

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
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**Notification Regarding Secondary Offering (Uridashi) of Shares
and
Change of Largest Shareholder (which is also a Principal Shareholder)
and Other Affiliated Entity**

YAKULT HONSHA CO.,LTD. (the "Company") hereby announces that a secondary offering of shares of common stock of the Company has been resolved at a meeting of its Board of Directors held on February 14, 2018, as follows.

The Company also hereby announces that a change of its largest shareholder (which is also a principal shareholder) and its other affiliated entity is expected as a result of such secondary offering.

Note: The disclosure rules of the Tokyo Stock Exchange require that any change of a principal shareholder of an entity which is also the largest shareholder thereof must be disclosed as a "change of the largest shareholder (which is also a principal shareholder)". Principal shareholder in this context means, in principle, a shareholder who holds shares corresponding to 10% or more of the total number of voting rights of the Company. Accordingly, this press release uses the expression "Change of Largest Shareholder (which is also a Principal Shareholder)", notwithstanding the fact that the largest shareholder of the Company will remain unchanged. Subsequent to the secondary offering described in this press release, Danone will cease to be a principal shareholder of the Company, but it will remain the largest shareholder thereof with respect to number of shares and voting rights held. (The disclosure rules of the Tokyo Stock Exchange, however, do not require the disclosure of the largest shareholder, and accordingly the status of Danone subsequent to such change appears in 3. below as "-".)

I. Secondary Offering of Shares

1. Matters pertaining to secondary offering of shares (offering by way of purchase and underwriting (kaitori-hikiuke) by the underwriters)

(1) Class and number of shares to be offered	22,674,900 shares of common stock of the Company (combined total of (i) to (iii) below) (i) 12,834,900 shares of common stock of the Company, which are subject to the Japanese offering by way of purchase and underwriting by the underwriters, as set forth in (3)(i) below. (ii) 8,556,700 shares of common stock of the Company, which are subject to the International offering by way of purchase and underwriting by the international managers, as set forth in (3)(ii) below. (iii) 1,283,300 shares (maximum) of common stock of the Company, which are subject to the option to acquire additional shares of common stock of the Company granted to the international managers in the International offering, as set forth in (3)(ii) below.
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	<p>The total number of shares to be offered which are subject to the Japanese offering by way of purchase and underwriting by the underwriters and the International offering (the combined total of (i) to (iii) above) (the "Total Number of Offered Shares") is 22,674,900 shares. The breakdown of shares to be offered for each of the Japanese offering by way of purchase and underwriting by the underwriters and the International offering is expected to be the number of shares set forth in (i) to (iii) above; however, the actual breakdown will be determined on the Offering Price Determination Date set forth in (4) below, after taking into account market demand and other conditions.</p> <p>Also, the Company has resolved, at a meeting of its Board of Directors held on Wednesday, February 14, 2018, to repurchase up to 5,000,000 shares of common stock of the Company for an aggregate repurchase price of up to ¥36 billion during the period from Friday, February 16, 2018 through Wednesday, February 28, 2018 through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system of the Tokyo Stock Exchange Inc. In the event that the Company determines to undertake the share repurchase pursuant to the aforementioned resolution, the seller set forth in (2) below may sell a portion of the shares of common stock of the Company held by it through such share repurchase. In such case, the respective numbers of shares for the Japanese offering by way of purchase and underwriting by the underwriters and the International offering set forth in (i) to (iii) above may decrease.</p>
(2) Seller	Danone Probiotics Pte. Ltd.
(3) Method of offering	<p>The Japanese offering and the International offering will be made simultaneously.</p> <p>(i) Japanese offering by way of purchase and underwriting by the underwriters</p> <p>Offering in Japan (the "Japanese offering by way of purchase and underwriting by the underwriters").</p> <p>The Japanese underwriters will jointly purchase and underwrite all shares in the Japanese offering by way of purchase and underwriting.</p> <p>(ii) International offering</p> <p>Offering of shares of common stock of the Company in international markets (in the United States, however, the offering will be limited to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933) (the "International offering").</p> <p>The international joint lead managers will severally, and not jointly, purchase and underwrite all shares in the International offering. The seller will grant the international joint lead managers an option to purchase additional shares of common stock of the Company.</p>
(4) Offer price	<p>Undetermined.</p> <p>The offer price will be determined on the Offering Price Determination Date (as defined below) in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting, etc. of Securities of the Japan Securities Dealers Association, after taking into account market demand and other conditions, based on the preliminary pricing terms calculated by multiplying by a factor between 0.90 and 1.00, the closing price of the shares of common stock of the Company in regular trading on</p>

