

(Translation)

July 31, 2015

Dear Sirs,

Name of the Company: NH Foods Ltd.

Representative: Juichi Suezawa  
President and Representative Director

(Code No. 2282, First Section of the Tokyo Stock Exchange)

Person to contact: Shigeru Nakajima  
Executive Officer, General Manager of  
Public & Investor Relations Department,  
Corporate Management Division

### **Notice of Capital and Business Alliance with Chubu Shiryo Co., Ltd.**

It is hereby notified that NH Foods Ltd. (the "Company"), at the meeting of its Board of Directors held on July 31, 2015, adopted a resolution to enter into a capital and business alliance agreement with Chubu Shiryo Co., Ltd. (Code No. 2053, First Section of the Tokyo Stock Exchange; the "Chubu Shiryo") to form a capital and business alliance (the "Alliance"), as described below:

#### Description

##### 1. Reasons for and aims of the capital and business alliance:

The NH Foods Group (the "Group"), in its "New Medium-Term Management Plan Part 5" (from April 1, 2015 through March 31, 2018), declares the "Creating a stable business model through reform" as its theme, whereby further accelerating the growth strategy shift, and positions the three years to establish a foothold in order to advance onto the new stage, marking a milestone in the achieving of long-range Group ideals for ten years from now.

To be specific, the Group has exerted group-wide efforts on marketing, branding and human resource development to promote business model innovation and corporate culture reformation. The linchpins of these efforts will be the establishment of competitive advantage of domestic businesses, based on the Group's integration system, one of its strengths, and expansion of overseas businesses in order for us to increase global market sales.

In the food and fresh meats industry, it is necessary to respond to consumers' increasing awareness of food safety, intensifying global competition for foods and competition beyond industry boundaries and accordingly, the Group is required to increase the perfection of its integration system, one of its strengths, and further promote efficiencies and add value to its products. Under these circumstances, compound feed used in the upstream business (business of production and breeding of pork, poultry, beef, etc.), which holds a prominent

position in the integration system, is expected to grow more and more important as the core of the expansion of the Group's businesses.

Chubu Shiryo, as a general compound feed manufacturer, declares "contributing to society through work of special characteristic" as its management philosophy and with its ideals of a "feed manufacturer that continues to support domestic production of good-quality animal and marine products to meet consumers demand", engages principally in the business of development, manufacture and sale of feed having safe and economical properties by utilizing cutting-edge manufacturing facilities and compounding techniques at all time. Furthermore, the Chubu Shiryo group develops a wide range of business, with Chubu Shiryo engaging in the sale of eggs and animal and marine products and the manufacture and sale of organic mixed fertilizers and with its group companies engaging in pet food and environment maintenance equipment.

The Company has for years had a close trade relationship with Chubu Shiryo through stable supply of compound feed, as well as joint development of brand fresh meats. Based on such relationship, both companies have been negotiating in sincerity to establish and deepen a more cooperative framework. Consequently, both companies today agreed to enter into a business alliance comprising the establishment of stable supply of compound feed as a basis thereof, joint development of value added fresh meat products and differentiated compound feed and the improvement of "fresh meats traceability" to further enhance the "safety" of foods. Both companies also shared the recognition that if the Group and Chubu Shiryo entered into a capital alliance and reciprocally held shares, their cooperative framework would be more solid and permanent, and agreed to conclude a capital and business alliance agreement.

The Alliance is expected to enable the Company to deepen its "integration system", materialize quantitative expansion of, and higher value addition to, fresh meats production through stable procurement of good-quality compound feed and enhance the safety of fresh meats through improved traceability. Chubu Shiryo, on the other hand, is expected to increase trade volume of compound feed and differentiated feed through the strengthened relationship as a material strategic partner sustaining the Company's policies. Thus, both companies believe the Alliance will contribute to enhancing their respective corporate values.

## 2. Content of the capital and business alliance, etc.:

### (1) Content of the Alliance:

The Group and Chubu Shiryo will cooperate with each other to achieve the following aims:

- (i) Chubu Shiryo will establish a stable supply system to meet the Group's demand for compound feed for the domestic production of animal and marine products;
- (ii) The Group will develop new brand fresh meats and value added animal and marine products, enhance productivity and sell such products, and Chubu Shiryo will develop, and establish supply of, feed differentiated for such production by the Group; and
- (iii) The Group and Chubu Shiryo will obtain third-party certifications to improve fresh meats traceability back to compound feed, and enhance food safety.

