

(TRANSLATION)

Security Code: 2282
June 6, 2017

To the Shareholders:

Notice of the 72nd Ordinary General Meeting of Shareholders

Please take notice that the 72nd Ordinary General Meeting of Shareholders of NH Foods Ltd. will be held as described below and you are cordially invited to be present at such meeting.

Since you can exercise your voting rights in writing even if you are not present at the meeting, please review the “Reference Document for the General Meeting of Shareholders” set forth below and send us by 5:00 p.m., June 27 (Tuesday), 2017, the enclosed voting form indicating your approval or disapproval of the propositions.

Yours very truly,

Juichi Suezawa
President and
Representative Director

NH Foods Ltd.
4-9, Umeda 2-chome,
Kita-ku, Osaka

Description

1. Date and hour of the meeting:

June 28 (Wednesday), 2017, at 10:00 a.m.
(Reception is scheduled to start at 9:00 a.m.)

2. Place of the meeting:

Sankei Hall Breeze, 7F Breeze Tower,
4-9, Umeda 2-chome, Kita-ku, Osaka

(TRANSLATION)

3. Matters forming the objectives of the meeting:

Matters to be reported:

1. Report on the business report, the consolidated financial statements, and the financial statements for the 72nd fiscal year (from April 1, 2016 to March 31, 2017)
2. Report on the results of audit of the consolidated financial statements for the 72nd fiscal year by the Accounting Auditors and the Audit & Supervisory Board

Matters for resolution:

Proposition No. 1: Share consolidation

Proposition No. 2: Election of 10 Directors

(TRANSLATION)

To the Shareholders

Enclosed is a notice of the 72nd Ordinary General Meeting of Shareholders of NH Foods Ltd. With the theme of “Creating a stable business model through reform” set out in the “New Medium-Term Management Plan Part 5” (from April 1, 2015 to March 31, 2018), the Group is committed to working as a fully united group to implement a wide range of management measures and achieve the targeted values for the final year of the Plan.

We look forward to our shareholders’ ongoing support.

June 2017

Juichi Suezawa
President and Representative Director

(TRANSLATION)

Reference Document for the General Meeting of Shareholders

1. Propositions and explanatory information relating thereto:

Proposition No. 1: Share consolidation

1. The reason that the share consolidation is necessary

Japanese stock exchanges have announced the “Action Plan for Consolidating Trading Units,” aiming to unify the trading units of common stock of domestic companies listed on Japanese stock exchanges to one hundred (100) shares by October 2018.

As a company listed on the Tokyo Stock Exchange, Inc., NH Foods Ltd., respecting this intention, has resolved at the meeting of the Board of Directors held on May 9, 2017 to change its number of shares constituting one share unit from one thousand (1,000) shares to one hundred (100) shares subject to approval of this proposition.

Also, in order to have our shareholders stably possess shares in NH Foods Ltd. and to not impact the rights of the shareholders, while taking into account the mid to long term stock price fluctuation, NH Foods Ltd. has decided to carry out a share consolidation (every two (2) shares will be consolidated into one (1) share) with a view to adjusting the investment unit to an appropriate level.

2. Details of the share consolidation

(1) Class of shares subject to the consolidation:

Common shares

(2) Consolidation ratio

Every two (2) shares of the common shares issued by NH Foods Ltd. will be consolidated into one (1) share.

(3) Effective date of share consolidation

April 1, 2018

(4) Total number of issuable shares as of the effective date of share consolidation

285,000,000 shares

(Reference)

Pursuant to Article 182, paragraph 2 and Article 195, paragraph 1 of the Companies Act of Japan, the Articles of Incorporation of NH Foods Ltd. will be amended effective April 1, 2018, without being subject to the shareholders’ resolution of the proposition regarding partial amendments of Articles of Incorporation. The details of the amendments are as follows.

(Underlines reflect the amendment.)

Current Articles of Incorporation	Proposition of amendments of Articles of Incorporation
(Total number of issuable shares) Article 6 The total number of issuable shares of NH Foods Ltd. shall be <u>570,000,000</u> shares.	(Total number of issuable shares) Article 6 The total number of issuable shares of NH Foods Ltd. shall be <u>285,000,000</u> shares.

(TRANSLATION)

(Share unit) Article 7 The share unit of NH Foods Ltd. shall be <u>1,000</u> shares.	(Share unit) Article 7 The share unit of NH Foods Ltd. shall be <u>100</u> shares.
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Also, please refer to pages 6 through 8 for “Q&A regarding Share Consolidation and Change in the Number of Shares Constituting One Share Unit.”

(TRANSLATION)

(Reference) Q&A regarding Share Consolidation and Change in the Number of Shares
Constituting One Share Unit

Q1 What is a share consolidation?

- A. Share consolidation means consolidating a number of shares to a smaller number of shares. NH Foods Ltd. will consolidate two (2) shares into one (1) share this time.

Q2 What is a change in the number of shares constituting one share unit?

- A. A change in the number of shares constituting one share unit means a change in the share units which are the basis of the number of voting rights at a General Meeting of Shareholders and the number of trading units on the stock exchanges. The number of shares constituting one share unit of NH Foods Ltd. will change from one thousand (1,000) shares to one hundred (100) shares this time.

Q3 What is the purpose of the share consolidation and the change in the number of shares constituting one share unit?

- A. Japanese stock exchanges including the Tokyo Stock Exchange (“TSE”) have announced the “Action Plan for Consolidating Trading Units,” aiming to unify the trading units of common stock of all domestic companies listed on the Japanese stock exchanges to one hundred (100) shares under a purpose to improve the convenience of market users including investors and strengthen the international competitiveness of the Japanese stock market.
As a company listed on the TSE, NH Foods Ltd., respecting this intention, has decided to change the trading unit of shares in NH Foods Ltd. from one thousand (1,000) shares to one hundred (100) shares. Also, in order to have our shareholders stably possess shares in NH Foods Ltd. while taking into account the mid to long term stock price fluctuation, NH Foods Ltd. has decided to carry out a share consolidation (every two (2) shares will be consolidated into one (1) share) with a view to adjusting the investment unit to an appropriate level

Q4 The number of shares owned will decline after the share consolidation. Will this affect asset value?

- A. While the number of shares owned by shareholders will be one-half after the share consolidation, the assets and capital of NH Foods Ltd. will not change before or after the share consolidation. Thus, the net asset value per share will double. Therefore, aside from market fluctuations or other factors, the shareholder’s asset value will not be affected by the share consolidation. Theoretically, the share price will also double after the consolidation.

(TRANSLATION)

Q5 What will happen to the dividends to be paid?

- A. Although the number of shares in NH Foods Ltd. owned by shareholders will become one-half after the share consolidation, we plan to set dividend per share taking the consolidation ratio (every two (2) shares will be consolidated into one (1) share) into account, after the effective date of the share consolidation. Therefore, the total dividends to be received by shareholders will not be changed due to the share consolidation. However, dividends will not be paid on the fractional shares (shares less than one share) resulting from the share consolidation.

Q6 What will happen to share ownership and voting rights?

- A. Share ownership after the share consolidation will be the number of shares recorded in the latest shareholder register as of March 31, 2018 (virtually March 30, 2018) multiplied by 1/2 (any fraction less than one share shall be rounded off). The number of voting rights will be one (1) per one hundred (100) shares owned.

Specifically, share ownership and voting rights will be as follows before and after the effective date of the share consolidation and change in the number of shares constituting one share unit.

	Before effective date		After effective date		
	Share ownership	Voting rights	Share ownership	Voting rights	Fractional shares
Example (1)	1,575 shares	1	787 shares	7	0.5 share
Example (2)	1,000 shares	1	500 shares	5	Nil.
Example (3)	999 shares	0	499 shares	4	0.5 share
Example (4)	200 shares	0	100 shares	1	Nil.
Example (5)	199 shares	0	99 shares	0	0.5 share
Example (6)	1 share	0	0 share	0	0.5 share

If fractional shares (shares less than one share) arise as a result of the share consolidation (as in Examples (1), (3), (5) and (6) above), all of such fractional shares shall be subject to a bulk sale by NH Foods Ltd. and the proceeds of the said sale shall be distributed to the shareholders who resulted in owning fractional shares in proportion to their respective fractional shareholdings. Such proceeds are scheduled to be paid around June 2018.

If a shareholder owns only one (1) share (Example (6) above) before the effective date of the share consolidation, such one (1) share will be disposed as a fractional share. As a result, no share will be held after the share consolidation in such case and such shareholder would lose its status as a shareholder. We regretfully ask for your understanding on this.

Q7 Is there any way to prevent fractional shares from arising?

- A. Disposal of fractional shares may be avoided by using the procedures of “request for NH Foods Ltd. to sell to them the number of shares needed to make up one share unit” or “request for NH Foods Ltd. to purchase their shares that are less than one share unit,” prior to the share consolidation taking effect. For the specific details on such procedures, please contact the securities company with which the shareholder has business or the shareholder register manager of NH Foods Ltd. as stated below if the shareholder does not hold an account at a

(TRANSLATION)

securities company.

Q8 Shares less than one share unit may arise even after the share consolidation. Is NH Foods Ltd. willing to purchase such shares or sell additional shares?

A. Procedures for “request for NH Foods Ltd. to sell to them the number of shares needed to make up one share unit” or “request for NH Foods Ltd. to purchase their shares that are less than one share unit” can be used even after the share consolidation. For the specific details of such procedures, please contact your securities company or the shareholder register manager of NH Foods Ltd. as stated below if the shareholder does not hold an account at a securities company.

Q9 Are there certain procedures which need to be undertaken by the shareholders?

A. There are no special procedures to be taken.

Q10 What will happen to the shareholder benefit plan?

A. NH Foods Ltd. is considering to review the shareholder benefit plan. The details will be announced at a later date.

Q11 Please tell us the specific schedule of your plan.

A. Our schedule is as follows:

June 28, 2017	Resolution at the Ordinary General Meeting of Shareholders
March 27, 2018	Final trading day under 1,000 share unit
March 28, 2018	First trading day under 100 share unit
April 1, 2018	Effective date of change in share unit and share consolidation
Mid-May 2018	Sending out notice of share allotment (scheduled)
Early June 2018	Payment of disposal proceeds of fractional shares (scheduled)

[Inquiries]

If you have any questions regarding share consolidation or change in the number of shares constituting one share unit, please contact your securities company or the following account management institution regarding special accounts (shareholder register manager).

Osaka Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 3-6-3, Fushimi-machi, Chuo-ku, Osaka, 541-8502 Telephone: 0120-094-777 (toll-free) Hours: 9:00 to 17:00 (except Saturdays, Sundays and public holidays)

(TRANSLATION)

Proposition No. 2: Election of 10 Directors

The term of office of all 10 Directors currently in office will expire at the closing of this General Meeting of Shareholders. It is therefore proposed that 10 Directors be elected.

The candidates for Directors are as follows. Among the candidates for Directors, the candidates for Outside Directors satisfy the requirements for independent officer as stipulated by Tokyo Stock Exchange, Inc. NH Foods Ltd. has determined that the candidates for Outside Directors are deemed to be independent of NH Foods Ltd., having checked them against the “Criteria on Independence of Outside Officers” described on page 37

Candidate No.	Name	Current title and responsibilities	Number of attendance to the Board of Directors meetings
1	Juichi Suezawa (Reappointment)	President and Representative Director (President and CEO)	19/19 (100%)
2	Yoshihide Hata (Reappointment)	Vice President and Representative Director (Executive Vice President), General Manager of Corporate Management Division	19/19 (100%)
3	Kazunori Shinohara (Reappointment)	Vice President and Representative Director (Executive Vice President), in charge of Group business restructuring	19/19 (100%)
4	Koji Kawamura (Reappointment)	Representative Director and Senior Managing Executive Officer, General Manager of Processed Foods Business Division	18/19 (94.7%)
5	Hiroji Okoso (Reappointment)	Director and Senior Managing Executive Officer, General Manager of Overseas Business Division	19/19 (100%)
6	Katsumi Inoue (Reappointment)	Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division	19/19 (100%)
7	Tetsuhiro Kito (Reappointment)	Director and Managing Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division	18/19 (94.7%)
8	Hajime Takamatsu (Reappointment)	Director and Managing Executive Officer, in charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Accounting & Finance Department and IT Strategy Department of Corporate Management Division, and General Manager of Tokyo Branch Office	19/19 (100%)
9	Toshiko Katayama (Reappointment) Outside Director Independent Officer	Director	19/19 (100%)
10	Iwao Taka (Reappointment) Outside Director Independent Officer	Director	18/19 (94.7%)

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
1	Juichi Suezawa (March 20, 1954) <19,000 shares> (Reappointment) (5 years) (19/19 100%)	April 1976 April 1997 May 1997 May 1999 April 2002 June 2003 June 2004 April 2011 April 2012 June 2012 April 2014 April 2015	Joined Nippon Meat Packers, Inc. Seconded to Nippon Food Kanto Hokuriku Co., Ltd.; General Manager of Nippon Food Kanto Hokuriku Co., Ltd. Director of Nippon Food Kanto Hokuriku Co., Ltd. Representative Director and Managing Executive of Nippon Food Kanto Hokuriku Co., Ltd. President and Representative Director of Nippon Food, Inc. Representative Director and Senior Managing Executive of Hoko Co., Ltd. President and Representative Director of Hoko Co., Ltd. Executive Officer, General Manager of Overseas Fresh Meats Operations Division, Fresh Meats Business Division, General Manager of Operations Management Office, Overseas Fresh Meats Operation Division, and General Manager of Operations Management, Asia and EU of Nippon Meat Packers, Inc. Managing Executive Officer, General Manager of Fresh Meats Business Division of Nippon Meat Packers, Inc. Director and Managing Executive Officer, General Manager of Fresh Meats Business Division of Nippon Meat Packers, Inc. Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of Nippon Meat Packers, Inc. President and Representative Director (President and CEO) of NH Foods Ltd., to date
Reason for nomination as a candidate for Director Mr. Juichi Suezawa, since taking office as a Director of NH Foods Ltd., has led the field of Fresh Meats Business, and since April 2015 has led management of the Group as President and Representative Director of NH Foods Ltd. He has contributed to further development of the Group through implementation of various measures of the New Medium-Term Management Plan Part 5, and has fulfilled his role as a Director. We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by continuing to use his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
2	Yoshihide Hata (May 20, 1958) <19,000 shares> (Reappointment) (6 years) (19/19 100%)	April 1981 March 2003 March 2007 April 2008 April 2009 April 2011 June 2011 April 2012 April 2015	Joined Nippon Meat Packers, Inc. Assistant General Manager of Accounting Department Deputy General Manager of Accounting Department, Corporate Planning Division of Nippon Meat Packers, Inc. General Manager of Accounting & Finance Department of Nippon Meat Packers, Inc. Executive Officer, General Manager of Accounting & Finance Department of Nippon Meat Packers, Inc. Executive Officer, General Manager of Accounting & Finance Department and in charge of IT Planning Department of Nippon Meat Packers, Inc. Director and Executive Officer, General Manager of Accounting & Finance Department and in charge of IT Planning Department of Nippon Meat Packers, Inc. Director and Managing Executive Officer, General Manager of Corporate Management Division, in charge of Accounting & Finance Department and IT Strategy Department of Nippon Meat Packers, Inc. Vice President and Representative Director (Executive Vice President), General Manager of Corporate Management Division of NH Foods Ltd., to date
Reason for nomination as a candidate for Director Mr. Yoshihide Hata, since taking office as a Director of NH Foods Ltd., has led accounting and finance as well as group management, and since April 2015, has led business operations as Vice President and Representative Director, as well as General Manager of Corporate Management Division of NH Foods Ltd. He has contributed to further development of the Group through implementation of various measures of the New Medium-Term Management Plan Part 5, and has fulfilled his role as a Director. We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by continuing to use his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
3	Kazunori Shinohara (September 25, 1954) <9,000 shares> (Reappointment) (2 years) (19/19 100%)	April 1979 March 2001 April 2003 March 2004 April 2004 April 2005 April 2006 April 2007 July 2007 April 2008 April 2010 April 2012 April 2014 April 2015 June 2015 April 2016 April 2017	Joined Nippon Meat Packers, Inc. General Manager of Business Reform Office, Processed Foods Business Division of Nippon Meat Packers, Inc. Assistant General Manager of Corporate Planning Department of Nippon Meat Packers, Inc. Deputy General Manager of Corporate Planning Department of Nippon Meat Packers, Inc. Deputy General Manager of Corporate Planning Department, Corporate Planning Division of Nippon Meat Packers, Inc. General Manager of China Business Promotion Office, International Affairs Department of Nippon Meat Packers, Inc. General Manager of Shanghai Office, International Affairs Department of Nippon Meat Packers, Inc. Branch Manager of Shanghai Office, Corporate Strategy Office, Corporate Planning Division of Nippon Meat Packers, Inc. Assistant General Manager of Corporate Strategy Office, Corporate Planning Division of Nippon Meat Packers, Inc. General Manager of Corporate Strategy Office, Corporate Management Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Administrative Division, Fresh Meats Business Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Administrative Division and Business Planning Office, Fresh Meats Business Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Affiliated Business Division of NH Foods Ltd. Director and Executive Officer, General Manager of Affiliated Business Division of NH Foods Ltd. Director and Managing Executive Officer, General Manager of Affiliated Business Division of NH Foods Ltd. Vice President and Representative Director (Executive Vice President), in charge of Group business restructuring of NH Foods Ltd., to date

(TRANSLATION)

Reason for nomination as a candidate for Director

Mr. Kazunori Shinohara, since taking office as a Director of NH Foods Ltd., has led the field of Affiliated Business, and since April 2017, has led business operations as Vice President and Representative Director in charge of Group business restructuring of NH Foods Ltd. He has contributed to further development of the Group through implementation of various measures of the New Medium-Term Management Plan Part 5, and has fulfilled his role as a Director.

