

# Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



(Translation)

October 2, 2018

Dear Sirs:

Name of the Company: Kewpie Corporation  
Representative: Osamu Chonan,  
Representative Director,  
President and Chief Executive  
Corporate Officer

(Code No. 2809; the first section of the Tokyo Stock Exchange)

Person to contact: Masato Shinohara,  
Corporate Officer and  
General Manager of Operation  
Promote Department

## **Notice of the Acquisition by the Company of its Own Shares and the Tender Offer for its Own Shares**

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Notice is hereby given that Kewpie Corporation (the "Company"), at the meeting of its Board of Directors held today, adopted a resolution for the acquisition by the Company of its own shares pursuant to Article 156, paragraph 1 of the Companies Act (Law No. 86 of 2005, as amended; hereinafter referred to as the "Companies Act") applied with certain replacement of terms pursuant to Article 459, paragraph 1 of the Companies Act and the relevant provision of the Articles of Incorporation of the Company, and a tender offer for its own shares (the "Tender Offer") as a specific means of such acquisition, as described below:

### Description

#### 1. Purpose of the acquisition, etc.:

The Company maintains a basic policy of providing returns to its shareholders with top priority on dividend distributions, and accordingly aims to continue providing stable dividends, while also reviewing options for repurchasing and retiring its treasury stocks as necessary, giving consideration to factors such as stock price trends and its financial conditions.

The Company provides in its Articles of Incorporation that unless otherwise provided for in laws and regulations, the matters listed in the items of paragraph 1 of Article 459 of the Companies Act, including distribution of retained earnings and acquisition of its own shares, may be determined by resolution of its Board of Directors. The provision is contemplated to allow the Company to implement its dividend policy and capital policy in a flexible manner by delegating the authority for distribution of retained earnings and acquisition of its own shares to the Board of Directors. With this background, the Company acquired 2,100,000 shares at 2,239 yen per share through a tender offer for its own shares (the "2016 Tender Offer") in accordance

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with the resolution adopted at the meeting of its Board of Directors held on March 15, 2016, and furthermore acquired 4,120,000 shares at 2,426 yen per share through a tender offer for its own shares (the "2017 Tender Offer") in accordance with the resolution adopted at the meeting of its Board of Directors held on July 26, 2017 (Note).

Under these circumstances, in late July 2018, the Company received notices from Nakashimato Co., Ltd. ("Nakashimato"), the Company's major and largest shareholder (holding 18,571,113 shares as of October 2, 2018, accounting for 12.38% (rounded off to the second decimal; the same applies to calculations of ratios to the total number of issued shares hereinafter) of the total 150,000,000 issued shares of the Company) and from Tohka Co., Ltd. ("Tohka"), the Company's second largest shareholder (holding 8,622,670 shares as of October 2, 2018, accounting for 5.75% of the total 150,000,000 issued shares of the Company) that they intended to sell part of the shares of common stock of the Company they held. Nakashimato is a company engaged principally in import and sale of foods and liquors. Amane Nakashima, Director and Chairman of the Company, concurrently serves as Director and President of Nakashimato. Osamu Chonan, Representative Director, President and Chief Executive Corporate Officer of the Company, also concurrently serves as Director of Nakashimato. Tohka is a company engaged in leasing and management of real estate, and leasing of food manufacturing equipment, etc. Amane Nakashima, Director and Chairman of the Company, concurrently serves as Director and Chairman of Tohka.

Upon such notice from Nakashimato and Tohka, the Company, in consideration of any impact on the liquidity and market prices of the shares of common stock of the Company when a large number of shares were to be released to the market for the short run, as well as its financial conditions, among others, commenced specific consideration on the repurchase of its own shares in late July 2018.

As a result, the Company determined that the repurchase of its own shares would contribute to raising its capital efficiencies, including earnings per share (EPS) and return on equity (ROE) of the Company, leading to even greater returns for its shareholders. Furthermore, the Company determined that if it implemented the repurchase of its own shares, there would be no significant impact on its financial conditions or dividend policy. With regard to the specific method of repurchasing its own shares, as a result of careful review and considerations from the perspective of maintaining fairness among shareholders and transactional transparency, the Company determined that a tender offer is the appropriate method for this purpose.

