



[Translation]

February 10, 2016

Company name	Sapporo Holdings Limited
Representative	Tsutomu Kamijo President and Representative Director
Securities code	2501
Listed on	Tokyo Stock Exchange Sapporo Securities Exchange
Inquiries	Toshihiko Umezato Corporate Communications Department Tel.: +81-3-5423-7407

**Notice on Change in the Number of Shares Constituting One Share Unit,  
Consolidation of Shares and Change in Total Number of Authorized Shares**

Sapporo Holdings Limited (the “Company”) hereby announces that, at its Board of Directors’ meeting held today, it resolved to submit a proposal for “Changes in the Number of Shares Constituting One Share Unit, Consolidation of Shares and Change in Total Number of Authorized Shares” to the 92nd Ordinary General Meeting of Shareholders to be held on March 30, 2016 (the “General Meeting of Shareholders”).

**1. Change in the Number of Shares Constituting One Share Unit**

- (1) Reason for changes  
Japanese stock exchanges have announced the Action Plan for Consolidating Trading Units, aiming to consolidate one hundred (100) shares of common stock of domestic companies listed on Japanese stock exchanges into one (1) trading unit by October 2018. As a company listed on the Tokyo Stock Exchange (“TSE”) and the Sapporo Securities Exchange (“SSE”), the Company shall respect this intention, change its number of shares constituting one share unit to one hundred (100) shares. (“Change in the Number of Shares Constituting One Share Unit”).
- (2) Details of the change  
The Company changes its number of shares constituting one share unit from one thousand (1,000) shares to one hundred (100) shares as of July 1, 2016.
- (3) Terms of change

The above change is predicated on the approval of the General Meeting of Shareholders with respect to partial amendments to the Articles of Incorporation pertaining to the Change in the Number of Shares Constituting One Share Unit and the change in the total number of authorized shares as well as concerning the consolidation of shares as proposed.

## 2. Consolidation of Shares

### (1) Purpose of Consolidation of Shares

As stated in “1. Change in the Number of Shares Constituting One Share Unit” above, the Company has decided to change its number of shares constituting one share unit to one hundred (100) common stock shares, and to consolidate shares with the objectives of enhancing investment opportunities for individual investors as well as adjusting the investment unit to an appropriate level taking into consideration changes in stock prices in the medium to long term, etc. (the “Consolidation of Shares”).

### (2) Details of the Consolidation of Shares

- Type of shares subject to the Consolidation of Shares: Common shares
- Method and ratio of the Consolidation of Shares: Consolidation to be executed on July 1, 2016 at a ratio of 1 share for each 5 shares owned by shareholders of record in the latest shareholder register as of the close of the last day of June 2016.
- Share reduction resulting from the Consolidation of Shares

Total number of outstanding shares before consolidation (as of the last day of December 2015)	393,971,493 shares
Share decrease due to consolidation	315,177,195 shares
Shares outstanding after consolidation	78,794,298 shares

(Note) “Share decrease due to the consolidation” and “Shares outstanding after the consolidation” are theoretical values calculated based on the shares outstanding before the consolidation, and on the Consolidation of Shares ratio.

### (3) Shareholder decline due to the consolidation

The shareholder composition based on the shareholder register as of the last day of December 2015 is as follows.

	Shareholders	Shares owned
Total number of shareholders	55,626 (100.00%)	393,971,493 (100.00%)
Less than 5 shares	1,302 (2.34%)	2,367 (0.00%)
More than 5 shares	54,324 (97.66%)	393,969,126 (100.00%)

If the Consolidation of Shares is carried out with the shareholder composition above, the 1,302 shareholders who each own less than five shares (2,367 shares owned) would lose their status as a shareholder. Please note that in accordance with Article 194, Paragraph 1 of the Companies Act and the stipulations of the Company’s Articles of Incorporation, shareholders who own less than one share unit may request the Company to sell to them the number of shares needed to make up one share unit. Additionally, in accordance with Article 192, Paragraph 1 of the same Act, shareholders may request that the Company purchase from them their shares that are less than one share unit. Please ask your securities company or the Company’s shareholder register manager.

