

December 19, 2003
The Nisshin OilliO Group, Ltd.

Background to The Nisshin OilliO Group's Merger With Subsidiaries

The Nisshin OilliO Group, Ltd. (Jokei Akitani, President) will merge with wholly owned consolidated subsidiaries The Nisshin OilliO, Ltd., Rinoru Oil Mills Co., Ltd. and Nikko Oil Mills Co., Ltd., marking a new start for The Nisshin OilliO Group, Ltd. as the surviving entity.

1. Outline of the New Company

- (1) Date of merger July 1, 2004
- (2) Company name The Nisshin OilliO Group, Ltd.
- (3) Head Office 23-1, Shinkawa 1-chome, Chuo-ku, Tokyo, Japan
- (4) Representative Jokei Akitani, President
- (5) Capital ¥16,332 million
- (6) Business lines Oils and Meals, Fine Chemicals, Health Linkage, Others
- (7) Fiscal year-end March 31

2. Background and Purpose of the Merger

On April 1, 2002, amid the onset of an era of full-scale global competition triggered by the lowering of tariffs on edible oils, The Nisshin Oil Mills, Ltd., Rinoru Oil Mills Co., Ltd. and Nikko Oil Mills Co., Ltd. conducted an exchange of shares. On October 1 of the same year, The Nisshin Oil Mills, Ltd. became a pure holding company and changed its name to The Nisshin OilliO Group, Ltd. The business operations of The Nisshin Oil Mills, Ltd. were transferred to a new company, The Nisshin OilliO, Ltd. The shift to a holding company structure allowed the management resources and expertise of each company to be organically focused and utilized to maximum advantage.

Meanwhile, with commercial boundaries between nations continuing to evaporate in the wake of ongoing agricultural negotiations by the World Trade Organization and the spread of Free Trade Agreements, global-level competition is forecast to become an increasingly common fact of

day-to-day business. China, where The Nisshin OilliO Group is developing operations, is already in the grips of escalating competition.

To cope with this tumultuous operating environment, The Nisshin OilliO Group began investigating various options for a structure for delivering maximum results in a bid to emerge a winner amid full-scale global competition. This search culminated in the decision to absorb the three operating companies on July 1, 2004. In addition to realizing greater mobility and management speed, this merger is expected to enhance cost competitiveness through a renewed emphasis on efficiency, as The Nisshin OilliO Group strives to further raise its enterprise value.

Following the merger, The Nisshin OilliO Group will remain a corporate group committed to proposing and creating healthy, pleasant lifestyles for the well-being of its customers, based on the concept of “taste, health and beauty.” Fulfilling its role as a responsible corporate citizen, the Group will continue to forge boldly ahead as it continuously takes on new challenges.