



February 10, 2016

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Securities code	2501
Listed on	Tokyo Stock Exchange, Sapporo Securities Exchange
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Notice Concerning the Introduction of a Board Benefit Trust

Sapporo Holdings Limited (the “Company”) hereby announces that the Company at its Board of Directors’ meeting held today resolved to introduce a new stock-based compensation system (Board Benefit Trust, or BBT) (hereinafter referred to as the “System”), for directors, group operating officers of the Company, and some of the directors of the Company’s subsidiaries (excluding outside directors, hereinafter referred to as the “Group Target Officers”) and will submit a proposal for the System to the 92nd Ordinary General Meeting of Shareholders to be held on March 30, 2016 (the “General Meeting of Shareholders”).

1. Background and Purpose of the Introduction of the System

In December 2015 the Company enacted its “Basic Policy on Corporate Governance” for the purpose of specifying its position and operational policy regarding its corporate governance in light of the purport and spirit of the “Corporate Governance Code” set forth in the Listing Rules of the Tokyo Stock Exchange. The Basic Policy calls for establishing a directors’ compensation system consisting of a combination of cash compensation and compensation in the form of shares of the Company.

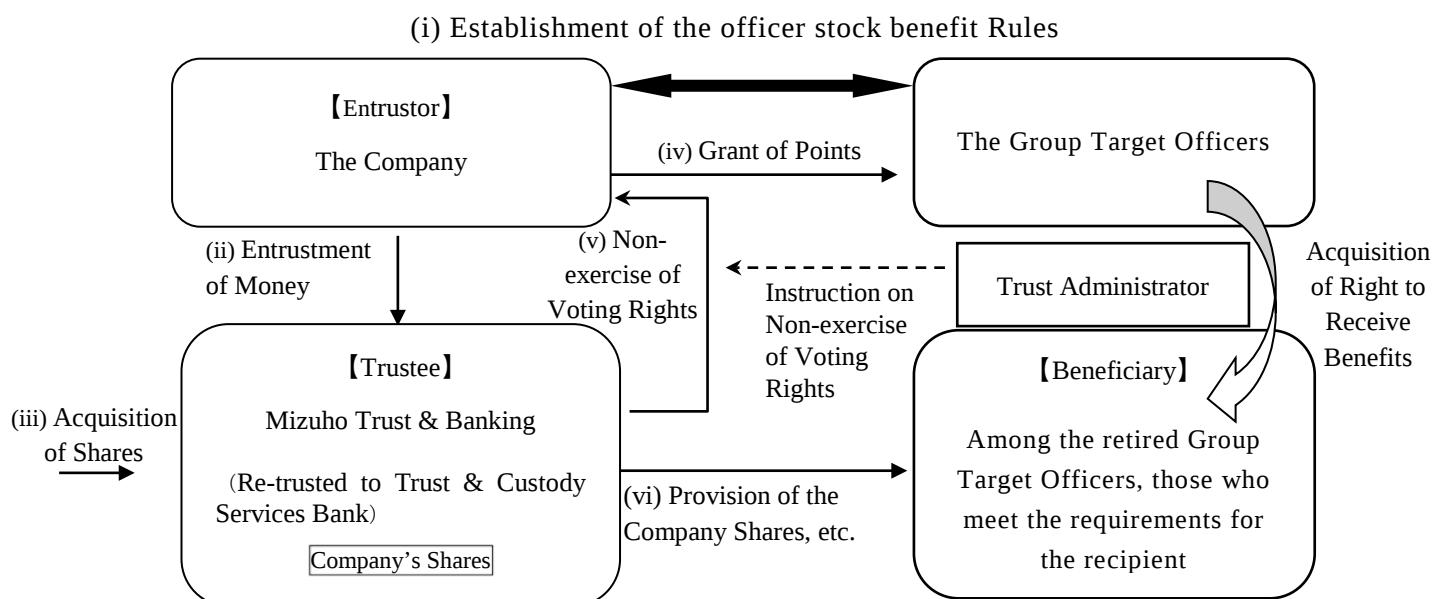
With the goal of further clarifying the linkage between the corporate performance and stock value of the Company to ensure that not only the merit of the increase in the stock prices, but also the risk of the decrease in the stock prices are shared among the Group Target Officers and the shareholders, thereby strengthening the Group Target Officers’ awareness toward their contributions to the mid- to long-term improvement in the corporate performance and value, the Company’s Board of Directors resolved to introduce the System, subject to the approval of shareholders, and will accordingly submit a proposal for the System at the General Meeting of Shareholders.

