

April 26, 2017

Company name: Morinaga Milk Industry Co., Ltd.
5-33-1 Shiba, Minato-ku, Tokyo
Representative: Michio Miyahara, President &
Representative Director
(Code: 2264 First Section of the Tokyo Stock Exchange)
Contact: Kenji Shibata, General Manager, General Affairs
Dept.

To whom it may concern,

**Notice Regarding Reduction in the Number of Shares per Share Unit, Share Consolidation, and
Change in the Total Number of Authorized Shares**

Morinaga Milk Industry Co., Ltd. (hereafter, “the Company”) hereby announces that the Board of Directors, at its meeting held today, resolved to reduce the number of shares per share unit, to consolidate the Company’s shares, and to change the total number of shares that the Company is authorized to issue, subject to approval by the shareholders at the 94th Annual General Meeting of Shareholders (hereafter, “General Meeting of Shareholders”) scheduled to be held on June 29, 2017. The details are as follows.

1. Reduction in the number of shares per share unit

(1) Reason for the reduction

The Japanese stock exchanges, which announced the “Action Plan for Consolidating Trading Units,” are seeking to standardize the trading units for common shares issued by all listed domestic corporations at 100 shares by October 2018. As a corporation listed on the Tokyo Stock Exchange, the Company respects the intent of the plan and has decided to reduce the number of shares per share unit to 100 shares (hereafter, “change in the number of shares per share unit”).

(2) Details of change

Effective October 1, 2017, the number of common shares of the Company in each share unit will be changed from 1,000 shares to 100 shares.

(3) Conditions for change

This change is subject to the approval, at the General Meeting of Shareholders as originally proposed, of the proposal concerning partial amendment of the Company’s Articles of Incorporation in relation to the change in the number of shares per share unit and to the change in the total number of authorized

shares, as well as to approval of the proposal to consolidate the Company's shares.

2. Consolidation of shares

(1) Purpose of the consolidation

Along with the reduction in the number of shares per share unit to 100 shares, as per 1. above, "Reduction in the number of shares per share unit," the Company has decided to consolidate the Company's shares (every 5 shares to be consolidated into 1 share) (hereafter, "share consolidation"), in order to adjust the trading unit to an appropriate level, while also aiming, inter alia, to expand investment opportunities for private investors and be prepared for medium- to long-term share price fluctuations. Following the change in number of shares per share unit and share consolidation, the trading unit (in value terms) of transactions in the Company's shares will be one-half of the previous level.

(2) Details of the consolidation

- Class of shares to be consolidated: Common shares
- Method and ratio of consolidation: On October 1, 2017, shares held by shareholders recorded in the Register of Shareholders as of the end of the day on September 30, 2017 (or effectively, September 29) will be consolidated at the ratio of 5 shares to 1 share.
- Decrease in the number of shares resulting from the consolidation

Number of shares outstanding before share consolidation (as of March 31, 2017)	248,977,218 shares
Decrease in the number of shares due to share consolidation	199,181,775 shares
Total number of shares outstanding after share consolidation	49,795,443 shares

(Note) The figures in "Decrease in the number of shares due to share consolidation" and "Total number of shares outstanding after share consolidation" are theoretical values calculated based on the total number of shares outstanding before share consolidation and the consolidation ratio.

(3) Decrease in the number of shareholders due to consolidation

The following is the composition of shareholders listed on the Register of Shareholders as of March 31, 2017.

	Number of Shareholders (% of total)	Number of Shares Held (% of total)
All shareholders	25,469 (100.0%)	248,977,218 shares (100.0%)
No more than 5 shares	256 (1.0%)	368 shares (0.0%)
Five shares or more	25,213 (99.0%)	248,976,850 shares (100.0%)

Based on the above assumption of shareholder composition, there are 256 shareholders holding no more than 5 shares (the total number of shares held by those shareholders is 368 shares) who will lose

their status as shareholders after share consolidation. However, shareholders holding fractional shares may, pursuant to the provisions of Paragraph 1, Article 194 of the Companies Act, demand the Company to sell additional shares in such fractional number that, combined with the number of shares already held by relevant shareholders, would constitute one share unit. Alternatively, pursuant to the provisions of Paragraph 1, Article 192 of the Companies Act, such shareholders may demand the Company to purchase the fractional shares in their holding. For details, inquiries may be made to securities company contacts or the Company's administrator of shareholder register.

(4) Treatment of fractional shares

If any fractional shares should result from share consolidation, the Company will sell all such fractional shares and distribute the proceeds to those shareholders who held the fractional shares in proportion to their respective fractions, pursuant to the provisions of the Companies Act.

(5) Total number of authorized shares as of the effective date

Following share consolidation and the resulting decrease in the number of shares outstanding, the total number of shares that the Company is authorized to issue will be reduced in line with the consolidation ratio (one-fifth) on October 1, 2017, in order to maintain the number of authorized shares at an appropriate level.

Number of authorized shares before the change	720,000,000 shares
Number of authorized shares after the change (effective October 1, 2017)	144,000,000 shares

(6) Conditions for the consolidation

This consolidation is subject to the approval, at the General Meeting of Shareholders as originally proposed, of the proposal to consolidate the Company's shares, and approval also of the proposal concerning partial amendment of the Articles of Incorporation in relation to change in the number of shares per share unit and change in the total number of authorized shares.

3. Schedule

- April 26, 2017 Resolution at the Board of Directors meeting
- June 29, 2017 (provisional) Resolution at the Annual General Meeting of Shareholders
- September 26, 2017 (provisional) Last trading date for trading unit of 1,000 shares
- September 27, 2017 (provisional) First trading date for trading unit of 100 shares
- October 1, 2017 (provisional) Effective date of change in the number of shares per share unit, share consolidation, and change in the total number of authorized shares

- Early December 2017 (provisional) Payment of proceeds from sale of fractional shares

As stated above, the effective date of the change in the number of shares per share unit and share consolidation will be October 1, 2017. However, change in the trading unit from 1,000 shares to 100 shares at the Tokyo Stock Exchange will be made on September 27, 2017 in consideration of administrative procedures for transfer of shares following the trades.

4. Others

Separately, disclosure of “Notice Regarding Partial Amendment of the Articles of Incorporation” related to the same subject is scheduled to be made in due course.