To determine the purchase price under the Tender Offer (the "Tender Offer Purchase Price"), the Company decided that it should be based on the market price by placing emphasis on the clarity and objectivity of criteria in consideration of such factors as the facts that the shares of common stock of the Company were listed on the financial instruments exchange and that listed companies often carried out the repurchase of their own shares through market purchases on financial instruments exchanges. In addition, the Company also considered to respect the interests of the shareholders who would not apply for the Tender Offer and retain ownership of the shares of common stock of the Company, and decided to repurchase its own shares at a price with a certain level of discount from the market price in order to control the outflow of the assets of the Company.

Then in late August 2018, the Company proposed to Nakashimato and Tohka that they

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apply for a tender offer to be implemented by the Company at a price discounted from the simple average of the closing prices of the shares of common stock of the Company on the first section of the market established by Tokyo Stock Exchange, Inc. (the "TSE") for a specified period and in late August 2018, Nakashimoto and Tohka responded that they would support the purpose of the Tender Offer and would positively consider the application for the offer.

Upon the above response, on October 1, 2018, the Company, after careful considerations, negotiated with Nakashimoto and Tohka on the specific terms and conditions of the Tender Offer. The Company proposed to Nakashimoto and Tohka that the Tender Offer Purchase Price be 2,313 yen, which was equivalent to a 11.99% (rounded off to the second decimal; the same applies to calculations of discount rates hereinafter) discount from 2,628 yen (rounded down to the nearest whole yen; the same applies to calculations of simple averages of closing prices hereinafter), which was the simple average of the closing prices of the shares of common stock of the Company on the first section of the market established by the TSE for one month up to the business day (October 1, 2018) immediately preceding the date of the resolution by its Board of Directors for the Tender Offer. The discount rate was to be determined by reference to previous cases of tender offers to acquire its own shares. As a result, the Company received a response from Nakashimoto that if the Company adopted a resolution for the Tender Offer, it would apply for the Tender Offer with part of its shares of common stock of the Company, 3,500,000 shares (the ratio thereof to the total number of issued shares: 2.33%) under the above terms and conditions, and a similar response from Tohka for 500,000 shares, which are part of its shares of common stock of the Company (the ratio thereof to the total number of issued shares: 0.33%), on October 1, 2018.

In addition, the number of shares that the Company plans to acquire under the Tender Offer will be limited to 4,400,000 shares (the ratio thereof to the total number of issued shares: 2.93%) from the perspective of providing an opportunity to apply for the Tender Offer to the shareholders other than Nakashimoto and Tohka.

The Company plans to apply funds on hand to the entire funds required for the Tender Offer. The Company has reported approximately 32.2 billion yen of liquidity on hand (cash and deposits) on a consolidated basis as of August 31, 2018 in its summary of consolidated financial statements for the third quarter of the fiscal year ending November 30, 2018 published on October 2, 2018. After the application of such funds, the Company expects that its liquidity on hand shall be maintained at a sufficient level, and believes that it will gain a positive cash flow from its operating activities. Thus, the Company expects to maintain and continue its financial soundness and strength after such repurchase.

In light of the above, the Company, at the meeting of its Board of Directors held on October 2, 2018, adopted a resolution for the acquisition by the Company of its own shares pursuant to Article 156, paragraph 1 of the Companies Act applied with certain replacement of terms pursuant to Article 459, paragraph 1 of the Companies Act and the relevant provision of the Articles of Incorporation of the Company and the Tender Offer as a specific means of such acquisition.

Amane Nakashima, Director and Chairman of the Company, concurrently serves as Director and President of Nakashimoto and Director and Chairman of Tohka, and may have a special interest in the Tender Offer. Hence, to prevent a conflict of interest and enhance the

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fairness of the transaction, he, in consideration of his position in the Company, did not participate in the discussions and negotiations with regard to the terms and conditions of the Tender Offer and the abovementioned resolution therefor at the meeting of its Board of Directors. Osamu Chonan, Representative Director, President and Chief Executive Corporate Officer of the Company, concurrently serves as Director of Nakashimato and may have a special interest in the Tender Offer. Hence, to prevent a conflict of interest and enhance the fairness of the transaction, he did not participate in the abovementioned resolution therefor at the meeting of its Board of Directors.

