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(Securities Code: 2002)

June 5, 2018

To Those Shareholders with Voting Rights

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

CONVOCATION NOTICE OF THE 174th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 174th 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 5:30 p.m. (JST), Tuesday, June 26, 2018.**

[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 (<https://www.web54.net>) by no later than the aforementioned deadline for the exercise of voting rights.

- 1. Date and Time:** Wednesday, June 27, 2018 at 10:00 a.m. (Reception from 8:30 a.m.)
- 2. Place:** Tokyo Marriott Hotel, B1 The GOTENYAMA Ballroom
4-7-36, Kitashinagawa, Shinagawa-ku, Tokyo
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the 174th fiscal term (from April 1, 2017 to March 31, 2018) 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 174th fiscal term (from April 1, 2017 to March 31, 2018)
- Proposals to be resolved:**
- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Election of Fifteen (15) Directors
- Proposal No. 3:** Election of Two (2) Audit & Supervisory Board Members
- Proposal No. 4:** 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, “Subscription Rights to Shares” in the Business Report, the Consolidated Statement of Changes in Net Assets, the Notes to the Consolidated Financial Statements, the Non-consolidated Statement of Changes in Net Assets, and the Notes to the Non-consolidated Financial Statements are provided on the Company’s website (<https://www.nisshin.com/english/shareholders/meeting.html>) in accordance with laws and regulations and Article 15 of the Company’s Articles of Incorporation, and they are therefore not attached herewith. The Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members, and the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Independent Auditor consist of the items posted 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 (<https://www.nisshin.com/ir/stock/meeting/>).

Business Report

(From April 1, 2017 to March 31, 2018)

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, 2018, the Japanese economy recovered modestly, primarily atop improvement in corporate earnings and the country's employment and personal income picture, coupled with an increase in capital expenditures. Nevertheless, various causes for concern were evident, including labor shortages, continued belt-tightening behavior among consumers and sociopolitical instability abroad.

Under these conditions, the Group promoted a medium-term management plan, dubbed "NNI-120 II" with an emphasis on restructuring the earnings foundation in core businesses, achieving solid profit growth, and a more proactive stance to shareholder returns. Guided by the plan, the Group moved with speed to execute growth strategies in each business, including pursuing products and services offering higher added value and sales expansion, greater cost competitiveness in tandem with safety and reliability, and strategic investments in growth fields.

With respect to operating results, consolidated net sales for the fiscal year ended March 31, 2018, increased 1.5% year on year to ¥540,094 million, despite the effects of exclusion of a subsidiary from the scope of consolidation in the previous fiscal year following the transfer of its shares to another entity. This result mainly reflected growth in shipments of prepared dishes and other prepared foods in the processed food business, along with orders for large-scale construction projects in the engineering business. In terms of profits, due to growth in shipments of high-value-added products matched to consumer needs and measures to improve profitability, including cost reduction efforts, operating profit was ¥27,200 million, up 6.6% year on year. Ordinary profit increased by 4.8% to ¥31,800 million, and profit attributable to owners of parent rose by 9.6% to ¥21,339 million. All profit items ended the year at record-high levels.

In step with a more proactive approach to shareholder returns, the Company purchased treasury shares during the fiscal year, with an upper limit of ¥10,000 million.

With respect to dividends, one of the basic policies of the medium-term management plan is to maintain a payout ratio of at least 40% on a consolidated basis. Consequently, the Company plans to pay a full-year dividend of ¥29 per share, up ¥3 from the previous fiscal year.

Focusing on the future, the Group in May 2018 formulated a long-term vision called "NNI 'Compass for the Future' —Toward a New Stage—Maximizing Group-wide Capabilities and Effecting Business Model Change," taking into account anticipated structural changes driven by highly complex and rapid shifts in society for the next 10 to 20 years. The Group launched new initiatives in accordance with the long-term vision.

[2] Review of Operations of the Group

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

In new product development, the Group continued 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 and reliable products, the Group strove for further improvement and enhancement of its quality control systems.

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

Flour Milling Segment

In the flour milling business, we made progress in attracting new customers by conducting aggressive sales expansion measures in an adverse market environment characterized by continued belt-tightening behavior among consumers. As a result, shipments of commercial wheat flour in Japan increased year on year. Also in June 2017, and again in December 2017, the Company revised its commercial wheat flour prices in response to the government's decision to change the prices of five classes of imported wheat. On average, the government's price for imported wheat rose 4.6% in April 2017 and 3.6% in October 2017.

From the perspectives of production and distribution, we continued to proactively advance measures to enhance product safety, alongside steps to boost productivity and reduce fixed costs.

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

In the overseas business, sales were up year on year, reflecting increased shipments thanks to aggressive sales expansion. In terms of profits, conditions were challenging, mainly with sales competition encountered in the

North America region. In Canada, construction concluded in October 2017 to boost by approximately 80% the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant. Elsewhere, construction to boost by approximately 70% the production capacity of U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant is on track and scheduled to conclude in early 2019. Additionally, in March 2018, Thai subsidiary Nisshin-STC Flour Milling Co., Ltd. moved to meet growing wheat flour demand by purchasing a milling plant, effectively giving it a 2.3-fold jump in production capacity.

As a result, net sales of the Flour Milling Segment increased 0.5% year on year to ¥234,799 million. Operating profit, meanwhile, increased 1.4% to ¥9,957 million, as cost reductions in Japan and the response to strategic outlays made in the previous fiscal year offset the impact on performance from competition in the overseas business.

Processed Food Segment

In the processed food business, for household-use products, in addition to efforts to enhance the lineup and sales of our strong-selling bottle-type products designed to address needs arising from an increase in eating alone and demand for meals that are easy to prepare, we implemented initiatives designed to stimulate consumption, including event co-sponsorship and leveraging digital marketing. In commercial-use products, we launched new products tailored to customer needs and carried out proposal activities geared toward garnering new customers. Also, in response to revised prices for commercial wheat flour due to the government's decision to revise the prices of imported wheat, the Company in July 2017 and in January 2018 revised prices for its household-use wheat flour and commercial prepared mix products, etc. In the prepared dishes and other prepared foods business, we have developed and are steadily expanding a comprehensive prepared dishes and other prepared foods business that can provide full lineups across wide-ranging categories of products. We also took steps last year to augment production capacity at a prepared noodle production site in western Japan, and completed construction of the new Nagoya Plant. However, sales in the processed food business were lower overall year on year, mainly due to effects from the exclusion of a subsidiary from the scope of consolidation in the previous fiscal year following the transfer of its shares to another entity. This was despite brisk growth in shipments of pastas, pasta sauces, prepared dishes and other prepared foods and frozen foods.

In the overseas business, sales in the prepared mix business were higher year on year. Elsewhere, operations are running smoothly at a production plant for pasta sauces and other cooked and processed foods in Vietnam and a pasta plant in Turkey. Both sites were built as part of efforts to develop a globally optimized, cost-competitive production framework.

In the yeast and biotechnology business, sales in the yeast business were higher year on year, the result of brisk shipments mainly of fillings. Similarly, sales in the biotechnology business were higher, primarily from an increase in shipments of raw materials for diagnostic pharmaceuticals. On a related note, construction is moving apace on a yeast plant in India being developed by overseas subsidiary Oriental Yeast India Pvt. Ltd., with a scheduled completion date of summer 2020.

In the healthcare foods business, sales were higher year on year, reflecting growth in shipments of raw materials for pharmaceuticals.

As a result, net sales of the Processed Food Segment decreased 0.4% year on year to ¥254,000 million. Operating profit increased 8.4% to ¥13,473 million, as growth in shipments of high-value-added products tailored to consumer needs and cost reduction efforts offset expenses incurred in the launch of the new Nagoya Plant in the prepared dishes and other prepared foods business.

Others Segment

In the pet foods business, sales were higher year on year, reflecting the aggressive launch of new products and the execution of campaigns and other sales expansion efforts.

In the engineering business, sales increased year on year, mainly due to orders for large-scale construction projects in the mainstay plant engineering business.

In the mesh cloths business, sales were up from a year earlier, reflecting strong shipments of screen printing materials for solar panels and molded plastic products primarily for automotive components.

As a result, net sales of the Others Segment increased 18.0% year on year to ¥51,295 million, and operating profit increased 22.2% to ¥3,613 million, primarily atop improved plant construction profitability in the engineering business.

(2) Issues to be Addressed

[1] Basic Management Policy

The Group has been operating and striving to expand its business under the corporate principle of "contributing to a healthy and fruitful life for all" which is founded on the guiding philosophies of "the basis of business is built on trust" and to be "in tune with the changing business climate." Each of our Group companies endeavors to always provide health-conscious products and services, and is committed to earning customer trust

under the corporate slogan of “delivering good health and reliability.”

In light of these basic philosophies, the Group makes it a basic management policy to maximize its long-term corporate value, and carries out group management by strategically allocating resources concentrated on our core and growing business.

Furthermore, we pursue self-innovation as well as fulfill our social responsibility by implementing internal control systems, reinforcing compliance, ensuring food safety, protecting the environment, and contributing to social activities, etc. We have been striving to gain active support from each of our various stakeholders including shareholders, customers, business partners, employees and society.

[2] Medium- to Long-term Management Strategies and Target Indicators

The Group has set out its long-term vision, “NNI ‘Compass for the Future’ —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change,” taking into account anticipated structural changes driven by highly complex and rapid shifts in society for the next 10 to 20 years. With this long-term vision as our compass for the future, we will press ahead with New Nisshin Innovation activities based on the ongoing medium-term management plan, “NNI-120 II,” as a milestone, which is scheduled to conclude in the fiscal year ending March 31, 2021 and targets net sales of ¥750 billion, operating profit of ¥30 billion, and earnings per share (EPS) of ¥80.

As for long-term vision, we will build a system which demonstrates the Group’s “comprehensive capabilities” toward our goal to realize our future grand design. At the same time, we take this opportunity to emphasize “customer-oriented policy,” implement growth strategies based on the pillars of “remodeling existing businesses” and “enhancing the Group business portfolio,” and further reinforce management functions which support the aforesaid initiatives. Furthermore, we will work to further raise the profit level and establish “a solid and firm position in the domestic food industry” as “a globally-operating company that assists “healthy lifestyle” and plays a critical role in building “the food infrastructure” of the future.”

