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(Securities Code: 2002)
June 3, 2015

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

CONVOCATION NOTICE OF THE 171ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 171st 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 24, 2015.

[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 25, 2015 at 10:00 a.m.
2. Place: Tokyo Marriott Hotel, B1 The GOTENYAMA Ballroom
4-7-36, Kitashinagawa, Shinagawa-ku, Tokyo
Please note that the venue is different from that of the previous year.
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 171st fiscal term (from April 1, 2014 to March 31, 2015) 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 171st fiscal term (from April 1, 2014 to March 31, 2015)
- 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
Proposal No.6: 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

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/ir/stock/meeting>) 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. To conserve paper resources, please bring this Convocation Notice with you.
 - 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/ir/stock/meeting>).

Business Report

(From April 1, 2014 to March 31, 2015)

1. Overview of the Corporate Group

(1) Business Progress and Results

[1] Business Environment and Performance of the Group

During the fiscal year ended March 31, 2015, the Japanese economy showed signs of a modest recovery, as consumer sentiment staged a turnaround, seen in improvement in Japan's corporate performance and the country's employment and personal income landscape, as the yen's depreciation and high stock prices continued. Stimulating this growth was economic policies and financial deregulation pursued by the Japanese government and the Bank of Japan, respectively. The business environment for companies reliant on domestic demand, however, remained challenging, largely reflecting higher prices for imported raw materials and rising utility charges.

Under these conditions, the Group took steps to aggressively launch and expand sales of new products in each business area in a bid to energize markets, and worked to strengthen its business structure both domestically and abroad. In Japan, we moved to reinforce our cost competitiveness, and made strides in consolidating production in the Flour Milling Segment at large-scale plants located near ports. In the Processed Food Segment, we moved forward with preparations to begin operation of a new frozen food production site that will bolster our production and supply framework for frozen pasta. In the overseas business, several key initiatives marked steady progress, among them the acquisition of four U.S. flour milling plants, operations at a production plant in Vietnam for cooked and processed foods, and the construction of a pasta production site in Turkey.

As a result, consolidated net sales increased 6.1% year on year to ¥526,144 million, mainly related to expansion in the overseas business and sales growth domestically and abroad. In terms of profits, operating income was ¥20,476 million, down 8.1% year on year. Ordinary income decreased 0.1% to ¥25,544 million, and net income increased 6.2% to ¥16,036 million. The performance in profits largely reflected measures to reduce costs companywide, offset partially by rising costs for raw materials, higher sales expansion costs, and higher depreciation expenses for the Fukuoka Plant of Nisshin Flour Milling Inc.

On October 1, 2014, the Company conducted a 1.1-for-1 stock split of shares of common stock. There was no adjustment made to the dividend per share as a result of the recent stock split, and there was an actual increase in the year-end dividend of ¥2 per share. Consequently, the Company plans to pay a full-year dividend of ¥22 per share.

[2] Review of Operations of the Group

In the domestic market, the Nisshin Seifun Group strove to strengthen sales promotion activities, increase product shipments and enhance productivity in all of its business fields, as well as implementing further cost reductions and ensuring appropriate profits commensurate with purchasing costs. The Group aggressively implemented measures to expand its business in overseas markets as well.

In new product development, the Nisshin Seifun Group continues to develop high-value-added 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, shipments of commercial wheat flour in Japan rose year on year. This growth was the result of progress in attracting new customers thanks to aggressive sales expansion measures, and came despite the impact of demand volatility triggered by a higher consumption tax rate.

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 consolidating production at large-scale plants located near ports in Japan. In the Kyushu region, such concentration of production has been completed with full-scale operations underway at the Fukuoka Plant in May 2014, taking over production formerly conducted by the inland Chikugo and Tosu plants prior to their closure. In the Chubu region, construction work on the addition of a new production line at the Chita Plant, scheduled to start operations in May 2015, is progressing smoothly. In the Kansai region, in April 2015 we completed construction to increase holding capacity by 25% at a raw wheat silo operated by Hanshin Silo Co., Ltd., located adjacent to the Higashinada Plant. This has resulted in the best structure yet for securing, storing and stably supplying raw wheat. Furthermore, for the Kanto region,

we launched steps to increase raw wheat silo capacity by 25% at the Tsurumi Plant, scheduled to begin operating in June 2016.

The price of bran, a byproduct of the milling process, was weaker throughout the period.

In the overseas business, U.S. subsidiary Miller Milling Company, LLC acquired four flour milling plants in the United States in May 2014, giving it a network of six production sites and propelling it into the position of fourth largest flour milling company in the country. Together with operations in New Zealand, Canada, and Thailand, this move has expanded the proportion of overseas production capacity in the Flour Milling Segment to roughly 50%.

As a result, net sales of the Flour Milling Segment increased 14.2% from the previous fiscal year to ¥237,327 million. Operating income, meanwhile, fell 18.9% to ¥7,611 million, primarily due to an increase in costs related to sales expansion efforts in Japan and higher depreciation expenses for the Fukuoka Plant, which offset contributions from overseas subsidiaries.

Processed Food Segment

In the processed food business, for household-use products, we launched new products to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, proposed new eating options, and developed sales promotion measures—most notably TV commercials—and took other initiatives designed to stimulate consumption. In commercial-use products, we launched new products tailored to customer needs and took positive steps toward garnering new customers. These actions prompted brisk growth most notably in frozen food products and pasta sauces year on year. Sales in the prepared dishes and other prepared foods business rose year on year as stronger product development capabilities attracted new customers, coupled with progress on measures to expand shipments of prepared foods to volume retailers. In the overseas business, we launched aggressive product proposals aimed at obtaining new customers, mainly in the ever-growing Chinese and Southeast Asian markets; however, the sales environment was volatile due to political instability in Thailand and other factors, and sales were lower than those of the previous fiscal year.

In response to rising costs for raw materials triggered by the yen's depreciation and high market prices, we revised pasta prices beginning from January 2015. Similar price revisions for frozen foods, pasta sauces, and prepared mix products went into effect in March 2015.

In terms of production, we made further strides in measures to strengthen product safety. We also strengthened cost competitiveness and took steps to develop a new production framework with the aim of optimizing production sites worldwide. At Vietnam Nisshin Seifun Co., Ltd., operations commenced from October 2014 at a production plant for pasta sauces and other cooked and processed foods, while Thai Nisshin Technomic Co., Ltd boosted its previous year's end production capacity for commercial prepared mix by 25%. Preparations are also progressing toward the start of full-scale operations in May 2015 at a pasta plant owned by joint venture Nisshin Seifun Turkey Makarna Ve Gida Sanayi Ve Ticaret A.S., which was established in June 2014 in Turkey. Similarly in Japan, to bolster production and supply structure in the growing frozen pasta market, a new frozen food production plant was built at Kobe site of Ma•Ma-Macaroni Co., Ltd., with preparations moving toward the launch of operations in May 2015.

In the yeast business section of the yeast and biotechnology business, while sales of our mainstay yeast products were comparable to the previous fiscal year, sales decreased compared to a year earlier mainly as growth in fillings faltered. Sales in the biotechnology business section increased compared to the previous fiscal year, largely due to growth in sales of diagnostic reagents.

In the healthcare foods business, sales improved year on year, reflecting brisk sales of consumer products driven by aggressive sales promotion measures, coupled with a recovery in shipments of raw materials for pharmaceuticals.

As a result, net sales of the Processed Food Segment were up 0.8% from the same period of the previous fiscal year to ¥244,941 million. Operating income, however, fell 3.2% to ¥9,728 million, mainly due to rising costs for raw materials and increased costs for sales expansion efforts in Japan.

Others Segment

In the pet food business, shipments mainly of premium pet food were brisk chiefly due to sales promotion measures including the aggressive launch of new products and TV commercials, resulting in higher sales compared to the previous fiscal year.

In the engineering business, sales further strengthened in the mainstay plant engineering business, mainly attributable to a greater proportion of large-scale projects within the Group, with sales outside the Group decreased from the previous year.

In the mesh cloths business, sales surpassed the previous fiscal year's level, stimulated by increased shipments of stainless metallic fiber mesh cloth used primarily in solar panels and brisk sales of forming filters mainly for automobile parts.

As a result, net sales of the Others Segment decreased 2.9% to ¥43,874 million, but operating income increased 25.1% to ¥3,540 million.

(2) Issues to be Addressed

Japan's food industry is grappling with an increasingly challenging business environment, including market contraction as the country's population declines 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 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 new medium-term management plan to stimulate business growth.

Furthermore, the Group will take vigorous steps to conform with the "Corporate Governance Code" set to come into effect in June 2015, with the aim of realizing the Group's sustainable growth and medium- to long-term improvement in corporate value.

[1] Domestic Business Strategies

Regarding the flour milling business, while continuing efforts to stably supply products, we will develop products that accurately capture customer needs and promote value-added services that offer total solutions to customers, further strengthening our customer relationships. As a measure to strengthen cost competitiveness, we are concentrating production at large-scale plants located near ports. In a follow-up to this effort, which saw full-scale operations underway at the Fukuoka Plant, and the completion of production consolidation in the Kyushu region in May 2014, progress is moving smoothly toward the start of operations at a new production line at the Chita Plant in Aichi, Japan, in May 2015. In addition, with the aim of further promoting the storage and stable supply of raw wheat, we are taking steps to boost raw wheat silo capacity. Following on from completion of the raw wheat silo operated by Hanshin Silo Co., Ltd. in April 2015 in the Kansai region, silo construction is progressing steadily at the Tsurumi Plant in the Kanto region, with operations scheduled to begin in June 2016.

In the processed food business, we will pursue measures to boost brand loyalty by launching new products to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, coupled with aggressive sales promotion efforts. At the same time, we will push for greater expansion in the growth fields of prepared dishes and other prepared foods and the frozen food product businesses. In the frozen food business, construction continues apace at a new site for frozen food products at the Kobe Plant of Ma•Ma-Macaroni Co., Ltd., set to begin operating in May 2015, that will bolster our production and supply structure for frozen pasta. To cope with rising costs for raw materials triggered by the yen's depreciation, we will take steps to lower costs through enhanced productivity, while striving to secure suitable levels of profit.

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

In the flour milling business, we will focus on swiftly implementing Post Merger Integration (PMI) at four flour milling plants newly acquired by U.S.-based Miller Milling Company, LLC in May 2014. In tandem, we are committed to achieving independent growth in the U.S. market via sales expansion measures that leverage the Group's strengths in flour milling technology and proposal capabilities. We will also focus on further expansion of the business base developed to date in existing businesses in New Zealand, Canada and Thailand.

In the processed food business, we envisage further expansion of the commercial prepared mix business given projected growth in the Asian market. In terms of production, along with bolstering cost competitiveness, we have moved to create a new production system anchored by optimal locations worldwide. This effort saw the start in October 2014 of a production plant for pasta sauces and other cooked and processed foods in Vietnam, and preparations for full-scale operations in May 2015 of a pasta production site in Turkey. At these new production sites, we are leveraging production technology and expertise in high-level quality control cultivated by the Company over many years. With our first focus on supplying high-quality products to the Japanese market, our view also includes capturing local sales overseas.

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. 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 properly reflects changing costs.

[4] Measures Addressing Systemic Changes in 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 plan (BCP).

Regarding 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 resource and educational asset, and support the activities of the WFP (World Food Program).

