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(Securities Code: 2002)

June 4, 2014

To Those Shareholders with Voting Rights

Hiroshi Oeda
Director and President
Nisshin Seifun Group Inc.
25, Kanda-Nishiki-cho 1-chome,
Chiyoda-ku, Tokyo JAPAN

CONVOCAION NOTICE OF THE 170th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 170th Ordinary General Meeting of Shareholders of Nisshin Seifun Group Inc. (the "Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by one of the following methods. Please review the "Reference Documents for the General Meeting of Shareholders," and exercise your voting rights by 7:00 p.m. (JST), Wednesday, June 25, 2014.

[Voting in Writing (by Postal Mail)]

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form by no later than the aforementioned deadline for the exercise of voting rights.

[Voting Electronically (via the Internet)]

Please refer to the enclosed "Exercising your Voting Rights via the Internet," and vote for or against each of the proposals at the voting rights exercise website (<http://www.web54.net>) by no later than the aforementioned deadline for the exercise of voting rights.

- 1. Date and Time:** Thursday, June 26, 2014 at 10:00 a.m.
- 2. Place:** Sumitomo Fudosan Kanda Building (BELLESALLE KANDA) 2F Hall
7, Kanda-Mitoshiro-cho, Chiyoda-ku, Tokyo
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 170th fiscal term (from April 1, 2013 to March 31, 2014) and results of audits on the Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the 170th fiscal term (from April 1, 2013 to March 31, 2014)
- Proposals to be resolved:**
- Proposal No.1:** Dividends from Surplus
- Proposal No.2:** Election of Fourteen (14) Directors
- Proposal No.3:** Election of Two (2) Audit & Supervisory Board Members
- Proposal No.4:** Determination of Amount and Nature of Remuneration of Directors in the Form of Stock Options
- Proposal No.5:** Issuance of Subscription Rights to Shares as Stock Options

4. Matters concerning the Exercise of Voting Rights

Handling of multiple voting

- (1) If you exercise your voting rights via the Internet more than once, your final vote shall be deemed valid.
- (2) If you exercise your voting rights by two different methods, that is, via the Internet as well as by mailing

the Voting Rights Exercise Form, the vote via the Internet shall be deemed valid.

5. Other Matters concerning this Convocation Notice

Of the documents to be provided with this Convocation Notice, the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements are provided at the Company's website (<http://www.nisshin.com>) in accordance with laws and regulations and Article 15 of the Company's Articles of Incorporation, and they are therefore not attached herewith. The Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Independent Auditor and the Audit & Supervisory Board Members consist of the Notes to the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements on the Company's aforementioned website, as well as the documents included with this Convocation Notice.

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- If you are attending the meeting in person, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
 - If a proxy is attending the meeting on your behalf, the proxy shall present written proof of his/her power of representation and the Voting Rights Exercise Form at the reception desk on arrival at the meeting. You may appoint only one proxy, who shall be a shareholder of the Company with voting rights.
 - Modifications, if any, to the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements and the Reference Documents for the General Meeting of Shareholders will be posted on the Company's website (<http://www.nisshin.com>).

Business Report

(From April 1, 2013 to March 31, 2014)

1. Overview of the Corporate Group

(1) Business Progress and Results

[1] Business Environment and Performance of the Group

The business environment in the industries in which the Nisshin Seifun Group operates has continued to be severe, reflecting the falling birthrate and aging population, the consumption tax rate increase and a rise in the prices of imported raw materials due to the depreciated yen. In addition, public awareness of the safety and reliability of food has been growing further.

In this business environment, the Company, as a holding company, specifies long-term maximization of corporate value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses with growth potential. In addition, the Group has made further improvements and enhancements to its quality assurance system from the consumer's point of view, as it promotes internal reform while fulfilling its corporate social responsibilities by reinforcing internal control systems, legal and regulatory compliance, environmental protection and social contribution. The Nisshin Seifun Group has been fully committed to gaining the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

During the fiscal year ended March 31, 2014, the Japanese economy showed signs of a modest recovery, primarily as corporate business performance and consumer spending staged a turnaround against the backdrop of a depreciated yen and high stock prices, stimulated by economic policies and financial deregulation pursued by the Japanese government and the Bank of Japan, respectively. The surrounding business environment for the Company, however, remained challenging, largely reflecting higher prices for imported raw materials and rising utility costs due to the yen's depreciation, and an increasingly entrenched preference for lower-priced options among consumers. Under these conditions, the Company moved to accelerate measures outlined in "NNI-120, Speed, Growth and Expansion," a medium-term management plan which positions top-line (net sales) and overseas business expansion as priority strategies and pursued aggressive promotional efforts in each of its businesses. In terms of overseas expansion efforts, in addition to consolidation effects from subsidiaries acquired from M&A activity and efforts to boost production capacity, progress from assertive policies by Group companies to expand shipments has now lifted the Company's ratio of sales outside of Japan to over 10%, as the overseas business continues to grow steadily. To bolster the production capacity for pasta and realize further business expansion, the Company decided to establish a joint venture and build a pasta plant, which is set to commence operations in April 2015, in Turkey. In conjunction with this move, the Company also decided to build a new frozen food production site in Japan at the Kobe Plant of Ma•Ma-Macaroni Co., Ltd. set to launch operations in May 2015. In the Flour Milling Segment, the new plant in Fukuoka, Japan, built as part of measures to bolster cost competitiveness, came on line as scheduled in February 2014. Work is also proceeding apace on the addition of a new production line at the Chita Plant (Chita, Aichi, Japan), with operations scheduled to begin in May 2015. Meanwhile, the Company revised its wheat flour prices in response to the government's decision to raise the prices of five brands of imported wheat. On average, the price of imported wheat rose by 9.7% in April 2013, followed by a 4.1% increase in October 2013.

As a result, consolidated net sales increased by 8.9% year on year to ¥495,930 million for the fiscal year under review. Contributing factors to this increase were growth in shipments in the Flour Milling Segment and Processed Food Segment in the domestic market and overseas business expansion. In terms of profits, operating income rose by 2.5% to ¥22,274 million, ordinary income increased by 3.4% to ¥25,579 million, and net income rose by 10.3% to ¥15,098 million. The increase in profits resulted from increased shipments and Company-wide efforts to curb costs, as well as firm growth in bran prices in the Flour Milling Segment. The end result was both top- and bottom-line growth cumulative for the fiscal year under review.

On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Regarding the annual dividend for the fiscal year ended March 31, 2014, there was no adjustment to the dividend per share in line with the stock split in order to enable an actual increase in dividend. Consequently, the Company plans to pay a dividend of ¥20 per share, unchanged from the previous fiscal year.

In addition, U.S.-based Miller Milling Company, LLC decided in April 2014 to newly acquire four flour milling plants in the United States. This purchase will bring the total number of plants under Miller Milling Company, LLC to six, and give it the fourth largest production capacity in the country.

[2] Review of Operations of the Group

In the domestic market, the Nisshin Seifun Group strove to further strengthen sales promotion activities, increase shipments of value-added products and enhance productivity in all of its business fields, as well as

implementing further cost reductions and ensuring appropriate profits commensurate with purchasing costs.

In overseas markets, the Group aggressively implemented measures to expand its overseas businesses, including the establishment of a new company in Vietnam and a decision to establish a joint venture in Turkey.

In new product development, the Nisshin Seifun Group continues to develop high-value-added, next-generation products that are novel and unique, while also focusing on new market development.

Moreover, in order to deliver high-quality, safe products, the Nisshin Seifun Group strives for further improvement and enhancement of its quality control systems.

The following is a review of operations by business segment of the Nisshin Seifun Group.

Flour Milling Segment

In the flour milling business, we continued to promote value-added services that provide total solutions to enhance relationships with customers in a bid to increase market share, resulting in year-on-year growth in shipments of domestic commercial wheat flour. In response to the government's decision to raise the prices of imported wheat in April and October 2013, we revised our prices for commercial wheat flour in June and again in December.

From the perspectives of production and distribution, we continued to carry out measures to enhance productivity and reduce fixed and other costs. In tandem, we are moving ahead with efforts to bolster cost competitiveness by concentrating production at large-scale plants located near ports. Along with a new plant in Fukuoka, Japan, that came on-line as scheduled in February 2014, construction work began in October 2013 on the addition of a new production line at the Chita Plant in Aichi, Japan, scheduled to start operations in May 2015. Furthermore, the Company decided to increase holding capacity by 25% at a raw wheat silo operated by Hanshin Silo Co., Ltd., located adjacent to the Higashinada Plant. The silo is scheduled to commence operation in April 2015.

The price of bran, a byproduct of the milling process, remained favorable throughout the period.

In the overseas business, sales increased year on year, reflecting effects from the consolidation of two companies acquired via M&A activity – Miller Milling Company, LLC in the U.S. and Champion Flour Milling Ltd. in New Zealand. Sales growth was also stimulated by steady growth in shipments at Miller Milling Company, LLC, where we increased production capacity, and at Nisshin-STC Flour Milling Co., Ltd. in Thailand.

As a result, net sales of the Flour Milling Segment increased 16.0% from the previous fiscal year to ¥207,752 million, and operating income rose 10.3% to ¥9,381 million.

Processed Food Segment

In the processed food business, sales of both household- and commercial-use products rose over the previous fiscal year. In household-use products, leveraging the Company's proprietary technology, growth was spurred by the launch of new products to address needs arising from an increase in eating alone and demand for meals that are easy to prepare. Aggressive sales promotion efforts, meanwhile, garnered new commercial customers. Similarly, sales of prepared dishes and other prepared foods business advanced from the previous fiscal year as a result of measures promoted to expand shipments of prepared foods to volume retailers. Sales of the overseas business increased from the previous fiscal year, owing to aggressive product proposals aimed at obtaining new customers, mainly in the ever-growing Chinese and Southeast Asian markets. Meanwhile, the Company marked progress with work to boost production capacity for commercial prepared mix by 25% scheduled to come online by this year's end at Thai Nisshin Technomic Co., Ltd. The Company also launched construction at Vietnam Nisshin Seifun Co., Ltd. of a production plant for cooked and processed foods set to commence operation in the fall of 2014. To bolster the production capacity for pasta and realize further business expansion, the Company decided to establish a joint venture, Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S., and build a pasta plant, which is set to commence operations in April 2015, in Turkey. In conjunction with this move, the Company also decided to build a new frozen food production site at the Kobe Plant of Ma•Ma-Macaroni Co., Ltd. set to launch operations in May 2015.

In the yeast business, sales increased compared to a year earlier, mainly as a result of growth in sales of yeast and fillings. Sales in the biotechnology business increased compared with the previous fiscal year, largely due to growth in sales of coenzymes and other diagnostic reagents.

In the healthcare foods business, sales declined year on year despite brisk sales of consumer products driven by aggressive sales promotion measures, primarily due to volatile demand for raw materials for pharmaceuticals.

As a result, net sales of the Processed Food Segment increased 4.4% from the previous fiscal year to ¥243,007 million, but operating income declined 3.4% to ¥10,054 million.

Others Segment

In the pet food business, while sales surpassed those of the previous fiscal year, the market environment continued to be severe mainly due to higher prices for imported raw materials caused by the depreciated yen, and more intense sales competition. This severity persisted despite robust shipments of premium pet food due in large part to the aggressive launch of new products.

In the engineering business, sales increased year on year mainly driven by solid performance from the mainstay plant engineering business and from equipment sales.

In the mesh cloths business, sales surpassed the previous fiscal year's level, stimulated by brisk sales of materials for screen-printing applications and forming filters mainly for automobile parts.

As a result, net sales of the Others Segment increased 3.7% to ¥45,171 million, but operating income declined 3.0% to ¥2,828 million.

(2) Issues to be Addressed

Japan's food industry is grappling with a variety of concerns, among them market contraction as the country's population declines, the impact of a higher consumption tax on consumer spending, and rising prices for imported raw materials due to the depreciated yen. Adding to these concerns is the projected acceleration in global competition depending on the outcome of international trade negotiations, including the Trans-Pacific Partnership (TPP) and economic partnership agreements (EPA).

Under these circumstances, the Nisshin Seifun Group will continue to fulfill its mission of securing stable supplies of wheat flour and other staple foods for the Japanese people, and will strive to provide customers with safe and reliable products from all of its businesses. At the same time, we will move quickly to enact the strategies contained in our medium-term management plan to stimulate business growth and expansion.