The Company, on October 1, 2018, received a response from Nakashimato that it planned to continue to retain the 15,071,113 shares of common stock of the Company (the ratio thereof to the total number of issued shares: 10.05%) in regard to which it would not apply for the Tender Offer, and a similar response from Tohka for 8,122,670 shares of common stock of the Company in regard to which it would not apply for the Tender Offer (the ratio thereof to the total number of issued shares: 5.42%).

The direction for disposition of the own shares acquired through the Tender Offer is yet to be determined as of the date of this document.

(Note) In the 2016 Tender Offer, the Company acquired 2,100,000 shares from Nakashimato (accounting for 1.37% of the total 153,000,000 issued shares of the Company as of March 16, 2016, the date of filing the tender offer registration statement for that tender offer). In the 2017 Tender Offer, the Company acquired 870,000 shares from Nakashimato (accounting for 0.57% of the total 153,000,000 issued shares of the Company as of July 27, 2017, the date of filing the tender offer registration statement for that tender offer), and also acquired 3,250,000 shares from Tohka (accounting for 2.12% of the total 153,000,000 issued shares of the Company as of July 27, 2017, the date of filing the tender offer registration statement for that tender offer).

2. Details of the resolution of the Board of Directors concerning the acquisition of its own shares:

(1) Details of the resolution:

Type of shares	Total number of shares	Aggregate acquisition prices
Shares of common stock	(Not exceeding) 4,400,100 shares	(Not exceeding) 10,177,431,300 yen

(Note 1) Total number of issued shares: 150,000,000 shares (as of October 2, 2018)

(Note 2) Ratio to the total number of issued shares: 2.93%

(Note 3) The acquisition period: from Wednesday, October 3, 2018 to Friday, November 30, 2018

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- (2) Publicly-traded securities relating to the Company's own shares previously acquired pursuant to the resolution:

Not applicable.

3. Summary of the purchases, etc.:

- (1) Timetable:

Resolution of the Board of Directors	Tuesday, October 2, 2018
Date of public notice of the commencement of the tender offer	Wednesday, October 3, 2018 By electronic public notice; such information will be publicized in the Nihon Keizai Shimbun. ( <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> )
Date of filing of the tender offer registration statement	Wednesday, October 3, 2018
Period of the purchase, etc.	From Wednesday, October 3, 2018 to Wednesday, October 31, 2018 (20 business days)

- (2) Price for the purchase, etc.: ¥2,313 per share of common stock

- (3) Grounds for the calculations of the price for the purchase, etc.:

- (i) Basis for the calculations:

When calculating the purchase price, the Company took into consideration such factors as the fact that the shares of common stock of the Company were listed on the financial instruments exchange and that listed companies often carried out the acquisitions of their own shares through market purchases on financial instruments exchanges. The Company emphasized clarity and objectivity of criteria and considered the Tender Offer Purchase Price based on the market value of the shares of common stock of the Company. Also, considering that market prices were subject to daily fluctuations as a result of economic circumstances and various other factors, the Company determined the proper market value as the market price of the shares of common stock of the Company by taking into account the desirability of consideration of changes in the share price over a certain period and by making reference to the closing price of the shares of common stock of the Company on the first section of the market established by the TSE on October 1, 2018, the business day immediately preceding the date of the resolution of the Board of Directors for the implementation of the Tender Offer (October 2, 2018), which was 2,585 yen, and the

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simple average of the closing prices of the shares of common stock of the Company for one month up to October 1, 2018, which was 2,628 yen.

The Company also determined that, from the perspective of respecting the interests of the shareholders who would retain their shares of common stock of the Company, it would be desirable to set the purchase price with a certain level of discount from the market price to control the outflow of the assets of the Company to the greatest extent possible.

Then in light of the above considerations, in late July 2018, the Company proposed to Nakashimato and Tohka that they apply for a tender offer to be implemented by the Company at a price discounted from the simple average of the closing prices of the shares of common stock of the Company on the first section of the market established by the TSE for a specified period and in late July 2018, Nakashimato and Tohka responded that they would support the purpose of the Tender Offer and would positively consider the application for the offer.

