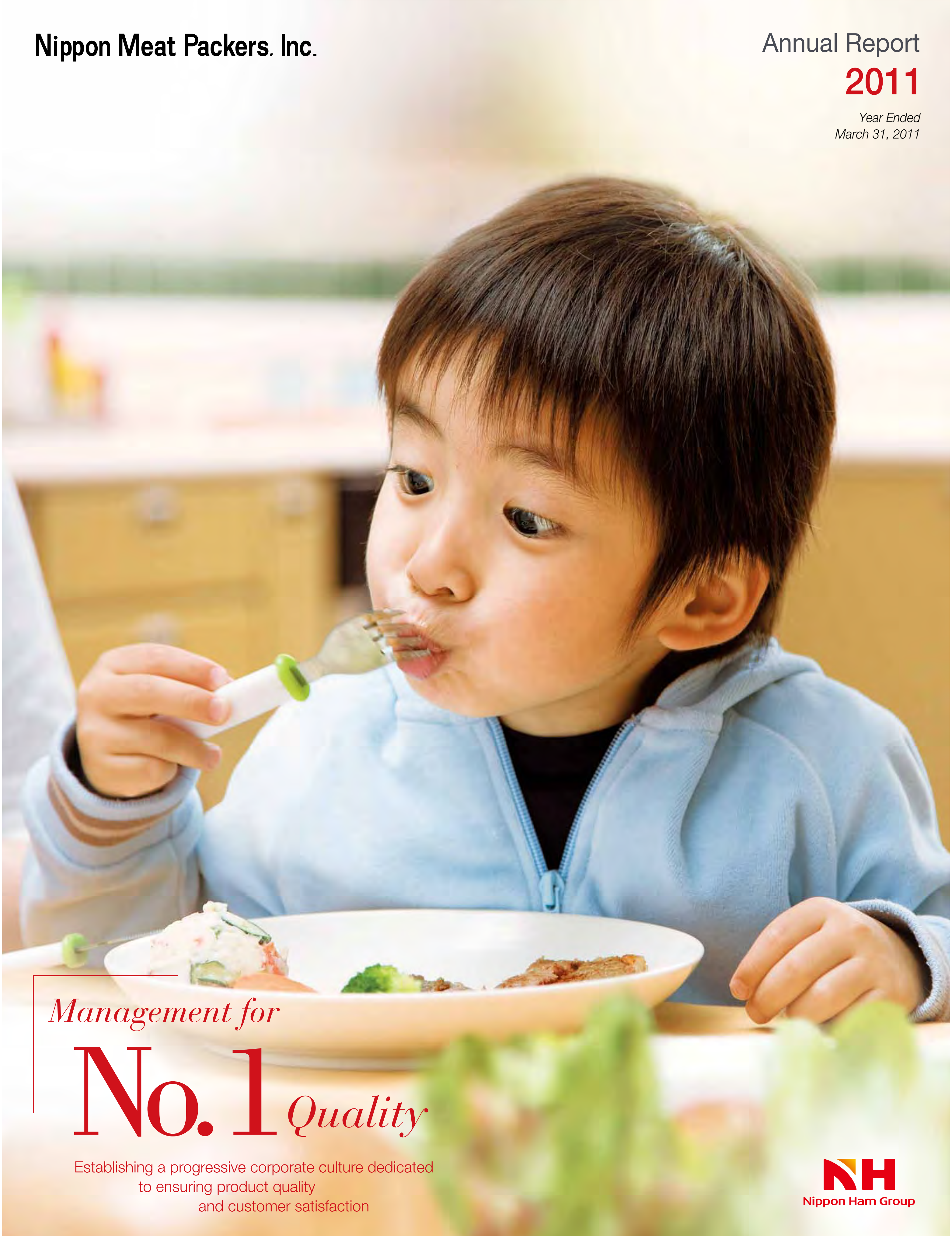
Nippon Meat Packers, Inc.

Annual Report 2011

Year Ended March 31, 2011



Management for **No. 1** *Quality*

Establishing a progressive corporate culture dedicated to ensuring product quality and customer satisfaction

Nippon Ham Group

Corporate Philosophies

1. Under the basic theme of “Joy of Eating,” our company creates a culture that marks an epoch and contributes to society.
2. Our company is a place where employees can feel truly happy and fulfilled.

Management Principles

1. Act with noble ideals and the determination to achieve them.
2. Learn from others, teach others, and be willing to be taught by others.
3. Create the times by meeting the needs of the times.
4. Expand relationships through quality and service, and take responsibility for all people with whom we have relationships.
5. Strive for a highly functional organization.

The Nippon Ham Group’s Brand Statement

The Brilliance of People for the Future of Food

The Nippon Ham Group Brand Pledges

We aspire to share the pleasures of good eating and the joys of health with people around the world.

We pledge to impart the “Joy of Eating” with the greatest of care, through products that reflect our appreciation of the bounty of nature and our uncompromising commitment to quality, and to remain at the forefront in our exploration of food’s contribution to a happy and healthy life.

Nippon Ham Group

Contents

Forward-looking Statements
This annual report contains "forward-looking statements," including statements concerning the company's outlook for fiscal 2011 and beyond; business plans and strategies and their anticipated results; and similar statements concerning anticipated future events and expectations that are not historical facts. The forward-looking statements in this report are subject to numerous external risks and uncertainties, including the effects of economic conditions, market trends and currency rates, which could cause actual results to differ materially from those expressed in or implied by the statements herein.

The Nippon Ham Group's Competitive Advantages — I

With the aim of helping people to enjoy safe, flavorful fresh meats, the Nippon Ham Group breeds hogs, chickens, and other livestock in Japan. The Group also has spacious breeding facilities for hogs in the United States and beef cattle in Australia.

Japan

Nippon White Farm Co., Ltd.
Ships **55 million chickens** annually

Interfarm Co., Ltd.
Ships **600,000 hogs** annually

Overseas

Texas Farm, LLC (United States)
Ships **700,000 hogs** annually

Oakey Holdings Pty. Ltd. (Australia)
Ships **140,000 beef cattle** annually

Note: Figures above are approximate, as of fiscal 2011.

Nurture

The Nippon Ham Group fulfills its commitment to craftsmanship at large-scale production facilities both in Japan and overseas. In line with its commitment to its concept of Management for No. 1 Quality, the Group continues to turn out a wide range of products that respond to customers' demands and are worthy of their confidence.

Global production network: 84 facilities

65 in Japan, 19 overseas

As of April 1, 2011

Create

The Nippon Ham Group has built sales offices near its production facilities in Japan, thereby creating a highly responsive domestic supply system. The Group also has a global network of sales offices, enabling it to ship safe high-quality food products that help its customers enjoy rich, varied diets.

Nippon Ham Hambai Group

Sales network: 285 offices

264 in Japan, 21 overseas

As of April 1, 2011

Deliver

Nippon Food Group

The Marine Foods Corporation

Nippon Logistics Center, Inc.

Financial Highlights

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2011, 2010 and 2009

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Net Sales	**¥ 989,308**	¥ 953,616	¥1,028,449	**$11,919,373**
Operating Income	**33,175**	24,855	21,417	**399,698**
Income from Continuing Operations before Income Taxes and Equity in Earnings (Losses) of Associated Companies	**29,523**	24,024	6,287	**355,699**
Net Income Attributable to Nippon Meat Packers, Inc.	**16,731**	15,721	1,657	**201,579**
Total Assets	**590,688**	604,201	583,684	**7,116,723**
Total Nippon Meat Packers, Inc. Shareholders' Equity	**281,067**	271,908	270,439	**3,386,350**
Interest-Bearing Debt	**155,263**	187,585	168,950	**1,870,639**
Net Cash Provided by Operating Activities	**36,761**	67,448	37,776	**442,904**
Net Cash Provided by (Used in) Investing Activities	**8,745**	(60,134)	(15,397)	**105,361**
Free Cash Flow	**45,506**	7,314	22,379	**548,265**
Net Cash Used in Financing Activities	**(36,951)**	(5,227)	(24,761)	**(445,193)**
Capital Expenditures	**17,189**	19,754	22,148	**207,096**
Depreciation and Amortization	**24,115**	24,408	24,000	**290,542**

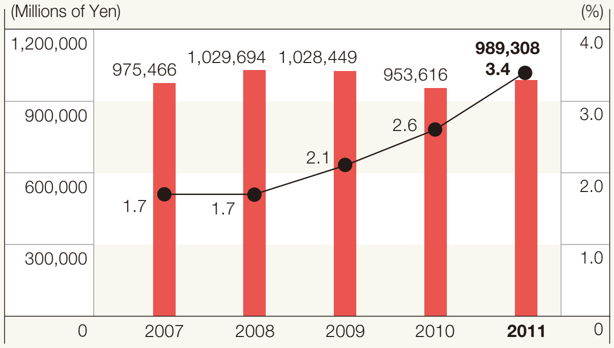
	Yen			U.S. Dollars
Per Share Amounts:				
Basic earnings per share attributable to Nippon Meat Packers, Inc. shareholders	**¥ 78.67**	¥ 69.69	¥ 7.26	**$ 0.95**
Diluted earnings per share attributable to Nippon Meat Packers, Inc. shareholders	**¥ 70.92**	¥ 68.99	¥ 7.25	**$ 0.85**
Total Nippon Meat Packers, Inc. Shareholders' Equity	**¥1,321.37**	¥1,278.83	¥ 1,185.25	**$ 15.92**
Cash Dividends	**¥ 16.00**	¥ 16.00	¥ 16.00	**$ 0.19**

	Percent		
Index			
Ratio of Operating Income to Net Sales	**3.4%**	2.6%	2.1%
Return on Equity (ROE)	**6.1%**	5.8%	0.6%
Return on Assets (ROA)	**4.9%**	4.0%	1.1%
Nippon Meat Packers, Inc. Shareholders' Equity Ratio	**47.6%**	45.0%	46.3%

	Times		
Debt/Equity Ratio	**0.55**	0.69	0.62
Interest Coverage Ratio	**17.0**	31.6	15.0

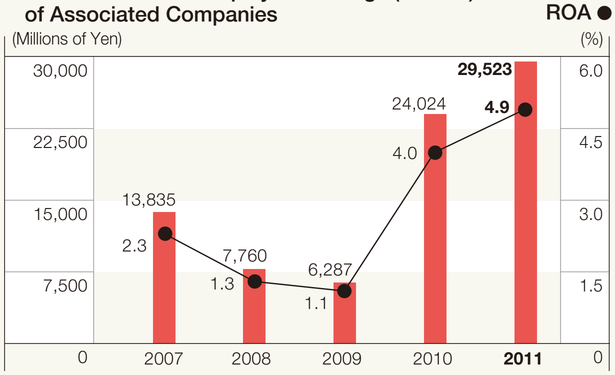
Notes: 1. The above figures are based on the consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America.
2. The United States dollar amounts represent translations of Japanese yen at the rate of ¥83=$1. See Note 1 to the consolidated financial statements.
3. See Note 1 to the consolidated financial statements with respect to the determination of the number of shares in computing the per share amounts attributable to Nippon Meat Packers, Inc. shareholders.
4. The consolidated financial statements for the year ended March 31, 2009 have been reclassified to conform to the presentation requirements in accordance with the Accounting Standards Codification of the U.S. Financial Accounting Standards Board Topic 810, "Consolidation."
5. Interest-bearing debt consists of short-term bank loans, current maturities of long-term debt and long-term debt, less current maturities (including zero coupon convertible bonds) in the consolidated balance sheets.
6. Operating income represents net sales less cost of goods sold and selling, general and administrative expenses.
7. Capital expenditures represent the additions to tangible and intangible fixed assets.
8. Depreciation and amortization consist of depreciation of tangible fixed assets and amortization of intangible fixed assets.
9. ROE = (Net income attributable to Nippon Meat Packers, Inc. / Average total Nippon Meat Packers, Inc. shareholders' equity) × 100
ROA = (Income from continuing operations before income taxes and equity in earnings (losses) of associated companies / Average total assets)×100
Free Cash Flow = Net cash provided by operating activities + Net cash provided by (used in) investing activities
Nippon Meat Packers, Inc. Shareholders' Equity Ratio = (Nippon Meat Packers, Inc. shareholders' equity / Total assets) ×100
Debt / Equity Ratio = Interest-bearing debt / Nippon Meat Packers, Inc. shareholders' equity
Interest Coverage Ratio = Net cash provided by operating activities / Interest paid

■ Net Sales — Ratio of Operating Income ●

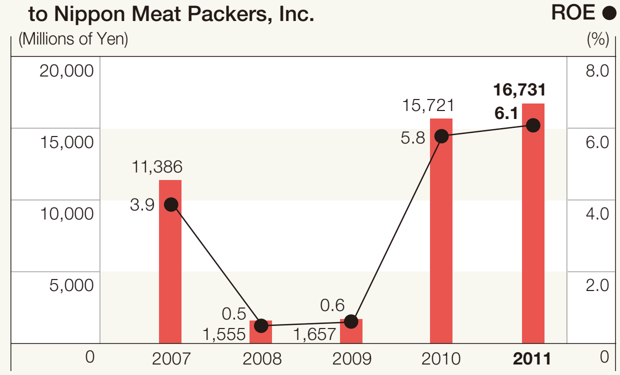


■ Operating Income

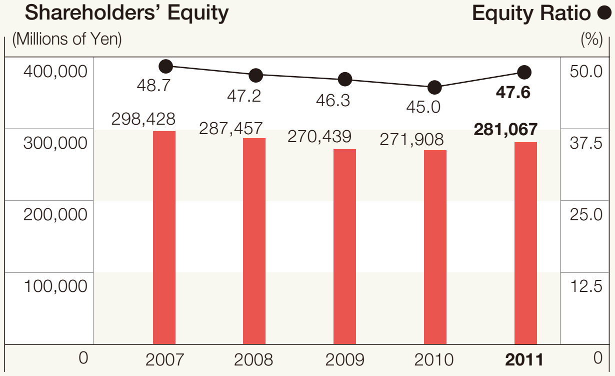
■ Income from Continuing Operations before Income Taxes and Equity in Earnings (Losses) of Associated Companies — ROA ●



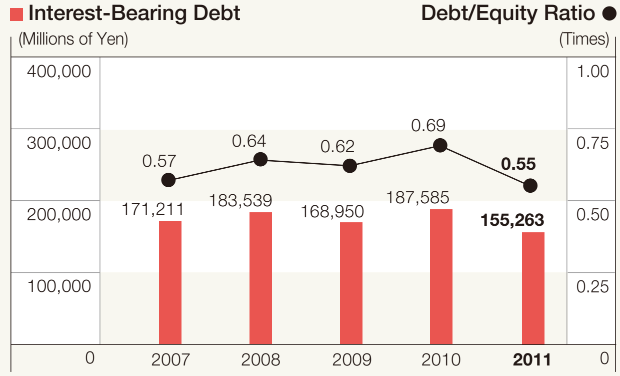
■ Net Income Attributable to Nippon Meat Packers, Inc. — ROE ●



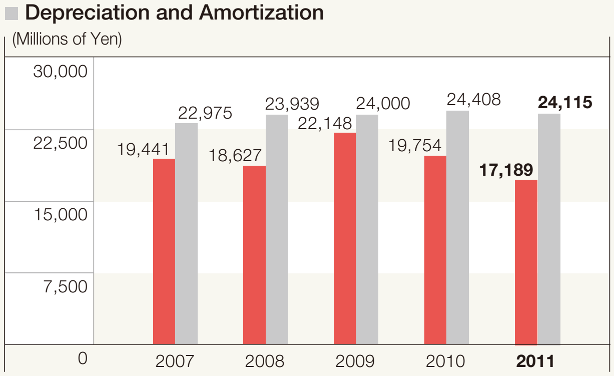
■ Total Nippon Meat Packers, Inc. Shareholders' Equity — Equity Ratio ●



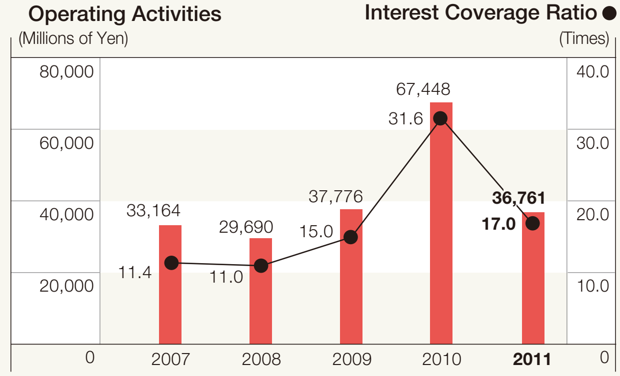
■ Interest-Bearing Debt — Debt/Equity Ratio ●



■ Capital Expenditures
■ Depreciation and Amortization

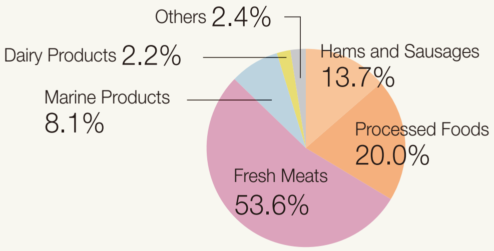


■ Net Cash Provided by Operating Activities — Interest Coverage Ratio ●



Market Position

Consolidated Net Sales in Fiscal 2010



Business Domains

From its origins as a manufacturer of hams and sausages, the Nippon Ham Group has grown into a major corporation with consolidated net sales in fiscal 2010 (the year ended March 31, 2011) of ¥989.3 billion and diverse business domains that include processed foods, fresh meats, dairy products, marine products, and health foods. Through its various businesses, the Group will continue working to realize the promise of its brand statement—“The Brilliance of People for the Future of Food.”

Position in the Global Fresh Meats Market

Major Global Fresh Meats Companies based on Net Sales	Net Sales (Millions of Yen)	Headquarters	Fiscal Year Reported
JBS S.A.	2,808,407	Brazil	Year ended December 2010
Tyson Foods, Inc.	2,363,955	U.S.A.	Year ended September 2010
Brasil Foods S.A.	1,156,958	Brazil	Year ended December 2010
VION Food Group (non-listed)	1,042,846	Netherlands	Year ended December 2010
Nippon Meat Packers, Inc.	989,308	Japan	Year ended March 2011
Smithfield Foods, Inc.	931,529	U.S.A.	Year ended April 2010
Marfrig Alimentos S.A.	809,937	Brazil	Year ended December 2010
Danish Crown Group	712,977	Denmark	Year ended September 2010
Hormel Foods Corporation	600,426	U.S.A.	Year ended October 2010
Maple Leaf Foods Inc.	425,559	Canada	Year ended December 2010

Position in the Japanese Food Products Market

Major Domestic Food Companies based on Net Sales	Millions of Yen		Fiscal Year Reported
	Net Sales	Operating Income	
Japan Tobacco Inc.	6,194,554	328,680	Year ended March 2011
Kirin Holdings Co., Ltd.	2,177,802	151,612	Year ended December 2010
Suntory Holdings Ltd. (non-listed)	1,742,373	106,727	Year ended December 2010
Asahi Breweries, Ltd.	1,489,460	95,349	Year ended December 2010
Ajinomoto Co., Inc.	1,207,695	69,374	Year ended March 2011
Meiji Holdings Co., Ltd.	1,114,095	28,873	Year ended March 2011
Nippon Meat Packers, Inc.	989,308	33,175	Year ended March 2011
Yamazaki Baking Co., Ltd.	928,242	26,991	Year ended December 2010
Maruha Nichiro Holdings, Inc.	823,399	17,418	Year ended March 2011
Morinaga Milk Industry Co., Ltd.	583,019	18,917	Year ended March 2011

Position in the Japanese Fresh Meats Market

Major Domestic Fresh Meats Companies based on Net Sales	Millions of Yen		Fiscal Year Reported
	Net Sales	Operating Income	
Nippon Meat Packers, Inc.	989,308	33,175	Year ended March 2011
Itoham Foods Inc.	455,989	2,481	Year ended March 2011
Starzen Co., Ltd.	262,832	2,938	Year ended March 2011
Prima Meat Packers, Ltd.	251,005	6,766	Year ended March 2011
Marudai Food Co., Ltd.	198,752	5,724	Year ended March 2011
Yonekyu Co., Ltd.	136,049	1,917	Year ended February 2011
S Foods Inc.	130,179	4,538	Year ended February 2011
Hayashikane Sangyo Co., Ltd.	51,433	276	Year ended March 2011
Fukutome Meat Packers, Ltd.	29,682	651	Year ended March 2011
Takizawa Ham Co., Ltd.	28,749	194	Year ended March 2011

Notes: 1. Operating results are taken from published financial data for the most recent fiscal year, with the exception of JBS S.A. and Brasil Foods S.A., for which pro forma figures are used for comparison purposes only.
2. Net sales for companies outside of Japan are translated into yen at the closing rate on March 31, 2011.
3. Based on Nippon Meat Packers data

Fulfilling the Promise of our Brand Statement—"The Brilliance of People for the Future of Food"

Japan's economy remained on a gentle upswing through most of fiscal 2010, the year ended March 31, 2011. That all changed on March 11, 2011, as a result of the Great East Japan Earthquake. The disaster has had an overwhelming impact on people's lives, as well as on economic activity. All of us in the Nippon Ham Group extend our heartfelt sympathies to everyone who has been affected. Our thoughts and prayers are with you.