We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by continuing to use his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
4	Koji Kawamura (January 17, 1961) <13,000 shares> (Reappointment) (7 years) (18/19 94.7%)	April 1983 March 2004 April 2004 April 2007 April 2008 April 2009 April 2010 June 2010 April 2015	Joined Nippon Meat Packers, Inc. Assistant General Manager of Corporate Planning Department of Nippon Meat Packers, Inc. Assistant General Manager of Corporate Planning Department, Corporate Planning Division of Nippon Meat Packers, Inc. General Manager of Corporate Planning Department, Corporate Planning Division of Nippon Meat Packers, Inc. General Manager of Corporate Planning Department, Corporate Management Division of the Group of Nippon Meat Packers, Inc. Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division of the Group of Nippon Meat Packers, Inc. Executive Officer, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc. Director and Executive Officer, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc. Representative Director and Senior Managing Executive Officer, General Manager of Processed Foods Business Division of NH Foods Ltd., to date
Reason for nomination as a candidate for Director Mr. Koji Kawamura, since taking office as a Director of NH Foods Ltd., has led the field of Affiliated Business, and since April 2015, has led business operations in the field of Processed Foods Business as Representative Director and Senior Managing Executive Officer. He has contributed to further development of the Group through implementation of various measures of the New Medium-Term Management Plan Part 5, and has fulfilled his role as a Director. We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by continuing to use his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
5	Hiroji Okoso (January 7, 1956) <1,075,259 shares> (Reappointment) (27 years) (19/19 100%)	April 1980 March 1990 June 1990 March 1991 June 1992 June 1994 July 1994 June 1995 June 1996 August 2002 April 2003 August 2003 April 2005 December 2005	Joined Nippon Meat Packers, Inc. Assistant General Manager of Sales Planning Department of Nippon Meat Packers, Inc. Director, General Manager of Market Development Office, General Manager of Sales Planning Department of Nippon Meat Packers, Inc. Director, General Manager of Sales Planning Department of Nippon Meat Packers, Inc. Executive Managing Director, General Manager of Sales Planning Department of Nippon Meat Packers, Inc. Senior Executive Managing Director, General Manager of Sales Planning Department of Nippon Meat Packers, Inc. Senior Executive Managing Director, General Manager of Marketing Division of Nippon Meat Packers, Inc. Senior Executive Managing Director, General Manager of Kinki Area Business Division, General Manager of Marketing Division of Nippon Meat Packers, Inc. President and Representative Director of Nippon Meat Packers, Inc. Senior Executive Managing Director, General Manager of Tokyo Branch Office of Nippon Meat Packers, Inc. Director and Managing Executive Officer, General Manager of Tokyo Branch Office, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc. Representative Director of Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd. Director and Managing Executive Officer, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc. Director and Managing Executive Officer, General Manager of Operations Management Department, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc.

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
5	Hiroji Okoso (January 7, 1956) <1,075,259 shares> (Reappointment) (27 years) (19/19 100%)	April 2006	Director and Managing Executive Officer, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc.
		April 2007	Director and Senior Managing Executive Officer, General Manager of Affiliated Business Division of Nippon Meat Packers, Inc.
		April 2008	Director and Senior Managing Executive Officer, in charge of Quality Assurance Department, Customer Communications Department and Research & Development Center, General Manager of Tokyo Branch Office of Nippon Meat Packers, Inc.
		April 2009	Director and Senior Managing Executive Officer, in charge of Quality Assurance Department, Customer Communications Department and Research & Development Center, General Manager of Tokyo Branch Office of Nippon Meat Packers, Inc.
		April 2011	Director and Senior Managing Executive Officer, in charge of Quality Assurance Department, Customer Communications Department and Audit Department, General Manager of Tokyo Branch Office of Nippon Meat Packers, Inc.
		April 2014	Director and Senior Managing Executive Officer, in charge of Quality Assurance Department and Customer Communications Department, and General Manager of Tokyo Branch Office of Nippon Meat Packers, Inc.
		April 2015	Director and Senior Managing Executive Officer, in charge of Quality Assurance Department, Customer Service Department, and General Manager of Tokyo Branch Office of NH Foods Ltd.
		April 2016	Director and Senior Managing Executive Officer, General Manager of Overseas Business Division of NH Foods Ltd., to date
Reason for nomination as a candidate for Director			
Mr. Hiroji Okoso, since taking office as a Director of NH Foods Ltd., has led NH Foods Ltd. in sales planning, as President and Representative Director, in the field of Affiliated Business, quality assurance and customer service, and has led business operations in the field of Overseas Business. He has contributed to further development of the Group through implementation of various measures of the New Medium-Term Management Plan Part 5, and has fulfilled his role as a Director. We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by continuing to use his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
6	Katsumi Inoue (January 16, 1956) <6,110 shares> (Reappointment) (2 years) (19/19 100%)	April 1978 January 1985 April 2003 Joined Nippon Meat Packers, Inc. Seconded to Nippon Meat Packers Australia Pty. Ltd. Executive Officer of Nippon Meat Packers, Inc., Vice President and Director, General Manager of Production Management of Nippon Meat Packers Australia Pty. Ltd. June 2004 Executive Officer of Nippon Meat Packers, Inc., Vice President and Director, General Manager of Production Management of Nippon Meat Packers Australia Pty. Ltd., President and Director of M.Q.F. Pty. Ltd. October 2004 Executive Officer of Nippon Meat Packers, Inc., Vice President and Director of Nippon Meat Packers Australia Pty. Ltd., President and Director of M.Q.F. Pty. Ltd. April 2006 Executive Officer, General Manager of Production Management, Australia, Fresh Meats Business Division of Nippon Meat Packers, Inc., Vice President and Director of Nippon Meat Packers Australia Pty. Ltd. April 2007 Executive Officer, General Manager of Operations Management, Australia, Fresh Meats Business Division of Nippon Meat Packers, Inc., President and Director of Nippon Meat Packers Australia Pty. Ltd. April 2012 Executive Officer, in charge of Special Mission, Fresh Meats Business Division of Nippon Meat Packers, Inc. April 2013 Executive Officer, General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc. February 2015 Executive Officer, General Manager of Imported Fresh Meats Sales Division, Chilled Beef Department and Frozen Beef Department, Fresh Meats Business Division of NH Foods Ltd. April 2015 Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of NH Foods Ltd. June 2015 Director and Senior Managing Executive Officer, General Manager of Fresh Meats Business Division of NH Foods Ltd., to date	
Reason for nomination as a candidate for Director Mr. Katsumi Inoue, since taking office as a Director of NH Foods Ltd., has led business operations in the field of Fresh Meats Business. He has contributed to further development of the Group through implementation of various measures of the New Medium-Term Management Plan Part 5, and has fulfilled his role as a Director. We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by continuing to use his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
7	Tetsuhiro Kito (February 9, 1960) <8,000 shares> (Reappointment) (2 years) (18/19 94.7%)	April 1982 March 2002 September 2002 March 2007 April 2009 April 2011 April 2013 April 2015 June 2015 April 2017	Joined Nippon Meat Packers, Inc. Assistant General Manager of Imported Broiler Department, Fresh Meats Business Division of Nippon Meat Packers, Inc. General Manager of Imported Broiler Department, Fresh Meats Business Division of Nippon Meat Packers, Inc. General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division of Nippon Meat Packers, Inc. General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of General Merchandising Division, Sales & Marketing Division, Processed Foods Business Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd. Director and Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd. Director and Managing Executive Officer, General Manager of Sales & Marketing Division, Processed Foods Business Division of NH Foods Ltd., to date
Reason for nomination as a candidate for Director Mr. Tetsuhiro Kito, since taking office as a Director of NH Foods Ltd., has led business operations in the field of Processed Foods Business. He has contributed to further development of the Group through implementation of various measures of the New Medium-Term Management Plan Part 5, and has fulfilled his role as a Director. We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by continuing to use his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
8	Hajime Takamatsu (June 16, 1957) <6,000 shares> (Reappointment) (2 years) (19/19 100%)	April 1981 April 2005 April 2007 April 2008 October 2008 April 2012 April 2013 April 2014 April 2015 June 2015	Joined Nippon Meat Packers, Inc. Assistant General Manager of Marketing Office, Processed Foods Business Division of Nippon Meat Packers, Inc. General Manager of Distribution Development Office, Administrative Division, Processed Foods Business Division of Nippon Meat Packers, Inc. Assistant General Manager of Corporate Strategy Office, Corporate Management Division of Nippon Meat Packers, Inc. General Manager of Corporate Strategy Office, Corporate Management Division of Nippon Meat Packers, Inc. Executive Officer, General Manager of General Affairs Department, in charge of Human Resources Department and Legal Affairs Department of Nippon Meat Packers, Inc. Executive Officer, in charge of General Affairs Department, Human Resources Department, Legal Affairs Department and Engineering Department of Nippon Meat Packers, Inc. Executive Officer, General Manager of Corporate Planning Department, Corporate Management Division, in charge of Research & Development Center of Nippon Meat Packers, Inc. Executive Officer, General Manager of Corporate Planning Department, in charge of CSR Department and IT Strategy Department, Corporate Management Division, and in charge of Research & Development Center of NH Foods Ltd. Director and Executive Officer, General Manager of Corporate Planning Department, in charge of CSR Department and IT Strategy Department, Corporate Management Division, and in charge of Research & Development Center of NH Foods Ltd.

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
8	Hajime Takamatsu (June 16, 1957) <6,000 shares> (Reappointment) (2 years) (19/19 100%)	April 2016	Director and Executive Officer, in charge of Quality Assurance Department and Customer Service Department, in charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Accounting & Finance Department, IT Strategy Department of Corporate Management Division, and General Manager of Tokyo Branch Office of NH Foods Ltd.
		April 2017	Director and Managing Executive Officer, in charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Accounting & Finance Department and IT Strategy Department of Corporate Management Division, and General Manager of Tokyo Branch Office of NH Foods Ltd., to date
Reason for nomination as a candidate for Director Mr. Hajime Takamatsu, since taking office as a Director of NH Foods Ltd., has led business operations in the field of corporate planning, quality assurance, customer service and corporate management. He has contributed to further development of the Group through implementation of various measures of the New Medium-Term Management Plan Part 5, and has fulfilled his role as a Director. We have deemed that he is the appropriate personnel to contribute to the sustainable improvement of NH Foods Ltd.'s corporate value by continuing to use his rich work experience and knowledge for management as a Director, and so have nominated him as a candidate for Director.			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
9	Toshiko Katayama (June 3, 1953) <- shares> (Candidate for Outside Director) (Independent Officer) (Reappointment) (9 years) (19/19 100%)	August 1977 April 1980 April 1988 April 1993 July 2005 June 2008	Appointed as Legal Clerk for Osaka Family Court Appointed as Legal Secretary for Family Division of Osaka Family Court Registered with the Osaka Bar Association Established Katayama Toshiko Law Office Established Katayama, Kuroki and Hiraizumi Law Office (current Katayama and Hiraizumi Law Office), to date Director of Nippon Meat Packers, Inc., to date (Important concurrent office) Attorney at law of Katayama and Hiraizumi Law Office Vice Chairperson of Kansai Consumer's Support Organization Auditor of Sumitomo Life Welfare and Culture Foundation Auditor of National Cerebral and Cardiovascular Center
Reason for nomination as a candidate for Director Ms. Toshiko Katayama, since taking office as a Director of NH Foods Ltd., has attended meetings of the Compensation Committee as its chairperson, the Executive Appointments Committee as a member, and the Compliance Committee as a member, actively sharing her opinions, and fulfilling her role as an Outside Director of NH Foods Ltd. We have deemed her to be appropriate personnel as an Outside Director to oversee administration of business because of her expert knowledge as a lawyer and her rich experience concerning consumer issues, and so have continued to nominate her as a candidate for Outside Director.			

(TRANSLATION)

Candidate No.	Name (Date of birth) <Number of shares of NH Foods Ltd. held by Candidate>	Brief history	
10	Iwao Taka (March 10, 1956) <- shares> (Candidate for Outside Director) (Independent Officer) (Reappointment) (7 years) (18/19 94.7%)	September 1991 April 1994 April 2001 April 2002 June 2005 April 2007 April 2008 April 2009 June 2010 June 2015 June 2016	Fisher-Smith Visiting Fellow of the Wharton School of Business, University of Pennsylvania Full-time lecturer of Faculty of International Economics, Reitaku University Professor of Faculty of International Economics (Current Faculty of Economics), Reitaku University, to date Professor of School of International Economics (Current School of Economics), Graduate School, Reitaku University, to date Outside Director of Mitsui Sumitomo Insurance Company, Ltd. Visiting Professor of Business Management Graduate School, Kyoto University Outside Director of Mitsui Sumitomo Insurance Group Holdings, Inc. Dean of Faculty of Economics Reitaku University Director of Nippon Meat Packers, Inc., to date Outside Statutory Auditor of Mitsubishi Estate Company, Limited Outside Director (Audit and Supervisory Committee Member) of Mitsubishi Estate Company, Limited, to date (Important concurrent office) Professor of Faculty of Economics, Reitaku University Professor of School of Economics, Graduate School, Reitaku University Outside Director (Audit and Supervisory Committee Member) of Mitsubishi Estate Company, Limited
Reason for nomination as a candidate for Director Mr. Iwao Taka, since taking office as a Director of NH Foods Ltd., has attended meetings of the Executive Appointments Committee as its chairperson, the Compensation Committee as a member, and the Corporate Value Enhancement Committee as a member, actively sharing his opinions, and fulfilling his role as an Outside Director of NH Foods Ltd. We have deemed him to be appropriate personnel as an Outside Director to oversee administration of business because of his long years of continued research on corporate ethics and CSR, and his broad insight on international economics, and so have continued to nominate him as a candidate for Outside Director.			

- (Notes) 1. No candidates for Directors have a special relation of interest with NH Foods Ltd.
2. Liability limitation agreement with Outside Directors:
NH Foods Ltd., to allow it to hire useful human resources as candidates for Outside Directors, provides in its Articles of Incorporation currently in effect that it may enter into an agreement with any Outside Directors to limit the liability to NH Foods Ltd. for any damage to a certain extent. Accordingly, NH Foods Ltd. has entered into such liability limitation agreement with candidates for Outside Director Ms. Toshiko Katayama and Mr. Iwao Taka.

The outline of the content of such agreement is as follows:

- If any Outside Director is liable to NH Foods Ltd. for any damage arising from a

(TRANSLATION)

default in his/her duties, he/she shall be liable within the minimum liability amount as provided for in Article 425, paragraph 1 of the Companies Act of Japan.

- The above-mentioned liability limitation shall apply only if and when the Outside Director is in good faith and with no gross negligence in the performance of his/her duties that caused such liability.

(TRANSLATION)

Matters concerning the Officers of NH Foods Ltd.:

* As supplementary information to the propositions, “4. Matters concerning the Officers of NH Foods Ltd.” in the Business Report for the 72nd fiscal year is stated as follows.

(1) Names of Directors and Audit & Supervisory Board Members, etc. (as of March 31, 2017):

Title	Name	Assignment and concurrent holding of important offices
President and Representative Director (President and CEO)	Juichi Suezawa	
Vice President and Representative Director (Executive Vice President)	Yoshihide Hata	General Manager of Corporate Management Division
Representative Director (Senior Managing Executive Officer)	Koji Kawamura	General Manager of Processed Foods Business Division
Director (Senior Managing Executive Officer)	Hiroji Okoso	General Manager of Overseas Business Division
Director (Senior Managing Executive Officer)	Katsumi Inoue	General Manager of Fresh Meats Business Division
Director (Managing Executive Officer)	Kazunori Shinohara	General Manager of Affiliated Business Division
Director (Executive Officer)	Tetsuhiro Kito	General Manager of Sales & Marketing Division, Processed Foods Business Division
Director (Executive Officer)	Hajime Takamatsu	In charge of Quality Assurance Department and Customer Service Department; in charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Accounting & Finance Department and IT Strategy Department of Corporate Management Division; and General Manager of Tokyo Branch Office
Director	Toshiko Katayama	Attorney at law of Katayama and Hiraizumi Law Office Vice Chairperson of Kansai Consumer's Support Organization Auditor of Sumitomo Life Welfare and Culture Foundation Auditor of National Cerebral and Cardiovascular Center

(TRANSLATION)

Title	Name	Assignment and concurrent holding of important offices
Director	Iwao Taka	Professor of Faculty of Economics, Reitaku University Professor of School of Economics, Graduate School, Reitaku University Outside Director (Audit and Supervisory Committee Member) of Mitsubishi Estate Company, Limited
Full-time Audit & Supervisory Board Member	Koichi Nishihara	
Full-time Audit & Supervisory Board Member	Shunichi Ogata	
Audit & Supervisory Board Member	Akira Otsuka	Attorney at law of Kobe Kyoruchi Law Firm Maritime Counselor Maritime Arbitrator of The Japan Shipping Exchange, Inc. Reserve Auditor of NORITZ CORPORATION
Audit & Supervisory Board Member	Akihiko Shiba	Attorney at law and Representative of Shiba Management Legal Office Outside Director (Audit and Supervisory Committee Member) of VeriServe Corporation Outside Corporate Auditor of AIRPORT FACILITIES Co., LTD.
Audit & Supervisory Board Member	Atsushi Iwasaki	Head of Iwasaki Certified Public Accountant Office Outside Director of ISEKI&CO., LTD. Outside Audit & Supervisory Board Member of OLYMPUS CORPORATION

- (Notes)
1. Directors Ms. Toshiko Katayama and Mr. Iwao Taka are Outside Directors.
 2. Audit & Supervisory Board Members Messrs. Akira Otsuka, Akihiko Shiba, and Atsushi Iwasaki are Outside Audit & Supervisory Board Members.
 3. NH Foods Ltd. has designated Outside Directors, Ms. Toshiko Katayama and Mr. Iwao Taka, and Outside Audit & Supervisory Board Members Messrs. Akira Otsuka, Akihiko Shiba, and Atsushi Iwasaki, independent officers as stipulated by Tokyo Stock Exchange, Inc., and has filed notices thereof to the Exchange. NH Foods Ltd. has determined that all Outside Officers are independent of NH Foods Ltd., as a result of checking them against the “Criteria on Independence of Outside Officers” described on page 37
 4. Audit & Supervisory Board Member Mr. Atsushi Iwasaki, who is qualified as a certified public accountant, has considerable knowledge of financing and accounting.
 5. The following changes were made to Directors during the year ended march 31, 2017.

(TRANSLATION)

(1) Appointment

Mr. Shunichi Ogata took his office upon being elected Audit & Supervisory Board Member at the 71st Ordinary General Meeting of Shareholders held on June 28, 2016.

(2) Retirement

Mr. Hiroshi Itagaki retired from the office of Audit & Supervisory Board Member at the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 28, 2016.