	the Tokyo Stock Exchange Inc. (rounding down to the nearest one yen) on (the "Closing Price") a certain date between Monday, March 5, 2018 and Wednesday, March 7, 2018 (the "Offering Price Determination Date") (or the closing price on the day immediately preceding the Offering Price Determination Date, if no closing price was recorded on the Offering Price Determination Date).
(5) Commissions for underwriters	The aggregate difference between the offer price and the underwriting value (the amount the seller will receive as the purchase price per share from the underwriters) will be the underwriters' proceeds. Also, the seller may pay an additional commission to the underwriters at its own discretion up to the amount obtained by multiplying the Closing Price on the Offering Price Determination Date by 0.005 (which constitute such additional commission per share) and multiplying again by the Total Number of Offered Shares.
(6) Subscription period (for Japanese offering)	The period between the business day immediately following the Offering Price Determination Date and the second business day following the Offering Price Determination Date.
(7) Share unit for subscription	100 shares
(8) Advance on subscription	Same as the offer price per share
(9) Settlement date	A certain date between Tuesday, March 13, 2018 and Thursday, March 15, 2018, provided that such date will be the sixth business day following the Offering Price Determination Date.
(10) Approval for the offer price and all other matters necessary for the secondary offering by way of purchase and underwriting by the underwriters will be entrusted to the President and Representative Director of the Company.	

2. Matters pertaining to secondary offering of shares (offering by way of over-allotment) (Please refer to <Reference> 2. below.)

(1) Class and number of shares to be offered	<p>Shares of common stock of the Company: 1,925,100 shares</p> <p>The aforementioned number of shares to be offered represents the maximum number of shares to be offered and the actual number of shares may decrease or the offering by way of over-allotment may not be carried out at all, subject to market demand and other conditions for the Japanese offering by way of purchase and underwriting by the underwriters. The number of shares to be offered will be determined on the Offering Price Determination Date, after taking into account market demand and other conditions for the Japanese offering by way of purchase and underwriting by the underwriters.</p> <p>In addition, in the event that the number of shares to be offered in the Japanese offering by way of purchase and underwriting by the underwriters decreases as a result of the share repurchase set forth in 1.(1) above, the number of shares to be offered in the offering by way of over-allotment may decrease as well.</p>
(2) Seller	The designated Japanese underwriter
(3) Method of offering	In connection with the Japanese offering by way of purchase and underwriting by the underwriters, the designated Japanese underwriter will, after taking into account market demand and other conditions, carry out the offering in Japan of up to 1,925,100 shares of common stock of the

	Company to be borrowed from Danone Probiotics Pte. Ltd., which is a shareholder of the Company.
(4) Offer price	Undetermined. The offer price will be determined on the Offering Price Determination Date. The offer price will be the same as that in the Japanese offering by way of purchase and underwriting by the underwriters.
(5) Subscription period	Same as that in the Japanese offering by way of purchase and underwriting by the underwriters.
(6) Share unit for subscription	100 shares
(7) Advance on subscription	Same as the offer price per share.
(8) Settlement date	Same as that in the Japanese offering by way of purchase and underwriting by the underwriters.
(9) Approval for the offer price and all other matters necessary for the offering by way of over-allotment will be entrusted to the President and Representative Director of the Company.	

<Reference>

1. Purpose of the secondary offering of shares, etc.

Danone approached the Company concerning the shares of common stock of the Company held by Danone Probiotics Pte. Ltd, which is the seller in both the Japanese offering by way of purchase and underwriting by the underwriters and the International offering, and both companies held discussions concerning the matter. Based on the mutual understanding of the value of continuing their cooperative efforts to promote probiotics globally and the maintenance of their good relationship, the Company has determined to undertake this secondary offering of shares, in cooperation with Danone, with due consideration of the impact on the market price of the Company's shares. The Company expects that this secondary offering of shares will strengthen shareholder returns, diversify shareholders and enhance the liquidity of the shares of the Company.

