares, and has 16,374,000 shares in total (the Percentage of Shares Held is 4.2%).

3 Other than the shares described above, Mizuho Corporate Bank, Ltd. has 4,702,000 shares in the account of Mizuho Corporate Bank of the employee pension trust of Mizuho Trust & Banking Co., Ltd. and has 13,400,000 shares in total (the Percentage of Shares Held is 3.4%).

<Shareholder Proposal (Proposal No.5)>

Proposal No. 5 is from Steel Partners Japan Strategic Fund (Offshore), L.P., a shareholder of the Company (hereinafter, "Proposing Shareholder").

The number of voting rights held by the Proposing Shareholder is 69,150.

Proposal No. 5 – Election of ten (10) Directors

1. Proposed Agenda

Election of Ten Directors

2. Proposed Resolution

Ten directors shall be elected as described in the following list of candidates for directors. Each of the candidates other than Messrs. Kato, Eto, Tanaka and Katsumata has informally provided consent to his appointment as a director of the Company.

Candidate No.	Name (Date of Birth)	Career Summary and Positions as Representatives of Other Companies	Number of Shares held in the Company
1	Yoshiharu Naito (October 6, 1946)	1970: He joined Sony Corporation 1986: He joined Pokka Corporation 1992: Director, Pokka Corporation 1998: Representative Director and President, Pokka Corporation 2006: Director and Chairman, Pokka Corporation 2008: Honorary Chairman, Pokka Corporation 2009: Supreme Advisor of Serendip Consulting (up to the present)	0 shares
2	Yasuo Nakata (February 24, 1943)	1967: He joined Ube Industries, Ltd. 1970: He joined Mitsubishi Rayon Co., Ltd. 1979: He joined Calbee Foods Co., Ltd. 1985: Director, Calbee Foods Co., Ltd. 2004: Outside Director, Autobacs Seven Co., Ltd. (up to the present) 2005: Representative Director and President, CEO, CIO, Calbee Foods Co., Ltd. 2009: Corporate Advisor, Calbee Foods Co., Ltd., Outside Director, Kojima Co., Ltd., Representative Director, K.K. Nakata Office (up to the present)	0 shares

Candidate No.	Name (Date of Birth)	Career Summary and Positions as Representatives of Other Companies	Number of Shares held in the Company
3	Hironori Aihara (June 17, 1938)	<p>1962: He joined Mitsubishi Corporation</p> <p>1992: Director, Mitsubishi Corporation</p> <p>1994: Executive Director, Mitsubishi Corporation</p> <p>1998: Director, Vice President, Mitsubishi Corporation</p> <p>1999: IT business Group CEO, Mitsubishi Corporation</p> <p>2000: CEO in charge of the Americas & President at Mitsubishi International Corporation</p> <p>2007: Director Chairman & Advisory Board Member of TTI ellebeau, Inc. (up to the present)</p> <p>Director Chairman Transcu Ltd. (Singapore) (up to the present)</p> <p>2008: Director at Aderans Holdings Co., Ltd. (up to the present)</p> <p>Director & Advisory Board member at Pasona Inc., Advisory Board member at Deutsche Securities Inc., etc.</p>	0 shares
4	Shunichi Fujii (February 24, 1941)	<p>1966: He joined Fujiya Co., Ltd.</p> <p>1989: Representative Director and President, Fujiya Co., Ltd.</p> <p>1996: President, Nestle Confectionary K.K. (current Nestle Japan Ltd.)</p> <p>2001: President & CEO, Nestle Japan Ltd.</p> <p>2004: Outside Statutory Auditor, WDI Corporation (up to the present)</p> <p>2008: Chairman, Fujii Office, Ltd. (up to the present)</p>	0 shares
5	Shiro Hara (June 12, 1952)	<p>1979: He joined K.K. Hasegawa Kohmuten (current Haseko Corporation)</p> <p>1991: Research Director at Sumitomo Life Insurance Research Institute</p> <p>1999: Representative Director and President at CB Richard Ellis Investors Japan K.K.</p> <p>2004: Representative Director and President at K.K. New City Corporation</p> <p>2009: Representative Director and President at K.K. GIA Global Investment Advisory and Global Capital Management K.K. (up to the present)</p>	0 shares
6	Joshua Schechter (March 27, 1973)	<p>1996: Tax Consultant at Ernst & Young LLP</p> <p>1997: Financial Analyst at LeiferCapital Inc.</p> <p>1998: Associate in Corporate Finance Group of Imperial Capital LLC (M&A, mezzanine debt and equity investment analysis / advisory)</p> <p>2001: Director at Puroflow Incorporated (current Argan Inc.)</p> <p>2001: Partner at Steel Partners, Ltd. (up to the present)</p> <p>2004: Director at Jackson Products, Inc.</p> <p>2005: Director at WHX Corporation</p> <p>2008: Director at Aderans Holdings Co., Ltd. (up to the present)</p>	0 shares