In fiscal 2010, the Nippon Ham Group continued to operate in an uncertain environment. Raw material prices declined steadily and the market for fresh meats showed signs of a recovery. However, in the first months of 2011, prices for crude oil and grain rose substantially, as did sales prices. Conditions were naturally exacerbated by the events of March 11.

Against this backdrop, we continued to promote a variety of initiatives aimed at strengthening domestic operations and becoming a global enterprise in line with the New Medium-Term Management Plan Part III, which we launched in April 2009. We pushed ahead with three prime management policies. These are to establish and evolve our concept of Management for No. 1 Quality, improve profitability through greater selectivity and focus, and create a global business structure. These efforts contributed to increases in consolidated net sales and operating income for the period.

We expect a challenging operating climate in fiscal 2011. Nonetheless, I expect employees to remain true to our corporate philosophy and management principles and work as one to meet our goals and achieve further growth for the Group. We will strive to address the needs of society, customers, and our business partners, learning with them and from them as we collaborate to fulfill the promise of our brand statement—"The Brilliance of People for the Future of Food."

In these and all our efforts, I look forward to the continued understanding and support of our shareholders.

July 2011

Hiroshi Kobayashi

Hiroshi Kobayashi
President and Representative Director

Business Climate Perception and Operational Overview

Q What changes did you see in the business climate in fiscal 2010?

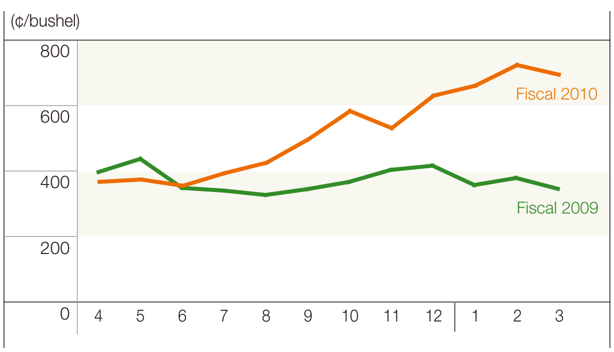
A lot happened during the period and events naturally influenced operating conditions. Nonetheless, we succeeded in leveraging the comprehensive strengths of the Nippon Ham Group, enabling us to generate operating income of ¥33.1 billion.

A Fiscal 2010 was a year of uncertainty, owing to an increasingly adverse operating climate. Domestic demand slowed, reflecting population decline, falling birthrates, and the graying of Japanese society. Price competition intensified amid worsening deflation, forcing prices down. As a result, rivalry within the industry grew fiercer. Prices for crude oil, grains, and other resources continued to climb. For example, the cost of feed corn surged significantly during the year. Other negatives for the Group included an outbreak of foot-and-mouth disease in cows and pigs in Miyazaki Prefecture in April 2010 and a nationwide avian influenza epidemic in January 2011. Despite such developments, we exceeded our operating targets by generating ¥33.1 billion in operating income on net sales of ¥989.3 billion.

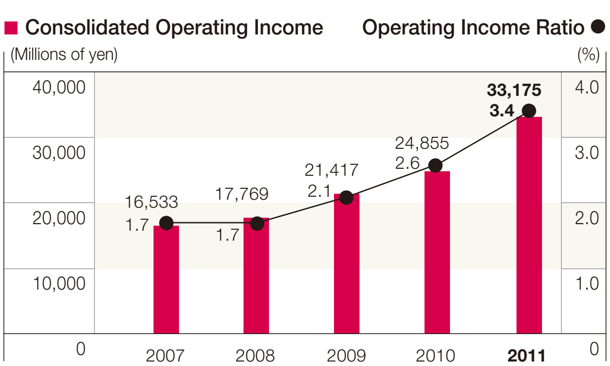
The Great East Japan Earthquake in March 2011 has, of course, further clouded our outlook. We also sense a significant change in the supply and demand structure. Before the earthquake, consumers seemed to be tiring of being thrifty and signs pointed to a shift toward high-value-added products. In the months since, however, they have once again tightened their purse strings, making it difficult to gauge prospects. In addition to this, our costs will necessarily increase if resource prices continue to rise. Our task as a manufacturer is to defray these costs by, for example, improving productivity and cutting other costs.

To overcome these challenges, we believe that we must return to the basic philosophy underlying the New Medium-Term Management Plan Part III and review its three main policies. We need to work on areas in which progress is slow by marshaling our comprehensive Group capabilities and at the same time to reinforce areas in which progress is on schedule.

Imported Corn Prices



Source: Agriculture & Livestock Industries Corporation



Q How will you respond to industry trends in the year ahead?

We will reinforce our corporate structure to ensure sustainable growth even under adverse conditions.

A The buying power of leading supermarkets and other volume retailers is increasing. At the same time, the overall profitability of the fresh meat industry remains low, so a further weeding out and restructuring of the industry seems highly likely. The Nippon Ham Group will therefore emphasize high-value-added products and services that match its commitment to workmanship and appeal to retailers and consumers, drawing on its solid development and sales capabilities to lift market share. At the same time, we will strengthen our corporate structure to underpin development while solidifying our domestic foundations to become a competitive winner.

Thanks to initiatives like the Trans-Pacific Partnership (TPP), a free trade agreement in the Asia–Pacific region is closer to becoming a reality. While significant changes in the operating environment are thus likely, we will continue to respond by leveraging our integration capabilities and our strengths as an organization that procures beef, pork, and poultry.

Progress of New Medium-Term Management Plan Part III

Q Two years have passed since the launch of the New Medium-Term Management Plan Part III. What have you achieved?

Our efforts have yielded results in terms of policies to establish and evolve the concept of Management for No. 1 Quality and to improve profitability through greater selectivity and focus. We have made progress in preparing the foundation necessary to create a global business structure.

A We believe that properly executing our management polices is vital for corporate survival. The first policy of the New Medium-Term Management Plan Part III is to establish and evolve the concept of Management for No. 1 Quality. We have made progress in improving customer satisfaction by ensuring the quality and safety of our products. We recognize scrupulous adherence to 5S, a workplace organization methodology with five phases—sort, set in order, standardize, systematically clean, and sustain discipline—as central to putting this concept into practice. By customizing our 5S approach, we prevent possibly disastrous mistakes and improve our quality. We also believe that we must enhance management to realize that concept.

New Medium-Term Management Plan Part III (Fiscal 2009–Fiscal 2011)

Challenges: Reinforce domestic operations while growing as a global player

Theme and Management Policies

1. Establish and evolve the concept of Management for No. 1 Quality
2. Improve profitability through greater selectivity and focus
3. Create a global business structure

Management Strategies

1. Strengthen and enhance integration across the Group
2. Reinforce the foundation of overseas operations
3. Fortify domestic operations by restructuring the processed foods business
4. Increase profits through the creation of value
5. Promote Group brand management

The second policy is to improve profitability through greater selectivity and focus. It is important to attain high productivity by undertaking various initiatives. For example, we seek to boost earnings by integrating or withdrawing products while establishing systems to manufacture small ranges of offerings in high volumes. By specializing on popular products and being more selective about the items that we produce in our plants, we can cut costs and become more competitive. Workmanship is a central ethos at Nippon Ham Group. We can increase customer satisfaction by constantly creating new offerings and making our popular products even more attractive. We stop supplying products that do not sell. This approach is an extension of our customized 5S methodology and is fundamental to selectivity and focus.

In the Processed Foods Business Division, we have concentrated on improving brand position and market share. In October 2010, we completed a six-year initiative to streamline and restructure the division, which included overhauling its supply chain management system. Our new supply chain management system has generated various benefits, including increased efficiency for plants, distribution centers, and sales units. In the Fresh Meats Business Division, we have achieved consistent profitability by reinforcing integration and marketing capabilities. In the Affiliated Business Division, we have built an improved earnings capacity.

We have also made steady progress in our third policy, which is to create a global business structure, by establishing a solid foundation for the expansion of our operations overseas. We are currently focusing on the fast-growing Asian market. We therefore aim to sell our products in that region, particularly in Southeast Asia, as well as in third-country markets. We have begun building a meat processed foods business in Vietnam, which offers strong economic potential, and have expanded facilities at our processed foods plant in Thailand. We are currently preparing for our plants in China to begin selling locally, and are setting up new production and sales channels to that end.

Consolidated Results

Year ended March 31, 2011	Target	Actual Result	Difference
	Billions of Yen		
Net sales	1,000.0	989.3	(10.7)
Operating income	30.0	33.1	3.1
Income from continuing operations before income taxes and equity in earnings (losses) of associated companies	26.0	29.5	3.5
Net income attributable to Nippon Meat Packers, Inc.	14.0	16.7	2.7

Q What key challenges are you addressing to achieve the goals of the New Medium-Term Management Plan Part III?

One key challenge is to overhaul our business model to remain a winner amid intense competition.

A We expect competition in the domestic market to remain intense, owing to the increased buying power of retailers, as well as to industry reorganizations. To overcome these challenges, we will overhaul our business model and work to harness selectivity and focus with the aim of rebuilding our domestic manufacturing structure. It is also crucial for us to bolster the capabilities of our marketing team. These individuals are pivotal to creating opportunities for consumers to enjoy our products. Another priority is to draw on integration, a key strength of the Nippon Ham Group, to further expand upstream production while at the same time increasing the scale of our sales. Overseas, we are building a new business model for overseas markets by joining hands with locally trusted partners to invest and to bolster sales.

Having set about improving its brand position and restructuring, the Processed Foods Business Division will deploy strategies aimed at ensuring category-leading products, streamlining production and reaping the benefits of enhanced supply chain management. The challenges for the Fresh Meats Business Division are to further boost integration and market share. The division will also work to reinforce its domestic marketing capabilities, as well as to strengthen its upstream activities in Japan and abroad. The Affiliated Business Division will focus on increasing earnings and expanding its operations with the aim of growing into our third core operational segment. As part of the division's efforts, affiliated company Hoko Co., Ltd., will broaden its sales focus beyond the food-service market and begin selling cheeses in the consumer market.

Q **Fiscal 2010 was the second year of the New Medium-Term Management Plan Part III. How did you progress in terms of your numerical targets?**

We missed our net sales target, but operating income exceeded projections.

A Our targets for fiscal 2010 of this plan were consolidated net sales of ¥1 trillion and operating income of ¥30 billion. Although we missed our net sales target, net sales were higher than in the previous fiscal year. Operating income exceeded projections. Our performance was mixed in that respect. In the Processed Foods Business Division, supply chain management reforms bore fruit in the second half of the year, but lower unit prices resulted in a slight dip in segment operating income for the full term. In contrast, operating income soared in the Fresh Meats Business Division. This reflected solid conditions in imported fresh meat markets and firm operating conditions in Japan, as well as lower production costs, and other factors resulting in higher margins for domestic farming operations. Operating income in the Affiliated Business Division rose, owing to improved margins on marine products and buoyant demand for cheeses.

Results for Fiscal 2010 and Performance Targets for the Year Ending March 31, 2012 (Consolidated)

Billions of Yen

	2011 Actual Result	2012 Target
Net sales	989.3	1,020.0
Operating income	33.1	35.0
Operating income ratio	3.4%	3.4%
Income from continuing operations before income taxes and equity in earnings (losses) of associated companies	29.5	30.0
Net income attributable to Nippon Meat Packers, Inc.	16.7	17.0

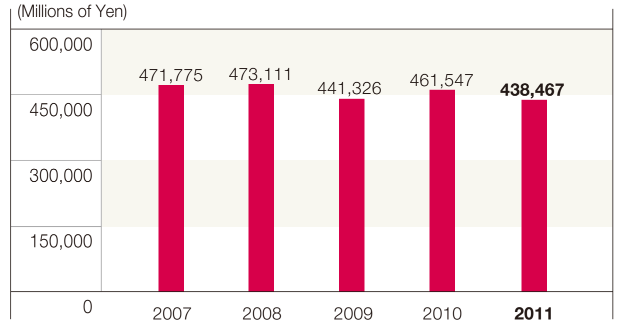
Long-Term Vision

Q **Can you tell us about your ongoing efforts to reinforce workmanship and push ahead with Group management?**

We are moving forward based on our strengths as a manufacturer and on our corporate philosophies.

A Our origins are in manufacturing, a prime strength that differentiates us from the competition. We have always invested heavily in making things. At the end of fiscal

Invested Capital



2010, the Group had ¥438.5 billion in invested capital and ¥219.3 billion in property, plant and equipment. We are far larger in those respects than our rivals in the fresh meats industry. At the risk of repeating myself, this is because of our consistent commitment to manufacturing. As of April 1, 2011, we had 65 processing plants in Japan and 19 overseas, in addition to 285 sales offices worldwide. We will sharpen our competitive edge against industry peers by solidifying our manufacturing strengths.

Our corporate philosophies are the basis for Group management. The first philosophy states that, "Under the basic theme of 'Joy of Eating,' our company creates a culture that marks an epoch and contributes to society." Sharing the pleasure of good eating with consumers is the principal focus of the Nippon Ham Group and by contributing in this way to society we will enhance the Group brand. The second philosophy is "Our company is a place where employees can feel truly happy and fulfilled." Employees feeling fulfilled and working responsibly will become the prime driver for moving ahead with Group management. We maintain a structure that integrates all stages from production through to sales, so our employees engage in everything from breeding livestock to manufacturing and selling products. We treasure the notion of visiting and seeing sites firsthand to understand reality. If our marketing people understand manufacturing sites and vice versa, and if both groups operate in an appropriate manner on the basis of shared information, our comprehensive strengths as a manufacturer will continue to advance. To realize the promise of the Nippon Ham Group's brand statement—"The Brilliance of People for the Future of Food"—we will continue working to ensure that all employees move forward together guided by these philosophies.

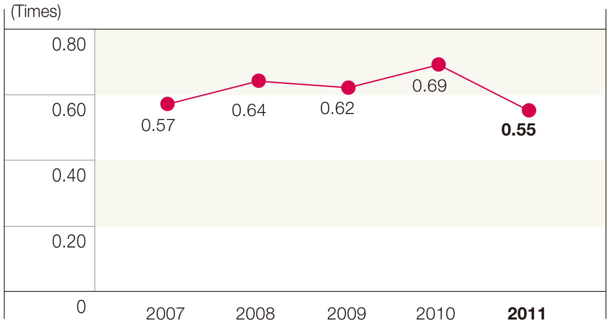
Financial Strategies and Policies

Q What is your financial strategy?

We aim to maximize corporate value by optimally procuring, allocating, and managing capital.

A Our financial strategy underpins our businesses. For this reason, it is important to secure the funds that we need for business at the right time and under the right terms to maintain a healthy financial position.

Debt/Equity Ratio



We endeavor to reduce funding costs by undertaking various measures aimed at improved assessments from credit rating institutions. We will also strive to lower capital costs, strictly managing interest-bearing debt to optimize our capital structure. Our target for our debt-to-equity ratio in the final year of the New Medium-Term Management Plan Part III is 0.54. I consider this number achievable.

We must optimize funding efficiency by stepping up efforts to properly allocate and manage finances. We keep capital investments below depreciation and amortization and have set a budget for strategic investments. In Japan, our investments are largely to install highly efficient production lines and maintain facilities. Overseas, we spend on production line expansion and acquisitions in strategic regions.

Corporate Governance

Q **How important is improving corporate governance to Group management?**

We continue to refine our corporate governance capabilities.

A Corporate governance is the lifeline of Group management. Our basic policy is to clearly delineate responsibility and authority with regard to management monitoring, which is a function of the directors, and business execution, which is a function of the executive officers. We will continue to abide by pertinent laws and regulations, maintain strict internal controls, and manage risks to bolster governance. Compliance and environmental initiatives will be integral to this process, as will be our corporate social responsibility program. We will remain accountable to stakeholders by ensuring fair and timely disclosure, thereby improving transparency, to further enhance public trust.

Shareholder Returns

Q **Finally, what is management's stance on shareholder returns?**

Our basic policy is to maintain stable dividends over the long term.

A Our basic policy is to maintain stable dividends over the long term. We have consistently paid annual cash dividends of ¥16 per share. Preconditions for considering the payment of dividends include stable operating and pretax earnings. Such a move would also take into account shareholder returns.

The Nippon Ham Group's basic policy is to apply net income to dividends and capital investments crucial to future growth, and to retained earnings to ensure stable dividends. Through this policy, we aim to become an enterprise that is sufficiently profitable to satisfy shareholders and investors.

Under the New Medium-Term Management Plan Part III, we are targeting an operating income ratio of 3% by fiscal 2011, with our ultimate goal being 5%. Going forward, we will seek to increase corporate value by fully leveraging Group strengths to further bolster profitability and asset efficiency.

Initiatives to

Build a Global Management Structure

The New Medium-Term Management Plan Part III encompasses three policies. In its annual reports in 2009 and 2010, respectively, the Nippon Ham Group presented the first two policies, which are to establish and evolve the concept of Management for No. 1 Quality and improve profitability through selectivity and focus. In this year's report, Vice President Noboru Takezoe focuses on the third policy, which is to create a global business structure.

Solidifying Domestic Operations and Becoming a Global Enterprise

Q Can you tell us about your endeavors over the past two years?

We've drawn on efforts to dominate the domestic market and improve profitability to create an overseas marketing structure.

A One of the Nippon Ham Group's growth drivers is developing category-leading products in the Processed Foods Business division. We have built such leads in hams, sausages, and other processed foods. Another driver is our unparalleled integration capabilities in the fresh meats business. We combine our offerings and marketing clout to generate synergies as a source of expansion. Affiliated businesses, which include marine products, lactic acid probiotic beverages, and cheeses augment Group growth. Further evolution of these businesses is necessary if we are to strengthen our domestic operations. Accordingly, we are working on supply chain management in the processed foods business to reduce costs and reinforce marketing. In our fresh meats business, we aim to further industrialize our farming operations to cement our competitive advantage, and at the same time to increase our market share by harnessing our robust sales structure.

One key management priority is to lift the contribution of overseas businesses, which currently account for 7.1% of net sales.* That is because population decline and the graying of society will inevitably hamper domestic expansion over the medium and long terms. We have already had some success in selling products we manufacture overseas in Japan. From here, we will turn to building a structure to market our products in countries where we produce and in other countries as well, increasing sales in the global marketplace.

**Sales as a percentage of overseas subsidiary sales to external customers*

Noboru Takezoe
Vice President

Creating a Global Business Structure

Q May we ask about your initiatives and achievements over the past two years in creating a global business structure?

We've achieved quite a lot in the United States, Australia, China, and Southeast Asia.

A We have succeeded in boosting revenues and earnings in the United States, where our operations include raising hogs and manufacturing processed foods, and we will continue working to improve our performance. Demand in Australia remains sluggish, but we have taken steps that should soon begin generating profits. Key steps have been to consolidate through such measures as the divestiture of our local hog farming business, and to raise productivity by, among others, bolstering feed efficiency. In China, we have focused largely on processing foods for export to Japan, but we will now turn our attention to reinforcing operations so we can market locally made products within China. To this end, we established the sales subsidiary Nippo Food (Shanghai) Co., Ltd. The Nippon Ham Group has already operated for more than 20 years in Thailand. Last year, we upgraded a local processed food plant to supply not only Japan, but also other parts of Asia and Europe.

