

Aug 4, 2016

**Nippon Flour Mills Announces Conclusion of Share Exchange Agreement
(Simplified Share Exchange) for Acquiring Tofuku Flour Mills Co., Ltd. as a Wholly
Owned Subsidiary**

Nippon Flour Mills Co., Ltd. (President & COO: Masayuki Kondo; the “Company”) announces that its Board of Directors resolved at its meeting held today that the Company will exchange shares for the acquisition of Tofuku Flour Mills Co., Ltd. (“Tofuku Flour Mills”; listed on the Fukuoka Stock Exchange) as a wholly owned subsidiary of the Company, making the Company the wholly owning parent with the effective date of November 1, 2016 (the “Share Exchange”), and concluded a share exchange agreement dated today (the “Share Exchange Agreement”).

The Share Exchange is a simplified exchange of shares for making a consolidated subsidiary a wholly owned subsidiary, and therefore some information disclosure and details of disclosed information are omitted.

1. Purpose of the Share Exchange

Since Nippon Flour Mills Co., Ltd made Tofuku Flour Mills its consolidated subsidiary in August 2014 through a public offering of shares of Tofuku Flour Mills, the two companies have jointly engaged in business activities to achieve business synergy in a variety of segments.

On the assumption of keeping Tofuku Flour Mills Co., Ltd. listed on the stock exchange, however, the implementation of measures to achieve business synergy may lack effectiveness, and the Company determined that the companies could not adequately enjoy the synergy as initially planned.

Meanwhile, taking into account the increasingly rapid changes expected in the business environment, it is essential to continuously increase the corporate value of both companies and achieve further synergy through an enhanced alliance.

To this end, both companies determined that the optimal measure would be to make Tofuku Flour Mills a wholly owned subsidiary of Nippon Flour Mills and concluded the Share Exchange Agreement.

2. Schedule of the Share Exchange

Date of resolution of Board of Directors on the conclusion of the Share Exchange Agreement (both companies)	August 4, 2016
Date of conclusion of the Share Exchange Agreement (both companies)	August 4, 2016
Date of announcement of record date for extraordinary general meeting of shareholders (Tofuku Flour Mills)	August 5, 2016
Record date for extraordinary general meeting of	August 19, 2016

shareholders (Tofuku Flour Mills)	
Date of extraordinary general meeting of shareholders (Tofuku Flour Mills)	September 21, 2016 (plan)
Final date of transactions (Tofuku Flour Mills)	October 26, 2016 (plan)
Date of delisting (Tofuku Flour Mills)	October 27, 2016 (plan)
Effective date of the Share Exchange	November 1, 2016 (plan)

Note 1: Nippon Flour Mills plans to carry out the Share Exchange by means of a simplified share exchange that does not require the approval of its general meeting of shareholders pursuant to the provisions of Paragraph 2 of Article of 796 of the Companies Act.

Tofuku Flour Mills plans to implement the Share Exchange after receiving approval for the Share Exchange Agreement at its extraordinary general meeting of shareholders scheduled to be held on September 21, 2016.

Note 2: The above schedule is subject to change upon the agreement of both companies if a change is necessary for the procedures for the Share Exchange or other reasons.

3. Description of allotment concerning the Share Exchange

	Nippon Flour Mills (Wholly Owning Parent in Share Exchange)	Tofuku Flour Mills (Wholly Owned Subsidiary in Share Exchange)
Allotment ratio concerning the Share Exchange	1	0.2 (before the reverse stock split)
		0.1 (after the reverse stock split)
Number of shares allotted through the Share Exchange	Common shares of Nippon Flour Mills: 485,261 (plan) (after the reverse stock split)	