In such ways, the Nisshin Seifun Group will continue 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	168 th FY2012	169 th FY2013	170 th FY2014	171 st FY2015 (Current)
Net sales	441,963	455,566	495,930	526,144
Ordinary income	26,132	24,742	25,579	25,544
Net income	13,326	13,688	15,098	16,036
Net income per share (¥)	44.33	45.53	50.21	53.28
Total assets	431,956	461,851	471,039	549,307
Net assets	298,798	317,436	334,092	378,715

Note: The Company conducted a 1.1-for-1 stock split of shares of common stock as of October 1, 2013. In addition, the Company conducted a 1.1-for-1 stock split of shares of common stock as of October 1, 2014. Therefore, net income per share was calculated on the assumption that said stock split was conducted at the beginning of the 168th fiscal term.

(4) Capital Expenditures

The capital expenditures for the fiscal year ended March 31, 2015 increased ¥373 million from the previous year to ¥19,009 million, based on actual expenditures.

The principal capital expenditures were put into the construction work on the addition of a new production line at the Chita Plant of Nisshin Flour Milling Inc. 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, 2015.

(6) Major Subsidiaries and Acquisition

[1] Major Subsidiaries and Affiliates

Company Name	Capital 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

In May 2014, Miller Milling Company, LLC, a subsidiary of the Company, acquired four flour milling plants in the United States from Cargill, Inc., Horizon Milling, LLC, and ConAgra Foods Food Ingredients Company, Inc., to promote the expansion of its business operations in the United States, which has the largest flour milling market among developed countries.

(7) Principal Businesses (As of March 31, 2015)

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, 2015)

[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)

Miller Milling Company, LLC Head Office (Minnesota, U.S.A.)

Winchester Plant (Virginia, U.S.A.), Fresno Plant (California, U.S.A.)

Los Angeles Plant (California, U.S.A.), Oakland Plant (California, U.S.A.)

Saginaw Plant (Texas, U.S.A.), New Prague Plant (Minnesota, 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)

Hokkaido Sales Department (Sapporo), Tohoku Sales Department (Sendai),

Metropolitan Sales Department (Chuo-ku, Tokyo),

Wide Area Sales Department (Chiyoda-ku, Tokyo), Frozen Product 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, 2015)

Business Segment	Number of Employees	Year-on-Year Change
Flour Milling Segment	1,563	166
Processed Food Segment	3,508	303
Others Segment	701	38
Corporate (Across the Group divisions)	374	(11)
Total	6,146	496

(10) Major Creditors and Loans Payable (As of March 31, 2015)

There are no major creditors.

2. Outline of the Company

(1) Shares (As of March 31, 2015)

- [1] Total number of shares authorized to be issued 932,856,000 shares
- [2] Total number of shares issued and outstanding 304,357,891 shares
(Including 3,017,134 shares of treasury stock)
- [3] Number of shareholders 22,146
(Increased 4,400 from the previous term-end)

[4] Major shareholders (Top 10)

Name	Number of Shares Held	Shareholding Ratio
	(thousands)	%
Nippon Life Insurance Company	19,387	6.4
Yamazaki Baking Co., Ltd.	16,988	5.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,737	5.5
Japan Trustee Services Bank, Ltd. (Trust Account)	12,570	4.1
Mizuho Bank, Ltd.	11,310	3.7
Mitsubishi Corporation	8,448	2.8
Marubeni Corporation	6,284	2.0
Sumitomo Corporation	6,091	2.0
Sumitomo Mitsui Banking Corporation	5,585	1.8
The Norinchukin Bank	5,432	1.8

Note: Treasury stock (of 3,017,134 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, 2014. Accordingly, the total number of shares issued and outstanding increased by 27,668,899 shares.

(2) Subscription Right to Shares

[1] Status of subscription rights to shares as of March 31, 2015

	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
6-1st subscription rights to shares (Granted on August 19, 2008)	21	Common Stock 25,410 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,397,550 per subscription right to shares	August 20, 2010 – July 30, 2015
6-2nd subscription rights to shares (Granted on August 19, 2008)	74	Common Stock 89,540 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,397,550 per subscription right to shares	August 20, 2010 – July 30, 2015
7-1st subscription rights to shares (Granted on August 18, 2009)	22	Common Stock 26,620 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,132,560 per subscription right to shares	August 19, 2011 – August 1, 2016
7-2nd subscription rights to shares (Granted on August 18, 2009)	90	Common Stock 108,900 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,132,560 per subscription right to shares	August 19, 2011 – August 1, 2016
8-1st subscription rights to shares (Granted on August 18, 2010)	27	Common Stock 32,670 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,099,890 per subscription right to shares	August 19, 2012 – August 1, 2017
8-2nd subscription rights to shares (Granted on August 18, 2010)	89	Common Stock 107,690 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,099,890 per subscription right to shares	August 19, 2012 – August 1, 2017
9-1st subscription rights to shares (Granted on August 18, 2011)	53	Common Stock 64,130 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,026,080 per subscription right to shares	August 19, 2013 – August 1, 2018
9-2nd subscription rights to shares (Granted on August 18, 2011)	147	Common Stock 177,870 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,026,080 per subscription right to shares	August 19, 2013 – August 1, 2018
10-1st subscription rights to shares (Granted on August 16, 2012)	42	Common Stock 50,820 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥958,320 per subscription right to shares	August 17, 2014 – August 1, 2019
10-2nd subscription rights to shares (Granted on August 16, 2012)	135	Common Stock 163,350 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥958,320 per subscription right to shares	August 17, 2014 – August 1, 2019

	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
11-1st subscription rights to shares (Granted on August 20, 2013)	96	Common Stock 116,160 shares (1,210 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,224,520 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 257,730 shares (1,210 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,224,520 per subscription right to shares	August 21, 2015 – August 3, 2020
12-1st subscription rights to shares (Granted on August 19, 2014)	96	Common Stock 105,600 shares (1,100 shares per subscription right to shares)	Without charge	Directors of the Company	¥1,274,900 per subscription right to shares	August 20, 2016 – August 2, 2021
12-2nd subscription rights to shares (Granted on August 19, 2014)	211	Common Stock 232,100 shares (1,100 shares per subscription right to shares)	Without charge	Executive Officers of the Company and Directors of its consolidated subsidiaries	¥1,274,900 per subscription right to shares	August 20, 2016 – August 2, 2021

Note: Following the stock split as of October 1, 2014, 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, 2015

Segment	Name	Number of subscription rights to shares	Number of persons holding subscription rights to shares
Directors (excluding Outside Directors)	6-1st subscription rights to shares	2	1
	7-1st subscription rights to shares	0	0
	8-1st subscription rights to shares	12	2
	9-1st subscription rights to shares	15	2
	10-1st subscription right to shares	22	4
	11-1st subscription rights to shares	79	11
	12-1st subscription rights to shares	86	12
Outside Directors	6-1st subscription rights to shares	5	1
	7-1st subscription rights to shares	5	1
	8-1st subscription rights to shares	5	1
	9-1st subscription rights to shares	5	1
	10-1st subscription right to shares	5	1
	11-1st subscription rights to shares	10	2
	12-1st 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, 2015.

There are no applicable matters to be reported.

(3) Members of the Boards

[1] Directors and Audit & Supervisory Board Members (As of March 31, 2015)

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 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	
Managing Director	Koichi Iwasaki		Director and President (Representative Director), Nisshin Foods Inc.
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	Masashi Nakagawa		Director and President (Representative Director), Oriental Yeast Co., Ltd.
Director	Takao Yamada		Managing Director, Nisshin Flour Milling Inc.
Director	Nobuki Kemmoku		Senior Managing Director, Nisshin Flour Milling Inc.
Director *	Kiyoshi Sato		Director and President (Representative Director), Nisshin Pharma 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)	Yasuhiko Masaki		
Audit & Supervisory Board Member (Full-time) *	Kazuya Yoshinare		
Audit & Supervisory Board Member	Tetsuo Kawawa		Attorney; Managing Partner, Kawawa Law Offices
Audit & Supervisory Board Member	Kazuhiko Fushiya		Chairman, The Institute of Internal Auditors – Japan

Title	Name	Position	Significant Positions Concurrently Held
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: 1. Directors Ariyoshi Okumura and Akio Mimura are Outside Directors.
2. Audit & Supervisory Board Members Tetsuo Kawawa, Kazuhiko Fushiya, and Satoshi Ito are Outside Audit & Supervisory Board Members.
3. 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.
4. Audit & Supervisory Board Member Kazuya Yoshinare has work experience in finance and accounting at the Company and substantial knowledge of finance and accounting.
5. 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.
6. 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, 2015.
- 1) As of June 26, 2014, the term of office of Director Toshinori Shiragami expired and he retired from office, and Audit & Supervisory Board Member Makoto Watanabe resigned from office. The Directors and the Audit & Supervisory Board Member with an asterisk (*) were newly elected and took office at the 170th Ordinary General Meeting of Shareholders, held on the same day.
 - 2) Koichi Iwasaki took office as a Managing Director as of June 26, 2014.
7. The following is a list of changes in significant positions concurrently held in the fiscal year ended March 31, 2015.
- | | | |
|----------------------------------|---------------|-------------------------------------------------------------------------------------------------------------|
| Director | Kazuo Ikeda | Retired as a Director and Chairman, Nisshin Foods Inc. (June 26, 2014) |
| Director | Kiyoshi Sato | Took office as a Director and President (Representative Director), Nisshin Pharma Inc. (June 26, 2014) |
| Audit & Supervisory Board Member | Tetsuo Kawawa | Resigned as an Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd. (March 26, 2015) |
| Director | Hiroshi Oeda | Resigned as a Director and President (Representative Director), Nisshin Flour Milling Inc. (March 31, 2015) |

Furthermore, as of April 1, 2015, Director Hiroshi Oeda took office as a Director and Chairman, Nisshin Flour Milling Inc., Director Takao Yamada took office as a Senior Managing Director, Nisshin Flour Milling Inc., and Director Nobuki Kemmoku took office as a Director and President (Representative Director), Nisshin Flour Milling Inc.

[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, 2015

Directors : Fifteen (15)	¥264 million
Audit & Supervisory Board Members: Six (6)	¥54 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 one (1) Director and one (1) Audit & Supervisory Board Member who retired from office during the fiscal year ended March 31, 2015.
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, 2015.

[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.

Significant positions concurrently held in other companies, etc., are mentioned above [1] and 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, 2015

- 1) Director Ariyoshi Okumura

Mr. Okumura attended all meetings of the Board of Directors held in the fiscal year ended March 31, 2015. 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 10 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2015. 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 11 out of 13 meetings of the Board of Directors and 10 out of 12 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2015. 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, 2015. 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 11 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, 2015. 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, 2015

1. Compensation paid to the independent auditor: ¥55 million

2. Total of cash and other financial profits payable by the Company and its subsidiaries: ¥168 million

Notes:1. 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.

2. Some subsidiaries of the Company have their financial statements and related documents audited by auditors other than Ernst & Young ShinNihon LLC.

[3] Content of non-audit services

The Company's subsidiaries entrust "the services with regard to guidance and advice on accounting matters" to the Independent Auditor, which can be defined as non-audit services that are other than the services defined in Article 2, Paragraph 1, of the Certified Public Accountants Act.