2. Offering of shares by way of over-allotment, etc.

In connection with the Japanese offering by way of purchase and underwriting by the underwriters, the designated Japanese underwriter may, after taking into account market demand and other conditions, carry out the offering in Japan of up to 1,925,100 shares of common stock of the Company to be borrowed from Danone Probiotics Pte. Ltd., which is a shareholder of the Company. While 1,925,100 shares are scheduled to be offered under the offering of shares by way of over-allotment, such number of shares represents the maximum number of shares to be offered and the actual number of shares may be less or the offering by way of over-allotment may not be carried out at all, subject to market demand and other conditions.

In the event that the offering of shares by way of over-allotment is carried out, the designated Japanese underwriter will be granted by the aforementioned shareholder of the Company an option to purchase additional shares of common stock of the Company (the "Green Shoe Option") up to the number of shares in the offering by way of over-allotment in addition to the shares in the Japanese offering by way of purchase and underwriting by the underwriters, exercisable during the period beginning on the settlement date of the Japanese offering by way of purchase and underwriting by the underwriters and the offering by way of over-allotment, and ending on Tuesday, March 27, 2018.

The designated Japanese underwriter may purchase on the Tokyo Stock Exchange Inc. shares of common stock of the Company up to the number of shares in the offering by way of over-allotment (a "syndicate covering transaction"), for the purpose of returning the shares borrowed from the aforementioned shareholder of the Company (the "Borrowed Shares"), during the period beginning on the day immediately following the last day of the subscription period for the Japanese offering by way of purchase and underwriting by the underwriters and the offering by way of over-allotment, and ending on Monday, March 26, 2018 (the "syndicate covering transaction period"). All shares of common stock of the Company purchased through syndicate covering transactions by the designated Japanese underwriter will be used for the purpose of returning the Borrowed Shares. During the

syndicate covering transaction period, the designated Japanese underwriter may choose not to carry out any syndicate covering transactions or may cease to conduct syndicate covering transactions before the number of shares purchased reaches the number of shares in the offering by way of over-allotment.

Also, the designated Japanese underwriter may carry out stabilizing transactions in connection with the Japanese offering by way of purchase and underwriting by the underwriters and the offering by way of over-allotment, in which case the shares of common stock of the Company acquired through such stabilizing transactions may wholly or partially be used for the purpose of returning the Borrowed Shares.

Any remaining, unreturned portion of the Borrowed Shares, following the return of shares using shares acquired through syndicate covering transactions and stabilizing transactions, will be returned using shares acquired by the designated Japanese underwriter through its exercise of the Green Shoe Option.

Determination of whether or not the offering by way of over-allotment is to be carried out, along with the number of shares to be offered in such offering, if such offering is to be carried out, will be made on the Offering Price Determination Date. In the event that the offering by way of over-allotment is not to be carried out, none of the borrowing of shares of common stock of the Company by the designated Japanese underwriter from the aforementioned shareholder, the Green Shoe Option to the designated Japanese underwriter by the aforementioned shareholder, or any syndicate covering transactions on the Tokyo Stock Exchange Inc. will be carried out.

The designated Japanese underwriter will carry out the aforementioned transactions in consultation with the other joint lead managers of the Japanese offering by way of purchase and underwriting by the underwriters.

3. Lock-up

In connection with the global offering, Danone Probiotics Pte. Ltd., the seller in the Japanese offering by way of purchase and underwriting by the underwriters and the International offering (the "Seller"), has agreed with [the joint global coordinators that the seller will not sell shares of common stock of the Company, (excluding certain cases including lending and delivery of the shares of common stock of the Company for the purpose of the Japanese offering by way of purchase and underwriting by the underwriters, the International offering and the offering by way of over-allotment, and selling of shares of common stock of the Company upon exercise of the Green Shoe Option), during the period beginning on the Offering Price Determination Date and ending on the date that is 180 days from and including the settlement date of the global offering (the "lock-up period"), without the prior written consent of the joint global coordinators].

The Company has also agreed with the joint global coordinators that it will not, without the prior written consent of the joint global coordinators, issue shares of the Company, issue securities convertible into or exchangeable for shares of the Company, or issue securities that represent the right to acquire or receive shares of the Company (excluding stock splits, etc.), during the lock-up period.

In either of the aforementioned cases, the joint global coordinators have the right to wholly or partially waive the aforementioned agreements at their own discretion, even during the lock-up period.