(TRANSLATION)

(Reference)

Management Structure as of April 1, 2017 is as follows:

Title	Name	Assignment and concurrent holding of important offices
President and Representative Director (President and CEO)	Juichi Suezawa	
Vice President and Representative Director (Executive Vice President)	Yoshihide Hata	General Manager of Corporate Management Division
Vice President and Representative Director (Executive Vice President)	Kazunori Shinohara	In charge of Group business restructuring
Representative Director (Senior Managing Executive Officer)	Koji Kawamura	General Manager of Processed Foods Business Division
Director (Senior Managing Executive Officer)	Hiroji Okoso	General Manager of Overseas Business Division
Director (Senior Managing Executive Officer)	Katsumi Inoue	General Manager of Fresh Meats Business Division
Director (Managing Executive Officer)	Tetsuhiro Kito	General Manager of Sales & Marketing Division, Processed Foods Business Division
Director (Managing Executive Officer)	Hajime Takamatsu	In charge of Human Resources Department, Legal Affairs Department, General Affairs Department, Accounting & Finance Department and IT Strategy Department of Corporate Management Division; and General Manager of Tokyo Branch Office
Director	Toshiko Katayama	Attorney at law of Katayama and Hiraizumi Law Office Vice Chairperson of Kansai Consumer's Support Organization Auditor of Sumitomo Life Welfare and Culture Foundation Auditor of National Cerebral and Cardiovascular Center
Director	Iwao Taka	Professor of Faculty of Economics, Reitaku University Professor of School of Economics, Graduate School, Reitaku University Outside Director (Audit and Supervisory Committee Member) of Mitsubishi Estate Company, Limited

(TRANSLATION)

Title	Name	Assignment and concurrent holding of important offices
Full-time Audit & Supervisory Board Member	Koichi Nishihara	
Full-time Audit & Supervisory Board Member	Shunichi Ogata	
Audit & Supervisory Board Member	Akira Otsuka	Attorney at law of Kobe Kyoruchi Law Firm Maritime Counselor Maritime Arbitrator of The Japan Shipping Exchange, Inc. Reserve Auditor of NORITZ CORPORATION
Audit & Supervisory Board Member	Akihiko Shiba	Attorney at law and Representative of Shiba Management Legal Office Outside Director (Audit and Supervisory Committee Member) of VeriServe Corporation Outside Corporate Auditor of AIRPORT FACILITIES Co., LTD.
Audit & Supervisory Board Member	Atsushi Iwasaki	Head of Iwasaki Certified Public Accountant Office Outside Director of ISEKI&CO., LTD. Outside Audit & Supervisory Board Member of OLYMPUS CORPORATION

(Executive Officers who are not concurrently serving as Directors)

Title	Name	Assignment and concurrent holding of important offices
Managing Executive Officer	Sadanori Miyagai	General Manager of Administrative Division, General Manager of Business Planning Office and General Manager of Research and Examination Office, Fresh Meats Business Division
Managing Executive Officer	Kanji Bando	General Manager of Affiliated Business Division
Managing Executive Officer	Koichi Oyama	In charge of Quality Assurance Department and Customer Service Department
Executive Officer	Hiroyuki Yano	General Manager of Corporate Planning Department, Corporate Management Division In charge of Research & Development Center
Executive Officer	Shuji Okoso	General Manager of Administrative Division and Administrative Office, Overseas Business Division
Executive Officer	Sadakazu Ogawa	General Manager of Sales Companies Operations Division, Sales & Marketing Division, Processed Foods Business Division

(TRANSLATION)

Title	Name	Assignment and concurrent holding of important offices
Executive Officer	Fumio Maeda	General Manager of Hams & Sausages Division, Processed Foods Business Division
Executive Officer	Masahito Kataoka	General Manager of Public & Investor Relations Department In charge of Corporate Communication Office and CSR Department, Corporate Management Division
Executive Officer	Hideki Fujii	General Manager of Asia & Europe Operations Division, Overseas Business Division
Executive Officer	Keiji Maeda	General Manager of General Merchandising Division, Sales & Marketing Division, Processed Foods Business Division
Executive Officer	Shigeru Nakajima	General Manager of Corporate Strategy Development Office In charge of Engineering Department
Executive Officer	Nobuo Oda	General Manager of Deli & Processed Foods Division, Processed Foods Business Division
Executive Officer	Tadaaki Ito	General Manager of Imported Fresh Meats Sales Division, Fresh Meats Business Division
Executive Officer	Nobuhisa Ikawa	General Manager of Food Services Division, Sales & Marketing Division, Processed Foods Business Division
Executive Officer	Kuniharu Hirai	General Manager of Compliance Department
Executive Officer	Kenichi Nagai	General Manager of Domestic Fresh Meats Production Division, Fresh Meats Business Division
Executive Officer	Takao Seki	General Manager of Domestic Fresh Meats Sales Division, Fresh Meats Business Division
Executive Officer	Nobuyuki Tazawa	General Manager of Administrative Division, Processed Foods Business Division
Executive Officer	Hiroyuki Tsukuda	General Manager of Operations Management Division, Affiliated Business Division
Executive Officer	Takeo Kudo	General Manager of Australia Operations Division, Overseas Business Division President and Director of NH Foods Australia Pty. Ltd.
Executive Officer	Kenya Maruyama	General Manager of Sales & Logistics Operations Division, Fresh Meats Business Division

(TRANSLATION)

(2) Compensation, etc., of Directors and Audit & Supervisory Board Members:

(i) Policy of determination of the compensation, etc., and the method of calculation thereof:

Basic policy on Director and Audit & Supervisory Board Member compensation

NH Foods Ltd. maintains a very transparent, just, and rational compensation system that is designed to attract talented executives who can optimize corporate value in performing their duties as directors and Audit & Supervisory Board Member.

NH Foods Ltd. ensures that directors' and Audit & Supervisory Board Members' compensations are indeed transparent, just, and rational by having the Compensation Committee, where Outside Director acts as chairman, deliberate on these matters, with the final decision made by the Board of Directors.

Summary of compensation of the Directors:

1. Compensation of each Director shall be a standard pay determined based on his/her position, plus stock acquisition-based compensation. No retirement gratuity shall be paid.

(1) The standard pay shall comprise a basic compensation and performance-based compensation. The basic compensation and the performance-based compensation make up 80% and 20%, respectively, of the standard pay. The performance-based compensation is set in the range of 0-40% according to the annual business performance and individually established goal attainment level.

(2) The stock acquisition-based compensation intended to reflect medium and long term business performance is a monthly fixed amount. Each Director will acquire shares of NH Foods Ltd. for such fixed amount (through the officers' stock ownership plan). Such shares shall be not transferred while he/she remains in office and for one year after his/her retirement from office.

2. Compensation of each Outside Director shall be a basic compensation only in consideration of his/her role. No retirement gratuity or stock acquisition-based compensation shall be paid.

Summary of compensation of the Audit & Supervisory Board Members:

Compensation of each Audit & Supervisory Board Member shall be a basic compensation only in consideration of his/her role. No retirement gratuity or stock acquisition-based compensation shall be paid.

(TRANSLATION)

- (ii) Aggregate amount of compensation, etc., of Directors and Audit & Supervisory Board Members:

	Standard pay		Stock acquisition-based compensation	Total
	Basic compensation	Performance-based compensation		
10 Directors	¥239 million	¥58 million	¥54 million	¥352 million
(2 Outside Directors)	(¥24 million)			(¥24 million)
6 Audit & Supervisory Board Members	¥84 million			¥84 million
(3 Outside Audit & Supervisory Board Members)	(¥36 million)			(¥36 million)
Total	¥324 million	¥58 million	¥54 million	¥436 million (¥60 million)

- (Notes)
1. The aggregate amount of compensation, etc. includes the compensation of one Audit & Supervisory Board Member who retired at the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 28, 2016.
 2. The maximum amounts of compensation of Directors and Audit & Supervisory Board Members are ¥42 million per month for Directors (as resolved at the Ordinary General Meeting of Shareholders held on June 27, 1996) and ¥8 million per month for Audit & Supervisory Board Members (as resolved at the Ordinary General Meeting of Shareholders held on June 26, 1998), respectively.

(TRANSLATION)

(3) Matters concerning the Outside Officers:

(i) Major activities during the year ended March 31, 2017:

Category	Name	Number of meetings of the Board of Directors attended (Number of meetings attended/number of meetings held)	Number of meetings of the Audit & Supervisory Board attended (Number of meetings attended/number of meetings held)	Opinions expressed
Director	Toshiko Katayama	19/19 (100%)	-	Ms. Katayama, from time to time, expressed opinions on management in compliance with laws and the promotion of the consumer-oriented “Management for No. 1 Quality” from her professional standpoint as an attorney and from her abundant experience and knowledge of consumer affairs. She also served as chairman of the Compensation Committee, a member of the Executive Appointments Committee, and a member of the Compliance Committee.
	Iwao Taka	18/19 (94.7%)	-	Mr. Taka, from time to time, expressed his opinions on management in general toward the promotion of sound and efficient management, from his professional standpoint as a university professor specializing in corporate ethics and CSR, as well as his broad knowledge of international economics. He also served as chairman of the Executive Appointments Committee, a member of the Compensation Committee, and a member of the Corporate Value Enhancement Committee.
Audit & Supervisory Board Member	Akira Otsuka	19/19 (100%)	20/20 (100%)	Mr. Otsuka, from time to time, expressed his opinions toward ensuring the legality and appropriateness of group management from his professional standpoint as an attorney at law and abundant experience with fairness and objectivity. He also served as a member of the Compensation Committee, and a member of the Corporate Value Enhancement Committee.

(TRANSLATION)

Category	Name	Number of meetings of the Board of Directors attended (Number of meetings attended/number of meetings held)	Number of meetings of the Audit & Supervisory Board attended (Number of meetings attended/number of meetings held)	Opinions expressed
Audit & Supervisory Board Member	Akihiko Shiba	19/19 (100%)	19/20 (95%)	Mr. Shiba, from time to time, expressed his opinions toward ensuring the legality and appropriateness of group management from his professional standpoint as an attorney at law and abundant experience with fairness and objectivity. He also served as an observer of the Compliance Committee.
	Atsushi Iwasaki	18/19 (94.7%)	19/20 (95%)	Mr. Iwasaki, from time to time, expressed his opinions on financial accounting as well as management in general from his professional standpoint as a certified public accountant and his abundant experience.

(ii) Outline of the content of liability limitation agreements

NH Foods Ltd., to allow it to hire useful human resources as Outside Officers, provides in its Articles of Incorporation currently in effect that it may enter into an agreement with any Outside Officer to limit the liability for any damage to NH Foods Ltd. to a certain extent. Accordingly, NH Foods Ltd. has entered into such liability limitation agreements with Outside Directors Ms. Toshiko Katayama and Mr. Iwao Taka and Outside Audit & Supervisory Board Members Messrs. Akira Otsuka, Akihiko Shiba and Atsushi Iwasaki.

The outline of the content of such agreements is as follows:

- (a) If any Outside Director or Outside Audit & Supervisory Board Member is liable to NH Foods Ltd. for any damage arising from a default in his/her duties, he/she shall be liable within the minimum liability amount as provided for in Article 425, paragraph 1 of the Companies Act of Japan.
- (b) The above-mentioned liability limitation shall apply only if and when the Outside Director or Outside Audit & Supervisory Board Member is in good faith and with no gross negligence in the performance of his/her duties that caused such liability.

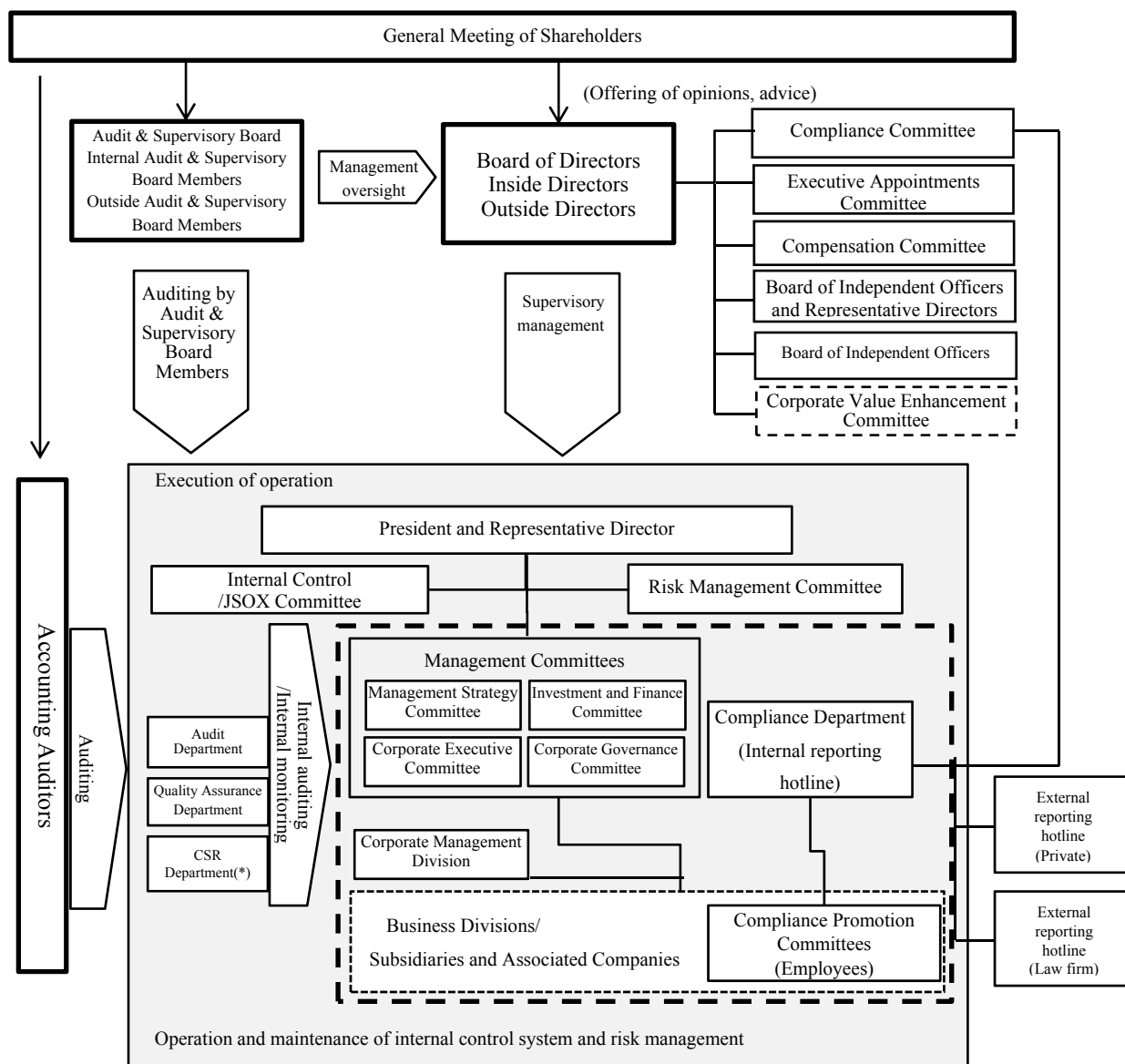
(TRANSLATION)

(Reference) Corporate Governance System of NH Foods Ltd.

1. Basic views on corporate governance

- (1) In order to establish a corporate governance system which the Group considers most appropriate and in order to make such system functional so that NH Foods Ltd. is able to exercise social responsibility of the Group and realize a vision of the Group as the World Leader in Delivering the “Joy of Eating,” we present our basic views on corporate governance of the Group and continuously strive to enhance it.
- (2) The principles of corporate governance of the Group are to enhance its management transparency and efficiency, to ensure timely and proper decision-making as well as appropriate business operations, to enable proactive and courageous business judgments and to clarify its responsibility.

2. Organization chart



(TRANSLATION)

3. Advisory committees to the Board of Directors

The Board of Directors establishes the following committees as advisory committees to the Board of Directors in order to enhance the objectivity and transparency of management.

Executive Appointments Committee To enhance the transparency and objectivity of decisions on candidates for the Directors/Audit & Supervisory Board Members and to improve the supervisory function of the Board of Directors.	Compensation Committee To enhance the transparency and objectivity of decisions on the compensation for the Corporate Officers (including the Executive Officers) and improve the supervisory function of the Board of Directors.
Board of Independent Officers and Representative Directors To improve the Group's corporate value and to provide a venue for proposing reformation of corporate culture through free and open discussions among the Independent Officers and the Representative Directors.	Board of Independent Officers To exchange information and to share understandings from an independent and objective perspective.
Compliance Committee To evaluate the policies and measures concerning the compliance of the entire Group.	Corporate Value Enhancement Committee To provide recommendations to the Board of Directors concerning the ideal form of the takeover defense plan of NH Foods Ltd. and the enhancement of the Group's corporate value from the perspective of securing and enhancing the corporate value of the Group and the common interests of the shareholders from the independent standpoint with no vested interest in NH Foods Ltd.

(TRANSLATION)

Composition of Advisory Committees (As of April 1, 2017)

Position	Name	Executive Appointments Committee	Compensation Committee	Board of Independent Officers and Representative Directors	Board of Independent Officers	Compliance Committee	Corporate Value Enhancement Committee
President and Representative Director	Juichi Suezawa		○	○		◎	Observer
Vice President and Representative Director	Yoshihide Hata	○	○	○		○	Observer
Vice President and Representative Director	Kazunori Shinohara			○		○	
Representative Director	Koji Kawamura			○			
Director	Hajime Takamatsu					○	
Director (Outside)	Toshiko Katayama*	○	◎	○	◎	○	
Director (Outside)	Iwao Taka *	◎	○	○	○		○
Audit & Supervisory Board Member (Outside)	Akira Otsuka*		○	○	○		○
Audit & Supervisory Board Member (Outside)	Akihiko Shiba*			○	○	Observer	
Audit & Supervisory Board Member (Outside)	Atsushi Iwasaki*			○	○		

◎Committee Chairperson ○Committee Member *Independent Officers

(Note) From the perspective of eliminating any arbitrariness, President and Representative Director Juichi Suezawa and Vice President and Representative Director Yoshihide Hata will not attend meetings of the Corporate Value Enhancement Committee that are held in the event of a large purchase action (a purchase of the shares of the Company for the purpose of holding or resulting in holding 20% or more of voting rights of the Company).