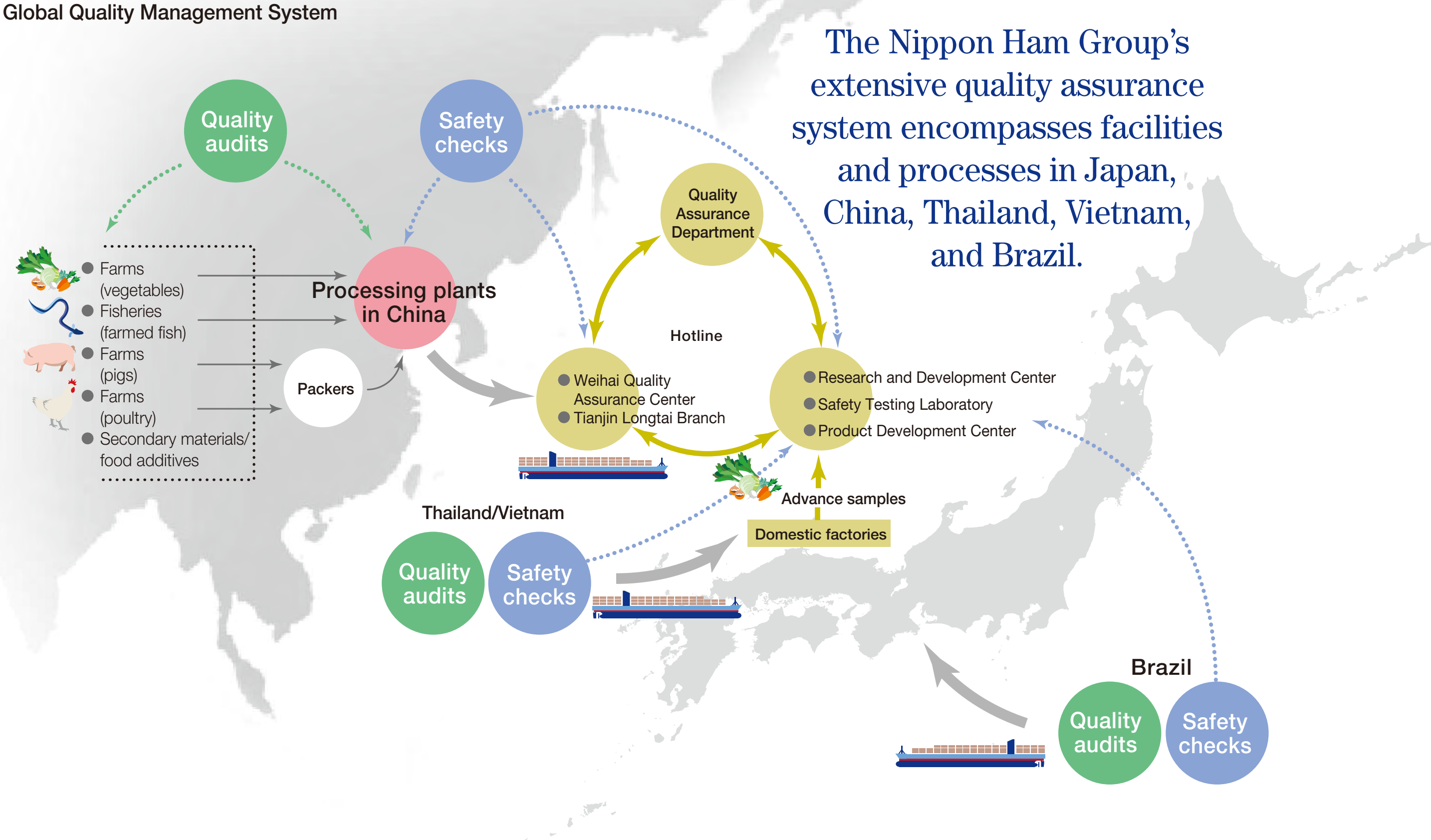
Vietnam is our greatest strategic priority. We accordingly launched Nippon Golden Pig Joint Stock Company, a ham and sausage joint venture, to take advantage of Vietnam's exciting growth potential. Group management has to move beyond divisional boundaries and be truly global for us to pursue such expansion. With this in mind, we set up the Overseas Business Strategy Department, which performs a cross-functional role. Talent is another global management essential. We will pool people hired locally to conduct global training and cultivate people with advanced knowledge and technological expertise while establishing a framework governing employment conditions and working environments.

Q What are the strengths of the Nippon Ham Group's global management system?

We maintain many operations overseas, where we adhere to the same stringent quality criteria as we do in Japan.

A Another strength is that our Group companies in Japan and abroad adhere to the same strict quality assurance standards as our companies in Japan. The Group has 884 quality assurance officials, of whom 721 are in Japan, while the remaining 163 are overseas.* Our domestic safety checking facilities are the Research and Development Center, the Safety Testing Laboratory, and the Product Development Center. We maintain our own quality assurance center in China and use external evaluation organizations in Thailand and Brazil. This quality control system enables us to operate 54 business and production sites in 12 countries. We also have a country risk hedging setup designed to ensure consistent supplies of animal protein in fresh meat products even if climate change or natural disasters affect some areas. This, I believe, is also another strength.

Global Quality Management System



The Nippon Ham Group's extensive quality assurance system encompasses facilities and processes in Japan, China, Thailand, Vietnam, and Brazil.

In Australia, which is the world's second-largest beef exporting nation and has been free of livestock epidemics, I think that our integration business can build our presence internationally, particularly in emerging nations with great potential for achieving this meat. We have built quality assurance structures at Chinese and Southeast Asian facilities exporting to Japan that match our domestic quality management requirements.

As of May 2010

Q What issues does the Group still need to address?

Management's challenge is to remain constantly aware of changes in the global economic climate.

A Prices for grains used in animal feed fluctuate according to supply and demand. Management also needs to be fully aware of the risks of grain speculation. Accelerating economic collaboration between two countries or regions causes dramatic changes in the flow of goods and makes capital flows more complex. For this reason, it is vital for us to consistently track changes in the global economic climate.

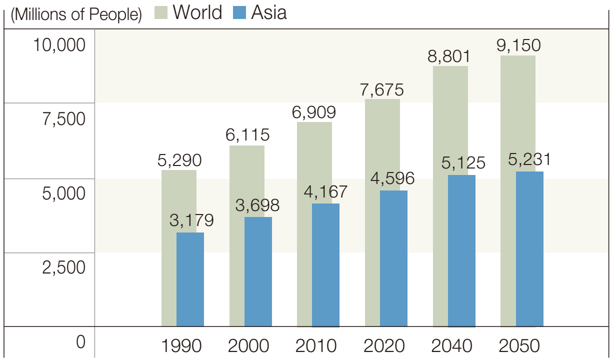
Policies for Future Global Strategies

Q Demand for foodstuffs is rising in emerging nations. Which regions do you think will become core markets for the Nippon Ham Group?

We will raise our presence in Southeast Asia.

A We must attract demand in emerging economies to increase our overseas sales. To this end, we plan to increase our presence in Southeast Asia. Key strategic priorities are markets in Vietnam, Indonesia, Thailand, and Singapore. Vietnam and Indonesia have particularly large populations and are rich in minerals and other natural resources. We recently launched a ham and sausage joint venture in Vietnam. The world's most populous Islamic country, Indonesia, looks very likely to become a major exporter of halal foods. We therefore aim to build a solid track record in that country.

Asia in Comparison with the World's Population



Source: United Nations, World Population Prospects

Q Can you describe your product and sales strategies?

Our fundamental strategy is to expand local production and sales.

A Our product strategy is to undertake marketing that focuses on hams and sausages and also encompasses delicatessen items to secure stable profits. Although we conduct product development in Japan, product concepts are locally led to ensure that the resulting products meet local needs. For us, it is also a basic policy to produce and sell hams, sausages, and processed foods where they are consumed.

In the United States, we maintain hog farming operations and manufacture and sell processed foods. We also have a sausage plant in Hawaii. Looking ahead, we will increase capacity at these plants and strengthen our marketing structure on the West Coast to increase sales.

Q What are your overseas personnel strategies?

We will deploy strategies to foster employees who can expand our overseas business.

A Human resource strategies are critical to expanding overseas. We must foster employees who can operate globally. To this end, we ensure highly motivated domestic employees gain experience at overseas sites and provide hierarchical training and job rotations for all locally hired employees, enabling us to build a pool of highly talented human resources. We also provide global and other training programs, through which we educate employees everywhere about the Nippon Ham Group's corporate philosophies and management policies, ensuring that our people everywhere truly feel part of the Nippon Ham family.

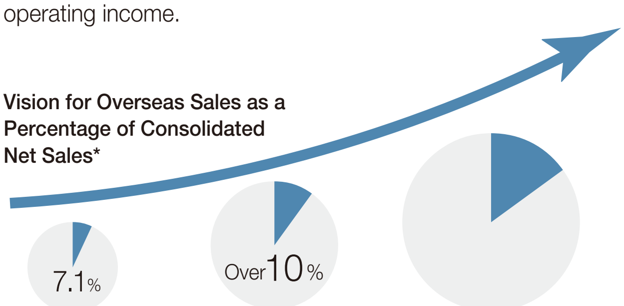
Future Overseas Strategies

Q How will you position overseas businesses going forward? What percentage of consolidated net sales do you expect these operations to account for in the future?

Our initial target is to boost overseas sales to 10% of consolidated net sales.

A The principal business strategy of the New Medium-Term Management Plan Part III is to boost our market share. In the Processed Foods Business Division, we will work to lift sales to 23% of consolidated net sales, from the current 21%. In the Fresh Meats Business Division, which also represents 21% of net sales at present, our target is 24%. We aim to expand our lead over the No. 2 player in the market for hams and sausages. We also aim to further extend the competitive advantage of our Fresh Meats Division. And while it is naturally important to secure shares in the domestic market, we also believe it is vital to expand our business overseas, recognizing that over the long term foreign markets offer greater profit potential than Japan, given its consumption climate and other factors. The Nippon Ham Group will thus strive to increase sales in the United States, China, and Southeast Asia, boosting overseas revenues to 10% of consolidated net sales during the period of our next Medium-Term Management Plan and helping to expand consolidated operating income.

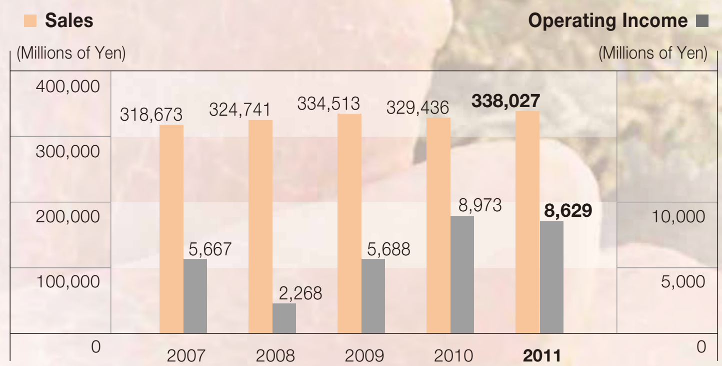
Vision for Overseas Sales as a Percentage of Consolidated Net Sales*



Fiscal 2010 | **Next Medium-Term Management Plan** (Fiscal 2012–Fiscal 2014) | **Ultimate goal**

**Sales as a percentage of overseas subsidiary sales to external customers*

Processed Foods
Business Division




SCHAU ESSEN


Winny

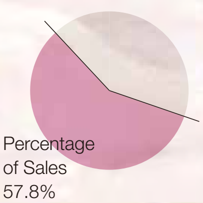

Chuka Meisai
(Sweet and sour pork)

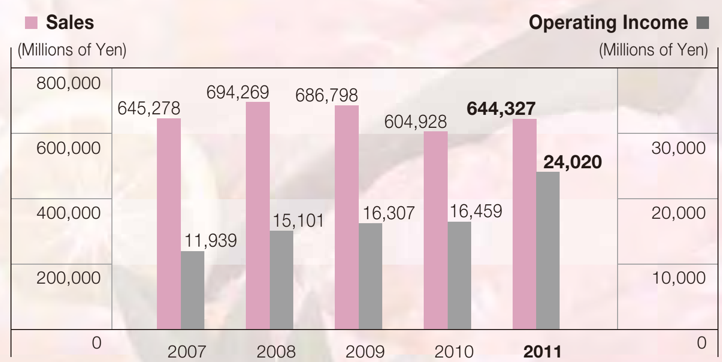

Ishigama Kobo
(Pizza Margherita)

The Processed Foods Business Division is composed of the hams and sausages business and the deli and processed foods* business, and encompasses a fully integrated range of business activities, from product development through to production and sales. Products with brand power in the hams and sausages business include *SCHAU ESSEN*, the *Mori-no-Kaori* series, and *Winny*, while those in the deli and processed foods business include *Chuka Meisai* and *Ishigama Kobo*.

**Deli and processed foods refer to delicatessen products and cooked foods.*

Fresh Meats
Business Division





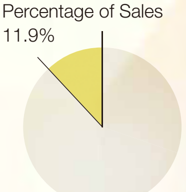
Main brands of beef

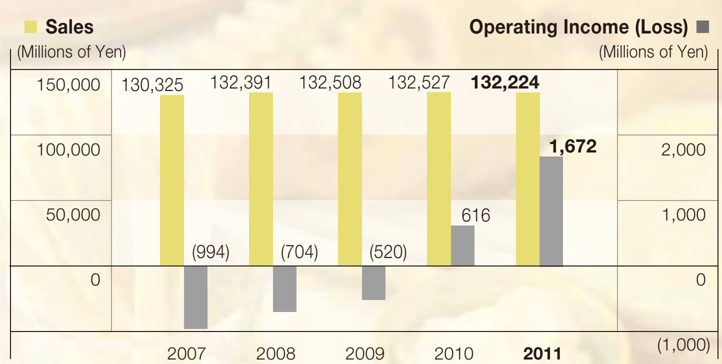
Main brands of pork

Main brands of poultry

One of the Fresh Meats Business Division's greatest strengths is its supply and sales systems. These systems are underpinned by the Nippon Ham Group's integrated production system, which encompasses all aspects of the fresh meats business from production through to sales. The Nippon Ham Group owns farms both in Japan and overseas and has built global procurement and distribution networks.

Affiliated
Business Division






Commercial-use sushi ingredients


ROLF Baby Cheese


Vanilla Yogurt


Camembert Cheese and Onion Soup

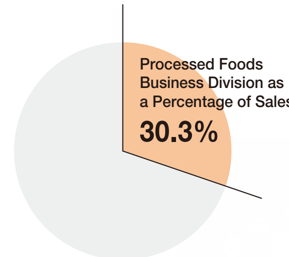

Glucosamine & Chondroitin

The Affiliated Business Division consists of the marine products and dairy products businesses. Consolidated subsidiaries in the division have a high degree of specialization, and include such companies as Marine Foods Corporation, Hoko Co., Ltd., and Nippon Luna, Inc. This ensures that the Nippon Ham Group can continue to provide decisive responses to the increasingly diverse needs of customers.

Note: Net sales and operating income figures above are for operating segments and include intersegment transactions.

Processed Foods

Business Division



Sales up 2.6%: Although prices continued to decline, we boosted sales by increasing processed food volumes.

Operating income down 3.8%: Lower prices throughout the year offset second-half benefits from supply chain management reforms.

Results for Fiscal 2010

Hams and Sausages Division

The division expanded sales through promotions for the core *SCHAU ESSEN* line and the *Shinsen Seikatsu ZERO* series targeting health-conscious consumers. We launched advertising and store promotions for the summer and year-end gift-giving seasons, highlighting the premium *Utsukushi-no-Kuni* brand.

Deli & Processed Foods Division

In response to the increasing popularity of dining at home, the division expanded its range of offerings stored at room temperature, including *Chuka Meisai* and curries in retortable pouches. Our production and marketing units united to increase commercial domain sales by proposing offerings to convenience store and restaurant chains.

Sales of Core Brands Compared with the Previous Period

Hams and Sausages	*SCHAU ESSEN*	98%
	Mori-no-Kaori wiener	98%
	Ham series	95%
	Bacon series	97%
Deli & Processed Foods	*Ishigama Kobo* series	104%
	Chuka Meisai series	102%
	Prefried series	104%
	Hamburgers and meatballs series	99%

Sales by Channel Compared with the Previous Period

	Consumer	Commercial	Total
Hams and Sausages	97%	103%	99%
Deli & Processed Foods	104%	111%	107%

Sales of Gift Products

	Fiscal 2010 (Thousand Units)	Change
Summer gifts	1,956	102%
Year-end gifts	4,905	102%
Total	6,861	102%

Topics

Unique to the Nippon Ham Group—*Utsukushi-no-Kuni*, Only from Our Domestic Farms

Expanding Sales of Premium *Utsukushi-no-Kuni* Gifts

The Nippon Ham Group launched this product in 2006 as a premium summer and year-end gift that embodies a comprehensive dedication to outstanding taste. The idea behind *Utsukushi-no-Kuni* was to provide consumers with quality only the Nippon Ham Group can provide. This was achieved thanks to the dedication of all Group employees, including German-trained meisters and craftspeople with decades of experience.

Utsukushi-no-Kuni

Taste that begins on the farm

Utsukushi-no-Kuni is a premium gift sourced solely from our domestic hog farms. Sales have grown solidly since we launched this offering in response to a growing consumer preference for Japanese-made products. We aim to expand the ham gift market by conveying the attractiveness of this flagship brand.

Utsukushi-no-Kuni leverages the Nippon Ham Group's integrated production system, its greatest strength, and incorporates select pork grown using state-of-the-art technologies at its own domestic farms. Combining everything from production and processing to sales has resulted in a high-value-added offering that satisfies consumers with a premium taste and uncompromising safety and reliability. *Utsukushi-no-Kuni* has proven very popular, and sales have expanded every year. In fiscal 2010, volumes soared 176% from a year earlier, helping to enhance corporate value.

Reinforcing Sales Promotions as Flagship Brand

We aim to boost sales of *Utsukushi-no-Kuni* as our flagship brand for summer and year-end gifts in 2011 by rolling out timely television commercials and magazine advertisements. For store promotions, we will continue to offer tastings of variety gifts in the *Jukusei Atsugiri Roast Ham* (aged thick-cut pork roast ham) package, which has been a popular summer gift choice. We will increase recognition for the quality difference and outstanding taste of *Utsukushi-no-Kuni.*

Basic Policies and Key Strategies

Drawing on selectivity and focus and brand strategy approaches to boost revenues and earnings.

Processed Foods Business Division Results for Fiscal 2010	Sales:	Operating income:	Operating income ratio:
	¥338,027 million	¥8,629 million	2.6%

Koji Uchida

Director and Managing Executive Officer,
General Manager of Processed Foods Business Division

Addressing Fiscal 2011 Challenges

Q What policies will you deploy in fiscal 2011?

A The Processed Foods Business Division looks for ongoing supply-chain management reforms to bear fruit in fiscal 2011. We're in tough times, so we can't secure revenues and profits by relying on traditional tools to tackle the challenges we'll face in fiscal 2011. We will take advantage of the Nippon Ham Group's capabilities as a manufacturer and marketer to boost revenues and earnings by drawing on our selectivity and focus and brand strategy approaches. We will deploy five key initiatives. The first is to create an unbeatable cost structure based on low-cost operations. The second is to drive profit growth by boosting sales volume. The third is to reinforce our brand strategy. The fourth is to boost our production bases to secure earnings overseas, and the fifth is to reinforce Management for No. 1 Quality and cultivate human resources.

We will realize these goals by pushing ahead with key initiatives that balance our growth strategies and strategies that bolster our fundamentals.

In fiscal 2011, we will complete our structure for supply-chain management reforms and create a specific new business model. We will have to become even more cost competitive in what we expect to be another tough operating climate, characterized by high raw material and fuel costs and declining unit prices in our markets. We will endeavor to streamline our product line and increase efficiencies to improve profitability.

We will augment our brand strategy with television commercials so that we can produce top-selling products and increase the number of stores handling our offerings, thereby expanding sales.