Upon the above response, on October 1, 2018, the Company, after careful considerations, negotiated with Nakashimato and Tohka on the specific terms and conditions of the Tender Offer. The Company proposed to Nakashimato and Tohka that the Tender Offer Purchase Price be 2,313 yen, which was equivalent to a 11.99% discount from 2,628 yen, which was the simple average of the closing prices of the shares of common stock of the Company on the first section of the market established by the TSE for one month up to the business day (October 1, 2018) immediately preceding the date of the resolution by its Board of Directors for the Tender Offer. The discount rate was to be determined by reference to previous cases of tender offers to acquire its own shares. As a result, the Company received a response from Nakashimato that if the Company adopted a resolution for the Tender Offer, it would apply for the Tender Offer with part of its shares of common stock of the Company, 3,500,000 shares (the ratio thereof to the total number of issued shares: 2.33%) under the above terms and conditions, and a similar response from Tohka for 500,000 shares, which are part of its shares of common stock of the Company (the ratio thereof to the total number of issued shares: 0.33%), on October 1, 2018.

As a result, the Company, at the meeting of its Board of Directors held on October 2, 2018, resolved that the Tender Offer Purchase Price be 2,313 yen (rounded down to the nearest whole yen), which represented a discount of 11.99% from 2,628 yen, which was the simple average of the closing prices of the shares of common stock of the Company on the first section of the market established by the TSE for one month up to the business day (October 1, 2018) immediately preceding the date of such resolution of the Board of Directors.

The Tender Offer Purchase Price of 2,313 yen is equal to the amount discounted by 10.52% from 2,585 yen, which was the closing price of the shares of common stock of the Company on October 1, 2018, the business day immediately preceding the date of the resolution of the Board of Directors for the implementation of the Tender Offer (October 2, 2018); to the amount discounted by 11.99% from 2,628 yen, which was the simple average of the closing prices of the shares of common stock of the Company for one month up to October 1, 2018; and to the amount discounted by 15.15% from 2,726 yen, which was the simple average of the closing prices of the shares of common stock of the Company for



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three months up to October 1, 2018, respectively.

Meanwhile, in the 2016 Tender Offer, the Company acquired 2,100,000 shares from Nakashimato (accounting for 1.37% of the total 153,000,000 issued shares of the Company as of March 16, 2016, the date of filing the tender offer registration statement for that tender offer). In the 2017 Tender Offer, the Company acquired 870,000 shares from Nakashimato (accounting for 0.57% of the total 153,000,000 issued shares of the Company as of July 27, 2017, the date of filing the tender offer registration statement for that tender offer), and also acquired 3,250,000 shares from Tohka (accounting for 2.12% of the total 153,000,000 issued shares of the Company as of July 27, 2017, the date of filing the tender offer registration statement for that tender offer). To determine the Tender Offer Purchase Price, the Company adopted the market price of the common stock of the Company as the basis by placing emphasis on clarity and objectivity of criteria. The 74 yen difference in the tender offer purchase price between 2,239 yen for the 2016 Tender Offer and 2,313 yen for the Tender Offer and 113 yen difference in the tender offer purchase price between 2,426 yen for the 2017 Tender Offer and 2,313 yen for the Tender Offer come from the fluctuations of market price of the shares of common stock of the Company used as references and the difference in the discount rate.

## (ii) Background of the calculations:

The Company maintains a basic policy of providing returns to its shareholders with top priority on dividend distributions, and accordingly aims to continue providing stable dividends, while also reviewing options for repurchasing and retiring its treasury stocks as necessary, giving consideration to factors such as stock price trends and its financial conditions.

Under these circumstances, in late July 2018, the Company received notices from Nakashimato, the Company's major and largest shareholder (holding 18,571,113 shares as of October 2, 2018, accounting for 12.38% of the total 150,000,000 issued shares of the Company) and from Tohka, the Company's second largest shareholder (holding 8,622,670 shares as of October 2, 2018, accounting for 5.75% of the total 150,000,000 issued shares of the Company) that they intended to sell part of the shares of common stock of the Company they held.

Upon such notice from Nakashimato and Tohka, the Company, in consideration of any impact on the liquidity and market prices of the shares of common stock of the Company when a large number of shares were to be released to the market for the short run, as well as its financial conditions, among others, commenced specific consideration on the repurchase of its own shares in late July 2018.