### (4) Treatment when there is less than one share

If fractional shares of less than one share arise as a result of the Consolidation of Shares, such shares shall be subject to a bulk sale in accordance with the provisions of the Companies Act, or the Company shall purchase them as treasury stock. The proceeds of the said sale, etc. shall be distributed to the target shareholders in proportion to their respective shareholdings.

(5) Total Number of Authorized Shares as of the Effective Date

In conjunction with the reduction of the total number of the outstanding shares of the Company as a result of the Consolidation of Shares, in order to adjust the total number of authorized shares to an appropriate level, the total number of authorized shares shall be amended from one billion (1,000,000,000) shares to two hundred million (200,000,000) shares in accordance with the Consolidation of Shares ratio (one fifth).

Number of authorized shares before change	1 billion shares
Number of authorized shares after change (as of July 1, 2016)	200 million shares

(6) Terms of consolidation

The Consolidation of Shares is predicated on the approval of the General Meeting of Shareholders regarding the proposal the Consolidation of Shares as well as the proposal to partially change the Articles of Incorporation concerning the Changes in the Number of Shares constituting One Share Unit and the total number of authorized shares.

**3. Schedule**

• February 10, 2016		Resolution at the Board of Directors
• March 30, 2016	(tentative)	Resolution at General Meeting of Shareholders
• June 27, 2016	(tentative)	Final trading day using 1,000 share unit
• June 28, 2016	(tentative)	First trading day using 100 share unit
• July 1, 2016	(tentative)	Effective date of Change in the Number of Shares Constituting One Share Unit, Consolidation of Shares, and change in the total number of authorized shares
• Early September 2016	(tentative)	Payment of disposal proceeds of fractional shares

As stated above, the effective date for the Change in the Number of Shares Constituting One Share Unit and Consolidation of Shares is July 1, 2016. Due to the transfer procedures after sales and purchases, however, the number of shares constituting one share unit will be changed from one thousand (1,000) shares to one hundred (100) shares on June 28, 2016 at the TSE and SSE.

**4. Other**

We separately disclosed today the “Notice Concerning Partial Amendments of the Articles of Incorporation”

End

**(Reference) Q&A Regarding the Change in the Number of Shares Constituting One Share Unit and Consolidation of Shares**

Q1. What is a change in the number of shares constituting one share unit and a consolidation of shares?

A change in the number of shares constituting one share unit means a change in the share units which are the basis for the number of voting rights at a general meeting of shareholders and the number of trading units on the stock exchanges. The number of shares constituting one share unit of the Company will change from one thousand (1,000) shares to one hundred (100) shares.

In addition, a consolidation of shares means consolidating a number of shares to reduce the number of shares. The Company will thus consolidate five shares into one.

Q2. What is the purpose of the Change in the Number of Shares Constituting One Share Unit and the Consolidation of Shares?

Japanese stock exchanges have announced the Action Plan for Consolidating Trading Units, aiming to consolidate one hundred (100) shares of common stock of domestic companies listed on Japanese stock exchanges into one (1) trading unit by October 2018. As a company listed on the TSE and the SSE, the Company shall respect this intention, change its number of shares constituting one share unit to one hundred (100) shares. In addition, the Company has decided to consolidate shares with the objectives of enhancing investment opportunities for individual investors as well as adjusting the investment unit to an appropriate level taking into consideration changes in stock prices in the medium to long term, etc.

Q3. What will happen to share ownership and voting rights?

Share ownership after the Consolidation of Shares will be the number of shares recorded in the latest shareholder register as of the close of the last day of June 2016 multiplied by 1/5 (any fraction less than one share shall be rounded off). The number of voting rights will be one per 100 shares owned.

Specifically, share ownership and voting rights will be as follows before and after the effective date (expected to be July 1, 2016) of the Change in the Number of Shares Constituting One Share Unit and the Consolidation of Shares.