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

Apart from the dismissal of accounting auditors by the Audit & Supervisory Board as defined in Article 340 of the Companies Act, the Company will submit a proposal for the 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/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 externally adopted members of the Company's management, shall deliberate 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. It is also required that the Board of Directors make a Confirmation Resolution upon receipt of a Recommendation Resolution to that effect from the Corporate Value Committee, unless there are particular reasons that are clearly 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 Common Interests of Shareholders: Takeover Defense Guidelines” released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. Moreover, the Plan is in accordance with the recommendations of the June 30, 2008 report of the Ministry of Economy, Trade and Industry’s Corporate Value Study Group entitled “Takeover Defense Measures in Light of Recent Environmental Changes.”

(3) Policy on Dividends from Surplus

Regarding the distribution of profits of the Company, the Company’s basic policy is to ensure the continuous payment of dividends based on a targeted payout ratio of at least 30% on a consolidated basis, while taking into consideration current and future profitability and financial position. Furthermore, from the fiscal year ending March 31, 2016, the Company will raise the targeted payout ratio to at least 40% on a consolidated basis, aiming to meet the expectations of shareholders.

For the year under review, the Company conducted a 1.1-for-1 stock split of shares of common stock as of October 1, 2014, but did not correspondingly adjust the dividend per share. For the annual dividend, this ensures an actual increase in dividend by increasing the total year-end dividends. Furthermore, the Company plans to pay a dividend of ¥22 per share by increasing the year-end dividend per share by two yen from the previous year. Accordingly, we will submit to the Ordinary General Meeting of Shareholders a proposal for distribution of surplus to pay a year-end dividend of ¥12 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 based on the new medium-term management plan. The Company also adopts an even more active and flexible posture on the measures toward shareholder return, including dividends and purchase of the treasury stock.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

Item	Amount	Item	Amount
(ASSETS)		(LIABILITIES)	
Current assets	229,804	Current liabilities	112,240
Cash and deposits	42,584	Notes and accounts payable – trade	57,561
Notes and accounts receivable – trade	74,688	Short-term loans payable	17,175
Short-term investment securities	25,565	Income taxes payable	3,157
Inventories	76,268	Accrued expenses	17,042
Deferred tax assets	5,274	Other	17,303
Other	5,630	Noncurrent liabilities	58,351
Allowance for doubtful accounts	(208)	Long-term loans payable	3,874
Noncurrent assets	319,503	Deferred tax liabilities	24,837
Property, plant and equipment	148,702	Provision for repairs	1,473
Buildings and structures, net	54,001	Net defined benefit liability	21,421
Machinery, equipment and vehicles, net	40,602	Long-term deposits received	5,589
Land	40,497	Other	1,154
Construction in progress	9,552	Total liabilities	170,592
Other, net	4,048	(NET ASSETS)	
Intangible assets	21,629	Shareholders' equity	299,224
Goodwill	10,355	Capital stock	17,117
Other	11,273	Capital surplus	9,571
Investments and other assets	149,170	Retained earnings	275,194
Investment securities	143,288	Treasury stock	(2,659)
Net defined benefit asset	30	Accumulated other comprehensive income	67,857
Deferred tax assets	3,118	Valuation difference on available-for-sale securities	57,298
Other	2,863	Deferred gains or losses on hedges	118
Allowance for doubtful accounts	(129)	Foreign currency translation adjustment	11,911
		Remeasurements of defined benefit plans	(1,471)
		Subscription rights to shares	179
		Minority interests	11,454
		Total net assets	378,715
Total assets	549,307	Total liabilities and net assets	549,307

Consolidated Statement of Income

(For the Year Ended March 31, 2015)

(Millions of yen)

Item	Amount	
Net sales		526,144
Cost of sales		377,729
Gross profit		148,414
Selling, general and administrative expenses		127,937
Operating income		20,476
Non-operating income		
Interest income	203	
Dividends income	1,905	
Equity in earnings of affiliates	2,104	
Rent income	328	
Other	845	5,388
Non-operating expenses		
Interest expenses	179	
Other	140	320
Ordinary income		25,544
Extraordinary income		
Gain on sales of noncurrent assets	950	
Gain on sales of investment securities	67	
Gain on liquidation of investment securities	161	
Other	44	1,223
Extraordinary losses		
Loss on retirement of noncurrent assets	548	
Litigation settlement	732	
Other	59	1,340
Income before income taxes and minority interests		25,427
Income taxes – current	6,871	
Income taxes – deferred	1,684	8,555
Income before minority interests		16,871
Minority interests in income		835
Net income		16,036

Consolidated Statement of Changes in Net Assets

(For the Year Ended March 31, 2015)

(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	9,483	266,581	(3,088)	290,094
Cumulative effects of changes in accounting policies			(1,950)		(1,950)
Restated balance	17,117	9,483	264,630	(3,088)	288,144
Changes of items during the period					
Dividends from surplus			(5,472)		(5,472)
Net income			16,036		16,036
Purchase of treasury stock				(20)	(20)
Disposal of treasury stock		87		448	536
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	87	10,563	428	11,080
Balance at the end of current period	17,117	9,571	275,194	(2,659)	299,224

	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	32,253	21	4,237	(1,831)	34,680	260	9,057	334,092
Cumulative effects of changes in accounting policies								(1,950)
Restated balance	32,253	21	4,237	(1,831)	34,680	260	9,057	332,141
Changes of items during the period								
Dividends from surplus								(5,472)
Net income								16,036
Purchase of treasury stock								(20)
Disposal of treasury stock								536
Net changes of items other than shareholders' equity	25,045	97	7,674	359	33,177	(80)	2,397	35,494
Total changes of items during the period	25,045	97	7,674	359	33,177	(80)	2,397	46,574
Balance at the end of current period	57,298	118	11,911	(1,471)	67,857	179	11,454	378,715

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated Balance Sheet

(As of March 31, 2015)

(Millions of yen)

Item	Amount	Item	Amount
(ASSETS)		(LIABILITIES)	
Current assets	33,835	Current liabilities	6,793
Cash and deposits	12,314	Lease obligations	171
Accounts receivable-trade	248	Accounts payable-other	393
Short-term investment securities	18,999	Accrued expenses	1,522
Prepaid expenses	161	Deposits received	4,605
Deferred tax assets	426	Provision for directors' bonuses	58
Income taxes receivable	1,105	Other	42
Other	579	Noncurrent liabilities	24,694
Noncurrent assets	277,192	Lease obligations	471
Property, plant and equipment	24,497	Deferred tax liabilities	20,170
Buildings	6,939	Provision for retirement benefits	3,986
Structures	621	Other	66
Machinery and equipment	491	Total liabilities	31,487
Vehicles	6	(NET ASSETS)	
Tools, furniture and fixtures	338	Shareholders' equity	237,583
Land	15,254	Capital stock	17,117
Lease assets	695	Capital surplus	9,624
Construction in progress	148	Legal capital surplus	9,500
Intangible assets	713	Other capital surplus	124
Leasehold right	395	Retained earnings	213,492
Software	91	Legal retained earnings	4,379
Lease assets	165	Other retained earnings	209,113
Other	61	Reserve for dividends	2,000
Investments and other assets	251,982	Reserve for advanced depreciation of noncurrent assets	2,180
Investment securities	82,702	General reserve	170,770
Stocks of subsidiaries and affiliates	128,961	Retained earnings brought forward	34,162
Investments in capital	317	Treasury stock	(2,651)
Investments in capital of subsidiaries and affiliates	666	Valuation and translation adjustments	41,777
Long-term loans receivable from subsidiaries and affiliates	38,973	Valuation difference on available-for-sale securities	41,775
Other	386	Deferred gains or losses on hedges	2
Allowance for doubtful accounts	(24)	Subscription rights to shares	179
		Total net assets	279,540
Total assets	311,028	Total liabilities and net assets	311,028

Non-consolidated Statement of Income

(For the Year Ended March 31, 2015)

(Millions of yen)

Item	Amount	
Operating revenue		16,744
Operating expenses		12,103
Operating income		4,641
Non-operating income		
Interest income	497	
Dividends income	1,369	
Other	55	1,921
Non-operating expenses		
Interest expenses	9	
Other	17	26
Ordinary income		6,536
Extraordinary income		
Gain on sales of noncurrent assets	948	
Gain on sales of shares of subsidiaries and affiliates	44	992
Extraordinary losses		
Loss on retirement of noncurrent assets	64	
Other	3	67
Income before income taxes		7,461
Income taxes – current	131	
Income taxes – deferred	518	649
Net income		6,811

Non-consolidated Statement of Changes in Net Assets

(For the Year Ended March 31, 2015)

(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	37	9,537	4,379	2,000
Cumulative effects of changes in accounting policies						
Restated balance	17,117	9,500	37	9,537	4,379	2,000
Changes of items 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						
Purchase of treasury stock						
Disposal of treasury stock			87	87		
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	—	87	87	—	—
Balance at the end of current period	17,117	9,500	124	9,624	4,379	2,000

	Shareholders' equity			
	Retained earnings			
	Other retained earnings			Total retained earnings
	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	2,076	163,770	40,292	212,518
Cumulative effects of changes in accounting policies			(365)	(365)
Restated balance	2,076	163,770	39,927	212,153
Changes of items during the period				
Provision of reserve for advanced depreciation of noncurrent assets	72		(72)	—
Reversal of reserve for advanced depreciation of noncurrent assets	(74)		74	—
Adjustment to reserve due to change in tax rate	105		(105)	—
Provision of general reserve		7,000	(7,000)	—
Dividends from surplus			(5,472)	(5,472)
Net income			6,811	6,811
Purchase of treasury stock				
Disposal of treasury stock				
Net changes of items other than shareholders' equity				
Total changes of items during the period	104	7,000	(5,764)	1,339
Balance at the end of current period	2,180	170,770	34,162	213,492

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury stock	Total shareholder s' 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	(3,080)	236,093	24,401	(0)	24,401	260	260,754
Cumulative effects of changes in accounting policies		(365)					(365)
Restated balance	(3,080)	235,727	24,401	(0)	24,401	260	260,389
Changes of items 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		(5,472)					(5,472)
Net income		6,811					6,811
Purchase of treasury stock	(20)	(20)					(20)
Disposal of treasury stock	448	536					536
Net changes of items other than shareholders' equity			17,373	2	17,376	(80)	17,295
Total changes of items during the period	428	1,855	17,373	2	17,376	(80)	19,151
Balance at the end of current period	(2,651)	237,583	41,775	2	41,777	179	279,540

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.

To enable greater return of profits to shareholders, the Company proposes to increase the year-end dividend from the surplus for the fiscal year under review by two yen per share to ¥12 per share, as detailed below.

This will result in the annual dividend, consisting of the interim and year-end dividends, of ¥22 per share for the year under review, an increase of two yen from the previous year.