We will launch our next medium-term management plan during the year as part of preparations for the Company's 70th anniversary. The year will be one in which we solidify our foundations for leaping ahead.

We are determined to reach our objectives and dominate our industry.

SCHAU ESSEN
wiener sausages

Irodori Kitchen
roast ham

Mori-no-Kaori Arabiki
wiener sausages

Q What factors will you consider in reinforcing your brand strategies?

A The Nippon Ham Group is a manufacturer that is committed to workmanship. So, our first job is to develop products that sell. Efforts to boost our brand strategy will focus on rolling out television commercials and other promotional campaigns for such lines as *SCHAU ESSEN*, the *Mori-no-Kaori* series, *Irodori Kitchen*, *Chuka Meisai*, and *Ishigama Kobo*. We ultimately aim to make *Mori-no-Kaori Shin Arabiki* Wiener Sausage our second most important offering after *SCHAU ESSEN*. We will integrate our roast hams under the *Irodori Kitchen* brand to secure a No. 1 share in that category. We plan to reinforce our processed foods business by launching *Yakitate Meat Pie* and *Hanetsuki Gyoza* while cultivating curries in retortable pouches and other products stored at room temperature to become key offerings.

Q Tell us about your growth strategies.

A We will pursue the following objectives by leveraging the strengths of the Nippon Ham Group to attract new customers and expand our markets.

1. Consumer channels:

Employ our brand strategy to become the only player in each market.

Hams and sausages:

Become the wiener sausage category leader with offerings in the key new *Mori-no-Kaori* brand and top in roast hams with *Irodori Kitchen Roast Hams.*

Processed foods:

Strengthen sales promotions for key products offering new value, such as *Yakitate Meat Pie* and *Hanetsuki Gyoza*, create new categories, and expand production volume and earnings.

Gifts:

Increase sales by undertaking promotions through television commercials and other vehicles, particularly for our *Utsukushi-no-Kuni* premium gift hams, focusing on popular sets in key brands.

2. Commercial channels:

Focusing on our manufacturer-based marketing, leverage the capability of our clients to ensure product safety and reliability and increase production volume.

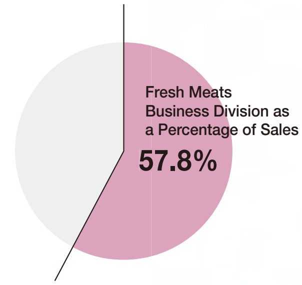
Expand sales by concentrating development on key ingredients and performance products. Use production based in Thailand and elsewhere overseas to increase sales for commercial chicken ingredients and become the top supplier in that category.

Q How do you intend to reinforce the division's operating foundation?

A We will complete work on a new business model this year. We have three objectives. The first is to step up selectivity and focus efforts and finish supply-chain management reforms. We will streamline the product portfolio and pursue our 5S's to promote low-cost management at a stroke. Second, we will employ a new selling system to strengthen proposal-based marketing. Third, we will improve our sales channel and delivery systems in line with customer needs and cut inventory and product losses while using simultaneous shipments to cut logistics costs.

Fresh Meats

Business Division



Sales up 6.5%: **This stemmed from aggressive promotional efforts, which boosted domestic and overseas volumes.**

Operating income up 45.9%:
This was the result of improvements in Japan and overseas in our farming business and also reflected favorable market conditions.

Results for Fiscal 2010

Domestic business

Production
We performed better in the year under review on the strength of lower costs and improved productivity in our farming business. We also enhanced the profitability of imported fresh meat sales. Outbreaks of foot-and-mouth disease and avian influenza in Japan affected the Nippon Ham Group minimally because we strengthened the Group's prevention systems.

Sales
The markets for pork and poultry improved as thrifty consumers sought out these relatively inexpensive meats. Demand for high-end beef was lackluster, and beef market improvements were limited. We boosted volumes and unit sales by leveraging our solid global procurement structure and domestic marketing company network.

Overseas business

Australia
Sales were favorable, reflecting solid beef exports to Russia, other parts of Europe, Asia and other areas. Operating income improved ¥800 million, owing to better volumes. We will continue striving to enhance profitability by further lowering costs, and aim to increase sales in Russia, Europe, and Asia, among others.

North America and South America
Texas Farm, LLC became more profitable owing to a recovery in the hog market. While we expect feed costs to rise because of higher corn prices, we will continue to lower costs by enhancing our lineup and productivity.

Topics

Celebrating a Decade of Our Domestic Poultry Brand

Sakurahime Brand Selling Well

We created *Sakurahime* poultry in Japan in response to a consumer dislike for the yellowish fat and unpleasant odors often found in fresh chicken. This brand contains three to five times more vitamin E than regular poultry, preventing discoloration and improving water retention. *Sakurahime* poultry is juicy, tender, and cherry pink.

Sakurahime is the fruit of the Nippon Ham Group's integrated production system, covering production through to processing and sales. Our efficient production delivers fresh poultry that is safe and reliable. In Japan, we maintain four large bases for growing and processing poultry, with an

Sakurahime

Poultry with a translucent cherry color

Our *Sakurahime* poultry incorporates three to five times more vitamin E than regular poultry because we are very particular about ensuring top-quality feed and raising chickens in natural surroundings. This brand is particularly popular among women for its translucent, cherry-pink meat, which is juicy and tender.

aggregate daily production and shipping capacity of 200,000 birds, mainly for *Sakurahime*. We can ensure stable supplies of our core *Sakurahime* brand of poultry. We maintain around 120 sales offices around the nation, enabling us to flexibly accommodate orders from volume retailers. Sales of this brand have climbed consistently since its launch in 2000.

Promoting Differentiated Brand Benefits and Expanding Sales

Our domestic brands of fresh meat greatly differentiate us from the competition. *Sakurahime* is a powerful example of our uniqueness.

We aim to expand sales of *Sakurahime* by harnessing our domestic sales network to highlight the features of this brand and convey its value benefits to consumers.

We will strengthen ties with convenience stores and restaurant chains to propose new products that build on the success of our *Sakurahime Chicken Rice Balls* and *Sakurahime Fried Chicken Boxed Lunches*.

We aim to broaden our offerings for pub chains, a good example being *Sakurahime Yakitori.*

In line with our slogan of "Challenge 30: Always positive and full of energy," we plan to lift our share of the Japanese market for fresh meats.

Fresh Meats Business Division Results for Fiscal 2010	Sales:	Operating income:	Operating income ratio:
	¥644,327 million	¥24,020 million	3.7%

Takaharu Chujo

Director and Managing Executive Officer,
General Manager of Fresh Meats Business Division

Addressing Fiscal 2011 Challenges

Q Please describe the operating climate in the fresh meats industry.

A We have three prime concerns about the business environment in this industry. The first is the impact of outbreaks of foot-and-mouth disease and avian influenza. The second is the effects of higher costs owing to increased grain and crude oil prices. The third is that meat packers overseas have become more competitive because of the oligopolization of the global livestock industry. The Nippon Group has fully factored these environment changes into its business management. I believe that this explains why domestic outbreaks of foot-and-mouth disease and avian influenza minimally affected our performance during fiscal 2010, when consumption in Japan was generally sluggish as a result of these issues.

In fiscal 2011, we will continue to expand sales volumes and enhance cost competitiveness.

Our sales subsidiaries have endeavored over the years to increase their market dominance, and during the year they will focus even more on such efforts. We will increase revenues by broadening sales of unique brands and will raise sales to volume retailers to secure a dominant industry position.

We will lower costs per kilogram in line with greater sales volumes and will further lower production costs to offset the challenges of climbing grain prices, thereby becoming more cost competitive.

I believe that you cannot progress without goals and that you cannot change without action. At the start of the previous fiscal year, our objective was to again generate record results, and the concerted efforts of each Group company and employee enabled us to reach our goals despite a tough operating climate. I think that gave us tremendous confidence, and we will pursue even higher goals in a renewed determination to help drive the Nippon Ham Group forward.

What policies will you deploy next fiscal year?

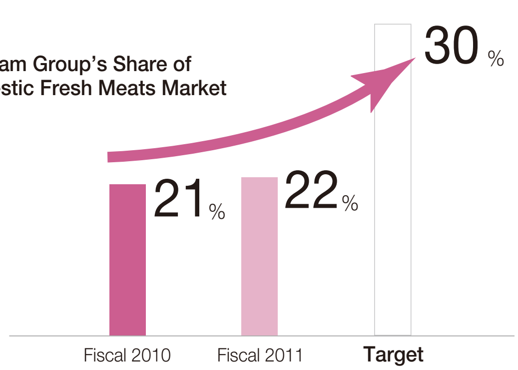
I think that one of the strengths of the Nippon Ham Group is that when the going gets tough, we get going. The Fresh Meats Business Division will underscore these strengths in striving to optimize its resources and capabilities and thereby expand sales.

We will deploy several policies to that end, notably to expand sales volume, strengthen our procurement structure, reinforce our cost competitiveness, increase sales of brand products, and cultivate human resources and promote compliance management.

Tell us more about your policy of expanding sales volume.

We aim to dominate the domestic beef market by doubling beef sales over the next three years. We seek to increase sales volume for the entire fresh meats business by 5%, lifting our market share to 22%. Under Challenge 30, we ultimately target 30% of the domestic fresh meats market. To that end, we will need to focus on selling to volume retailers while cultivating demand among meat wholesalers and creating new customer bases, including among restaurants.

Nippon Ham Group's Share of the Domestic Fresh Meats Market



How will you strengthen your procurement structure?

We are increasing our procurement volume every year. We secured 850,000 metric tons of beef, pork, and poultry in fiscal 2010, and we look to increase that amount to 910,000 metric tons in fiscal 2011. We will therefore invest in hog and chicken production. We will also increase external purchasing to further reinforce our procurement structure.

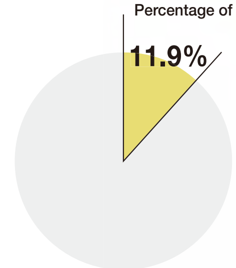
What factors will you consider in reinforcing brand sales?

Brand clout is vital for us to forge well ahead of the competition. It is also very important for us to convey the value of our brands. We aim to thoroughly explain the value of our domestic and overseas brands to customers and consumers and accurately and aggressively propose new offerings that match their needs, thereby reinforcing sales.

How about your policy of cultivating human resources and promoting compliance management?

People enable businesses to grow. Organizations that progress typically cultivate their people, who in turn drive organizational growth. So, to build such a virtuous cycle, we aim to create an organization that fosters talent for the future and rewards achievement. At the same time, we will step up compliance, notably by ensuring strict adherence to business practice rules, increasing trust among customers, consumers, and society.

Affiliated Business Division as a Percentage of Net Sales



Affiliated

Business Division

Sales slipped 0.2%: Despite brisk sales of cheeses, sales were pushed down by declines in sales of yogurt and marine products.

Operating income climbed 171.4%: Successful efforts to improve margins on marine foods and dairy products boosted operating income.

Results for Fiscal 2010

Hoko Co., Ltd.

Backed by superior production technologies, Hoko reported an increase in sales of its cheese business, owing to marketing efforts carefully tailored to the needs of bakery and food product manufacturers and of restaurants. In contrast, sales were down in the marine foods business, as rising market prices in Japan pushed down sales of raw materials, and sales to customers overseas also declined. As a consequence, Hoko's overall sales in fiscal 2010 were down from the previous fiscal year. However, operating income grew, driven by firm results for cheeses, owing to increased shipments and stable raw material prices.

The Marine Foods Corporation

Despite efforts to reinforce marketing and bolster shipments to volume retailing channels, overall sales dipped below the fiscal 2009 level as increasingly intense price competition and a shortage of certain varieties of fish impeded sales to sushi restaurants. Nonetheless, robust results during the year-end holiday sales season and an increase in sales of products from the company's own production facilities supported an increase in operating income.

Nippon Luna, Inc.

Nippon Luna's sales were affected by flagging sales to convenience store chains. Earnings were hampered by a tight promotional race and harsh competition in the volume retailing channel.

Nippon Dry Foods Co., Ltd.

Sales and earnings rose on firm sales to manufacturers of packaged instant noodles, the core customers for these products.

Nippon Ham Health Creation Co., Ltd.

While mail order sales reflected a challenging operating environment, overall sales and earnings increased, underpinned by successful efforts to secure new external customers.

Topics

Bringing a Proud Tradition to the Consumer Market

ロルフ
ベビーチーズ

Delicious Rolf Cheeses at Home and in Restaurants

Thanks to technical cooperation from Aktieselskabet J. Hansen of Denmark, in 1964 Hoko began producing and marketing an exclusive brand of commercial-use cheeses in Japan. In the more than four decades since, Hoko's dedication to flavor has enabled it to continue enhancing the taste of Rolf cheeses, as well as to grow the brand. Today, Rolf is recognized by food professionals throughout Japan as the country's leading brand of commercial cheeses.

Rolf Baby Cheese

A tiny cheese with a big taste

Rolf Baby Cheese, a delightfully soft cheese that melts in your mouth, comes in three varieties: plain, almond, and Camembert blend. Hoko looks forward to delicious Rolf Baby Cheese becoming a regular fixture on tables across Japan.

Building on its accumulated expertise in the production of commercial-use cheeses, Hoko developed and commenced sales of Rolf Baby Cheese, thereby enabling consumers to enjoy delicious Rolf cheeses at home as well as in restaurants. Noted for its soft, melt-in-the-mouth texture, Rolf Baby Cheese adds a whole new flavor dimension to breakfast, snacks, and hors d’oeuvres. Rolf Baby Cheese is available in three varieties—plain, which packs in all the traditional goodness of Rolf cheeses; almond, a unique taste sensation; and Camembert blend, which incorporates the flavor of Camembert. Hoko is confident the prospects for Rolf Baby Cheese are excellent.

The Rolf Brand: Increasing the Nippon Ham Group’s Value as a Comprehensive Manufacturer of Food Products

Hoko, manufacturer of the Rolf brand of commercial-use cheeses, enjoys a significant share of the market in three key channels: bakery product manufacturers, food product manufacturers, and restaurants. Recently, Hoko resolved to enter the consumer cheese market, recognizing its growth potential. By strengthening the Rolf brand’s presence in the overall cheese market, Hoko will further reinforce the Nippon Ham Group’s value as a comprehensive manufacturer of food products.

We will fortify our capabilities as a manufacturer and promote innovation to boost sales and operating income and transform the Affiliated Business Division into a third core segment.

Affiliated Business Division Results for Fiscal 2010	Sales:	Operating income:	Operating income ratio:
	¥132,224 million	¥1,672 million	1.3%

Koji Kawamura
Director and Executive Officer,
General Manager of Affiliated Business Division

Addressing Fiscal 2011 Challenges

Q How do you evaluate the division's performance in fiscal 2010?

A The operating environment remained harsh as a deflationary trend persisted, but we succeeded in achieving a certain measure of success. In our marine products business, sales to volume retailers were firm. In contrast, sales to restaurant chains declined, a consequence of increasingly intense price competition. In dairy products, we saw robust sales of cheeses to bakery product manufacturers, restaurant chains, and food product manufacturers, although sales of yogurt to convenience store chains and consumer cooperatives declined. In a market overloaded with choices, run-of-the-mill food products will fall victim to price competition. For this reason, we recognize the importance of leveraging our ability to innovate and our resourcefulness to develop new categories and cultivate new markets.

In fiscal 2011, we will aim to fortify our capabilities as a manufacturer and to promote innovation with the goal of boosting both sales and operating income and transforming the Affiliated Business Division into a third core segment of the Nippon Ham Group. We will seek to reinforce marketing prowess in each of our business areas and to increase our market shares in key sales channels. Additionally, we will strive to strengthen our cost competitiveness by improving productivity.

The operating climate remains challenging. In marine products, in particular, market prices continue to rise, reflecting a tight global supply-demand situation, although the outlook for consumption in Japan remains uncertain. Nonetheless, recognizing change as opportunity, we will use this time to prepare ourselves for the next market upturn.

The Affiliated Business Division boasts a diverse product portfolio, which centers on marine and dairy products and also encompasses freeze-dried foods and health food, among others. The companies of the division continue to leverage their capabilities as manufacturers to create new value, cultivate new sales channels, and develop innovative products. We will also continue to reorganize our businesses, sites, and product lineups to improve efficiency. Finally, we will realize new synergies across the Nippon Ham Group to help boost Group sales and raise efficiency.

In these and other efforts, we will continue to draw on the enthusiasm and creativity of our employees to attain our goals.

Q What policies will guide your efforts in fiscal 2011?

A Our basic policies are to increase competitiveness by fostering human resources and enhancing management capabilities; to bolster earnings by taking on new challenges and reforming practices; and to strengthen product quality assurance and enhance corporate governance—both from the perspective of risk management. Recognizing that competitiveness is determined by human resources, we will take steps to strengthen our approach to fostering their development. We will also work to counter the impact of uncertain market conditions by stepping up our use of Plan-Do-Check-Act (PDCA) cycles to accelerate management responsiveness, thereby fortifying our capabilities as a manufacturer and bolstering operating results.

Q What key strategies have you outlined for the period?

A First, we will focus on reinforcing our sales capabilities to expand our share of the market for products for volume retailers and on increasing production at our plants. Proposal-based sales and efforts to capitalize on the collective marketing strengths of the Nippon Ham Group will enhance our sales capabilities. Expanded production at our plants will boost sales, while at the same time lowering production costs, thereby enhancing our cost competitiveness. Further to this, we will strive to raise the profit consciousness of employees in a bid to lower inventories. Our second strategy is to create Group synergies. For example, we will encourage Marine Foods' sales teams to work with Hoko's procurement and manufacturing teams to take advantage of the resulting synergies. In logistics, we will promote collaboration among Nippon Ham Group companies to enhance marketing to core customers.

Q What initiatives will you undertake in each of your business areas?

A *Marine Products*

We will target an increase in shipments at Marine Foods by reinforcing proposal-based marketing aimed at volume retailers and restaurants. By expanding production at domestic Group plants, we will also bolster margins. Finally, we will step up marketing of shrimp, one of the company's principal products.

Dairy Products

Cheese

At Hoko, we will strive to expand sales of entrenched products, notably commercial-use cheeses. At the same time, we will further expand our entry into the consumer cheese market, thereby building an unassailable position for Rolf Baby Cheese in the consumer market.

Yogurt

Nippon Luna, Inc., will work to bolster sales of its key *Vanilla Yogurt* line to volume retailers, as well as to transform core and new products into indispensible performers. The company will also enhance its lineup of yogurt drinks for convenience stores.

Vanilla Yogurt

Increase/Decrease in Dairy Product Sales in Fiscal 2010

Year on Year	Sales Volume	Sales Revenues
Cheese	103%	112%
Yogurt	96%	107%

Working to Enhance Corporate Value

The Nippon Ham Group strives to highlight awareness of compliance and reinforce corporate governance to increase the transparency and efficiency of management and enhance corporate value. The Group is committed to remaining accountable to its stakeholders, which include its customers, shareholders, business partners and employees.

Basic Policy on Corporate Governance

Our basic policy on corporate governance is to clarify responsibility and authority with regard to the management monitoring function of directors and the business execution function of executive officers.

Basic Framework

In consideration of prompt and adequate decision making, and the liability scope of the Board of Directors, the number of directors on the Board of Directors, who has responsibility for the monitoring of management, has been set at a maximum of 12. Thus, headquarters departments and committees, which support the Board of Directors, have efficiently been enhanced. To ensure transparency, the appointment of more than one outside director has been set as a basic policy. To clarify accountability on a fiscal-year basis, the directors' term of office is one year. During the fiscal year ended March 31, 2011, the Board of Directors convened 16 times.

Attendance of Outside Director at Meetings of the Board of Directors in the Fiscal Year Ended March 31, 2011

Toshiko Katayama Ms. Katayama expresses expert opinions, primarily on compliance, from her perspective as a lawyer with specialized expertise.	Attended all 16 meetings of the Board of Directors convened
Iwao Taka Mr. Taka provides expert opinions, primarily on compliance, from his perspective as a university professor.	Attended 10 of the 11 meetings of the Board of Directors convened

Note: Mr. Taka attended the Board of Directors convened subsequent to his appointment on June 25, 2010.

