

Establishment of Chinese Joint Venture Company

Tokyo, April 9, 2012—CALBEE, Inc. (hereafter “Calbee”) has decided to establish a joint venture in China. Details are as follows:

1. Purpose of joint venture

In line with our global strategy, we have decided to establish a joint venture with Itochu Corporation and Master Kong Instant Foods Investment (China) Co., Ltd., a part of Tingyi (Cayman Islands) Holding Corp. which has strong sales in the Chinese market. The joint venture aims to expand market share and grow sales of Calbee products in China, a snack foods market with tremendous growth potential.

2. Outline of joint venture

(1) Name	Calbee (Tianjin) Foods Co., Ltd.
(2) Location	China, Tianjin City
(3) Representative Director	Akira Matsumoto
(4) Main business	Manufacture and sale of snack foods
(5) Capital	US \$20 million
(6) Date established	July, 2012 (planned)
(7) Fiscal year end	December
(8) Ownership ratio	Calbee, Inc.: 51% Master Kong Instant Foods Investment (China) Co., Ltd.: 45% Itochu Corporation: 4%
(9) Start of business	December, 2012 (planned)

3. Outline of joint venture partner companies

(1) Master Kong Instant Foods Investment (China) Co., Ltd.

(1) Name	Master Kong Instant Foods Investment (China) Co., Ltd.
(2) Location	China, Tianjin City, Binhai New Area, 3rd Street #15, 2nd Administrative bldg., 3rd floor
(3) Representative Director	Pai-king Chang
(4) Main business	Services to investment businesses and businesses invested in
(5) Capital	US \$30 million
(6) Date established	July 28, 2011
(7) Net assets	US \$30 million
(8) Total assets	US \$30 million
(9) Main shareholder and percentage of shares held	Master Kong Bakery (BVI) Co., Ltd.: 100%

(10) Relationship with Calbee	Capital relationship	There is no capital relationships between Calbee and Master Kong Instant Foods Investment, nor are there any capital relationships between people or companies affiliated with Calbee and people or companies affiliated with Master Kong Instant Foods Investment.
	Personal relationship	There is no personnel relationships between Calbee and Master Kong Instant Foods Investment, nor are there any personal relationships between personnel or companies affiliated with Calbee and personnel or companies affiliated with Master Kong Instant Foods Investment.
	Business relationship	There is no transactional relationships between Calbee and Master Kong Instant Foods Investment, nor are there any transactional relationships between people or companies affiliated with Calbee and people or companies affiliated with Master Kong Instant Foods Investment.
	Status of related parties	Master Kong Instant Foods Investment is not an affiliate of Calbee and no Master Kong Instant Foods Investment related parties or affiliate companies are affiliated parties to Calbee.

(2) Itochu Corporation

(1) Name	Itochu Corporation	
(2) Location	Japan, Osaka-fu, Osaka City, Kita-ku, Umeda 3-1-3	
(3) Representative Director	Masahiro Okafuji	
(4) Main business	General trading company	
(5) Capital	¥202,241 million	
(6) Date established	December 1, 1949	
(7) Shareholders' equity (as of March 31, 2011)	¥1,154,826 million	
(8) Total assets (as of March 31, 2011)	¥5,673,683 million	
(9) Main shareholder and percentage of shares held (as of March 31, 2011)	Japan Trustee Services Bank, Ltd. (Trust account): 6.37% The Master Trust Bank of Japan, Ltd. (Trust account): 4.39% State Street Bank and Trust Company: 2.77%	
(10) Relationship with Calbee	Capital relationship	There is no capital relationships between Calbee and Itochu Corporation, nor are there any capital relationships between people or companies affiliated with Calbee and people or companies affiliated with Itochu Corporation.
	Personal relationship	There is no personnel relationships between Calbee and Itochu Corporation, nor are there any personal relationships between personnel or companies affiliated with Calbee and personnel or companies affiliated with Itochu Corporation.

	Business relationship	There is no transactional relationships between Calbee and Itochu Corporation, nor are there any transactional relationships between people or companies affiliated with Calbee and people or companies affiliated with Itochu Corporation.
	Status of related parties	Itochu Corporation is not an affiliate of Calbee and no Itochu Corporation related parties or affiliate companies are affiliated parties to Calbee.