[1] Domestic Business Strategies

Regarding the flour milling business, we will strengthen promotion of value-added services that offer total solutions to customers and realize a further increase in market share. As a measure to strengthen cost competitiveness, we are enhancing the productivity of domestic flour milling plants by concentrating production at large-scale plants located near ports. This effort saw the start of operations at a new plant in Fukuoka, Japan, in February 2014, and the start of construction work on the addition of a new production line at the Chita Plant in Aichi, Japan, scheduled to start operations in May 2015.

In the processed food business, we will pursue measures to boost brand loyalty by launching products that create new markets and propose new eating options, deploying sales promotion measures and other promotional activities. At the same time, we will push for greater expansion in the growth fields of the prepared dishes and other prepared foods and the frozen food product businesses. In frozen food business, we decided to construct a new site for frozen food products at the Kobe Plant of Ma•Ma-Macaroni Co., Ltd., set to begin operating in May 2015.

In the yeast, biotechnology, healthcare foods, pet food, engineering and mesh cloths businesses, our plan is to seek growth by product and technology developments that will culminate in groups of businesses with real presence in their respective industries.

[2] Overseas Business Strategies

The Group places expansion of overseas business as one of its top priority strategies and will actively promote overseas business strategies.

In the flour milling business, U.S.-based Miller Milling Company, LLC, where production capacity was upgraded last year by 30%, opted in April 2014 to newly acquire four flour milling plants in the United States. This purchase will bring the total number of plants under Miller Milling Company, LLC to six, and give it the fourth largest production capacity in the country. Going forward, collaboration with Rogers Foods Ltd. in Canada is set to yield further growth in the North American market. Similarly, we are eyeing sales expansion by taking advantage of the Group's strengths in flour milling technology and proposals in the Asian market through Nisshin-STC Flour Milling Co., Ltd. in Thailand, where production capacity was upgraded by 20%, and in the Oceania market through Champion Flour Milling Ltd. in New Zealand.

In the processed food business, in line with further expansion of the prepared mix business and its projected growth in the Asian market, we will move to boost production capacity by 25% at Thai Nisshin Technomic Co., Ltd. by this year's end. Similarly, construction is progressing with a scheduled start date this fall on a production plant for pasta sauces and other cooked and processed foods at Vietnam Nisshin Seifun Co., Ltd. in Vietnam, followed by construction with a scheduled start date of April 2015 of a pasta production site at joint venture Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S. With these moves, we are broadening our scope beyond the Japanese market to sell pasta-related products in overseas markets as well.

Moreover, in the flour milling, processed food, and bakery-related businesses in particular, we will move with speed to promote business expansion in new domains, either through the Company's own proprietary efforts or through M&A and alliance opportunities.

[3] R&D Strategies and Cost Strategies

The Group takes on the perspective of its customers in the development of new products, and is engaged in the creation of basic and core technologies in new domains. In the development of new products, high value-added products that are novel and unique will be developed continuously. In research, we will clarify our priority research domains in order to promote the commercialization and practical application of research results. At the same time, we will establish research themes closely aligned with business strategies to increase efficiency and speed.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the Nisshin Seifun Group will work to reduce production and procurement costs and build an operational foundation that is capable of securing earnings that properly reflect changing costs.

[4] Measures Addressing Systemic Changes in the Wheat Policy, and Others

We anticipate that the progress of ongoing international trade negotiations, including the Trans-Pacific Partnership (TPP) and economic partnership agreements (EPA), will have a major impact on the current regime regarding wheat policy and wheat-flour-related industries. While vigilantly monitoring conditions, including anticipated systemic changes, we will accelerate our drive to develop the Nisshin Seifun Group into a strong, globally competitive enterprise.

[5] Corporate Social Responsibility (CSR)

The Nisshin Seifun Group has fulfilled its responsibilities as a corporate citizen in all its business activities and aims to retain its status as a corporate entity that plays an increasingly essential role in society. To this end, the Group established a Social Committee to study and develop basic attitudes and tangible actions with regard to all stakeholders.

The Nisshin Seifun Group has positioned implementation of CSR activities, such as quality assurance systems, environmental conservation and enhanced compliance through internal control, as one of its top management priorities and is taking thoroughgoing steps to ensure a Group-wide commitment.

Regarding quality assurance (QA), to ensure the delivery to customers of safe and reliable products, we are strengthening our hand in the areas of food safety and food defense. The CR (Consumer Relations) Office, which is charged with the responsibilities of identifying consumer mindsets and social trends while providing timely and appropriate direction as to what actions need to be taken, will actively collect relevant consumer administrative information as well as consumer opinion and their needs. In this manner, every effort is made to enhance Group customer relations. Furthermore, to secure the stable supply of wheat flour and other staple foods for the Japanese people, we have enhanced preparation ahead of future disasters through our business continuity planning (BCP).

Regarding the environmental preservation, we have always taken the initiative in working to reduce the environmental burden through energy saving, reduction of waste and responding to power-related issues.

For internal control, the Group is doing more than what is required by the Financial Instruments and Exchange Act by extensively reconstructing its internal control systems group-wide. These systems are monitored by a dedicated department to maintain their integrity and seek further improvements.

Further, the Nisshin Seifun Group, as a member of society, will make efforts to widen its range of social contribution activities. We will continue to support restoration of the areas affected by the Great East Japan Earthquake, make regional contributions through the Nisshin Seifun (Flour Milling) Museum as a regional tourism resources and educational assets, and support the activities of the WFP (World Food Program).

The Nisshin Seifun Group will continue to strive to fulfill its corporate social responsibilities.

The Nisshin Seifun Group will steadily tackle the above challenges and ensure the further development of the Group. Our shareholders' continued support is greatly appreciated.

(3) Consolidated Business Results and Summary of Assets

(Millions of yen)

Fiscal term Fiscal Years ended March 31	167 th FY2011	168 th FY2012	169 th FY2013	170 th FY2014 (Current)
Net sales	424,156	441,963	455,566	495,930
Ordinary income	27,839	26,132	24,742	25,579
Net income	14,187	13,326	13,688	15,098
Net income per share (¥)	51.90	48.76	50.08	55.23
Total assets	389,418	431,956	461,851	471,039
Net assets	285,249	298,798	317,436	334,092

Note: The Company conducted a 1.1-for-1 stock split of shares of common stock as of October 1, 2013. Therefore, net income per share was calculated on the assumption that said stock split was conducted at the beginning of the 167th fiscal term.

(4) Capital Expenditures

The capital expenditures for the fiscal year ended March 31, 2014 increased ¥1,228 million from the previous year to ¥18,636 million, based on actual expenditures.

The principal capital expenditures were put into the construction of a new Nisshin Flour Milling plant in Fukuoka and the expansion of production capacity.

(5) Financing

The Company did not raise additional funds in terms of capital increases or bond issues during the fiscal year ended March 31, 2014.

(6) Major Subsidiaries and Acquisition**[1] Major Subsidiaries and Affiliates**

Company Name	Common Stock	Share of Voting Rights	Main Businesses
(Subsidiaries)	¥ million	%	
Nisshin Flour Milling Inc.	14,875	100.0	Production and sales of wheat flour
Miller Milling Company, LLC	86	100.0	Production and sales of wheat flour
Champion Flour Milling Ltd.	3,491	100.0	Production and sales of wheat flour
Nisshin Foods Inc.	5,000	100.0	Sales of pasta, wheat flour for household use, frozen foods, and other products; production and sales of prepared mix products
Nisshin Seifun Premix Inc.	400	100.0	Production and sales of prepared mix products
Ma•Ma-Macaroni Co., Ltd.	350	68.1	Production and sales of pasta
Initio Foods Inc.	487	100.0	Production and sales of frozen foods and prepared dishes; direct operation of concessions in stores including department stores
Oriental Yeast Co., Ltd.	2,617	100.0	Production and sales of cake and bread ingredients and biochemical products; life science business
Nisshin Pharma Inc.	2,689	100.0	Production and sales of healthcare foods and pharmaceuticals
Nisshin Petfood Inc.	1,315	100.0	Production and sales of pet foods
Nisshin Engineering Inc.	107	100.0	Design, contracted construction and management of production; sales of machinery for powder grinding
NBC Meshtec Inc.	1,992	100.0	Manufacturing and sales of mesh cloths and forming filters
(Affiliates)			
Marubeni Nisshin Feed Co., Ltd.	5,500	40.0	Production and sales of compound feed
Tokatsu Foods Co., Ltd.	100	49.0	Production and sales of cooked foods such as bento lunch boxes and other prepared foods

Note: The voting rights in Miller Milling Company, LLC, and Nisshin Seifun Premix Inc. are held by subsidiaries of the Company. In addition, the voting rights in Champion Flour Milling Ltd., Ma•Ma-Macaroni Co., Ltd., and Initio Foods Inc., are held by the Company and its subsidiaries.

[2] Status of Significant Acquisition

There are no applicable matters to be reported.

(7) Principal Businesses (As of March 31, 2014)

The following is a description of the businesses and their principal products of the Nisshin Seifun Group. The Company, as the holding company, controls and manages the Group companies operating these businesses.

Business Segment	Principal Products
Flour Milling Segment	wheat flour, bran
Processed Food Segment	prepared mix products, wheat flour for household use, pasta, pasta sauce, frozen foods, chilled foods, cake and bread ingredients, biochemical products, life science business, healthcare foods
Others Segment	pet food; design, management, and contracted construction of facilities; mesh cloths

(8) Principal Offices (As of March 31, 2014)

[1] The Company Head Office (Chiyoda-ku, Tokyo)

Institutes and Laboratories (Fujimino)
Research Center for Production and Technology
Research Center for Basic Science Research and Development
QE Center

[2] Flour Milling Segment

Nisshin Flour Milling Inc. Head Office (Chiyoda-ku, Tokyo)
Cereal Science Research Center of Tsukuba (Tsukuba)
Sapporo Sales Department (Sapporo), Sendai Sales Department (Sendai),
Kanto Sales Department (Chuo-ku, Tokyo), Tokyo Sales Department (Chuo-ku, Tokyo),
Nagoya Sales Department (Nagoya), Osaka Sales Department (Osaka),
Chushikoku Sales Department (Okayama), Fukuoka Sales Department (Fukuoka)
Hakodate Plant (Hakodate), Chiba Plant (Chiba),
Tsurumi Plant (Kawasaki), Nagoya Plant (Nagoya), Chita Plant (Chita),
Higashinada Plant (Kobe), Okayama Plant (Okayama), Sakaide Plant (Sakaide),
Fukuoka Plant (Fukuoka), Tosu Plant (Tosu), Chikugo Plant (Chikugo)
Miller Milling Company, LLC Head Office (Minnesota, U.S.A.)
Winchester Plant (Virginia, U.S.A.), Fresno Plant (California, U.S.A.)
Champion Flour Milling Ltd. Head Office (New Zealand)
Mt. Maunganui Plant (New Zealand), Christchurch Plant (New Zealand)

[3] Processed Food Segment

Nisshin Foods Inc. Head Office (Chiyoda-ku, Tokyo)
Food Research and Development Center (Chuo-ku, Tokyo)
Hokkaido Sales Department (Sapporo), Tohoku Sales Department (Sendai),
Kanto Sales Department (Saitama), Metropolitan Sales Department (Chuo-ku, Tokyo),
Wide Area Sales Department (Chiyoda-ku, Tokyo), Chubu Sales Department (Nagoya),
Kansai Sales Department (Osaka), Chushikoku Sales Department (Hiroshima),
Kyushu Sales Department (Fukuoka)
Tatebayashi Plant (Tatebayashi)
Nisshin Seifun Premix Inc. Head Office (Chuo-ku, Tokyo)
Nagoya Plant (Nagoya)
Ma•Ma-Macaroni Co., Ltd. Head Office (Utsunomiya)
Utsunomiya Plant (Utsunomiya), Kobe Plant (Kobe)
Initio Foods Inc. Head Office (Chiyoda-ku, Tokyo)
Kumagaya Plant (Kumagaya), Shiraoka Plant (Shiraoka), Higashi-Osaka Plant (Higashi-Osaka)
Oriental Yeast Co., Ltd. Head Office (Itabashi-ku, Tokyo)
Tokyo Plant (Itabashi-ku, Tokyo), Osaka Plant (Suita), Biwa Plant (Nagahama)
Nisshin Pharma Inc. Head Office (Chiyoda-ku, Tokyo)
Health Care Research Center (Fujimino)
Ueda Plant (Ueda)

[4] Others Segment

Nisshin Petfood Inc. Head Office (Chiyoda-ku, Tokyo)
Nisshin Engineering Inc. Head Office (Chuo-ku, Tokyo)
NBC Meshtec Inc. Head Office (Hino)
Yamanashi Tsuru Plant (Tsuru), Shizuoka Kikugawa Plant (Kikugawa)

(9) Employees of the Group (As of March 31, 2014)

Business Segment	Number of Employees	Year-on-Year Change
Flour Milling Segment	1,397	(19)
Processed Food Segment	3,205	(3)
Others Segment	663	(104)
Corporate (Across the Group divisions)	385	11
Total	5,650	(115)

(10) Major Creditors and Loan Payable (As of March 31, 2014)

There are no major creditors.