Candidate No.	Name (Date of Birth)	Career Summary and Positions as Representatives of Other Companies	Number of Shares held in the Company
7	Yoichi Kato (July 21, 1954)	<p>1978: He joined Sapporo Breweries Limited (current Sapporo Holdings Limited)</p> <p>2003: Member of the Board, Senior Officer, Director of Sales Administration Division of Yebisu Garden Place Co., Ltd. Senior Officer, Director of Corporate Planning Department of Yebisu Garden Place Co., Ltd.</p> <p>2007: Director and Executive Managing Officer of Yebisu Garden Place Co., Ltd.</p> <p>2009: Director, Corporate Planning Department, Sapporo Holdings Limited (up to the present)</p>	11,000 shares
8	Hiroaki Eto (January 14, 1941)	<p>1964: He joined The Fuji Bank, Ltd.</p> <p>1990: Director of The Fuji Bank, Ltd.</p> <p>1993: Managing Director of The Fuji Bank, Ltd.</p> <p>1996: Senior Managing Director of The Fuji Bank, Ltd.</p> <p>1998: Deputy President of The Fuji Bank, Ltd.</p> <p>1999: Deputy President of The Yasuda Trust & Banking Co., Ltd. (current Mizuho Trust & Banking Co., Ltd.)</p> <p>2000: President of The Yasuda Trust & Banking, Co., Ltd.</p> <p>2003: Member of the Board, Director of Sapporo Holdings Limited (up to the present)</p> <p>2004: Advisor of Mizuho Trust & Banking Co., Ltd. (up to the present)</p> <p>2007: Director of Pasona Group Inc. (up to the present)</p>	14,000 shares
9	Hiroshi Tanaka (September 23, 1941)	<p>1964: He joined Kureha Chemical Industry Co., Ltd. (current Kureha Corporation)</p> <p>1988: Director of Legal & Licensing Department of Kureha Corporation</p> <p>1997: Director of Corporate Strategic Division of Kureha Corporation, Member of the Board</p> <p>1999: Senior Vice President of Kureha Corporation (in charge of marketing)</p> <p>2000: Executive Vice President of Kureha Corporation (in charge of marketing)</p> <p>2001: Senior Executive Vice President of Kureha Corporation (in charge of corporate strategy & marketing)</p> <p>2003: Representative Director and President of Kureha Corporation</p> <p>2007: Chairman of the Board of Directors of Kureha Corporation (up to the present)</p> <p>2008: Director of Sapporo Holdings Limited (up to the present)</p>	0 shares

Candidate No.	Name (Date of Birth)	Career Summary and Positions as Representatives of Other Companies	Number of Shares held in the Company
10	Nobuo Katsumata (December 5, 1942)	1966: He joined Marubeni-Iida Co., Ltd. (current Marubeni Corporation) 1996: Director of Marubeni Corporation 1999: Corporate Vice President, Director and Chief Operating Officer of Marubeni Corporation 2001: Senior Vice President, Director and Executive Corporate Officer of Marubeni Corporation 2003: Representative Director and President, Member of the Board of Marubeni Corporation 2008: Director and Chairman, Marubeni Corporation (up to the present) 2009: Director, Sapporo Holdings Limited (up to the present) 2009: Director of Yokogawa Electric Corporation (up to the present)	0 shares

(Notes)

- (1) None of the above candidates for director has a special interest between each other and the Company.

3. Reasons for the Proposal

The Company's operating performance has continued the decline that was set in motion several years ago, which has not been reversed by its current management. The Company has repeatedly missed sales, operating profit and net profit budgets since 2002. We believe that these failings are the product of poor management and poor oversight by the management-controlled Board. Sapporo lost its position as the number three brewer in Japan dropping to last place among the "Big 4" Japanese brewers. Sapporo's beer-related products sales target for fiscal year 2010 is the lowest of the Big 4, meaning that the Board expects that Sapporo will have the lowest sales figures among the Big 4 for the third consecutive year. In addition, Diageo, which produces and sells Guinness brand beer, terminated its 44-year relationship with the Company, specifically citing its concern with the Company's marketing acumen. Since December 2005, we have tried to engage the Board in constructive conversation regarding ways in which the Company could end its downward slide and have provided specific plans to improve the Company's profitability and corporate value for all stakeholders. Unfortunately, these attempts have been unsuccessful. In light of the sweeping consolidation now occurring in the Japanese and global beer markets, we believe it is important to put an end to the status quo. We believe the Company, which is more than 100 years old and whose name is recognized worldwide, needs new leadership that will provide the fresh perspective and talent needed to lead the Company out of its decline and to accelerate a recovery of its corporate value for its shareholders and stakeholders.