(TRANSLATION)

4. Criteria on Independence of Outside Officers

(Based on the resolution at the meeting of the Board of Directors held on May 13, 2013)

“Criteria on Independence of Outside Officers”

NH Foods Ltd. determines that an Outside Officer or a candidate for Outside Officer of NH Foods Ltd. is independent of NH Foods Ltd. in cases where said Outside Officer or said candidate is deemed to satisfy all of the following requirements:

1. He/she has never been a director (excluding outside director; the same shall apply below), audit & supervisory board member (excluding outside audit & supervisory board member; the same shall apply below), accounting advisor, executive, executive officer, manager, or any other significant employee (Note 1) (“director, etc.”) of NH Foods Ltd. or any subsidiary or associated company of NH Foods Ltd. (the “Group”);
2. He/she is not a relative within the third degree of kinship to a director, etc., of the Group;
3. He/she is not a major shareholder (Note 2) or a director, etc., of the major shareholder entity, or a director, etc., of an entity of which the Group is a major shareholder;
4. He/she is not a director, etc., of a principal business partner (Note 3) of the Group;
5. He/she is not a recipient of a donation in the amount of ¥10 million or more in the year ended March 31, 2017 from the Group (in cases where said recipient is a corporation, association, or any other organization, this shall mean a person who belongs to such organization or a person who had belonged to such organization in the last five years);
6. He/she is not an attorney at law, certified public accountant, consultant of various types, or any other professional service provider who received a fee of ¥10 million or more in the year ended March 31, 2017, other than compensation of Director or Audit & Supervisory Board Member from the Group (in cases where said service provider is a corporation, association, or any other organization, this shall mean a person who belongs to such organization or a person who had belonged to such organization in the last five years); and
7. NH Foods Ltd. in which he/she serves as director, etc., and the Group are not engaged in the “reciprocal appointment of outside officers” (Note 4).

- (Notes)
1. “Significant employee” refers to an employee in the position of General Manager or a higher position.
 2. “Major shareholder” refers to a direct or indirect holder of voting rights accounting for no less than 10% of all voting rights.
 3. “Principal business partner” refers to a company whose amount of payment or receipt in transactions with the Group accounts for 2% or more of the consolidated net sales of the Group or the business partner.
 4. “Reciprocal appointment of outside officers” refers to accepting an outside officer from a company in which a director, etc., of the Group currently serves as an outside officer.

(TRANSLATION)

(Attached document)

BUSINESS REPORT

(For the period from April 1, 2016 to March 31, 2017)

1. Matters concerning the situations of the Group (NH Foods Ltd. and its subsidiaries):

(1) Business trends and achievements:

The Japanese economy was on a mild recovery path in the year ended March 31, 2017, backed by improvements in the employment environment, etc. due to the government's economic policies, despite the fact that improvements were delayed in parts of the Japanese economy. On the other hand, because of uncertainty regarding the policies of countries around the world, the direction of trends in the economy, foreign exchange, and stock markets is unclear, and consumption trends continue to be harsh.

The operating climate in the food industry was again adverse. This was because while raw material costs stabilized, the domestically produced fresh meat market weakened, logistics costs rose amid human resource shortages, and sales competition intensified.

Against this backdrop, under the "New Medium-Term Management Plan Part 5," which was launched in April 2015, the Group undertook business activities based on two management policies: "Establish competitive advantages of domestic businesses" and "Accelerate to a global company" to carry out its themes of "Creating a stable business model through reform." Specific measures included newly establishing the Overseas Business Division, reinforcing the domestic farm business, developing and promoting new offerings, and strengthening our cost competitiveness and enhancing profitability such as by improving productivity, as well as our thorough efforts to cultivate human resources and manage risk. The Group also strived to increase recognition of its businesses and the Group, by aggressively working on a sale to give thanks to the support for the "Hokkaido Nippon-Ham Fighters Baseball Club," who won the Japan Series in 2016, and by broadcasting corporate television commercials starring pro baseball players and pro soccer players. Overseas, the Group promoted growth strategies including the establishment of a joint venture in Malaysia, and moved ahead with sorting out unprofitable businesses such as sale of the hog farming business in the United States. The Group also continued its efforts to enrich and enhance its management structure according to the "Nipponham Group Fundamental Policy on Corporate Governance" formulated in November 2015.

As a result of these actions, for the year ended March 31, 2017, net sales amounted to ¥1,202,293 million, decreasing 2.2% from the previous fiscal year. Operating income increased 9.3%, to ¥53,802 million. Income from continuing operations before income taxes and equity in earnings of associated companies and net income attributable to NH Foods Ltd. increased by respectively 39.1% to ¥49,112 million and 60.7% to ¥35,004 million.

(Note) Operating income was calculated by deducting cost of goods sold and selling, general and administrative expenses from net sales, in accordance with the Japanese accounting practices.

The overview of operating results by operating segment is as follows. NH Foods Ltd. newly established the "Overseas Business Division" as of April 1, 2016. In line with this, overseas subsidiaries and overseas associated companies which were under the control of each

(TRANSLATION)

business division (Processed Foods Business Division, Fresh Meats Business Division, Affiliated Business Division) and others, are now under the control of the “Overseas Business Division.”

Processed Foods Business Division

In the hams and sausages division, sales of consumer products were on a par with last year. This was mainly due to a lower volume of PB products, even though sales of NB products increased from the previous fiscal year thanks to strong performance of *SCHAU ESSEN* with aggressive promotional activities, as well as the addition of sales of the new product *Hojun coarse-ground wieners*. Sales of commercial-use products remained strong, as regular products were introduced at major restaurants. While the entire gift market struggled during the year-end gift-giving season, the number of units sold significantly increased from the previous fiscal year as a result of sales promotions with a focus on *Utsukushi-no-Kuni* which reached its 10th anniversary.

In the processed foods division, the division introduced the new product *Kiwami-yaki Hamburg*, and aggressively promoted sales of *CHIKICHIKI Bone* and *Chicken Nugget*, the mainstays of the prefried group, as well as *Tenshinkaku* in the yumcha group. It also took on new categories including *SCHAU ESSEN Soup*. Commercial-use products also performed strongly due to the introduction of major products through convenience store channels, etc., and overall sales for the processed foods division increased from the previous fiscal year, resulting in increased revenue for the Processed Foods Business Division overall.

The division’s earnings increased from the previous fiscal year, reflecting an increase in gross profit due to higher sales volume and the effect of stabilized fuel prices, while personnel costs increased against a backdrop of human resource shortages.

As a result of these factors, the division’s sales increased 3.0%, to ¥348,253 million, and operating income increased 103.0%, to ¥7,911 million.

Fresh Meats Business Division

The fresh meats business focused on multifaceted communication for branded fresh meats, including “*Sakurahime/Mugikomachi* Nighter” promotions related to the game hosted by the Hokkaido Nippon-Ham Fighters Baseball Club, *Sakurahime* television commercials and advertising through radio programs. The division also grew its sales volume by conducting aggressive sales activities focused on steadily produced domestic chicken and U.S. beef, which has stabilized in terms of supply volume and prices. Food companies increased sales volume by aggressively working on tie-in initiatives with business partners, but fresh meats market prices weakened, causing overall sales to fall short of the previous fiscal year.

In terms of earnings, although the external environment was harsh for the domestic farm business due to the fresh meats market prices being lower than last year, and the breakout of avian influenza at the end of this year, the division strived to increase production volume and lower costs, thereby increasing earnings on a full year basis. In the sales division as well, amid intensifying sales competition, the division aggressively made sales and proposal activities for customers in a wide array of sales channels, including volume retailers, restaurants, and convenience stores, resulting in an increase in earnings due mainly to the effects of increased sales volume and cost reductions.

(TRANSLATION)

As a result of these factors, the division's sales decreased 1.6%, to ¥741,565 million, and operating income increased 12.6%, to ¥43,898 million.

Affiliated Business Division

The marine products division focused on sales of raw fish products for sushi and in-house manufactured goods through major retail channels, but struggled in a harsh sales environment due to decreased catches of salmon, squid, and scallops in Japan, as well as a decreased supply of crabs, etc. from overseas. As a result, sales fell short of the previous fiscal year.

In the dairy products division, sales of yogurt and lactic acid probiotic beverages grew, due to strong performance of the mainstay *Vanilla Yogurt* and yogurt beverages for convenience store channels, and strengthening of sales of the new products under the smoothie series. Sales of cheese exceeded the previous fiscal year because of growth in mainstay commercial-use products for bakeries, restaurants, and food manufacturers, as well as strong performance of consumer products for which efforts had been stepped up. As a result, sales for the dairy products division as a whole increased.

Earnings from marine products division increased from the previous fiscal year, due to the growth of sales of high value-added products and boosted margins through price revisions. In the dairy products division, earnings from yogurt and lactic acid probiotic beverages exceeded the previous fiscal year because of higher sales and stable raw material costs. Earnings from cheese also increased from the previous fiscal year thanks to improvement of plant operational rates due to growth of sales and the drop in raw materials prices. As a result, the dairy products division as a whole enjoyed increased earnings.

As a result of these factors, the division's sales increased 0.2%, to ¥159,041 million, and operating income increased 67.2%, to ¥3,746 million.

Overseas Business Division

Sales from Americas operations decreased due to the impact of foreign exchange translation, despite the sales growth of processed foods owing to expanded sales bases and steady performance of fresh meat exports. Australia operations struggled to make sales due to the decreased number of head of cattle and the continued surge in purchase prices. Sales from Asia and EU operations declined due to the impact of foreign exchange translation, despite steady performance of export sales in Thailand, as well as domestic sales in Vietnam, Turkey, and China. The Overseas Business Division was largely affected by lower sales volume in Australia operations, and decreased sales as a whole.

In terms of earnings, manufacture and sales of processed foods and the export of fresh meats contributed to steady performance in Americas operations. Earnings from Australia operations decreased mainly due to lowered operational rates caused by decreased number of head of cattle. In Asia and EU operations, manufacturing plants in Thailand and the chicken farming business in Turkey struggled due to trends in foreign exchange and raw materials prices.

As a result of these factors, the division's sales decreased 12.4%, to ¥214,384 million. Operating loss amounted to ¥1,251 million (compared to operating income of ¥3,565 million in the previous fiscal year).

(TRANSLATION)

(2) Net sales of the Group by operating segment:

Category	Amount	Year on year	Component ratio
	(millions of yen)	(%)	(%)
Processed Foods Business Division	348,253	103.0	29.0
Fresh Meats Business Division	741,565	98.4	61.7
Affiliated Business Division	159,041	100.2	13.2
Overseas Business Division	214,384	87.6	17.8
Eliminations, adjustments and others	(260,950)	98.1	(21.7)
Total	1,202,293	97.8	100.0

(Notes) 1. As of April 1, 2016, NH Foods Ltd. newly established the “Overseas Business Division.” Overseas subsidiaries and overseas associated companies which were under the control of each business division (Processed Foods Business Division, Fresh Meats Business Division, Affiliated Business Division) are now under the control of the “Overseas Business Division.” For this reason, year on year change has been calculated based on reclassified figures of net sales for the previous fiscal year.

2. In the year ended March 31, 2017, Texas Farm, LLC, the Company’s subsidiary in United States, which engaged in the hog farming business, was transferred to Seaboard Foods LLC as a result of the review from multiple points of view, such as future prospects and asset efficiency.

As a result of this business transfer, the Company judged that the business fell under the discontinued operation in accordance with Accounting Standards Codification (“ASC”) 205.

Year-on-year comparisons are based on the prior year’s net sales which have been reclassified to conform to the current year’s presentation to separately report the results of the discontinued operation.

(For reference) Net sales by product category:

Category	Amount	Year on year	Component ratio
	(millions of yen)	(%)	(%)
Hams and sausages	141,362	99.9	11.8
Processed foods	228,904	103.4	19.0
Fresh meats	673,871	95.5	56.0
Marine products	91,637	96.8	7.6
Dairy products	33,380	106.3	2.8
Others	33,139	94.8	2.8
Total	1,202,293	97.8	100.0

(TRANSLATION)

(3) State of capital expenditures:

The Group has created an integration system that covers all aspects of its operations—from production and farming through to processing, manufacture, distribution, and sales—and invests in fixed assets as necessary to enhance, rationalize, and strengthen this system. These investments totaled approximately ¥43.8 billion (including software) during the year ended March 31, 2017. The principal applications of these investments are described below.

The Processed Foods Business Division, primarily Nipponham Factory Ltd., Nipponham Processed Foods Ltd., and other subsidiaries, used approximately ¥11.3 billion, mainly to expand and upgrade production facilities for hams and sausages, and processed foods.

Capital expenditures by the Fresh Meats Business Division totaled approximately ¥22.1 billion. This spending included approximately ¥6.3 billion by Nippon White Farm Co., Ltd., Interfarm Co., Ltd., and other subsidiaries to upgrade and refurbish production and farming facilities; approximately ¥12.0 billion by Nippon Logistics Center, Inc., Nishi Nippon Food, Inc., and other subsidiaries to improve logistics and operational facilities; and approximately ¥3.7 billion by Nippon Food Packer, Inc., Nippon Pure Food, Inc. and other subsidiaries to upgrade processing and packing facilities.

Capital expenditures totaling ¥3.8 billion were made by the Affiliated Business Division in such areas as updating production and operational facilities in the marine and dairy products businesses of Hoko Co., Ltd. and Nippon Luna, Inc., among others.

In the Overseas Business Division, approximately ¥3.6 billion was used mainly to upgrade the production and farming facilities of Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi.

(4) State of financing:

There are no material facts to report.

(TRANSLATION)

(5) Changes in the state of property and income and loss:

(in millions of yen, except where noted)

Category	69th (from April 1, 2013 to March 31, 2014)	70th (from April 1, 2014 to March 31, 2015)	71st (from April 1, 2015 to March 31, 2016)	72nd (from April 1, 2016 to March 31, 2017)
Net sales	1,110,766	1,199,956	1,229,324	1,202,293
Income from continuing operations before income taxes and equity in earnings of associated companies	35,673	43,797	35,309	49,112
Net income attributable to NH Foods Ltd.	24,524	31,048	21,779	35,004
Basic earnings per share attributable to NH Foods Ltd. shareholders (yen)	122.11	152.43	106.92	171.74
Diluted earnings per share attributable to NH Foods Ltd. shareholders (yen)	110.92	143.11	100.44	161.27
Total assets	627,220	661,567	682,855	720,276
Total NH Foods Ltd. shareholders' equity	320,984	353,664	356,353	404,126
Total NH Foods Ltd. shareholders' equity per share (yen)	1,575.97	1,736.18	1,749.36	1,916.47

- (Notes)
1. NH Foods Ltd. prepares its consolidated financial statements based on the accounting principles generally accepted in the United States of America.
 2. "Basic earnings per share attributable to NH Foods Ltd. shareholders" is computed on the basis of the weighted-average number of common shares outstanding during the year. "Diluted earnings per share attributable to NH Foods Ltd. shareholders" is computed on the basis of the sum of the weighted-average number of common shares outstanding plus the dilutive effect of shares issuable through stock options and convertible bonds. "Total NH Foods Ltd. shareholders' equity per share" are calculated on the basis of the total number of common shares outstanding as at end of the year. The weighted-average number of common shares outstanding during the year and the total number of common shares outstanding as at end of the year are calculated by excluding the number of shares of treasury stock.
 3. In the year ended March 31, 2017, Texas Farm, LLC, the Company's subsidiary in United States, which engaged in the hog farming business, was transferred to Seaboard Foods LLC as a result of the review from multiple points of view, such as future prospects and asset efficiency.
As a result of this business transfer, the Company judged that the business fell under the discontinued operation in accordance with ASC 205.
The above table is based on figures which have been reclassified to conform to the current year's presentation to separately report the results of the discontinued operation.

(TRANSLATION)

(6) Main businesses (as of March 31, 2017):

Category	Business
Hams and sausages	Production and sales of hams and sausages (pork loin hams, boneless hams, bacons, pressed hams, wiener sausages)
Processed foods	Production and sales of processed foods (hamburgers, meatballs, Chinese delicatessen, nuggets, etc.)
Fresh meats	Production and farming of livestock, and processing, packing, import and sales of fresh meats
Marine products	Production and sales of processed marine products
Dairy products	Production and sales of yogurts, cheese, etc.
Others	Cold and freezing warehouse business and transportation business

(TRANSLATION)

(7) Main business offices and factories (as of March 31, 2017):

Head office of NH Foods Ltd.	4-9, Umeda 2-chome, Kita-ku, Osaka
Branch office of NH Foods Ltd.	1-1, Osaki 2-chome, Shinagawa-ku, Tokyo
Laboratory	Research & Development Center (Ibaraki)
Production sites of NH Foods Ltd.	Isahaya Plant (Nagasaki)
Other domestic production sites	Nippon White Farm Co., Ltd. (Aomori), Interfarm Co., Ltd. (Aomori), Nipponham Processed Foods Ltd. (Mie), Nipponham Factory Ltd. (Shizuoka), Nipponham Delicatessen Ltd. (Niigata), Nippon Food Packer, Inc. (Aomori), Nipponham Southwest Ltd. (Miyazaki), Nipponham Northeast Ltd. (Yamagata), Nipponham Hokkaido Factory Ltd. (Hokkaido)
Other domestic production and sales sites	Hoko Co., Ltd. (Tokyo), The Marine Foods Corporation (Tokyo), Nippon Pure Food, Inc. (Tokyo), Nippon Luna, Inc. (Kyoto)
Domestic sales sites of NH Foods Ltd.	Tokyo, Aichi, Osaka
Other domestic sales sites	Nippon Logistics Group, Inc. (Kanagawa), Nishi Nippon Food, Inc. (Fukuoka), Higashi Nippon Food, Inc. (Hokkaido), Kanto Nippon Food, Inc. (Tokyo), Naka Nippon Food, Inc. (Osaka), Nipponham East Sales Ltd. (Tokyo), Nipponham West Sales Ltd. (Osaka), Nipponham Hokkaido Sales Ltd. (Hokkaido), Japan Food Corporation (Tokyo)
Overseas production sites	Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi (Turkey), Whyalla Beef Pty. Ltd. (Australia), Thai Nippon Foods Co., Ltd. (Thailand), Thomas Borthwick & Sons (Australia) Pty. Ltd. (Australia), Oakey Beef Exports Pty. Ltd. (Australia)
Overseas sales sites	NH Foods Australia Pty. Ltd. (Australia), Day-Lee Foods, Inc. (U.S.A.)

(TRANSLATION)

(8) State of employees (as of March 31, 2017):

Number of employees		Increase or decrease from the end of the previous fiscal year
Processed Foods Business Division	4,230	+28
Fresh Meats Business Division	5,629	+149
Affiliated Business Division	1,662	+16
Overseas Business Division	4,294	-325
Group-wide (common)	568	+27
Total	16,383	-105

- (Notes)
1. The number of employees represents the number of those actually at work (such number excludes employees of the Group seconded to any non-group company, but includes employees of any non-group company seconded to the Group).
 2. The number of employees does not represent temporary employees (13,296 employees on average during the period).
 3. The number of employees (representing the number of those actually at work) of NH Foods Ltd. was 1,416, an increase of 20 from March 31, 2016.
 4. As of April 1, 2016, NH Foods Ltd. newly established the “Overseas Business Division.” Overseas subsidiaries and overseas associated companies which were under the control of each business division (Processed Foods Business Division, Fresh Meats Business Division, Affiliated Business Division) are now under the control of the “Overseas Business Division.” For this reason, increase or decrease from the end of the previous fiscal year has been calculated based on the reclassified number of employees actually at work in the previous fiscal year.