4. Impact on forecasts of Calbee

It is planned that the joint venture will be made a consolidated subsidiary during the fiscal year ending March 31, 2013. Business will be pursued with the aim of achieving a 10% market share within the first five years following establishment. The establishment of this joint venture is being undertaken with the aim of contributing to performance over the medium to long term.

China Business Strategy

Akira Matsumoto
Chairman of the Board & CEO
CALBEE, Inc.

April 9, 2012

- 1. Expanding our overseas business**
- 2. Developing new products**
- 3. Increasing domestic market penetration**
- 4. Forging alliance with PEPSICO**
- 5. Licensing & Acquisition**
- 6. Developing new businesses**

Expanding our overseas business

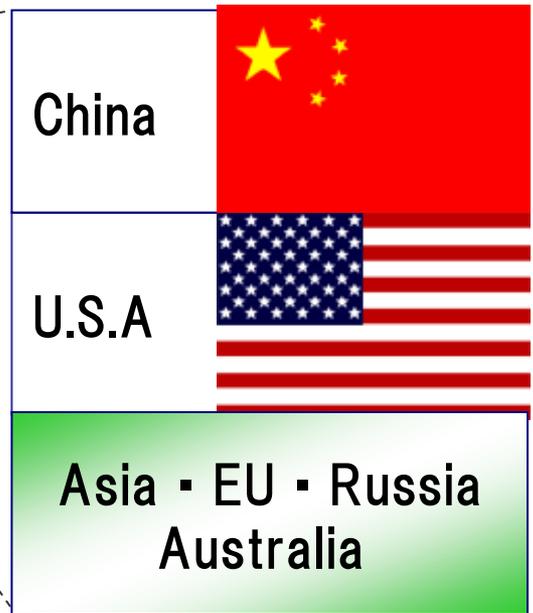
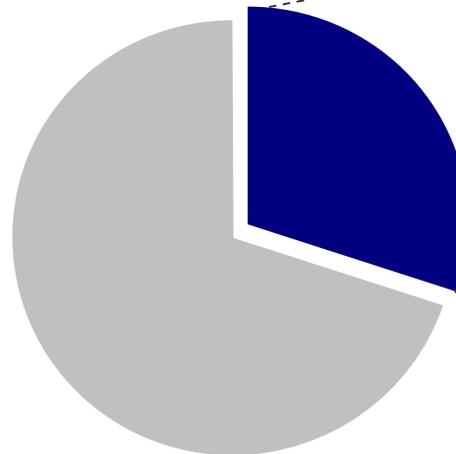
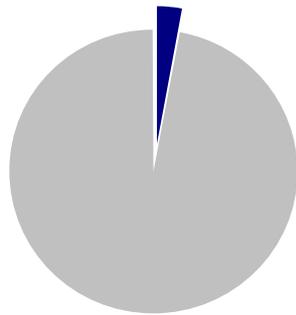
Aiming to be a global player with over 30% of sales generated outside of Japan