Major Activities of Outside Directors Outside directors attend regular and special meetings of the Board of Directors and give advice and state opinions from an objective standpoint.

Auditing Function We have established a monitoring framework comprising corporate auditors and the Board of Corporate

Messages from Outside Directors Toshiko Katayama and Iwao Taka

Corporate Management that Accommodates Consumer Citizenship

Consumer citizenship remains an unfamiliar term in Japan. The Consumer Affairs Agency unveiled this concept in June 2008 as part of its new basic policy on consumer affairs. The goal is to create a society of consumer citizens who help create a sustainable and prosperous international community, not simply for their own interests but also for the future of the world. This process would entail transforming consumers into self-regulating individuals who are proactively selective about enterprises.

Schools and consumer education bodies have begun promoting the consumer citizen ethos, and it is gradually becoming normal to choose environment-friendly products and companies. We hope to create an equitable society in which most children and consumers can live safely and securely. More and more consumer citizens wish to learn about products and corporate activities so they can identify and choose truly trustworthy products and companies.

Businesses must respond to such changes in society by helping to educate consumer citizens, joining hands with consumers to consider sustainable market prosperity with a global, forward-looking perspective and to formulate and implement new ideas. I believe this should be how companies contribute to society through their business activities.

Going forward, we will continue working with consumers to deepen mutual understanding with the aim of building trust and of ensuring our reputation as an enterprise that engages with consumers to consider the food we eat—an essential part of life—today and in the future.

Outside Director

Toshiko Katayama

Profile		
	June 2008	Appointed director of Nippon Meat Packers, Inc.
	April 1993	Opens own law practice
	April 1988	Admitted to the bar (Osaka Bar Association)
	August 1977	Hired as law clerk (Osaka Family Court)

Attendance of Outside Auditors at Meetings of the Board of Directors and the Board of Corporate Auditors in the Fiscal Year Ended March 31, 2011	
Kaoru Izumi Mr. Izumi expresses expert opinions on matters including the promotion of compliance through auditing, primarily from his position as an attorney.	Attended all 16 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors convened
Tokito Sasaki Mr. Sasaki renders expert opinions from his perspective as an auditor with management experience in a financial institution and highly specialized expertise.	Attended all 16 meetings of the Board of Directors convened and all 14 meetings of the Board of Corporate Auditors convened
Takeshi Koyama Mr. Koyama provides expert opinions, primarily from his perspective as a certified public accountant.	Attended all 16 meetings of the Board of Directors and all 14 meetings of the Board of Corporate Auditors convened

Auditors. The number of corporate auditors has been set at five to ensure adequate monitoring capabilities. In principle, at least three of these individuals are appointed from outside the Group.

Internal Control Functions

Recognizing the importance of cumulative efforts, we strengthen corporate governance not only through our management framework but also through internal controls at our sites and in Group companies.

Compliance Recognizing compliance as the foundation of corporate management, the Nippon Ham Group continues to take steps to ensure a thorough understanding of compliance.

To strengthen compliance Groupwide, we have defined clear guidelines for compliance management policy in, among others, the Group action standards. In line with these guidelines, we engage in publicity campaigns, provide training sessions, and stage events, all aimed at promoting compliance awareness—and the effectiveness of such activities is carefully monitored. Central to this effort is the Plan-Do-Check-Act (PDCA) cycle, which is repeated continuously with the aim of firmly establishing the concept of compliance as an essential component of management.

The Compliance Committee, established by Nippon Meat Packers, Inc., is charged with evaluating the compliance policies and implementation measures of Group companies and offering opinions to the Board of Directors, among others. Compliance promotion committees have been established within individual Group companies and divisions, which are responsible for devising compliance-related strategies and promoting compliance awareness.

We have also established compliance consultation desks in four locations, two within the Group and two outside. These

Keeping Abreast of Trends in Globalization to Further Enhance Corporate Value

I would like to briefly outline my thoughts on the Nippon Ham Group's corporate governance and corporate value from my perspectives as an outside director. It is worth noting first that governance is pivotal to board deliberations at Nippon Ham. In the event a problematic incident comes to light, we thoroughly discuss the matter to determine suitable responses, identify causes, prevent recurrences and assess responsibility.

I accept that some might feel the fact that such incidents occur is itself an issue. Nonetheless, I believe the fact that such incidents come to the immediate attention of the board is evocative of the Group's unwavering determination to further enhance management quality.

The Group recently established a Nomination Committee, a move I see as underscoring its belief in looking at the future of Nippon Ham from diverse perspectives and taking more decisive steps to enhance corporate value.

As with any other business, globalization is key to enhancing corporate value. While the impact of the Great East Japan Earthquake will continue to hamper business conditions in Japan in 2011, the Nippon Ham Group will take every necessary step to keep abreast of trends in globalization. The Group will retain its existing business model, which focuses on exports to Japan, while at the same time deploying a strategy of cultivating new operational bases in cities around the world, including in Asia. Such efforts have yet to bear fruit in terms of hard numbers, but I am confident that they will result in significantly raising the Group's corporate value.

Outside Director

Iwao Taka

Profile

June 2010	Appointed director of Nippon Meat Packers, Inc.
April 2009	Becomes head of Department of Economics, Reitaku University (current)
April 2007	Becomes visiting professor, Graduate School of Management, Kyoto University (current)
June 2005	Appointed director of Mitsui Sumitomo Insurance Co., Ltd.
April 2001	Becomes professor, Department of International Economics (now Department of Economics), Reitaku University (current)

desks enable any and all employees to report violations or confer on compliance-related issues freely without concern for organizational restrictions. In addition to contributing to the prompt resolution of problems, these desks provide valuable information that is analyzed and used in the formulation of subsequent proposals for activities to reinforce compliance awareness.

1. Establishment of clear guidelines for compliance

- The Nippon Ham Group's action standards
- Group action standards handbook
- Manuals for Group company action standards

2. Execution of publicity campaigns

- Compliance training
- Compliance meetings
- Office study groups

3. Monitoring

- Compliance questionnaires/surveys
- Consultation system
- Centralized management of critical information in accordance with the Company's rules for information processing and management

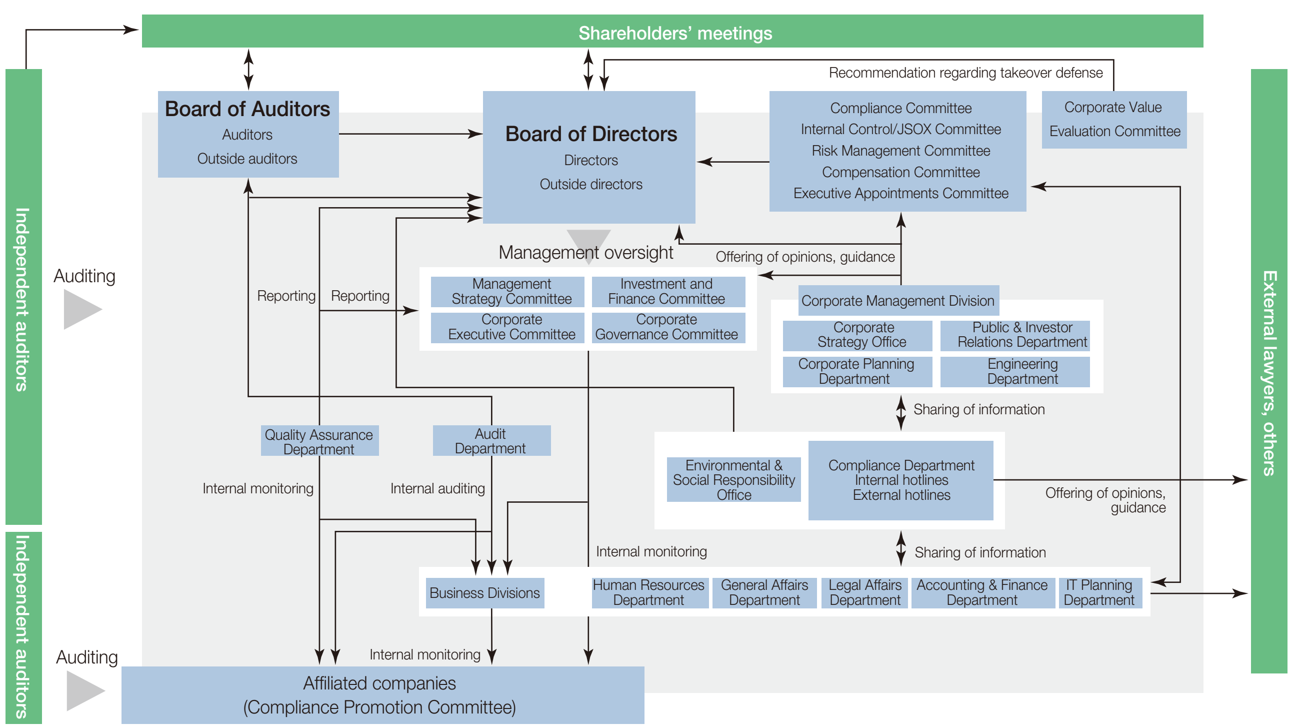
Risk Management The Risk Management Team was established within the General Affairs Department to comprehensively manage the risks that face the entire Group. Through close cooperation with the Compliance Department and other relevant departments, the team—acting in line with risk management guidelines—has put systems in place for conveying information promptly and accurately and for establishing a quick response in the event that any of the anticipated risks should materialize. The Risk Management Committee is responsible for discussing and deciding on issues and countermeasures pertaining to the promotion of risk management throughout the Group. To ensure the appropriateness of management decisions, the Corporate Governance Committee, Investment and Finance Committee and Management Strategy Committee investigate and discuss all relevant matters.

Audit Department Functions

The Audit Department, which answers directly to the President, has formulated a mechanism for conducting effective audits and promotes the operation thereof throughout the Group, in cooperation with the departments in charge of monitoring activities and the auditing departments of affiliated companies.

Quality-related audits are conducted by the Quality Assurance Department, while environmental audits are conducted by the Environmental & Social Responsibility Office.

Corporate Governance System



Board of Directors, Corporate Auditors, and Executive Officers

As of June 24, 2011

Hiroshi Kobayashi
President and Representative Director

Noboru Takezoe
Vice President, Representative Director and Executive Officer

Hiroji Okoso
Director and Senior Managing Executive Officer

Bin Ueda
Director and Managing Executive Officer

Koji Uchida
Director and Managing Executive Officer

Takaharu Chujo
Director and Managing Executive Officer

Masayuki Matsuba
Director and Executive Officer

Kazuhiro Tsujimoto
Director and Executive Officer

Koji Kawamura
Director and Executive Officer

Yoshihide Hata
Director and Executive Officer

Toshiko Katayama
Outside Director

Iwao Taka
Outside Director

Hiroshi Itagaki
Corporate Auditor

Katsutoshi Nishio
Corporate Auditor

Takeshi Koyama
Outside Corporate Auditor

Fumio Motoi
Outside Corporate Auditor

Akira Otsuka
Outside Corporate Auditor

Managing Executive Officer

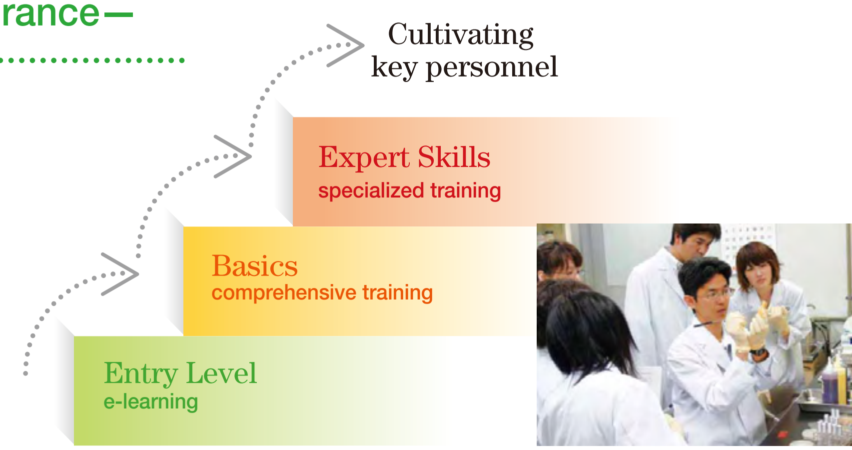
Teruo Yamada

Corporate and Executive Officers

Yoshio Tada
Kazuhiko Morishita
Toshimichi Miyachi
Katsumi Inoue
Takahito Okoso
Shunichi Ogata
Kazushi Ohta
Kazunori Shinohara
Kanji Bando
Tetsuhiro Kito
Juichi Suezawa

The Nippon Ham Group's Management for No. 1 Quality Policy

—Working to Enhance Quality Assurance—

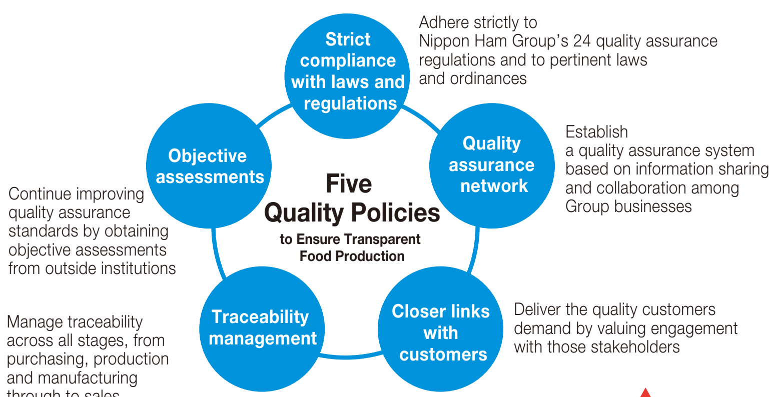


Having unveiled Management for No. 1 Quality as one of the key policies of its New Medium-Term Management Plan Part III, the Nippon Ham Group is implementing measures aimed at building a brand that equates it with exceptional quality.

Further Improving Quality Assurance

We have created an Open Quality system that reflects our conviction that our efforts to offer safe, high-quality products must reflect customer perspectives, and that to the best of our ability we must disclose the information that customers require. At the same time, we have deployed five fundamental quality improvement policies to ensure product quality that both satisfies and inspires customers. We have also built a customer-oriented quality assurance network—facilitated by close, organic collaboration among Group businesses—that extends from farm to table. In addition to the Quality Assurance Department, which oversees the entire Group, we have introduced a variety of specific initiatives, including meetings for Group quality assurance officers, and sharing information relating to integrated quality audits and product management to further enhance quality assurance.

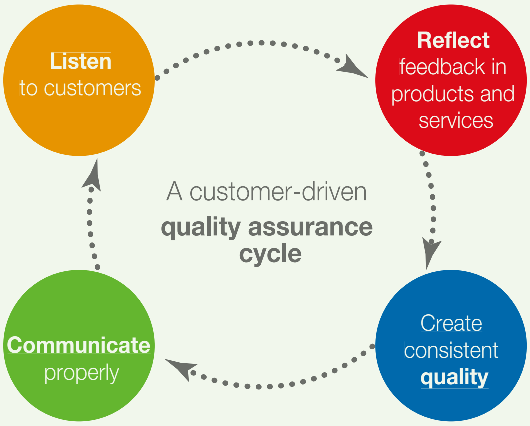
We have also constructed a proprietary system for fostering human resources that encompasses e-learning, group education, and specialized training in the area of quality assurance techniques. Through such efforts, we aim to turn out well-trained quality-oriented employees, enabling us to maintain consistently high-quality assurance standards.



Hiroji Okoso

Director and Senior Managing Executive Officer,
In Charge of the Quality Assurance Department, the Customer Communications Department, and the Audit Department

Delivering tastier, safer, and more reliable products by adhering to an effective quality assurance cycle



A Customer-Driven Quality Assurance Cycle

The Nippon Ham Group's quality assurance cycle—listening to customers, reflecting feedback in products and services, creating consistent quality, and communicating properly—enables it to deliver tastier, safer, and more reliable products to customers.

The first stage of the cycle begins with gathering and analyzing the opinions of customers at stores and through the Customer Service Office. To this end, we work to create opportunities for customer engagement and to harness our own networks to swiftly collect information. We make use of such valuable customer feedback to improve our products and services. All employees participate in quality improvement activities, voluntary efforts that take into account customer views, as part of our effort to deliver tastier products. We are enhancing our customer service capabilities by, among others, holding practical workshops that cover skills essential to customer satisfaction improvement, from handling telephone inquiries to customer relations. Additionally, we are undertaking initiatives to guarantee reliability and safety, thereby ensuring consistent quality. For example, we are building a Groupwide system to organically link safety audits, quality audits, and safety inspections. Safety audits evaluate whether ingredients are safe and whether we comply with laws and ordinances on labeling and specifications, as well as our ability to inform customers about product safety and reliability through product labeling and records. Quality audits assess our ability to ensure the reliability of our products by improving our production environment through a quality auditing cycle, which we implement in cooperation with our Quality Assurance Department. Safety inspections evaluate our ability to provide safe and reliable products through rigorous inspections conducted in collaboration with our inspection and research departments in Japan and abroad. In addition, we have built our own system for cultivating personnel capable of creating consistent quality. Proper information about the products we deliver helps us promote stronger ties with customers, thus positioning us well to solicit additional feedback.

Becoming a Highly Trusted Enterprise by Communicating Properly with Customers

With consumers today becoming increasingly health-conscious, we receive frequent inquiries about calories and about the salt, fat, and sugar content of our products. We also receive considerable inquiries from older customers seeking advice about our products' potential impact on health. Providing proper product information that responds to the health concerns of customers, as well as to the needs of customers with food allergies, is essential to earning their trust. We are proactive about educating consumers and providing information about our products as part of our Management for No. 1 Quality policy, which aims to ensure solid trust among customers.

Undertaking Research and Product Development as Foundations for Ensuring the Joy of Eating

Research and Development Center

The core research institution of the Nippon Ham Group, the Research and Development Center (RDC) in Tsukuba, Ibaraki Prefecture, undertakes research to ensure food safety and security, research to develop foods and ingredients that support good health, and the development of production technologies for tasty and high-quality fresh meats. The RDC also seeks to impart the Joy of Eating by adding value to Nippon Ham Group products.

Research to Ensure Food Safety and Security

The RDC pioneered the development of high-precision analytical technologies and has obtained accreditation under ISO/IEC 17025, the international standard for assessing both calibration technologies for five essential nutrition labeling items and data credibility. It also develops technologies for the prompt analysis of harmful substances in foods, creating a method for simultaneously analyzing 547 agricultural chemical and 190 veterinary drug residues in food products. These analytical technologies are used to confirm the safety of ingredients and products in the Safety Testing Laboratory, which is responsible for Group quality assurance. In 2010, the RDC commercialized a technique for analyzing trans-fatty acids that has since been incorporated into the Group quality management structure.

The RDC also leads in world-class food sanitation-screening techniques employing immunotechnologies. These include the FASTKIT ELISA Ver. II food allergen identification kit, which has been approved under guidelines established by Japan's Consumer Affairs Agency. In addition, it has developed and marketed screening kits to swiftly identify bacteria that cause food-borne illness, including escherichia coli O157, O26, and O111, as well as a kit to detect aflatoxin mycotoxins.

FASTKIT ELISA Ver. II

Research to Develop Food and Ingredients that Support Good Health

The RDC has capitalized on the Nippon Ham Group's biological resources to develop and commercialize an array of proprietary food ingredients that support good health. The RDC has developed and commercialized imidazole peptide-rich extracts, which reduce fatigue, as well as collagen peptide, placenta extracts, and elastin peptide, which have cosmetic benefits. After being reviewed for safety and efficacy by the RDC, these ingredients are used in processed foods and health foods.

Developing Production Technologies that Enhance the Quality and Taste of Fresh Meats

北海道ホエイ豚

Whey-fed Pork from Hokkaido

The RDC's efforts extend to research that scientifically evaluates the good taste and quality of fresh meat, assisting the development of brand-name fresh meats and other products. The RDC also focuses on developing fresh meat production technologies, including breeding technologies for more disease-resistant pigs and for cattle that yield highly marbled beef. One outcome of these efforts is a line of whey-fed pork from Hokkaido. Whey is a cheese by-product. The Whey-Fed Pork Council was established in Hokkaido as a result of our research to promote a single brand of pork for the prefecture. To promote livestock health, we commercialized a technology to quickly diagnose livestock diseases and a lactic acid probiotic that accelerates pig growth. Several advances that are near commercialization for raising healthier pigs include a technology to produce feeds that enhance immunity.