As a result, the Company determined that the repurchase of its own shares would contribute to raising its capital efficiencies, including earnings per share (EPS) and return on equity (ROE), leading to even greater returns for its shareholders. Furthermore, the Company determined that if it implemented the repurchase of its own shares, there would be no significant impact on its financial conditions or dividend policy. With regard to the specific method of repurchasing its own shares, as a result of careful review and considerations from the perspective of maintaining fairness among shareholders and

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transactional transparency, the Company determined that a tender offer is the appropriate method for this purpose.

To determine the Tender Offer Purchase Price, the Company decided that it should be based on the market price by placing emphasis on the clarity and objectivity of criteria in consideration of such factors as the facts that the shares of common stock of the Company were listed on the financial instruments exchange and that publicly-traded companies often carried out the repurchase of their own shares through market purchases on financial instruments exchanges. In addition, the Company also considered to respect the interests of the shareholders who would not apply for the Tender Offer and retain ownership of the shares of common stock of the Company, and decided to repurchase its own shares at a price with a certain level of discount from the market price in order to control the outflow of the assets of the Company.

Then in late August 2018, the Company proposed to Nakashimoto and Tohka that they apply for a tender offer to be implemented by the Company at a price discounted from the simple average of the closing prices of the shares of common stock of the Company on the first section of the market established by the TSE for a specified period and in late August 2018, Nakashimoto and Tohka responded that they would support the purpose of the Tender Offer and would positively consider the application for the offer.

Upon the above response, on October 1, 2018, the Company, after careful and repeated considerations, negotiated with Nakashimoto and Tohka on the specific terms and conditions of the Tender Offer. The Company proposed to Nakashimoto and Tohka that the Tender Offer Purchase Price be 2,313 yen, which was equivalent to a 11.99% discount from 2,628 yen, which was the simple average of the closing prices of the shares of common stock of the Company on the first section of the market established by the TSE for one month up to the business day (October 1, 2018) immediately preceding the date of the resolution by its Board of Directors for the Tender Offer. The discount rate was to be determined by reference to previous cases of tender offers to acquire its own shares. As a result, the Company received a response from Nakashimoto that if the Company adopted a resolution for the Tender Offer, it would apply for the Tender Offer with part of its shares of common stock of the Company, 3,500,000 shares (the ratio thereof to the total number of issued shares: 2.33%) under the above terms and conditions, and a similar response from Tohka for 500,000 shares, which are part of its shares of common stock of the Company (the ratio thereof to the total number of issued shares: 0.33%), on October 1, 2018.

As a result, the Company, at the meeting of its Board of Directors held on October 2, 2018, resolved that the Tender Offer Purchase Price be 2,313 yen (rounded down to the nearest whole yen), which represented a discount of 11.99% from 2,628 yen, which was the simple average of the closing prices of the shares of common stock of the Company on the first section of the market established by the TSE for one month up to the business day (October 1, 2018) immediately preceding the date of such resolution of the Board of Directors.



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(4) Total number of shares planned to be purchased:

Type of shares	Number of shares planned to be purchased	Expected number of excess shares	Total
Shares of common stock	4,400,000 shares	–	4,400,000 shares

(Note 1) If the total number of shares sold in response to the Tender Offer ("Tendered Shares") does not exceed the number of shares planned to be purchased (4,400,000 shares), the Company will purchase all Tendered Shares. If the total number of shares tendered exceeds the number of shares planned to be purchased (4,400,000 shares), the Company will not purchase all or some of the excess portion thereof and will implement a delivery-versus-payment settlement with regard to the shares in accordance with the proportional allocation method specified in Article 27-13, paragraph 5 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter referred to as the "Act") applicable pursuant to Article 27-22-2, paragraph 2 of the Act and with Article 21 of the Cabinet Ordinance on Disclosure of Tender Offer Bids for Publicly-Traded Stock Certificates, etc. by the Issuer (Ministry of Finance Ordinance No. 95 of 1994, as amended).

(Note 2) Shares constituting less than one unit are also subject to the Tender Offer. If any shareholder exercises a shareholder's right under the Companies Act to require the Company to purchase his/her shares constituting less than one unit, the Company may purchase the shares in accordance with laws and regulations during the period for the acquisition, etc. (the "Tender Offer Period").