(1) Type of dividend

Cash

(2) Matters related to the allocation of dividend and total amount thereof

¥12 per share of the Company's common stock

Total amount of dividends: ¥3,616,093,248

(3) Effective date of dividend payment

June 26, 2015

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. April 2015 Director and Chairman, Nisshin Flour Milling Inc. (to the present) [Director and Chairman, Nisshin Flour Milling Inc.]	66,913 shares
2	Kazuo Ikeda (September 14, 1947)	April 1971 Joined the Company June 2004 Director June 2009 Director and President, Nisshin Foods Inc. June 2011 Managing Director June 2012 Senior Managing Director June 2012 Director and Vice President (to the present) October 2012 Director and Chairman, Nisshin Foods Inc. June 2014 Director and President, Nisshin Seifun Premix Inc. (to the present) June 2014 Director, Nisshin Foods Inc (to the present)	57,852 shares
3	Masao Nakagawa (August 17, 1953)	April 1977 Joined the Company June 2008 Executive Officer June 2012 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) June 2014 Managing Director and Division Executive (Finance and Accounting Division) (to the present)	23,111 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)	19,643 shares
5	Koichi Iwasaki (September 12, 1956)	April 1980 Joined the Company June 2007 Director, Nisshin Foods Inc. June 2010 Executive Officer June 2012 Managing Director, Nisshin Foods Inc. June 2012 Director June 2012 Director and President, Nisshin Foods Inc. (to the present) June 2014 Managing Director (to the present) [Director and President (Representative Director), Nisshin Foods Inc.]	24,200 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	Takashi Harada (February 9, 1957)	<p>April 1979 Joined the Company</p> <p>June 2009 Executive Officer Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc.</p> <p>June 2010 Director and Division Executive (R&D and Quality Assurance Division) (to the present)</p>	15,730 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>	13,310 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>	15,730 shares
9	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.</p> <p>April 2015 Senior Managing Director and Division Executive (Sales Division), Nisshin Flour Milling Inc. (to the present) [Senior Managing Director, Nisshin Flour Milling Inc.]</p>	9,196 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	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.</p> <p>April 2015 Director and President, Nisshin Flour Milling Inc. (to the present)</p> <p>[Director and President (Representative Director), Nisshin Flour Milling Inc.]</p>	16,335 shares
11	Kiyoshi Sato (August 19, 1956)	<p>April 1979 Joined the Company</p> <p>June 2008 Director and General Manager (Business Development Department), Nisshin Pharma Inc.</p> <p>February 2010 Director, Division Executive (Research and Development Division) and General Manager (Business Development Department), Nisshin Pharma Inc.</p> <p>June 2014 Director (to the present) Director and President, Nisshin Pharma Inc. (to the present)</p> <p>[Director and President (Representative Director), Nisshin Pharma Inc.]</p>	10,890 shares
12	Akio Mimura (November 2, 1940)	<p>April 1963 Joined Fuji Iron & Steel Co., Ltd.</p> <p>June 1993 Director, Nippon Steel Corporation (NSC)</p> <p>April 1997 Managing Director, NSC</p> <p>April 2000 Representative Director and Executive Vice President, NSC</p> <p>April 2003 Representative Director and President, NSC</p> <p>June 2006 Audit & Supervisory Board Member</p> <p>April 2008 Representative Director and Chairman, NSC</p> <p>June 2009 Director (to the present)</p> <p>October 2012 Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation</p> <p>June 2013 Senior Advisor, Nippon Steel & Sumitomo Metal Corporation</p> <p>November 2013 Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation (to the present)</p> <p>[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>	26,620 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	Satoshi Odaka (November 18, 1958)	<p>April 1983 Joined the Company</p> <p>June 2007 General Manager (Technology and Engineering Department of Technology and Engineering Division)</p> <p>April 2012 Director and Division Executive (Production Division), Nisshin Flour Milling Inc</p> <p>June 2012 Executive Officer (to the present)</p> <p>June 2015 Director and Assistant to President , Nisshin Flour Milling Inc. (to the present)</p>	8,591 shares
14	Kazuhiko Fushiya (January 26, 1944)	<p>April 1967 Joined the Ministry of Finance (MOF)</p> <p>July 1996 Director-General of the Financial Bureau, MOF</p> <p>June 1998 Director-General of the Financial Planning Bureau, MOF</p> <p>July 1999 Commissioner, National Tax Agency</p> <p>July 2001 Deputy Governor, National Life Finance Corporation</p> <p>July 2002 Assistant Chief Cabinet Secretary</p> <p>January 2006 Commissioner, Board of Audit of Japan</p> <p>February 2008 Commissioner (President), Board of Audit of Japan</p> <p>January 2009 Retired</p> <p>June 2009 Audit & Supervisory Board Member (to the present)</p> <p>[Chairman, The Institute of Internal Auditors, Japan]</p>	0 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. Akio Mimura and Mr. Kazuhiko Fushiya are candidates for Outside Directors. In addition, both satisfy the "Independent Standards of Outside Directors and Audit & Supervisory Board Members," which are stipulated by the Company based on the requirements for independent directors/audit & supervisory board members set forth by the Tokyo Stock Exchange and posted on the Company's website (<http://www.nisshin.com/ir/vision/governance/independence.pdf>). The Company selects them as Independent Directors and has provided the necessary notification thereto.
- (2) Concerning Mr. Akio Mimura, we ask for his reelection 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.
- (3) Concerning Mr. Kazuhiko Fushiya, we ask for his reelection as an Outside Director since he has successively held important positions at the Ministry of Finance and other governmental organizations and has rich experience and professional knowledge. Therefore, we ask for his election as an Outside Director because we would like to obtain his advice and counsel for the operations and execution of the Company. Although he has no experience in participating directly in corporate management, except by serving as an Outside Audit & Supervisory Board Member, we believe, for the aforementioned reasons, that he can adequately fulfill the duties of an Outside Director.
- (4) Mr. Akio Mimura is currently an Outside Director for the Company, whose term in office will be about six 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 nine years since his appointment as an Outside Audit & Supervisory Board Member.
- (5) Mr. Kazuhiko Fushiya is currently an Outside Audit & Supervisory Board Member for the Company, whose term in office will be about six years at the time of the conclusion of this Ordinary General Meeting of Shareholders. At the conclusion of this meeting, he will retire as an Audit & Supervisory Board Member of the Company.
- (6) Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with 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 his duties are performed in good faith and without gross negligence on his part.
- (7) Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company is planning to conclude a liability limitation agreement with Mr. Kazuhiko Fushiya 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.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 Tetsuo Kawawa will expire and Audit & Supervisory Board Member Kazuhiko Fushiya 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	Tetsuo Kawawa (June 15, 1947)	<p>April 1975 Qualified as an attorney</p> <p>April 1996 Managing Partner, Kawawa Law Offices (to the present)</p> <p>August 2002 Member, the Corporation Law (Modernization) Subcommittee, Legislative Council of the Ministry of Justice</p> <p>September 2002 Member, the Special Commission of the Judicial Advisory Committee of the Japan Federation of Bar Associations (to the present)</p> <p>June 2007 Audit & Supervisory Board Member (to the present)</p> <p>[Attorney; Managing Partner, Kawawa Law Offices]</p>	0 shares
2	Motoo Nagai (March 4, 1954)	<p>April 1977 Joined Industrial Bank of Japan, Limited</p> <p>April 2007 Managing Executive Officer, Head of Global Portfolio Management Unit, Head of Financial Institutions & Public Sector Business Unit, in charge of Corporate Banking, Mizuho Corporate Bank, Ltd.</p> <p>April 2008 Managing Executive Officer, Head of Global Portfolio Management Unit, Head of Financial Institutions & Public Sector Business Unit, Head of Global Alternative Investment Unit, in charge of Corporate Banking, Mizuho Corporate Bank, Ltd.</p> <p>April 2009 Managing Executive Officer, in charge of Corporate Banking, Mizuho Corporate Bank, Ltd.</p> <p>April 2011 Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd.</p> <p>June 2011 Deputy President (Representative Director) and Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd.</p> <p>November 2012 Deputy President (Representative Director) and Deputy President - Executive Officer, and Head of Stock Transfer Agency Unit, Mizuho Trust & Banking Co., Ltd.</p> <p>April 2013 Deputy President (Representative Director) and Deputy President - Executive Officer, Mizuho Trust & Banking Co., Ltd.</p> <p>April 2014 Commissioner, Mizuho Trust & Banking Co., Ltd.</p> <p>June 2014 Retired as Commissioner, Mizuho Trust & Banking Co., Ltd.</p> <p>[Outside Audit & Supervisory Board Member, Nissan Motor Co., Ltd.]</p> <p>[Outside Audit & Supervisory Board Member, Organo Corporation]</p>	0 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) Both Mr. Tetsuo Kawawa and Mr. Motoo Nagai are candidates for Outside Audit & Supervisory Board Member. In addition, both satisfy the “Independent Standards of Outside Directors and Audit & Supervisory Board Members,” which are stipulated by the Company based on the requirements for independent directors/audit & supervisory board members set forth by the Tokyo Stock Exchange and posted on the Company’s website (<http://www.nisshin.com/ir/vision/governance/independence.pdf>). The Company selects them as Independent Audit & Supervisory Board Members and has provided the necessary notification thereto. Mr. Motoo Nagai was with Mizuho Trust & Banking Co., Ltd., until June 2014, and Mizuho Corporate Bank, Ltd. (currently, Mizuho Bank, Ltd.), until March 2011. This, however, should not affect his independency because the Company’s transactions with each of the banks are negligible (less than 1% of the Company’s non-consolidated operating income for the latest fiscal year).
- (2) We ask for Mr. Tetsuo Kawawa’s reelection as an Outside Audit & Supervisory Board Member since he has adequately conducted audits from a legal perspective based on his extensive knowledge and experience as an attorney. Furthermore, though he has no experience in participating directly in corporate management other than in gaining a position as an 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 reasons.
- (3) Mr. Motoo Nagai has extensive knowledge regarding corporate management based on his substantial experience as a manager of financial institutions. We ask for his election as an Outside Audit & Supervisory Board Member because we would like him to utilize his expertise in conducting audits of the Company.
- (4) Mr. Tetsuo Kawawa is currently an Outside Audit & Supervisory Board Member 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.
- (5) Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company has concluded a liability limitation agreement with Mr. Tetsuo Kawawa 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.
- (6) Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company is planning to conclude a liability limitation agreement with Mr. Motoo Nagai 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.
- (7) Mr. Motoo Nagai will retire as an Outside Audit & Supervisory Board Member of Organo Corporation at the conclusion of its Ordinary General Meeting of Shareholders to be held in June 2015 and will assume the office of Outside Audit & Supervisory Board Members of said company.

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 45 million yen in annual amount (including the Outside Directors' portion amounting to 4.1 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 111 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 111,000 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 1, 2022.

(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 215 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 215,000 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 1, 2022.

[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.

Proposal No.6: 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

With the aim of securing and improving the corporate value of the Company and the common interests of the shareholders, the Company has introduced measures using a gratis allotment of subscription rights to shares in line with Article 49 of its Articles of Incorporation and the “Approval of Gratis Allotment of Subscription Rights to Shares for Securing and Improving the Corporate Value of the Company and the Common Interests of the Shareholders”, as approved by the 162nd Ordinary General Meeting of Shareholders held on June 28, 2006. Thereafter, in accordance with the approval at the 168th Ordinary General Meeting of Shareholders held on June 27, 2012 (hereinafter referred to as the “2012 Approval Resolution”), a resolution was passed for the renewal of said policy at the Company’s Board of Directors Meeting held on the same date. The period for which the 2012 Approval Resolution is in force is stipulated as terminating at the close of the first meeting of the Board of Directors held following the conclusion of this Ordinary General Meeting of Shareholders. Thus, the Company plans to renew the 2012 Approval Resolution and requests approval for the <Contents of the Approval Resolution> to the gratis allotment of subscription rights to shares as stipulated in <Contents of the Approval Resolution> Paragraph 1 with the attachment of the supplementary conditions contained from Paragraph 2 (1) below, in accordance with Article 49 of the Articles of Incorporation. (Hereinafter, a resolution passed approving this proposal shall be referred to as “the Approval Resolution”, and measures employed by the Board of Directors utilizing the gratis allotment of subscription rights to shares in accordance with the contents of the Approval Resolution shall be referred to as “the Plan.” For further explanation of the Plan, please refer to the materials entitled “Notice Concerning the Renewal of Proper Countermeasures to Secure and/or Improve Corporate Value and the Common Interests of Shareholders (Takeover Defense Measures)” which are attached to the foot of this document.