Social Contributions

In line with our commitment to supporting healthy lifestyles, we share new knowledge and information gained through R&D efforts by organizing food education activities that focus on such themes as food and sports and food allergies. In November 2010, for example, in Sapporo we held the Food and Health Symposium, which featured lectures from experts in various fields, with the assistance of the municipal government. Looking ahead, we will continue to push ahead with R&D to realize the promise of our brand statement—"The Brilliance of People for the Future of Food."

Protecting the Planet for Future Generations by Reducing Its Environmental Burden

Employees of the Nippon Ham Group participate in various initiatives in line with the Nippon Ham Group Environmental Charter, which outlines its basic policy on environmental protection activities.

The Nippon Ham Group Environmental Charter

The Nippon Ham Group appreciates the blessings of nature and strives to incorporate environmental conservation into all aspects of its corporate activities with the aim of contributing to the realization of a sustainable society.

1. **Environmentally attentive products and services**
   We will develop products and services that are attentive to issues of environmental conservation.
2. **Improved environmental performance**
   We will work to conserve energy and resources and to reduce environmental impact.
3. **Sustainable improvements**
   We will strive to administer environmental control systems effectively to ensure sustainable improvements.
4. **Compliance**
   We will strive to raise the standards of our environmental activities by complying strictly with relevant laws and ordinances and by establishing our own criteria as necessary.
5. **Working with society**
   We will engage with communities with the aim of implementing coordinated environmental activities.

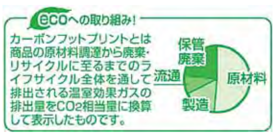
New Medium-Term Management Plan Part III: Year Two Report

In April 2009, the Nippon Ham Group launched the New Medium-Term Management Plan Part III, which sets forth seven key targets for, among others, reducing carbon dioxide (CO_2) emissions, to be achieved over a three-year period. The plan incorporates new targets for reducing and recycling food wastes, a particularly important issue given the Nippon Ham Group's role as a manufacturer of food products. Going forward, we will step up efforts to achieve this plan's goals by fiscal 2011.

	Results Fiscal 2010	Targets Fiscal 2011
CO_2 emissions*[1] (per unit of production)	Down 13.9%	3% reduction
Waste*[1] (Overall)	Down 3.5%	3% reduction
Waste recycling rate	98.2%	99%
Food recycling rate	90.7%	87%
Water consumption*[1] (per unit of production)	Down 5%	3% reduction
Green purchasing rate	75.5%	90%
Vehicle fuel efficiency*[2]	3% improvement	5% improvement

*[1] *Standard value: Average from fiscal 2005 to 2007*
*[2] *Standard value: Actual fuel consumption in fiscal 2008*

Carbon Footprint Label On February 1, 2010, Nippon Meat Packers, Inc. began selling products carrying the Carbon Footprint Label, including the *Mori-no-Kaori* Wiener Sausage and two other products. These are part of the Carbon Footprint of Products Pilot Project, which is being promoted by the Ministry of Economy, Trade and Industry and related ministries. This labeling system quantifies CO_2 emissions over a product's entire life cycle, from raw material acquisition and production through to distribution, usage and maintenance management, and disposal and recycling. The Carbon Footprint system aims to raise consumer interest in CO_2 emissions to help realize a low-carbon society. In November 2010, the *Mori-no-Kaori* series won a prize in the Environmental and CSR category at the 40th Food Technology Industrial Achievement Awards, sponsored by the Institute of Food Technologists to encourage environmental contributions. Looking ahead, the Nippon Ham Group will redouble its efforts to contribute to a low-carbon society.



Explanation of Carbon Footprint label on back of package

Estimated CO_2 emissions on product label

The CFP-labeled Mori-no-Kaori *series*

Contributing to Society and the Community

The Nippon Ham Group strives to contribute to the realization of a culturally rich society and to the communities in which it operates through a wide range of activities, including the promotion of sports.

Championing Sports and Athletics

In line with its commitment to building health through food and sports, the Nippon Ham Group promotes sports as a way of creating opportunities for human interaction and to help build communities that enjoy strong personal ties. Managing the Hokkaido Nippon-Ham Fighters professional baseball team, and a participant in the management of Cerezo Osaka, a professional soccer team, the Group organizes baseball and soccer clinics nationwide. The aim of these clinics is not only to provide technical instruction but also to instill a passion for pursuing one's dream and an understanding of the importance of interacting with other people. The Nippon Ham Group is also a special sponsor of the UNICEF Cup, a citizens' marathon, and hosts the Nippon Ham Flag Autumn Rubber Baseball Tournament for Kanto Area Students, a little league baseball competition. Through such activities, the Group endeavors to broaden the support base for sports, as well as to contribute to the sound health and vibrant development of the youth of Japan.

Forest Preservation

The Nippon Ham Group is involved in a movement to preserve and protect forests as part of the "Corporate Forest" program sponsored by Japan's Forestry Agency. As part of this effort, Group employees work with local residents in three locations—Mount Onaru in Hyogo Prefecture, Mount Tsukuba in Ibaraki Prefecture, and Seto Jokoji in Aichi Prefecture—to plant trees and clear undergrowth and, in the process, provide an opportunity for residents to gain a new understanding of the importance of forests.

Support for Food Education

Guided by the slogan "Let's Enjoy Eating!" the Nippon Ham Group strives to help people to refine their senses and provides a variety of information about food. In fiscal 2010, the Group was involved in approximately 1,300 food education activities.

One such initiative was Easy Cooking Classes for Older Men, aimed at older gentlemen who have little experience in the preparation of food.

We also hold sausage-making classes at elementary and junior high schools to highlight the importance of eating and the role of food and help ensure good dietary health for children during their school years. In the period under review, we held such classes for 2,800 students at 40 schools. To date, a total of 11,000 students at 140 schools have participated in these classes. Other activities include tours of Nippon Ham Group plants and cooking classes and seminars designed to help people to enjoy more varied diets.

Promoting Awareness of Food Allergies

With the aim of helping individuals with food allergies and their families to eat well and safely, the Nippon Ham Group develops allergy-safe food products and food allergen screening kits and disseminates food allergy information.

People interested in food allergy issues are keen to receive food and medical information concerning food allergies and accurate related information about daily food preparation. In fiscal 2010, we responded to the needs of such individuals by working with Osaka Gas Co., Ltd., to hold seminars and cooking classes for parents of infants with food allergies and for educators. These efforts garnered praise from participants for helping to resolving concerns about food allergies and broadening food repertoires.

Hokkaido Nippon-Ham Fighters: Enhancing Group Corporate Value

In 1973, the Nippon Ham Group acquired a professional baseball team that was later reborn as the Hokkaido Nippon-Ham Fighters. The team's raison d'être is evolving from enhancing recognition of the Nippon Ham name to helping the Group fulfill its responsibility as a corporate citizen, and its presence continues to contribute to the enhancement of brand value.

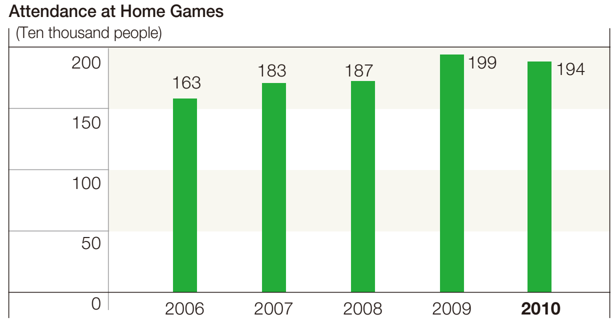
Revamping Pro Baseball Team Uniforms Based on "Hokkaido Pride" Concept

The Hokkaido Nippon-Ham Fighters professional baseball team moved to Hokkaido in 2004. Since then, the team has focused on being an integral member of the community, winning three Pacific League pennant titles and one Japan Series championship. To take this effort to the next stage, in fiscal 2010 the team created a new brand concept called "Hokkaido Pride," which encapsulates the spirit of the people of the prefecture. Wearing new uniforms based on this concept, the players of Hokkaido Nippon-Ham Fighters are battling for top spot in this year's pennant race. Going forward, all of the team's initiatives will feature the "Hokkaido Pride" concept as the team strives to write a new history for baseball in Hokkaido together with local citizens.

Supporting People Affected by the Great East Japan Earthquake

The Hokkaido Nippon-Ham Fighters held the Recovery Support Charity Match, an event aimed at providing assistance to areas damaged by the Great East Japan Earthquake, which struck northeastern Japan on March 11, 2011.

Attendance at Home Games



Donations were also collected on the streets of the city. Looking ahead, the Hokkaido Nippon-Ham Fighters will continue working to help provide support for people affected by this tragic disaster.

Donations were collected on the streets of Sapporo.

Contents

Five-Year Summary

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31

	Millions of Yen				
	2011	2010	2009	2008	2007
Net Sales	**¥ 989,308**	¥ 953,616	¥1,028,449	¥1,029,694	¥ 975,466
Income from Continuing Operations before Income Taxes and Equity in Earnings (Losses) of Associated Companies	**29,523**	24,024	6,287	7,760	13,835
Net Income Attributable to Nippon Meat Packers, Inc.	**16,731**	15,721	1,657	1,555	11,386
Total Assets	**590,688**	604,201	583,684	608,809	612,933
Total Nippon Meat Packers, Inc. Shareholders' Equity	**281,067**	271,908	270,439	287,457	298,428
Interest-Bearing Debt	**155,263**	187,585	168,950	183,539	171,211
Net Cash Provided by Operating Activities	**36,761**	67,448	37,776	29,690	33,164
Net Cash Provided by (Used in) Investing Activities	**8,745**	(60,134)	(15,397)	(26,793)	(19,740)
Free Cash Flow	**45,506**	7,314	22,379	2,897	13,424
Net Cash Provided by (Used in) Financing Activities	**(36,951)**	(5,227)	(24,761)	7,451	(6,322)
Capital Expenditures	**17,189**	19,754	22,148	18,627	19,441
Depreciation and Amortization	**24,115**	24,408	24,000	23,939	22,975

	Yen				
Per Share Amounts:					
Basic earnings per share attributable to Nippon Meat Packers, Inc. shareholders	**¥ 78.67**	¥ 69.69	¥ 7.26	¥ 6.81	¥ 49.89
Diluted earnings per share attributable to Nippon Meat Packers, Inc. shareholders	**¥ 70.92**	¥ 68.99	¥ 7.25	¥ 6.80	¥ 49.83
Total Nippon Meat Packers, Inc. Shareholders' Equity	**¥1,321.37**	¥1,278.83	¥ 1,185.25	¥ 1,259.74	¥1,307.77
Cash Dividends	**¥ 16.00**	¥ 16.00	¥ 16.00	¥ 16.00	¥ 16.00

	Percent				
Index					
Return on Equity (ROE)	**6.1%**	5.8%	0.6%	0.5%	3.9%
Return on Assets (ROA)	**4.9%**	4.0%	1.1%	1.3%	2.3%
Nippon Meat Packers, Inc. Shareholders' Equity Ratio	**47.6%**	45.0%	46.3%	47.2%	48.7%

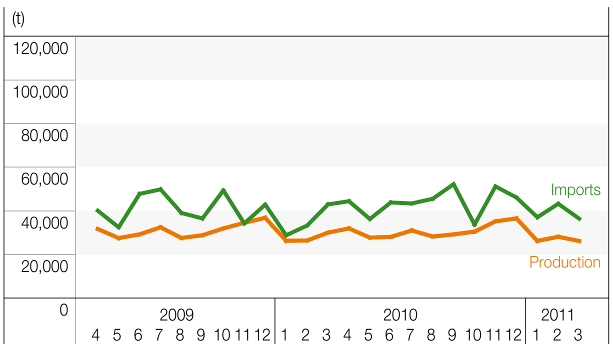
	Times				
Debt/Equity Ratio	**0.55**	0.69	0.62	0.64	0.57
Interest Coverage Ratio	**17.0**	31.6	15.0	11.0	11.4

Notes: 1. The above figures are based on the consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America.
2. See Note 1 to the consolidated financial statements with respect to the determination of the number of shares in computing the per share amounts attributable to Nippon Meat Packers, Inc. shareholders.
3. The consolidated financial statements for the years ended March 31, 2009, 2008 and 2007 have been reclassified to conform to the presentation requirements in accordance with the Accounting Standards Codification ("ASC") of the U.S. Financial Accounting Standards Board Topic 810, "Consolidation."
4. In accordance with ASC Topic 205, "Presentation of Financial Statements," the Companies present the results of discontinued operations as a separate line item in the consolidated statements of income under income (loss) from discontinued operations – net of applicable income taxes.
5. Interest-bearing debt consists of short-term bank loans, current maturities of long-term debt and long-term debt, less current maturities (including zero coupon convertible bonds) in the consolidated balance sheets.
6. Capital expenditures represent the additions to tangible and intangible fixed assets.
7. Depreciation and amortization consist of depreciation of tangible fixed assets and amortization of intangible fixed assets.
8. ROE = (Net income attributable to Nippon Meat Packers, Inc. / Average total Nippon Meat Packers, Inc. shareholders' equity) ×100
ROA = (Income from continuing operations before income taxes and equity in earnings (losses) of associated companies / Average total assets) ×100
Free Cash Flow = Net cash provided by operating activities + Net cash provided by (used in) investing activities
Nippon Meat Packers, Inc. Shareholders' Equity Ratio = (Nippon Meat Packers, Inc. shareholders' equity / Total assets) ×100
Debt / Equity Ratio = Interest-bearing debt / Nippon Meat Packers, Inc. shareholders' equity
Interest Coverage Ratio = Net cash provided by operating activities / Interest paid

The Nippon Ham Group is engaged in the production and sales of fresh meats worldwide. As such, its operating results are affected by such factors as fluctuations in meat supply and demand in the markets in which it operates. This page looks at key meat and feed market trends in Japan in fiscal 2010.

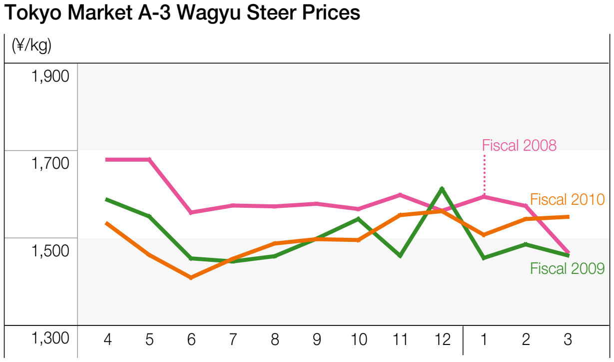
Prices and Supply/Demand for Beef

Beef Supply and Demand Trends



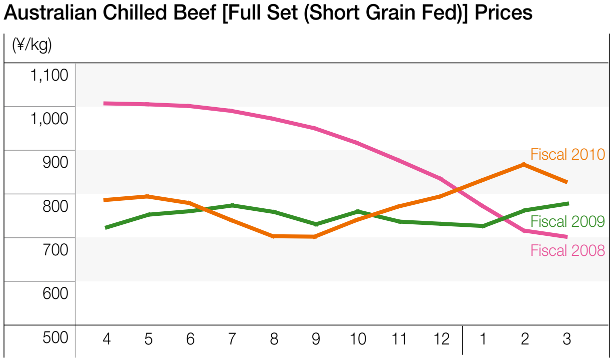
Source: Agriculture & Livestock Industries Corporation

Tokyo Market A-3 Wagyu Steer Prices



Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

Australian Chilled Beef [Full Set (Short Grain Fed)] Prices

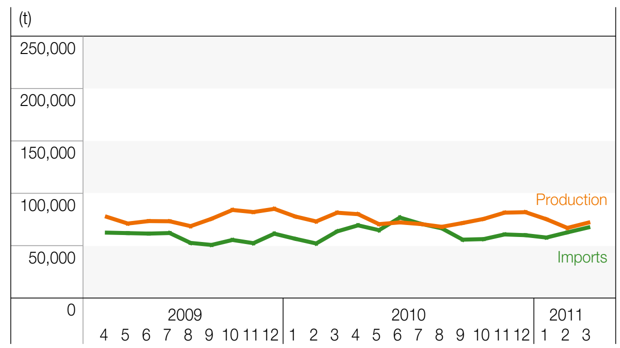


Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

- Prices for domestic beef remained low throughout the period, owing to the growing preference of consumers for low-priced options and a resulting decline in consumption.
- Prices for Australian beef rose in the second half, reflecting higher domestic market prices and increased demand in overseas markets.

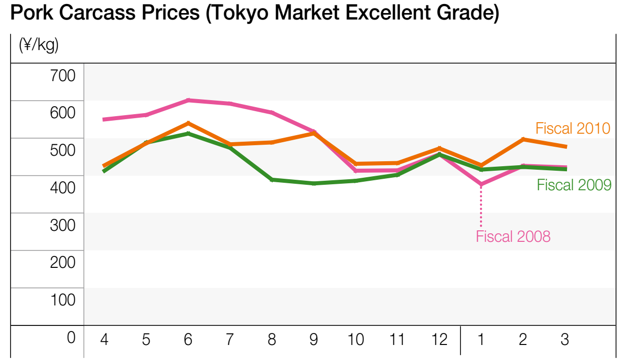
Prices and Supply/Demand for Pork

Pork Supply and Demand Trends



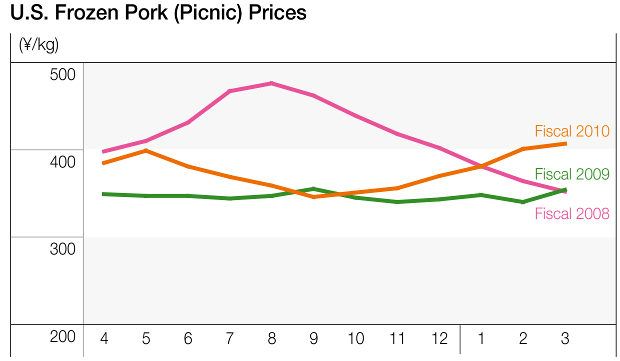
Source: Agriculture & Livestock Industries Corporation

Pork Carcass Prices (Tokyo Market Excellent Grade)



Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

U.S. Frozen Pork (Picnic) Prices

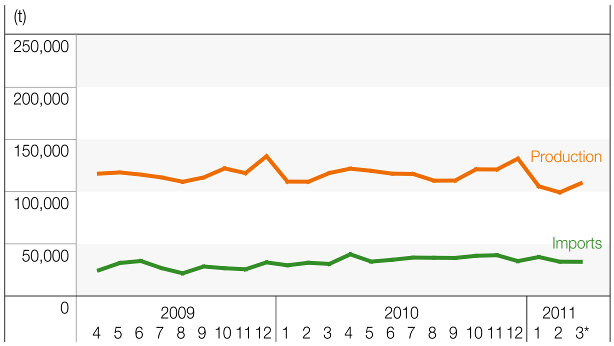


Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

- Prices for domestic pork increased as the impact of an unusually hot summer and an outbreak of foot-and-mouth disease continued to push shipments down.
- Prices for imported pork recovered in the second half, owing to the progress of inventory adjustments and a decline in supplies of domestic pork.