2. Summary of the System

(1) Summary of the System

The System is a stock-based compensation system under which, using as the funds the money the Company contributes at first, the Company's shares are acquired by the trust (hereinafter the trust which is established based on the System is referred to as the "Trust"), and the Company's shares and the amount of cash equivalent to the market price of the Company's shares as of the date of their retirement (hereinafter referred to as the "Company's Shares, etc.") are provided through the trust to the Group Target Officers in accordance with the officer stock benefit rules stipulated by the Company and the Company's subsidiaries falling under the System. The Group Target Officers shall receive the Company's Shares, etc. upon their retirement in principle.

< Structure of the System >



- (i) The Company shall stipulate the officer stock benefit rules within the framework approved by the General Meeting of Shareholders, by obtaining the resolution on the compensation of directors for the System at the General Meeting of Shareholders.
- (ii) The Company shall entrust the money within the limit approved by the General Meeting of Shareholders as set forth in (i).
- (iii) The Trust shall acquire the Company's shares through the stock market or by underwriting the disposition of the Company's treasury stock, using as the funds the money entrusted in the manner set forth in (ii).
- (iv) The Company shall grant points to the Group Target Officers based on the "officer stock benefit rules."
- (v) In accordance with the instructions from the independent trust administrator, the Trust shall not exercise the voting rights concerning the Company's shares in the Trust's account.
- (vi) The Trust shall provide the Company's shares to retired Group Target Officers who meet the requirements stipulated in the "officer stock benefit rules" (hereinafter referred to as the "Beneficiaries"), in proportion to the points granted to the said Beneficiaries. Provided, however, that, if the Group Target Officers meet the requirements separately stipulated in the officer stock benefit rules, they may receive in respect of a certain percentage of the points granted to them an amount of

cash equivalent to the market price of the Company's shares as of the date of their retirement, in lieu of the Company's shares.

(2) Targets of the System

Directors, group operating officers of the Company, and some of the directors of the Company's subsidiaries (excluding outside directors; Audit & supervisory board members are not covered by the System.)

(3) Period of the Trust

From May 31, 2016 (tentative) until the Trust is terminated (no specific date has been set for the termination of the Trust; the Trust will continue as long as the System itself continues; however, the System will terminate if the shares of the Company are delisted or the officer stock benefit rules are repealed or otherwise discontinued).

(4) The Calculation Method and the Upper Limit for the Number of the Company's Shares to Be Provided to the Group Target Officers

For each fiscal year, the Group Target Officers shall be granted points, the amount of which is to be decided by their respective positions and achieved performance, etc. based on the officer stock benefit rules; provided, however, that in the case of the group operating officers who are non-resident of Japan for a certain period, the period on non-residence will not be covered by the System and no points will be granted in respect to such period.

The upper limit of the total points granted to the Group Target Officers for one (1) fiscal year shall be 263,900 points combined, with 92,700 points for directors of the Company, and 171,200 points for group operating officers of the Company and directors of the Company's subsidiaries falling under the System. This has been determined, and judged appropriate by the Company, taking into consideration the current level of directors' compensation provided, the trend of the number of the Group Target Officers and their estimate in the future, etc. in a comprehensive manner. Each point granted to the Group Target Officers shall be converted into one (1) share of the Company's common stock at the time of the provision of the Company's Shares, etc. as explained in (7) below (provided, however, that, if, in regard to the Company's shares, a share split, allotment of share without contribution, or consolidation of shares, etc., is carried out after the resolution for approval by shareholders at the General Meeting of Shareholders, the conversion ratio shall be adjusted in a reasonable manner in proportion to the relevant ratio, etc. for the share split, allotment of share without contribution, or consolidation of shares, etc. As also separately disclosed today, a proposal for a share consolidation (the "Share Consolidation Proposal") is expected to be put before the General Meeting of Shareholders which, if approved by the shareholders as proposed, would become effective on July 1, 2016, and at that time an appropriate adjustment of the conversion ratio will be made on the basis of the share consolidation.).

The points for Group Target Officers which become the bases for the provision of the Company's Shares, etc. in (7) below shall be defined as the number aggregating the points granted to Group Target Officers by the time of their retirement (hereinafter referred to as the "Defined Number of

Points.”

(5) The Method of Acquiring the Company’s Shares

The Trust shall acquire the Company’s shares through the stock market or by underwriting the disposition of the Company’s treasury stock, using as the funds the money which is contributed at first by (6) below.

During the Initial Target Period (to be defined in (6) below), the Trust shall acquire shares within the upper limit of 791,700 shares without delay as the shares to be provided to the Group Target Officers, after the establishment of the Trust (May 31, 2016 (scheduled)). The details of the method for acquisition of the Company’s shares by the Trust shall be announced separately once they are determined.

