May 21, 2018

Company name: MEGMILK SNOW BRAND Co., Ltd.
Representative: Keiji Nishio, Representative Director and President
(Stock code: 2270, TSE 1st Section/SSE)
Contact: Shigeru Watanabe
General Manager
Public Relations & Investor Relations Department
(Phone: +81-3-3226-2124)

Continuation of the Policy Against Large-scale Purchases of Shares in the Company (Buyout Prevention Measure)

MEGMILK SNOW BRAND announces that we resolved at Board of Directors' meeting held on May 21, 2018 to propose continuation of the Policy Against Large-scale Purchases of Shares in the Company (Buyout Prevention Measure).

We received approval from shareholders for the "Continuation of the buyout prevention measure" at the 6th Annual General Meeting of Shareholders held on June 25, 2015. However, this will expire at the conclusion of the 9th Annual General Meeting of Shareholders scheduled to be held on June 27, 2018.
We request shareholders to approve this proposal to continue with the buyout prevention measure.

The aim of the buyout prevention measure is to provide shareholders with sufficient information and time to consider a buyout and to prevent buyouts that would significantly harm the Company's corporate value and shareholder interests.
The content is identical to that approved at the 6th Annual General Meeting of Shareholders, except the effective period (until the conclusion of the 12th Annual General Meeting of Shareholders) and the names of governing bodies associated with transition to a Company with an Audit and Supervisory Committee has changed.

A summary of the buyout prevention measure is as follows.

1. Basic Policy for Implementation of Buyout Prevention Measure

The Board of Directors of the Company believes that, as long as the Company is listed on securities exchanges, that its shares should be exchanged freely, and even in the event that large-scale purchases of shares are made without the consent of the Board of Directors, the final decision should be left to the shareholders. As such, to allow shareholders to evaluate large-scale purchases, the Board of Directors believes it is important that sufficient information should be provided by the large-scale purchaser regarding the large-scale purchase, that the Board of Directors of the Company should provide information to shareholders as well as their opinion upon

evaluating and considering the large-scale purchase, and as required, time should be allotted to allow for the Board of Directors of the Company to provide alternative proposals to shareholders. Based on this conception, the Board of Directors of the Company has decided to set forth Rules for Large-scale Purchases (hereinafter, “Large-scale Purchase Rules”) as shown below, to allow shareholders to appropriately decide whether or not to approve the large-scale purchases. The Board of Directors of the Company will request strict adherence to the Large-scale Purchase Rules by the large-scale purchaser, and in the case where sufficient information is provided in line with these rules, the content will be evaluated and considered, and it will be disclosed to shareholders at an appropriate timing, alongside opinions regarding the large-scale purchase.

Conversely, if the large-scale purchaser does not adhere to the Large-scale Purchase Rules, or even if the Large-scale Purchase Rules are adhered to, if the large-scale purchase would significantly harm the Company’s corporate value and shareholder interests, the Company may enact countermeasures such as the gratis allotment of stock acquisition rights. However, to eliminate self-defense of Directors of the Company, if the large-scale purchaser adheres to the Large-scale Purchase Rules, countermeasures may only be enacted under the five patterns outlined in 3. (2) below, and after receiving counsel from the Independent Committee outlined in 4. below.

2. Large-scale Purchase Rules

(1)Fundamentals of Large-scale Purchase Rules and definition of large-scale purchase

The fundamentals of the Large-scale Purchase Rules under the buyout prevention measure are as follows.

a. Sufficient information from the large-scale purchaser is provided in advance to the Board of Directors of the Company

b. The large-scale purchase is commenced after the elapse of a fixed evaluation period of the Board of Directors of the Company in relation to the provided information

A “large-scale purchase” is defined as the following actions, and neither are applicable if the Board of Directors of the Company has given prior consent.

a. Purchase of shares, etc. with the intent to give a designated shareholder group a share, etc. ownership ratio of 20% or more

b. Public offering of shares, etc. with the intent to give a designated shareholder group a share, etc. ownership ratio of 20% or more

(2)Submission of a Letter of Intent to Conduct a Large-scale Purchase

In the event that a large-scale purchaser wishes to conduct a large-scale purchase, the large-scale purchaser must submit in advance to the Board of Directors of the Company a “Letter of Intent to Conduct a Large-scale Purchase” (hereinafter “Letter of Intent”) stating intent to comply with the Large-scale Purchase Rules. The Letter of Intent must include the “name and address of the large-scale purchaser,” “governing law of establishment,” “name of representative,” “domestic contact information,” “summary of proposed large-scale purchase,” “number of shares held by the large-scale purchaser and joint holders,” and “pledge to adhere to the Large-scale Purchase Rules.”

Upon receipt of a Letter of Intent from a large-scale purchaser, the Board of Directors of the Company will make prompt disclosure.

(3) Provision of large-scale purchase information

The large-scale purchaser must provide to the Board of Directors of the Company sufficient information (hereinafter “Large-scale Purchase Information”) such that shareholders and the Board of Directors of the Company can evaluate and consider the large-scale purchase.

Within five business days of receiving the Letter of Intent, the Board of Directors of the Company will submit an initial list of the Large-scale Purchase Information to the large-scale purchaser that must be provided to the Company with the deadline for a reply determined.