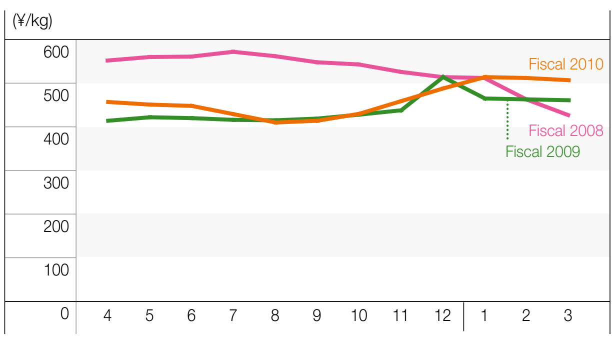
Prices and Supply/Demand for Poultry

Poultry Supply and Demand Trends



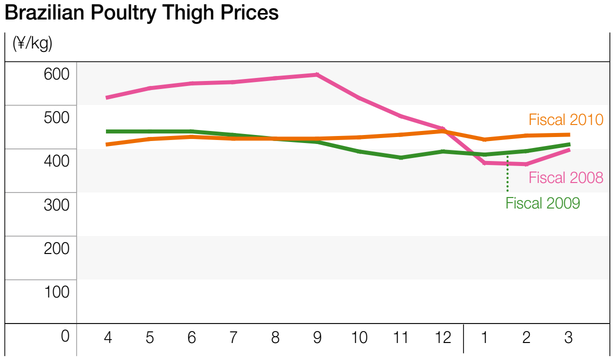
Source: Agriculture & Livestock Industries Corporation

Domestic Poultry Wholesale Prices (Weighted Average)



Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

Brazilian Poultry Thigh Prices

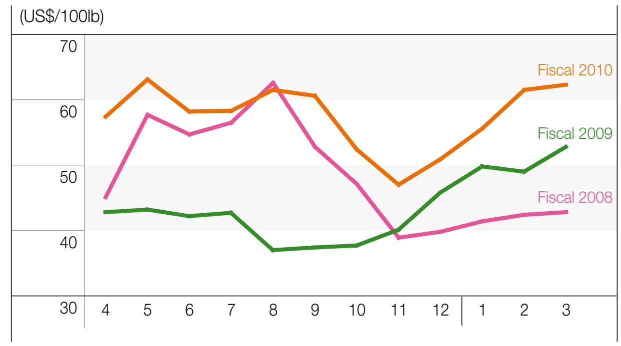


Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

- Prices for domestic poultry remained firm throughout the period.
- Prices for imported poultry rose, reflecting increases in both imports and consumption.

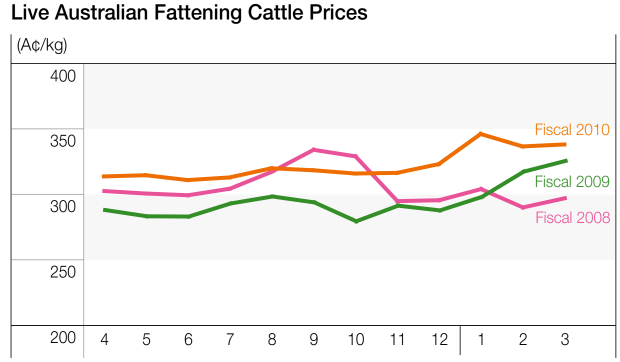
Overseas Livestock Prices

Live U.S. Fattening Hog Prices



Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

Live Australian Fattening Cattle Prices

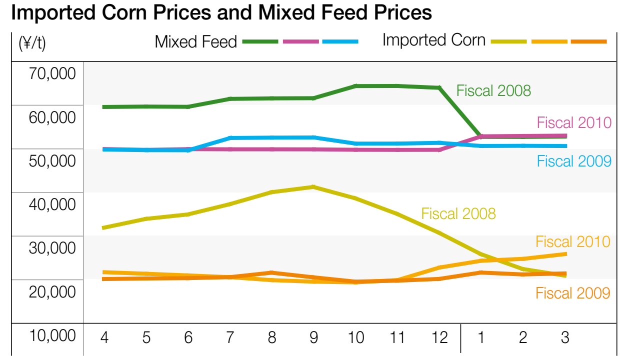


Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

- U.S. prices for live hogs rose, bolstered by an increase in demand.
- Australian prices for live cattle increased, owing to a recovery in exports.

Feed Prices

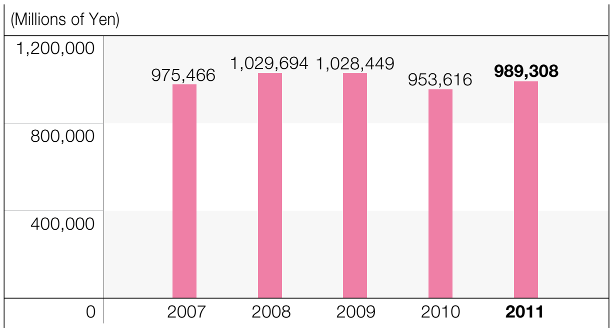
Imported Corn Prices and Mixed Feed Prices



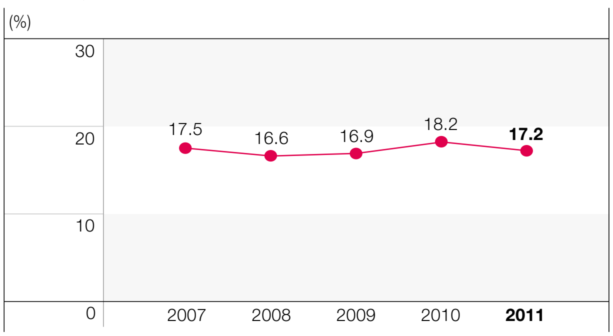
Source: Agriculture & Livestock Industries Corporation
(all graphs based on average prices)

- Mixed feed prices remained stable as the appreciation of the yen offset increases in grain market prices, but are expected to rise slowly in the coming months.

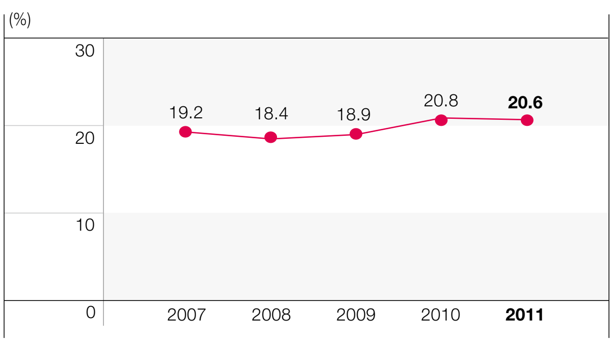
NET SALES



SELLING, GENERAL AND ADMINISTRATIVE EXPENSES RATIO



GROSS PROFIT RATIO*



INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN EARNINGS (LOSSES) OF ASSOCIATED COMPANIES

* Gross profit represents net sales less cost of goods sold.

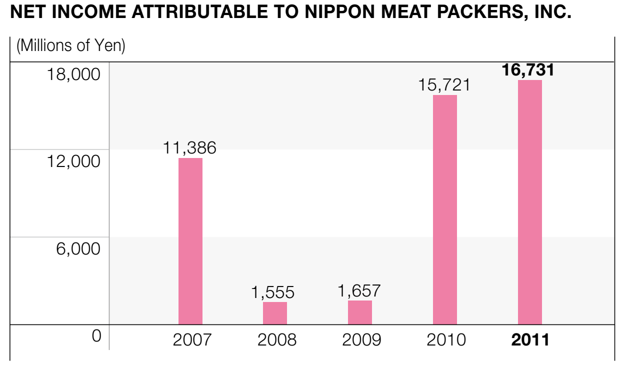
Overview of Business Results

Although the Japanese economy during the fiscal year under review exhibited real gross domestic product (GDP) growth for the first time in three years due to the recovery trend of corporate earnings and other factors, there is concern that the damage caused by the Great East Japan Earthquake of March 11 and the resulting power shortages will adversely impact corporate activities.

Conditions in the food processing sector improved in the beginning of the period as raw material prices declined steadily and the market for fresh meat showed signs of recovery. However, in summer 2010 crude oil and grain prices began rising once again, a trend that continued into 2011. Owing to these trends, as well as to the impact of the earthquake and livestock diseases, the future remains uncertain.

In this environment, the Nippon Ham Group continued to promote a variety of initiatives aimed at strengthening domestic operations and becoming a global enterprise, in line with New Medium-Term Management Plan Part III. With the aim of establishing and evolving the concept of Management for No. 1 Quality—the first of its three management policies—the Group pressed ahead with efforts aimed at enhancing corporate value. In addition to reinforcing integration, the Group stepped up marketing of *Utsukushi-no-Kuni* premium hams. Leveraging its domestic farming operations, the Group developed this product for the summer and year-end gift-giving seasons, achieving an increase in gift sales. In line with its second management policy, which is to improve profitability through greater selectivity and focus,

NET INCOME ATTRIBUTABLE TO NIPPON MEAT PACKERS, INC.



the Group took steps to strengthen its core businesses. In the processed foods business, efforts to reform supply-chain management (SCM) included the full-scale implementation of newly built SCM systems and of logistics bases. The Group also proceeded with the streamlining of its production and sales networks with the aim of promptly realizing benefits. In response to the worsening deflationary trend—evidenced by flagging consumer spending and increasingly intense price competition—the Group revamped products and conducted ambitious sales promotions and implemented measures aimed at increasing its cost competitiveness. As prescribed in its third management policy, which calls for the creation of a global business structure, the Group increased the capacity of its overseas production facilities and reinforced the foundation it has laid for the expansion of its overseas operations by, among others, establishing new partnerships in key markets.

The Nippon Ham Group sustained losses related to the Great East Japan Earthquake. However, the impact on the Group's operations in the region worst hit was minimal.

Net Sales

Despite sales promotions for core brands and new consumer-oriented offerings that reflect people's growing preference for healthful menu choices, as well as advertising and in-store promotions for the summer and year-end gift-giving seasons, sales of hams and sausages declined 1.9% from the previous fiscal year.

In processed foods, the Group worked to bolster sales of non-refrigerated items that responded to an increasing trend toward eating at home. At the same time, it undertook proposal-based marketing for products for commercial customers based on integrated efforts by manufacturing and sales. As a result, category sales rose 4.7%.

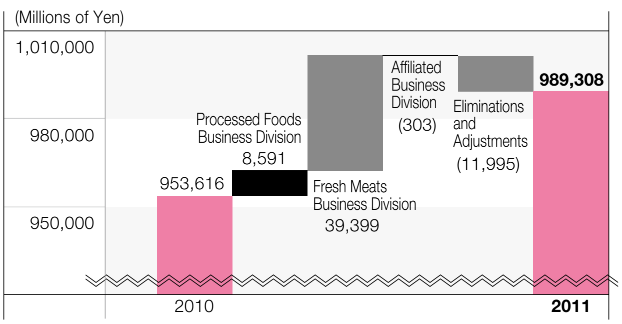
Sales of fresh meats advanced 6.9%, owing to active efforts to enhance global procurement capabilities and the marketing prowess of domestic sales companies, which supported an increase in domestic shipments and an improvement in sales prices.

As a consequence of increasingly intense price competition for mainstay sushi ingredients, and rising seafood prices in the domestic market, coupled with a decline in sales of raw materials for the overseas markets, sales of marine products slipped 2.6%.

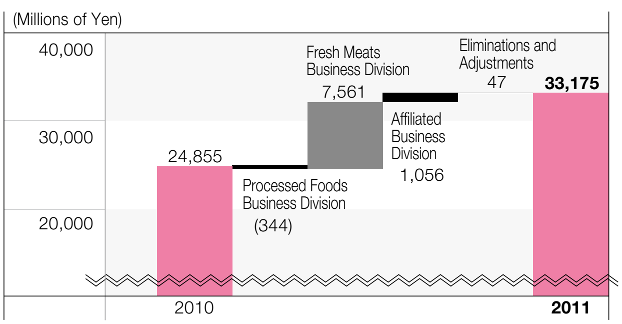
Sales of dairy products rose, despite flagging sales of yogurt and lactic acid probiotic beverages, owing to robust marketing efforts for cheeses.

As a result of these and other factors, consolidated net sales for the fiscal year ended March 31, 2011, rose 3.7%, to ¥989,308 million.

FACTORS BEHIND THE INCREASE IN NET SALES



FACTORS BEHIND THE INCREASE IN OPERATING INCOME



Gross Profit, Income from Continuing Operations before Income Taxes and Equity in Earnings (Losses) of Associated Companies, and Net Income

Cost of goods sold increased 4.1%, to ¥785,878 million, equivalent to 79.4% of consolidated net sales, compared with 79.2% in the previous fiscal year. Gross profit amounted to ¥203,430 million, up 2.4%, owing to the increase in net sales. Selling, general and administrative expenses declined 2.0%, to ¥170,255 million, or 17.2% of net sales, down 1.0 percentage point from the preceding period. As a consequence, income from continuing operations before income taxes and equity in earnings (losses) of associated companies advanced 22.9%, to ¥29,523 million. The effective tax rate, based on income from continuing operations before income taxes and equity in earnings (losses) of associated companies, was 43.4%, compared with 34.8% in the previous period. As a result, net income attributable to Nippon Meat Packers, Inc., rose 6.4%, to ¥16,731 million, while basic earnings per share attributable to Nippon Meat Packers, Inc. shareholders amounted to ¥78.67.

Business Results by Segment

The operations of the Group comprise three business divisions. The Processed Foods Business Division is primarily involved in the manufacture and sales of hams, sausages, and deli and processed foods. The Fresh Meats Business Division engages mainly in the production and sales of fresh meats. The business of the Affiliated Business Division centers on the production and sales of marine and dairy products.

Processed Foods Business Division

In the hams and sausages category, the Group sought to bolster sales through promotional efforts, featuring television advertisements, for its mainstay *SCHAU ESSEN* sausages. The Group also expanded its *Shinsen Seikatsu ZERO* series, targeted at health-conscious consumers, with the aim of fostering new demand. For the summer and year-end gift-giving seasons, the Group conducted ambitious in-store sales promotions focusing on *Utsukushi-no-Kuni* premium hams.

The Group strove to boost sales in the processed foods category through enhanced marketing efforts for *Chuka Meisai*, curries in retortable pouches, and other non-refrigerated offerings, in response to the increasing popularity of eating at home. To bolster sales of products for commercial customers including major convenience stores and restaurants, the Group also undertook proposal-based marketing for products based on integrated efforts by manufacturing and sales.

On the income front, both categories struggled, despite falling prices for raw and other materials and improved productivity, owing to declining sales prices for hams and sausages, as well as for processed food products. As a consequence, segment net sales rose 2.6%, to ¥338,027 million, while operating profit slipped 3.8%, to ¥8,629 million.

Fresh Meats Business Division

The Group's sales of pork and chicken advanced, as tighter purse strings fueled an increase in consumption of both and domestic market prices improved. Demand for beef flagged, while market price increases were limited. In this environment, the Group sought to capitalize on its global procurement capabilities and its nationwide marketing network. Thanks to these efforts—which boosted domestic shipments—and to improved sales prices, segment sales increased. Operating profit was bolstered by efforts to lower costs and increase productivity in the Group's domestic farming business and to enhance the profitability of imported fresh meats.

In the period under review, the fresh meats industry in Japan was significantly affected by outbreaks of foot-and-mouth disease and avian influenza, although the Group itself was able to effectively minimize the impact of the epidemics through the implementation of biosecurity measures.

Owing to these and other factors, segment net sales rose 6.5%, to ¥644,327 million, while operating profit climbed 45.9%, to ¥24,020 million.

Affiliated Business Division

In the marine products business, the Group sought to bolster sales by reinforcing marketing to volume retailers and taking steps to expand sales of major items, particularly during the year-end gift-giving season. Nonetheless, sales declined, owing to a drop in sales of sushi ingredients, a consequence of increasingly intense price competition, and to rising domestic market prices, which pushed down exports of raw materials.

In dairy products, yogurt and lactic acid probiotic beverages struggled as sales to convenience stores flagged. Backed by superior production technologies, the Group reported an increase in sales of cheeses, owing to marketing efforts carefully tailored to the needs of customers, particularly bakery and food product manufacturers.

At the operating level, margins improved, owing to increased shipments of marine products to volume retailers, and to expanded production at the division's plants, as well as to firm sales during the year-end gift-giving season. Margins in the dairy products business also improved favorably, underpinned by steady sales of cheeses.

Net sales in the Affiliated Business Division edged down 0.2%, to ¥132,224 million. Operating profit soared 171.4%, to ¥1,672 million.

Outlook for the Fiscal Year Ending March 31, 2012

The impact of the Great East Japan Earthquake and ongoing power shortages continue to cloud consumer sentiment. This situation, combined with higher prices for crude oil, raw materials, and grains, augurs a difficult operating environment in the fiscal year ending March 31, 2012. In line with its New Medium-Term Management Plan Part III, which will be in its third year, the Nippon Ham Group will continue to focus on reinforcing its domestic operations, while growing as a global player.

In the Processed Foods Business Division, rising prices for fresh meats and crude oil are expected to drive up prices for raw and other materials and fuel costs. The Group also anticipates a harsh operating climate. In response, the Group will continue to implement growth- and efficiency-enhancing strategies. Growth strategies will focus on bolstering market share by maximizing frontline experience to reinforce sales capabilities and consolidating the Group's position as the business partner of choice, as well as on market analysis and product development that incorporate customers' perspectives, thereby facilitating the creation of new value. Strategies to enhance efficiency will center on SCM—objectives of which include minimizing product wastage and reducing logistics costs—and on enhancing cost competitiveness through ongoing efforts to restructure production and sales teams and a streamlining of the Group's product portfolio.

In the Fresh Meats Business Division, the Group's farming business is expected to face a harsh operating climate, a consequence of rising feed and fuel prices. In this environment, the Group will focus on strengthening its share of the market for supplying volume retailers. To this end, it will leverage its integrated production system, which facilitates total control by the Group of all stages, from production on its own farms through to sales via its own nationwide network of sales companies—thus giving it a key competitive advantage—and its accumulated procurement and marketing capabilities. In upstream and downstream sectors, the Group will also take steps to reinforce its competitiveness in terms of both quality and cost and to increase its productivity.

In the Affiliated Business Division, the Group will strive to increase its shares of the market for both marine and dairy products by promoting a management style that prioritizes the views of individuals who deal directly with customers and are thus best positioned to identify market needs. In addition to expanding sales through key channels, the Group will foster promising undeveloped markets. In the marine products business, the Group will also work to further expand sales of products from its own plants, while in the dairy products business the Group will seek to reinforce its market presence by introducing new consumer products and actively promoting sales to volume retailers.

In line with its goal of establishing and evolving the concept of Management for No. 1 Quality, set forth as policy in the New Medium-Term Management Plan Part III, the Group will step up implementation of initiatives aimed at ensuring product safety and maintaining product quality. Through communication with customers, the Group will also promote product and service development that incorporates customer perspectives.

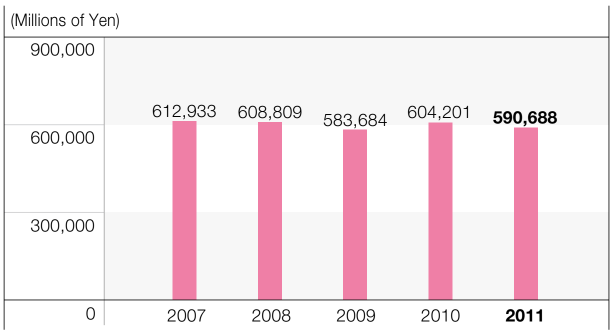
With public awareness of environmental issues growing, the Group will strive, as a responsible corporate citizen, to contribute to the resolution of global warming by reducing emissions of CO_2 and other greenhouse gases. In addition, the Group will work to minimize the environmental impact of such things as product containers and packaging. The Group will also promote CSR initiatives that capitalize on its distinctive capabilities, including those that focus on the links between food and sport.

Operating in a harsh environment fraught with challenges, the Group will continue to act in accordance with the policies and strategies outlined in its New Medium-Term Management Plan Part III. Employees and management pledge to rally their capabilities to achieve the targets of this plan, therefore reinforcing domestic operations while growing as a global player.

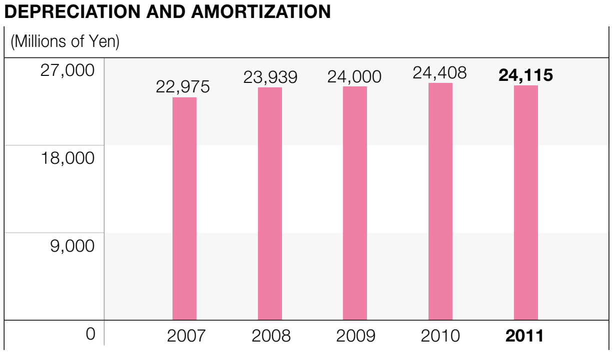
As of the publication of this annual report, the Group's forecasts for the fiscal year ending March 31, 2012, are for consolidated net sales of ¥1,020.0 billion, an increase of 3.1% from the previous fiscal year; operating income of ¥35.0 billion, a 5.5% increase; income from continuing operations before income taxes and equity in earnings (losses) of associated companies of ¥30.0 billion, up 1.6%; and net income attributable to Nippon Meat Packers, Inc. of ¥17.0 billion, also up 1.6%.