We are proposing to nominate for election ten (10) directors to the Company's Board of Directors who we believe are qualified and prepared to respond to evolving market conditions with the urgency we believe is necessary for the Company to stave off further decline, to stabilize and then to grow, which the management directors as a group have been unwilling to do. Six of our nominees, Messrs. Yoshiharu Naito, Yasuo Nakata, Hironori Aihara, Shunichi Fujii, Shiro Hara and Joshua Schechter have significant experience in Japan, including implementing operational excellence programs, and a record of excellence in executing business plans and turnarounds. SPJSF believes that the critical thinking and

fresh perspective that these six nominees would bring to the Company are needed to improve the likelihood for a recovery in the Company's corporate value. Moreover, four of our nominees, Messrs. Yoichi Kato, Hiroaki Eto, Hiroshi Tanaka and Nobuo Katsumata, as incumbent directors, have valuable knowledge of the Company and would provide appropriate continuity on the Board of Directors.

Among our director nominees is current inside Director Yoichi Kato for another fiscal year, as his short tenure as Director does not lend itself to a fair evaluation of his ability or willingness to help the Company out of its current fiscal decline.

We hereby reserve our legitimate right to add, delete or substitute names and/or his/her information. In addition, while SPJSF does not anticipate that any of its candidates will be unavailable to serve as a director, in the event one becomes unavailable, SPJSF reserves the right to nominate a replacement.

= End =

(Note by the Company) The above is based on the text of the proposed resolution and reasons for the proposal in the request form with respect to the shareholders' proposal rights to propose submitted by the shareholder.

● **Opinion of the Board of Directors**

The Board of Directors of the Company opposes this agenda on the grounds described below.

1. Basic Views on What the Board of Directors of the Company Should Be

In order to promote the continuous improvement of its corporate value and ultimately the common interests of its shareholders, the Board of Directors of the Company considers it best that the Company's Board of Directors be primarily composed of management having extensive know-how and abundant experience in each business of its Group as well as deep knowledge of relationships, etc., established with the stakeholders, including customers, employees and business partners, etc., which are the sources of its corporate value and that its Board of Directors be engaged in management while taking responsibility to comply with the mandate of its shareholders, for the purpose of managing the Company, which as a holding company oversees the management of the entire business of the Group, which the Group is primarily composed of the domestic alcoholic beverage, international alcoholic beverage, soft drinks, restaurant and real estate businesses.

Concretely, the Company's current system is that three full-time directors are in charge of and divide the management strategy, financial strategy, human resources strategy, M&A/business development strategy and corporate social responsibility (CSR) strategy, etc. of the entire business of its Group, under the President and Representative Director who is serving concurrently as CEO of the Group and who controls the management of the entire business of the Group.

The Company has also established a system whereby three directors concurrently serve as the president and representative director of its main operating companies that are given an important position in its entire Group under the Group's management strategy, and they are in charge of business segments supporting the operating results of its entire Group and are responsible for controlling each business.

In addition, the Company has three outside directors having abundant experience, achievements, good

judgment, etc., as the business managers of one of the leading companies in Japan. Its Board of Directors makes important decisions regarding management strategy, financial strategy and businesses through lively discussion upon receiving advice and recommendations, etc., from the three outside directors on its Board of Directors based on their objective viewpoint.

In order to promote the continuous improvement of its corporate value and ultimately the common interests of its shareholders and take responsibility to comply with the mandate of its shareholders, its Board of Directors considers it best that it make important decisions on business operations and supervise such operations under the above-mentioned composition of the Board of Directors.

2. Efforts Based on the “Sapporo Group’s New Management Framework” and Recent Operating Results

In October 2007, the Company announced its long-term management policy entitled the “Sapporo Group’s New Management Framework,” which is targeted towards 2016, the 140th anniversary of its business, and has aimed to improve the corporate value of the Group by promoting “aggressive management” that heightens its competitiveness through re-adjusting the distribution of management resources and strategic investment in addition to implementing solid management focused on long-term goals.