Sales by geographic region

Strategic markets

Overseas 3.3%

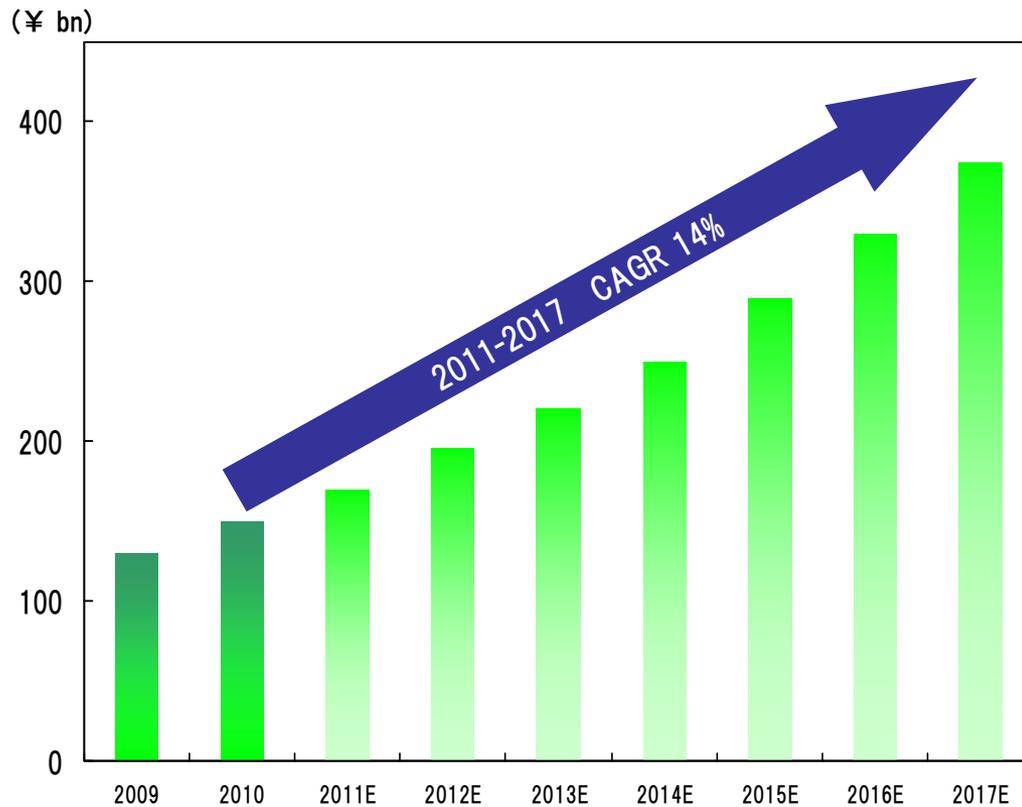
Overseas 30%



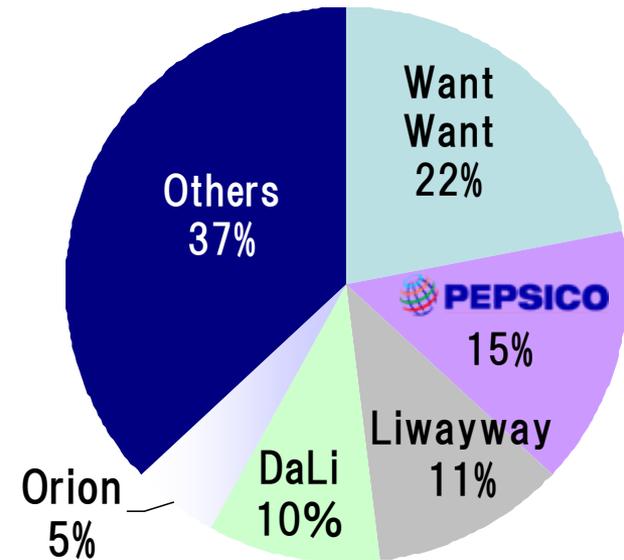
March 2011 results

March 2021 target

China snack market scale



Market share



*Source for market scale and market share: Nielsen

Establishing JV with Master Kong Instant Foods Investment and Itochu

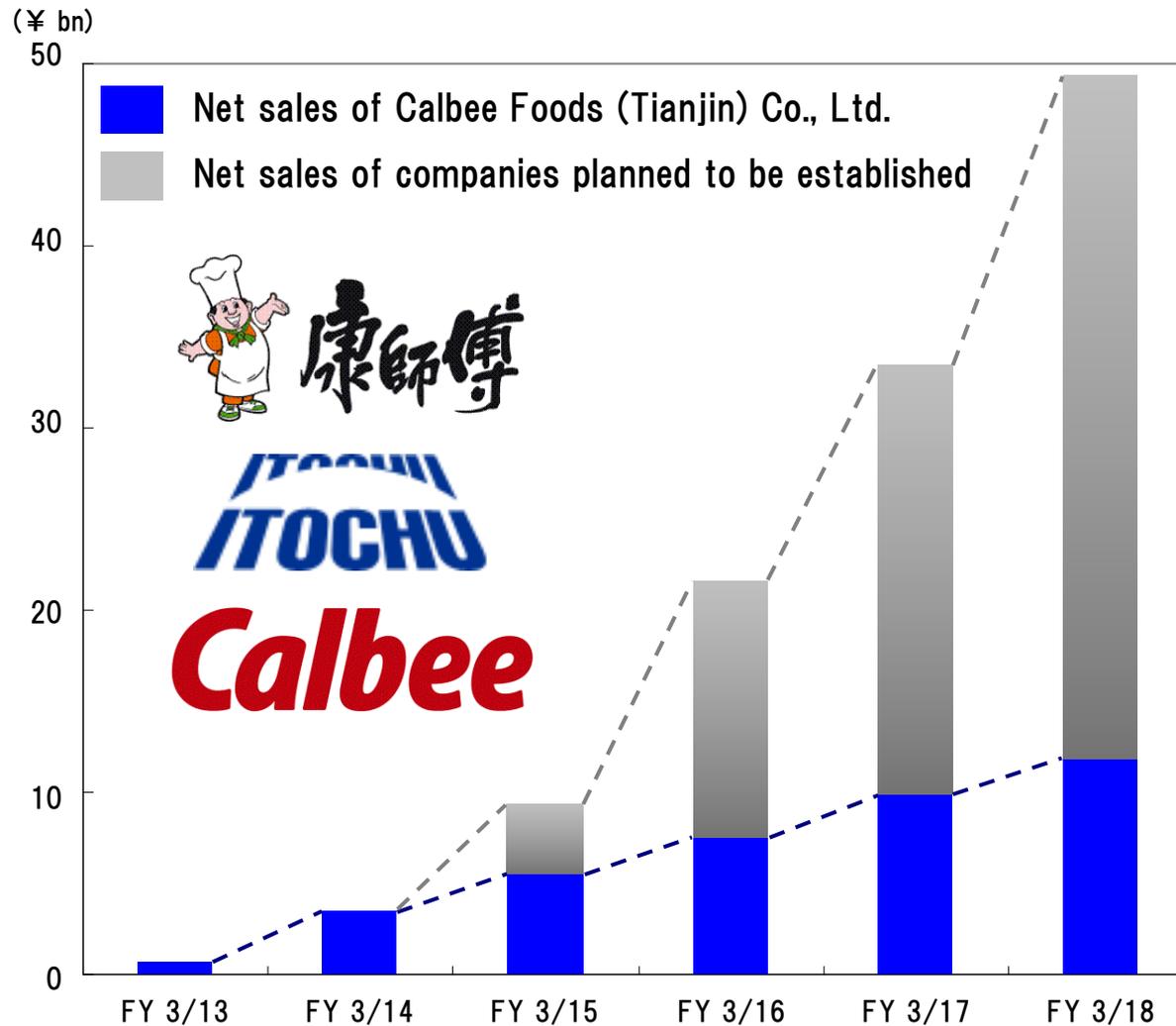
Name	Calbee (Tianjin) Foods Co., Ltd.	
Capital	US \$20 million	
Ownership ratio	CALBEE, Inc.	51%
	Master Kong Instant Foods Investment (China) Co., Ltd. * A 100% owned subsidiary of Master Kong Bakery (BVI) Co., Ltd.	45%
	Itochu Corporation	4%
Location	China, Tianjin City	
Representative Director	Akira Matsumoto	
Date established	July, 2012 (planned)	
Start of business	December, 2012 (planned)	
Products	Flour-based snacks, potato chips, Jagarico, Jagabee *Planned as dual brands with Master Kong Instant Foods Investment	
Capital investment	JPY4.4 billion	
Sales and profit target for all Chinese operations	FY 3/2018 Sales of JPY50 billion and operating margin of 10%	

A leading, high-growth company in the Chinese food market

Sales	US \$7.87 billion (JPY630 billion)														
Profit before taxes	US \$660 million (JPY53 billion)														
Industry ranking Domestic share Quantity base	<table> <tr> <td>Instant noodles</td> <td>1st (41%)</td> </tr> <tr> <td>Beverages</td> <td></td> </tr> <tr> <td> Tea</td> <td>1st (50%)</td> </tr> <tr> <td> Water</td> <td>1st (22%)</td> </tr> <tr> <td> Fruit juice</td> <td>2nd (20%)</td> </tr> <tr> <td>Confectionery</td> <td></td> </tr> <tr> <td> Crackers</td> <td>2nd (22%)</td> </tr> </table>	Instant noodles	1st (41%)	Beverages		Tea	1st (50%)	Water	1st (22%)	Fruit juice	2nd (20%)	Confectionery		Crackers	2nd (22%)
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Crackers	2nd (22%)														
Factories	53 factories														
Employees	64,000 employees														
Parent company	Ting Hsin (Cayman Islands) Holding Corp.														



Aiming to expand in Huadong, Hainan and Huashi sequentially



Calbee

Harvest the Power of Nature.