(TRANSLATION)

(9) Important subsidiaries, etc. (as of March 31, 2017):

(i) Important subsidiaries

Company	Capital	Ratio of voting rights held by NH Foods Ltd.	Main business
NH Foods Australia Pty. Ltd.	A\$106,500,000	100.0%	Sales of fresh meats and others
Hoko Co., Ltd.	¥3,040 million	100.0%	Production and sales of processed marine products, canned foods, and dairy products
Day-Lee Foods, Inc.	US\$17,320,000	100.0%	Sales of fresh meats and others, and production and sales of processed foods
Nippon White Farm Co., Ltd.	¥1,560 million	100.0%	Farming and breeding, and packing of livestock
Interfarm Co., Ltd.	¥1,301 million	100.0%	Farming and breeding of livestock
The Marine Foods Corporation	¥1,133 million	100.0%	Production and sales of processed marine products
Nipponham Processed Foods Ltd.	¥1,000 million	100.0%	Production of processed foods
Nipponham Factory Ltd.	¥1,000 million	100.0%	Production of hams and sausages
Nipponham Delicatessen Ltd.	¥489 million	100.0%	Production of processed foods
Nippon Logistics Group, Inc.	¥480 million	100.0%	Cold and freezing warehouse business and transportation business
Nishi Nippon Food, Inc.	¥480 million	100.0%	Sales of fresh meats and others
Nippon Food Packer, Inc.	¥470 million	100.0%	Processing, packing and sales of livestock
Higashi Nippon Food, Inc.	¥450 million	100.0%	Sales of fresh meats and others
Kanto Nippon Food, Inc.	¥450 million	100.0%	Sales of fresh meats and others
Naka Nippon Food, Inc.	¥450 million	100.0%	Sales of fresh meats and others
Nippon Pure Food, Inc.	¥410 million	100.0%	Processing and sales of livestock
Nipponham Southwest Ltd.	¥360 million	100.0%	Production of hams and sausages, and processed foods
Nipponham East Sales Ltd.	¥141 million	100.0%	Sales of hams and sausages, and processed foods

(TRANSLATION)

Company	Capital	Ratio of voting rights held by NH Foods Ltd.	Main business
Nipponham West Sales Ltd.	¥88 million	100.0%	Sales of hams and sausages, and processed foods
Japan Food Corporation	¥40 million	100.0%	Import and sales of fresh meats and others
Nippon Luna, Inc.	¥397 million	97.1%	Production and sales of lactic acid probiotic beverages
Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi	TL125,100,000	60.0%	Farming and breeding, packing and sales of livestock

(Notes) 1. The ratio of voting rights held by NH Foods Ltd. in Nippon Logistics Group, Inc., and Nippon Pure Food, Inc., include the ratio of 55.0% and 58.5%, respectively, held indirectly through its subsidiaries.

2. Ege-Tav Ege Tarım Hayvancılık Yatırım Ticaret ve Sanayi Anonim Şirketi has more capital due to a capital increase.

(ii) Results of business combinations

The number of consolidated subsidiaries totaled 85 (including the 22 important subsidiaries stated above), as 2 companies were included due to establishment, and 3 companies were excluded due to liquidation, etc. The number of equity-method companies increased by 1 and totaled 7.

(10) Main lenders (as of March 31, 2017):

Lender	Amount of loan outstanding
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥27,104 million
Sumitomo Mitsui Banking Corporation	¥24,811 million
The Hyakujushi Bank, Ltd.	¥14,532 million
The Norinchukin Bank	¥6,000 million

(11) Issues to be addressed:

“New Medium-Term Management Plan Part 5” (From April 1, 2015 to March 31, 2018)

Theme: “Creating a stable business model through reform”

Management policies: “Establish competitive advantages of domestic businesses”

“Accelerate to a global company”

Targeted values for the final year of the Plan:

Consolidated net sales:	¥1,250.0 billion (before revision: ¥1,300.0 billion)
Operating income:	¥56.0 billion (before revision: ¥52.0 billion)
Operating income ratio:	4.5% (before revision: 4.0%)
Return on Equity (ROE):	8.9% (before revision: 8.0% or higher)

(Notes) 1. NH Foods Ltd. has reduced its “consolidated net sales” target for the final year of the Plan to ¥1,250.0 billion, taking into consideration the effects of a decrease in revenue due to

(TRANSLATION)

struggling sales in Australia operations as well as sale of the hog farming business in the United States, which were severer than assumed at the formulation of the Plan.

2. NH Foods Ltd. has increased its “operating income” target for the final year of the Plan to ¥56.0 billion, because domestic fresh meats business is expected to perform stronger than was assumed when formulating the Plan. As a result, NH Foods Ltd. plans an “operating income ratio” of 4.5%.
3. NH Foods Ltd. plans a “ROE” target of 8.9% for the final year of the Plan. This is because net income attributable to NH Foods Ltd. in the final year is expected to increase to ¥37.0 billion, an increase from ¥33.0 billion at the formulation of the Plan mainly due to increased operating income.

Regarding the economic outlook for FY2018, although we expect to see the continued effects of the government’s economic stimulus measures, we also predict that uncertainty will continue into the future, including the impact of turmoil in the financial markets caused by uncertainty regarding the policies of various governments and increasing logistics costs against a background of human resource shortages in Japan. The Group will thus drive forward with the “New Medium-Term Management Plan Part 5,” launched in the previous fiscal year, with the aim of “Creating a stable business model through reform.” The prime policies of this initiative are to “Establish competitive advantages of domestic businesses” and “Accelerate to a global company.”

In the Processed Foods Business Division, although consumption is showing signs of gradual recovery, the business climate will likely remain harsh as price competition intensifies and raw materials prices and fuel prices rise. As such, our production and marketing operations will collaborate in pursuing strategies of growth and foundation reinforcement. For our growth strategy, we will conduct market analysis based on a complete customer perspective to promote the category leader strategy by cultivating brand products and building new brands, and to reinforce our area sales. In addition, such efforts seek to boost market share and profitability by strategically strengthening positions in consumer, commercial, frozen foods, and other specific business areas to reinforce Group collaboration. In product development, we will cultivate new markets by strengthening products for volume zones, and with high value-added products and products that offer new value. For our foundation reinforcement strategy, we will strengthen our cost competitiveness by promoting strategic, forward-looking capital expenditures, such as the introduction of highly productive lines, as well as the visualization of production lines by collaboration between production and marketing operations.

In the Fresh Meats Business Division, the Group expects the operating climate to remain challenging amid changes in the meat and grain markets and the volatility in global supply and demand. The division will therefore reinforce its unique integration system, covering everything from its own farms to sales companies, to promote active sales and marketing in branded meats and further expand its domestic market share. In addition, the division will bolster its production and procurement capabilities in Japan and overseas from a medium and long term perspective, as well as expand its efficient sales and delivery systems nationwide.

The Affiliated Business Division will strengthen its manufacturing, development and sales capabilities, primarily in the marine and dairy products businesses, expanding the scale of domestic operations. In manufacturing, the division aims to improve efficiency by making strategic capital expenditures, and to establish a system to increase production from a medium

(TRANSLATION)

and long term perspective. Furthermore, raw materials prices are expected to rise as supply and demand trends for raw materials change drastically. The division will strive to improve profitability by promoting differentiation and high value-added products centered on in-house manufactured goods by strengthening its procurement and development capabilities in Japan and overseas. On the marketing front, the division will promote its channel strategy utilizing diverse product groups and cultivation of new markets via marketing from the customer's perspective and group collaboration.

As for the Overseas Business Division, production and marketing operations will continue to collaborate, and the division will work to expand domestic sales in countries the Group has entered, and to expand sales to third countries through collaboration of Group companies in these countries. In expanding sales, the division will utilize the comprehensive capabilities of the Group, including product development capabilities and quality management techniques cultivated in Japan, and provide a wide variety of products and services to match each area. From a medium and long term perspective, the division will reinforce and expand its production bases and sales offices, and continue to focus on reinforcing governance.

With the harsh operating climate posing numerous challenges, the Group will collaborate to demonstrate maximum synergy in deploying management policies and strategies with the aim of "Creating a stable business model through reform" under the "New Medium-Term Management Plan Part 5."

(TRANSLATION)

2. Matters concerning the shares (as of March 31, 2017):

(1) Total number of issuable shares: 570,000,000 shares

(2) Total number of issued shares:
(including 25,901 shares of treasury stock) 210,895,298 shares

(Note) As a result of the exercise of stock acquisition rights of “Euro Yen Zero Coupon Convertible Bonds due 2018,” the number of shares was increased by 6,895,298 shares from the end of the previous fiscal year.

(3) Number of shareholders: 10,097

(4) State of major shareholders:

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	22,544	10.69
Japan Trustee Service Bank, Ltd. (Trust account)	13,563	6.43
The Hyakujushi Bank, Ltd.	7,537	3.57
Meiji Yasuda Life Insurance Company	7,354	3.49
The Norinchukin Bank	5,926	2.81
Nippon Life Insurance Company	5,570	2.64
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,494	2.61
Sumitomo Mitsui Banking Corporation	4,650	2.21
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	3,654	1.73
Sompo Japan Nipponkoa Insurance Inc.	3,493	1.66

(Note) The shareholding ratios are calculated by disregarding the number of shares of treasury stock.

(TRANSLATION)

3. Matters concerning the stock acquisition rights:

Stock acquisition rights held by the Officers of NH Foods Ltd. as of March 31, 2017:

- (i) Number of stock acquisition rights: 32 rights
- (ii) Class and number of shares to be issued or transferred upon exercise of stock acquisition rights: 32,000 shares of common stock
(1,000 shares per stock acquisition right)
- (iii) Total number of stock acquisition rights held by Directors:

Category	Description	Exercise period	Exercise price	Number of rights	Number of holders
Director	The first stock acquisition rights (Stock acquisition rights in 2004)	July 13, 2004 to June 30, 2024	¥1 per share	9	2
	The second stock acquisition rights (Stock acquisition rights in 2005)	July 12, 2005 to June 30, 2025	¥1 per share	6	2
	The third stock acquisition rights (Stock acquisition rights in 2006)	August 9, 2006 to June 30, 2026	¥1 per share	9	2
	The fourth stock acquisition rights (Stock acquisition rights in 2007)	July 27, 2007 to June 30, 2027	¥1 per share	8	2

(Note) At the meeting of the Board of Directors held on May 9, 2008, NH Foods Ltd. abolished the “stock-compensation-type stock option plan” except for the stock options granted on or before the year ended March 31, 2008.

4. Matters concerning the Officers of NH Foods Ltd.:

The matters concerning the officers of NH Foods Ltd. are as stated from page 24 to page 37.

(TRANSLATION)

5. Matters concerning the Accounting Auditors:

(1) Name of the Accounting Auditors: Deloitte Touche Tohmatsu LLC

(2) Amount of compensation, etc., of the Accounting Auditors:

(i)	Amount of compensation, etc.	¥195 million
(ii)	Total amount of money and other proprietary benefits payable by NH Foods Ltd. and its subsidiaries	¥389 million

- (Notes)
1. The amount of auditing compensation under the Companies Act of Japan and the amount of auditing compensation under the Financial Instruments and Exchange Act of Japan are not specifically separated in the audit contract between NH Foods Ltd. and the Accounting Auditors and cannot be separated practically. Hence, the aggregate of the amounts are set forth in item (i) above.
 2. Among the important subsidiaries of NH Foods Ltd., NH Foods Australia Pty. Ltd is subject to audits by the audit firm other than the Accounting Auditors of NH Foods Ltd.
 3. As a result of conducting the necessary verification on the contents of the audit plan of the Accounting Auditors, the evaluation and analysis of the performance of their duties in the previous fiscal year, and the appropriateness of the calculation basis of their estimated compensation, the Audit & Supervisory Board agreed to the amount of compensation, etc. of the Accounting Auditors.

(3) Content of services other than auditing:

NH Foods Ltd. has paid compensation to the Accounting Auditors for “guidance and advisory services on strengthening overseas governance,” which are not covered by Article 2, paragraph 1 of the Certified Public Accountant Act of Japan.

(4) Policy on determination of dismissal and non-reappointment:

If the Audit & Supervisory Board determines that the circumstances set forth in any item of Article 340, paragraph 1 of the Companies Act of Japan apply to the Accounting Auditors, it shall dismiss the Accounting Auditors subject to the unanimous consent of Audit & Supervisory Board Members.

If the Audit & Supervisory Board deems it necessary to change the Accounting Auditors, such as in case where it is considered difficult for the Accounting Auditors to perform their duties properly after conducting comprehensive evaluation in accordance with the Accounting Auditors’ qualification, expertise, independence from NH Foods Ltd. and other evaluation criteria, it shall determine the content of a proposition related to the dismissal or non-reappointment of the Accounting Auditors to be submitted to the General Meeting of Shareholders.

(TRANSLATION)

6. Systems and policies of NH Foods Ltd.

- (1) Establishment of the systems to secure the properness of business activities and the status of the implementation of such systems:

[Matters concerning the establishment of the systems to secure the properness of business activities]

- (i) Systems to secure the execution by the Directors of their duties complies with laws and regulations and the Articles of Incorporation
 - (a) NH Foods Ltd. establishes the Group's Action Standards in order to strictly implement its Action Guidelines so as to bring the Corporate Philosophies to fruition under the Corporate Philosophies and Business Principles. The Corporate Officers and employees of the Group comply with it.
 - (b) The Corporate Officers of the Group take initiative in complying with laws and regulations and the internal rules, etc., including the Articles of Incorporation and the Group's Action Standards, and ensure that all employees are fully aware of these rules.
 - (c) NH Foods Ltd. establishes the Compliance Committee in order to examine policies and measures concerning the compliance of the Group as a whole in a comprehensive manner. The Compliance Department of NH Foods Ltd. reviews the Group's Action Standards regularly and as necessary, and ensures that all Corporate Officers and employees of the Group are fully aware thereof.
 - (d) The Corporate Officer appointed by the Representative Director/President will preside over the Compliance Committee, and NH Foods Ltd. convenes meetings of the Compliance Committee, which periodically reports to the Board of Directors on progress on ensuring awareness of compliance and specific problems, issues, etc.
 - (e) NH Foods Ltd. secures a direct way for employees to report conducts at the Nipponham Group that pose a question as to compliance of laws and regulations and establish and operate internal and external hotlines in relation to compliance issues.
- (ii) Systems concerning storage and management of information pertaining to the execution of duties by the Directors
 - (a) The Directors, pursuant to the document management rules, properly store and manage the following documents (including electronic records; the same applies hereinafter) concerning the execution of their respective duties and other important information:
 - a) Minutes of general meetings of shareholders and their related materials;
 - b) Minutes of the Board of Directors' meetings and their related materials;

(TRANSLATION)

- c) Records of proceedings of other important meetings hosted by the Directors or their instructions, and their related materials;
 - d) Documents pertaining to decision making by the Directors and their attached documents; and
 - e) Other important documents for execution of duties by the Directors.
- (b) The Representative Director/ President is responsible for monitoring and supervising the storage and management of information set forth in (a) above. The Representative Director/President performs such that pertain to preparation of minutes as required by the Companies Act of Japan
- (c) The documents set forth in (a) above are kept on file for at least 10 years and are made available for inspection as necessary.

(iii) Rules and other systems concerning management of exposure to risk of loss

- (a) NH Foods Ltd. enacts risk management rules, establish a Risk Management Committee in order to examine policies and measures concerning risk management of the Group as a whole in a comprehensive manner and establish a section that oversees risk management of the Group as a whole and that defines the risk management system.
- (b) The section overseeing risk management cooperates with the Compliance Department and other relevant sections to establish a preventive system adopted for non-emergency events and a system for emergency events to facilitate prompt and appropriate information communication and urgent tasks that correspond to risks expected under the risk management rules.
- (c) The Risk Management Section identifies important risks to the Group and periodically holds meetings of the Risk Management Committee to share, respond to and confirm risk information for the purpose of managing the said risks through the reasonable and most appropriate method, from the perspective of the Group as a whole.
- (d) The Audit Department cooperates with the Compliance Department, the risk management section and other relevant sections of the business division to audit the state of day-to-day risk management of the Group.

(TRANSLATION)

(iv) Systems to secure efficient execution of the Directors' duties

- (a) To enhance the transparency and appropriateness of decision-making by the Board of Directors, the Board of Directors includes two or more Outside Directors, in principle.
- (b) The Board of Directors, based on the assignment of duties of the management bodies, Representative Directors, Executive Directors and Executive Officers, etc. determined by the Board of Directors, cause the Representative Directors, Executive Directors, and Executive Officers to execute business.
- (c) With regard to items of business in respect of which the decision making authorization is delegated to the Representative Directors, Executive Directors, and Executive Officers, such items are determined by such bodies or in accordance with procedures as stipulated in the Rules on Business Authorization. The Rules on Business Authorization may be revised from time to time when the relevant laws or regulations are amended or abolished, or as necessary, to enhance the efficiency of the execution of their duties.

(v) Systems to secure the employees' execution of their duties to comply with laws and regulations and the Articles of Incorporation

- (a) To ensure that the execution of duties by NH Foods Ltd.'s employees comply with laws and regulations and the Articles of Incorporation, NH Foods Ltd. establishes a system to strictly implement its Corporate Philosophies, Management Principles, Action Guidelines and Action Standards. NH Foods Ltd. also cause the Representative Directors, Executive Directors, and Executive Officers to train and educate the employees of the Group concerning compliance.
- (b) In the event of any employee of the Group finds any material violation of the law or regulation or any other material fact concerning compliance in any company within the Group, he/she reports the same to NH Foods Ltd.'s Compliance Department pursuant to the internal rules, etc., including the Group's Action Standards. The Corporate Officer in charge of compliance directs and supervises investigations of such reported fact, and the said Department confirms all the facts revealed through the investigation, cooperate with the relevant sections from the perspective of their expertise, formulate and implement corrective measures and recurrence prevention measures.
- (c) With regard to important information, NH Foods Ltd. discloses the content thereof and its status of handling and results thereof to the Corporate Officers and employees of the Group and ensures that all Corporate Officers and employees are fully aware thereof.
- (d) The Representative Director/President directly manages the Audit Department. The Audit Department, in accordance with the instruction of the Representative Director/President, conducts audits on the state of execution of business. In addition, the Quality Assurance Department conducts quality audits and the Corporate Social Responsibility Department conducts environmental audits.