(5) Funds necessary for the purchase, etc.:

10,199,200,000 yen

(Note) The amount is the total of the estimated purchase prices for the entire number of shares planned to be purchased (4,400,000 shares), purchase handling fees and various other expenses (including expenses for announcements relating to the Tender Offer and printing expenses for Tender Offer explanatory documents and other necessary documents).

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(6) Method of settlement:

- (i) Name and location of the head office of the financial instrument service operator/bank to handle the settlement, etc.:

(Tender Offer Agent)

Daiwa Securities Co. Ltd.  
9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

- (ii) Commencement date of settlement:

Thursday, November 22, 2018

- (iii) Method of settlement:

A notice of purchase, etc. will be sent by mail to the address or location of each party who consents to the offer for the purchase of shares or offer to sell the shares in connection with the Tender Offer ("Holder of Tendered Shares") (in case of a shareholder residing overseas (including any corporate shareholder; "Foreign Shareholder"), to the address or location of his/her standing proxy) without delay after the expiration of the Tender Offer Period.

Payment for the purchase of the shares will be made in cash. The purchase price with the deduction of any applicable withholding tax (see Note below) will, without delay on or after the commencement date of settlement, be remitted by the Tender Offer Agent to the place designated by each Holder of Tendered Shares (in case of a foreign shareholder, by his/her standing proxy) or paid at the head office or any of the branch offices throughout Japan of the Tender Offer Agent where the offer to sell the shares in the Tender Offer was accepted.

- (Note) With regard to the imposition of taxes on shares purchased pursuant to a tender offer:

Please consult with your tax accountant or other professional concerning specific tax-related questions and make your own determinations.

- (a) Individual shareholders:

- (i) In the case where the Holder of Tendered Shares is a resident of Japan or a non-resident of Japan with a permanent domestic establishment:

If the amount of money received for tendering and delivering the shares pursuant to the Tender Offer exceeds the amount of the portion corresponding to the shares that are the basis of the delivery included in the Tender Offeror's capital (in the case of a consolidated corporation, the amount of consolidated/non-consolidated capital), the amount of the excess portion is deemed to be dividend income and is subject to taxation. The portion deemed dividend income is subject to withholding equal to 20.315% (15.315% in income taxes and the special reconstruction income tax under the Act on Special Measures concerning Securing Financial Resources Necessary to

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Implement Measures for Reconstruction in Response to the Great East Japan Earthquake (Law No. 117 of 2011; hereinafter referred to as the "Special Reconstruction Income Tax") and 5% in resident taxes; non-residents of Japan with a permanent domestic establishment are specially exempt from the 5% resident tax); provided, however, that in the case where a shareholder is a large shareholder specified in Article 4-6-2, paragraph 12 of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, as amended), 20.42% of the payment is withheld (income tax and Special Reconstruction Income Tax only). Furthermore, the amount of the monies received for tendering and delivering shares pursuant to the Tender Offer minus the amount deemed dividend income is income from the transfer of shares. The amount of income from the transfer of shares minus acquisition expenses relating to the shares is in principle subject to separate self-assessment taxation.

In the case where shares in a tax-free account ("Tax-Free Account") specified in Article 37-14 (Tax-free status of income from transfers relating to small amounts of publicly-traded shares in tax-free accounts) of the Special Taxation Measures Act (Act No. 26 of 1957, as amended) are tendered pursuant to the Tender Offer and the financial instrument service operator with which the Tax-Free Account was opened is Daiwa Securities Co. Ltd., income from the transfer of shares pursuant to the Tender Offer is in principle tax-free. If the Tax-Free Account was opened with a financial instrument service operator other than Daiwa Securities Co. Ltd., the treatment described above may not apply.

- (ii) In the case where the Holder of Tendered Shares is a non-resident of Japan with no permanent domestic establishment:

The amount deemed dividend income is subject to 15.315% withholding (income tax and Special Reconstruction Income Tax only). If the shareholder is a major shareholder, then the deemed dividends are subject to 20.42% withholding (income tax and Special Reconstruction Income Tax only). Further, income arising from the transfer of shares is in principle not subject to taxation.