Furthermore, we will focus on enhancing the stable distribution of profits from a long-term perspective to shareholders who share with us “the values created through generations since the establishment of the Company.” We aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner taking into account cash flows and demand for funds for strategic investments.

The Group will execute these strategies developed to realize the long-term vision so as to achieve further growth in earnings per share (EPS) through efforts in both profit growth and capital policy planning. We also strive to ensure and improve that our return on equity (ROE) exceeds capital cost, while striking a balance between capital efficiency and financial stability.

We will further strengthen the link between “the realization of corporate philosophy” and “the maximization of corporate value” by pursuing management in a manner that develops a strong link between our business strategies and contributions to environment (E) and society (S), which are associated with business sustainability, while enhancing governance (G), which serves as a discipline to improve corporate value. We seek to achieve the goal of developing a corporate group blessed with ongoing active support from all stakeholders.

[3] Management Environment and Issues to be Addressed

The business environment surrounding Japan’s food industry is changing drastically, including fluctuating exchange rates and prices of cereal and natural resources against a backdrop of volatile world affairs, market contraction as the country’s population declines, and growing concern over labor shortage. In addition, global competition is anticipated to accelerate depending on the outcome of future international trade negotiations.

Under these circumstances, the Group will continue to fulfill its mission of securing the stable supply of safe and reliable wheat flour and other staple foods, and delivering safe and reliable products in each business. At the same time, we will seek to realize the long-term vision and speedily pursue business growth by strengthening cooperation among our operating companies in Japan and overseas, which will further generate the Group’s comprehensive capabilities.

1. Domestic Business Strategies

Regarding the flour milling business, we will strengthen customer relationships through the development of products that accurately capture customer needs and by promoting value-added services that offer total solutions to customers, and continue our efforts to stably supply safe and reliable products.

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 easy-to-prepare meals, coupled with aggressive sales promotional efforts. We will also undertake the task of optimizing our business portfolio through initiatives toward greater expansion in prepared dishes and other prepared

foods, and frozen foods businesses, which are growing sectors. We will also address the increasingly serious issue of labor shortage in an appropriate manner.

In the yeast, biotechnology, healthcare foods, pet foods, 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 are committed to achieving independent growth in local markets via sales expansion measures that leverage the Group's strengths in flour milling technology and proposal capabilities. In North America, construction to enhance the production capacity of Canadian subsidiary Rogers Foods Ltd.'s Chilliwack Plant has been completed, and it began operations in October 2017. Construction is underway to boost by approximately 70% the production capacity of U.S. subsidiary Miller Milling Company, LLC's Saginaw Plant, which is expected to begin enhanced operations in early 2019. In Thailand, Nisshin-STC Flour Milling Co., Ltd. acquired a milling plant from Pacific Flour Mill Co., Ltd., also located in Thailand, boosting its production capacity by 2.3 times. We continue to expand our overseas business foundations by proactively making strategic investments.

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 by utilizing our global optimal production system as a base, we are leveraging production technology and expertise in high-level quality control built up by the Group over many years to pursue further expansion in pasta, pasta sauce and frozen foods businesses, etc.

In the yeast and biotechnology business, a yeast production plant is under construction by Oriental Yeast India Pvt. Ltd., which will be completed in summer of 2020, to allow us to enter into the Indian market that is experiencing growing demand for yeast used in bread baking. We aim to expand business by supplying our high-quality products locally.

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

3. R&D Strategies and Cost Strategies

The Group takes on the perspective of its customers in the development of new products, and is engaged in the creation of basic and core technologies in new domains. In terms of the development of new products, high value-added products from a customer perspective 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. We will examine and promote enhanced efficiency through practical use of automation technology to address issues caused by labor shortage, etc.

Regarding raw material and energy markets, for which significant fluctuations are expected to continue, the 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

The trend for negotiating free trade agreements remains active as represented by the finalization of the Japan-EU EPA and the signed Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11 agreement). In the event that international trade negotiations progress rapidly in the future, changes in demand for wheat and wheat-related products, as a result of degraded border import control mechanisms, are expected to have impact on related industries. The Group will take appropriate steps to stay abreast of changes as they emerge, while continuing to develop a robust corporate structure domestically and abroad that will enable it to win out against global competition.

5. Corporate Social Responsibility (CSR)

The Group has fulfilled its corporate social responsibilities (CSR) as a corporate citizen in all its business activities and retains its status as a corporate entity that plays an increasingly essential role in society. To this end, the Group established a Social Committee to put its "Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines" into practice and to promote initiatives to facilitate the implementation.

The Group has positioned promoting CSR activities such as enhancing compliance, establishing quality

assurance systems and conducting environmental conservation, and implementing internal control systems to the fullest extent, as one of its top management priorities and is taking thoroughgoing steps to ensure a Group-wide commitment.

With respect to compliance, the Group complies with relevant laws and regulations, social norm and corporate internal rules and regulations, and strives to develop and expand its businesses while being engaged in fair and open competition.

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, actively collects 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 safe and reliable wheat flour and other staple foods, we have enhanced our disaster preparations through our business continuity planning (BCP).

Regarding environmental conservation, 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 through extensive maintenance of its internal control systems group-wide. These systems are monitored by a dedicated department to maintain their integrity and seek further improvements.

Furthermore, the Group, as a member of society, is widely involved in activities contributing to society. We are engaged in supporting reconstruction of the earthquake-affected areas, and making regional contributions through the Nisshin Seifun (Flour Milling) Museum as a regional tourism resource and an educational asset.

The Group remains committed to fulfilling its corporate social responsibilities by placing importance on ESG (environment, society, and governance) as critical management issues.

The 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 unless otherwise noted)

Fiscal term Fiscal Years ended March 31	171 st FY2015	172 nd FY2016	173 rd FY2017	174 th FY2018 (Current)
Net sales	526,144	556,701	532,040	540,094
Ordinary profit	25,544	28,099	30,329	31,800
Profit attributable to owners of parent	16,036	17,561	19,466	21,339
Earnings per share (¥)	53.28	58.25	64.50	71.47
Total assets	549,307	550,305	557,568	593,493
Net assets	378,715	386,485	406,805	413,794

Note: The Company conducted a 1.1-for-1 stock split of shares of common stock as of October 1, 2014. Therefore, earnings per share was calculated on the assumption that said stock split was conducted at the beginning of the 171st fiscal term.

(4) Capital Expenditures

The capital expenditures for the fiscal year ended March 31, 2018 increased ¥6,155 million from the previous fiscal year to ¥19,704 million, based on actual expenditures.

The principal capital expenditures were made in the expansion of production capacity, including the construction of a yeast production plant of Oriental Yeast India Pvt. Ltd. and construction work on the addition of a production line at the Saginaw Plant of Miller Milling Company, LLC.

(5) Financing

The Company did not raise additional funds in terms of capital increases or bond issues during the fiscal year ended March 31, 2018.

(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	68.2	Production and sales of pasta and frozen foods
Initio Foods Inc.	487	100.0	Production and sales of prepared dishes and frozen foods; direct operation of concessions in department stores
Joyous Foods Co., Ltd.	50	65.1	Production and sales of cooked noodle, and other products
Oriental Yeast Co., Ltd.	2,617	100.0	Production and sales of cake and bread ingredients, biochemical products and other products; life science business
Nisshin Pharma Inc.	2,689	100.0	Production and sales of healthcare foods, pharmaceuticals, and other products
Nisshin Petfood Inc.	1,315	100.0	Production and sales of pet foods
Nisshin Engineering Inc.	107	100.0	Design, contracted construction and supervision of food production facilities, etc.; sales of machinery for powder grinding
NBC Meshtec Inc.	1,992	100.0	Manufacturing and sales of mesh cloths and forming filters
(Affiliates)			
Marubeni Nisshin Feed Co., Ltd.	5,500	40.0	Production and sales of compound feed
Tokatsu Foods Co., Ltd.	100	49.0	Production and sales of cooked foods such as bento lunch boxes and other prepared foods

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

[2] Status of Significant Acquisition

There are no applicable matters to be reported.

(7) Principal Businesses (As of March 31, 2018)

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

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

(8) Principal Offices (As of March 31, 2018)

[1] The Company

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 (Chuo-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)
Nagoya Plant (Ichinomiya), Higashi-Osaka Plant (Higashi-Osaka)
Joyous Foods Co., Ltd. Head Office (Saitama)
Kodama Plant (Kodama-gun, Saitama), Kyoto Plant (Kuse-gun, Kyoto)
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, 2018)

Business Segment	Number of Employees	Year-on-Year Change
Flour Milling Segment	1,607	52
Processed Food Segment	3,732	139
Others Segment	831	21
Corporate (Across the Group divisions)	375	9
Total	6,545	221

(10) Major Creditors and Loans Payable (As of March 31, 2018)

There are no major creditors.

2. Outline of the Company

(1) Shares (As of March 31, 2018)

- [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 7,341,122 shares of treasury shares)
- [3] Number of shareholders 20,674
(Decreased 1,671 from the previous term-end)

[4] Major shareholders (Top 10)

Name	Number of Shares Held	Shareholding Ratio
	(thousands)	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,856	9.0
Nippon Life Insurance Company	19,387	6.5
Yamazaki Baking Co., Ltd.	16,988	5.7
Japan Trustee Services Bank, Ltd. (Trust Account)	14,521	4.8
Mizuho Bank, Ltd.	10,447	3.5
Mitsubishi Corporation	8,448	2.8
Marubeni Corporation	6,284	2.1
Sumitomo Corporation	6,091	2.0
Sumitomo Mitsui Banking Corporation	5,585	1.8
The Norinchukin Bank	5,432	1.8

Note: The Company is excluded from the major shareholders listed above although it holds 7,341,122 treasury shares. Treasury shares are not included in shareholding ratio calculation.

- [5] Treasury shares repurchased during the fiscal year ended March 31, 2018, pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act and Article 45 of the Articles of Incorporation
Common shares of the Company: 5,334,900 shares
Total repurchase amount: ¥9,999 million

(2) Subscription Rights to Shares

The status of subscription rights is provided on the Company's website (<https://www.nisshin.com/english/shareholders/meeting.html>).