	Before effective date		After effective date		
	Share ownership	Voting rights	Share ownership	Voting rights	Fractional shares
Example (1)	5,000	5	1,000	10	None
Example (2)	1,100	1	220	2	None
Example (3)	1,003	1	200	2	0.6
Example (4)	800	None	160	1	None
Example (5)	432	None	86	None	0.4
Example (6)	4	None	None	None	0.8

- There are no special procedures for shareholders who fall under Example (1).
- With respect to shares less than one share unit listed in Examples (2), (4), and (5) (20 shares for Example (2), 60 shares for Example (4), and 86 shares for Example (5)), a system for “selling shares less than one share unit” or “purchasing shares less than one share unit” can be used at your request.

- Please see Q4 below for how fractional shares would be handled for Examples (3), (5), and (6).
- If a shareholder owns less than five shares (Example (6)) before the effective date, all shares owned will become fractional shares as a result of the Consolidation of Shares, and the shareholder will lose the opportunity to own a share in the Company.

Please note that shareholders can avoid fractional share ownership by taking advantage of the system of “selling shares less than one share unit” or “purchasing shares less than one share unit” prior to the effective date of the Consolidation of Shares. Please ask your securities company or the Company’s shareholder register manager for details.

- Q4. Please describe how to handle fractional shares less than one share that will result from the Consolidation of Shares.

All fractional shares shall be subject to a bulk sale or the Company shall purchase them as treasury shares, and distribute the proceeds to the shareholders who owned less than one share on the basis of the ratio of their fractional shares. The Company will announce the amount to be paid and the procedures in September 2016.

As stated in Q3 above, if a shareholder has less than five shares (Q3 Example (6)) before the effective date, all shares owned will become fractional shares after the Consolidation of Shares, and the shareholder will lose the opportunity to own a share in the Company.

- Q5. The number of shares owned will decline after the Consolidation of Shares. Will this affect asset value?

While the number of shares owned by shareholders will be one-fifth after the Consolidation of Shares, the Company’s assets and capitalization will not change before or after the consolidation. Thus, the asset value per share will multiply fivefold, and apart from market fluctuations or other factors, the shareholder’s asset value will not be affected. Theoretically, the share price after the Consolidation of Shares will be five times the share price prior to the consolidation.

- Q6. The number of shares owned by shareholders will decline after the Consolidation of Shares. Will this affect dividends?

Although share ownership will become one-fifth after the Consolidation of Shares, we will set dividend per share taking the 1-for-5 ratio into account after the effective date of the Consolidation of Shares. Thus, apart from change in performance results or other factors, total dividends of each shareholder after the Consolidation of Shares will not be affected. However, dividends will not be paid on the fractional shares resulting from the Consolidation of Shares.

- Q7. What will happen to the shareholder special benefit plan?

The Company is discussing changing the shareholder special benefit plan because of the Change in the Number of Shares Constituting One Share Unit and the Consolidation of Shares. We will make an announcement when a decision has been made.

- Q8. Please tell us the specific schedule for your plans.

March 30, 2016	(tentative)	Resolution at General Meeting of Shareholders
June 27, 2016	(tentative)	Final trading day using 1,000 share unit
June 28, 2016	(tentative)	First day of trading using 100 share unit

July 1, 2016	(tentative)	Effective date of Change in Share Unit, Consolidation of Shares, and change in the total number of authorized shares
Early September 2016	(tentative)	Payment of disposal proceeds of fractional shares

Q9. Do certain procedures need to be undertaken by shareholders?

There are no special preliminary procedures to take.

As stated in Q3 and Q4 above, shares less than five will become fractional shares after the Consolidation of Shares. While the handling of fractional shares is as described in Q4, if a shareholder has less than five shares before the effective date, all their shares will become fractional shares after the Consolidation of Shares and the shareholder concerned will lose the opportunity of share ownership. It is also possible to avoid fractional share ownership by taking advantage of the system of “selling shares less than one share unit” or “purchasing shares less than one share unit” prior to the effective date.

[Inquiries]

Manager of Shareholder Name Register  
Mizuho Trust & Banking Co., Ltd.  
2-8-4 Izumi, Suginami-ku  
Tokyo, Japan 168-8507

Securities Transfer Agent  
Mizuho Trust & Banking Co., Ltd.  
Tel.: 0120-288-324 (toll free)  
Office hours: 9:00 am-5:00 pm (Mon-Fri), excluding holidays

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