2. Outline of the Company

(1) Shares (As of March 31, 2014)

- [1] Total number of shares authorized to be issued 932,856,000 shares
- [2] Total number of shares issued and outstanding 276,688,992 shares (Including 3,190,764 shares of treasury stock)
- [3] Number of shareholders 17,746 (Increased by 2,189 from the previous term-end)
- [4] Major shareholders (Top 10)

Name	Number of Shares Held	Shareholding Ratio
	(thousands)	%
Nippon Life Insurance Company	17,625	6.4
Yamazaki Baking Co., Ltd.	15,444	5.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	14,552	5.3
Japan Trustee Services Bank, Ltd. (Trust Account)	11,835	4.3
Mizuho Bank, Ltd.	11,381	4.1
Mitsubishi Corporation	7,680	2.8
Marubeni Corporation	5,713	2.0
Sumitomo Corporation	5,537	2.0
Sumitomo Mitsui Banking Corporation	5,077	1.8
The Norinchukin Bank	4,938	1.8

Note: Treasury stock (of 3,190,764 shares) is not included in shareholding ratio calculation.

[5] Other important matters regarding shares

The Company conducted a 1.1-for-1 stock split of shares of common stock as of October 1, 2013. Accordingly, the total number of shares issued and outstanding increased by 25,153,544 shares. As of the same date, the number of shares that form a minimum trading unit was changed from 500 to 100.

(2) Subscription Rights to Shares

[1] Status of subscription rights to shares as of March 31, 2014

	Number of subscription rights to shares granted	Type and number of shares issuable upon exercise of subscription rights to shares	Issuance price upon exercise of subscription rights to shares	Persons granted subscription rights to shares	Amount payable upon exercise of subscription rights to shares	Exercise period
5-1st subscription rights to shares (Granted on August 13, 2007)	42	Common Stock 46,200 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,197,900 per subscription right to shares	July 27, 2009 – July 26, 2014
5-2nd subscription rights to shares (Granted on August 13, 2007)	105	Common Stock 115,500 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,197,900 per subscription right to shares	July 27, 2009 – July 26, 2014
6-1st subscription rights to shares (Granted on August 19, 2008)	56	Common Stock 61,600 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,397,000 per subscription right to shares	August 20, 2010 – July 30, 2015
6-2nd subscription rights to shares (Granted on August 19, 2008)	144	Common Stock 158,400 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,397,000 per subscription right to shares	August 20, 2010 – July 30, 2015
7-1st subscription rights to shares (Granted on August 18, 2009)	72	Common Stock 79,200 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,131,900 per subscription right to shares	August 19, 2011 – August 1, 2016
7-2nd subscription rights to shares (Granted on August 18, 2009)	150	Common Stock 165,000 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,131,900 per subscription right to shares	August 19, 2011 – August 1, 2016
8-1st subscription rights to shares (Granted on August 18, 2010)	76	Common Stock 83,600 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,098,900 per subscription right to shares	August 19, 2012 – August 1, 2017
8-2nd subscription rights to shares (Granted on August 18, 2010)	138	Common Stock 151,800 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,098,900 per subscription right to shares	August 19, 2012 – August 1, 2017
9-1st subscription rights to shares (Granted on August 18, 2011)	66	Common Stock 72,600 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,025,200 per subscription right to shares	August 19, 2013 – August 1, 2018
9-2nd subscription rights to shares (Granted on August 18, 2011)	216	Common Stock 237,600 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,025,200 per subscription right to shares	August 19, 2013 – August 1, 2018

	Number of subscription rights to shares granted	Type and number of shares issuable upon exercise of subscription rights to shares	Issuance price upon exercise of subscription rights to shares	Persons granted subscription rights to shares	Amount payable upon exercise of subscription rights to shares	Exercise period
10-1st subscription rights to shares (Granted on August 16, 2012)	104	Common Stock 114,400 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥958,100 per subscription right to shares	August 17, 2014 – August 1, 2019
10-2nd subscription rights to shares (Granted on August 16, 2012)	217	Common Stock 238,700 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥958,100 per subscription right to shares	August 17, 2014 – August 1, 2019
11-1st subscription rights to shares (Granted on August 20, 2013)	96	Common Stock 105,600 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,224,300 per subscription right to shares	August 21, 2015 – August 3, 2020
11-2nd Subscription rights to shares (Granted on August 20, 2013)	213	Common Stock 234,300 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,224,300 per subscription right to shares	August 21, 2015 – August 3, 2020

Note: Following the stock split as of October 1, 2013, the Company has adjusted the number of shares to be issued upon the exercise of subscription rights to shares and the amount payable upon the exercise of subscription rights to shares.

Conditions for exercise of the above subscription rights to shares:

- 1) Persons granted subscription rights to shares (hereinafter referred to as “holders”) shall be a Director or Executive Officer of the Company or one of its consolidated subsidiaries at the time of the exercise of the rights. However, holders who are no longer a Director or Executive Officer of the Company or one of its consolidated subsidiaries may exercise the rights up until two (2) years after stepping aside or two (2) years after the commencement of the exercise period of the rights, whichever is later.
- 2) An heir of the holder may inherit such rights, provided the prescribed procedures are completed.
- 3) Subscription rights to shares may not be transferred, securitized, or otherwise disposed of under any circumstances.
- 4) Subscription rights to shares shall be subject to immediate forfeiture under any circumstances in which such rights shall not be exercised in consideration of the purpose of granting, including but not limited to, the dismissal of the holder from the position of Director or Executive Officer or other.

[2] Subscription rights to shares granted as remuneration for performance of duty and held by directors of the Company as of March 31, 2014

Segment	Name	Number of subscription rights to shares	Number of persons holding subscription rights to shares
Directors (excluding Outside Directors)	5-1st subscription rights to shares	10	1
	6-1st subscription rights to shares	17	2
	7-1st subscription rights to shares	17	2
	8-1st subscription rights to shares	19	3
	9-1st subscription rights to shares	22	3
	10-1st subscription right to shares	62	8
	11-1st subscription rights to shares	86	12
Outside Directors	5-1st subscription rights to shares	5	1
	6-1st subscription rights to shares	5	1
	7-1st subscription rights to shares	10	2
	8-1st subscription rights to shares	10	2
	9-1st subscription rights to shares	10	2
	10-1st subscription right to shares	10	2
	11-1st subscription rights to shares	10	2

The details of the above subscription rights to shares are described in [1].

[3] Subscription rights to shares granted as remuneration for performance of duty to employees during the fiscal year ended March 31, 2014.

There are no applicable matters to be reported.

(3) Members of the Boards

[1] Directors and Audit & Supervisory Board Members (As of March 31, 2014)

Title	Name	Position	Significant Positions Concurrently Held
Representative Director and President	Hiroshi Oeda		Director and President (Representative Director), Nisshin Flour Milling Inc.
Director and Vice President	Kazuo Ikeda		Director and Chairman, Nisshin Foods Inc. Director and President (Representative Director), Nisshin Seifun Premix Inc.
Managing Director	Masao Nakagawa	Division Executive, Finance and Accounting Division	
Managing Director	Michinori Takizawa	Division Executive, General Administration Division	
Director	Takashi Harada	Division Executive, R&D and Quality Assurance Division	
Director *	Yasuhiko Ogawa	Division Executive, Technology and Engineering Division	
Director *	Akira Mori	Division Executive, Corporate Planning Division	
Director	Toshinori Shiragami		Director and President (Representative Director), Nisshin Pharma Inc.
Director	Masashi Nakagawa		Director and President (Representative Director), Oriental Yeast Co., Ltd.
Director	Koichi Iwasaki		Director and President (Representative Director), Nisshin Foods Inc.
Director *	Takao Yamada		Managing Director, Nisshin Flour Milling Inc.
Director *	Nobuki Kemmoku		Senior Managing Director, Nisshin Flour Milling Inc.
Director	Ariyoshi Okumura		
Director	Akio Mimura		Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation Chairman, The Japan Chamber of Commerce and Industry Chairman, The Tokyo Chamber of Commerce and Industry Outside Director, Development Bank of Japan Inc. Outside Director, Innovation Network Corporation of Japan Outside Director, Tokio Marine Holdings, Inc. Outside Director, Japan Post Holdings Co., Ltd.
Audit & Supervisory Board Member (Full-time)	Makoto Watanabe		
Audit & Supervisory Board Member (Full-time) *	Yasuhiko Masaki		
Audit & Supervisory Board Member	Tetsuo Kawawa		Attorney; Managing Partner, Kawawa Law Offices Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd.

Title	Name	Position	Significant Positions Concurrently Held
Audit & Supervisory Board Member	Kazuhiko Fushiya		Chairman, The Institute of Internal Auditors – Japan
Audit & Supervisory Board Member	Satoshi Ito		Certified Public Accountant; Managing Partner, Ito Certified Public Accountant Offices Outside Audit & Supervisory Board Member, NEC Corporation Outside Audit & Supervisory Board Member, Sumitomo Mitsui Financial Group, Inc. Outside Audit & Supervisory Board Member, Sumitomo Mitsui Banking Corporation

- Notes:
- Directors Ariyoshi Okumura and Akio Mimura are Outside Directors.
 - Audit & Supervisory Board Members Tetsuo Kawawa, Kazuhiko Fushiya, and Satoshi Ito are Outside Audit & Supervisory Board Members.
 - The Company selects all of the Outside Directors and Outside Audit & Supervisory Board Members as Independent Directors and Independent Audit & Supervisory Board Members, respectively, in accordance with the rules as set forth by the Tokyo Stock Exchange, providing the necessary notification thereto.
 - Audit & Supervisory Board Member Makoto Watanabe has experience in roles such as General Manager (Finance) for the Company, etc., and substantial knowledge of finance and accounting.
 - Audit & Supervisory Board Member Satoshi Ito, who has the qualification as a Certified Public Accountant, has experience in and substantial knowledge of finance and accounting.
 - The following is a list of changes in the Directors and Audit & Supervisory Board Members of the Company and their titles in the fiscal year ended March 31, 2014.
 - As of June 26, 2013, the term of office of four (4) Directors—Toshio Maruo, Izumi Inagaki, Hiromasa Hanafusa and Masao Shimosaka—and one (1) Audit & Supervisory Board Member, Takeo Ito, expired and they retired from office. The Directors and the Audit & Supervisory Board Member with an asterisk (*) were newly elected and took office at the 169th Ordinary General Meeting of Shareholders, held on the same day.
 - Michinori Takizawa took office as a Managing Director as of June 26, 2013.
 - The following is a list of changes in significant positions concurrently held in the fiscal year ended March 31, 2014.

Director Akio Mimura Took office as an Outside Director, Japan Post Holdings Co., Ltd. (June 20 2013)
Retired as a Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation
Took office as a Senior Advisor, Nippon Steel & Sumitomo Metal Corporation (June 25 2013)
Took office as a Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation (November 21 2013)
Took office as a Chairman, The Tokyo Chamber of Commerce and Industry (November 1 2013)
Took office as a Chairman, The Japan Chamber of Commerce and Industry (November 21 2013)

[2] Amount of remuneration for Directors and Audit & Supervisory Board Members

Total amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year ended March 31, 2014

Directors : Eighteen (18)	¥264 million
Audit & Supervisory Board Members: Six (6)	¥56 million
Outside Directors and Outside Audit & Supervisory Board Members: Five (5) (Included in the above)	¥47 million

- Notes: 1. The above number of Directors and Audit & Supervisory Board Members includes four (4) Directors and one (1) Audit & Supervisory Board Member who retired from office during the fiscal year ended March 31, 2014.
2. The total amount of remuneration for Directors includes the subscription rights to shares granted in the form of stock options as remuneration for the fiscal year ended March 31, 2014.