Additionally, the Board of Directors of the Company will swiftly provide initial information that is received to an Independent Committee. The Independent Committee will confirm the content of the initial information, and in the event that it finds that the information is insufficient as Large-scale Purchase Information, it will thereupon set a deadline for the reply, and recommend to the Board of Directors of the Company to acquire additional information until it has sufficient Large-scale Purchase Information.

Once the Independent Committee determines that it has received sufficient information, it will notify the Board of Directors of the Company to notify the large-scale purchaser in writing that the submission of Large-scale Purchase Information is complete, and to disclose the information. Additionally, if the Large-scale Purchase Information is deemed to be necessary for shareholders to make decisions, the Independent Committee will recommend to the Board of Directors of the Company to disclose the information, either in whole or in part, at an appropriate timing.

The Board of Directors of the Company, in line with recommendations from the Independent Committee, will disclose that the submission of the Large-scale Purchase Information is complete, and disclose the Large-scale Purchase Information, either in whole or in part.

(4) Information to be requested by the Company

Main items to be requested as Large-scale Purchase Information from the large-scale purchaser are as follows.

a. Details of the large-scale purchaser and its Group

Specific name, capital structure or primary investors, past experience and history, business description, financial description, experience in similar company or business with the Company, segment information if in a similar business, and experience, target, and result of past large-scale purchases, etc. for joint holders or special related parties (for funds, including fund members and other members)

b. Intent, method, and content of large-scale purchase

Intent, timing of purchase, method of purchase, price and type of compensation for purchase, structure for related transactions, legality of the method of purchase, etc.

c. Basis for compensation for purchase

Calculation figures, facts serving as the basis for calculations, calculation methods, person or company responsible for calculations, price effect forecasted to result from the large-scale purchase and its calculation basis, and the portion of the former comprising the price effect appropriated to other shareholders and its calculation basis, etc.

d. Support for purchase funds

Method of raising funds, presence or not and specific name of party providing funds (including substantial provider of funds), transactions related to raising funds

e. Management policy and business plan for the Company subsequent to completion of

large-scale purchase

Feasibility and foreseeable risks of the business plans associated with intended management policy, business plan, financial plan, capital measures, and asset use measures of the Company and the Group

f. Synergistic effects attained between the large-scale purchaser and the Company subsequent to growth in transactions after completion of the large-scale purchase

g. Policy and effect for stakeholders (employees of the Company, partners, customers, regional societies) of the Company

h. Specific measures to avoid conflicts of interest with other shareholders of the Company

i. Other information that is reasonably required by the Board of Directors of the Company or the Independent Committee

(5) Evaluation period

Depending upon the content of the large-scale purchase, the Board of Directors of the Company will set a period to evaluate, consider, negotiate, form an opinion, prepare alternative proposals, etc. (hereinafter the “Evaluation Period”) of the large-scale purchase of either a. or b. below. The large-scale purchase may only be implemented after the following periods have elapsed.

a. 60 days: For purchases of the Company’s stock, etc. that are market purchases with cash provided as compensation

b. 90 days: Other large-scale purchases

The above periods include time required for the Independent Committee to consider the large-scale purchase and to recommend to the Board of Directors of the Company whether or not to implement countermeasures.

However, the Independent Committee recommendation to the Board of Directors to extend the Evaluation Period within the scope required for the Board of Directors of the Company to consider the content of the large-scale purchase, negotiate with the large-scale purchaser, prepare alternative proposals, etc. In the event that the Board of Directors of the Company resolves to extend the Evaluation Period, the reason for extending the Evaluation Period, the length of the extension, and other relevant items that should be disclosed shall be promptly notified to the large-scale purchaser and information disclosed after the Board of Directors Meeting at which the extension is resolved.

(6)Opinions and alternative proposals by the Board of Directors

Within the Evaluation Period, the Board of Directors of the Company, in cooperation with the Independent Committee, shall evaluate and consider the Large-scale Purchase Information provided by the large-scale purchaser from the viewpoint of whether or not the large-scale purchase will be profitable for the corporate value of the Company and its shareholders. The Board of Directors of the Company shall discuss and negotiate with the large-scale purchaser as required, request improvements to the large-scale purchaser regarding the content of the large-scale purchase proposal, or may present an alternative proposal to shareholders.

3. Response in the event that a large-scale purchase is implemented

If the Board of Directors of the Company, after evaluating and considering the content of the

Large-scale Purchase Information, and discussing and negotiating with the large-scale purchaser, determines that any of the following apply to the large-scale purchase and that it is appropriate to enact countermeasures, countermeasures as defined in the buyout prevention measure can be implemented as shown below, regardless of whether or not the Evaluation Period has passed.

(1) If the Large-scale Purchase Rules are not followed

If the large-scale purchaser does not follow the Large-scale Purchase Rules, the Board of Directors of the Company, while fully respecting the recommendation by the Independent Committee described in 4. below, may enact gratis allotment of stock acquisition rights or other countermeasures allowed by the Board of Directors under by the Companies Act, other laws and regulations, and the Articles of Incorporation of the Company.

These countermeasures will not harm general shareholders, but the large-scale purchaser that does not follow the Large-scale Purchase Rules may be financially harmed, and the large-scale purchaser will be warned not to begin a large-scale purchase while ignoring the Large-scale Purchase Rules.