- Consolidated Results of the Company During Past Four Years -

	2006 (actual)	2007 (actual)	2008 (actual)	2009 (plan)	2009 (actual)
Consolidated Net Sales (billion yen)	435.0	449.0	414.5	408.3	387.5
Consolidated Operating Income (billion yen)	8.6	12.3	14.6	12.0	12.8
Consolidated Ordinary Income (billion yen)	5.8	8.1	10.5	8.5	10.7
Consolidated Net Income (billion yen)	2.3	5.5	7.6	3.0	4.5
Balance of Financial Debt (billion yen)	236.0	212.4	189.2	188.0	197.5
D/E Ratio	2.1	1.7	1.6	1.6	1.7
ROE	2.1%	4.6%	6.3%	2.6%	3.9%

- 1) As for the 2009 consolidated earnings, ordinary income was 10.7 billion yen, an increase of approximately 0.2 billion yen from the previous year. On the other hand, operating income decreased by 1.8 billion yen, but the Company made more profit than expected in the beginning of 2009. Excluding the effect of increased depreciation expenses due to changes in accounting/tax standards as well as booking of operating costs associated with the disposal of obsolete inventories (having the effect of decreasing the operating income by 2.4 billion yen), the Company continued to achieve higher earnings of operating income than the previous year for the three consecutive years beginning from 2007. This is the product of efforts to

- strengthen its earnings base implemented as a result of its new management framework.
- 2) During these periods, the Company implemented a realignment of production bases and control of advertising and promotion expenses in the domestic alcoholic beverage business, acquired Sleeman Breweries Ltd. in the international alcoholic beverage business, restructured the operation through a business alliance with outside partners in the soft drinks business, reform of existing restaurants and increased opening of new restaurants through development of new types of restaurants in the restaurant business and implemented a business alliance with outside partners and developed new properties in the real estate businesses. The Company achieved certain results by implementing such reforms and measures.
 - 3) Moreover, in 2009, the Company started a joint venture with Marudai Food Co., Ltd., determined a strategic capital and business alliance with Pokka Corporation, advanced into the beer business in Vietnam, etc., and consistently implemented measures to ensure sustained growth.

On February 12, 2010, the Company announced the “Sapporo Group’s 2010-2011 Management Plan” as the action plan to be achieved in the two-year period starting this year based on the “Sapporo Group’s New Management Framework.” A summary of the plan is described in the Business Report at page 5, and the plan designates this two-year period as a period for shifting from a stage where “enhancing the basis was given priority” to a “growth stage” to further secure the mid- to long-term enhancement of the Group’s corporate value.

Business conditions are becoming much more severe and the outlook for future conditions is still uncertain. The Board of Directors of the Company, therefore, believes that the entire Group should continue to consistently promote management reform under the system composed of responsible directors and should promote the continuous improvement of its corporate value and ultimately the common interests of its shareholders, and the director candidates should be selected from such point of view.

3. The Company’s Views on Candidates for Directors to Be Elected at General Meeting

The Company considers it indispensable that the ten director candidates proposed in the Second Agenda be elected as directors in order to achieve “Sapporo Group’s New Management Framework” stated above and consistently carry out management reform as a whole group.

As described above, Takao Murakami, one of the director candidates in the Second Agenda, has strongly promoted management reform of the Group as President and Representative Director, serving concurrently as CEO of the Group with responsibility for the management of the entire business of the Group.

As full-time directors, Tsutomu Kamijo, Hidenori Tanaka and Yoichi Kato have assisted the President and Representative Director serving concurrently as CEO of the Group, and have been in charge of M&A/business development strategy and human resource strategy, financial strategy and CSR strategy and the integration and adjustment of management strategy of the entire Group, etc., respectively, and have implemented the above-mentioned various reforms and measures as well as orchestrating cooperation within the Group companies.

Yoshiyuki Mochida and Kazuo Ushio have been in charge of the main operating companies that are given important positions in the entire Group under the Group’s management strategy as directors, each

servicing concurrently as president and representative director of, in the case of Mochida, Sapporo International Inc., and, in the case of Ushio, Yebisu Garden Place Co., Ltd., and they have carried out management reforms of each business segment based on strong trusting relationships with customers, employees, business partners, etc., who are supporting the Group and have powered the improvement of the earnings of the entire Group as described above. Fumiaki Terasaka, a new director candidate, is expected, this March, to assume the office of the representative director and president of Sapporo Breweries Limited, one of the main operating companies described above. He has taken the initiative in the management reform of Sapporo Breweries Limited and achieved a boost in the earnings base as the executive managing officer of Sapporo Breweries Limited and is also expected to take responsibilities for future business growth of Sapporo Breweries Limited based on strong trusting relationships established with customers, employees, business partners, etc.