(3) Members of the Boards

[1] Directors and Audit & Supervisory Board Members (As of March 31, 2018)

Title	Name	Position	Significant Positions Concurrently Held
Representative Director and President	Nobuki Kemmoku		Director and Chairman, Nisshin Flour Milling Inc.
Representative Director and Vice President	Masao Nakagawa	In charge of Corporate Planning Division, and Finance and Accounting Division	
Representative Director and Vice President	Michinori Takizawa	In charge of General Administration Division	
Managing Director	Takashi Harada	Division Executive, R&D and Quality Assurance Division	
Managing Director	Akira Mori	Division Executive, Finance and Accounting Division	
Director	Satoshi Odaka	Division Executive, Technology and Engineering Division	
*Director	Masashi Koike	Division Executive, Corporate Planning Division	
*Director	Naoto Masujima	Division Executive, General Administration Division	
Director	Masashi Nakagawa		Director and President (Representative Director), Oriental Yeast Co., Ltd.
Director	Takao Yamada		Director and President (Representative Director), Nisshin Flour Milling Inc.
Director	Kiyoshi Sato		Director and President (Representative Director), Nisshin Pharma Inc.
*Director	Yuji Koike		Director and President (Representative Director), Nisshin Foods Inc.
*Director	Kenji Takihara		Director, Nisshin Flour Milling Inc. Outside Director, Japan Logistic Systems Corp.
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.
Director	Kazuhiko Fushiya		Chairman, The Institute of Internal Auditors – Japan
*Audit & Supervisory Board Member (Full-time)	Yukihiro Kumazawa		

Title	Name	Position	Significant Positions Concurrently Held
Audit & Supervisory Board Member (Full-time)	Kazuya Yoshinare		
Audit & Supervisory Board Member	Tetsuo Kawawa		Attorney; Proprietor, Kawawa Law Offices
Audit & Supervisory Board Member	Satoshi Ito		Certified Public Accountant; Proprietor, Ito Certified Public Accountant Offices Outside Director, Sumitomo Mitsui Banking Corporation
Audit & Supervisory Board Member	Motoo Nagai		Outside Audit & Supervisory Board Member (Full-time), Nissan Motor Co., Ltd. Outside Director, Organo Corporation

- Notes: 1. Directors Akio Mimura and Kazuhiko Fushiya are Outside Directors.
2. Audit & Supervisory Board Members Tetsuo Kawawa, Satoshi Ito, and Motoo Nagai 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 its “Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members” (posted on the Company’s website (https://www.nisshin.com/uploads/governance_is.pdf)) formulated pursuant to criteria concerning independence as defined 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. Changes in Directors and Audit & Supervisory Board Members of the Company and the positions thereof, during the fiscal year ended March 31, 2018, are stated as follows.
Messrs. Hiroshi Oeda, Kazuo Ikeda, and Koichi Iwasaki retired from their positions as Director, and Mr. Yasuhiko Masaki retired from his position as Audit & Supervisory Board Member as of June 28, 2017, due to expiration of their respective term of office. Directors and Audit & Supervisory Board Member with an asterisk were newly elected at the 173rd Ordinary General Meeting of Shareholders held on the same day and assumed office.
7. The following is a list of changes in significant positions concurrently held in the fiscal year ended March 31, 2018.

Director	Nobuki Kemmoku	Took office as a Director and Chairman, Nisshin Flour Milling Inc. (April 1, 2017)
Director	Takao Yamada	Took office as a Director and President (Representative Director), Nisshin Flour Milling Inc. (April 1, 2017)
Director	Yuji Koike	Retired as a Director and President (Representative Director), Nisshin Petfood Inc. (June 28, 2017) Took office as a Director and President (Representative Director), Nisshin Foods Inc. (June 28, 2017)
Audit & Supervisory Board Member	Satoshi Ito	Retired as an Outside Audit & Supervisory Board Member, Sumitomo Mitsui Financial Group, Inc. (June 29, 2017) Took office as an Outside Director, Sumitomo Mitsui Banking Corporation (June 29, 2017)

[2] Outline of liability limitation agreement

The Company has concluded an agreement with each Director (excluding executive Directors, etc.) and each 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.

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

1. Total amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year ended March 31, 2018

Directors: Eighteen (18)	¥394 million
Audit & Supervisory Board Members: Six (6)	¥54 million
Outside Directors and Outside Audit & Supervisory Board Members: Five (5) (Included in the above)	¥49 million

Notes: 1. The above number of Directors and Audit & Supervisory Board Members includes three (3) Directors and one (1) Audit & Supervisory Board Member who retired from office during the fiscal year ended March 31, 2018.

2. The total amount of remuneration for Directors includes expenses associated with the subscription rights to shares granted in the form of stock option as remuneration and expenses associated with the stock-based remuneration plan for the fiscal year ended March 31, 2018.

2. Retirement benefits for Directors paid during the fiscal year ended March 31, 2018

Pursuant to the resolution regarding payment of retirement benefits associated with the abolishment of the Directors' retirement benefit plan, which was passed at the 161st Ordinary General Meeting of Shareholders held on June 28, 2005, the Company paid ¥990 thousand as retirement benefits to one (1) Director who retired during the fiscal year ended March 31, 2018.

[4] 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, 2018

1) Director Akio Mimura

Mr. Mimura attended 12 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2018. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported from a managerial perspective with broad experience.

2) Director Kazuhiko Fushiya

Mr. Fushiya attended all meetings of the Board of Directors held in the fiscal year ended March 31, 2018. 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.

3) Audit & Supervisory Board Member Tetsuo Kawawa

Mr. Kawawa attended all meetings of the Board of Directors and the Audit & Supervisory Board held in the fiscal year ended March 31, 2018. 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 Satoshi Ito

Mr. Ito attended 12 out of 13 meetings of the Board of Directors and 11 out of 12 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2018. 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.

5) Audit & Supervisory Board Member Motoo Nagai

Mr. Nagai attended all meetings of the Board of Directors and the Audit & Supervisory Board held in the fiscal year ended March 31, 2018. He made remarks, asked questions and contributed opinions regarding purposes and contents of matters resolved and reported, drawing on his experience and insights gained through his career as a manager of financial institutions.

(4) Independent Auditor

[1] Name of the independent auditor: Deloitte Touche Tohmatsu LLC

Note: Ernst & Young ShinNihon LLC, which served as the Company's independent auditor, retired as of June 28, 2017 upon expiration of its term of office.

[2] Compensation to the independent auditor for the fiscal year ended March 31, 2018

	Ernst & Young ShinNihon LLC	Deloitte Touche Tohmatsu LLC
1. Compensation paid to the independent auditor	—	¥52 million
2. Total of cash and other financial profits payable by the Company and its subsidiaries	¥6 million	¥174 million

Notes: 1. The audit contract between the Company and Deloitte Touche Tohmatsu LLC 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 Deloitte Touche Tohmatsu LLC.

[3] Content of non-audit services

1. The Company and its subsidiaries entrust to Deloitte Touche Tohmatsu LLC the services including advice and guidance on accounting and internal control matters 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.
2. The Company and its subsidiaries entrust to Ernst & Young ShinNihon LLC procedures associated with the change of independent auditors which can be defined as non-audit services other than those defined in Article 2, Paragraph 1 of the Certified Public Accountants Act. Also subsidiaries of the Company entrust to Ernst & Young ShinNihon LLC the services including advice and guidance on accounting and internal control matters which can be defined as non-audit services other than those defined in Article 2, Paragraph 1 of the Certified Public Accountants Act.

[4] Reasons for the Audit & Supervisory Board's approval on compensation to the independent auditor

The Audit & Supervisory Board has given its approval as prescribed under Article 399, Paragraph 1 of the Companies Act, as the compensation to the independent auditor was considered reasonable based on the verification and review of the relevant matters including details of the audit plan in the fiscal year under review, the status of execution of duties by the independent auditor and the basis of calculating the estimated compensation.

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

The Audit & Supervisory Board will dismiss the independent auditor in the event that any of the reasons stipulated in each item of Article 340, Paragraph 1 of the Companies Act are deemed applicable to the independent auditor and such action is considered necessary, subject to the unanimous consent of the Audit & Supervisory Board Members.

In addition, the Audit & Supervisory Board will decide the details of a proposal for the dismissal or non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders, as stipulated in Article 344 of the Companies Act, in the event that any of the reasons stipulated in Article 340 of the Companies Act, or any concomitant reasons, are deemed applicable to the independent auditor and such action is considered necessary. Furthermore, the Audit & Supervisory Board may also decide the details of a proposal for the non-reappointment of the independent auditor to be submitted to the General Meeting of Shareholders, as stipulated in Article 344 of the Companies Act, in the event that the non-reappointment of the independent auditor is considered appropriate in overall consideration of various factors including the audit quality provided and the status of execution of duties by the independent auditor.

3. Systems and Policies of the Company

(1) Systems to Ensure Appropriate Business Execution and the Status of Operation of Systems Concerned

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), and are put in place for implementation in accordance with the basic policies resolved by the Board of Directors. Details of the basic policies and outline of the implementation status thereof are as follows.

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

- 1) The Nisshin Seifun Group has formulated the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines.” The presidents and directors of the Company and its subsidiaries 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) Audit & Supervisory Board Members of the Company and its subsidiaries audit the performance of duties by each director, and oversee directors to verify whether they construct and operate the internal control systems in an appropriate manner.
- 3) The Internal Control Department, directly supervised by the Representative Director of the Company, 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 and performs internal audits of the Group’s business operations.
- 4) The Social Committee of the Company 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 and ensuring awareness of compliance with laws, the Articles of Incorporation and social norms.
- 5) 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.
- 6) The Company operates and maintains the Compliance Hotline System, which was established as a measure for the Nisshin Seifun Group employees, etc., to directly report any acts of non-compliance so that such acts can be detected early and dealt with.

(Status of operation)

- 1) The Nisshin Seifun Group has introduced the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” in the Group companies including overseas subsidiaries and affiliates as the Group’s common basis for discipline, whereby striving to ensure awareness of these guidelines.
- 2) The Company is promoting awareness among employees of the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines” along with the Compliance Hotline System through human resources training programs.
- 3) The Internal Control Department of the Company is conducting the internal control evaluation at each Group company and verifying the level of awareness and the status of compliance with the internal rules.
- 4) The Company held three meetings of the Social Committee during the fiscal year ended March 31, 2018 to discuss a comprehensive range of CSR issues, including compliance, thereby promoting the Nisshin Seifun Group’s CSR measures.
- 5) The Company also organizes the Normative Ethics Committee, whereby ensuring that no illegal payment is made to antisocial forces and examining the appropriateness of donations.

