



November 2, 2016

Name of Company: Meiji Holdings Co., Ltd.
Name of Representative: Masahiko Matsuo, President and Representative Director
Code Number: 2269, 1st Section, Tokyo Stock Exchange

Notice Concerning Increase in Production Capacity for *Meiji Probio Yogurt* Drinks

Meiji Holdings Co., Ltd. (President and Representative Director: Masahiko Matsuo) announces that its subsidiary Meiji Co., Ltd., below referred to as "Meiji," will increase its production capacity for *Meiji Probio Yogurt* (functional yogurt) Drinks as detailed below.

Description

1. Background and overview of increase in production capacity for *Meiji Probio Yogurt* drinks

It is our second year of STEP UP 17, the Group's Medium-Term Business Plan. Based on its policy, accelerating growth and achieving further improvement in profitability, we strengthen priority businesses while flexibly responding to changes in business environment. Meiji, which operates in the food segment, continues selection and concentration strategy and focuses on core products that contribute to healthy diets. In accordance with this strategy, Meiji expands its functional yogurt business*. The yogurt market in Japan is expected to continue to grow and Meiji holds a strong competitive advantage in the market.

Meiji will invest 5.0 billion yen in its Toda Plant in order to further expand the functional yogurt business and ensure the smooth provision of products to the growing drinking yogurt market.

* Functional yogurt business: Sales comprise three brands, *Meiji Probio Yogurt LG21*, *Meiji Probio Yogurt R-1*, and *Meiji Probio Yogurt PA-3*

- (1) Applicable plants: Toda Plant (in Toda City, Saitama)
- (2) Investment details: Install 1 production line for functional yogurt drink (plastic bottle [PET])
- (3) Investment amount: 5.0 billion yen
- (4) Production launching: In late December 2016

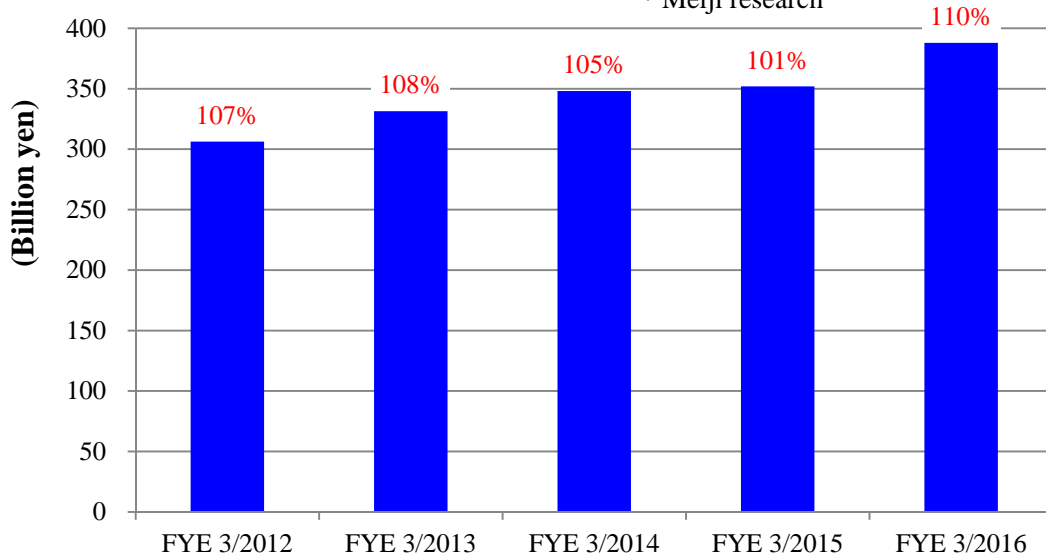
2. Market conditions in Japan and sales of *Meiji Probio Yogurt*

The yogurt market in Japan is expanding in recent year. By the fiscal year ended March 2016, the market had grown to 388 billion yen. The *Meiji Probio Yogurt* series has been recording double-digit growth year on year. Net sales in the fiscal year ended March 2016 reached 100 billion yen and contributed to the growth of the market.

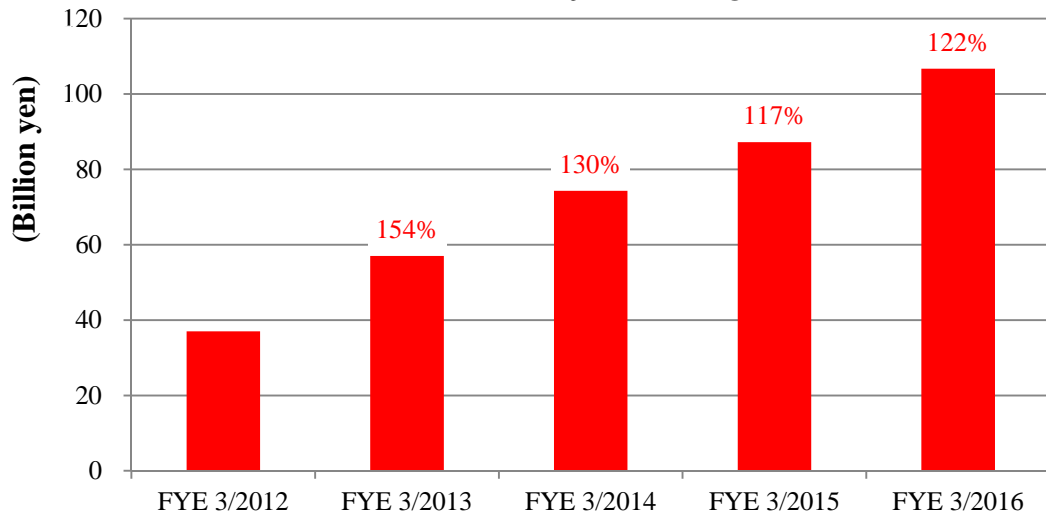
Meiji expects that increased health awareness and understanding of the functional value of lactobacillus among consumers will lead to continuous growth for the market. Meiji will build appropriate production system and expand its functional yogurt business.

Trends of Yogurt Market in Japan*

* Meiji research



Net Sales of Meiji Probio Yogurt



Note: Percentages are YoY comparison

3. Financial forecast

We do not expect this investment to have a material impact on the consolidated financials of Meiji Holdings Co., Ltd. for the fiscal year ending March 2017.

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