II. Change of Largest Shareholder (which is also a Principal Shareholder) and Other Affiliated Entity

1. Reason for the change

The Company's largest shareholder (which is also a principal shareholder) and other affiliated entity is expected to change as a result of the secondary offering of shares of common stock of the Company set forth in "I. Secondary Offering of Shares - 1. Matters pertaining to secondary offering of shares (offering by way of purchase and underwriting (*kaitori-hikiuke*) by the underwriters)" above.

The Company and Danone have agreed today that, with a view to maintaining their amicable relationship and to continue to promote probiotics even after the secondary offering of shares, they will amend the memorandum of understanding between them, 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, upon the completion of the secondary offering of shares. The Company and Danone confirm in such amended memorandum of understanding that they will continue to engage in the existing joint ventures, probiotics promotion

activities and research activities that have been jointly undertaken by them, and will undertake any collaboration in the future if they find it beneficial to both of them, and that the Company will accept Danone's nomination of candidate(s) for election to the Company's board.

2. Overview of shareholder subject to change

Overview of shareholder which no longer will be the largest shareholder (which is also a principal shareholder) or other affiliated entity. As stated above, subsequent to the secondary offering described in this press release, Danone will cease to be a principal shareholder of the Company, but it will remain the largest shareholder thereof with respect to number of shares and voting rights held.

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|---|---|
| (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) Relations 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. Number of voting rights held by the shareholder (number of shares held) and percentage of total voting rights before and after change

	Status	Number of voting rights (Number of shares held) % of total voting rights			Ranking among shareholders
		Directly held	Indirectly held but counted	Total	
Before change (as of February 14, 2018)	Largest shareholder (which is also a principal shareholder) and other affiliated entity	-	352,120 (35,212,000 shares) 21.52%	352,120 (35,212,000 shares) 21.52%	First
After change	-	-	125,371 (12,537,100 shares) 7.66%	125,371 (12,537,100 shares) 7.66%	First

(Note 1) The percentage of total voting rights is calculated based on 1,636,003 voting rights held by all shareholders as of September 30, 2017, rounded to two decimal places. Ranking among shareholders is based on the register of shareholders of the Company as of September 30, 2017.

(Note 2) The percentage of total voting rights after change is calculated without considering the possible decrease of 1,636,003 voting rights held by all shareholders which is the basis of calculation of the percentage of total voting rights which may result from the share repurchase set forth in the "Notification Regarding Determination of Matters Pertaining to Share Repurchase and Cancellation of Shares Held as Treasury Stock (Share Repurchase Pursuant to Provision of the Articles of Incorporation Provided in accordance with Article 459, Paragraph 1 of the Companies Act and Cancellation of Shares Held as Treasury Stock Pursuant to Article 178 of the Companies Act)" announced today. If the Company undertakes such share repurchase, the percentage of total voting rights after change may increase.

(Note 3) The number of voting rights (number of shares held) after change may further decrease up to 19,251 (1,925,100 shares) from the number of voting rights (number of shares held) set forth above as a result of exercise of the Green Shoe Option set forth in "I. Secondary Offering of Shares - <Reference> 2. Offering of shares by way of over-allotment, etc." above.

(Note 4) In relation to the share repurchase set forth in the "Notification Regarding Determination of Matters Pertaining to Share Repurchase and Cancellation of Shares Held as Treasury Stock (Share Repurchase Pursuant to Provision of the Articles of Incorporation Provided in accordance with Article 459, Paragraph 1 of the Companies Act and Cancellation of Shares Held as Treasury Stock Pursuant to Article 178 of the Companies Act)" announced today, in the event that the Company determines to undertake the share repurchase and the Seller sells to the Company a portion of the shares of common stock of the Company held by it through such share repurchase, change of the other affiliated entity of the Company may occur at that time, earlier than expected.

4. Expected date of change

Settlement date (the sixth business day following the Offering Price Determination Date) set forth in "I. Secondary Offering of Shares - 1. Matters pertaining to secondary offering of shares (offering by way of purchase and underwriting (*kaitori-hikiuke*) by the underwriters) - (9) Settlement date"

5. Change of unlisted parent company, etc. subject to disclosure, etc.

Not applicable.

6. Outlook

No impact is expected on management or results of operations of the Company as a result of this change of the largest shareholder (which is also a principal shareholder) and the other affiliated entity.

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.