(2) If the Large-scale Purchase Rules are followed

If the large-scale purchaser follows the Large-scale Purchase Rules, even if the Board of Directors of the Company is against the large-scale purchase, the Board of Directors of the Company will only announce its opinion against the large-scale purchase, present an alternative proposal to shareholders, and ask for understanding on an individual basis, and in principle shall not enact countermeasures. As a result, whether or not to comply with a purchase proposal from a large-scale purchaser shall be decided by the shareholders after comparison between the large-scale purchaser's purchase proposal, alternative proposals presented by the Board of Directors of the Company, and management policies for the medium to long term to improve the corporate value of the Company, etc. However, even if the Large-scale Purchase Rules are followed, if any of the following apply to the large-scale purchase, and there is a possibility that it will significantly harm the corporate value and shareholder interests of the Company, the Board of Directors of the Company, while fully respecting the recommendation by the Independent Committee described in 4. below, may enact appropriate countermeasures.

a. Greenmailer: Without intent to engage in management of the Group, intent to artificially inflate the Company's stock price and sell the stock back to the Company

b. Scorched earth management: After temporarily controlling management of the Group, intent to transfer the intellectual property, know-how, primary transaction partners and customers of the Group to the large-scale purchaser or its Group companies, etc.

c. Asset diversion: After controlling management of the Group, intent to divert the assets of the Group as collateral for liabilities or resources for the large-scale purchaser or its Group companies, etc.

d. Temporary high dividends: After temporarily controlling management of the Group, intent to sell or dispose assets of the Group such as real estate, securities, etc., and temporarily pay out high dividends, or to sell shares at a high price upon the stock price rising as a result of the high dividends

e. Oppressive two-stage purchase: Failing to invite the purchase of all shares via the initial purchase and setting or not disclosing unfavorable conditions for the second purchase, etc., substantially forcing shareholders to sell their shares

(3) Method to determine implementation of countermeasures

Based on information obtained from the Large-scale Purchase Information provided by the large-scale purchaser and other research, the Board of Directors of the Company, while seeking advice from financial advisors, lawyers, etc., will consider factors such as if the large-scale purchaser is genuinely seeking to participate in management of the Company, and whether or not the large-scale purchase and proposal will be beneficial to the corporate value and shareholder interests of the Company, and while fully respecting the recommendation of the Independent Committee as described in 4. below, shall resolve at a Board of Directors Meeting of the Company whether or not to implement countermeasures.

If the Board of Directors of the Company resolves to implement or to not implement countermeasures against a large-scale purchaser, it will notify shareholders with appropriate information at an appropriate timing, stating its reasoning.

(4) Cancellation of implementation of countermeasures

Subsequent to resolution to implement a gratis allotment of stock acquisition rights as countermeasures, in the event that either a. or b. below apply, the Board of Directors of the Company may effectively cancel the countermeasures via methods such as the cancellation of the issuance of stock acquisition rights or the gratis acquisition and subsequent cancellation of the stock acquisition rights by the Company. In such a case, the Board of Directors of the Company will promptly disclose the information.

a. In the event that after the Board of Directors of the Company implements countermeasures, the large-scale purchaser retracts its purchase, etc., causing there to no longer be a large-scale purchase

b. In the event that underlying facts related to the implementation of countermeasures change, and the conditions set forth in 3. (1) (2) to implement countermeasures no longer apply to the large-scale purchase, or the Board of Directors of the Company determines that even though the conditions apply, approving of the issuance or exercise of stock acquisition rights is not appropriate

4. Independent Committee

(1) Establishment of an Independent Committee

In the event that the Board of Directors of the Company receives a letter of intent regarding a large-scale purchase or if there is the possibility of a large-scale purchase occurring, in order to ensure that countermeasures are not implemented arbitrarily by the Board of Directors of the Company, a convocation of the Independent Committee will be requested to the members of the Independent Committee as an organization that is independent of the Directors of the Company and the large-scale purchaser, and the Independent Committee shall inquire as to whether or not conditions for implementation of countermeasures, etc. set forth in 3. (1) (2) above apply to the large-scale purchaser. Additionally, concerning the convocation, matters for resolution, and items for resolution, please see [Attachment 1].

Members of the Independent Committee, which shall determine whether or not the large-scale purchase will be beneficial for the Company's corporate value and shareholder interests, shall be composed of three members, consisting of outside experts and External Directors of the Company.

As required, the Independent Committee shall have the authority to request attendance, provision of information, and explanations to the Independent Committee from Directors, employees, etc. of the Company, and shall deliberate and resolve on items related to its inquiries, making recommendations on the contents to the Board of Directors of the Company. Members of the Independent Committee are scheduled to consist of persons listed on [Attachment 2].