(TRANSLATION)

- (vi) Systems to secure the appropriateness of business activities of the corporate group comprised of NH Foods Ltd. and its subsidiaries
- (a) The Nipponham Group Action Standards serve as action standards for the Corporate Officers and employees of the Group to act in compliance with laws and regulations, the Articles of Incorporation and social norms.
 - (b) In order to ensure strict compliance with (a) above, the Compliance Department supervises compliance efforts on a cross-sectional manner and provides training, etc. for the Corporate Officers and employees of the Group.
 - (c) The Representative Directors, Executive Directors, and Executive Officers of the Group define internal control through means such as establishment of the Primary Business Administration Rules, in order to ensure appropriate execution of business at each business division.
 - (d) The Audit Department audits the subsidiaries on a regular basis and cooperate with business divisions that oversees the business of each company within the Group. The results of such audits are reported to the Representative Director/President
 - (e) While respecting the autonomy and independence of the management of the subsidiaries, in order to contribute to the proper and effective operation of the group management, NH Foods Ltd. establishes the Subsidiaries and Associated Companies Management Rules. When the subsidiaries make decision on important managerial matters, NH Foods Ltd. establishes a system in which prior approval, prior adjustment and reporting are made to us in accordance with the Subsidiaries and Associated Companies Management Rules.
 - (f) As for transactions between NH Foods Ltd. and its subsidiaries (including transactions between subsidiaries), in accordance with the Subsidiaries and Associated Companies Management Rules, NH Foods Ltd. ensures that such transactions are not significantly advantageous or disadvantageous compared to transactions with a third party and establishes a system in which transparency of transactions is ensured such as confirmation with experts as necessary.
 - (g) With regard to the risk management conducted by the subsidiaries as a corporate group, NH Foods Ltd. grasps the status thereof and establishes a system in which NH Foods Ltd. provides instructions for improvement.
 - (h) NH Foods Ltd. establishes compliance point of contact and a system to allow all employees of the Group to directly report an incident within and outside the Group, and NH Foods Ltd. establishes the Group's Whistleblower Protection Rules and ensures that the Corporate Officers and employees of the Group are fully aware of these rules. NH Foods Ltd. does not dismiss or unfavorably treat any person who has been a whistleblower.
 - (i) For cases of any violation of laws, regulations and/or internal rules, etc. or if any threat thereof occurs or is revealed in NH Foods Ltd. or its subsidiaries, NH Foods Ltd. establishes a system in which the foregoing is reported to NH Foods Ltd.'s

(TRANSLATION)

Compliance Department.

- (j) The Group, as a member of society, has no relationship, including business relationship, with any anti-social force that threatens the social order or safety and uncompromisingly deal with any undue claims. The Nipponham Group Action Standards stipulate how to deal with anti-social forces in the Action Standards, and NH Foods Ltd. ensures that how to deal with anti-social forces are made fully aware throughout the Group. The General Affairs Department of NH Foods Ltd. collects and manages information on undue claims, thereby reducing risks concerning anti-social forces.
- (k) The Group establishes a system to ensure the reliability of financial reporting and establishes relevant rules as well as a system under which responsible sections and the audit section are able to periodically evaluate the operations of the system to find and solve problems, if any. In addition, the Group provides training and raise awareness of compliance with accounting standards and related laws and regulations, thereby reinforcing internal control over financial reporting.
- (l) As for foreign subsidiaries, NH Foods Ltd. causes such subsidiaries to establish and operate appropriate internal control in accordance with this policy to a reasonable extent. NH Foods Ltd. causes such subsidiaries to apply respective internal control procedures/systems and accounting processing/reporting methods established by NH Foods Ltd. to the extent permitted by the laws, etc. of each relevant country.
- (vii) Matters concerning the employees assisting the Audit & Supervisory Board Members to execute their duties, matters concerning the independence of such employees from the Board of Directors, matters concerning ensuring the effectiveness of instructions toward such employees
 - (a) NH Foods Ltd. assigns staff for the Audit & Supervisory Board Members as employees assisting the Audit & Supervisory Board Members in the execution of their duties.
 - (b) The number of staff for Audit & Supervisory Board Members is determined upon consultation with the Audit & Supervisory Board.
 - (c) The staff for the Audit & Supervisory Board Members dedicates all of their work time for the Audit & Supervisory Board and assists its auditing activities exclusively pursuant to instructions of the Audit & Supervisory Board.
 - (d) NH Foods Ltd. obtains prior approval from the Audit & Supervisory Board upon nomination, personnel change, evaluation and disciplinary punishment of the staff for the Audit & Supervisory Board Members and establishes a system in which the independence from the Board of Directors is ensured.
- (viii) System for reporting by the Directors and employees of NH Foods Ltd. and its subsidiaries to the Audit & Supervisory Board Members and other systems for reporting to the Audit & Supervisory Board Members, system for ensuring that any person making such report will not be subject to unfavorable treatment due to the fact of making such

(TRANSLATION)
report

- (a) The Audit & Supervisory Board Members attend the Board of Directors' meetings and the representative(s) of the Audit & Supervisory Board attend meetings of the Management Strategy Committee and Corporate Executive Committee.
 - (b) The Directors report the following matters to the Audit & Supervisory Board:
 - a) Matters resolved at meetings of the Management Strategy Committee;
 - b) Matters that may inflict material damage to the Group;
 - c) Matters important to business conditions each month;
 - d) Important matters concerning the status of internal audits and risk management;
 - e) Material violations of laws or regulations or the Articles of Incorporation;
 - f) Matters in violation of the Nipponham Group Action Standards; and
 - g) Status of whistleblowing made to the compliance point of contact and the details thereof.
 - (c) If the Audit & Supervisory Board Members determine necessary, the Audit & Supervisory Board Members may request the Directors, Executive Officers and employees, or any of NH Foods Ltd.'s subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers and employees to report to the Audit & Supervisory Board Members at any time.
 - (d) NH Foods Ltd. ensures that any person who makes a report to the Audit & Supervisory Board Members will not be subject to dismissal or suffer any other unfavorable treatment due to the fact of making such report.
- (ix) Other systems to assure effective audits by the Audit & Supervisory Board Members
- (a) In principle, the majority of the Audit & Supervisory Board members are Outside Audit & Supervisory Board Members in order to secure transparency externally.
 - (b) NH Foods Ltd. provides opportunities for the Audit & Supervisory Board to have individual hearings with the Representative Directors, the Executive Directors, the Executive Officers and important employees, and the Audit & Supervisory Board regularly hold meetings to exchange opinions with the Representative Directors and the audit firm, respectively.
 - (c) The Audit & Supervisory Board Members may assign matters necessary for auditing activities to the staff of the Audit Department. The Audit Department, upon consultation with the Audit & Supervisory Board, conducts internal audits of the matters requested by the Audit & Supervisory Board Members and reports the results thereof to the Audit & Supervisory Board.

(TRANSLATION)

- (d) When conducting audits, the Audit & Supervisory Board may, as necessary and at the expense of NH Foods Ltd., retain legal and accounting experts.

[Overview of the status of the implementation of the systems to secure the properness of business activities]

(i) Overall internal control system

- (a) To develop and implement the internal control system of NH Foods Ltd. and its group companies and to efficiently achieve the purpose of internal control, the Audit Department conducts audit pursuant to the annual audit plan as to whether the execution of business is performed properly and efficiently. The Audit Department conducted audits for 5 divisions and 21 group companies in the year ended March 31, 2017.
- (b) As to internal control over financial reporting, the Internal Control/JSOX Committee examines pursuant to the Internal Control Management Rules whether the internal control of the Group functions appropriately, and reports the result thereof to Representative Directors.

(ii) Compliance system

- (a) NH Foods Ltd. has established the “Compliance Committee,” which formulates policies on and confirms the status of the compliance of the entire Group, the “Compliance Promotion Committees” where individual group companies and divisions promote compliance-related activities, and the “Compliance Leader Conference,” where representatives from each Compliance Promotion Committee discuss concrete measures, and each committee cooperates with each other.
- (b) To raise awareness of compliance, NH Foods Ltd. holds compliance training sessions, compliance meetings, and office study groups. During the year ended March 31, 2017, 24 compliance training sessions, 125 compliance meetings, and 27 office study groups were held.
- (c) NH Foods Ltd. ensures full implementation of compliance management by promoting the operation thereof in accordance with the Nipponham Group Whistleblower Protection Rules. Especially, NH Foods Ltd. has established several points of contact for consultation of compliance inside and outside the Group to allow all employees of the Group to report and consult on compliance-related issues freely without concern for organizational, departmental and positional restrictions, etc., and thereby we work for the prevention and prompt revelation of problems such as misconduct.

(TRANSLATION)

(iii) Risk management system

- (a) The Risk Management Committee was established to comprehensively manage the cross-sectional risks in the entire Group to contribute to Group management by discussing issues and measures relating to risk management of the Group (risk prevention and emergency responses in management crises). During the year ended March 31, 2017, 4 meetings were held, where analyses and assessment were conducted across themes for each field, such as “disasters/environment,” “people,” “goods,” “capital” and “information.”
- (b) In the event of a large-scale accident, disaster, scandal, etc., NH Foods Ltd. establishes the countermeasure division that handles such event by appointing the chairperson of the Risk Management Committee as a head of countermeasure division.

(iv) Business management of group companies

- (a) With regard to the business management of the respective group companies, NH Foods Ltd. established a system in which each group company is subject to review and obtains the approval of its business execution, pursuant to the Subsidiaries and Associated Companies Management Rules and according to significance, by and from the Board of Directors or management committees including the Management Strategy Committee, Directors or Executive Officers.
- (b) NH Foods Ltd. receives reports on the status of the execution of each business at the meeting of the Board of Directors on a quarterly basis.
- (c) Liaison meetings for Audit & Supervisory Board Members of group companies of NH Foods Ltd. are held twice annually, and an operational audit support system is being developed in group companies to serve as a forum to share the status of audit implementation of respective group companies and exchange information and opinions.

(v) Systems for efficient execution of duties

NH Foods Ltd. defines rules on decision-making, including matters to be resolved at the meeting of the Board of Directors, pursuant to the Rules of the Board of Directors. During the year ended March 31, 2017, 19 meetings of the Board of Directors were held. In addition, we convened 24 meetings of the Management Strategy Committee, a body established to streamline business operations by liaising and coordinating within the Group, and discuss and decide substantive matters concerning management.

(vi) Execution of duties by Audit & Supervisory Board Members

- (a) Audit & Supervisory Board Members attend important meetings, such as the Internal Control/JSOX Committee, Risk Management Committee, Corporate Governance Committee, and Management Strategy Committee, and assess the status of the development and implementation of the internal control system.

(TRANSLATION)

- (b) Audit & Supervisory Board Members request business reports from the Directors, Executive Officers, and important employees of NH Food Ltd. and its subsidiaries, and inspect the status of the business operations and assets of NH Food Ltd. and its subsidiaries.
- (c) Audit & Supervisory Board Members enhance the effectiveness of audit by having opportunities to exchange information and opinions with the Audit Department and Accounting Auditors on a regular basis. During the year ended March 31, 2017, Audit & Supervisory Board Members organized 12 meetings with the Audit Department and 12 meetings with Accounting Auditors, respectively, to exchange information and opinions regularly.
- (d) NH Foods Ltd. establishes a system in which two staff members are assigned to Audit & Supervisory Board for the smooth execution of duties by Audit & Supervisory Board Members.

(2) Fundamental policy on corporate control:

(i) Content of the fundamental policy

The shares of NH Foods Ltd. may be transferred freely, in principle. On the stock market, the shares are traded freely and actively by many investors. Hence, fundamentally, free trading in the shares of NH Foods Ltd. determines who will control the determination of its financial and business policies. Therefore, in the event that a plan of large purchase of shares of NH Foods Ltd. enough to control the determination of its financial and business policies is offered, management believes that to vote for or against the plan must depend on the free will of the shareholders, finally.

On the other hand, NH Foods Ltd. desires to contribute to the society through the stable supply of secure and safe products to its customers and clients and the materialization of people's rich eating life. Management believes that any party who controls the determination of its financial and business policies must maintain trustful relations with various stakeholders and also maintain and enhance the corporate value and common interests of the shareholders of NH Foods Ltd. Therefore, management believes that any party who engages in an inappropriate large purchase action or any similar action that may prejudice the corporate value and common interests of the shareholders of NH Foods Ltd. is not appropriate as a party who controls the determination of its financial and business policies.

- (ii) Summary of the special measures useful to materialize the fundamental policy on the effective utilization of the assets of NH Foods Ltd., the formation of an appropriate corporate group, etc.

NH Foods Ltd. understands that it is the top priority for the enhancement of the common interests of the shareholders to enhance NH Foods Ltd.'s corporate value on a stable and ongoing basis and has implemented the following measures in an effort to enhance the corporate value of NH Foods Ltd.

(TRANSLATION)

<Efforts to secure and enhance NH Foods Ltd.'s corporate value and common interests of the shareholders>

NH Foods Ltd., based on the medium and long term strategy of promoting continuous investment, drawing on the experience and know-how we have accumulated over many years, and supported by the relationship of trust that we have established with our stakeholders, have established, in the food market focusing on the fresh meats business, an integration system from production to marketing, a capability to realize stable supply of food products based on such integration system, and a firm quality control system both in Japan and overseas, all of which are the source of NH Foods Ltd.'s corporate value.

On the axis of the source of our corporate value, we will endeavor to further improve our corporate value by implementing the various measures outlined in “1. Matters concerning the situations of the Group: (11) Issues to be addressed.”

<Initiatives to improve corporate value through the strengthening of Corporate Governance>

Recognizing that it is vital to establish a corporate governance system that the Group considers most appropriate and make such system functional to secure and enhance NH Foods Ltd.'s corporate value and common interests of the shareholders, NH Foods Ltd. has enacted and announced the “Nipponham Group Fundamental Policy on Corporate Governance” setting forth its basic views on and framework of the corporate governance of NH Foods Ltd. and continuously strives to enhance it.

The principles of the corporate governance of the Group are to enhance its management transparency and efficiency of the entire Group, to ensure swift and proper decision-making as well as appropriate business executions, to enable proactive and courageous business judgments, and to clarify its responsibility. As an example, NH Foods Ltd. appoints multiple Outside Directors to the Board of Directors and establishes optional committees to supplement the functions of the Board of Directors. Especially, the majority of members of the “Compensation Committee” and “Executive Appointments Committee” consist of Independent Officers, and an Outside Director acts as Committee Chairperson. Other than the audits by the Audit Department, NH Foods Ltd. ensures the appropriateness of the execution of business through the enhancement of monitoring by function (quality, environment, etc.) as well as the establishment of a system to promptly distribute and share important information (information on operational damages, accidents, problems, and other extraordinary events) among all Officers, including Outside Officers.

(TRANSLATION)

- (iii) Summary of the efforts to prevent the determination of NH Foods Ltd.'s financial and business policies from being controlled by any party considered inappropriate based on the fundamental policy

NH Foods Ltd., at the meeting of the Board of Directors held on May 11, 2015, determined the continued introduction of a “Defense Plan Against a Large Purchase Action of Shares of NH Foods Ltd. (Takeover Defense Plan)” (the “Plan”), which has become effective upon approval thereof at the 70th Ordinary General Meeting of Shareholders held on June 25, 2015.

The Plan's initial purpose is to obtain, prior to a Large Purchase Action (as defined below), from a Large Purchaser (as defined below) information relating to a Large Purchase Proposal (as defined below), secure a time period during which the Board of Directors of NH Foods Ltd. will negotiate with the Large Purchaser and deliberate the Large Purchase Proposal and make a judgment of whether or not the Large Purchase Proposal will facilitate the enhancement of NH Foods Ltd.'s corporate value and the common interests of its shareholders. Notwithstanding the above, in the event that a Large Purchaser commences a Large Purchase Action without providing information prior to the Large Purchase Action or without any prior notice to NH Foods Ltd., or in the event that NH Foods Ltd. is of reasonable opinion that such Large Purchase Action will impair NH Foods Ltd.'s corporate value and common interests of its shareholders, NH Foods Ltd. will grant a gratis allotment of stock acquisition rights with NH Foods Ltd.'s partial call option (the “Stock Acquisition Rights”) as a defense measure.

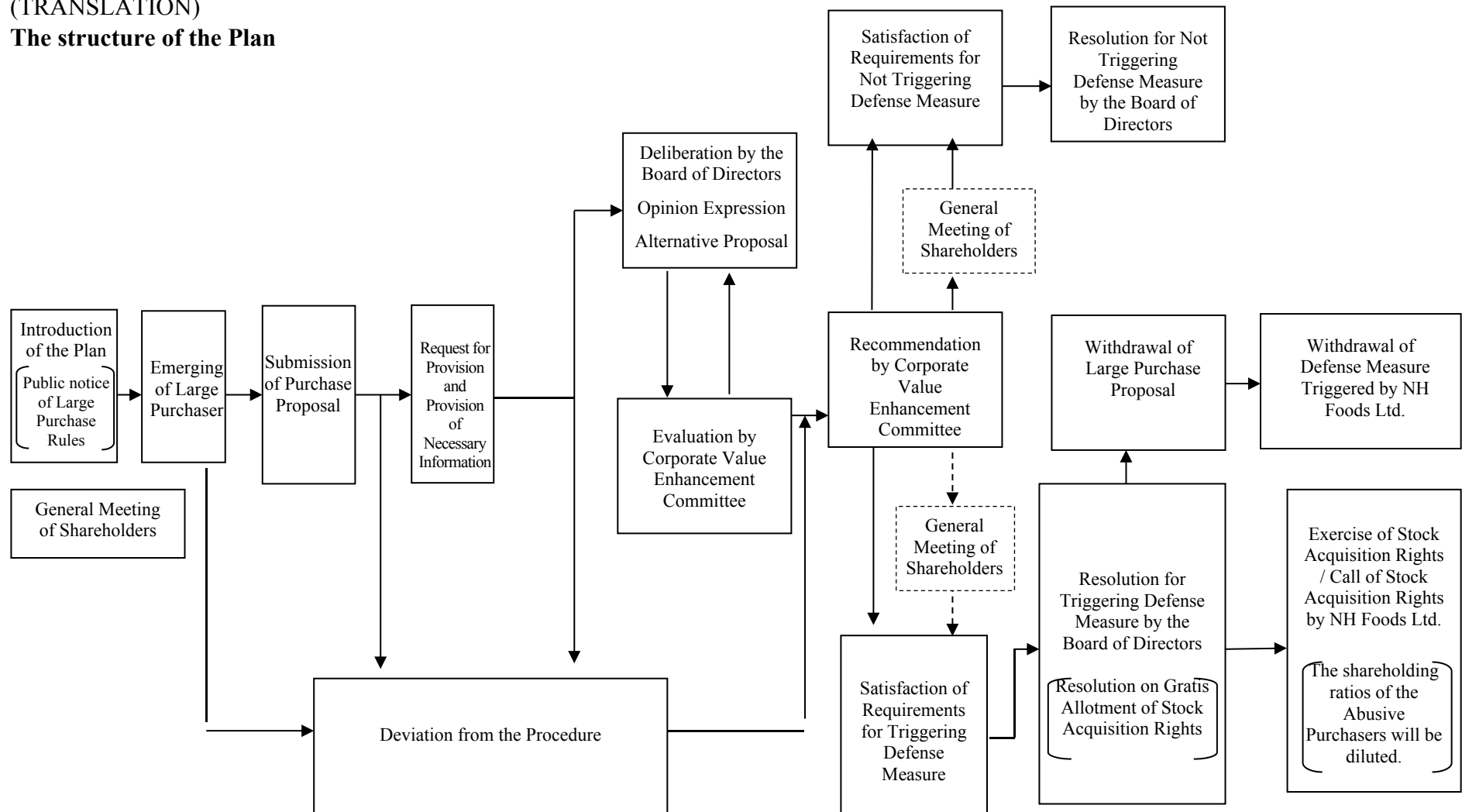
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The summary of the Plan is as follows.