[2] Rules and systems for managing the danger of loss to the Company and its subsidiaries

- 1) For issues concerning business operations at the Nisshin Seifun Group, 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 Nisshin Seifun Group conducts the risk evaluation and reviews measures against risks, and the Company’s Risk Management Committee supervises the overall risk management efforts of the Nisshin Seifun Group by confirming and providing guidance to ensure that its subsidiaries have appropriate control over the risks that are 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 Company must set up a countermeasures headquarters immediately to handle such crises in an appropriate manner to minimize damages.

- 4) Audit & Supervisory Board Members of the Company and its subsidiaries must take the necessary measures, such as giving advice and making recommendations to directors, whenever they recognize the possibility that each director may bring about significant damage or serious accidents.

(Status of operation)

- 1) Each Nisshin Seifun Group company conducts the risk evaluation and reviews measures against risks in accordance with the Nisshin Seifun Group Risk Management Rules. In addition, a planning sub-committee of the Risk Management Committee of the Company conducts the Group-wide verification of the results of the review at each Group company and reports the results to the Risk Management Committee for deliberation thereat.
- 2) An internal reporting system is in place in line with the Nisshin Seifun Group Crisis Control Rules, whereby employees, etc., of the Nisshin Seifun Group may report any emergence or possibility of crises to a specified contact desk.

- [3] Systems for ensuring that the duties of directors of the Company and its subsidiaries are performed efficiently

- 1) For the Company and its subsidiaries, 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.
- 2) The Nisshin Seifun Group clarifies its business strategies and their potential directions, according to which the Group 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.

(Status of operation)

- 1) The Nisshin Seifun Group formulated the management plan “NNI-120 II” with the final year being the fiscal year ending March 31, 2021. The Group aims to achieve steady growth of profits by carrying out the basic strategies with a primary focus on restructuring the earnings foundation for the Group’s core businesses and promoting self-sustained growth, including that of acquired business.
- 2) Each Group company formulates its profit plans for the fiscal year in line with its business strategies, while implementing measures to improve performance based on the monthly business performance review at its Board of Directors.

- [4] 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, the Company, oversees and evaluates the actions of subsidiaries 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 of the Company.
- 3) The Nisshin Seifun Group has formulated the “Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines,” in which the Corporate Principle, the Basic Management Policy, the Basic Stance toward Stakeholders, the Corporate Code of Conduct and Employee Action Guidelines are specified, and awareness of them throughout the Group is promoted.
- 4) The procedures and methods for creation of the Nisshin Seifun 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 Company and subsidiaries hold meetings of the Audit & Supervisory Board Members’ Liaison Committee of the Nisshin Seifun Group, and share issues to be addressed.
- 6) The Company provides special audits, such as of facilities, safety, environment and quality assurance, for the Nisshin Seifun Group.
- 7) The Internal Control Department, directly supervised by the Representative Director of the Company, 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 and perform internal audits of the Group’s business operations.
- 8) Each subsidiary of the Nisshin Seifun Group establishes its own Internal Control Committee, headed by the president, which leads efforts to enhance and operate its internal control systems.

(Status of operation)

- 1) For important issues concerning the business operations of subsidiaries, the Nisshin Seifun Group refers issues to be discussed by or reported to the Board of Directors of the Company in accordance with the “Matters to be Resolved by and Reported to the Board of Directors” as well as the “Standards for Issues Concerning Subsidiaries to be Discussed by the Board of Directors.”
- 2) With respect to the internal controls for the purpose of ensuring the reliability of financial reporting, operation procedures at each Group company are documented in order to verify the presence of effective control under the Nisshin Seifun Group’s unified policy, while the Internal Control Department evaluates the status of enhancement and operation of such controls.
- 3) With respect to the internal controls for purposes other than financial reporting, specialized departments of the Company conduct audits on respective areas, including facilities, safety, environmental conservation and quality assurance, to verify that each operation is implemented appropriately.

- [5] Systems for ensuring the preservation and management of information in relation to the Company’s 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.

(Status of operation)

The minutes of the meetings of Board of Directors and approval documents of the Company are preserved and managed appropriately as confidential information in accordance with the Confidential Information Management Rules.

- [6] Provisions concerning the employees requested to assist the Company’s Audit & Supervisory Board Members in performing their duties, the independence of such employees from directors and ensuring the effectiveness of directions given to such employees

- 1) 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 and other matters concerning the Audit & Supervisory Board Member assistants require the consent of Audit & Supervisory Board Members.
- 2) Directors pay close attention to ensure that no unreasonable constraints exist that could potentially hinder the independence of the Audit & Supervisory Board Member assistants in performing their duties.

(Status of operation)

Audit & Supervisory Board Member assistants who are independent from Directors assist Audit & Supervisory Board Members in performing their duties in order to enhance the effectiveness of the audit function of the Audit & Supervisory Board Members. In addition, the Company pays close attention to ensure that no unreasonable constraints that could potentially hinder the independence of the Audit & Supervisory Board Member assistants in performing their duties are exercised by Directors.

- [7] Systems for reporting to Audit & Supervisory Board Members of the Company by directors and employees of the Company, directors, Audit & Supervisory Board Members and employees of its subsidiaries and individuals who receive reports from these individuals

- 1) Audit & Supervisory Board Members of the Company 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 of the Company 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 of the Company or its subsidiaries recognize anything that could cause significant damage or serious accidents to their respective companies, they shall immediately report that to their respective Audit & Supervisory Board Members. At the same time, Audit & Supervisory Board Members of each subsidiary shall also report that to the Company’s Audit & Supervisory Board Members.
- 4) The results of audits conducted by subsidiaries’ Audit & Supervisory Board Members shall also be reported to the Company’s Audit & Supervisory Board.
- 5) The results of internal control evaluations and internal audits conducted by the Company’s Internal Control Department are also reported to the Company’s Audit & Supervisory Board.
- 6) The results of special audits by the Company, such as of facilities, safety, environment and quality assurance, are also reported to the Company’s Audit & Supervisory Board.
- 7) Any information obtained through the Compliance Hotline is reported immediately to Audit &

Supervisory Board Members of the Company.

- 8) Documents for taking over the duties of outgoing Division Executives of the Company and the presidents of its subsidiaries are submitted to the Audit & Supervisory Board of the Company.
- 9) All approval documents of the Company and its subsidiaries are returned to their respective Audit & Supervisory Board Members.

(Status of operation)

- 1) Audit & Supervisory Board Members of the Company attend the meetings of the Board of Directors and other important meetings, including the Group Management Meetings and the Credit Management Committee meetings, and state their opinions as appropriate.
- 2) Audit & Supervisory Board Members and the Internal Control Department of the Company report to each other information including audit results as they conduct audits, while Audit & Supervisory Board Members and dedicated audit staff at the Group's main operating companies report their audit results to the Audit & Supervisory Board Members and the Internal Control Department of the Company, whereby enhancing mutual collaboration.
- 3) Audit & Supervisory Board Members of the Company held two meetings of the Audit & Supervisory Board Members' Liaison Committee of the Nisshin Seifun Group during the fiscal year ended March 31, 2018, as attended by the Audit & Supervisory Board Members of the Group's main operating companies and the Internal Control Department, exchanging opinions on audit cases in an effort to share awareness of the issues to be addressed and enhance audit quality across the Group.

- [8] Systems for ensuring that individuals reporting to the Company's Audit & Supervisory Board Members will not be treated disadvantageously for such reporting

Individuals reporting any of the previously addressed items, including those reporting via the Compliance Hotline, will not be treated disadvantageously, through personnel systems or in any other way, for such reporting.

(Status of operation)

The Compliance Hotline Rules stipulate a provision to the effect that individuals who used the Compliance Hotline for the purpose of whistle-blowing shall not be treated disadvantageously, and such provision is posted on the Company's Intranet and communicated across the board.

- [9] Provisions regarding policies guiding procedures for the prepayment or reimbursement of expenses incurred by the Company's Audit & Supervisory Board Members in the execution of their duties and other expenses incurred in the execution of such duties or related obligations

Anticipated expenses incurred by the Audit & Supervisory Board Members in the execution of their duties are budgeted; expenses incurred or related obligations beyond the budget, excluding such expenses deemed unnecessary for execution of the duties of the Audit & Supervisory Board Members, shall be dealt with immediately by the Company pursuant to Article 388 of the Companies Act.

(Status of operation)

Anticipated expenses incurred by the Audit & Supervisory Board Members of the Company in the execution of their duties are budgeted, and expenses incurred beyond the budget are dealt with immediately by the Company pursuant to Article 388 of the Companies Act.

- [10] Other systems for ensuring that the audits of Audit & Supervisory Board Members of the Company 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.

(Status of operation)

Audit & Supervisory Board Members of the Company hold regular meetings with representative director and exchange opinions on important audit issues, etc.

(2) Basic Policies Regarding Control of the Corporation

- [1] Basic policies

As a corporate group involved in food, the Company believes that it is the responsibility of the Group as a whole, and also a source of corporate value, to consistently provide safe and reliable food. In order to secure and improve the Company's 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, such as making excessive reductions in production and/or R&D expenses, merely to improve short-term financial

performance, may 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 properly manage the above issues, we believe that it is necessary to ensure advance and sufficient disclosure of information concerning the content of any management policies and business plans planned by an acquirer of the Company's shares, the impact of the proposed acquisition on the Company's shareholders and the management of the Group, the impact on the numerous parties related to the Group, and the acquirer's philosophy regarding social responsibility, including food safety, as well as to ensure a reasonable period of investigation and bargaining power, etc.

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

As a pure holding company for the 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 a stable supply for their products, thus mutually improving their corporate value, and, in turn, the corporate value of the entire Group.

Under this structure, the Group aims to secure and enhance its high levels of production technologies, and capacities for development and analysis 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 regarding the Company's financial and business policies from being controlled by a party who is deemed to be inappropriate, according to the basic policies

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 (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," as approved at the 171st Ordinary General Meeting of Shareholders held on June 25, 2015. The outline of the Plan is as follows.