(2) Methods to make decisions in the Independent Committee

In the event that the Independent Committee is convened, it shall resolve on recommendations, etc. according to the process below, and promptly disclose information on these recommendations, etc.

a. If the Independent Committee recommends implementation of countermeasures

If the Independent Committee determines that any of the conditions set forth in 3. (1) (2) above apply to the purchase by the large-scale purchaser and that implementation of countermeasures is appropriate, a recommendation to the Board of Directors of the Company will be made to implement countermeasures.

b. If the Independent Committee does not recommend implementation of countermeasures

If after considering the Large-scale Purchase Information provided by the large-scale purchaser and considering the content of negotiations between the Board of Directors of the Company and the large-scale purchaser, etc., the Independent Committee determines that neither of the conditions set forth in 3. (1) (2) above apply to the purchase by the large-scale purchaser or that the implementation of countermeasures is not appropriate even if the conditions do apply, a recommendation to the Board of Directors of the Company will be made not to implement countermeasures. However, if underlying facts related to the decision change and conditions set forth in 3. (1) (2) ultimately apply, a new recommendation may be made.

c. If the Independent Committee recommends an extension for the implementation of countermeasures

If the Independent Committee cannot resolve to make a recommendation regarding whether or not to implement countermeasures within the Evaluation Period as set forth in 2. (5) above, the Independent Committee may, within a reasonable range, resolve to extend the Evaluation Period, and make a recommendation to the Board of Directors of the Company.

The Board of Directors of the Company, after fully respecting the recommendations of the Independent Committee, shall resolve on an opinion as the Board of Directors, and disclose the contents of the information.

5. Content of Countermeasures

(1) Issuance of stock acquisition rights

If the Board of Directors of the Company conducts a gratis allotment of stock acquisition rights as a specific measure against large-scale purchases, as shown in [Attachment 3], it will issue stock acquisition rights that prohibit the large-scale purchaser from exercising the stock

acquisition rights (hereinafter the “Stock Acquisition Rights”), and on a certain day to be determined and notified separately by the Board of Directors of the Company (hereinafter the “Allotment Date”), the stock acquisition rights will be allotted gratis to shareholders. Additionally, if the Stock Acquisition Rights are issued, an exercise period and exercise conditions that take into account its effects as a countermeasure shall be established.

(2)Transfer of stock acquisition rights

The transfer of the Stock Acquisition Rights shall require the consent of the Board of Directors.

(3) Procedures for issuance and exercise of stock acquisition rights

If the Stock Acquisition Rights are issued, it shall be necessary to be recorded in the shareholder registry of the Company by the Allotment Date if the stock acquisition rights are to be allotted. Concerning the exercise of the Stock Acquisition Rights, it shall be necessary to remit a certain amount during the set exercise period in order to acquire new shares.

Concerning specific details of the above process, shareholders will be notified pursuant to relevant laws and regulations at the time that it is resolved to actually issue the Stock Acquisition Rights.

6. Effect on Shareholders and Investors, etc.

(1) Effect of the buyout prevention measure on shareholders and investors

The buyout prevention measure only states that gratis stock acquisition rights may be granted, or that countermeasures may be implemented as allowed by the Board of Directors of the Company pursuant to the Companies Act, relevant laws and regulations, and the Articles of Incorporation of the Company, and at the time of its introduction, countermeasures will not be implemented, thus not having an immediate effect on shareholders and investors.

On the contrary, by continuing with the buyout prevention measure, it will secure sufficient information and time for shareholders and investors to decide whether or not to comply with large-scale purchases, via provision of Large-scale Purchase Information from a large-scale purchaser, alternate proposals from the Board of Directors of the Company, etc.

(2)Effect of implementation of countermeasures on shareholders and investors

If the Board of Directors of the Company resolves to implement specific countermeasures, appropriate information shall be disclosed at the appropriate timing, pursuant to laws and regulations and the Financial Instruments Exchange Act.

When countermeasures are implemented, the Company does not foresee shareholders and investors other than the designated shareholder group, which includes the large-scale purchaser, being significantly negatively impacted in any legal or financial sense, aside from the situations outlined in c. and d. below.

If the Board of Directors of the Company implements the gratis allotment of stock acquisition rights as countermeasures, the effects on shareholders and investors other than the designated shareholder group, which includes the large-scale purchaser, shall be as follows.

a. To shareholders that are recorded in the shareholder registry as of the Allotment Date, to be separately set by the Board of Directors of the Company, one gratis Stock Acquisition Right

shall be allotted for every one share of common stock held.

b. For shareholders who have received the Stock Acquisition Rights via gratis allotment to exercise their rights and obtain new stock, payment of an amount set by resolution for gratis allotment of stock acquisition rights by the Board of Directors of the Company must be made within a certain time set by the Board of Directors of the Company for an amount of at least \1 for each Stock Acquisition Right.

c. If the shareholder does not make payment of the exercise price within the rights exercise period and does not make arrangements to exercise the rights of the Stock Acquisition Rights, other shareholders will acquire new stock via exercise of their rights, causing the large-scale purchaser and the shareholder who does not make rights exercise arrangements to be subject to the effects of dilution in their ownership of the Company's stock.

d. If after the shareholders who are to receive the Stock Acquisition Rights are determined, and the Board of Directors of the Company cancels the gratis allotment, or if the Company is to acquire gratis the Stock Acquisition Rights that were allotted gratis, dilution of the stock on a per-share basis will not occur, and investors that made transactions under the assumption that dilution would occur may be harmed due to changes in the stock price.

e. At the time of acquiring gratis allotment of the Stock Acquisition Rights and receiving new stock as a result of the exercise of the Stock Acquisition Rights, taxation-related matters will not arise for shareholders. However, shareholders (including the large-scale purchaser) who have transferred their Stock Acquisition Rights to a third party after approval by the Board of Directors of the Company and shareholders who have transferred their new stock to a third party after exercising their Stock Acquisition Rights will be subject to taxation for the transfer.