[3] Outside Directors and Outside Audit & Supervisory Board Members

1. Significant positions concurrently held in other companies, etc. and relationship between the Company and said companies, etc.

As mentioned above [1], there is no significant business relationship or special relationship between the Company and the above-identified companies of concurrently held positions.

2. Principal activities in the fiscal year ended March 31, 2014

- 1) Director Ariyoshi Okumura

Mr. Okumura attended 11 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2014. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported from an objective perspective based on his broad experience.

- 2) Director Akio Mimura

Mr. Mimura attended 11 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2014. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported from a managerial perspective with broad experience.

- 3) Audit & Supervisory Board Member Tetsuo Kawawa

Mr. Kawawa attended 10 out of 13 meetings of the Board of Directors and 9 out of 12 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2014. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported mainly from a technical perspective as an attorney.

- 4) Audit & Supervisory Board Member Kazuhiko Fushiya

Mr. Fushiya attended all meetings of the Board of Directors and the Audit & Supervisory Board held in the fiscal year ended March 31, 2014. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported based on experience and discernment acquired through holding important posts at the Ministry of Finance (MOF), etc.

- 5) Audit & Supervisory Board Member Satoshi Ito

Mr. Ito attended 12 out of 13 meetings of the Board of Directors and 11 out of 12 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2014. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported mainly from a technical perspective as a Certified Public Accountant.

3. Outline of liability limitation agreement

The Company has concluded an agreement with each Outside Director and Outside Audit & Supervisory Board Member which limits the amount of liability for damages set forth in Article 423, Paragraph 1 of the Companies Act to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof provided that the duties of each are performed in good faith and without gross negligence on the part thereof.

(4) Independent Auditor

[1] Name of the independent auditor: Ernst & Young ShinNihon LLC

[2] Compensation to the independent auditor for the fiscal year ended March 31, 2014

1. Compensation paid to the independent auditor: ¥51 million
2. Total of cash and other financial profits payable by the Company and its subsidiaries: ¥166 million

Note: The audit contract between the Company and the independent auditor does not and practically cannot separate the amount of compensation for the audit under the Companies Act from the amount of compensation for the audit under the Financial Instruments and Exchange Act. Therefore, the compensation described in the above 1 is the sum of both amounts.

[3] Content of non-audit services

The Company's subsidiaries entrust "the service of instruction and advice on accounting matters" to the Independent Auditor, which is defined as a non-audit service in Article 2, Paragraph 1, of the Certified Public Accountants Act.

[4] Policy for decisions on dismissal or non-reappointment of independent auditor

The Company will submit a proposal of dismissal or non-reappointment of the independent auditor to the General Meeting of Shareholders, as stipulated in Article 344 of the Companies Act, in the event that the Audit & Supervisory Board dismisses the independent auditor for the reasons stipulated in Article 340 of the Companies Act, or for any other reasons deemed necessary.

3. Systems and Policies of the Company

(1) Resolution on development of systems to ensure appropriate business execution

The internal control systems of the Company are based on the establishment of a chain of command and clarification of authority and responsibility in operational departments, management control by the department heads or managers in operational departments, internal checks between departments (i.e. operations division and accounting division), as well as the following systems.

[1] Systems for ensuring the compliance of the performance of directors' and employees' duties with laws and the Articles of Incorporation

1) The Company has formulated the "Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines." The presidents and directors of the Nisshin Seifun Group Inc. and other Group companies must recognize their duty to comply with the Corporate Code of Conduct and Employee Action Guidelines and take the lead in following the rules and publicizing them to the people concerned. The presidents and directors must also endeavor to understand internal and external opinions at all times and adjust their internal systems accordingly to enhance their effectiveness, while promoting corporate ethics throughout their companies.

2) The Social Committee addresses all the Nisshin Seifun Group's corporate social responsibility (CSR) issues by discussing a comprehensive range of CSR issues, including corporate ethics and compliance, promoting practical CSR measures at the Group companies and ensuring awareness of compliance with laws, the Articles of Incorporation and social norms.

3) The Nisshin Seifun Group shall not bow to unreasonable demands of antisocial forces that threaten the order and safety of civil society and takes organized countermeasures in collaboration with external specialized institutions.

4) The Company operates and maintains the Compliance Hotline System, which was established as a measure for employees, etc., to directly report any acts of non-compliance so that such acts can be detected early and dealt with.

5) Audit & Supervisory Board Members audit the performance of duties by directors, and oversee directors to verify whether they construct and operate the internal control systems in an appropriate manner.

6) The Internal Control Department, directly supervised by representative directors, leads efforts to enhance and operate the internal control systems of the Nisshin Seifun Group.

As an independent organization, the Internal Control Department evaluates the internal control systems of the Nisshin Seifun Group, Inc. and performs internal audits of the Group's business operations.

[2] Systems for ensuring the preservation and management of information in relation to the directors' performance of their duties

The minutes of the meetings of Board of Directors, approval documents, and other documents and information relating to the performance of duties by directors are preserved and managed appropriately as confidential information in accordance with the relevant regulations.

[3] Rules and systems for managing the danger of loss

1) For issues concerning business operations, approval and reporting procedures must be determined according to their level of importance, impact, etc., and evaluation of such issues, including risk assessment thereof, are made in advance.

2) In line with the Nisshin Seifun Group Risk Management Rules, the Risk Management Committee supervises the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that the Group companies have appropriate control over the risks that are recognized, analyzed and evaluated by themselves, and that no risks are ignored.

3) In line with the Nisshin Seifun Group Crisis Control Rules, employees, etc., must report any emergence or possibility of crises to a specified contact within the Nisshin Seifun Group to ensure the early detection and handling of the danger of loss.

Should crises occur, the Nisshin Seifun Group Inc. must set up a countermeasures headquarters immediately to handle such crises in an appropriate manner to minimize damages.

4) Audit & Supervisory Board Members must take the necessary measures, such as advice and recommendation, whenever they recognize the possibility that directors may bring about significant damage or serious accidents.

[4] Systems for ensuring that the directors' duties are performed efficiently

1) Under the holding company structure, the Nisshin Seifun Group keeps the number of directors small.

2) The range of responsibility and authority is clarified, for example, by identifying matters to be resolved by and reported to the Board of Directors and matters of request for approval of presidents and directors

in charge. This enables directors to perform their duties in a prompt and appropriate manner.

- 3) The Nisshin Seifun Group clarifies its business strategies and their potential directions, according to which the Group's operating companies formulate their profit plans on a yearly basis. The term of office of directors is set at one year to clarify their responsibilities. The Board of Directors reviews business performance on a monthly basis, and discusses and implements measures to improve performance.

[5] Systems for ensuring that proper business operations are conducted within the Nisshin Seifun Group that consists of the Company and its subsidiaries

- 1) The Nisshin Seifun Group has adopted a holding company structure under which the holding company, Nisshin Seifun Group Inc., oversees and evaluates the actions of operating companies with the best interests of the shareholders in mind.
- 2) For important issues concerning the business operations of subsidiaries, the Nisshin Seifun Group sets the standards for issues to be discussed by or reported to the Board of Directors.
- 3) The Corporate Principle, the Basic Management Policy, the Basic Stance toward Stakeholders, the Corporate Code of Conduct and Employee Action Guidelines of the Nisshin Seifun Group are stipulated, and awareness of them throughout the Group is promoted.
- 4) The procedures and methods for creation of the Group's financial reports, including the consolidated financial statements, are stipulated to eliminate wrongful acts and errors and ensure the reliability of such reports.
- 5) Audit & Supervisory Board Members of the Nisshin Seifun Group Inc. and the Group's operating companies hold meetings of the Audit & Supervisory Board Members' Liaison Committee of the Nisshin Seifun Group, and share issues to be addressed.
- 6) Special audits, such as of facilities, safety, environment and quality assurance, are provided for the Nisshin Seifun Group, Inc., and its subsidiaries.
- 7) The Internal Control Department, directly supervised by representative directors, leads efforts to enhance and operate the internal control systems of the Nisshin Seifun Group.
As an independent organization, the Internal Control Department evaluates the internal control systems of the Nisshin Seifun Group, Inc. and perform internal audits of the Group's business operations.
- 8) Each subsidiary of the Nisshin Seifun Group Inc. establishes its own Internal Control Committee, headed by the president, which leads efforts to enhance and operate its internal control systems and makes reports thereon.

[6] Provisions concerning the employees requested to assist Audit & Supervisory Board Members in performing their duties and the independence of those employees from directors

The Audit & Supervisory Board appoints Audit & Supervisory Board Member assistants who assist Audit & Supervisory Board Members in performing their duties. The Audit & Supervisory Board Member assistants assist Audit & Supervisory Board Members in performing audits under the direction of Audit & Supervisory Board Members, and personnel changes concerning the Audit & Supervisory Board Member assistants require the consent of Audit & Supervisory Board Members.

[7] Systems for directors' and employees' reporting to Audit & Supervisory Board Members and other forms of reporting to Audit & Supervisory Board Members

- 1) Audit & Supervisory Board Members attend the meetings of the Board of Directors and other important meetings, including meetings of the Group Management Meeting, the Credit Management Committee, and the Normative Ethics Committee, and state their opinions as appropriate.
- 2) The Audit & Supervisory Board may ask for reporting from the independent auditors, directors, the Internal Control Department and others at its meetings as the need arises.
- 3) When directors recognize anything that could cause significant damage or serious accidents to their respective companies, they shall immediately report that to Audit & Supervisory Board Members.
- 4) Any information obtained through the Compliance Hotline is reported immediately to Audit & Supervisory Board Members.
- 5) Documents for taking over the duties of outgoing Division Executives of the Company and the presidents of its subsidiaries and affiliates are submitted to the Audit & Supervisory Board.
- 6) All approval documents are returned to Audit & Supervisory Board Members.

[8] Other systems for ensuring that the audits of Audit & Supervisory Board Members are conducted efficiently

Audit & Supervisory Board Members hold regular meetings with representative directors, and exchange opinions on prospective challenges and risks for the Company, as well as the status of the environment for audits by Audit & Supervisory Board Members and other important audit issues.

(2) Basic Policies Regarding Control of the Corporation

[1] Basic policies

As a provider of food, the Company believes that its chief responsibility, as well as a source of generating corporate value, is to provide safe and reliable food on a continuous basis. To secure and improve the Company's corporate value and the common interests of the shareholders, it is essential to ensure high levels of safety and the quality of its products, as well as stable supply. If anyone without such belief made a large scale purchase of the Company's shares and behaved in ways contrary to the Company's medium or long-term business policies, such as making excessive reductions in production and/or R&D expenses only to improve short-term financial performance, that would cause damage to the Company's corporate value and the common interests of the shareholders. Moreover, there are other forms of stock purchase that might do harm to the Company's corporate value and the common interests of the shareholders.

To take action against such harmful acts, the Company believes that the advanced disclosure of sufficient information must be made, such as on the management policies and business plans envisioned by a potential purchaser of the Company's shares; the possible impact of the Acquisition Proposal on the Company's shareholders, the management of the Nisshin Seifun Group and all of the Group's stakeholders; the purchaser's views regarding corporate social responsibility, including the matter of food safety; and that a reasonable time-period to review such proposal and ample capacity to negotiate with such purchaser must be ensured.

[2] Measures that contribute to the effective utilization of the Company's assets, structuring of the appropriate form of the business group and the realization of other basic policies on control of the corporation

As a pure holding company for the Nisshin Seifun Group, the Company plans management strategies for the Group, allocates its managerial resources efficiently, and audits and oversees the Group's business operations. Our operating companies optimize themselves according to the markets in which they operate, and by doing so, they secure high levels of safety and quality, as well as stable supply for their products, thus mutually improving their corporate value and, in turn, the corporate value of the entire Nisshin Seifun Group.

