

February 14, 2018

To whom it may concern:

Company name: YAKULT HONSHA CO.,LTD.
Representative: Takashige Negishi,
President and Representative Director
(Securities code: 2267, TSE First Section)
Contact: Shuichi Watanabe, Executive Officer
Hiroyuki Kawabata, Executive Officer
(Tel: +81-3-3574-8960)

Notification Regarding Amendment of Memorandum of Understanding between the Company and Danone

YAKULT HONSHA CO.,LTD. (the "Company") hereby announces that the amendment of the memorandum of understanding between the Company and Danone, as described in the "Notice on Termination of the Alliance Agreement and Execution of a Memorandum of Understanding on Collaborative Relationship" released on April 26, 2013, has been approved through a resolution passed by the Company's Board of Directors at a board meeting held on February 14, 2018.

1. Reason for the amended memorandum of understanding and the contents thereof

The Company and Danone had executed an alliance agreement on March 4, 2004, pursuant to which they had engaged in a mutually beneficial and cooperative alliance, taking advantage of the unique strengths, corporate culture and business models of the respective companies. Although the alliance agreement was terminated on April 26, 2013, both companies entered into a memorandum of understanding (the "Original Memorandum of Understanding") on the same day, in recognition of the value of cooperating in the promotion of probiotics, maintaining an amicable relationship and solidifying the mutual understanding of both companies in respect of any future collaborative relationship between them. In accordance with the Original Memorandum of Understanding, the two companies have explored and implemented collaborative promotional and research activities in respect of probiotics on a worldwide basis, and have worked together through joint ventures in India and Vietnam.

As announced in the "Notification Regarding Secondary Offering (Uridashi) of Shares and Change in Largest Shareholder (which is also a Principal Shareholder) and Other Affiliated Entity" as of today, Danone contemplates selling up to 22,674,900 shares of common stock in the Company through a global offering (as defined in the abovementioned press release) with support from the Company. (Danone is expected to remain the Company's largest shareholder following the sale.) The Company and Danone have executed an amended memorandum of understanding today to amend the Original Memorandum of Understanding with a view to maintaining the parties' long-term amicable relationship and continuing to promote probiotics notwithstanding Danone's sale of part of its shareholding in the Company.

The Company and Danone have agreed in the amended memorandum of understanding that both companies will continue to engage in the existing joint ventures, probiotics promotion and research activities and also agreed to study the feasibility of new collaboration projects, such as (i) distribution of the Company's products by Danone in those European markets where the Company has not established a substantial business presence (starting with Spain as a test market) and (ii) sponsorship of symposiums and other events to facilitate deeper understanding of the link between diet and health, by building on the *Ishoku Dogen* program. Additionally, the Company and Danone have confirmed that the Company will accept Danone's nomination of candidate(s) for election to the Company's board.

The amended memorandum of understanding will become effective upon completion of the global offering.

2. Overview of Danone

(1) Name:	DANONE
(2) Address:	17, Boulevard Haussmann, Paris (75009), France
(3) Name of representative:	Emmanuel Faber
(4) Title of representative:	Chairman of the Board & Chief Executive officer
(5) Content of businesses:	Manufacturing, sales, etc. of essential dairy and plant-based products, early life nutrition, waters and medical nutrition products
(6) Paid-in capital:	167 million euro (as of June 30, 2017)
(7) Date of incorporation:	January 1, 1908
(8) Net assets (consolidated):	12,535 million euro (as of June 30, 2017)
(9) Total assets (consolidated):	45,668 million euro (as of June 30, 2017)
(10) Major shareholders and shareholding ratio:	Massachusetts Financial Services Company (8.94%) BlackRock Inc. (6.08%) (as of December 31, 2017)

(11) Relationship between the Company and the relevant shareholder:

Capital relations

As of September 30, 2017, the Seller, one of the group companies of Danone, held 35,212,000 shares of the Company (number of voting rights: 352,120; percentage of total voting rights: 21.52%). The Company holds no shares of Danone.

The Company and Danone have a joint venture company in India (50% invested by the Company and 50% by Danone) and another in Vietnam (80% invested by the Company and 20% by Danone).

Personnel relations

As of March 31, 2017, the Company had three directors nominated by Danone.

Business relations

The Company and Danone are jointly engaged in the following activities for the purpose of promotion and development of probiotics and basic research on probiotics:

- holding of symposia regarding probiotics in the United States and in India
- support for researchers in the United States

The Company and Danone also conduct logistics cooperation in Japan.

3. Schedule

February 14, 2018	Resolution passed by the Board of Directors of a meeting of the board
Between March 13, 2018 and March 15, 2018 (Upon completion of the global offering)	Execution of amended memorandum of understanding Amended memorandum of understanding becomes effective

4. Outlook

The amendment of the memorandum of understanding is not expected to affect the Company's operations or operating results.

(Reference) Consolidated financial forecasts (released on January 30, 2018) and actual results of previous fiscal year of the Company

(millions of yen)

	Net sales (consolidated)	Operating profits (consolidated)	Ordinary income (consolidated)	Net income attributable to shareholders of parent
Financial forecasts (consolidated) (For the fiscal year ended March 31, 2018)	402,500	41,500	51,000	31,500
Actual results of previous fiscal year (For the fiscal year ended March 31, 2017)	378,307	37,281	49,370	30,154

This press release does not constitute an offer of securities in the United States. The Company's securities referred to above have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration thereunder or an applicable exemption from registration requirements.