(3)Effect on large-scale purchaser

The buyout prevention measure may cause financial harm to large-scale purchasers that do not follow the Large-scale Purchase Rules or large-scale purchasers that may significantly harm the Company's corporate value and shareholder interests.

The buyout prevention measure serves as a warning to purchasing activity that ignores the Large-scale Purchase Rules by preemptively stating the potential harm that may come from not following the Large-scale Purchase Rules.

7. Procedures for Shareholders and the Company in line with the Gratis Allotment of Stock Acquisition Rights

(1)Procedures to record in the shareholder registry

If the Board of Directors of the Company resolves for gratis allotment of stock acquisition rights, it will publicly announce the Allotment Date regarding the gratis allotment.

The gratis allotment of Stock Acquisition Rights shall be for shareholders that are recorded in the final shareholder registry as of the Allotment Date, making it a requirement for shareholders to be recorded in the shareholder registry by the Allotment Date.

Shareholders who are recorded in the final shareholder registry as of the Allotment Date shall become holders of stock acquisition rights on the effective date of the gratis allotment of Stock Acquisition Rights.

(2)Procedures to exercise stock acquisition rights (acquire new stock)

To shareholders who are recorded in the final shareholder registry as of the Allotment Date (excluding large-scale purchasers, etc. as shown in 8. (1) to (3) of [Attachment 3]), the Company shall issue exercise requests for the Stock Acquisition Rights (content and number regarding exercise of the Stock Acquisition Rights, required information such as the exercise date, etc. for the Stock Acquisition Rights, guarantees that shareholders are not large-scale purchasers, etc., and other oaths in a format to be determined by the Company) and other required documentation required for the exercise of the Stock Acquisition Rights.

After the gratis allotment of the Stock Acquisition Rights, shareholders shall be issued one share of common stock for every one Stock Acquisition Right held after submission of the required documentation within the exercise period, and after payment of an amount set by resolution for gratis allotment of stock acquisition rights by the Board of Directors of the Company, which shall generally be at least \1 for each Stock Acquisition Right.

(3)Procedures for the Company to acquire stock acquisition rights

If the Board of Directors of the Company resolves to acquire the Stock Acquisition Rights, the Company, pursuant to relevant laws and regulations, may acquire the Stock Acquisition Rights on a separate day set by the Board of Directors of the Company.

On the day set by the Board of Directors of the Company, the Company may acquire all Stock Acquisition Rights that have not been exercised by the day before the day set by the Board of Directors of the Company held by parties other than those who cannot exercise the Stock Acquisition Rights (large-scale purchasers, etc. as shown in 8. (1) to (3) of [Attachment 3]), and in return, the Company may allot one share of common stock in the Company for every one Stock Acquisition Right.

Additionally, if a party arises other than those who cannot exercise the Stock Acquisition Rights (large-scale purchasers, etc. as shown in 8. (1) to (3) of [Attachment 3]) after the day that the acquisition was made and is approved by the Board of Directors of the Company, as of a day set by the Board of Directors of the Company that is after the day that the acquisition was made above, all Stock Acquisition Rights held by the party in question that have not been exercised by the day before the day set by the Board of Directors of the Company may be acquired, and in return, the Company may allot one share of common stock in the Company for every one Stock Acquisition Right, and the same shall follow.

(4)Cancellation of issuance of stock acquisition rights and retirement of stock acquisition rights

If a reason exists under 3. (4) above, the Board of Directors of the Company may cancel the issuance of stock acquisition rights until the allotment, and after the allotment, it may retire the stock acquisition rights under the gratis acquisition method.

8. Valid Period, Termination, and Revision of Buyout Prevention Measure

The buyout prevention measure shall be valid for the three years from the conclusion of this General Meeting of Shareholders until the 12th Annual General Meeting of Shareholders to be held in June 2021. However, even before the end of its valid period, if the Board of Directors of the Company resolves to terminate the buyout prevention measure, the buyout prevention measure shall be terminated at that time.

Additionally, even during the valid period of the buyout prevention measure, the Board of

Directors of the Company may revise the buyout prevention measure, upon recommendation from the Independent Committee, for the following reasons.

a. If laws, regulations, rules at securities exchanges, etc. relating to the buyout prevention measure are newly established, amended, or terminated, and it is appropriate to reflect these items in the buyout prevention measure

b. If a new method of large-scale purchase becomes apparent, and it is appropriate to revise the content of the buyout prevention measure

c. If additional explanation is required, or errors in print are discovered, and it is appropriate to fix them

If the Board of Directors of the Company terminates or revises the buyout prevention measure, it will promptly disclose the content, etc. of this information.

9. Reasonableness of the Buyout Prevention Measure

The buyout prevention measure fulfills the three basic policies (policy of securing and improving corporate value and shareholder interests, policy of prior disclosure and shareholder intentions, and policy of securing of necessity and appropriateness) that were outlined in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" published on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice. Additionally, it is also in line with the "Ideal Buyout Prevention Measure that Accounts for Recent Changes in Various Environments," published by the Corporate Value Research Group of the Ministry of Economy, Trade and Industry on June 30, 2008, and [Principle 1.5 Anti-Takeover Measures] of "Japan's Corporate Governance Code" announced by the Tokyo Stock Exchange on June 1, 2015.