Under this structure, the Nisshin Seifun Group aims to secure and enhance its high levels of production technologies and capacities for development and evaluation that underpin the safety and quality of its products. The Group also makes ongoing well-planned capital investments from a long-term perspective; provides employee education to enhance employees' professional abilities; introduces audit and instructional systems as to quality assurance and production facilities on a continuous basis; builds and enhances systems for internal control and legal compliance; and endeavors to maintain trustful relations with stakeholders, including business partners or customers and local communities.

[3] Measures to prevent a decision on the Company's financial and business policies from being controlled by a party who is deemed inappropriate according to the basic policies

The Company introduced the countermeasures to large-scale acquisitions of the Company's shares using a gratis allotment of subscription rights to shares (hereinafter "the Plan"), in line with Article 49 of its Articles of Incorporation and the "Renewal of the Resolution to Approve Gratis Allotment of Subscription Rights to Shares for Securing and Improving Corporate Value of the Company and the Common Interests of the Shareholders," which was approved by the 168th Ordinary General Meeting of Shareholders held on June 27, 2012 with the aim of securing and improving the corporate value of the Company and the common interests of the shareholders. The outline of the Plan is as follows.

- 1) The Board of Directors shall ask any party who attempts a Specified Acquisition to present a written Acquisition Proposal to ask for a resolution of the Board of Directors not to take countermeasures including the gratis allotment of the subscription rights to shares defined in Paragraph 6) below (hereinafter "the Confirmation Resolution") against that proposal. Any party who attempts the Specified Acquisition is required to ask for the Confirmation Resolution by presenting the Acquisition Proposal in advance. In the interests of prompt implementation of the Plan, the Board of Directors may establish a reply period and request the provision of additional information in respect to any parties making a proposal to acquire shares of the Company. Even in this case, the reply period shall be set with an upper limit of within 60 business days starting from the day on which the provision of information was requested of the Proposed Acquirer by the Board of Directors and the Corporate Value Committee shall commence its deliberation and discussion upon the expiry of such reply period.

"Specified Acquisition" means i) an act of purchasing the Company's share certificates, etc., that would result in the holding of 20% or more of the Company's share certificates, etc. (including a similar act as specified by the Board of Directors), or ii) an act of commencing a tender offer that would result in the holding of 20% or more of the Company's share certificates, etc. "Acquisition Proposal" means a document that contains post-acquisition management policies and business plans for the Company, the basis for determining the compensation for the Acquisition Proposal, possible influences on the

- Company's stakeholders and information related to Items 4) A) through G) below that is reasonably demanded by the Company.
- 2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly submit it to the Corporate Value Committee, which consists only of the Outside Directors and the Outside Audit & Supervisory Board Members of the Company.
 - 3) The Corporate Value Committee deliberates the Acquisition Proposal and discusses whether to issue a resolution to recommend that the Board of Directors make a Confirmation Resolution regarding the Acquisition Proposal (hereinafter "the Recommendation Resolution"). The Recommendation Resolution shall be adopted by a majority vote of all of the Corporate Value Committee members, and the results of that resolution shall be disclosed. The period for such deliberation and discussion by the Corporate Value Committee shall be a maximum of 60 business days (or a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in Japanese currency as compensation and set no upper limit to the number of shares to be purchased), as a general rule, upon the receipt of the Acquisition Proposal by the Board of Directors. However, this period can be extended up to 30 business days for a reasonable reason, and in that case, such reason and the expected period of extension shall be disclosed.
 - 4) The deliberation and discussion regarding the Recommendation Resolution by the Corporate Value Committee shall be made by faithfully forming an accurate judgment as to whether the Acquisition Proposal can satisfy the Company's purposes of securing and improving corporate value and the common interests of the shareholders. It should be noted that the Corporate Value Committee must issue a Recommendation Resolution with regard to any Acquisition Proposal that meets the requirements of Items A) through G) below, and furthermore, shall issue a Recommendation Resolution with regard to any Acquisition Proposal that, although not meeting all said requirements, is deemed suitable with a view to securing and improving corporate value and the common interests of the shareholders.
 - A) The acquisition does not fall under any of the following types of action:
 - (a) Buyout of the Company's shares to demand that the Company or its related party purchase said shares at an inflated price;
 - (b) Management that achieves an interest for the proposed purchaser, its group company or other related party to the detriment of the Company, such as temporary control of the Company's management for transfer of the Company's material assets;
 - (c) Diversion of the Company's assets to secure or repay debts of the proposed purchaser, its group company or other related party;
 - (d) Realization of temporary high returns to the detriment of ongoing growth of the Company, such as temporary control of the Company's management to decrease the assets and funds that are required for the Company's business expansion, product development, etc., for years ahead; and
 - (e) Other types of action through which the proposed purchaser, its group company or other related party earns interest by unjustly causing harm to the interests of the Company's stakeholders, including the Company's shareholders, business partners or customers and employees.
 - B) The scheme and content, etc., of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.
 - C) The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders to sell their shares.
 - D) The true information necessary for deliberations on the Acquisition Proposal is provided in the appropriate timing, such as upon request of the Company, and sincere responses are made in other ways as well, by complying with the procedures specified by the Plan.
 - E) The period for the Company to deliberate the Acquisition Proposal (including deliberation and presentation of its alternative proposals to the Company's shareholders)—which is specified as a maximum of 60 business days upon the receipt of the Acquisition Proposal, a maximum of 90 business days for Acquisition Proposals other than those that specify only cash in the Japanese currency as compensation and set no upper limit to the number of shares to be purchased, or a longer period of days if required for reasonable reasons—is secured.
 - F) The conditions of the acquisition proposed by the Acquisition Proposal are not insufficient or inappropriate with a view to the corporate value of the Company and the common interests of the shareholders.
 - G) The Acquisition Proposal is reasonably recognized to satisfy the purposes of securing and improving the Company's corporate value and the common interests of the shareholders.
 - 5) The Confirmation Resolution of the Company's Board of Directors shall be made according to the Recommendation Resolution of the Corporate Value Committee. If the Corporate Value Committee issues the Recommendation Resolution, the Board of Directors must make the Confirmation Resolution

promptly, unless there are particular reasons that are obviously against the director's duty of care. Countermeasures, such as the gratis allotment of Subscription Rights to Shares, cannot be implemented against the Acquisition Proposal for which the Confirmation Resolution is made.

- 6) In the event that a Specified Acquirer—which is defined as a person or company that executed the Specified Acquisition and failed to obtain the Confirmation Resolution by the time such acquisition was executed—appears, the Board of Directors shall announce its appearance, issue a resolution that determines the necessary conditions for effecting a gratis allotment of Subscription Rights to Shares, including the record and effective dates for such allotment, and execute the gratis allotment of Subscription Rights to Shares. “Subscription Rights to Shares” is defined as the subscription rights to shares whose exercise is restricted for the Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer.

If it is revealed that the ratio of holdings of the Company's share certificates, etc., by the Specified Acquirer falls below 20% by the date that is specified elsewhere by the Board of Directors and which should be earlier than 3 business days prior to the record date for the gratis allotment, the Board of Directors can defer effecting a gratis allotment of Subscription Rights to Shares.

- 7) If a gratis allotment of Subscription Rights to Shares is effected, the Company shall implement the gratis allotment of Subscription Rights to Shares to all shareholders, except the Company, as of the record date for the gratis allotment at a ratio of one Subscription Right to Shares for every one share of the Company's common stock held, and the number of shares to be issued per one Subscription Right to Shares will not exceed two and be determined elsewhere by the Board of Directors. The value of assets invested to exercise one Subscription Right to Shares shall be ¥1 multiplied by the number of shares to be issued per one Subscription Right to Shares.
- 8) The unexercised Subscription Rights to Shares can be acquired by the Company. For the Subscription Rights to Shares held by shareholders other than the Specified Acquirer, this is accomplished in exchange for the Company's shares of common stock of a number equal to the integral part of the number of said Subscription Rights to Shares multiplied by the number of shares to be issued per Subscription Right to Shares. For other Subscription Rights to Shares, this is accomplished in exchange for subscription rights to shares with restriction on transfer (restriction on the exercise of the rights by the Specified Acquirer) of the same number as the Subscription Rights to Shares that are acquired by the Company.

[4] Judgment of the Board of Directors and Its Reasons

The Plan complies with the basic policies described in Item [1] above, and it is carefully devised as follows to ensure its reasonability. Therefore, the Plan protects the corporate value of the Company and the common interests of the shareholders and does not pursue the personal interests of the Company's management.

- 1) The Plan received prior approval of the shareholders at the 168th Ordinary General Meeting of Shareholders on June 27, 2012, pursuant to the provision of Article 49 of the Company's Articles of Incorporation.
- 2) The term of office of the Company's directors is one (1) year and the timing of reelection is concurrent among all directors. In addition, a resolution on dismissal of directors has the same weight as that of an ordinary resolution at a General Meeting of Shareholders. Therefore, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of directors by an ordinary resolution at a single General Meeting of Shareholders.
- 3) To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of the Outside Directors and the Outside Audit & Supervisory Board Members of the Company, reviews the details of the Acquisition Proposal, and then deliberates the Acquisition Proposal, under legal obligations as the management of the Company, to determine if the proposal meets the purposes of securing and improving the Company's corporate value and the common interests of the shareholders. Then, upon receiving a Recommendation Resolution from the Corporate Value Committee stating that a Confirmation Resolution must be made, the Board of Directors is also required to make the Confirmation Resolution, unless there are particular reasons that are obviously against the directors' duty of care.
- 4) To enhance the objectivity of judgment relating to the Plan, it is required that the Corporate Value Committee issue a Recommendation Resolution toward any Acquisition Proposal that satisfies all of the requirements specified in Items [3] 4) A) through G) above.
- 5) Subject to approval at the general meeting of shareholders, the Plan can be revised every year by a resolution of the Board of Directors. This allows the Plan to adjust itself to the development of the related laws and regulations and various other business environments for the Company.
- 6) Effective from the 168th Ordinary General Meeting of Shareholders, the validity of its approval resolution is three (3) years. Upon the passage of three years, the Board of Directors will present a Plan

that reflects any revisions, including on its supplementary conditions, for approval of the shareholders.

- 7) The Plan satisfies all of the requirements for legality (to avoid suspension of the issuance of subscription rights to shares, etc.) and rationality (to gain the understanding of shareholders, investors and other stakeholders) specified in the “Securing and/or Improving Corporate Value and Stakeholder Profits: Takeover Defense Guidelines” released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. In addition, the Plan also satisfies the recommendations of the report “Takeover Defense Measures in Light of Recent Environmental Changes” published by the Ministry of Economy, Trade and Industry's Corporate Value Study Group on June 30, 2008.

(3) Policy on Dividends from Surplus

The Company aims to meet the expectations of shareholders to distribute profits, taking into consideration the current and future profitability of its business and financial position, by undertaking the continuous payment of dividends based on a targeted payout ratio of at least 30% on a consolidated basis.

On October 1, 2013, the Company conducted a 1.1-for-1 stock split of shares of common stock. Regarding the annual dividend for the fiscal year ended March 31, 2014, there was no adjustment to the dividend per share in line with the stock split in order to enable an actual increase in dividend. Consequently, the Company plans to pay a dividend of ¥20 per share, unchanged from the previous fiscal year. Accordingly, the Company will submit to the Ordinary General Meeting of Shareholders a proposal for distribution of surplus to pay a year-end dividend of ¥10 per share.