(6) The Amount of the Trust and the Number of Shares to Be Acquired

Subject to approval of the introduction of the System by the General Meeting of Shareholders, the Company shall establish the Trust by contributing at first the funds necessary for the Trust to acquire in advance of a certain period the number of shares which are reasonably expected to be required to provide the Company’s Shares, etc. in accordance with (4) above and (7) below. As stipulated in (5) above, the Trust shall acquire the Company’s shares, using as the funds the money which is contributed at first by the Company.

Specifically, the Company shall establish the Trust by contributing the money with the upper limit of 446,000,000 yen as the necessary funds for three (3) fiscal years from the fiscal year ending at the end of December 2016 to the fiscal year ending at the end of December 2018 (hereinafter referred to as the “Initial Target Period”).

After the elapse of the Initial Target Period, the Company shall make additional contributions to the Trust, with the upper limit of 446,000,000 yen, for the following three (3) fiscal years (hereinafter referred to as the “Next Target Period”), in every three (3) fiscal years in principle until the termination of the System. Provided, however, if, at the time of such additional contributions, there remain the Company’s shares (excluding the Company’s shares corresponding to the points granted to the Group Target Officers but not yet given to the Group Target Officers) and money (hereinafter referred to as the “Remaining Shares, etc.”) in the trust assets on the date immediately before the start of the Next Target Period during which the said additional contributions are to be made, the Remaining Shares, etc. shall be allocated to the funds for the provision based on the System during the Next Target Period, and the upper limit of the monetary amount which the Company may additionally contribute during the Next Target Period shall be calculated by deducting the monetary amount of the Remaining Shares, etc. (for shares, the monetary amount converted to the market value equivalent on the date immediately before the start of the Next Target Period) from 446,000,000 yen. When the Company determines additional contributions, we will make an appropriate disclosure in a timely manner.

(7) Timing for the Provision of the Company’s Shares, etc.

When a Group Target Officer who has satisfied the beneficiary requirements stipulated in the officer

stock benefit rules retires, that officer may receive from the Trust the distribution of shares of the Company shares corresponding to the number of his or her Defined Number of Points awarded as per (4) above by carrying out the beneficiary certification procedures; provided, however, that, if the requirements separately stipulated in the officer stock benefit rules in addition to the requirements for the beneficiary are fulfilled, the said Group Target Officers may receive in respect of a certain percentage of the points granted to them an amount of cash equivalent to the market price of the Company's shares as of the date of their retirement in lieu of the Company's shares. The Trust may sell the Company's shares in order to make the monetary provisions. Distributions of the Company Shares, etc. will not be made to the group operating officers who are not residents of Japan at the time of their retirement.

(8) Voting rights of shares in the Trust

In accordance with the instructions from the independent trust administrator, the Trust shall not exercise the voting rights concerning the Company's shares in the Trust's account. It is intended that by adopting this approach neutrality can be ensured in regard to management of the Company.

(9) Treatment of dividends

The Trust will receive the dividends from the shares of the Company held in the Trust's account and allot them to payment of the acquisition cost of shares of the Company and to trust fees for the trustee of the Trust. In the event the Trust is terminated, dividends remaining in the Trust at that time will be distributed to the Group Target Officers in office at that time, in proportion to the number of points each holds.

(10) Treatment at the time of termination of the Trust

The Trust will terminate in the event of a delisting of shares of the Company or the repeal of the officer stock benefit rules and etc..

It is envisioned that all shares of the Company in the residual assets of the Trust at the time of its termination will be acquired without consideration by the Company and cancelled in accordance with a resolution of the Board of Directors. Cash in the residual assets of the Trust at the time of its termination, except for that distributed to the Group Target Officers as per (9) above, will be distributed to the Company.

【Overview of the Trust】

- (i) Name: Board Benefit Trust (BBT)
- (ii) Trustor: The Company
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd. (Re-trusted to Trust & Custody Services Bank, Ltd.)
- (iv) Beneficiaries: Retiring Group Target Officers who meet the beneficiary requirements
- (v) Trust administrator: Selection is planned of a third party having no conflict of interests with the Company.
- (vi) Type of trust: Money trust other than cash trusts (third party benefit trust)

- (vii) Date of execution of the Trust Agreement: May 31, 2016 (tentative)
- (viii) Date on which funds are entrusted: May 31, 2016 (tentative)
- (ix) Period of the Trust: From May 31, 2016 (tentative) until the Trust is terminated (No specific date has been set for termination of the Trust; the Trust will continue as long as the System itself continues.)

End