- 1) The Board of Directors shall request that parties intending to implement a Specified Acquisition make an advance written submission of an Acquisition Proposal, and seek a resolution of the Board of Directors not to implement countermeasures, including the gratis allotment of the Subscription Rights to Shares defined in Paragraph 6) below (hereinafter, "the Confirmation Resolution") against that proposal. Parties intending to implement the 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 regarding a Specified Acquisition, to 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 ratio of holdings reaching or exceeding 20% of the Company's share certificates, etc. (including similar acts as specified by the Board of Directors), or ii) an act of commencing a tender offer on the Company's share certificates, etc., that would result in the ratio of possessions reaching or exceeding 20% of the Company's share certificates, etc. An "Acquisition Proposal" means a written proposal that contains information reasonably requested by the Company, including 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 4) A) through G) below.

- 2) Upon receiving the Acquisition Proposal, the Board of Directors shall promptly put it before 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 shall investigate said Acquisition Proposal, and discuss whether or not to pass a resolution to recommending that the Board of Directors passes a Confirmation Resolution in

regard to said Acquisition Proposal (hereinafter, “the Recommendation Resolution”). The Recommendation Resolution shall be passed by a majority of all members of the Corporate Value Committee, and the results of that 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 consideration, and set no upper limit on 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 deliberation and discussion may be extended by an upper limit of 30 business days. However, in this case, the grounds for 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 secures and improves the Company’s corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for an Acquisition Proposal that meets 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 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 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 the 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.
 - B) The scheme, 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 of the Company 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 otherwise made in compliance with the procedures specified by the Plan.
 - E) The period for the Company to deliberate the Acquisition Proposal is secured (including deliberation and presentation of 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 Japanese currency as consideration and set no upper limit on the number of shares to be purchased, and an upper limit extension of 30 business days applies if required on reasonable grounds.
 - F) The conditions of the acquisition contained in the Acquisition Proposal are not insufficient or inappropriate, considering the Company’s corporate value and the common interests of the shareholders.
 - G) The Acquisition Proposal is reasonably recognized to secure and improve the Company’s corporate value and the common interests of the 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. 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. The gratis allotment of Subscription Rights to Shares cannot be taken against the Acquisition Proposal for which the Confirmation Resolution is made.
- 6) If a Specified Acquirer—which is defined as a party implementing a Specified Acquisition which has not obtained a Confirmation Resolution at the time when a Specified Acquisition was implemented—appears, 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. "Subscription Rights to Shares" are defined as the subscription rights to shares with restrictions on the exercise of such rights by Specified Acquirer and its related parties, which are collectively defined as the Specified Acquirer and Related Parties.

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 (the Board of Directors does not intend to stipulate a day on or later than 3 business days prior to the record date for the gratis allotment.), and in some other cases, the Board of Directors may choose not to effect a gratis allotment of Subscription Rights to Shares.

- 7) If a gratis allotment of Subscription Rights to Shares is effected, the Company shall allot Subscription Rights to Shares to all common 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 contributed to exercise one Subscription Right to Shares shall be one yen, multiplied by the number of shares to be issued per one Subscription Right to Shares.
- 8) The Subscription Rights to Shares will have an acquisition clause by which 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 and Related Parties, this is accomplished 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. For other Subscription Rights to Shares, this is accomplished in exchange for subscription rights to shares with restriction on transfer (and with restriction on the exercise of the rights by the Specified Acquirer and Related Parties) of a number equal to the number of said Subscription Rights to Shares.

[4] Judgment of the Board of Directors, and its reasons

The Plan complies with the basic policies described in Item [1] above, and the following special methods are to be implemented as a way of increasing its rationality. 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 171st Ordinary General Meeting of Shareholders held on June 25, 2015, 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 may be passed by an ordinary resolution at a General Meeting of Shareholders. Therefore, the Plan can be abolished by a resolution of the Board of Directors through the election or dismissal of Directors, by an ordinary resolution at a single General Meeting of Shareholders.
- 3) To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of the Company's Outside Directors and Outside Audit & Supervisory Board Members, shall deliberate the Acquisition Proposal, under legal obligations as the Directors or Audit & Supervisory Board Members of the Company, to determine if the proposal secures and improves 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 obviously against the directors' duty of care.
- 4) To enhance the objectivity of judgment relating to the Plan, it is required that the Corporate Value Committee issue a Recommendation Resolution toward any Acquisition Proposal that satisfies all of the requirements specified in Items [3] 4) A) through G) above.
- 5) Subject to the approval resolution of Ordinary 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 circumstances surrounding the Company.
- 6) The validity of an approval resolution of Ordinary General Meeting of Shareholders is three (3) years. Upon the passage of three years, the Board of Directors will present a Plan that reflects any revisions, including reflection of its supplementary conditions, for approval by 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

The Company aims to meet the expectations of shareholders to distribute profits, taking into consideration the current and future profitability of its business and financial position, by undertaking the payment of dividends based on a targeted payout ratio of at least 40% on a consolidated basis.

As a further return of profits to shareholders, the Company plans to pay a full-year dividend of ¥29 per share, an increase of ¥3 from the previous fiscal year. Accordingly, the Company will submit to the Ordinary General Meeting of Shareholders a proposal for the distribution of surplus to pay a year-end dividend of ¥15 per share. As a result, dividends paid are expected to increase for five consecutive terms since the fiscal year ended March 31, 2014, the fiscal year in which total dividends paid were increased instead of making adjustment to the dividend per share following the stock splits.

In the fiscal year ended March 31, 2018, we repurchased 5,334,900 treasury shares at ¥9,999 million in order to enhance return of profits to shareholders and improve capital efficiency.

The Group has set out its long-term vision, “NNI ‘Compass for the Future’ —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change.” We will focus on enhancing the stable distribution of profits from a long-term perspective to shareholders who share with us “the values created down through the generations since the establishment of the Company” based on the policy concerning the long-term vision. More precisely, we aim for a payout ratio of 40% or more on a consolidated basis and seek to continuously increase the amount of dividends, while intending to repurchase treasury shares in a flexible manner taking into account cash flows and strategic needs for investment funds.

End

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Item	Amount	Item	Amount
(ASSETS)		(LIABILITIES)	
Current assets	265,442	Current liabilities	114,258
Cash and deposits	91,635	Notes and accounts payable – trade	58,492
Notes and accounts receivable – trade	79,676	Short-term loans payable	7,892
Securities	7,857	Income taxes payable	4,397
Inventories	71,882	Accrued expenses	19,291
Deferred tax assets	4,690	Other	24,184
Other	9,892	Non-current liabilities	65,441
Allowance for doubtful accounts	(193)	Long-term loans payable	7,194
Non-current assets	328,051	Deferred tax liabilities	29,097
Property, plant and equipment	150,942	Provision for repairs	1,159
Buildings and structures, net	55,979	Net defined benefit liability	20,782
Machinery, equipment and vehicles, net	38,700	Long-term deposits received	5,402
Land	42,208	Other	1,804
Construction in progress	10,337	Total liabilities	179,699
Other, net	3,716	(NET ASSETS)	
Intangible assets	12,409	Shareholders' equity	324,732
Goodwill	5,623	Capital stock	17,117
Other	6,786	Capital surplus	12,894
Investments and other assets	164,699	Retained earnings	306,415
Investment securities	158,211	Treasury shares	(11,695)
Net defined benefit asset	238	Accumulated other comprehensive income	74,546
Deferred tax assets	3,045	Valuation difference on available-for-sale securities	69,467
Other	3,329	Deferred gains or losses on hedges	(473)
Allowance for doubtful accounts	(125)	Foreign currency translation adjustment	6,352
		Remeasurements of defined benefit plans	(800)
		Subscription rights to shares	189
		Non-controlling interests	14,327
		Total net assets	413,794
Total assets	593,493	Total liabilities and net assets	593,493

Consolidated Statement of Income

(For the Fiscal Year Ended March 31, 2018)

(Millions of yen)

Item	Amount	
Net sales		540,094
Cost of sales		378,742
Gross profit		161,352
Selling, general and administrative expenses		134,152
Operating profit		27,200
Non-operating income		
Interest income	305	
Dividend income	2,412	
Share of profit of entities accounted for using equity method	1,771	
Rent income	284	
Other	311	5,084
Non-operating expenses		
Interest expenses	221	
Foreign exchange losses	52	
Share issuance cost	54	
Other	156	485
Ordinary profit		31,800
Extraordinary income		
Gain on sales of non-current assets	1,007	
Gain on sales of investment securities	357	1,365
Extraordinary losses		
Loss on retirement of non-current assets	605	
Impairment loss	129	734
Profit before income taxes		32,430
Income taxes – current	8,664	
Income taxes – deferred	1,096	9,760
Profit		22,669
Profit attributable to non-controlling interests		1,330
Profit attributable to owners of parent		21,339

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated Balance Sheet

(As of March 31, 2018)

(Millions of yen)

Item	Amount	Item	Amount
(ASSETS)		(LIABILITIES)	
Current assets	43,703	Current liabilities	9,818
Cash and deposits	38,557	Lease obligations	192
Accounts receivable – trade	245	Accounts payable – other	355
Prepaid expenses	191	Accrued expenses	1,852
Deferred tax assets	409	Deposits received	7,217
Income taxes receivable	3,798	Provision for directors’ bonuses	75
Other	500	Other	125
Non-current assets	292,859	Non-current liabilities	27,151
Property, plant and equipment	24,269	Lease obligations	139
Buildings	6,140	Deferred tax liabilities	23,256
Structures	463	Provision for retirement benefits	3,400
Machinery and equipment	598	Other	355
Vehicles	16	Total liabilities	36,969
Tools, furniture and fixtures	425	(NET ASSETS)	
Land	16,213	Shareholders’ equity	248,137
Leased assets	377	Capital stock	17,117
Construction in progress	35	Capital surplus	9,764
Intangible assets	354	Legal capital surplus	9,500
Leasehold right	93	Other capital surplus	264
Software	133	Retained earnings	232,943
Leased assets	68	Legal retained earnings	4,379
Other	58	Other retained earnings	228,564
Investments and other assets	268,235	Reserve for dividends	2,000
Investment securities	94,267	Reserve for advanced depreciation of non-current assets	2,562
Shares of subsidiaries and associates	131,807	General reserve	170,770
Investments in capital	326	Retained earnings brought forward	53,231
Investments in capital of subsidiaries and associates	666	Treasury shares	(11,688)
Long-term loans receivable from subsidiaries and associates	40,775	Valuation and translation adjustments	51,266
Other	416	Valuation difference on available- for-sale securities	51,363
Allowance for doubtful accounts	(25)	Deferred gains or losses on hedges	(96)
		Subscription rights to shares	189
		Total net assets	299,593
Total assets	336,563	Total liabilities and net assets	336,563