With the aim of raising corporate value, the Company allocates retained earnings for aggressive strategic investment in priority fields that offer the potential for growth and expansion outlined under its medium-term management plan, “NNI-120, Speed, Growth and Expansion.” The Company also adopts a flexible posture on shareholder returns.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

(As of March 31, 2014)

(Millions of yen)

Item	Amount	Item	Amount
(ASSETS)		(LIABILITIES)	
Current assets	216,409	Current liabilities	90,433
Cash and deposits	49,104	Notes and accounts payable-trade	45,785
Notes and accounts receivable-trade	67,486	Short-term loans payable	6,607
Short-term investment securities	28,869	Income taxes payable	4,481
Inventories	58,484	Accrued expenses	17,725
Deferred tax assets	5,597	Other	15,833
Other	7,089	Noncurrent liabilities	46,514
Allowance for doubtful accounts	(222)	Long-term loans payable	3,367
Noncurrent assets	254,630	Deferred tax liabilities	15,828
Property, plant and equipment	128,939	Provision for repairs	1,574
Buildings and structures	49,187	Net defined benefit liability	19,073
Machinery, equipment and vehicles	35,089	Long-term deposits received	5,658
Land	38,143	Other	1,011
Construction in progress	3,830	Total liabilities	136,947
Other	2,689	(NET ASSETS)	
Intangible assets	12,998	Shareholders' equity	290,094
Goodwill	5,008	Capital stock	17,117
Other	7,990	Capital surplus	9,483
Investments and other assets	112,692	Retained earnings	266,581
Investment securities	105,975	Treasury stock	(3,088)
Net defined benefit assets	487	Accumulated other comprehensive income	34,680
Deferred tax assets	3,808	Valuation difference on available-for-sale securities	32,253
Other	2,553	Deferred gains or losses on hedges	21
Allowance for doubtful accounts	(132)	Foreign currency translation adjustment	4,237
		Remeasurements of defined benefit plans	(1,831)
		Subscription rights to shares	260
		Minority interests	9,057
		Total net assets	334,092
Total assets	471,039	Total liabilities and net assets	471,039

Consolidated Statements of Income

(For the Year Ended March 31, 2014)

(Millions of yen)

Item	Amount	
Net sales		495,930
Cost of sales		348,619
Gross profit		147,311
Selling, general and administrative expenses		125,036
Operating income		22,274
Non-operating income		
Interest income	214	
Dividends income	1,742	
Equity in earnings of affiliates	839	
Rent income	323	
Other	502	3,622
Non-operating expenses		
Interest expenses	166	
Other	150	317
Ordinary income		25,579
Extraordinary income		
Gain on sales of noncurrent assets	147	
Gain on sales of investment securities	507	
Gain on bargain purchase	285	
Subsidy income	200	1,140
Extraordinary losses		
Loss on retirement of noncurrent assets	712	
Loss on litigation	450	
Loss on affiliate production base redeployment	183	
Other	173	1,518
Income before income taxes and minority interests		25,201
Income taxes – current	9,159	
Income taxes – deferred	23	9,183
Income before minority interests		16,018
Minority interests in income		919
Net income		15,098

Consolidated Statements of Changes in Net Assets

(For the Year Ended March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	17,117	9,460	256,453	(3,188)	279,843
Changes during the period					
Dividends from surplus			(4,971)		(4,971)
Net income			15,098		15,098
Purchase of treasury stock				(28)	(28)
Disposal of treasury stock		23		128	151
Net changes of items other than shareholders' equity					
Total changes during the period	—	23	10,127	100	10,251
Balance at the end of current period	17,117	9,483	266,581	(3,088)	290,094

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	29,894	148	(833)	—	29,209	232	8,150	317,436
Changes during the period								
Dividends from surplus								(4,971)
Net income								15,098
Purchase of treasury stock								(28)
Disposal of treasury stock								151
Net changes of items other than shareholders' equity	2,358	(127)	5,070	(1,831)	5,470	27	906	6,404
Total changes during the period	2,358	(127)	5,070	(1,831)	5,470	27	906	16,655
Balance at the end of current period	32,253	21	4,237	(1,831)	34,680	260	9,057	334,092

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated Balance Sheets

(As of March 31, 2014)

(Millions of yen)

Item	Amount	Item	Amount
(ASSETS)		(LIABILITIES)	
Current assets	40,779	Current liabilities	6,456
Cash and deposits	12,683	Short-term loans payable	1
Accounts receivable-trade	218	Lease obligations	57
Short-term investment securities	24,007	Accounts payable-other	347
Prepaid expenses	107	Accrued expenses	1,676
Deferred tax assets	437	Deposits received	4,136
Income taxes receivable	2,147	Provision for directors' bonuses	58
Other	1,177	Other	179
Noncurrent assets	244,064	Noncurrent liabilities	17,632
Property, plant and equipment	24,870	Long-term loans payable	12
Buildings	7,293	Lease obligations	65
Structures	691	Deferred tax liabilities	13,730
Machinery and equipment	526	Provision for retirement benefits	3,765
Vehicles	10	Other	57
Tools, furniture and fixtures	404		
Land	15,580	Total liabilities	24,089
Lease assets	113	(NET ASSETS)	
Construction in progress	249	Shareholders' equity	236,093
Intangible assets	580	Capital stock	17,117
Leasehold right	395	Capital surplus	9,537
Software	115	Legal capital surplus	9,500
Lease assets	9	Other capital surplus	37
Other	61	Retained earnings	212,518
Investments and other assets	218,613	Legal retained earnings	4,379
Investment securities	58,191	Other retained earnings	208,139
Stocks of subsidiaries and affiliates	125,258	Reserve for dividends	2,000
Investments in capital	317	Reserve for advanced depreciation of noncurrent assets	2,076
Investments in capital of subsidiaries and affiliates	666	General reserve	163,770
Long-term loans receivable from employees	15	Retained earnings brought forward	40,292
Long-term loans receivable from subsidiaries and affiliates	33,609	Treasury stock	(3,080)
Prepaid pension costs	209	Valuation and translation adjustments	24,401
Other	371	Valuation difference on available-for-sale securities	24,401
Allowance for doubtful accounts	(24)	Deferred gains or losses on hedges	(0)
		Subscription rights to shares	260
		Total net assets	260,754
Total assets	284,844	Total liabilities and net assets	284,844

Non-consolidated Statements of Income

(For the Year Ended March 31, 2014)

(Millions of yen)

Item	Amount	
Operating revenue		20,597
Operating expenses		12,223
Operating income		8,374
Non-operating income		
Interest income	442	
Dividends income	1,223	
Other	52	1,718
Non-operating expenses		
Interest expenses	8	
Other	16	25
Ordinary income		10,067
Extraordinary income		
Gain on sales of noncurrent assets	85	
Gain on sales of investment securities	502	587
Extraordinary losses		
Loss on retirement of noncurrent assets	19	
Loss on valuation of investments in capital of subsidiaries and affiliates	38	
Other	26	84
Income before income taxes		10,570
Income taxes – current	82	
Income taxes – deferred	212	295
Net income		10,274

Non-consolidated Statements of Changes in Net Assets

(For the Year Ended March 31, 2014)

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Reserve for dividends
Balance at the beginning of current period	17,117	9,500	13	9,513	4,379	2,000
Changes during the period						
Provision of reserve for advanced depreciation of noncurrent assets						
Reversal of reserve for advanced depreciation of noncurrent assets						
Adjustment to reserve due to change in tax rate						
Provision of general reserve						
Dividends from surplus						
Net income						
Purchases of treasury stock						
Disposal of treasury stock			23	23		
Net changes of items other than shareholders' equity						
Total changes during the period	—	—	23	23	—	—
Balance at the end of current period	17,117	9,500	37	9,537	4,379	2,000

	Shareholders' equity			
	Retained earnings			Total retained earnings
	Other retained earnings		Retained earnings brought forward	
Reserve for advanced depreciation of noncurrent assets	General reserve			
Balance at the beginning of current period	2,110	147,770	50,955	207,215
Changes during the period				
Provision of reserve for advanced depreciation of noncurrent assets				—
Reversal of reserve for advanced depreciation of noncurrent assets	(35)		35	—
Adjustment to reserve due to change in tax rate	1		(1)	—
Provision of general reserve		16,000	(16,000)	—
Dividends from surplus			(4,971)	(4,971)
Net income			10,274	10,274
Purchases of treasury stock				—
Disposal of treasury stock				—
Net changes of items other than shareholders' equity				—
Total changes during the period	(33)	16,000	(10,662)	5,303
Balance at the end of current period	2,076	163,770	40,292	212,518

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	(3,180)	230,666	23,196	—	23,196	232	254,095
Changes during the period							
Provision of reserve for advanced depreciation of noncurrent assets		—					—
Reversal of reserve for advanced depreciation of noncurrent assets		—					—
Adjustment to reserve due to change in tax rate		—					—
Provision of general reserve		—					—
Dividends from surplus		(4,971)					(4,971)
Net income		10,274					10,274
Purchases of treasury stock	(28)	(28)					(28)
Disposal of treasury stock	128	151					151
Net changes of items other than shareholders' equity		—	1,205	(0)	1,204	27	1,232
Total changes during the period	100	5,427	1,205	(0)	1,204	27	6,659
Balance at the end of current period	(3,080)	236,093	24,401	(0)	24,401	260	260,754

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No.1: Dividends from Surplus

Regarding dividends from the Company's surplus, the Company wishes to meet shareholders' expectations with continuous dividends based on a dividend payout ratio of at least 30% on a consolidated basis, while taking into account its current and future earnings status and financial position.

The Company proposes a year-end dividend from the surplus for this fiscal year as follows below.

The annual dividend for this fiscal year, including the interim dividend, will therefore amount to ¥20 per share.

- (1) Type of dividend
Cash
- (2) Matters related to the allocation of dividend and total amount thereof
¥10 per share of the Company's common stock
Total amount of dividends: ¥2,734,985,440
- (3) Effective date of dividend payment
June 27, 2014

Proposal No.2: Election of Fourteen (14) Directors

At the conclusion of this Ordinary General Meeting of Shareholders, the terms of office of all fourteen Directors will expire. It is proposed that fourteen Directors be elected.

The candidates for Directors are as follows.

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
1	Hiroshi Oeda (March 12, 1957)	April 1980 Joined the Company June 2009 Director April 2011 Director and President (to the present) April 2012 Director and President, Nisshin Flour Milling Inc. (to the present) [Director and President (Representative Director), Nisshin Flour Milling Inc.]	49,830 shares
2	Kazuo Ikeda (September 14, 1947)	April 1971 Joined the Company June 2004 Director Director and President, Nisshin Foods Inc. June 2009 Managing Director June 2011 Senior Managing Director June 2012 Director and Vice President (to the present) Director and Chairman, Nisshin Foods Inc. (to the present) October 2012 Director and President, Nisshin Seifun Premix Inc. (to the present) [Director and Chairman, Nisshin Foods Inc.] [Director and President (Representative Director), Nisshin Seifun Premix Inc.]	32,793 shares
3	Masao Nakagawa (August 17, 1953)	April 1977 Joined the Company June 2008 Executive Officer Senior Managing Director, Nisshin Foods Inc. June 2012 Managing Director, Division Executive (Finance and Accounting Division) and General Manager (Accounting Department) June 2013 Managing Director, Division Executive (Finance and Accounting Division) and General Manager (Finance Department) (to the present)	16,610 shares
4	Michinori Takizawa (March 27, 1954)	April 1976 Joined the Company June 2012 Director and Division Executive (Corporate Planning Division) June 2013 Managing Director and Division Executive (General Administration Division) (to the present)	12,358 shares
5	Takashi Harada (February 9, 1957)	April 1979 Joined the Company June 2009 Executive Officer Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc. June 2010 Director and Division Executive (R&D and Quality Assurance Division) (to the present)	11,000 shares

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
6	Yasuhiko Ogawa (February 13, 1952)	<p>April 1974 Joined the Company</p> <p>June 2007 Executive Officer Managing Director and Division Executive (Production Division), Nisshin Foods Inc.</p> <p>June 2012 Executive Officer and General Manager (Technology and Engineering Department of Technology and Engineering Division)</p> <p>June 2013 Director and Division Executive (Technology and Engineering Division) (to the present)</p>	5,512 shares
7	Akira Mori (December 16, 1956)	<p>April 1979 Joined the Company</p> <p>April 2006 Managing Director and General Manager (Accounting Department), Initio Foods Inc.</p> <p>June 2006 Managing Director and General Manager (Administration Department), Initio Foods Inc.</p> <p>June 2010 General Manager (Finance Department of Finance and Accounting Division)</p> <p>June 2012 Executive Officer and General Manager (Finance Department of Finance and Accounting Division)</p> <p>June 2013 Director and Division Executive (Corporate Planning Division) (to the present)</p>	6,600 shares
8	Masashi Nakagawa (February 19, 1955)	<p>April 1978 Joined Oriental Yeast Co., Ltd.</p> <p>June 2003 Director and General Manager (Life Science Department of Bio Business Division), Oriental Yeast Co., Ltd.</p> <p>June 2005 Director and Division Executive (Bio Business Division), Oriental Yeast Co., Ltd.</p> <p>June 2007 Managing Director and Division Executive (Food Business Division), Oriental Yeast Co., Ltd.</p> <p>June 2009 Managing Director (In charge of Operations & Planning Division), Oriental Yeast Co., Ltd.</p> <p>June 2011 Director and President, Oriental Yeast Co., Ltd. (to the present)</p> <p>June 2012 Director (to the present) [Director and President (Representative Director), Oriental Yeast Co., Ltd.]</p>	5,500 shares
9	Koichi Iwasaki (September 12, 1956)	<p>April 1980 Joined the Company</p> <p>June 2007 Director and Division Executive (Sales Division), Nisshin Foods Inc.</p> <p>June 2010 Executive Officer Managing Director and Division Executive (Sales Division), Nisshin Foods Inc.</p> <p>June 2012 Director (to the present) Director and President, Nisshin Foods Inc. (to the present) [Director and President (Representative Director), Nisshin Foods Inc.]</p>	11,000 shares