- (b) Corporate shareholders:

If the amount of the Tender Offer Purchase Price exceeds the amount of capital per share, the excess portion is deemed to be dividends and is subject to 15.315% withholding (income tax and Special Reconstruction Income Tax only).

Foreign shareholders who wish to have the income tax and Special Reconstruction Income Tax on the deemed dividend amount reduced or exempted pursuant to any applicable tax treaty must submit a written notice regarding the tax treaty to the tender offer agent by October 31, 2018.

- (7) Others:

- (i) The Tender Offer is not conducted in the United States or for the United States, either directly or indirectly, and is not conducted by means of U.S. mail or other interstate or

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international commerce methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail and internet communications), and moreover, is not conducted through any securities exchange facility in the United States. The Tender Offer may not be applied for through any of the aforementioned methods or means, or through the aforementioned facilities, or from the United States.

Furthermore, the tender offer registration statement or related documents are not sent or distributed, and may not be sent or distributed, in the United States, to the United States or from the United States by means of mail or any other method. The Company will not accept any application for the Tender Offer that directly or indirectly violates the aforementioned restrictions.

Any applicant for the Tender Offer may be requested to make the following representations and warranties:

The Holder of Tendered Shares: (i) is not in the United States at the time of the application and submission of the tender offer application form; (ii) has not received or sent any information or document regarding the Tender Offer (including any copy thereof), directly or indirectly, in the United States, to the United States or from the United States; (iii) has not used, directly or indirectly, any U.S. mail, other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail and internet communications), and securities exchange facilities in the United States in relation to the signing and delivering of any offer or tender offer application form; and (iv) does not act as an agent, trustee or mandatary without discretionary power for any other party in the United States (except when such other party gives all instructions regarding the Tender Offer from outside of the United States).

(ii) The Company, on October 1, 2018, received a response from Nakashimato, the Company's major and largest shareholder (holding 18,571,113 shares as of October 2, 2018, accounting for 12.38% of the total 150,000,000 issued shares of the Company) that if the Company adopted a resolution for the Tender Offer, it would apply for the Tender Offer with part of its shares of common stock of the Company, 3,500,000 shares (the ratio thereof to the total number of issued shares: 2.33%), and a similar response from Tohka, the Company's second largest shareholder (holding 8,622,670 shares as of October 2, 2018, accounting for 5.75% of the total 150,000,000 issued shares of the Company), for 500,000 shares, which are part of its shares of common stock of the Company (the ratio thereof to the total number of issued shares: 0.33%). The Company, on October 1, 2018, also received a response from Nakashimato that it planned to continue to retain the 15,071,113 shares of common stock of the Company (the ratio thereof to the total number of issued shares: 10.05%) in regard to which it would not apply for the Tender Offer, and a similar response from Tohka for 8,122,670 shares of common stock of the Company in regard to which it would not apply for the Tender Offer (the ratio thereof to the total number of issued shares: 5.42%).

(iii) The Company is to release its "Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending November 30, 2018" on October 2, 2018. An

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overview of the Company's summary of consolidated financial statements based on that release is provided below. This content is not subject to quarterly review procedures by an audit corporation pursuant to the provisions of Article 193-2, paragraph 1 of the Act. Refer to the aforementioned release for further details.

## Summary of Consolidated Financial Statements for the Third Quarter of the Fiscal Year ending November 30, 2018 [JAPAN GAAP]

(From December 1, 2017 to August 31, 2018)

### (a) Financial results (Consolidated)

Period ended	Nine months ended August 31, 2018 (106th fiscal year)
Net sales	433,446 million yen
Cost of sales	332,304 million yen
Selling, general and administrative expenses	75,023 million yen
Non-operating income	1,768 million yen
Non-operating expenses	523 million yen
Profit attributable to owners of parent	14,689 million yen

### (b) Per-share results (Consolidated)

Period ended	Nine months ended August 31, 2018 (106th fiscal year)
Earnings per share	99.90 yen
Dividend per share	19.00 yen

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(For reference)

Shares of treasury stock as of October 2, 2018:

Total number of issued shares (excluding shares of treasury stock): 147,043,159 shares

Number of shares of treasury stock: 2,956,841 shares

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