Any terms used in this Proposal whose definition is dependent upon the provisions of the Financial Instruments and Exchange Law (Law No. 25, April 13, 1948; including any subsequent amendments) shall be interpreted as equivalent terms in accordance with the provisions of any subsequent revisions to the Financial Instruments and Exchange Law.

<Contents of the Approval Resolution>

1. In order to secure and improve the corporate value of the company and the common interests of the shareholders, the Board of Directors may implement the gratis allotment or shareholder allotment (hereinafter referred to as “Gratis Allotment”) of subscription rights to shares of which the exercise is restricted for a Specified Acquirer and Related Parties (see Note) (hereinafter referred to as “Subscription Rights to Shares”), in accordance with the supplementary conditions from Paragraph 2 (1) below. The Board of Directors may stipulate in advance matters pertaining to the Gratis Allotment of Subscription Rights to Shares in case a Specified Acquirer (see Note) appears, and may also stipulate any matters or measures required for the smooth implementation of the Plan, including details pertaining to the procedures contained in Paragraph 2 below.

A “Specified Acquisition” under Article 49, Paragraph 2 of the Articles of Incorporation shall mean any act described in Items [1] or [2] as follow.

[1] an act of purchasing the company’s share certificates, etc., (Financial Instruments and Exchange Law Article 27 (23), Paragraph 1) that would result in holdings of 20% or more of the Company’s share certificates, etc. (Financial Instruments and Exchange Law Article 27 (23), Paragraph 4) (including similar acts as specified by the Board of Directors)

[2] an act of commencing a tender offer on the Company’s share certificates, etc. (Financial Instruments and Exchange Law Article 27 (2), Paragraph 1), that would result in the ratio of holdings of 20% or more share certificates, etc. (Financial Instruments and Exchange Law Article 27 (2), Paragraph 8). However, this refers to the combined holdings of the Company’s share certificates of Specified Parties (Financial Instruments and Exchange Law Article 27 (2), Paragraph 7) to the Tender Offeror (Financial Instruments and Exchange Law Article 27 (3), Paragraph 2) after the purchase. (The ratio of holdings of the Company’s share

certificates, etc., after the purchase shall be judged pursuant to the description in the Tender Offer Registration Statement, and a Specified Acquisition shall be deemed to have been implemented on the business day following the announcement of a tender offer).

(Note) “Specified Acquirer and Related Parties” is defined as follows: (a) a Specified Large-Scale Owner (referring to the Specified Acquirer implementing a Specified Acquisition as stipulated in [1] above, hereinafter the same shall apply); (b) a joint owner (Financial Instruments and Exchange Law Article 27 (23), Paragraphs 5 and 6) of the Specified Large-Scale Owner; (c) a Specified Tender Offeror (referring to the Specified Acquirer implementing a Specified Acquisition as stipulated in [2] above, hereinafter the same shall apply. A party who comes to fall under the Specified Large-Scale Owner shall be treated thereafter as a Specified Large-Scale Owner.); (d) Specified Parties to the Specified Tender Offeror; and (e) parties that the Board of Directors stipulates to be effectively the same as the above.

“Specified Acquirer” refers to parties implementing a Specified Acquisition which have not obtained a Confirmation Resolution, as described in Paragraph 2 (2) below, at the time a Specified Acquisition was implemented (defined as the earlier of either [1] or [2] above). However, parties holding 20% or more of the Company’s share certificates shall not be deemed to be a Specified Acquirer where (a) such a party is the Company, the Company’s subsidiaries, employee shareholder associations of the Company or any of the Company’s subsidiaries, or any other party stipulated by the Board of Directors to be effectively the same as the above, and (b) treasury stock is purchased or retired and other acts stipulated by the Board of Directors are carried out (except in cases when the ratio of share certificates held by said party increases at a later date by 1% or more as a result of conditions other than the above acts).

2. The supplementary conditions shall be stipulated as follows.

(1) The Board of Directors shall pass a resolution establishing a Corporate Value Committee. Members of the Corporate Value Committee shall be selected exclusively from the Outside Directors and the Outside Audit & Supervisory Board Members of the Company, and resolutions of the Corporate Value Committee shall be passed through a majority of the votes of all members of the Corporate Value Committee.

(2) The Board of Directors shall request that parties intending to implement a Specified Acquisition make an advance written submission of a proposal in relation to a Specified Acquisition to the Company (this proposal shall include matters related to the party intending to implement a Specified Acquisition (including group companies and other affiliated companies), the aims of said Acquisition, information regarding the Company’s management policies and business plans after said Acquisition, evidence used to calculate prices, proof of acquisition funds, any possible impact on the Company’s stakeholders, and information related to Paragraph (4) Items [1] to [7] below reasonably requested by the Company. Hereinafter, a proposal containing the necessary information shall be referred to as an “Acquisition Proposal” and a party making an Acquisition Proposal shall be referred to as the “Proposed Acquirer”) and seek a Confirmation Resolution. Parties intending to implement a Specified Acquisition shall make an advance submission of an Acquisition Proposal and seek a Confirmation Resolution. In order to implement prompt operation 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.

“Confirmation Resolution” refers to a Board of Directors resolution implemented in response to a Recommendation Resolution made by the Corporate Value Committee as stipulated in Paragraph (3) below that does not implement the Gratis Allotment of Subscription Rights to Shares.

(3) The Board of Directors shall promptly put any Acquisition Proposal received before the Corporate Value Committee. The Corporate Value Committee shall investigate said Acquisition Proposal and discuss whether

or not to pass a resolution (hereinafter referred to as a “Recommendation Resolution”) recommending that the Board of Directors passes a Confirmation Resolution in regard to said Acquisition Proposal. The results of the Corporate Value Committee’s Recommendation 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) upon the receipt of the Acquisition Proposal from the Board of Directors. Only when reasonable grounds exist, the period for the deliberation and discussion may be extended by an upper limit of 30 business days. However, in this case, the grounds for the extension and the intended extension period will be disclosed.

(4) Deliberations 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. The Corporate Value Committee must issue a Recommendation Resolution for Acquisition Proposals that meet all of the below requirements. Moreover, even in the case of Acquisition Proposals where some of the following criteria have not been met, a Recommendation Resolution shall be made when deemed appropriate in the light of securing and improving the corporate value of the Company and the common interests of shareholders.

[1] The acquisition does not fall under any of the following types of action:

- (i) Buyout of the company’s shares to demand that the Company or its related party purchase said shares at an inflated price;
- (ii) Management that achieves an interest for the Proposed Acquirer, 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;
- (iii) Diversion of the Company’s assets to secure or repay debts of the Proposed Purchaser, its group company or other related party;
- (iv) 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
- (v) Other types of action through which the Proposed Acquirer, 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, customers and employees.

[2] The scheme and content, etc., of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.

[3] 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.

[4] 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 otherwise made in compliance with the procedures specified by the Plan.

[5] The period for the Company to deliberate the Acquisition Proposal is secured (including deliberation and presentation of its alternative proposals to the company’s shareholders). This period 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, and an upper limit extension of 30 business days applies if required on reasonable grounds.

[6] The conditions of the acquisition contained in the Acquisition Proposal are not inappropriate or insufficient with a view to the Company’s corporate value or the common interests of shareholders.

[7] The Acquisition Proposal is reasonably recognized to satisfy the purposes of securing and improving the Company’s corporate value and the common interests of shareholders.

- (5) A Confirmation Resolution of the Company's Board of Directors shall be made according to the Recommendation Resolution of the Corporate Value Committee. In case 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 clearly against the Directors' duty of care. The Gratis Allotment of Subscription Rights to Shares cannot be taken against the Acquisition Proposal for which the Confirmation Resolution is made.
- (6) If there is a situation where a Specified Acquisition is implemented for which a Confirmation Resolution has not been obtained, the Board of Directors shall implement the Gratis Allotment of Subscription Rights to Shares, after passing a resolution to designate a record date for the Gratis Allotment, an effective date for the Gratis Allotment and other necessary matters in respect to the Gratis Allotment of Subscription Rights to Shares and publicizing the items of the resolution. However, if it is revealed that the ratio of holdings of the Company's share certificates, etc., by the Specified Acquirer falls below 20% by a date that is to be specified elsewhere by the Board of Directors which shall be earlier than the record date for the Gratis Allotment (including cases where the Board of Directors deems special circumstances to have arisen to this effect), the Board of Directors may defer the effect of a Gratis Allotment of Subscription Rights to Shares.
3. The valid period of this Approval Resolution (equivalent to the valid period stipulated under Article 49, Paragraph (1) of the Articles of Incorporation) shall terminate at the close of the first meeting of the Board of Directors held after the conclusion of the Ordinary General Meeting of Shareholders held in respect to the last business year to end within three years of the Approval Resolution coming into effect (however, in the case that a Specified Acquirer has appeared at this time, this Approval Resolution shall remain effective as a countermeasure to said Specified Acquirer). The valid period of this Approval Resolution shall also apply to all resolutions of the Board of Directors passed in relation to the Gratis Allotment of Subscription Rights to Shares implemented during the above valid period.

End

<Reference: Published Materials of the Company Dated May 14, 2015 (some parts of the attached materials have been omitted)>

Notice Concerning the Renewal of Proper Countermeasures to Secure and/or Improve Corporate Value and Common Interests of Shareholders (Takeover Defense Measures)

Approval was given to the Company by a majority at the 162nd Ordinary General Meeting of Shareholders held on June 28, 2006, for Article 49 of the Articles of Incorporation and, under said Article, the “Approval of Gratis Allotment of Subscription Rights to Shares for Securing and Improving the Corporate Value of the Company and the Common Interests of the Shareholders.” Accordingly, a policy was introduced utilizing the Gratis Allotment of Subscription Rights to Shares in respect of acquisitions of 20% or more of the Company’s shares (defined according to the provisions of (Note 1) below and hereinafter referred to as the “Specified Acquisition”). Thereafter, in accordance with the approval at the 168th Ordinary General Meeting of Shareholders held on June 27, 2012 (hereinafter referred to as the “2012 Approval Resolution”), a resolution was passed for the renewal of said policy at the Company’s Board of Directors Meeting held on the same date (the policy implemented as of this date shall be hereinafter referred to as the “Existing Plan”).

The Company hereby gives notice that, in response to the fact that the valid period for the 2012 Approval Resolution terminates at the close of the first Board of Directors Meeting, scheduled for June 25, 2015, to be held after the 171st Ordinary General Meeting of Shareholders (hereinafter referred to as the “Ordinary General Meeting of Shareholders”), a resolution was passed at the Company’s Board of Directors Meeting on May 14, 2015, to present a proposal (hereinafter referred to as the “Approval Resolution Proposal,” and the shareholders’ approval thereof shall be hereinafter referred to as the “Approval Resolution”) to the Ordinary General Meeting of Shareholders proposing the three-year renewal of the General Meeting of Shareholders’ Approval Resolution in accordance with Article 49 of the Articles of Incorporation from the viewpoint of securing and improving corporate value and the common interests of the shareholders. The contents of the Approval Resolution are composed of the basic content of measures (hereinafter referred to as the “Plan”) contained in the Gratis Allotment or Shareholder Allotment of Subscription Rights to Shares (hereinafter referred to as “Gratis Allotment”), as employed by the Board of Directors. Moreover, there are no substantial changes to the Approval Resolution Proposal arising from this update.