Non-consolidated Statement of Income

(For the Fiscal Year Ended March 31, 2018)

(Millions of yen)

Item	Amount	
Operating revenue		30,056
Operating expenses		13,305
Operating profit		16,751
Non-operating income		
Interest income	402	
Dividend income	1,773	
Other	32	2,208
Non-operating expenses		
Interest expenses	17	
Commission for purchase of treasury shares	18	
Commitment fee	8	
Other	3	48
Ordinary profit		18,911
Extraordinary income		
Gain on sales of non-current assets	839	
Gain on sales of investment securities	357	1,196
Extraordinary losses		
Loss on retirement of non-current assets	111	111
Profit before income taxes		19,996
Income taxes – current	156	
Income taxes – deferred	282	439
Profit		19,557

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 dividends based on a dividend payout ratio of at least 40% on a consolidated basis, while taking into account its current and future earnings status and financial position.

The Company proposes the year-end dividend from the surplus for the fiscal year under review as detailed below. This will result in the annual dividend, consisting of the interim and year-end dividends, of ¥29 per share for the fiscal year ended March 31, 2018, an increase of ¥3 from the previous fiscal year.

If this proposal is approved, the Company will have achieved an increase in dividends for five consecutive fiscal years since the fiscal year ended March 31, 2014, in which an actual increase in dividends was offered through stock split without making adjustment to the dividend per share.

(1) Type of dividend

Cash

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

¥15 per share of the Company's common stock

Total amount of dividends: ¥4,455,256,740

(3) Effective date of dividend payment

June 28, 2018

Proposal No. 2: Election of Fifteen (15) Directors

At the conclusion of this Ordinary General Meeting of Shareholders, the terms of office of all fifteen (15) Directors will expire.

It is proposed that fifteen (15) 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	Renomination	April 1984 Joined the Company September 2011 Managing Director, Nisshin Flour Milling Inc. June 2012 Executive Officer June 2013 Director Senior Managing Director, Nisshin Flour Milling Inc. April 2015 Director and President, Nisshin Flour Milling Inc. June 2015 Managing Director April 2017 Director and President (to the present) Director and Chairman, Nisshin Flour Milling Inc. (to the present) [Director and Chairman, Nisshin Flour Milling Inc.]	41,505 shares
	Nobuki Kemmoku (February 13, 1961)		
Reason for selecting the candidate for Director			
The Company selected Mr. Nobuki Kemmoku as candidate for Director as he has a wealth of experience and excellent track record in management of the flour milling business and also has been leading the holding company's management as President of the Company, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			
2	Renomination	April 1977 Joined the Company June 2003 General Manager (Accounting Group of Finance and Accounting Division) June 2006 General Manager (Accounting Department of Finance and Accounting Division) June 2008 Executive Officer Senior Managing Director, Nisshin Foods Inc. June 2012 Managing Director and Division Executive (Finance and Accounting Division) June 2015 Senior Managing Director and Division Executive (Finance and Accounting Division) April 2017 Director and Vice President (In charge of Corporate Planning Division, and Finance and Accounting Division) (to the present)	51,321 shares
	Masao Nakagawa (August 17, 1953)		
Reason for selecting the candidate for Director			
The Company selected Mr. Masao Nakagawa as candidate for Director as he has a wealth of experience and excellent track record in corporate management in general including finance and accounting, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
3	Renomination	April 1976	Joined the Company	40,693 shares
	Michinori Takizawa (March 27, 1954)	July 2001	General Manager (Legal Group of General Administration Division)	
		June 2005	Executive Officer and General Manager (Legal Group of General Administration Division)	
		June 2006	Executive Officer and General Manager (Legal Department of General Administration Division)	
		June 2009	Executive Officer and General Manager (Internal Control Department)	
		July 2011	Executive Officer and Division Executive (Corporate Planning Division)	
		June 2012	Director and Division Executive (Corporate Planning Division)	
		June 2013	Managing Director and Division Executive (General Administration Division)	
		June 2015	Senior Managing Director and Division Executive (General Administration Division)	
		April 2017	Director, Vice President and Division Executive (General Administration Division)	
June 2017		Director and Vice President (In charge of General Administration Division) (to the present)		
Reason for selecting the candidate for Director				
The Company selected Mr. Michinori Takizawa as candidate for Director as he has a wealth of experience and excellent track record in corporate management in general including legal affairs, human resources and general administration, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				
4	Renomination	April 1979	Joined the Company	32,250 shares
	Takashi Harada (February 9, 1957)	June 2008	Manager (Tsurumi Plant), Nisshin Flour Milling Inc.	
		June 2009	Executive Officer Director and Manager (Tsurumi Plant), Nisshin Flour Milling Inc.	
		June 2010	Director and Division Executive (R&D and Quality Assurance Division)	
		June 2015	Managing Director and Division Executive (R&D and Quality Assurance Division) (to the present)	
Reason for selecting the candidate for Director				
The Company selected Mr. Takashi Harada as candidate for Director as he has a wealth of experience and excellent track record in the areas including research and development as well as quality assurance, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
5	Renomination	April 1979	Joined the Company	23,560 shares
	Akira Mori (December 16, 1956)	June 2010	General Manager (Finance Department of Finance and Accounting Division)	
June 2012		Executive Officer and General Manager (Finance Department of Finance and Accounting Division)		
June 2013		Director and Division Executive (Corporate Planning Division)		
June 2015		Managing Director and Division Executive (Corporate Planning Division)		
April 2017	Managing Director and Division Executive (Finance and Accounting Division) (to the present)			
Reason for selecting the candidate for Director				
The Company selected Mr. Akira Mori as candidate for Director as he has a wealth of experience and excellent track record in the areas including accounting, finance and corporate planning, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				
6	Renomination	April 1983	Joined the Company	19,971 shares
	Satoshi Odaka (November 18, 1958)	June 2007	General Manager (Technology and Engineering Department of Technology and Engineering Division)	
		April 2012	Director and Division Executive (Production Division), Nisshin Flour Milling Inc.	
		June 2012	Executive Officer	
June 2015	Director and Division Executive (Technology and Engineering Division) (to the present)			
Reason for selecting the candidate for Director				
The Company selected Mr. Satoshi Odaka as candidate for Director as he has a wealth of experience and excellent track record in the areas including production management and technology development, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]		Number of the Company's Shares Held
7	Renomination	April 1980	Joined the Company	15,515 shares
	Masashi Koike (August 6, 1957)	June 2009	General Manager (Legal Department of General Administration Division)	
June 2013		Executive Officer and General Manager (Legal Department of General Administration Division)		
July 2013		Executive Officer and Deputy Division Executive (Corporate Planning Division)		
April 2017		Executive Officer and Division Executive (Corporate Planning Division)		
June 2017		Director and Division Executive (Corporate Planning Division) (to the present)		
Reason for selecting the candidate for Director				
The Company selected Mr. Masashi Koike as candidate for Director as he has a wealth of experience and excellent track record in the areas including corporate planning, overseas business and legal affairs, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				
8	Renomination	April 1983	Joined the Company	14,581 shares
	Naoto Masujima (September 11, 1960)	June 2009	General Manager (Investor Relations Office of Corporate Planning Division)	
		December 2012	General Manager (GS (Overseas Business Development) of Corporate Planning Division)	
		July 2013	General Manager (GS (Globalization) of Corporate Planning Division)	
		June 2014	Executive Officer, GS (Globalization) of Corporate Planning Division, and General Manager (China Business Development Office of Corporate Planning Division)	
		June 2015	Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc.	
		June 2016	Managing Director, General Manager (Corporate Planning Department) and Division Executive (Overseas Business Division), Nisshin Flour Milling Inc.	
		June 2017	Director and Division Executive (General Administration Division) (to the present)	
Reason for selecting the candidate for Director				
The Company selected Mr. Naoto Masujima as candidate for Director as he has a wide range of experience and excellent track record in the areas including general administration, investor relations, corporate planning and overseas business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.				

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
9	Renomination	<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)</p> <p>[Director and President (Representative Director), Oriental Yeast Co., Ltd.]</p>	46,190 shares
	Masashi Nakagawa (February 19, 1955)		
Reason for selecting the candidate for Director			
The Company selected Mr. Masashi Nakagawa as candidate for Director as he has a wealth of experience and excellent track record in management of the yeast and biotechnology business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			
10	Renomination	<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)</p> <p> 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.</p> <p>April 2017 Director and President, Nisshin Flour Milling Inc. (to the present)</p> <p>[Director and President (Representative Director), Nisshin Flour Milling Inc.]</p>	23,896 shares
	Takao Yamada (September 27, 1960)		
Reason for selecting the candidate for Director			
The Company selected Mr. Takao Yamada as candidate for Director as he has a wealth of experience and excellent track record in management of the flour milling business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.			