(1) Policy of securing and improving corporate value and shareholder profit

As stated in 1. above, the buyout prevention measure is implemented with the intent of providing sufficient information about large-scale purchases from large-scale purchasers to shareholders to evaluate large-scale purchases, providing the Board of Directors of the Company a method to evaluate and consider large-scale purchases and provide shareholders with opinions, and securing adequate time for the Board of Directors of the Company to present alternate proposals to shareholders as required.

(2)Policy of prior disclosure and shareholder intentions

The contents of the buyout prevention measure are disclosed in advance to allow shareholders and investors and large-scale purchasers to enhance predictability, and to secure opportunity for shareholders to make appropriate decisions.

The Board of Directors of the Company believes that the final decision of whether or not to comply with a large-scale purchase should be left to shareholders, and unless the large-scale purchase would cause significant harm to the corporate value or shareholder interests of the Company, it will not implement countermeasures, and it is a structure that serves to confirm the wishes of shareholders when moving to a public offering. For a summary of the buyout prevention measure, please see [Attachment 4].

The buyout prevention measure are valid for the three years until the conclusion of the 12th Annual General Meeting of Shareholders to be held in June 2021, but the buyout prevention

measure may be terminated through the election of Directors of the Company each year (excluding Directors Serving as Audit and Supervisory Committee Members).

As of the present, there are no proposals to conduct a large-scale purchase of the Company's stock. For the current state of the Company's stock, please see [Attachment 5].

(3)Policy of securing of necessity and appropriateness

The buyout prevention measure are constructed by the following to ensure the securing of necessity and appropriateness.

a. To prevent arbitrary decisions by the Board of Directors of the Company, an Independent Committee has been put into place, and the Board of Directors shall fully respect the recommendations of the Independent Committee. Additionally, the Independent Committee is able to receive advice from independent specialists at the Company's expense. Through such efforts, it is a structure that will strongly ensure the fairness and objectivity of the decisions made by the Independent Committee.

b. As long as the Large-scale Purchase Rules are followed, it is a structure that generally leaves the decision up to shareholders via public offering, etc.

c. Exceptional conditions within the buyout prevention measure for implementation of countermeasures despite the Large-scale Purchase Rules being followed are limited to the four cases set forth by the Tokyo High Court (Nippon Broadcasting System Incident, presided by the Tokyo High Court, March 23, 2005), and oppressive two-stage purchases.

d. The buyout prevention measure have a structure that allows shareholders other than the large-scale purchaser to fairly acquire new stock by the exercise of stock acquisition rights in proportion to the amount of stock held.

e. The buyout prevention measure are not so-called dead hand-type buyout prevention measure (buyout prevention measure which cannot be stopped despite the replacement of a majority of the members of the Board of Directors), or slow hand-type buyout prevention measure (buyout prevention measure which require time to be stopped as the replacement of members of the Board of Directors cannot be made all at once).

[Attachment 1]

Summary of Independent Committee

1. The Independent Committee shall be established via resolution of the Board of Directors of the Company.
2. The Independent Committee shall consist of three members (hereinafter “Independent Committee Members”).
3. Independent Committee Members shall be selected from outside experts and External Directors of the Company. Additionally, the outside expert must be a lawyer, certified public accountant, or person holding certification similar in nature, or a person with expertise in dairy, milk, or management, etc., and must conclude a commission agreement with the Company that includes items requiring duty of diligence.
4. The term of office for Independent Committee Members shall be from the conclusion of this Annual General Meeting of Shareholders until the conclusion of an Annual General Meeting of Shareholders in the final business year that ends within three years. However, this may not necessarily apply if the Board of Directors of the Company resolves to do differently.
5. The Board of Directors of the Company may request a convocation of the Independent Committee to each Independent Committee Member.
6. Independent Committee Members may convene the Independent Committee under the following circumstances.

(1)If a large-scale purchaser indicates to the Company intent to make a large-scale purchase (not necessarily the submission of a Letter of Intent)

(2)If a large-scale purchase of the Company’s stock becomes apparent

7. Independent Committee Members possess the following rights and duties.

(1)Collection, evaluation, and consideration of Large-scale Purchase Information, recommendation to disclose information to the Board of Directors of the Company

(2)Deciding if sufficient, Large-scale Purchase Information has been obtained, and if the Large-scale Purchase Information is insufficient, recommend to the Board of Directors of the Company to request additional information from the large-scale purchaser

(3)As required, request attendance to the Independent Committee, provision of information regarding the large-scale purchase and alternate proposals from Directors, Audit & Supervisory Board Members, and employees, etc. of the Company and request explanations regarding these items

(4)Deliberation and decision on whether or not the large-scale purchase warrants implementation of countermeasures under the buyout prevention measure

(5)Recommend to the Board of Directors of the Company on whether or not to implement countermeasures

(6)Recommend to the Board of Directors of the Company to extend the Evaluation Period

(7)Recommend to the Board of Directors of the Company on revisions and termination of the buyout prevention measure

(8)Of other items that must be decided by the Board of Directors of the Company, items that have been inquired to the Independent Committee by the Board of Directors of the Company

(9)Other items that the Board of Directors of the Company have determined can be conducted by the Independent Committee

(10)Duty of diligence associated with the above items

8. The Independent Committee is formed by attendance of all Independent Committee Members, and resolves matters via a majority of those present.