The Plan aims to ensure sufficient advance disclosure of information concerning a Specified Acquisition and a reasonable period for deliberations and discussions, thereby securing and improving corporate value and the common interest of the shareholders. In order to allow the shareholders to reflect their views on this matter, the Company has decided to place the Approval Resolution Proposal before the Ordinary General Meeting of Shareholders seeking prior approval for the Board of Directors to pass a resolution introducing the Plan. Should this be passed, the Board of Directors plans to pass a resolution regarding the Gratis Allotment of Subscription Rights to Shares in accordance with the contents of the Approval Resolution, and other matters related to the Plan, at the first meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders.

At the current time, the company has not received any proposals for a Specified Acquisition.

(Note 1)

A “Specified Acquisition” refers to any act applicable under (i) or (ii) as follows:

- (i) An act of purchasing the Company’s share certificates, etc., (Financial Instruments and Exchange Law Article 27 (23), Paragraph 1) that would result in the holdings of 20% or more of the Company’s share certificates, etc. (Financial Instruments and Exchange Law Article 27 (23), Paragraph 4) (including similar acts as specified by the Board of Directors*);

*If the Approval Resolution Proposal is adopted by the Ordinary General Meeting of Shareholders, the Company’s Board of Directors intends to stipulate the following cases, similarly to the content as per the Existing Plan, to be “an act of purchasing the Company’s share certificates, etc., that would result in the ratio of holdings of 20% or more of the Company’s share certificates, etc.,” and “similar acts as stipulated by the Board of Directors.”

An act falling under any of Items [1] through [4] below. However, regardless of Items [1] through [4] below, the acquisition of the Company's share certificates, etc., through the following means shall not be included: the Company's issuance of share certificates, etc., (Financial Instruments and Exchange Act Article 27 (23), Paragraph 1; hereinafter the same shall apply unless otherwise provided), or the disposition of its own share certificates, etc., (including those in association with mergers, share-exchanges, share-transfers or company splits conducted by the Company).

[1] "Purchase, etc.," defined in the Financial Instruments and Exchange Law Article 27 (2), Paragraph 1 (purchase of share certificates, etc. (Financial Instruments and Exchange Law Article 27 (2), Paragraph 1) and other fare-paying transfer and similar acts as set forth in the Enforcement Order of the Financial Instruments and Exchange Law Article 6, Paragraph 3), which would result in the ratio of holdings of 20% or more of share certificates, etc. (Financial Instruments and Exchange Law Article 27 (23), Paragraph 4), such as the Company's share certificates, etc.;

[2] An act that falls under the "owner" defined in the Financial Instruments and Exchange Law Article 27 (23), Paragraph 1 or 3 in a manner other than Item [1] above, which would result in the ratio of holdings of 20% or more of share certificates, etc., related to the Company's share certificates, etc.;

[3] An act that falls under the "joint owner" defined in the Financial Instruments and Exchange Law Article 27 (23), Paragraph 5, which would result in the ratio of holdings of 20% or more of share certificates, etc., related to the Company's share certificates, etc.; and

[4] An act that would result in the ratio of holdings of 20% or more of share certificates, etc., related to the Company's share certificates, etc., by having a relationship as defined in the Financial Instruments and Exchange Law Article 27 (23), Paragraph 6 with an owner of the Company's share certificates, etc.

(ii) An act of commencing a tender offer on the Company's share certificates, etc. (Financial Instruments and Exchange Law Article 27 (2), Paragraph 1), that would result in the ratio of holdings of 20% or more share certificates, etc. (Financial Instruments and Exchange Law Article 27 (2), Paragraph 8). However, this refers to the combined holdings of the Company's share certificates of Specified Parties (Financial Instruments and Exchange Law Article 27 (2), Paragraph 7) to the Tender Offeror (Financial Instruments and Exchange Law Article 27 (3), Paragraph 2) after the purchase. (The ratio of holdings of the Company's share certificates, etc., after the purchase shall be judged pursuant to the description in the Tender Offer Registration Statement, and a Specified Acquisition shall be deemed to have been implemented on the business day following the announcement of a tender offer).

I. Necessity of the countermeasures

1. Measures that contribute to securing and improving corporate value and the common interests of the shareholders

Nisshin Seifun Group Inc. (the "Company") and the Nisshin Seifun Group (the "Group") have developed a variety of businesses in fields such as flour milling, processed foods, health foods, yeast and biological foods, pet food, engineering and mesh cloths, with the Company acting as holding company.

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/customers and local communities.

The Group formulated the new medium-term management plan “NNI-120 II” (Version II)* with the final year being fiscal 2020. In order to adapt to the change of the business environment under the new plan, we will significantly shift our priority strategy from “expansion of the top line (net sales)” to “restructuring the earnings foundation” with a greater emphasis on the bottom line. By carrying out the revised basic strategies with a primary focus on restructuring the earnings foundation for the Group’s core businesses and promoting self-sustaining growth and acquisitions, we will strive to achieve steady growth of profits toward the plan targets for fiscal 2020: net sales of ¥750 billion, operating income of ¥30 billion and earnings per share (EPS) of ¥80. In addition, we will enhance capital efficiency and aggressively make strategic investments in M&As and equipment for future growth. For the distribution of profits to our shareholders, we will seek to increase shareholder returns by raising the payout ratio target on a consolidated basis from 30% or more to 40% or more and increasing dividends, while flexibly conducting the purchase of treasury shares. Through these initiatives, the Nisshin Seifun Group intends to solidify its business platform in line with the basic management policy of maximizing long-term corporate value. Furthermore, as a corporate group involved in food, we are confident that it is the responsibility of the Group as a whole and a source of solid corporate value to guarantee a high level of safety and quality in our products and to consistently ensure the stable supply of food, thereby contributing to securing and improving the common interests of the shareholders.

*The “NNI” in “NNI-120 II” stands for New Nisshin Innovation. “Version II” has been prepared to radically revise the current medium-term management plan with the inclusion of capital policies toward the Group’s 120th anniversary in 2020.

2. Aims of the introduction and renewal of the Plan

In light of the legal system and corporate culture surrounding corporate takeovers in Japan, and changes in the management environment, large-scale acquisitions with the aim of obtaining a controlling share in the Company or takeover bids that will have a serious impact on the Company’s basic management policies can be expected in the future.

As a listed company, we are aware that it is the shareholders who ought to make the final decision and judgment as to whether or not an acquisition of the Company’s shares should be accepted.

On the other hand, it is also well known that, depending on the conditions, some share acquisitions could cause damage to the Company’s corporate value and the common interests of the shareholders. Examples of acquisitions that could damage corporate value or the common interests of the shareholders include acquisitions that aim to achieve temporary control of the management in order to transfer the Company’s intellectual property, know-how, confidential business information and major clients or customers, all of which are necessary for the Company’s long-term sustainable development, to the buyer or its group companies, acquisitions which aim to use the Company’s assets as repayment resources or loan collateral for the buyer after control of the Company’s management has been gained, acquisitions that aim to control the Company’s management on a temporary basis in order to achieve one-off high returns to the detriment of the long term sustainable development of the Company as a business through the reduction of reserve assets and other assets to be used in the Company’s future business development and product development, and acquisitions that do not truly intend to participate in management of the company but which aim to force the Company or related parties to purchase Company shares at high prices (so-called “greenmail”). Other acquisitions initially restrict the number of shares purchased to, for example, 51% and do not invite the acquisition of all shares, but later effectively force the sale of shares by the shareholders by failing to disclose later acquisition terms or by setting unfavorable terms, and consequently damage the profits of any remaining minority shareholders.

As a business involved in food, the Company believes that continuing to provide safe and reliable food is the responsibility of the Group as a whole and also a source of corporate value. In order to secure and improve corporate value and the common interests of the shareholders, it is essential that we guarantee a high level of safety and quality in our products and provide a stable supply of food. Any party which, failing to understand this,

buys up shares of the Company and acts in a way that goes against a sustainable and systematic medium to long term management policy by making excessive cuts in production costs or research and development costs prioritizing only short term economic efficiency, will damage the Company's corporate value and the common interests of the shareholders. Depending on the conditions, there are other types of share acquisitions that also could damage the Company's corporate value or the common interests of the shareholders. In order to respond to the above, we believe it is necessary to ensure the advance and sufficient disclosure of information concerning the content of any management policy and business plans planned by a buyer of the Company's shares, the impact of the takeover bid on the Company's shareholders and management of the Group, the impact on the numerous parties affected by the Group, and the buyer's philosophy regarding social responsibility, including food safety, as well as to ensure a reasonable period of investigation and bargaining power.

In light of the above, the Company regards the renewal of the Plan to be required as a necessary and reasonable measure to secure and improve corporate value and the common interests of the shareholders.

II. Outline of the Plan

1. Renewal Procedures

In the case that 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" is approved by the Ordinary General Meeting of Shareholders, the Board of Directors plans to pass a resolution (hereinafter referred to as the "Board of Directors Resolution") in relation to the Plan, including the Gratis Allotment (please refer to the Appendix for an outline) of subscription rights to shares (hereinafter referred to as "Subscription Rights to Shares"), with restrictions on the exercise of such rights by Specified Acquirer and Related Parties (please refer to (Note 2)). However, the gratis allotment of Subscription Rights to Shares shall only become effective upon the appearance of a Specified Acquirer (Note 2); meaning that Subscription Rights to Shares will not be issued at the time a Board of Directors Resolution is passed. We believe that the advance disclosure of the details of any Gratis Allotment of Subscription Rights to Shares will benefit both shareholders and investors from the point of view of predictability, and as far as possible we intend to hold advance discussions and disclosures on the contents of any Gratis Allotment of Subscription Rights to Shares.

(Note 2)

"Specified Acquirer and Related Parties" is defined as follows: (i) a Specified Large-Scale Owner (referring to the Specified Acquirer implementing a Specified Acquisition as stipulated in Note 1) (i) above, hereinafter the same shall apply); (ii) a joint owner (Financial Instruments and Exchange Law Article 27 (23), Paragraphs 5 and 6) of the Specified Large-Scale Owner; (iii) a Specified Tender Offeror (referring to the Specified Acquirer implementing a Specified Acquisition as stipulated in (Note 1) (ii) above; hereinafter the same shall apply. A party who comes to fall under the Specified Large-Scale Owner shall be treated thereafter as a Specified Large-Scale Owner.); (iv) Specified Parties to the Specified Tender Offeror; and (v) parties that the Board of Directors stipulates to be effectively the same as the above.*

*If the Approval Resolution Proposal is adopted by the Ordinary General Meeting of Shareholders, the Company's Board of Directors intends, in accordance with the Approval Resolution, that "(v) parties that the Board of Directors stipulates to be effectively the same as the above" are stipulated as follows, which is the same as per the Existing Plan.

Parties that the Board of Directors reasonably deems to fall under any of the following items:

- (a) A person who has been transferred or succeeded the Subscription Rights to Shares from any party who falls under any of Items (i) through (iv) above, without obtaining the Company's approval; and
- (b) Related Parties to a party who falls under any of Items (i) through (iv) and (v) (a) above. Related Parties refer to persons who substantially control said person, are controlled by said person, are under common control therewith or act in cooperation with said person. In judging whether or not an association or a fund is a Related Party, the substantial identity of the fund manager and/or any other circumstances will be taken into consideration. The Board of Directors may deem persons who have relationships such as name-lending

or stock loans regarding the Company's share certificates, etc., or have entered into a special agreement on transfer or a similar act of the Company's share certificates, etc., which will be issued in the future through an exercise or acquisition of the Subscription Rights to Shares, with any party who falls under Item (i) or (ii) above as Related Parties to the party who falls under Item (i) or (ii).

