

June 6, 2008

Notice regarding conclusion of a basic business tie-up agreement

Nippon Flour Mills Co., Ltd. (Head Office: Tokyo / President: Wataru Aosaki) (“Nippon Flour Mills”) today announced that it concluded a basic business tie-up agreement relating to flour milling operations with Mayeda Sangyo Co., Ltd. (Head Office: Osaka / President: Tatsuo Maeda) (“Mayeda Sangyo”) on May 30, 2008. Details are as follows.

Details

1. Reasons for business tie-up

As a result of the first reforms in the flour milling industry for 55 years in April last year, a new wheat system was introduced, as was a market-linked system for the price Japanese millers pay to the government and a simultaneous buy and sell (SBS) system for selected brands. Market prices for cereals have remained at record high levels since then. Growth in domestic demand for wheat has been sluggish meanwhile due to Japan’s dwindling birthrate and aging population, resulting in increasingly fierce competition between companies.

In response to the current environment, Nippon Flour Mills and Mayeda Sangyo started to look into a wide-ranging tie-up aimed at stimulating mutual business growth and have now reached a basic agreement to work together on an equal footing in every area their flour milling operations, from manufacturing, development and the procurement of raw materials and other supplies through to sales and distribution.

2. Summary of the business tie-up

- Scope of business tie-up

Transactions agreed by Nippon Flour Mills and Mayeda Sangyo in relation to every aspect of operations, from new product development and the procurement of raw materials and other supplies through to the manufacture, sale and distribution of products

- Operational structure of tie-up

A Business Tie-up Review Committee will be jointly established by both companies and regular meetings held in order to enable effective cooperation based on a framework of close communication at all times

3. Outline of the concerned parties

(1) Name	Nippon Flour Mills Co., Ltd.	Mayeda Sangyo Co., Ltd
(2) Representative	Wataru Aosaki, President & CEO	Tatsuo Maeda, President
(3) Head office	5-27-5 Sendagaya, Shibuya-ku, Tokyo	3-12-8 Nakamichi, Higashinari-ku, Osaka (Osaka prefecture)
(4) Established	December 1896	July 1947
(5) Business activities	Flour milling, food, other businesses	Flour milling, drinking water, other businesses
(6) Capital	¥12.240 billion	¥115 million
(7) Year ends	March	December
(8) Workforce	892 employees (as of March 31, 2008)	145 employees (as of Dec. 31, 2007)
(9) Sales	¥165.902 billion (Year ending March 2008)	¥5.814 billion (Year ending Dec. 2007)