Components of the scheme of the Plan	Summary of the components in the left column
Introduction and renewal	Resolution of the Board of Directors and the general meeting of shareholders (ordinary resolution)
Purchase action under the Plan	Large Purchase Action
Organ to deliberate on the purchase proposal related to the large purchase action	“Corporate Value Enhancement Committee” comprising not less than three and not more than five members independent of NH Foods Ltd.
Period of response as to information provision	60 days (which can be extended up to 30 more days)
Deliberation period	60 days (in case of consideration being limited to cash in Japanese yen) or 90 days (in any other case)
Organ to determine whether or not to trigger a defense measure	Board of Directors (or the general meeting of shareholders in the event that the Corporate Value Enhancement Committee offers a recommendation to confirm the intentions of the shareholders)
Means of the defense measure	Gratis allotment of stock acquisition rights with company’s partial call option
Summary of the requirements for triggering the defense measure	1) The proposal threatens to clearly injure the corporate value and the common interest (so-called type 4 of the Tokyo High Court) 2) A Large Purchaser does not comply with the Necessary Information Providing Procedure or otherwise commences a Large Purchase without any prior notice. 3) Two-tier coercive purchase proposal. 4) It is objectively and reasonably assumed that the corporate values and the common interests might be impaired to substantially the same extent as set forth in items 1) to 3) above by the Large Purchase Proposal.
Effective period	3 years (until the close of the Ordinary General Meeting of Shareholders of NH Foods Ltd. scheduled to be held in June 2018)

(TRANSLATION)

The structure of the Plan



(TRANSLATION)

(a) Large Purchaser under the Plan:

The Plan will apply to any “Large Purchaser” who takes any purchase action of the shares of NH Foods Ltd. for the purpose of holding or resulting in holding 20% or more of the voting right ratio of NH Foods Ltd. (the “Large Purchase Action”).

(b) Necessary Information Providing Procedure:

The Board of Directors of NH Foods Ltd. shall request the Large Purchaser to submit information on a purchase proposal relating to the Large Purchase Action (the “Large Purchase Proposal”) (“Necessary Information”) and the Large Purchaser shall provide the Necessary Information within 60 days in principle (which may be extended by up to 30 days). Of note, the Board of Directors of NH Foods Ltd. will determine as to whether or not the Necessary Information submitted by the Large Purchaser is adequate, whether or not the content and the scope of the Necessary Information requested by the Board of Directors of NH Foods Ltd. is appropriate, and whether or not to extend the period during which the Necessary Information must be provided, while receiving advice and recommendations from the Corporate Value Enhancement Committee. In cases where the Board of Directors of NH Foods Ltd. additionally requests Necessary Information, if the Large Purchaser gives a reasonable explanation on why some of the Necessary Information is difficult to provide, the provision of the Necessary Information may be deemed to have been completed and deliberation by the Board of Directors of NH Foods Ltd. may be commenced even if all the Necessary Information requested by the Board of Directors of NH Foods Ltd. is not presented.

(c) Deliberation Procedure of the Board of Directors:

The Board of Directors of NH Foods Ltd. shall examine and analyze the Large Purchaser and the Large Purchase Proposal within the maximum 60 days (in cases where the consideration is limited to only cash in Japanese yen) or the maximum 90 days (in case of purchase proposal by another method) (collectively referred to as the “Period for Deliberation by the Board of Directors”), and announce its opinion, negotiate with the Large Purchaser, and present an Alternative Proposal.

(d) Respecting Recommendation of Corporate Value Enhancement Committee:

The Corporate Value Enhancement Committee comprising independent third parties shall make recommendations to the Board of Directors of NH Foods Ltd., which shall respect the recommendation by the Corporate Value Enhancement Committee to the full extent in making judgment.

(e) Time Limit for the Large Purchase Action by the Large Purchaser:

A Large Purchaser shall not commence any Large Purchase Action before the

(TRANSLATION)

expiration of the Period for Deliberation by the Board of Directors. In the event that the Corporate Value Enhancement Committee recommends the Board of Directors to confirm the intentions of the shareholders of NH Foods Ltd. as to the triggering or not triggering of a defense measure, the Large Purchaser must not commence the Large Purchase Action prior to the end of the procedure for the confirmation of the intentions of the shareholders.

(f) Triggering Defense Measure and Not Triggering Defense Measure:

In the event that the Corporate Value Enhancement Committee makes a positive recommendation to NH Foods Ltd.'s Board of Directors on the basis that conditions meeting one of the Requirements for triggering the defense measure exist, NH Foods Ltd.'s Board of Directors will, upon giving full consideration to such recommendation, resolve on a gratis allotment of the Stock Acquisition Rights as a defense measure. However, in the event that the Corporate Value Enhancement Committee recommends the Board of Directors to confirm the intentions of the shareholders as to the triggering of the defense measure, the Board of Directors shall confirm the intentions of the shareholders at a General Meeting of Shareholders. In the event that a resolution to approve the triggering of the defense measure is adopted at the General Meeting of Shareholders, the Board of Directors will, in accordance with the resolution, make a gratis allotment of the Stock Acquisition Rights.

On the other hand, in the event that the Corporate Value Enhancement Committee makes no positive recommendation to NH Foods Ltd.'s Board of Directors on the basis that conditions meeting one of the Requirements for triggering the defense measure exist or in the event that a resolution to approve the triggering of the defense measure is not adopted at the General Meeting of Shareholders, the Board of Directors shall not trigger any defense measure.

The Stock Acquisition Rights shall be attached with a limit on exercise of rights by Large Purchasers with respect to which Requirements for Triggering Defense Measure are determined to be met and the entitlement to NH Foods Ltd. to acquire the Stock Acquisition Rights held by the shareholders other than Large Purchasers with respect to which Requirements for Triggering Defense Measure are determined to be met and deliver shares of NH Foods Ltd. to such shareholders in exchange for the Stock Acquisition Rights.

(g) Effective Period of the Plan:

The Plan shall be effective until the close of the Ordinary General Meeting of Shareholders of NH Foods Ltd. which is scheduled to be held in June 2018.

(iv) Judgment on the Plan by the Board of Directors of NH Foods Ltd. and the reasons for the judgment

For the following reasons, the Board of Directors of NH Foods Ltd. judge that the Plan, in compliance with its fundamental policy, does not impair the common interests of the shareholders or is not intended to maintain the status of the Officers of NH Foods Ltd.

(TRANSLATION)

- (a) The Plan is consistent with the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” released by the Ministry of Justice and the “Appropriate Takeover Defense Measures in Consideration of Recent Environmental Changes” publicized by the Corporate Value Study Group established by the Ministry of Economy, Trade and Industry.
- (b) The Plan is introduced for the purpose of securing and enhancing NH Foods Ltd.’s corporate value and the shareholders’ common interests by securing information and a time period necessary for shareholders’ judgment on whether or not the Large Purchase Action is inappropriate and enabling NH Foods Ltd. to negotiate on behalf of the shareholders in the event that a Large Purchase Action engages in NH Foods Ltd.’s shares.
- (c) To respect the intentions of the shareholders, it is provided for in the Plan (i) that the effective period of the Plan shall be until the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in June 2018 and thereafter the intentions of the shareholders with respect to the continuation of or amendment to the Plan shall be sought at NH Foods Ltd.’s General Meeting of Shareholders and (ii) that upon recommendation of the Corporate Value Enhancement Committee, the intentions of the shareholders shall be confirmed as to the triggering or not triggering of the defense measure at a General Meeting of Shareholders.
- (d) In the Plan, in the event that a Large Purchase Action is made in respect of the shares of NH Foods Ltd., the Corporate Value Enhancement Committee comprised of independent third parties will make substantial judgment on whether or not the Large Purchase Action will impair NH Foods Ltd.’s corporate value and the common interests of its shareholders. The Board of Directors of NH Foods Ltd. shall, in making judgment on whether or not to trigger a defense measure, respect the recommendation of the Corporate Value Enhancement Committee to a maximum extent. Thus, the Corporate Value Enhancement Committee strictly reviews any arbitrary action of NH Foods Ltd.’s Board of Directors and the summary of its decision will be disclosed to the shareholders.
- (e) The Plan is designed not to trigger the defense measure unless the Corporate Value Enhancement Committee judges that the reasonable, detailed, and objective requirements for triggering the defense measure are satisfied. Additionally, the Plan secures a system under which NH Foods Ltd.’s Board of Directors will not make any arbitrary judgment by providing requirements for not triggering defense measures.
- (f) The Plan may be abolished by a decision of the Board of Directors composed of Directors whose term of office shall be one year. Accordingly, the Plan is characterized to be completely different from a rights plan with a character making it impossible or difficult for management to abolish the Takeover Defense Measure, such as a so-called dead hand-type Takeover Defense Measure (a takeover Defense Measure which is not prevented from triggering even if a majority of members of the Board of Directors change) and a slow hand-type

(TRANSLATION)

Takeover Defense Measure (a takeover defense measure in which triggering takes more time due to the fact that the directors cannot be replaced all at once).

- (g) In the Plan, the Corporate Value Enhancement Committee may receive at NH Foods Ltd.'s expense an opinion from independent third parties. The fairness and objectiveness of the Corporate Value Enhancement Committee's judgment will be strongly secured herewith.

(Reference)

NH Foods Ltd. clarifies in Section 3.1.(6)(c) of the "Nipponham Group Fundamental Policy on Corporate Governance" to the effect that the Plan is adopted only to the extent necessary to prevent damages to our corporate value with the aim to promote the sustainable corporate growth and improve the corporate value in a mid-to-long term. The Board of Directors takes the following measures to appropriately meet its fiduciary duties and accountability to the shareholders that the Board of Directors owes as well as to ensure the objectivity and reasonableness of the Plan.

- i) NH Foods Ltd. eliminates arbitrary judgments of the Board of Directors regarding an issue of whether or not to take countermeasures to large purchase actions that pertain to our shares by establishing the Corporate Value Enhancement Committee that consists of members independent from NH Foods Ltd.
- ii) The Corporate Value Enhancement Committee examines the necessity and reasonableness of the Plan at least once a year.

The composition of the Corporate Value Enhancement Committee established in accordance with i) above and the status of the activities of the Corporate Value Enhancement Committee during the year ended March 31, 2017, and the results of the verification of the Plan conducted by the Corporate Value Enhancement Committee in accordance with ii) above are as follows.

1. Composition and members of the Corporate Value Enhancement Committee

1) Composition of the Corporate Value Enhancement Committee

The Corporate Value Enhancement Committee shall be composed of 3 to 5 members appointed by NH Foods Ltd. from among independent Outside Directors, Outside Audit & Supervisory Board Members, and well-informed persons including university professors, outside professionals such as lawyers and certified public accountants who meet specified standards stipulated in the operation rules for the Plan.

2) Names and brief histories of the Committee members

At the Board of Directors meeting held on May 9, 2016, 5 members of the Corporate Value Enhancement Committee were appointed based on the standards described above.

The names and brief histories of the current members as of March 31, 2017 are as follows.

(TRANSLATION)

Name	Brief history	
Iwao Taka	September 1991	Fisher-Smith Visiting Fellow of the Wharton School of Business, University of Pennsylvania
	April 1994	Full-time lecturer of Faculty of International Economics, Reitaku University
	April 2001	Professor of Faculty of International Economics (Current Faculty of Economics), Reitaku University, to date
	April 2002	Professor of School of International Economics (Current School of Economics), Graduate School, Reitaku University, to date
	June 2005	Outside Director of Mitsui Sumitomo Insurance Company, Ltd.
	April 2007	Visiting Professor of Business Management Graduate School, Kyoto University
	April 2008	Outside Director of Mitsui Sumitomo Insurance Group Holdings, Inc.
	April 2009	Dean of Faculty of Economics, Reitaku University
	June 2010	Outside Director of NH Foods Ltd., to date
	June 2015	Outside Statutory Auditor of Mitsubishi Estate Company, Limited
	June 2016	Outside Director (Audit and Supervisory Committee Member) of Mitsubishi Estate Company, Limited, to date
Mr. Iwao Taka is Outside Director of NH Foods Ltd., and an independent officer who does not have any potential conflict of interest with ordinary shareholders whose designation is made compulsory by the Tokyo Stock Exchange, Inc. NH Foods Ltd. has determined that he is independent of NH Foods Ltd., as a result of checking him against the “Criteria on Independence of Outside Officers” described on page 37.		

Name	Brief history	
Shigeru Nishiyama	March 1987	Registered as certified public accountant
	April 2000	Associate Professor of Waseda University Graduate School
	April 2003	Outside Corporate Auditor of PIGEON CORPORATION, to date
	April 2006	Professor of Waseda University Graduate School, to date
	June 2012	Outside Corporate Auditor of Astellas Pharma Inc.
	July 2015	Outside Audit & Supervisory Board Member of UNIPRES CORPORATION
	June 2016	Outside Director (Audit and Supervisory Committee Member) of UNIPRES CORPORATION, to date Outside Audit & Supervisory Board Member of RICOH COMPANY, LTD., to date
Mr. Shigeru Nishiyama has no special relation of interest with NH Foods Ltd. NH Foods Ltd. has determined that he is independent of NH Foods Ltd., as a result of checking him against the “independence criteria” prescribed by the Tokyo Stock Exchange, Inc. and the “Criteria on Independence of Outside Officers” described on page 37 .		

(TRANSLATION)

Name	Brief history	
Tsutomu Morimoto	April 1985	Joined DAIKIN INDUSTRIES, LTD.
	April 1992	Daikin Europe N.V. (stationed in Belgium)
	October 1995	General Manager of UK Office of Daikin Europe N.V. (stationed in United Kingdom)
	January 1999	Manager of Marketing Department, Global Operations Division of DAIKIN INDUSTRIES, LTD.
	April 1999	Manager of Executive Secretarial Department of DAIKIN INDUSTRIES, LTD.
	July 2002	General Manager responsible for Global Affairs, Executive Secretarial Department of DAIKIN INDUSTRIES, LTD.
	June 2011	General Manager of Executive Secretarial Department of DAIKIN INDUSTRIES, LTD.
	June 2014	Executive Officer, responsible for Executive Secretarial Department and Goodman Group Business of DAIKIN INDUSTRIES, LTD., to date
Mr. Tsutomu Morimoto has no special relation of interest with NH Foods Ltd. Although NH Foods Ltd. has transactions with DAIKIN INDUSTRIES, LTD., the transaction amount was less than ¥10 million for the year ended March 31, 2017. Accordingly, NH Foods Ltd. has determined that he is independent of NH Foods Ltd., as a result of checking him against the “independence criteria” prescribed by the Tokyo Stock Exchange, Inc. and the “Criteria on Independence of Outside Officers” described on page 37.		

Name	Brief history	
Akira Otsuka	April 1973	Registered with Kobe Bar Association (current Hyogo-ken Bar Association)
	May 1977	Established Kobe Law Office
	June 1977	Registered as Maritime Counselor
	July 1988	Maritime Arbitrator of The Japan Shipping Exchange, Inc., to date
	April 1994	Civil Law Mediator of Kobe Summary Court
	April 2001	President of Hyogo-ken Bar Association
	October 2003	Kobe City Education Board Member
	April 2004	Vice President of the Japan Federation of Bar Associations
	April 2005	Visiting Professor of Kobe Gakuin University, Graduate School of Law Practices
	April 2008	Established Kobe Kyoruchi Law Firm, to date Professor of Kobe Gakuin University, Graduate School of Law Practices
	March 2011	Reserve Auditor of NORITZ CORPORATION, to date
	June 2011	Audit & Supervisory Board Member of Nippon Meat Packers, Inc., to date
Mr. Akira Otsuka is Outside Audit & Supervisory Board Member of NH Foods Ltd., and an independent officer who does not have any potential conflict of interest with ordinary shareholders whose designation is made compulsory by the Tokyo Stock Exchange, Inc. NH Foods Ltd. has determined that he is independent of NH Foods Ltd., as a result of checking him against the “Criteria on Independence of Outside Officers” described on page 37.		

(TRANSLATION)

Name	Brief history
Masayuki Kitaguchi	November 1997 Joined Century Audit Corporation (current Ernst & Young ShinNihon LLC) April 2002 Registered as certified public accountant June 2003 Retired from ShinNihon Audit Firm (current Ernst & Young ShinNihon LLC) July 2003 Chief of Kitaguchi Certified Public Accountant Office, to date January 2013 Registered with Osaka Bar Association, Chief of Kitaguchi Law Office January 2015 Head of Showa Law Office, to date June 2016 Substitute Outside Audit & Supervisory Board Member of NH Foods Ltd., to date
Mr. Masayuki Kitaguchi is a Substitute Outside Audit & Supervisory Board Member of NH Foods Ltd., and satisfies the requirements for an independent officer who does not have any potential conflict of interest with ordinary shareholders whose designation is made compulsory by the Tokyo Stock Exchange, Inc. NH Foods Ltd. has determined that he is independent of NH Foods Ltd., as a result of checking him against the “Criteria on Independence of Outside Officers” described on page 37.	