"Specified Acquirer" refers to parties implementing a Specified Acquisition which have not obtained a Confirmation Resolution, as described in Paragraph II. 3. below, at the time a Specified Acquisition was implemented (defined as the earlier of either (i) or (ii) of (Note 1) above). However, parties holding 20% or more of the Company's share certificates shall not be deemed to be a Specified Acquirer where (a) such a party is the Company, the Company's subsidiaries, employee shareholder associations of the Company or any of the Company's subsidiaries, or any other party stipulated by the Board of Directors to be effectively the same as the above*, and (b) treasury stock is purchased or retired and other acts stipulated by the Board of Directors* are carried out (except in cases when the ratio of share certificates held by said party increases at a later date by 1% or more as a result of conditions other than the above acts).

*If the Approval Resolution Proposal is adopted by the Ordinary General Meeting of Shareholders, the Company's Board of Directors intends to stipulate "persons who hold the Company's shares on behalf of employee shareholder associations of the Company or any of the Company's subsidiaries" to be "(a) any other party stipulated by the Board of Directors to be effectively the same as the above," the same as per the Existing Plan, and "an act of decreasing the total number of shares issued and outstanding, an exercise of the Subscription Rights to Shares or an act of enforced acquisition of Subscription Rights to Shares" to be "(b) other acts stipulated by the Board of Directors" in accordance with the contents of the Approval Resolution.

2. Corporate Value Committee

The Corporate Value Committee was established through a resolution of the Board of Directors. The Corporate Value Committee is composed of three or more members, who are selected exclusively from the Outside Directors and the Outside Audit & Supervisory Board Members of the Company. It is planned that the Company's candidates for Outside Director Akio Mimura and Kazuhiko Fushiya, Outside Audit & Supervisory Board Members Satoshi Ito, and the candidate for Outside Audit & Supervisory Board Member Tetsuo Kawawa shall be appointed as members of the Corporate Value Committee. (The appointments of candidates for Outside Director Mr. Mimura and Mr. Fushiya, and candidate for Outside Audit & Supervisory Board Member Mr. Kawawa are dependent upon their selection as corporate officers during the Ordinary General Meeting of Shareholders.)

3. Appearance of a Proposed Purchaser

The Plan aims to ensure the advanced disclosure of necessary and sufficient information regarding the impact of a Specified Acquisition on the Company's corporate value and the common interests of the shareholders, as well as a reasonable period for investigations and discussions, thereby securing and improving corporate value and the common interests of the shareholders.

The Board of Directors shall request that parties intending to implement a Specified Acquisition make an advance written submission of a proposal regarding a Specified Acquisition to the Company (this proposal shall include any information reasonably requested by the Company, including matters related to the party intending to implement a Specified Acquisition (including group companies and other affiliated companies), the aims of said Acquisition, the Company's management policies and business plans after said Acquisition, evidence used to calculate prices, proof of acquisition funds, any possible impact on the Company's stakeholders, and information related to Items 1) to 7) below reasonably requested by the Company. Hereinafter, a proposal containing the necessary information shall be referred to as an "Acquisition Proposal" and a party making an Acquisition Proposal shall be referred to as the "Proposed Acquirer") and seek a Confirmation Resolution. Parties intending to implement a Specified Acquisition shall make an advance submission of an Acquisition Proposal and seek a Confirmation Resolution. The Board of Directors shall disclose the fact that it has received the Acquisition Proposal as required by laws and regulations, as well as the Regulations of the Financial Instruments Exchange.

The "Confirmation Resolution" refers to a Board of Directors resolution implemented in response to a

Recommendation Resolution made by the Corporate Value Committee, as described below, which does not implement the Gratis Allotment of Subscription Rights to Shares.

In order to implement prompt operation of the Plan, the Board of Directors may establish a reply period and request the provision of 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.

The Board of Directors shall promptly put any Acquisition Proposal received before the Corporate Value Committee and disclose the fact that the deliberation and discussion has started as required by laws and regulations, as well as the Regulations of the Financial Instruments Exchange. The Corporate Value Committee shall investigate said Acquisition Proposal and discuss whether or not to pass a resolution (hereinafter referred to as the “Recommendation Resolution”) recommending that the Board of Directors pass a Confirmation Resolution in regard to said Acquisition Proposal. The Recommendation Resolution shall be passed by a majority of all members, and the results of said Recommendation 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 the compensation and set no upper limit to the number of shares to be purchased) after the Acquisition Proposal is received by the Board of Directors. Only when reasonable grounds exist, the period for the deliberation and discussion may be extended by an upper limit of 30 business days. However, in this case, the grounds for the extension and the intended extension period will be disclosed. “Business days” have been used in calculating the period of investigation into the impact of an Acquisition Proposal upon corporate value and the common interests of the shareholders in light of the circumstances of the Company’s business, scale and content, the circumstances of the Company’s stakeholders, including the shareholders, and legal amendments.

Deliberations 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. The Corporate Value Committee must issue a Recommendation Resolution for Acquisition Proposals that meet all of the below requirements. Moreover, even in the case of Acquisition Proposals where some of the following criteria have not been met, a Recommendation Resolution shall be made when deemed appropriate in light of securing and improving the corporate value of the Company and the common interests of shareholders.

- [1] 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 Acquirer, 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 Acquirer, 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 Acquirer, its group company or other related party gains an interest by unjustly causing harm to the interests of the Company’s stakeholders, including the Company’s shareholders, business partners, customers and employees.
- [2] The scheme and content of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.
- [3] 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.
- [4] 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 otherwise made in compliance with the procedures specified by the Plan.

[5] The period for the Company to deliberate the Acquisition Proposal is secured (including deliberation and presentation of its alternative proposals to the company's shareholders). This period 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, and an upper limit extension of 30 business days applies if required on reasonable grounds.

[6] The conditions of the acquisition contained in the Acquisition Proposal are not insufficient or inappropriate considering the Company's corporate value or the common interests of shareholders.

[7] 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.

A 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 clearly against the Directors' duty of care. Countermeasures, such as a Gratis Allotment of Subscription Rights to Shares, cannot be taken against the Acquisition Proposal for which the Confirmation Resolution is made.

4. Action Taken Upon the Appearance of a Specified Acquirer

If a Specified Acquirer appears (determining appearance shall be judged based on a Large-Scale Shareholding Report or a Tender Offer Registration Statement submitted to the Company or by any other appropriate means), or if there is a situation where a Specified Acquisition is implemented for which a Confirmation Resolution has not been obtained, the Board of Directors shall, in addition to disclosing the fact that a Specified Acquirer has appeared, implement the Gratis Allotment of Subscription Rights to Shares, after passing a resolution to designate a record date for the Gratis Allotment, an effective date for the Gratis Allotment and other necessary matters in respect to the Gratis Allotment of Subscription Rights to Shares and publicizing the items of the resolution.

However, if it is revealed that the ratio of holdings of the Company's share certificates, etc., by the Specified Acquirer falls below 20% by a date that is to be specified elsewhere by the Board of Directors which shall be earlier than the record date for the Gratis Allotment* (including cases where the Board of Directors deems special circumstances to have arisen to this effect**), the Board of Directors may defer effecting a Gratis Allotment of Subscription Rights to Shares.

*If the Approval Resolution Proposal is adopted by the Ordinary General Meeting of Shareholders, similarly to the contents as per the Existing Plan, in accordance with the contents of the Approval Resolution, the Company's Board of Directors intends to stipulate that "The Company cannot set a day on or later than three business days prior to the record date for a Gratis Allotment" with regard to "a date that is to be specified elsewhere by the Board of Directors which shall be earlier than the record date for the Gratis Allotment."

**If the Approval Resolution Proposal is adopted by the Ordinary General Meeting of Shareholders, the Company's Board of Directors intends to stipulate the following cases in accordance with the contents of the Approval Resolution, similarly to the content as per the Existing Plan, to be "the case where the ratio of holdings of the Company's share certificates, etc., by the Specified Acquirer falls below 20% (including cases where the Board of Directors deems special circumstances to have arisen to this effect)." These are:

- [1] If a Large-Scale Shareholding Report to the effect that the ratio of holdings of a Specified Acquirer falls below 20% has been submitted by the Specified Acquirer;
- [2] In the case where a tender offer, which falls under the Specified Acquisition, was commenced, if said tender offer has been completed or withdrawn, thereby resulting in no appearance of an owner of the Company's share certificates, etc. whose ratio of holdings of share certificates, etc. is 20% or more, not later than four business days prior to the record date for the Gratis Allotment; and
- [3] Aside from cases [1] and [2] above, if the Board of Directors reasonably admits that any threat attributable to the Specified Acquisition has disappeared.

5. Valid Period of the Approval Resolution and the Plan

The valid period of the Approval Resolution shall terminate at the close of the first meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders held in 2018. The valid period of the Plan introduced in response to the Approval Resolution shall terminate at the end of the first meeting of the Board of Directors held after the Ordinary General Meeting of Shareholders held the following year. However, in the case that a Specified Acquirer has appeared at the time the valid period of the Approval Resolution or Plan is due to terminate, said Approval Resolution or Plan shall continue to be effective as a countermeasure to said Specified Acquirer.

The confirmation or recognition to be made by the Company on necessary matters — including the ratio of holdings of share certificates, etc., the owner, the joint owner, the ratio of possessions of share certificates, etc., the Specified Parties, the Specified Acquirer and Related Parties, the Related Parties and substantial holdings — in operating the Plan may be conducted by drawing on the information reasonably available to the Company at the time when such confirmation or recognition is required.

Any terms used in the Plan for which the definition is dependent on the provisions of the Financial Instruments and Exchange Law (Law No. 25, April 13, 1948; including any subsequent amendments) shall be interpreted as equivalent terms in accordance with the provisions of any subsequent revisions to the Financial Instruments and Exchange Law. In addition, the provisions of the laws and regulations that are referred to in the Plan are assumed to be those in effect as of May 14, 2015. Consequently, should the need arise to modify or revise any relevant articles and/or terms that are set forth in the above provisions due to the revision to or abolishment of laws and regulations on and after the aforementioned date, the Company's Board of Directors may interpret, as required, said articles and terms to the extent reasonably allowed taking into consideration the intent of the revision or abolition.

6. Methods for Increasing the Rationality of the Plan (such as special measures to reflect the wishes of shareholders)

The Plan is to be introduced and renewed in order to secure and improve corporate value and the common interests of the shareholders, and the following special methods are to be implemented as a way of increasing its rationality.

(1) Approval Resolution by the General Meeting of Shareholders for introduction and renewal of the Plan

In order to reflect the wishes of the shareholders, the Company has put an Approval Resolution for the introduction and renewal of the Plan before the Ordinary General Meeting of Shareholders. The contents of the Ordinary General Meeting of Shareholders' Approval Resolution, including supplementary conditions, forms the key content of the Plan, and the Board of Directors will stipulate matters regarding the Gratis Allotment of Subscription Rights to Shares, and matters and measures required for the smooth implementation of the plan, in accordance with the contents of the Approval Resolution.