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
11	Renomination 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>	33,160 shares
	<p>Reason for selecting the candidate for Director</p> <p>The Company selected Mr. Kiyoshi Sato as candidate for Director as he has a wealth of experience and excellent track record in management of the healthcare foods business and raw materials for pharmaceuticals business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.</p>		
12	Renomination Yuji Koike (January 16, 1960)	<p>April 1983 Joined the Company</p> <p>June 2014 Executive Officer Director and President, Nisshin Petfood Inc.</p> <p>June 2017 Director (to the present) Director and President, Nisshin Foods Inc. (to the present)</p> <p>[Director and President (Representative Director), Nisshin Foods Inc.]</p>	11,631 shares
	<p>Reason for selecting the candidate for Director</p> <p>The Company selected Mr. Yuji Koike as candidate for Director as he has a wealth of experience and excellent track record as a business manager, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.</p>		

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	Renomination Kenji Takihara (February 3, 1966)	April 1988 Joined the Company June 2013 Director and Division Executive (Operations & Planning Division), Nisshin Flour Milling Inc. (to the present) June 2016 Executive Officer June 2017 Director (to the present) [Director, Nisshin Flour Milling Inc.] [Outside Director, Japan Logistic Systems Corp.]	26,560 shares
	Reason for selecting the candidate for Director The Company selected Mr. Kenji Takihara as candidate for Director as he has a wealth of experience and excellent track record in the flour milling business, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.		
14	Renomination Outside Director Independent Director Akio Mimura (November 2, 1940)	April 1963 Joined Fuji Iron & Steel Co., Ltd. June 1993 Director, Nippon Steel Corporation (NSC) April 1997 Managing Director, NSC April 2000 Representative Director and Executive Vice President, NSC April 2003 Representative Director and President, NSC June 2006 Audit & Supervisory Board Member April 2008 Representative Director and Chairman, NSC June 2009 Director (to the present) October 2012 Director and Senior Advisor, Nippon Steel & Sumitomo Metal Corporation (NSSMC) June 2013 Senior Advisor, NSSMC November 2013 Senior Advisor and Honorary Chairman, NSSMC (to the present) [Senior Advisor and Honorary Chairman, Nippon Steel & Sumitomo Metal Corporation] [Chairman, The Japan Chamber of Commerce and Industry] [Chairman, The Tokyo Chamber of Commerce and Industry] [Outside Director, Development Bank of Japan Inc.] [Outside Director, Innovation Network Corporation of Japan] [Outside Director, Tokio Marine Holdings, Inc.] [Outside Director, Japan Post Holdings Co., Ltd.]	37,370 shares
	Reason for selecting the candidate for Outside Director The Company selected Mr. Akio Mimura as candidate for Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on his wealth of experience and broad-based insight as corporate executive, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value.		

No.	Name (Date of Birth)	Career Summary, Position and Responsibility in the Company [Significant Positions Concurrently Held]	Number of the Company's Shares Held
15	Renomination Outside Director Independent Director Kazuhiko Fushiya (January 26, 1944)	April 1967 Joined the Ministry of Finance July 1999 Commissioner, National Tax Agency July 2001 Deputy Governor, National Life Finance Corporation July 2002 Assistant Chief Cabinet Secretary January 2006 Commissioner, Board of Audit of Japan February 2008 Commissioner (President), Board of Audit of Japan January 2009 Retired June 2009 Audit & Supervisory Board Member June 2015 Director (to the present) [Chairman, The Institute of Internal Auditors - Japan]	1,300 shares
Reason for selecting the candidate for Outside Director The Company selected Mr. Kazuhiko Fushiya as candidate for Outside Director as he currently provides appropriate advice and supervision over the Company's business execution, based on a wealth of experience and high-level expertise gained through his career in the Ministry of Finance and other governmental organizations where he held important positions, and thus is considered to possess the requisite skills and qualities for the Company to pursue sustainable growth and medium- to long-term enhancement of corporate value. Although Mr. Fushiya has no experience in participating directly in corporate management, except by serving as Outside Director or Outside Audit & Supervisory Board Member, he is believed, for the aforementioned reasons, to be capable of adequately fulfilling the duties of Outside Director.			

- Notes: 1. No actual conflict of interest exists between the Company and any of the above candidates.
2. Under the provision of Article 427, Paragraph 1 of the Companies Act, the Company has concluded liability limitation agreements with both Mr. Akio Mimura and Mr. Kazuhiko Fushiya which limit the amount of liability for damages set forth in Article 423, Paragraph 1 thereof, to the sum of the amount set forth in each item of Article 425, Paragraph 1 thereof, provided that their duties are performed in good faith and without gross negligence on their part.
3. Information on candidates for Outside Directors
- (1) Both Mr. Akio Mimura and Mr. Kazuhiko Fushiya are candidates for Outside Directors. The Company selects them as Independent Directors due to them both satisfying the "Independence Standards for Outside Directors and Outside 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 (https://www.nisshin.com/uploads/governance_is.pdf)) and has provided the necessary notification thereto.
- (2) Mr. Akio Mimura is currently an Outside Director for the Company, whose term in office will be about nine 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 twelve years since his appointment as an Outside Audit & Supervisory Board Member.
- (3) Mr. Kazuhiko Fushiya is currently an Outside Director for the Company, whose term in office will be about three 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.

- Independent Directors due to him satisfying the “Independence Standards for Outside Directors and Outside 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 (https://www.nisshin.com/uploads/governance_is.pdf)) and has provided the necessary notification thereto.
- (2) Mr. Satoshi Ito 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.

Proposal No. 4: 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 171st Ordinary General Meeting of Shareholders held on June 25, 2015 (hereinafter referred to as the “2015 Approval Resolution”), a resolution was passed for the renewal of said measures at the Company’s Board of Directors Meeting held on the same date. The period for which the 2015 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 2015 Approval Resolution with some changes, and requests approval for 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 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 the ratio of holdings reaching or exceeding 20% 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 possessions reaching or exceeding 20% of the Company’s share certificates, etc. (Financial Instruments and Exchange Law Article 27 (2), Paragraph 8). However, this refers to the combined possessions 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 possessions 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 a party implementing a Specified Acquisition which has not obtained a Confirmation Resolution, as described in Paragraph 2 (2) below, at the time when 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, etc. 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) such a party comes to hold 20% or more of the Company’s share certificates, etc., solely because treasury stock is purchased or cancelled by the Company, and other acts stipulated by the Board of Directors are carried out (except in cases when the ratio of holdings of the Company’s share certificates, etc. 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 any information reasonably requested by the Company, including matters related to the party intending to implement a Specified Acquisition (including group companies and other related parties), 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 Paragraph (4) Items [1] to [5] below. 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 regarding a Specified Acquisition, to 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 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 recommending that the Board of Directors passes a Confirmation Resolution in regard to said Acquisition Proposal (hereinafter referred to as a “Recommendation Resolution”). 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 consideration and set no upper limit on 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.
- (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 secures and improves the Company’s corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for an Acquisition Proposal that meets all of the below requirements and secures and improves the Company’s corporate value and the common interests of the 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 (including its group company or other related party, hereinafter the same shall apply) 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 Acquirer; and
 - (iv) Action unjustly causing harm to an important foundation of the creation of the Company’s medium- to long-term corporate value, such as the action of taking temporary control of the Company’s management to decrease the assets, funds, etc., that are required for the Company’s business expansion, product development, etc., for years ahead, and the action of causing harm to the cooperative relations with the Company’s shareholders, business partners, customers, employees, etc.
- [2] The scheme, 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 of the Company 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 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 Japanese currency as consideration and set no upper limit on the number of shares to be purchased, and an upper limit extension of 30 business days applies if required on reasonable grounds.
- (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 obviously 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 choose not to effect a Gratis Allotment of Subscription Rights to Shares.
3. The valid period of the 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, the Approval Resolution shall remain effective as a countermeasure to said Specified Acquirer). The valid period of the 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, 2018 (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)

Approvals were 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, measures were introduced utilizing the gratis allotment of subscription rights to shares in respect of acquisitions of 20% or more of the Company’s shares (defined in (Note 1) below and hereinafter referred to as the “Specified Acquisition”). Thereafter, in accordance with the approval at the 171st Ordinary General Meeting of Shareholders held on June 25, 2015 (hereinafter referred to as the “2015 Approval Resolution”), a resolution was passed for the renewal of said measures at the Company’s Board of Directors Meeting held on the same date (the measures 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 2015 Approval Resolution terminates at the close of the first Board of Directors Meeting, to be held after the 174th Ordinary General Meeting of Shareholders (hereinafter referred to as the “Ordinary General Meeting of Shareholders”), scheduled for June 27, 2018, a resolution was passed at the Company’s Board of Directors Meeting on May 14, 2018, 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, with some changes to the 2015 Approval Resolution, in accordance with Article 49 of the Articles of Incorporation from the viewpoint of securing and improving corporate value of the Company 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”) utilizing the gratis allotment or shareholder allotment (hereinafter referred to as “Gratis Allotment”) of subscription rights to shares, as employed by the Board of Directors.

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 of the Company 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.

The major changes in the Approval Resolution Proposal are modifications to the requirements for the Recommendation Resolution (defined in Paragraph II. 3. below), and are as follows.

the 2015 Approval Resolution	Approval Resolution Proposal
<p>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 secures and improves the Company’s corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for an Acquisition Proposal that meets all of the below requirements. Moreover, even in the case of Acquisition Proposals</p>	<p>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 secures and improves the Company’s corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for an Acquisition Proposal that meets all of the below requirements and secures and improves the Company’s corporate value</p>

the 2015 Approval Resolution	Approval Resolution Proposal
<p>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 the shareholders.</p> <p>[1] The acquisition does not fall under any of the following types of action:</p> <p>(a) Buyout of the Company’s shares to demand that the Company or its related party purchase said shares at an inflated price;</p> <p>(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;</p> <p>(c) Diversion of the Company’s assets to secure or repay debts of the Proposed Acquirer, its group company, or other related party;</p> <p>(d) Realization of temporary high returns to the detriment of the 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</p> <p>(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.</p> <p>[2] The scheme, content, etc., of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.</p> <p>[3] The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders of the Company to sell their shares.</p> <p>[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.</p> <p>[5] The period for the Company to deliberate the Acquisition Proposal is secured (including</p>	<p>and the common interests of the shareholders.</p> <p>[1] The acquisition does not fall under any of the following types of action:</p> <p>(a) Buyout of the Company’s shares to demand that the Company or its related party purchase said shares at an inflated price;</p> <p>(b) Management that achieves an interest for the Proposed Acquirer (including its group company or other related party, hereinafter the same shall apply) to the detriment of the Company, such as temporary control of the Company’s management for transfer of the Company’s material assets;</p> <p>(c) Diversion of the Company’s assets to secure or repay debts of the Proposed Acquirer; and</p> <p>(d) Action unjustly causing harm to an important foundation of the creation of the Company’s medium- to long-term corporate value, such as the action of taking temporary control of the Company’s management to decrease the assets, funds, etc. that are required for the Company’s business expansion, product development, etc., for years ahead, and the action of causing harm to the cooperative relations with the Company’s shareholders, business partners, customers, employees, etc.</p> <p>[2] The scheme, content, etc., of the deal proposed by the Acquisition Proposal comply with the relevant laws and regulations.</p> <p>[3] The scheme and content of the deal proposed by the Acquisition Proposal do not threaten to have the effect of compelling shareholders of the Company to sell their shares.</p> <p>[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.</p> <p>[5] The period for the Company to deliberate the Acquisition Proposal is secured (including</p>

the 2015 Approval Resolution	Approval Resolution Proposal
<p>deliberation and presentation of 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 Japanese currency as consideration and set no upper limit on the number of shares to be purchased, and an upper limit extension of 30 business days applies if required on reasonable grounds.</p> <p>[6] The conditions of the acquisition contained in the Acquisition Proposal are not insufficient or inappropriate, considering the Company’s corporate value and the common interests of the shareholders.</p> <p>[7] The Acquisition Proposal is reasonably recognized to secure and improve the Company’s corporate value and the common interests of the shareholders.</p>	<p>deliberation and presentation of 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 Japanese currency as consideration and set no upper limit on the number of shares to be purchased, and an upper limit extension of 30 business days applies if required on reasonable grounds.</p>