2. Activities of the Corporate Value Enhancement Committee for the year ended March 31, 2017

Activities / Date of meeting	Attendee	Agenda
First meeting July 27, 2016	4/5 (80%)	• Report on the financial results for the fiscal year ended March 31, 2016 • Summary report on the financial results for the first quarter of the year ended March 31, 2017 • Summary report on the 71st Ordinary General Meeting of Shareholders of NH Foods Ltd. • Report on status of the General Meeting of Shareholders in June of this year (including response to the corporate governance code and approval for propositions concerning takeover defense measures and other propositions) • Trends of the Japan Revitalization Strategy and others (unification of 100 shares as one unit, etc.)
Second meeting November 30, 2016	4/5 (80%)	• Report on the financial results for the second quarter of the year ended March 31, 2017 • Introduction of cases of response to the corporate governance code • Summary report on information exchange with institutional investors • Trends in the stock market (ESG, appointment of Outside Directors, director compensation, etc.)
Third meeting February 15, 2017	5/5 (100%)	• Report on the financial results for the third quarter of the year ended March 31, 2017 • Trends regarding takeover defense measures of other companies and verifications in NH Foods Ltd. (hearing of opinions) • Assessment of the Board of Directors

(TRANSLATION)

Activities / Date of meeting	Attendee	Agenda
		• Trend regarding ESG investment (GPIF trends, introduction of cases at various companies, etc.) • Initiatives by the Ministry of Economy, Trade and Industry, etc. (follow-up meetings, etc.) • Reform of the Board of Directors (trend regarding the Council on Investments for the Future, issues about the corporate governance code, etc.)
Group's trade show January 18 to 20, and January 26 to 27, 2017	4/5 (80%)	• Information on the Group's measures (such as new products of the group companies and the expansion of business fields of the Group, quality assurance system, proposal capabilities, development capabilities and social action programs)
Group's senior management meeting March 27, 2017	4/5 (80%)	• Report on progress in the 72nd fiscal year under the New Medium-Term Management Plan Part 5 • Sharing issues for the 73rd fiscal year, as well as policies and planned activities of the entire Group

3. Verification results of the Plan by the Corporate Value Enhancement Committee

The effective period of the Plan is until the conclusion of the Ordinary General Meeting of Shareholders that is scheduled to be held in June 2018, and the Corporate Value Enhancement Committee confirmed at its meeting held during the year ended March 31, 2017 that no event has arisen that may damage the necessity and reasonableness of the Plan. Simultaneously, the members of the Corporate Value Enhancement Committee expressed their opinions that it is vital to sufficiently explain the necessity of the introduction of the Plan to the shareholders for their understanding and to provide more satisfactory explanation, such as how synergy effects are created through coordination among business divisions, as well as opinions that it is required to continue the verification on the ideal form of the Plan toward the further enhancement of corporate value and shareholder value.

Furthermore, from the perspective of securing and enhancing the corporate value of the Group and the common interests of the shareholders, each member offered various opinions in a broad context on the corporate governance system, business strategies, overseas business strategies, brand strategies, financing and capital strategies, quality assurance system, human resources development, and other matters.

(3) Matters concerning the distribution of retained earnings, etc.:

(i) Policy on determination of the distribution of retained earnings, etc.

With regard to the determination of the distribution of retained earnings, etc., it is NH Foods Ltd.'s policy to pay dividends according to business results on a consistent basis, while increasing its internal reserve in order to strengthen its corporate fundamentals as the basis for long-range development.

NH Foods Ltd. intends to make effective use of the internal reserve as capital for investments which will maintain its competitiveness and attain sustained growth for the

(TRANSLATION)

years to come.

NH Foods Ltd. will pursue stable and continuous dividend growth, using a consolidated payout ratio of 30% under its basic policy to distribute profits according to its consolidated performance. For the time being, NH Foods Ltd. plans to set the floor of the dividend to ¥16 per share.

NH Foods Ltd. will acquire treasury stock in a flexible manner for the purpose of improving per-share shareholder value and ROE, in consideration of investments towards growth and its financial position.

(ii) Status of distribution of retained earnings

With regard to dividends for the year ended March 31, 2017, NH Foods Ltd. will pay a dividend of ¥52 per share, based on the aforementioned policy, having considered its consolidated financial position, the full-year consolidated performance, and other such matters in a comprehensive manner.

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(Note) In this business report, amounts are indicated by rounding fractions of a half or more of the indicated unit upward and the rest downward, and percentages and other figures are indicated by rounding fractions of a half or more of the indicated unit upward and the rest downward; however, the number of shares are indicated by discarding any fraction of the indicated unit.

(TRANSLATION)

CONSOLIDATED BALANCE SHEET
(as of March 31, 2017)

(Millions of Yen)

Assets:

Current Assets:

Cash and cash equivalents	82,639
Time deposits	18,616
Trade notes and accounts receivable	128,579
Allowance for doubtful accounts	(373)
Inventories	132,697
Deferred income taxes	6,650
Other current assets	10,590

Total current assets	379,398
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Property, Plant and Equipment – At Cost, Less Accumulated Depreciation	283,364
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Intangible Assets, Less Accumulated Amortization	4,715
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Investment and Other Assets:

Investments in associated companies	5,100
Other investment securities	28,828
Other assets	11,244

Total investments and other assets	45,172
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Deferred Income Taxes – Non-current	7,627
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Total Assets	720,276
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(TRANSLATION)

(Millions of Yen)

Liabilities and Equity:

Current Liabilities:

Short-term bank loans	48,804
Current maturities of long-term debt	12,822
Trade notes and accounts payable	101,857
Accrued income taxes	8,920
Deferred income taxes	1,402
Accrued expenses	22,357
Other current liabilities	21,591

Total current liabilities	217,753
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Liability under Retirement and Severance Programs	13,268
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Long-term Debt, Less Current Maturities	76,658
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Deferred Income Taxes – Non-current	2,561
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Other Long-term Liabilities	1,680
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Total Liabilities	311,920
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NH Foods Ltd. Shareholders' Equity:

Common stock	31,806
Capital surplus	58,873
Retained earnings:	
Appropriated for legal reserve	8,275
Unappropriated	303,208
Accumulated other comprehensive income	2,005
Treasury stock, at cost	(41)

Total NH Foods Ltd. shareholders' equity	404,126
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Noncontrolling Interests	4,230
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Total Equity	408,356
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Total Liabilities and Equity	720,276
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(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

CONSOLIDATED STATEMENT OF INCOME
(from April 1, 2016 to March 31, 2017)

(Millions of Yen)	
Net Sales	1,202,293
Cost of Goods Sold	968,995
Selling, General and Administrative Expenses	179,496
Other Operating Costs and Expenses (Income) – Net	5,320
Interest Expense	1,140
Other Income (Expenses) – Net	1,770
Income from Continuing Operations before Income Taxes and Equity in Earnings of Associated Companies	49,112
Income Taxes:	
Current	15,787
Deferred	(1,257)
Total income taxes	14,530
Income from Continuing Operations before Equity in Earnings of Associated Companies	34,582
Equity in Earnings of Associated Companies – Net of Applicable Income Taxes	485
Net Income from Continuing Operations	35,067
Loss from Discontinued Operations – Net of Applicable Income Taxes	(12)
Net Income	35,055
Net Income Attributable to Noncontrolling Interests	(51)
Net Income Attributable to NH Foods Ltd.	35,004

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(from April 1, 2016 to March 31, 2017)

(Millions of Yen)

Items	Common Stock	Capital Surplus	Retained Earnings Appropriated for Legal Reserve	Unappropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total NH Foods Ltd. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, April 1, 2016	24,166	50,958	8,150	275,051	(1,515)	(457)	356,353	5,007	361,360
Net income				35,004			35,004	51	35,055
Other comprehensive income					3,520		3,520	(616)	2,904
Cash dividends				(6,722)			(6,722)	(22)	(6,744)
Transfer to retained earnings appropriated for legal reserve			125	(125)			—	—	—
Acquisition of treasury stock						(9)	(9)	—	(9)
Disposition of treasury stock		(29)				31	2	—	2
Conversion of convertible bonds	7,640	7,770				394	15,804	—	15,804
Capital increase of subsidiaries		235					235	150	385
Others		(61)					(61)	(340)	(401)
Balance, March 31, 2017	31,806	58,873	8,275	303,208	2,005	(41)	404,126	4,230	408,356

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

NON-CONSOLIDATED BALANCE SHEET
(as of March 31, 2017)

(Millions of Yen)

<u>Assets</u>	
Current Assets:	298,644
Cash on hand and in banks	41,685
Notes receivable–trade	56
Accounts receivable–trade	93,381
Marketable securities	15,000
Finished goods and merchandise	24,732
Work-in-process	107
Raw materials and supplies	8,498
Deferred tax assets	1,148
Short-term loans receivable from subsidiaries and associated companies	96,731
Accounts receivable–other	15,147
Other current assets	2,169
Allowance for doubtful accounts	(10)
Fixed Assets:	188,954
Property, Plant and Equipment	31,894
Buildings	8,662
Structures	1,392
Machinery and equipment	2,895
Vehicles and transportation equipment	17
Tools, furniture and fixtures	765
Land	18,028
Leased assets	135
Intangible Assets	1,601
Software	1,444
Other intangible assets	157
Investments and Other Assets	155,459
Investment securities	21,165
Capital stock of subsidiaries and associated companies	34,243
Long-term loans receivable	93,391
Long-term prepaid expenses	195
Prepaid pension expenses	5,641
Other investments	3,723
Allowance for doubtful accounts	(2,899)
Total Assets	487,598

(TRANSLATION)

(Millions of Yen)

Liabilities

Current Liabilities:	206,282
Notes payable–trade	601
Accounts payable–trade	101,633
Short-term bank loans	14,823
Current maturities of corporate bonds	10,000
Lease liabilities	39
Accounts payable–others	2,409
Accrued expenses	10,270
Accrued income taxes	5,292
Deposits received	1,462
Deposits received from subsidiaries and associated companies	59,495
Other current liabilities	258
Long-term Liabilities:	69,215
Corporate bonds	20,000
Convertible bonds	14,183
Long-term debt	33,500
Lease liabilities	98
Long-term accounts payable	68
Liability for retirement benefits	762
Deferred tax liabilities	238
Other long-term liabilities	366
Total Liabilities	275,497

Net Assets

Shareholders' Equity:	205,615
Common stock	31,806
Capital surplus	50,866
Capital reserve	50,724
Other capital surplus	142
Retained earnings	122,984
Appropriated for legal reserve	6,041
Unappropriated	116,943
Reserve for deferral of capital gain on property	726
General reserve	95,000
Net retained earnings forwarded	21,217
Treasury stock, at cost	(41)
Valuation and Translation Adjustments:	6,376
Unrealized gains on other marketable securities	6,376
Stock Acquisition Rights	110
Total Net Assets	212,101
Total Liabilities and Net Assets	487,598

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

NON-CONSOLIDATED STATEMENT OF INCOME
(from April 1, 2016 to March 31, 2017)

(Millions of Yen)

Net Sales		783,145
Cost of Goods Sold		706,014
Gross Profit		77,131
Selling, General and Administrative Expenses		68,480
Operating Income		8,651
Non-operating Income		
Interest and Dividend Income	13,012	
Other Non-operating Income	1,320	14,332
Non-operating Expenses		
Interest Expense	892	
Provision of Allowance for Doubtful Accounts	1,514	
Other Non-operating Expenses	690	3,096
Ordinary Income		19,887
Extraordinary Income		
Gain from Sales of Fixed Assets	2	
Gain from Sales of Investment Securities	1,653	1,655
Extraordinary Losses		
Loss on Sales of Fixed Assets	4	
Loss from Dispositions of Fixed Assets	165	
Impairment Losses	438	
Special Retirement Expenses	2,751	
Loss on Sales of Investments in Subsidiaries and Associated Companies	346	
Valuation Loss on Investments in Subsidiaries and Associated Companies	485	
Other Extraordinary Losses	7	4,196
Income before Income Taxes		17,346
Current Income Taxes	2,831	
Deferred Income Taxes	107	2,938
Net Income		14,408

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(from April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Shareholders' Equity										
	Common Stock	Capital Surplus			Retained Earnings					Treasury Stock	Total Shareholders' Equity
		Capital Reserve	Other Capital Surplus	Total Capital Surplus	Appropriated for Legal Reserve	Unappropriated			Total Retained Earnings		
						Reserve for Deferral of Capital Gain on Property	General Reserve	Net Retained Earnings Forwarded			
Balance, April 1, 2016	24,166	43,084	—	43,084	6,041	726	95,000	13,531	115,298	(457)	182,091
Changes during the year											
Cash dividends								(6,722)	(6,722)		(6,722)
Net income								14,408	14,408		14,408
Acquisition of treasury stock										(9)	(9)
Disposition of treasury stock			(24)	(24)						31	7
Conversion of convertible bonds	7,640	7,640	166	7,806						394	15,840
Changes in items other than shareholders' equity during the year—net											
Total changes during the year	7,640	7,640	142	7,782	—	—	—	7,686	7,686	416	23,524
Balance, March 31, 2017	31,806	50,724	142	50,866	6,041	726	95,000	21,217	122,984	(41)	205,615

(TRANSLATION)

(Millions of Yen)

	Valuation and Translation Adjustments		Stock Acquisition Rights	Total Net Assets
	Unrealized Gains on Other Marketable Securities	Total Valuation and Translation Adjustments		
Balance, April 1, 2016	4,067	4,067	117	186,275
Changes during the year				
Cash dividends				(6,722)
Net income				14,408
Acquisition of treasury stock				(9)
Disposition of treasury stock			(7)	—
Conversion of convertible bonds				15,840
Changes in items other than shareholders' equity during the year—net	2,309	2,309	—	2,309
Total changes during the year	2,309	2,309	(7)	25,826
Balance, March 31, 2017	6,376	6,376	110	212,101

(Note) Figures are given by rounding fractions of a half or more of one million yen upward and the rest downward.

(TRANSLATION)

Copy of Independent Auditor's Report – Consolidated

INDEPENDENT AUDITOR'S REPORT

May 5, 2017

To the Board of Directors of
NH Foods Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Wakyu Shinmen

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Koichi Sekiguchi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Shunsuke Matsumoto

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2017 of NH Foods Ltd. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from April 1, 2016 to March 31, 2017, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

(TRANSLATION)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under accounting principles generally accepted in the United States of America pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which is applied mutatis mutandis pursuant to the third paragraph of Article 120-3 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2017, and the results of their operations for the year then ended.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

Copy of Independent Auditor's Report – Non-Consolidated

INDEPENDENT AUDITOR'S REPORT

May 5, 2017

To the Board of Directors of
NH Foods Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Wakyu Shinmen

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Koichi Sekiguchi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Shunsuke Matsumoto

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the non-consolidated balance sheet as of March 31, 2017 of NH Foods Ltd. (the "Company"), and the related non-consolidated statements of income and changes in net assets for the 72nd fiscal year from April 1, 2016 to March 31, 2017, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend

(TRANSLATION)

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2017, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

(TRANSLATION)

Copy of Audit Report of the Audit & Supervisory Board

AUDIT REPORT

With respect to the Directors' performance of their duties during the 72nd fiscal year from April 1, 2016 to March 31, 2017, the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board:

- (1) The Audit & Supervisory Board has established the audit policies, assignment of duties, etc., for the business year under review and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Directors, etc., and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Members and auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and assignment of duties, etc., for the business year under review, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, the audit department and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and performed the audit by using the following methods.
 - (i) Each of Audit & Supervisory Board Member attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit & Supervisory Board Members, etc., of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - (ii) Each Audit & Supervisory Board Member received reports periodically requested explanations as necessary and expressed opinions on the status of the system to ensure that the Directors' performance of their duties, described in the business report, complied with all laws, regulations and the articles of incorporation of NH Foods Ltd., the resolutions of the Board of Directors meetings complied with Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of the group comprising a joint-stock company and its subsidiaries, the internal control systems maintained by the resolutions, and the structure and operation of the systems in accordance with the rules of conducting audits concerning internal control systems

(TRANSLATION)

stipulated by the Audit & Supervisory Board, according to reports from Directors and employees.

- (iii) The contents of the basic policies set forth in Article 118, item 3 (a) of the Ordinance for Enforcement of the Companies Act of Japan and undertakings set forth in item 3 (b) of said article, as described in the business report, were also considered in light of the circumstances, etc., of deliberations by the Board of Directors and other bodies.
- (iv) Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Accounting Auditor that it had established a "system to ensure that the performance of the duties of the Accounting Auditor was properly conducted" (the matters listed in the items of Article 131 of the Ordinance on Company Accounting) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the methods described above, each Audit & Supervisory Board Member examined the business report and the accounting documents (non-consolidated balance sheet, non-consolidated statement of income and changes in net assets, and schedule of individual notes) and the annexed specifications thereto, as well as the consolidated accounting documents (consolidated balance sheet, consolidated statement of income and changes in equity, and schedule of consolidated notes), for the business year under consideration.

2. Results of Audit:

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the business report and the accompanying supplemental schedules thereto fairly present the status of NH Foods Ltd. in conformity with the applicable laws and regulations and the articles of incorporation of NH Foods Ltd.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the articles of incorporation of NH Foods Ltd. was found with respect to the Directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the Directors' performance of their duties, described in the business report concerning the internal control systems.
- (iv) We did not find any matter to be mentioned with respect to the fundamental policy on corporate control as described in the business report. Undertakings described in the business report are in line with the basic policies, do not impair the common interests of NH Foods Ltd.'s shareholders, and are not directed to the purpose of maintaining the status of NH Foods Ltd.'s Officers.

(TRANSLATION)

(2) Results of Audit of Accounting Documents and their Accompanying Supplemental Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Consolidated Accounting Documents

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 8, 2017

The Audit & Supervisory Board
NH Foods Ltd.

Koichi Nishihara (seal)
Full-time Audit & Supervisory Board Member

Shunichi Ogata (seal)
Full-time Audit & Supervisory Board Member

Akira Otsuka (seal)
(Outside) Audit & Supervisory Board Member

Akihiko Shiba (seal)
(Outside) Audit & Supervisory Board Member

Atsushi Iwasaki (seal)
(Outside) Audit & Supervisory Board Member

(Note) Audit & Supervisory Board Members Akira Otsuka, Akihiko Shiba and Atsushi Iwasaki are Outside Audit & Supervisory Board Members as provided for in Article 2, item 16 and Article 335, paragraph 3 of the Companies Act of Japan.