(2) The Plan may be abolished through a resolution at a single General Meeting of Shareholders

The term of office of the company's Directors is one year and the timing of reelection is concurrent among all Directors. In addition, the 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, thereby reflecting the wishes of the shareholders.

(3) Binding recommendations from a Corporate Value Committee composed of Outside Directors

To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of externally adopted members of the Company's management, shall deliberate 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. It is also required that

the Board of Directors make a Confirmation Resolution upon receipt of a Recommendation Resolution to that effect from the Corporate Value Committee, unless there are particular reasons that are clearly against the directors' duty of care.

(4) Requirements enhancing objectivity

To enhance the objectivity of judgment relating to the Plan, it is required that the Corporate Value Committee issues a Recommendation Resolution toward any Acquisition Proposal that satisfies all of the requirements specified in Paragraph II. 3. Items [1] to [7] above.

(5) Yearly revision of the Plan

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 surrounding the Company.

(6) Establishment of a valid period for the Approval Resolution

As stated in Paragraph II. 5. above, the validity of an Approval Resolution at the General Meeting of Shareholders is three years from the date of the General Meeting of Shareholders. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including reflections on its supplementary conditions, for approval by the shareholders. However, as stated in Paragraph II. 6. (2) above, notwithstanding the valid period, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of Directors by an ordinary resolution of the General Meeting of Shareholders.

(7) The Plan satisfies all requirements for legality and rationality under government policies

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 Common Interests of Shareholders: Takeover Defense Guidelines" released on May 27, 2005, by the Ministry of Economy, Trade and Industry and the Ministry of Justice. Moreover, the Plan is in accordance with the recommendations of the June 30, 2008 report of the Ministry of Economy, Trade and Industry's Corporate Value Study Group entitled "Takeover Defense Measures in Light of Recent Environmental Changes."

III. Impact on shareholders and investors

1. Impact upon shareholders and investors

As described in Paragraph I. above, the Plan aims to secure and improve the Company's corporate value and the common interests of the shareholders, and the Company believes that the Plan will benefit shareholders and investors in the Company. Moreover, subscription rights to shares will not be issued at the time the Plan is introduced or renewed, meaning there will be no impact on the rights of shareholders and investors.

Even in the case that a Specified Acquirer appears, in other words a Specified Acquisition is implemented without obtaining a Confirmation Resolution, as described in Paragraph II. 4. above, the Gratis Allotment of Subscription Rights to Shares shall result in the automatic allotment of Subscription Rights to Shares to all shareholders, meaning that no party will lose rights as a result of an application for the allotment of subscription rights to shares. Moreover, it shall be possible to enforce acquisition by the Company of all Subscription Rights to Shares and to issue shares in the Company in respect to any Subscription Rights to Shares that satisfy the "exercise conditions." Furthermore, the Company does not plan to cancel or make any Gratis Allotment of Subscription Rights to Shares later than three business days prior to the record date for a Gratis Allotment from the standpoint of avoiding circumstances where shareholders and/or investors, who have purchased or sold the Company's shares on the premise of an expected dilution of the per share value of the Company's shares, might suffer from unforeseen losses. Even before four business days prior to the record date for a Gratis Allotment, the Board of Directors shall not pass a resolution to defer the effect of a Gratis Allotment of Subscription Rights to

Shares excepting in the cases described in Paragraph II. 4. above.

As the Gratis Allotment of Subscription Rights to Shares will not be made to a Specified Acquisition that has obtained a Confirmation Resolution, the Specified Acquisition can be executed without being exposed to any impact from the Gratis Allotment of Subscription Rights to Shares.

2. Procedures required of shareholders and investors

There are no procedures required of shareholders or investors when the Plan is introduced or renewed.

As described in Paragraph II. 4. above, even in the case where a Specified Acquirer appears, the Board of Directors shall publicize this fact and pass a resolution for a record date for the Gratis Allotment of the Subscription Rights to Shares. Shareholders will automatically be allotted the Subscription Rights to Shares free of charge upon the record date for the Gratis Allotment, and the Company requests that in such a case the shareholders carry out the prescribed procedures in accordance with the guidance provided by the Company at the time of the above publication.

If a Gratis Allotment of Subscription Rights to Shares is implemented, shareholders shall be able to exercise their Subscription Rights to Shares by payment of one yen for each share acquired upon submission of the application to exercise the Subscription Rights to Shares and other documentation prescribed by the Company. However, as described in Paragraph III. 1. above, if an enforced acquisition of the Subscription Rights to Shares is implemented, shares in the Company shall automatically be allotted in respect of the Subscription Rights to Shares that satisfy the exercise conditions, and in this case there will be no need for shareholders to carry out exercise procedures for the Subscription Rights to Shares. The Company plans to implement rational procedures to confirm that a shareholder's status is not Specified Acquirer and Related Parties.

IV. Other

The approval of all Directors was obtained at the Company's Board of Directors Meeting held on May 14, 2015 to place the Approval Resolution proposal of the Plan before the Ordinary General Meeting of Shareholders. Agreement was also received for the above from all Audit & Supervisory Board Members, including the three Outside Audit & Supervisory Board Members.

End

Outline of Gratis Allotment of Subscription Rights to Shares

I. Main details concerning Subscription Rights to Shares

1. Type of shares for which Subscription Rights to Shares are to be allotted
Common stock of the Company
2. Number of shares for which Subscription Rights to Shares are to be allotted
The number of shares to be issued per one Subscription Right to Shares will not exceed two and will be determined elsewhere by the Board of Directors.
3. Value of assets invested to exercise the Subscription Rights to Shares
The exercise of the Subscription Rights to Shares is by means of investment of money consideration, and the value thereof shall be one yen multiplied by the number of shares to be issued per one Subscription Right to Shares.
4. Period during which Subscription Rights to Shares may be exercised
A fixed period beginning on the day after the Gratis Allotment of Subscription Rights to Shares becomes effective to be determined elsewhere by the Board of Directors. In case the last day of such exercise period falls on a holiday of the office for handling payments for the money subscribed in exercising the Subscription Rights to Shares, the preceding business day shall be the last day for payments.
5. Exercise conditions for the Subscription Rights to Shares
 - (1) The Subscription Rights to Shares held by a Specified Acquirer and Related Parties (including Subscription Rights to Shares deemed to be held in effect) may not be exercised.
 - (2) Rights holders may exercise the Subscription Rights to Shares only when documentation that includes a statement/guarantee clause in respect to the satisfaction of the condition under 5. (1) above (including the satisfaction of the above condition by said third party in case of the exercise on behalf of a third party), an indemnification clause and other matters specified by the Company; materials that satisfy the conditions required by the Company within a reasonable scope; and the documents required by the relevant laws and regulations are submitted to the Company.
 - (3) When the execution of prescribed procedures or the satisfaction of prescribed conditions are required under applicable overseas laws governing securities and other laws in respect of the exercise of Subscription Rights to Shares by a party residing in the region over which said laws have jurisdiction, said party may exercise Subscription Rights to Shares only when the Company deems said procedures or conditions to have been implemented or satisfied in full. Even in cases where the implementation or satisfaction of certain procedures or conditions would allow said party to exercise Subscription Rights to Shares, the Company shall bear no responsibility for said implementation or satisfaction.
 - (4) The confirmation of the satisfaction of the conditions specified in 5. (3) above shall be as stipulated by the Board of Directors pursuant to the procedure similar to that set forth in 5. (2) above.
6. Exercise procedures for the Subscription Rights to Shares
 - (1) The Subscription Rights to Shares shall be exercised in the following manner: First, a person who wishes to exercise the Subscription Rights to Shares shall enter the necessary items including the number of the Subscription Rights to Shares to be exercised, the number of shares subject to the Subscription Rights to Shares and his/her address and other items stipulated otherwise by a resolution of the Board of Directors onto the application to exercise the Subscription Rights to Shares. After signing and sealing the application, the person shall then submit the application, together with other necessary documents, which are stipulated

otherwise by a resolution of the Board of Directors, to the office for handling payments, which is stipulated otherwise by a resolution of the Board of Directors, and subscribe the full amount of the value stated in 3. above to said office for handling payments.

- (2) The application to exercise the Subscription Rights to Shares shall become effective when the application to exercise the Subscription Rights to Shares, together with the attached documents, arrives at the office for handling payments in accordance with 6. (1) above. The exercise of the Subscription Rights to Shares shall become effective when an amount that corresponds to the full amount of the exercise price of the shares for which the Subscription Rights to Shares are to be allotted is paid.

7. Transfer approval

The acquisition of subscription rights to shares via transfer requires the approval of the Board of Directors (or an organization stipulated by the Board of Directors in accordance with the provisions of the proviso to Article 265, Paragraph 1 of the Companies Act).

8. Acquisition clauses

- (1) On a day to be determined elsewhere by the Board of Directors which shall be later than the Gratis Allotment of Subscription Rights to Shares becomes effective, the Company may acquire all exercisable Subscription Rights to Shares (this includes Subscription Rights to Shares held by parties deemed applicable under the provisions of 5. (3) above. This shall be referred to as “Exercisable Subscription Rights to Shares” in 8. (2) below) that satisfy the provisions of 5. (1) and (2) above (in other words, Subscription Rights to Shares held by a party to which the term “Specified Acquirer and Related Parties” is deemed applicable) but which have yet to be exercised, in exchange for common shares of the Company 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.
- (2) On a day to be determined elsewhere by the Board of Directors but after the Gratis Allotment of Subscription Rights to Shares becomes effective, the Company may acquire all Subscription Rights to Shares other than Exercisable Subscription Rights to Shares which are unexercised in exchange for subscription rights to shares the exercise of which by a Specified Acquirer and Related Parties shall be restricted (subject to transfer approval and other stipulations of the Board of Directors) of a number equal to the number of said Subscription Rights to Shares. Cash will not be exchanged for said acquisition.
- (3) The confirmation of the satisfaction of the conditions with regard to the forced acquisition of the Subscription Rights to Shares shall be as stipulated by the Board of Directors pursuant to the similar procedure set forth in 5. (2) above.

9. Increase in common stock and legal capital surplus

Matters regarding the common stock and legal capital surplus that increase upon the exercise of the Subscription Rights to Shares and the acquisition thereof pursuant to the acquisition clauses shall be determined in accordance with the relevant laws and regulations.

10. Fractional amounts

Should a fractional amount below one share exist among the shares issued to a party exercising Subscription Rights to Shares, this amount shall be rounded down. However, in cases when a party holding Subscription Rights to Shares exercises multiple Subscription Rights to Shares simultaneously, said party may calculate fractional amounts by adding the total number of shares issued through each exercise of Subscription Rights to Shares.

11. Issuance of share certificates for subscription rights to shares

The Company will not issue share certificates for Subscription Rights to Shares.

II. Main details concerning the Gratis Allotment of Subscription Rights to Shares

1. Number of Subscription Rights to Shares allotted to each shareholder

Subscription Rights to Shares shall be allotted at a ratio of one Subscription Right to Shares for every one share of the Company's common stock held (excluding common stock held by the Company). The total number of Subscription Rights to Shares to be allotted shall be equal to the final total number of shares issued and outstanding of the Company on the record date for a Gratis Allotment (excluding the number of common stock held by the Company).

2. Shareholders to whom Gratis Allotment of Subscription Rights to Shares are made

All common shareholders listed in the final shareholder register on the record date for a Gratis Allotment (excluding the Company).

3. Effective date for Gratis Allotment of Subscription Rights to Shares

A date on and after the record date for the Gratis Allotment to be determined elsewhere by the Board of Directors.

End