(2) Prices for the acquisition of the shares of the counterparty to be acquired:

Upon a capital increase through the third-party allocation of shares (the "Capital Increase") by Chubu Shiryo to the Group pursuant to the Alliance, the Group will subscribe for 1,725,000 shares (the shareholding ratio of the Group: 7.47% (see No. 1)) of common stock of Chubu Shiryo for 1,064 yen per share, totaling 1,835.4 million yen. For the purpose of the subscription, the Company, as well as its 100% subsidiaries Nippon White Farm Co., Ltd. and Interfarm Co., Ltd., will subscribe for the shares in the following numbers:

Company name	Number of shares held before the Capital Increase	Number of shares to be subscribed for in the Capital Increase	Number of shares to be held after the Capital Increase
NH Foods, Ltd.	386,400 shares (1.46%)	558,600 shares	945,000 shares (3.34%)
Nippon White Farm Co., Ltd.		583,200 shares	583,200 shares (2.06%)
Interfarm Co., Ltd.		583,200 shares	583,200 shares (2.06%)
Total	386,400 shares (1.46%)	1,725,000 shares	2,111,400 shares (7.47%)

Note 1: The shareholding ratio after the Capital Increase is calculated based on 26,535,508 shares, the total number of issued shares of Chubu Shiryo as of March 31, 2015, plus 1,725,000 shares expected to be subscribed for by the Group. Chubu Shiryo today publicized "Notice of Offering of Shares of Common Stock for Subscription through Third-Party Allocation". Except for the number of shares to be subscribed for by the Group, no increase in the number of shares of common stock through such offering is taken into account.

(3) Number of shares of the Company to be acquired by the counterparty and the ratio thereof to the total number of issued shares:

Chubu Shiryo has declared that it will use up to 1,823 million yen (see Note 2), the estimated proceeds from the Capital Increase, to purchase the shares of the Company on the market for the period from August 21, 2015 to September 30, 2015.

Note 2: Based on the closing price of the shares of the Company on July 30, 2015, 3,070 yen per share, Chubu Shiryo is expected to acquire 593,000 shares of the Company through the Alliance: the number of shares of the Company to be held by Chubu Shiryo after the Capital Increase will be 803,000 shares, including 210,000 shares currently held by Chubu Shiryo and its shareholding ratio after the Capital Increase will be 0.39%.

3. Outline of the counterparty to the business alliance:

(1) Trade name	Chubu Shiryo Co., Ltd.		
(2) Location	Head office:	14-6, Kitahama-machi, Chita City, Aichi Prefecture	
	Headquarters:	Nissay Sasashima Building 17F, 27-2, Meieki-Minami 1-chome, Nakamura-ku, Nagoya City, Aichi Prefecture	
(3) Representative's name and title	Masao Hisamitsu, President and Representative Director		
(4) Main business	Manufacture and sale of livestock and marine feed		
(5) Capital	¥2,695 million		
(6) Establishment	March 1949		
(7) Shareholders and shareholding ratios (as of March 31, 2015)		thousand shares	%
	Japan Trustee Services Bank, Ltd.	1,655	6.23
	Nippon Life Insurance Company	1,486	5.60
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	3.76
	Toyota Tsusho Corporation	945	3.56
	Hirano Shokusan Co., Ltd.	893	3.36
	The Bank of Yokohama, Ltd.	815	3.07
	Tokio Marine & Nichido Fire Insurance Co., Ltd.	754	2.84
	Marubeni Corporation	752	2.83
	Tohoku Grain Terminal Co., Ltd.	679	2.56
	Marunaka Stockholding Association	625	2.35
(8) Relationships between the Company and Chubu Shiryo	Capital relationship	The Company holds 386,400 shares of Chubu Shiryo. Chubu Shiryo holds 210,000 shares of the Company.	
	Personnel relationship	The Company has no personnel relationship with Chubu Shiryo required to be stated. No associated person or company of the Company has any personnel relationship with any associated person or company of Chubu Shiryo required to be specifically stated.	
	Business relationship	The Company sells animal products to Chubu Shiryo. The Company's 100% subsidiaries Nippon White Farm Co., Ltd. and Interfarm Co., Ltd. have business relationships with Chubu Shiryo for the purchase of compound feed.	
	Related party status	Chubu Shiryo does not fall under the category of related party of the Company. Any associated person or company of Chubu Shiryo does not fall under the category of related party of the Company.	

(9) Business results and financial positions of Chubu Shiryō for the most recent three fiscal years on a consolidated basis			
Fiscal year ended	March 31, 2013	March 31, 2014	March 31, 2015
Net assets	¥35,059 million	¥36,474 million	¥38,225 million
Total assets	¥66,062 million	¥65,382 million	¥65,408 million
Net assets per share	¥1,337.57	¥1,386.19	¥1,447.84
Net sales	¥136,473 million	¥152,879 million	¥154,984 million
Operating income	¥2,197 million	¥2,437 million	¥2,886 million
Ordinary income	¥2,267 million	¥2,829 million	¥3,007 million
Net income	¥1,275 million	¥1,945 million	¥1,614 million
Net income per share	¥48.77	¥74.09	¥61.29
Dividend per share	¥16.00	¥18.00	¥18.00

4. Time schedule:

(1) Resolution of the Board of Directors	July 31, 2015
(2) Conclusion of the capital and business alliance agreement	July 31, 2015
(3) Payment date	August 21, 2015 (expected)

5. Future outlook:

The effect of the Alliance on the Company's consolidated business results for the fiscal year ending March 31, 2016 is expected to be insignificant. However, the Company believes that it will contribute to increasing its business results and corporate value on a medium- and long-term basis.

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