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 ratio of holdings reaching or exceeding 20% 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, which is the same 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 reaching or exceeding 20% 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 reaching or exceeding 20% of the share certificates, etc. (Financial Instruments and Exchange Law Article 27 (23), Paragraph 4), related to the Company’s share certificates, etc.;
- [2] An act that would result in the ratio of holdings reaching or exceeding 20% of the share certificates, etc., related to the Company’s share certificates, etc., by becoming the “owner” as defined in the Financial

- Instruments and Exchange Law Article 27 (23), Paragraph 1 or 3, in a manner other than Item [1] above;
- [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 reaching or exceeding 20% of the share certificates, etc., related to the Company’s share certificates, etc.; and
- [4] An act that would result in the ratio of holdings reaching or exceeding 20% of the 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 possessions reaching or exceeding 20% of the share certificates, etc. (Financial Instruments and Exchange Law Article 27 (2), Paragraph 8). However, this refers to the combined possessions 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 possessions 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, healthcare foods, yeast and biotechnology, pet food, engineering and mesh cloths, with the Company acting as holding company.

As a pure holding company for the 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 a stable supply for their products, thus mutually improving their corporate value, and, in turn, the corporate value of the entire Group.

Under this structure, the Group aims to secure and enhance its high levels of production technologies, and capacities for development and analysis 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 has set out its long-term vision, “NNI ‘Compass for the Future’ —Toward a New Stage— Maximizing Group-wide Capabilities and Effecting Business Model Change,” taking into account anticipated structural changes driven by highly complex and rapid shifts in society for the next 10 to 20 years. With this long-term vision as our compass for the future, we will press ahead with New Nisshin Innovation activities based on the ongoing medium-term management plan, “NNI-120 II,” as a milestone, which is scheduled to conclude in the fiscal year ending March 31, 2021, and targets net sales of ¥750 billion, operating profit of ¥30 billion, and earnings per share (EPS) of ¥80.

Through these initiatives, the 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 also a source and a foundation of corporate value, to guarantee a high level of safety and quality in our products, and to consistently ensure the stable supply of food, including wheat flour and other staple foods for the people, thereby contributing to securing and

improving the common interests of the shareholders.

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 acquisition proposals 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 acquirer or its group companies, acquisitions which aim to use the Company's assets as repayment resources or loan collateral for the acquirer after control of the Company's management has been gained, acquisitions that unjustly damage an important foundation of the creation of the Company's medium- to long-term corporate value, such as reserve assets and funds to be used in the Company's business expansion, product development, etc., for years ahead, and cooperative relations with the Company's shareholders, business partners, customers, employees, etc., 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 corporate group involved in food, the Company believes that it is the responsibility of the Group as a whole, and also a source and a foundation of corporate value, to guarantee a high level of safety and quality in our products, and to consistently ensure the stable supply of food, including wheat flour and other staple foods for the people. In order to sustainably secure and improve the Company's corporate value and the common interests of the shareholders in light of these responsibilities, it is essential that we guarantee a high level of safety and quality in our products, provide a stable supply of food, and so on. 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, may 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 properly manage the above issues, we believe that it is necessary to ensure advance and sufficient disclosure of information concerning the content of any management policies and business plans planned by an acquirer of the Company's shares, the impact of the proposed acquisition on the Company's shareholders and the management of the Group, the impact on the numerous parties affected by the Group, and the acquirer's philosophy regarding social responsibility, including securing stable supplies of wheat flour and other staple foods for the people, and 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 the corporate value of the Company 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, with restrictions on the exercise of such rights by Specified Acquirer and Related Parties (please refer to (Note 2)) (hereinafter referred to as “Subscription Rights to Shares”). 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 when the 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 resolve on and disclose 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 a partnership 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 a party implementing a Specified Acquisition which has not obtained a Confirmation Resolution, as described in Paragraph II. 3. below, at the time when 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) such a party comes to hold 20% or more of the Company’s share certificates, etc., solely because treasury stock is purchased or cancelled by the Company, and other acts stipulated by the Board of Directors* are carried out (except in cases when the ratio of holdings of share certificates, etc. 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 or the total number of voting rights, an exercise of the Subscription Rights to Shares or an act of enforced acquisition by the Company 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 Directors, Kazuhiko Fushiya and Akio Mimura, Outside Audit & Supervisory Board Members, Tetsuo Kawawa and Motoo Nagai, and the candidate for Outside Audit & Supervisory Board Member Satoshi Ito, shall be appointed as members of the Corporate Value Committee. (The appointments of candidates for Outside Directors, Mr. Fushiya and Mr. Mimura, and candidate for Outside Audit & Supervisory Board Member, Mr. Ito, are dependent upon their selection as Directors or Audit & Supervisory Board Members during the Ordinary General Meeting of Shareholders.)

3. Appearance of a Proposed Acquirer

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 of the Company 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 related parties), 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 [5] below. 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 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 additional information in respect to any parties making a proposal regarding a Specified Acquisition to 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 recommending that the Board of Directors passes a Confirmation Resolution in regard to said Acquisition Proposal (hereinafter referred to as a “Recommendation Resolution”). The Recommendation Resolution shall be passed by a majority of all members of the Corporate Value Committee, 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 consideration and set no upper limit on 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 of the Company 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 secures and improves the Company's corporate value and the common interests of the shareholders. The Corporate Value Committee must issue a Recommendation Resolution for an Acquisition Proposal that meets all of the below requirements and secures and improves the Company's corporate value and the common interests of the 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 (including its group company or other related party, hereinafter the same shall apply) 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; and
 - (d) Action unjustly causing harm to an important foundation of the creation of the Company's medium- to long-term corporate value, such as the action of taking temporary control of the Company's management to decrease the assets, funds, etc., that are required for the Company's business expansion, product development, etc., for years ahead, and the action of causing harm to the cooperative relations with the Company's shareholders, business partners, customers, employees, etc.
- [2] The scheme, 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 of the Company 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 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 Japanese currency as consideration and set no upper limit on the number of shares to be purchased, and an upper limit extension of 30 business days applies if required on reasonable grounds.

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 obviously 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.

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, 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% (including cases where the Board of Directors deems special circumstances to have arisen to this effect**) 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*, the Board of Directors may choose not to effect a Gratis Allotment of Subscription Rights to Shares.

*If the Approval Resolution Proposal is adopted by the Ordinary General Meeting of Shareholders, 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.", which is the same as per the Existing Plan.

**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, which is the same 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 holding ratio of the Company's share certificates, etc., 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; or
- [3] Aside from cases [1] and [2] above, if the Board of Directors reasonably confirms 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 2021. 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 the Plan is due to terminate, said Approval Resolution or the 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 substantive 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, 2018. 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 views of shareholders)

The Plan is to be introduced and renewed in order to secure and improve the corporate value of the Company 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 views of the shareholders, the Company has put an Approval Resolution Proposal 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 may be passed by 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 views of the shareholders.

(3) Binding recommendations from a Corporate Value Committee composed of Outside Directors and Outside Audit & Supervisory Board Members

To secure the neutrality of judgment relating to the Plan, the Corporate Value Committee, composed only of the Company's Outside Directors and Outside Audit & Supervisory Board Members, shall deliberate the Acquisition Proposal, under legal obligations as the Directors or the Audit & Supervisory Board Members of the Company, to determine if the proposal secures and improves 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 obviously against the directors' duty of care.

(4) Requirements enhancing objectivity

To enhance the objectivity of judgment relating to the Plan, the Plan specifies when the Corporate Value Committee must issue a Recommendation Resolution, as stated in Paragraph II. 3. above.

(5) Yearly revision of the Plan

Subject to Approval Resolution, 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 circumstances 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 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 reflection of 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 to 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 any Gratis Allotment of Subscription Rights to Shares or make an acquisition of Subscription Rights to Shares without consideration 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 not to effect a Gratis Allotment of Subscription Rights to Shares except for 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, 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 exchange for 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, 2018 to place the Approval Resolution Proposal of the Plan before the Ordinary General Meeting of Shareholders. Consents were 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 underlying Subscription Rights to Shares
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 contributed 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 paid 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 substantively) may not be exercised.
 - (2) Rights holders may exercise the Subscription Rights to Shares only when documentation that includes a representations and warranties clause in respect to the satisfaction of the condition under 5. (1) above (including the satisfaction of the above condition by a third party in case of the exercise on behalf of the said 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 the 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 by the Company would allow said party to exercise the 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 underlying 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 pay 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 the application to exercise the Subscription Rights to Shares becomes effective, and an amount that corresponds to the full amount of the exercise price of the shares underlying the Subscription Rights to Shares 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 on or 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 mentioned 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 other than “Specified Acquirer and Related Parties”) 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, which shall be on or later than 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 (and with the condition of transfer restriction 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 enforced acquisition of the Subscription Rights to Shares by the Company shall be as stipulated by the Board of Directors pursuant to the similar procedure set forth in 5. (2) above.

9. Increase in capital stock and legal capital surplus

Matters regarding the capital 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 to be 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, the Company 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