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
10	Takao Yamada (September 27, 1960)	<p>April 1983 Joined the Company</p> <p>June 2011 Director and General Manager (Tokyo Sales Department), Nisshin Flour Milling Inc.</p> <p>June 2012 Executive Officer</p> <p>June 2013 Director (to the present) Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc. (to the present)</p> <p>[Managing Director, Nisshin Flour Milling Inc.]</p>	2,860 shares
11	Nobuki Kemmoku (February 13, 1961)	<p>April 1984 Joined the Company</p> <p>June 2005 Director and General Manager (Administration Department), Nisshin Flour Milling Inc.</p> <p>June 2008 General Manager (Accounting Department of Finance and Accounting Division)</p> <p>September 2011 Managing Director and General Manager (Administration Department), Nisshin Flour Milling Inc.</p> <p>June 2012 Executive Officer</p> <p>September 2012 Managing Director, Nisshin Flour Milling Inc.</p> <p>June 2013 Director (to the present) Senior Managing Director, Nisshin Flour Milling Inc. (to the present)</p> <p>[Senior Managing Director, Nisshin Flour Milling Inc.]</p>	9,350 shares
12	Ariyoshi Okumura (February 15, 1931)	<p>April 1955 Joined Industrial Bank of Japan Limited (IBJ)</p> <p>June 1983 Director, IBJ</p> <p>May 1987 Managing Director, IBJ</p> <p>February 1989 Director and President, IBJ Asset Management Co., Ltd.</p> <p>June 1997 Director, Nippon Light Metal Co., Ltd.</p> <p>July 2000 Board Governor, International Corporate Governance Network</p> <p>June 2003 Audit & Supervisory Board Member</p> <p>June 2006 Director (to the present)</p>	1,210 shares

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
13	Akio Mimura (November 2, 1940)	<p>April 1963 Joined Fuji Iron & Steel Co., Ltd. June 1993 Director, Nippon Steel Corporation (NSC) April 1997 Managing Director, NSC April 2000 Representative Director and Executive Vice President, NSC April 2003 Representative Director and President, NSC June 2006 Audit & Supervisory Board Member April 2008 Representative Director and Chairman, NSC June 2009 Director (to the present) October 2012 Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation June 2013 Senior Advisor, Nippon Steel & Sumitomo Metal Corporation November 2013 Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation (to the present) [Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation] [Chairman, The Japan Chamber of Commerce and Industry] [Chairman, The Tokyo Chamber of Commerce and Industry] [Outside Director, Development Bank of Japan Inc.] [Outside Director, Innovation Network Corporation of Japan] [Outside Director, Tokio Marine Holdings, Inc.] [Outside Director, Japan Post Holdings Co., Ltd.]</p>	2,200 shares
14	Kiyoshi Sato (August 19, 1956)	<p>April 1979 Joined the Company June 2008 Director and General Manager (Business Development Department), Nisshin Pharma Inc. February 2010 Director, Division Executive (Research and Development Division) and General Manager (Business Development Department), Nisshin Pharma Inc. June 2014 Director and Division Executive (Research and Development Division), Nisshin Pharma Inc. (to the present) [Director, Nisshin Pharma Inc.]</p>	4,400 shares

Notes: 1. No conflict of interest exists between the Company and any of the above candidates.

2. Information on candidates for Outside Director

- (1) Both Mr. Ariyoshi Okumura and Mr. Akio Mimura are candidates for Outside Directors. In addition, both satisfy the requirements for Independent Directors as set forth by the Tokyo Stock Exchange, and the Company has provided the necessary notification thereto.
- (2) Concerning Mr. Ariyoshi Okumura, we ask for his re-election as an Outside Director based on his competence and his provision of valuable opinions to us derived from his experience in the business field and international organizations over many years and from his viewpoint as a pioneer in the field of Japanese corporate governance.
- (3) Concerning Mr. Akio Mimura, we ask for his re-election as an Outside Director since we have been obtaining his advice and counsel for the operations and execution of the Company made possible by his rich experience and a wide range of knowledge as a corporate manager.
- (4) Mr. Ariyoshi Okumura is currently an Outside Director for the Company, whose term in office will be about eight years at the time of the conclusion of this Ordinary General Meeting of Shareholders. Furthermore, he was an Outside Audit & Supervisory Board Member for the Company before his appointment as an Outside Director and so has been with the Company for about eleven years since his appointment as an Outside Audit & Supervisory Board Member.
- (5) Mr. Akio Mimura is currently an Outside Director for the Company, whose term in office will be about five years at the time of the conclusion of this Ordinary General Meeting of Shareholders. Furthermore, he was an Outside Audit & Supervisory Board Member for the Company before his appointment as an Outside Director and so has been with the Company for about eight years since his appointment as an Outside Audit & Supervisory Board Member.
- (6) Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with both Mr. Ariyoshi Okumura and Mr. Akio Mimura which limits the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1, thereof, provided that their duties are performed in good faith and without gross negligence on their part.

Proposal No.3: Election of Two (2) Audit & Supervisory Board Members

At the conclusion of this Ordinary General Meeting of Shareholders, the term of office of Audit & Supervisory Board Member Satoshi Ito will expire and Audit & Supervisory Board Member Makoto Watanabe will resign from office.

Therefore, we propose that two Audit & Supervisory Board Members be elected.

Furthermore, we have received consent from the Audit & Supervisory Board concerning this proposal.

The candidates for Audit & Supervisory Board Members are as follows.

No.	Name (Date of Birth)	Career Summary and Position in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
1	Satoshi Ito (July 25, 1942)	<p>January 1967 Joined Arthur Andersen & Co., Japan branch</p> <p>December 1970 Qualified as a Certified Public Accountant</p> <p>September 1978 Partner, Arthur Andersen & Co.</p> <p>October 1993 Representative Partner, Asahi & Co. (Currently KPMG AZSA LLC)</p> <p>August 2001 Managing Partner, Ito Certified Public Accountant Offices (to the present)</p> <p>April 2002 Specially Appointed Professor, Institute of Accounting Research, Chuo University (Currently Professional Graduate School of Chuo University)</p> <p>March 2007 Retirement from Chuo University</p> <p>June 2010 Audit & Supervisory Board Member (to the present)</p> <p>[Certified Public Accountant; Managing Partner, Ito Certified Public Accountant Offices] [Outside Audit & Supervisory Board Member, NEC Corporation] [Outside Audit & Supervisory Board Member, Sumitomo Mitsui Financial Group, Inc.] [Outside Audit & Supervisory Board Member, Sumitomo Mitsui Banking Corporation]</p>	0 shares
2	Kazuya Yoshinare (August 30, 1954)	<p>April 1977 Joined the Company</p> <p>September 2005 General Manager (General Affairs Group of General Administration Division)</p> <p>June 2006 General Manager (General Affairs Department of General Administration Division)</p> <p>June 2011 General Manager (Internal Control Department) (to the present)</p>	15,600 shares

Notes: 1 No conflict of interest exists between the Company and any of the above candidates.

2. Information on candidate for Outside Audit & Supervisory Board Member

- (1) Mr. Satoshi Ito is a candidate for Outside Audit & Supervisory Board Member. In addition, he satisfies the requirements for Independent Audit & Supervisory Board Members as set forth by the Tokyo Stock Exchange, and the Company has provided the necessary notification thereto.
- (2) With regard to Mr. Satoshi Ito, we ask for his reelection as an Outside Audit & Supervisory Board Member because he has performed his duties properly based on his abundant auditing experience as a Certified Public Accountant and expertise on financial and accounting matters. Furthermore, though he has no experience in participating directly in corporate management by the way other than gaining a position of Outside Audit & Supervisory Board Member, we believe that he can adequately fulfill the duties of an Outside Audit & Supervisory Board Member due to the above reason.
- (3) Mr. Satoshi Ito is currently an Outside Audit & Supervisory Board Member for the Company whose term in office will be about four years at the time of the conclusion of this Ordinary General Meeting of Shareholders.
- (4) Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with Mr. Satoshi Ito which limits the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that his duties are performed in good faith and without gross negligence on his part.

Proposal No.4: Determination of Amount and Nature of Remuneration of Directors in the Form of Stock Options

For the purpose of further promoting shareholder-value-oriented management, shareholders are requested to approve the allotment of subscription rights to shares to Directors of the Company as remuneration in the form of stock options capped at 30 million yen in annual amount (including the Outside Directors' portion amounting to 3.2 million yen). The amount of remuneration, etc. concerning subscription rights to shares will be calculated by multiplying the fair value of each subscription right to shares computed based on the Black-Scholes model by the number of subscription rights to shares allotted to Directors.

The aforementioned capped amount will be separate from the amount of remuneration of Directors approved at the 162nd Ordinary General Meeting of Shareholders held on June 28, 2006.

The approval of Proposal No.2 in its original form will result in the number of Directors subject to the Proposal being 14 (including 2 Outside Directors).

The details of the subscription rights to shares allotted as stock options are as follows.

1. Number of subscription rights to shares

The maximum number shall be 96 units (The number of shares per unit of stock options shall be 1,000 shares of common stock of the Company. If the number of shares has been adjusted as set forth in 2 (1), similar adjustments shall be made.)

2. Nature of subscription rights to shares

(1) Number of shares to be issued or transferred upon exercise of subscription rights to shares

The maximum number of shares shall be 96,000 shares of common stock of the Company.

If stock split (including gratis allotment, hereinafter the same) or stock consolidation is performed by the Company after the day on which subscription rights to shares are allotted (hereinafter referred to as "allotment date"), the number of shares to be issued or transferred shall be adjusted according to the following formula. However, the said adjustment shall be made only with respect to the number of shares to be issued or transferred for which subscription rights to shares have not yet been exercised at that point in time, and any fractional shares arising as a result of the adjustment shall be rounded off.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Stock split or consolidation ratio}$$

Furthermore, in the event of unavoidable circumstances in which the number of shares to be issued or transferred upon the exercise of subscription rights to shares needs to be adjusted such as in cases where the Company undergoes a merger (excluding cases in which the Company ceases to exist as a result of the merger) or becomes a wholly-owning parent company through a share exchange after the allotment date, the number of shares to be issued or transferred upon the exercise of subscription rights to shares may be adjusted within reasonable bounds.

(2) Valuation method of assets invested upon exercise of subscription rights to shares

The value of assets invested upon exercise of each subscription right to shares shall be obtained by multiplying the amount to be paid per share determined as follows (hereinafter referred to as "exercise price") by the number of shares to be issued or transferred upon the exercise of each subscription right to shares set forth in 1.

The exercise price shall be equal to 1.025 times the average closing price of the Company's shares on the Tokyo Stock Exchange in regular trading on each day (excluding days on which no trading takes place) of the month preceding the month in which the allotment date falls, with fractional amounts less than one yen being rounded up to the nearest yen.

However, if the amount resulting from the calculation above is less than the closing price of the Company's shares on the Tokyo Stock Exchange in regular trading on the allotment date (if no trading takes place, then the most recent date on which trading took place), the said closing price shall be the exercise price.