In addition, Hiroaki Eto, Hiroshi Tanaka and Nobuo Katsumata have abundant experience, achievements, good judgment, etc., which they obtained through many years as business managers of one of Japan's leading financial institutions, in the case of Eto; manufacturers, in the case of Tanaka; and trading companies, in the case of Katsumata. The Board of Directors has received valuable advice and recommendations from Hiroaki Eto, Hiroshi Tanaka and Nobuo Katsumata based on their objective viewpoints as outside directors with respect to the management of a holding company that controls the domestic alcoholic beverage, international alcoholic beverage, soft drinks, restaurant and real estate businesses, etc., and is implementing management reform.

The Board of Directors of the Company believes that these director candidates will demonstrate their respective strengths as much as possible, make the most of their respective abundant experiences, achievements, good judgment, etc., continue to work on management reform together with employees of the Group, and, if so, the Company can promote the continuous improvement of its corporate value and ultimately the common interests of its shareholders. The Board of Directors, therefore, considers it best that such director candidates be elected as directors at this General Meeting.

4. Possible Damage to Corporate Value If the Shareholder's Proposal Is Approved

The Proposing Shareholder insists, with respect to the candidates presented in this agenda (the "Candidates Proposed by Shareholder"), that "their discerning and innovative viewpoints are indispensable for the Company to recover its corporate value."

However, the Proposing Shareholder presents no concrete explanation of how the Candidates Proposed by Shareholder, if elected, can enhance the corporate value of the Company, such as a business plan and measures for enhancing the corporate value of the Company if the Candidates Proposed by Shareholder are elected, or a management structure 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 the Company (the "Non-Current Director-Candidates Proposed by Shareholder") make an appeal to their innovative viewpoints, which the Proposing Shareholder particularly insists on, or their motivation for the further development of the Company.

Although some of the Non-Current Director-Candidates Proposed by Shareholder are said to have abundant experience in Japan with respect to corporate management, they have not established the same strong and trustful relationships with employees, customers and business partners, etc., who are the source of the corporate value of the Company, as the current management has established. If such Non-Current Director-Candidates Proposed by Shareholder were elected, most of the Directors

comprising the Board of Directors would be outside directors who do not execute operations. That would mean a material change to the current governance system of the Company under which currently the directors who take initiatives in performing businesses under the President and Representative Director, who is serving concurrently as CEO of the Group, would constitute a majority of the Board of Directors and who involve the management in responsibly addressing the mandate of the shareholders. However, the Shareholder's Proposal does not make clear what governance system will be built up and what benefits such a change to the governance system will bring to the Group. Rather, such change will bring tremendous confusion to the operation of the Company and its on-site businesses. On the other hand, even though it is envisioned that, if elected as Directors, the Non-Current Director-Candidates Proposed by Shareholder will take initiatives in performing business, the situation is not made clear, with respect to business responsibility, who among the Non-Current Director-Candidates Proposed by Shareholder will assume which role, and, therefore, it can be hardly believed that such a system will lead the management of the Company to function more appropriately than before as compared to the current management system under which each Director, based on a well-defined role and responsibility, is involved in the management hand in hand under the President and Representative Director, who is serving concurrently as CEO of the Group, as mentioned above.

As a result, taking into consideration the above comprehensively, the Board of Directors of the Company believes that if the Non-Current Director-Candidates Proposed by Shareholder were elected as Directors of the Company, the corporate value of the Company, as well as the common interests of the shareholders could be damaged.

Meanwhile, 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 the Proposing Shareholder insists that their re-election will maintain the appropriate continuity with the current management. However, they have received no explanation from the Proposing Shareholder of their being presented as Candidates Proposed by Shareholder and have not indicated to the Proposing Shareholder their acceptance of taking office as Directors

As explained above, taking into consideration that (i) the Board of Directors of the Company truly believes that the management of the Company under the control of the candidates for Directors of the Company's Proposal in the Second Agenda will enhance the corporate value of the Company and ultimately the common interests of its shareholders, (ii) the Shareholder's Proposal in this agenda is incompatible with the proposal of the Company in the Second Agenda, and (iii) the Shareholder's Proposal does not concretely explain how the election of the Candidates Proposed by Shareholder will enhance the corporate value of the Company and ultimately the common interests of its shareholders, but may rather bring damage to the corporate value of the Company and ultimately the common interests of its shareholders, the Company opposes this agenda.

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