9. The Independent Committee may receive advice from independent third party specialists (including financial advisors, lawyers, and other specialists) at the expense of the Company.

10. If a large-scale purchase, etc. of the Company's stock occurs, the Independent Committee shall make a recommendation based on evaluation and consideration of the Large-scale Purchase Information, utilizing benefit to the corporate value and shareholder interests of the Company as an evaluation metric, and must not aim to achieve personal gain or gain for the Directors of the Company.

[Attachment 2]

Past Experience of Independent Committee Members

Nobuhiro Suzuki
Past experience:

April 1982	Joined Ministry of Agriculture, Forestry and Fisheries
October 1996	Research Exchange Manager of Nousouken Corporation
April 1997	Assistant Professor, Faculty of Agriculture of Kyushu University
April 2004	Professor, Graduate Faculty of Agricultural Research of Kyushu Univesityr
September 2006	Professor, Graduate School of Agricultural and Life Sciences of The University of Tokyo (current position)
April 2011	Chief of Japan-Cooperative General Research Institute

Junichi Mizuo
Past experience:

April 1970	Joined Shiseido Company, Limited
April 1999	Assistant Professor, Faculty of Economics of Surugadai University
April 2000	Professor, Faculty of Economics of Surugadai University
April 2001	Professor, Graduate Faculty of Economics Research of Surugadai University
May 2003	Director of Japan Society for Business Ethics
June 2006	Specially Appointed Professor, Graduate School of Engineering of Tokyo Institute of Technology
April 2010	Visiting Professor, School of Oriental & African Studies, University of London
April 2011	Senior Researcher of Business Ethics Research Center
June 2013	Vice Chairman of Japan Society for Business Ethics (current position)
April 2015	Chief Researcher of Business Ethics Research Center (current position)
April 2018	Representative of MIZUO Compliance & Governance Research Center (current position)

Hisa Anan
Past experience:

June 1991	Director of CO-OP TOKYO
June 1999	Director of Tokyo Consumers' Co-operative Union
June 2001	Director of Japanese Consumers' Co-operative Union
August 2003	Director of National Federation of Workers and Consumers Insurance Cooperatives
October 2007	Secretariat of SHODANREN
May 2008	Secretary General of SHODANREN
August 2012	Secretary-General of Consumer Affairs Agency

August 2014	Retired from position as Secretary-General of Consumer Affairs Agency
June 2015	External Director of the Company

(Note) Ms. Hisa Anan is an Independent Officer provided for by the Tokyo Stock Exchange and the Sapporo Stock Exchange.

[Attachment 3]

Summary of Stock Acquisition Rights

1. Shareholders subject to assignment of stock acquisition rights and issue conditions
To shareholders who are recorded in the final shareholder registry on a date set by the Board of Directors of the Company (hereinafter the “Allotment Date”), one stock acquisition right shall be allotted per one share of stock held (excluding treasury stock).

2. Type and number of stock subject to stock acquisition rights
Stock subject to stock acquisition rights shall be common stock, and the number of share subject to one stock acquisition right shall be one share.

3. Total number of stock acquisition rights to be issued
The total number of stock acquisition rights to be issued shall be the same number of issued shares (excluding treasury stock) of the Company as of the Allotment Date.

4. Issue price of each stock acquisition right
The stock acquisition rights shall be issued gratis.

5. Amount required to be paid upon exercise of each stock acquisition right (execution price)
Amount required shall be \1 or more for each stock acquisition right.

6. Limitations on transferability of stock acquisition rights
The transfer of stock acquisition rights shall require the approval of the Board of Directors of the Company.

7. Execution period, etc. of stock acquisition rights
The execution period, execution conditions, retirement conditions, and other required items shall be set separately by the Board of Directors of the Company.

8. Execution conditions of stock acquisition rights
Shareholders to which any of the following apply shall not be able to execute stock acquisition rights.
(1)Designated shareholder groups including the large-scale purchaser
(2)Parties who received or were transferred stock acquisition rights from the designated shareholder group without the consent of the Board of Directors of the Company
(3)Parties located abroad that require additional procedures upon exercise of stock acquisition rights due to foreign laws and regulations

9. Acquisition of stock acquisition rights by the Company
Of the stock acquisition rights held by shareholders other than to which 8. (1) (2) apply, the Board of Directors of the Company may acquire all unexercised stock acquisition rights by the day before the day set forth by the Board of Directors of the Company, and in return,