If the Company performs a stock split or consolidation after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Stock split or consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposal below the market price (excluding any share issuance or treasury stock disposal associated with the exercise of subscription rights to shares) after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Share price before new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

In the above formula, “Number of shares already issued” shall be equal to the total number of the Company’s shares issued and outstanding, less the total number of shares of treasury stock owned by the Company. In the case of disposal of treasury stock, “Number of newly issued shares” shall be read as “Number of shares of treasury stock to be disposed,” “Amount to be paid per share” as “Disposal value per share,” and “Share price before new issuance” as “Share price before disposal.”

Furthermore, in the event of unavoidable circumstances in which the exercise price needs to be adjusted such as in cases where the Company undergoes a merger (excluding cases in which the Company ceases to exist as a result of the merger) or becomes a wholly-owning parent company through a share exchange after the allotment date, the exercise price may be adjusted within reasonable bounds.

(3) Exercise period of subscription rights to shares

Period commencing two years after the allotment date and ending August 2, 2021.

(4) Increase in capital stock and legal capital surplus if shares are issued upon exercise of subscription rights to shares

In cases where shares are issued upon the exercise of subscription rights to shares, one-half of the maximum limit for the increase in capital stock, etc. calculated under the provision of Article 17, Paragraph 1 of the Corporate Accounting Rules (fractional amounts less than one yen resulting from the calculation, if any, shall be rounded up to the nearest yen) shall be declared as capital stock and the remainder shall be declared as legal capital surplus.

(5) Restrictions on acquisition of subscription rights to shares by transfer

Acquisition of subscription rights to shares by transfer shall require the approval of the Board of Directors.

(6) Reasons for acquisition of subscription rights to shares

If a proposal for the approval of a merger agreement under which the Company ceases to exist, a proposal for the approval of a share exchange agreement under which the Company becomes a wholly-owned subsidiary or a proposal for the approval of a share-transfer plan is approved at the General Meeting of Shareholders, the Company may acquire subscription rights to shares gratis.

(7) Conditions for exercise of subscription rights to shares

- [1] Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) shall be a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time of the exercise of the subscription rights to shares. However, the holders who are no longer a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the rights up until two years after stepping aside or two years after the commencement of the exercise period of subscription rights to shares, whichever is later.
- [2] In the event of the death of the holder, the heir of the holder shall be allowed to inherit the subscription rights to shares and exercise the rights under the same terms and conditions as the holder provided that he/she finalizes the inheritance of the rights within ten months of the death of the holder and completes the procedures to change the holder with the Company within the said period. However, inheritance of the subscription rights to shares from the new holder shall not be permitted.
- [3] Subscription rights to shares may not be transferred, securitized or otherwise disposed of under any circumstances.
- [4] Where a holder is dismissed from the position of Director or Executive Officer or voluntarily resigns (except for reasons of illness or disability), receives a criminal sanction no less than imprisonment, or takes office as a director or advisor of a competitor, then the exercise of the subscription rights to shares will be deemed inappropriate and said rights will be immediately forfeit.

(8) Treatment of subscription rights to shares upon reorganization

If the issuance of subscription rights to shares of the Company set forth below is stipulated in an agreement or plan, etc. made upon reorganization, the subscription rights to shares of the Company set forth below shall be issued according to the ratio at which the companies involved are reorganized.

- [1] Merger (limited to cases in which the Company ceases to exist)
Joint-stock corporation (*Kabushiki-kaisha*) surviving after the merger or Joint-stock corporation (*Kabushiki-kaisha*) established as a result of the merger
- [2] Absorption-type demerger (*kyushu-bunkatsu*)
Joint-stock corporation (*Kabushiki-kaisha*) inheriting all or some of the Company’s rights and obligations concerning its business
- [3] Incorporation-type demerger (*shinsetsu-bunkatsu*)
Joint-stock corporation (*Kabushiki-kaisha*) founded as a result of incorporation-type demerger (*shinsetsu-bunkatsu*).
- [4] Share exchange
Joint-stock corporation (*Kabushiki-kaisha*) acquiring all of the Company’s issued shares
- [5] Share transfer
Joint-stock corporation (*Kabushiki-kaisha*) established through a share transfer

3. Payment of money in exchange for subscription rights to shares

No payment of money in exchange for subscription rights to shares shall be required.

4. Other matters

Other matters relating to subscription rights to shares shall be determined by resolution of the Board of Directors.

Proposal No.5: Issuance of Subscription Rights to Shares as Stock Options

Shareholders are asked to give approval for entrusting the Board of Directors of the Company with the task of determining the terms of offering subscription rights to shares granted as stock options upon especially favorable terms to Executive Officers of the Company and some Directors of its consolidated subsidiaries (excluding overseas subsidiaries) under the provisions of Articles 236, 238 and 239 of the Companies Act.

1. Reason for need to invite subscribers to subscription rights to shares under especially favorable conditions

The Company intends to grant subscription rights to shares as stock options to its Executive Officers and some Directors of its consolidated subsidiaries (excluding overseas subsidiaries), without contribution, with the aim of motivating them and raising their morale to improve the Company's business performance on a consolidated basis and further promoting shareholder-value-oriented management.

2. The nature and the maximum number of subscription rights to shares and other such terms of the offer that may be determined based on entrustment to the Board of Directors subject to the resolution of the General Meeting of Shareholders are as follows.

(1) The maximum number of subscription rights to shares

The maximum number shall be 211 units (The number of shares per unit of stock options shall be 1,000 shares of common stock of the Company. If the number of shares has been adjusted as set forth in (2) [1], similar adjustments shall be made.)

(2) Nature of subscription rights to shares

[1] Number of shares to be issued or transferred upon exercise of subscription rights to shares

The maximum number of shares shall be 211,000 shares of common stock of the Company.

If stock split (including gratis allotment, hereinafter the same) or stock consolidation is performed by the Company after the day on which subscription rights to shares are allotted (hereinafter referred to as "allotment date"), the number of shares to be issued or transferred shall be adjusted according to the following formula. However, the said adjustment shall be made only with respect to the number of shares to be issued or transferred for which subscription rights to shares have not yet been exercised at that point in time, and any fractional shares arising as a result of the adjustment shall be rounded off.

$$\text{Number of shares after adjustment} = \text{Number of shares before adjustment} \times \text{Stock split or consolidation ratio}$$

Furthermore, in the event of unavoidable circumstances in which the number of shares to be issued or transferred upon the exercise of subscription rights to shares needs to be adjusted such as in cases where the Company undergoes a merger (excluding cases in which the Company ceases to exist as a result of the merger) or becomes a wholly-owning parent company through a share exchange after the allotment date, the number of shares to be issued or transferred upon the exercise of subscription rights to shares may be adjusted within reasonable bounds.

[2] Valuation method of assets invested upon exercise of subscription rights to shares

The value of assets invested upon exercise of each subscription right to shares shall be obtained by multiplying the amount to be paid per share determined as follows (hereinafter referred to as "exercise price") by the number of shares to be issued or transferred upon the exercise of each subscription right to shares set forth in (1).

The exercise price shall be equal to 1.025 times the average closing price of the Company's shares on the Tokyo Stock Exchange in regular trading on each day (excluding days on which no trading takes place) of the month preceding the month in which the allotment date falls, with fractional amounts less than one yen being rounded up to the nearest yen.

However, if the amount resulting from the calculation above is less than the closing price of the

Company's shares on the Tokyo Stock Exchange in regular trading on the allotment date (if no trading takes place, then the most recent date on which trading took place), the said closing price shall be the exercise price.

If the Company performs a stock split or consolidation after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{1}{\text{Stock split or consolidation ratio}}$$

In addition, in the event of any new share issuance or treasury stock disposal below the market price (excluding any share issuance or treasury stock disposal associated with the exercise of subscription rights to shares) after the allotment date, the exercise price shall be adjusted in accordance with the following formula, and fractional amounts less than one yen resulting from the adjustment shall be rounded up to the nearest yen.

$$\text{Post-adjustment exercise price} = \text{Pre-adjustment exercise price} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Amount to be paid per share}}{\text{Share price before new issuance}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

In the above formula, "Number of shares already issued" shall be equal to the total number of the Company's shares issued and outstanding, less the total number of shares of treasury stock owned by the Company. In the case of disposal of treasury stock, "Number of newly issued shares" shall be read as "Number of shares of treasury stock to be disposed," "Amount to be paid per share" as "Disposal value per share," and "Share price before new issuance" as "Share price before disposal."

Furthermore, in the event of unavoidable circumstances in which the exercise price needs to be adjusted such as in cases where the Company undergoes a merger (excluding cases in which the Company ceases to exist as a result of the merger) or becomes a wholly-owning parent company through a share exchange after the allotment date, the exercise price may be adjusted within reasonable bounds.

[3] Exercise period of subscription rights to shares

Period commencing two years after the allotment date and ending August 2, 2021.

[4] Increase in capital stock and legal capital surplus if shares are issued upon exercise of subscription rights to shares

In cases where shares are issued upon the exercise of subscription rights to shares, one-half of the maximum limit for the increase in capital stock, etc. calculated under the provision of Article 17, Paragraph 1 of the Corporate Accounting Rules (fractional amounts less than one yen resulting from the calculation, if any, shall be rounded up to the nearest yen) shall be declared as capital stock and the remainder shall be declared as legal capital surplus.

[5] Restrictions on acquisition of subscription rights to shares by transfer

Acquisition of subscription rights to shares by transfer shall require the approval of the Board of Directors.

[6] Reasons for acquisition of subscription rights to shares

If a proposal for the approval of a merger agreement under which the Company ceases to exist, a proposal for the approval of a share exchange agreement under which the Company becomes a wholly-owned subsidiary or a proposal for the approval of a share-transfer plan is approved at the General Meeting of

Shareholders, the Company may acquire subscription rights to shares gratis.

[7] Conditions for exercise of subscription rights to shares

- (A) Persons granted an allotment of the subscription rights to shares (hereinafter referred to as the “holders”) shall be a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) at the time of the exercise of subscription rights to shares. However, the holders who are no longer a Director or Executive Officer of the Company or one of its consolidated subsidiaries (excluding any publicly listed companies and their subsidiaries and overseas subsidiaries) may exercise the rights up until two years after stepping aside or two years after the commencement of the exercise period of subscription rights to shares, whichever is later.
- (B) In the event of the death of the holder, the heir of the holder shall be allowed to inherit the subscription rights to shares and exercise the rights under the same terms and conditions as the holder provided that he/she finalizes the inheritance of the rights within ten months of the death of the holder and completes the procedures to change the holder with the Company within the said period. However, inheritance of the subscription rights to shares from the new holder shall not be permitted.
- (C) Subscription rights to shares may not be transferred, securitized or otherwise disposed of under any circumstances.
- (D) Where a holder is dismissed from the position of Director or Executive Officer or voluntarily resigns (except for reasons of illness or disability), receives a criminal sanction no less than imprisonment, or takes office as a director or advisor of a competitor, then the exercise of the subscription rights to shares will be deemed inappropriate and said rights will be immediately forfeit.

[8] Treatment of subscription rights to shares upon reorganization

If the issuance of subscription rights to shares of the Company set forth below is stipulated in an agreement or plan, etc. made upon reorganization, the subscription rights to shares of the Company set forth below shall be issued according to the ratio at which the companies involved are reorganized.

- (A) Merger (limited to cases in which the Company ceases to exist)
 - Joint-stock corporation (*Kabushiki-kaisha*) surviving after the merger or Joint-stock corporation (*Kabushiki-kaisha*) established as a result of the merger
- (B) Absorption-type demerger (*kyushu-bunkatsu*)
 - Joint-stock corporation (*Kabushiki-kaisha*) inheriting all or some of the Company’s rights and obligations concerning its business
- (C) Incorporation-type demerger (*shinsetsu-bunkatsu*)
 - Joint-stock corporation (*Kabushiki-kaisha*) founded as a result of incorporation-type demerger (*shinsetsu-bunkatsu*).
- (D) Share exchange
 - Joint-stock corporation (*Kabushiki-kaisha*) acquiring all of the Company’s issued shares
- (E) Share transfer
 - Joint-stock corporation (*Kabushiki-kaisha*) established through a share transfer

(3) Payment of money in exchange for subscription rights to shares

No payment of money in exchange for subscription rights to shares shall be required.

(4) Other matters

Other matters relating to subscription rights to shares shall be determined by resolution of the Board of Directors.

End