Calbee, Inc.
TSE 1st Section: Code No. 2229

US Subsidiary's Acquisition of Equity Interest of US Joint Venture Company

Tokyo, February 1, 2017—Calbee, Inc. (hereafter "Calbee") resolved on January 23, 2017 that Calbee America, Inc. (hereafter "CAI") would acquire the entire equity interest held by R.D. Offutt Company (hereafter "RDO") in Calbee North America, LLC (hereafter "CNA"), of which previously RDO and CAI each held a 50/50 interest. This transaction was completed on January 31, 2017, making CNA a fully-owned subsidiary of CAI.

1. Reason for acquisition of equity interest

In 2006 Calbee established a joint venture with RDO, a major potato producer, to produce materials for Calbee's potato-based snack product *Jagabee*, with the aim of acquiring business knowhow in the US and securing stable supply of raw materials. In 2012, with the aim of further strengthening the North American snack business, CAI's snack foods manufacturing and selling business was transferred to the joint venture, which was renamed CNA. CNA's sales have grown substantially since it was established, and having fulfilled its objectives, the joint venture between Calbee and RDO was dissolved to enable both parties to pursue their own growth strategies. As a fully-owned subsidiary of Calbee Group, CNA will utilize its knowhow in product development, production and marketing as it aims to become a company with 50 billion yen sales in North America.

2. Outline of company being made a fully-owned subsidiary (Calbee North America, LLC)

(1) Name	Calbee North America, LLC	
(2) Location	Oregon, U.S.A.	
(3) Representative Director	CEO, Akira Matsumoto	
(4) Main business	Manufacture and sales of snack foods	
(5) Capital	USD 18 million (as of January 31, 2017)	
(6) Date of establishment	August 21, 2006	
(7) Main shareholders and ownership ratio	Calbee America, Inc. 50% R.D. Offutt Company 50%	
(8) Relationship with Calbee	Capital relationship	Consolidated subsidiary of Calbee.
	Personal relationship	The representative Director is Calbee's Chairman of the Board & CEO.
	Business relationship	Receiving funding from Calbee. Sales of pellet to Calbee.
	Status of related parties	Consolidated subsidiary of Calbee.

(9) Business results and financial status for the past three years			
Accounting period	FY2014/12	FY2015/12	FY2016/12
Net assets	USD 48 million	USD 50 million	USD 59 million
Total assets	USD 77 million	USD 107 million	USD 107 million
Sales	USD 95 million	USD 119 million	USD 119 million
Operating income	USD 23 million	USD 25 million	USD 14 million
Net income	USD 23 million	USD 24 million	USD 12 million

3. Outline of company acquiring equity interest

(1) Name	Calbee America, Inc.	
(2) Location	California, U.S.A.	
(3) Representative Director	CEO, Makoto Ehara	
(4) Main business	Investment in and holding of equity interest	
(5) Capital	USD 84 million (as of January 31, 2017)	
(6) Date of establishment	March 12, 1970	
(7) Main shareholders and ownership ratio	Calbee, Inc. 100%	
(8) Relationship with Calbee	Capital relationship	Consolidated subsidiary of Calbee.
	Personal relationship	The representative Director is Calbee's Executive Managing Officer.
	Business relationship	Receiving funding from Calbee.
	Status of related parties	Consolidated subsidiary of Calbee.

4. Outline of counterparty in acquisition of equity interest

(1) Name	R.D. Offutt Company	
(2) Location	North Dakoda, U.S.A.	
(3) Representative Director	CEO, Christi Offutt	
(4) Main business	Production and sales of potatoes	
(5) Year of establishment	1964	
(6) Relationship with Calbee	Capital relationship	There is no capital relationship between Calbee and RDO.
	Personal relationship	There are no personal relationships between Calbee and RDO.
	Business relationship	There are no business relationships between Calbee and RDO.
	Status of related parties	RDO is not an affiliate of Calbee.

5. Shareholding ratio of equity interest acquired, purchase price, and post-acquisition status of shareholdings

(1) Shareholding ratio before acquisition	50.0%
(2) Shareholding ratio acquired	50.0%
(3) Purchase price	USD 85 million
(4) Shareholding ratio after acquisition	100.0%

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6. Timetable

Date of resolution by Board of Directors	January 23, 2017
Date of agreement of transfer of equity interest	January 23, 2017
Date of acquisition of equity interest	January 31, 2017

7. Impact on forecasts of Calbee

As Calbee North America, LLC was included within Calbee's scope of consolidation prior to this acquisition of equity interest, it is not expected to have a material impact on Calbee's consolidated business results.

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