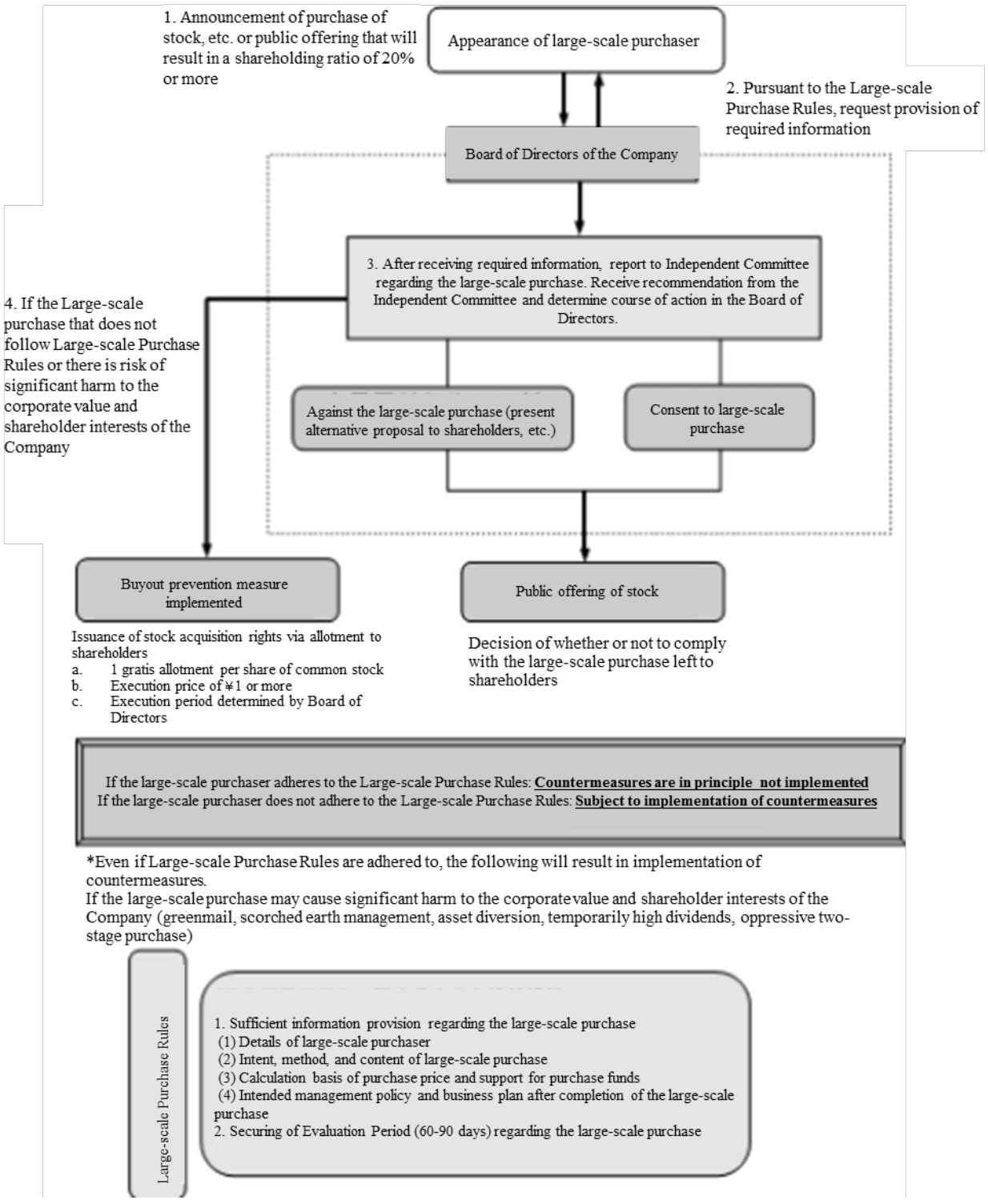
may allot one share of common stock for one stock acquisition right.

10. Other measures regarding stock acquisition rights

In the event that conditions warrant the cancellation of countermeasures, the Board of Directors of the Company may cancel the issuance of stock acquisition rights until the Allotment Date, and after allotment, may retire all stock acquisition rights via the gratis acquisition method.

[Attachment 4]

Summary Diagram of Buyout Prevention Measure



[Attachment 5]

Status of the Company's Stock (as of March 31, 2018)

1. Total number of shares 280,000,000 shares

2. Total number of issued shares 70,751,855 shares

3. Number of shareholders 51,233

4. Status of shares by shareholder type

Shareholder Type	Shares Held	Investment Ratio
Financial Institutions	38,707 thousand shares	57.08%
Securities Companies	916 thousand shares	1.35%
Other Domestic Companies	6,472 thousand shares	9.54%
Foreign Entities	11,185 thousand shares	16.49%
Individuals, Others	10,491 thousand shares	15.47%
Total	70,751 thousand shares	100.00%

5. Status of major shareholders

Shareholder Name	Shares Held	Investment Ratio
National Federation of Agricultural Cooperative Associations (ZEN-NOH)	9,237 thousand shares	13.62%
The Norinchukin Bank	6,728 thousand shares	9.92%
Japan Trustee Services Bank, Ltd. (in trust of Sumitomo Mitsui Trust Bank, Limited, trust account for retirement benefits of ITOCHU Corporation)	3,703 thousand shares	5.46%
Japan Trustee Services Bank, Ltd. (Trust account)	2,866 thousand shares	4.22%
The Master Trust Bank of Japan, Ltd. (Trust account)	2,703 thousand shares	3.98%
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,435 thousand shares	2.11%
GOVERNMENT OF NORWAY	1,199 thousand shares	1.76%
MEGMILK SNOW BRAND Employee Shareholding Association	1,117 thousand shares	1.64%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,083 thousand shares	1.59%
HOKUREN Group	1,074 thousand shares	1.58%
Total	31,147 thousand shares	45.93%

(Note) Although the Company holds 2,941,743 shares of common stock, the Company is excluded from the above list of major shareholders. Calculations of investment ratio exclude common stock