Analysis of Financial Position

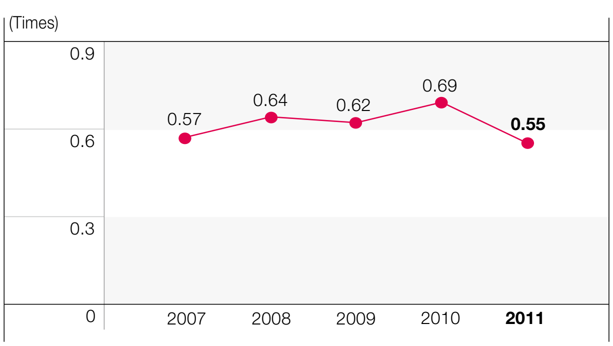
TOTAL ASSETS



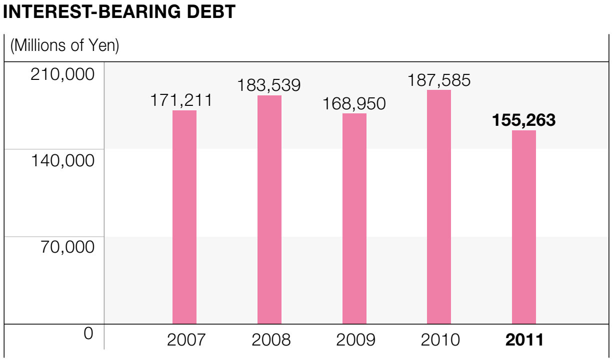
DEPRECIATION AND AMORTIZATION



DEBT/EQUITY RATIO



INTEREST-BEARING DEBT



Assets

Total assets as of March 31, 2011, amounted to ¥590,688 million, a decrease of 2.2%. Marketable securities rose ¥19,936 million, to ¥20,197 million; trade notes and accounts receivable advanced 4.1%, to ¥104,501 million; and inventories increased 7.0%, to ¥107,599 million. In contrast, time deposits decreased 71.1%, to ¥17,191 million, owing to the repayment of long-term debt due. As a consequence, total current assets edged down 0.6%, to ¥317,363 million. Property, plant and equipment totaled ¥219,324 million, down 3.4%, reflecting additions made within the scope of depreciation and amortization and an impairment loss of long-lived assets. Total investments and other assets declined 7.3%, to ¥27,764 million, primarily owing to a decrease in appraisal gain on other securities investments due to stock market conditions.

Liabilities

Total liabilities as of the fiscal year-end were ¥307,484 million, a decline of 6.9%. Trade notes and accounts payable were up 7.4%, to ¥90,317 million. Liability under retirement and severance programs was ¥17,581 million, an increase of 9.0%, while short-term bank loans amounted to ¥43,344 million, a decline of 10.3%, and current maturities of long-term debt totaled ¥23,907 million, down 43.7%. Interest-bearing debt decreased ¥32,322 million, to ¥155,263 million.

Total Nippon Meat Packers, Inc. Shareholders' Equity

Despite a ¥4,164 million increase in accumulated other comprehensive loss, which includes pension liability adjustments and gross unrealized holding gains on available-for-sale securities, total Nippon Meat Packers, Inc. shareholders' equity rose 3.4%, to ¥281,067 million, owing to a 6.1% increase in unappropriated retained earnings, to ¥231,771 million. As a result, the total Nippon Meat Packers, Inc. shareholders' equity ratio rose 2.6 percentage points, to 47.6%.

Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥36,761 million, compared with ¥67,448 million provided by these activities in the previous fiscal year. Principal factors behind this result include net income and depreciation and amortization and increases in trade notes and accounts payable, which were partially offset by increases in trade notes and accounts receivable and inventories.

Cash Flows from Investing Activities

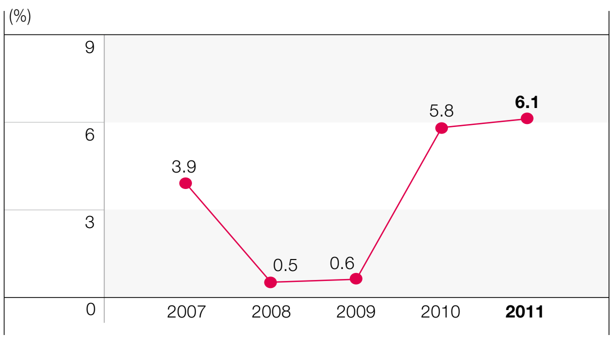
Net cash provided by investing activities totaled ¥8,745 million, compared with ¥60,134 million used in these activities in the previous fiscal year, despite the application of cash to capital expenditures. This result was attributable to such factors as a decrease in short-term investments and proceeds from sales of capital assets.

Cash Flows from Financing Activities

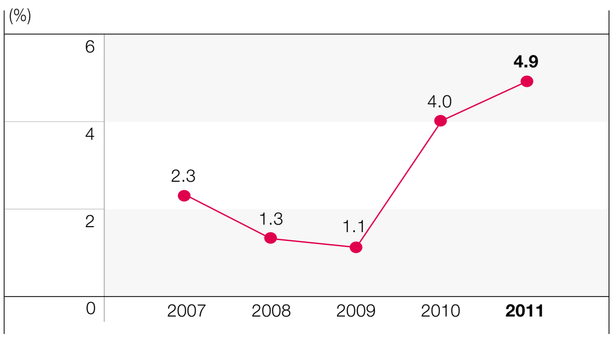
Net cash used in financing activities amounted to ¥36,951 million, up from ¥5,227 million used in these activities in the previous fiscal year. Contributing factors included a decrease in short-term bank loans and repayments of debt, which offset proceeds from debt.

As a consequence of the Group's operating, investing, and financing activities during the fiscal year ended March 31, 2011, cash and cash equivalents at the end of the fiscal year totaled ¥51,409 million, a net increase of ¥7,891 million from the end of the previous fiscal year-end.

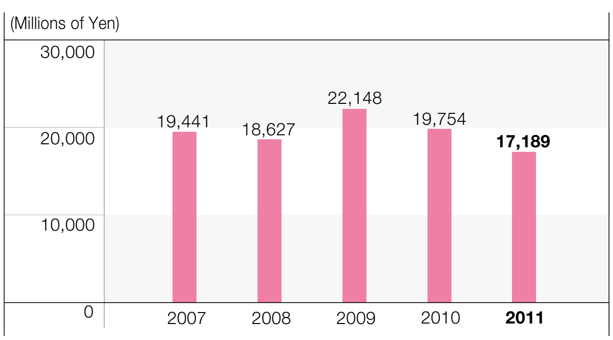
RETURN ON EQUITY (ROE)



RETURN ON TOTAL ASSETS (ROA)



CAPITAL EXPENDITURES



Capital Expenditures

The Group has created an integrated production system that covers all aspects of its operations—from breeding through to processing, production, distribution, and sales—and invests in fixed assets as necessary to enhance, rationalize, and strengthen this system. In the fiscal year ended March 31, 2011, these investments totaled ¥17.2 billion (including software). The principal applications of these investments are described below.

Processed Foods Business Division

Nippon Meat Packers allocated approximately ¥3.7 billion of capital expenditures to expand and replace production and sales facilities for hams, sausages, and processed foods. Consolidated subsidiaries, notably Nippon Ham Shokuhin Co., Ltd., used approximately ¥5.6 billion to expand and replace production and sales facilities for hams, sausages, and processed foods, among others.

Fresh Meats Business Division

Nippon Meat Packers invested approximately ¥200 million to upgrade and expand marketing facilities. Capital expenditures by consolidated subsidiaries totaled approximately ¥5.7 billion and included approximately ¥3.0 billion used by Nippon White Farm Co., Ltd. and Interfarm Co., Ltd., and others, to replace and refurbish breeding facilities; approximately ¥1.5 billion used by Kanto Nippon Food, Inc., and others, to improve sales facilities; and approximately ¥900 million used by Nippon Food Packer, Inc., and others, to upgrade treatment and processing facilities.

Affiliated Business Division

Approximately ¥1.6 billion was used to upgrade production and marketing facilities for marine and dairy products at Hoko Co., Ltd., The Marine Foods Corporation, and other subsidiaries, among others.

Business Risks

Risks with the potential to affect the Group's operating results and financial condition include, but are not limited to, the following major risks. These risks contain future factors, which are envisioned as of the end of the fiscal year under review.

(1) Market-Related Risks

The Group's business centers on fresh meats and fresh meats-related processed products. As such, in addition to selling fresh meats, the Group uses fresh meats as raw materials for hams and sausages, processed foods, and other applications. As a consequence, the Group's operating results and financial condition are vulnerable to fluctuations in market prices for livestock. Moreover, the Group's livestock breeding business, which supplies these fresh meats, is by nature affected not only by fluctuations in product prices but also by swings in feed prices. The Group also manufactures marine and dairy products, and is thus vulnerable to market conditions and fluctuations in the prices of raw materials used in these businesses.

To counter market-related risks, the Group works to diversify its product procurement channels; make use of commodity futures contracts; develop value-added products; and establish distinctive marketing strategies. The Group also strives to ensure the stable procurement of raw materials in anticipation of product demand and to maintain appropriate inventories of fresh meats. Such measures do not, however, guarantee protection against the impact of these risks.

The Group's operating results and financial condition may also be significantly affected by outbreaks of disease—such as BSE, influenza, and foot-and-mouth disease—as well as by the imposition of safeguard tariffs, that is, emergency restrictions on imports.

(2) Safety-Related Risks

Based on its Open Quality concept, which emphasizes earning the trust of customers and responding to their expectations concerning the safety of its products, the Group has established five fundamental quality improvement policies: Strict compliance with laws and regulations, Creation of a quality and safety assurance network, Objective analysis of product safety, Product traceability, and Closer ties with customers. In line with these policies, the Group has built a rigorous quality control system for which it has obtained recognized third-party certification (i.e., ISO and HACCP), and a traceability system for the raw materials used in its fresh meats and its processed foods products, which include hams and sausages, thereby ensuring the safety and security of its products right from the procurement of raw materials. Should a quality issue arise, the Group will respond in a manner that reflects its priority on customer safety, promptly disclosing information and taking swift, decisive measures to prevent escalation. However, in the event of a quality issue that falls outside the scope of these frameworks and initiatives or has a major impact on society because, for example, it threatens food safety, the impact thereof has the potential to affect the Group's operating results and financial condition.

(3) Risks Related to the Procurement of Materials

The Group strives to increase production efficiency and reduce inventory losses and distribution costs. However, should the Group be unsuccessful in offsetting increases in costs related to the procurement of raw materials and fuel or to distribution—attributable to such factors as high crude oil prices—or in passing those costs onto customers by raising product prices, the resulting increase in costs has the potential to affect the Group's operating results and financial condition.

(4) Foreign Exchange Risks

The translation into yen of costs, income, and trade receivables and payables associated with transactions undertaken by the Group denominated in other currencies may be affected by fluctuations in currency rates. To minimize exchange risks, the Group utilizes hedging instruments, including forward foreign exchange contracts, currency swap contracts, and currency option contracts. Such measures do not, however, guarantee protection against the impact of these risks. Moreover, the use of hedging instruments to minimize foreign exchange risk may expose the Group to the risk of opportunity loss in the event foreign exchange market fluctuations exceed management's estimates.

There is also a risk that translation losses—that is, losses arising from the translation of the foreign currency-denominated financial statements of overseas consolidated subsidiaries into yen—may accumulate in the foreign currency translation adjustments, triggering fluctuations in shareholders' equity in the consolidated financial statements. Such fluctuations have the potential to affect the Group's operating results and financial condition.

To hedge risks associated with transactions in foreign currencies, the Group continually monitors currency markets in accordance with its exchange risk management policies and periodically assesses its exposure to foreign exchange risk. All forward foreign exchange contracts, currency swap contracts, and currency option contracts are carried out based on these policies and on internal regulations governing transactional authority and transaction amount limits.

(5) Interest Rate Risks

The Group raises the bulk of the funds it requires through loans from third parties and other forms of interest-bearing debt. Most of the Group's interest-bearing debt—¥155.3 billion as of March 31, 2011—is fixed-rate. Accordingly, the Group believes that for the foreseeable future the direct impact of interest rate increases will be negligible, although it is preparing for an increase in funding costs associated with the expansion of its funding requirements, and is working to reduce interest-bearing debt through such measures as increasing cash provided by operating activities and maintaining capital investment within the scope of depreciation. Nonetheless, if interest rates were to rise, the resulting increase in the Group's interest burden has the potential to affect the Group's operating results and financial condition.

(6) Share Price Risks

Marketable securities held by the Group consist principally of the shares of its business partners. As such, the Group is exposed to share price risks associated with market price fluctuations. As of March 31, 2011, these shares represented unrealized gains. However, share price movements in the future may significantly affect the Group's operating results and financial condition. Additionally, should the value of pension plan assets be negatively affected by flagging conditions in the stock market, pension costs may increase and additional provisions for pension assets may become necessary.

(7) Risk of Impairment Loss on Fixed Assets

Should the value of fixed assets owned by the Group decrease, necessitating the application of impairment accounting, resulting losses have the potential to affect the Group's operating results and financial condition.

(8) Risks Associated with Natural Calamities, Unforeseen Accidents, and Social Upheaval

The Group has operations in Japan and several other countries. The geographical locations of these operations involve certain risks. Any of the following occurrences has the potential to affect the Group's operating results and financial condition:

- Earthquake, flood, or other major natural calamity and the potential impact thereof on the infrastructure, i.e., damage to roads, harbors, and rail lines and the interruption of gas, water, and electric power supplies
- Environmental contamination (pollution of the atmosphere, water, or soil) resulting from an unforeseen accident or chance occurrence
- Social unrest caused by the spread of an infectious disease, such as influenza
- Unforeseen establishment of adverse, or the repealing of favorable, laws or regulations
- Unforeseen adverse economic or social event
- War, conflict, terrorist attack, or other such event

(9) Risk of Information Leakage

In line with internal regulations for safeguarding personal information and governing insider trading, the Group rigorously protects and manages both the personal information it possesses and critical corporate information through such measures as compliance training and hierarchical employee education. The Group has also formulated measures to ensure the security of its information systems and to respond to the impact of major disasters. Nonetheless, information may be leaked, falsified, or lost, in the event of a natural calamity that exceeds assumptions, an extended interruption of power supplies, damage to hardware and/or software, a computer virus, or unauthorized access of the Group's computer networks; a protracted breakdown of the Group's information systems may also occur. Any of these occurrences has the potential to affect the Group's operating results and financial condition.

(10) Compliance Risks

The Group strives to maintain a corporate culture that emphasizes transparency and sound business practices and works continuously to reinforce and embed awareness of compliance. The Group has established a risk management structure that ensures its ability to respond swiftly to recognized risks. The Risk Management Committee, which is chaired by the president and representative director of the parent company, is responsible for ensuring compliance Groupwide, while the Compliance Department is charged with deploying ongoing measures aimed at enhancing understanding among employees and management, as well as with compliance risk mitigation. However, should an issue of noncompliance, such as the failure of an employee or member of management to comply with a relevant law or regulation, arise, it would have the potential to affect the Group's operating results and financial condition.

(11) Risks Associated with Environmental Issues

In line with its Environmental Charter, the Group is committed to conducting its business in a manner that incorporates consideration for the environment, thereby contributing to the realization of a sustainable society. The Group has obtained certification under ISO 14001 and is working to earn certification from other key external organizations. The Group's management practices, which include environmental audits implemented by the Environmental & Social Responsibility Office, also reflect its commitment to being an environment-friendly organization. The Group also endeavors to ensure the appropriateness and transparency of its environmental and other CSR initiatives. Nonetheless, in the event of an accident, negligence, or other problem resulting in environmental contamination, the Group may be obliged to pay for remediation and/or damages. In the event existing laws and regulations are revised, the Group may be obliged to significantly increase environment-related investment. Either of these occurrences has the potential to affect the Group's operating results and financial condition.

Consolidated Balance Sheets

Nippon Meat Packers, Inc. and Subsidiaries
March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	**2011**	2010	**2011**
CURRENT ASSETS:			
Cash and cash equivalents (Note 1)	**¥ 51,409**	¥ 43,518	**$ 619,386**
Time deposits	**17,191**	59,475	**207,120**
Marketable securities (Notes 1, 3 and 15)	**20,197**	261	**243,337**
Trade notes and accounts receivable (Note 1)	**104,501**	100,366	**1,259,048**
Allowance for doubtful receivables	**(625)**	(638)	**(7,530)**
Inventories (Notes 1 and 2)	**107,599**	100,545	**1,296,373**
Deferred income taxes (Notes 1 and 8)	**7,150**	6,877	**86,145**
Other current assets (Note 16)	**9,941**	8,925	**119,771**
Total current assets	**317,363**	319,329	**3,823,650**
PROPERTY, PLANT AND EQUIPMENT—At cost, less accumulated depreciation (Notes 1, 4, 6 , 7, 13 and 15)	**219,324**	227,081	**2,642,458**
INTANGIBLE ASSETS, less accumulated amortization (Notes 1, 5, 6 and 15)	**10,244**	12,224	**123,422**
INVESTMENTS AND OTHER ASSETS:			
Investments in and advances to associated companies (Notes 1 and 3)	**2,309**	2,352	**27,819**
Other investment securities (Notes 1, 3 and 15)	**16,333**	17,274	**196,783**
Other assets (Notes 9 and 16)	**9,122**	10,324	**109,904**
Total investments and other assets	**27,764**	29,950	**334,506**
DEFERRED INCOME TAXES—Non-current (Notes 1 and 8)	**15,993**	15,617	**192,687**
TOTAL ASSETS	**¥590,688**	¥604,201	**$7,116,723**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2011	2010	Thousands of U.S. Dollars (Note 1) 2011
CURRENT LIABILITIES:			
Short-term bank loans (Note 7)	**¥ 43,344**	¥ 48,332	**$ 522,217**
Current maturities of long-term debt (Notes 7, 13 and 15)	**23,907**	42,483	**288,036**
Trade notes and accounts payable	**90,317**	84,124	**1,088,157**
Accrued income taxes (Notes 1 and 8)	**8,885**	6,657	**107,048**
Deferred income taxes (Notes 1 and 8)	**689**	1,094	**8,301**
Accrued expenses	**19,530**	17,311	**235,301**
Other current liabilities (Note 16)	**11,124**	13,459	**134,023**
Total current liabilities	**197,796**	213,460	**2,383,083**
LIABILITY UNDER RETIREMENT AND SEVERANCE PROGRAMS (Notes 1 and 9)	**17,581**	16,128	**211,819**
LONG-TERM DEBT, LESS CURRENT MATURITIES (Notes 7, 13 and 15)	**88,012**	96,770	**1,060,386**
DEFERRED INCOME TAXES—Non-current (Notes 1 and 8)	**2,589**	2,465	**31,193**
OTHER LONG-TERM LIABILITIES (Note 16)	**1,506**	1,416	**18,145**
TOTAL LIABILITIES	**307,484**	330,239	**3,704,626**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 1 and 19)			
NIPPON MEAT PACKERS, INC. SHAREHOLDERS' EQUITY:			
Common stock, no par value—authorized, 570,000,000 shares; issued: 2011 and 2010—228,445,350 shares (Notes 1 and 11)	**24,166**	24,166	**291,157**
Capital surplus (Notes 1, 10 and 11)	**50,809**	50,925	**612,157**
Retained earnings:			
Appropriated for legal reserve (Note 11)	**7,248**	7,189	**87,325**
Unappropriated (Notes 11 and 20)	**231,771**	218,482	**2,792,422**
Accumulated other comprehensive loss (Note 12)	**(16,231)**	(12,067)	**(195,554)**
Treasury stock, at cost: 2011—15,736,839 shares 2010—15,823,532 shares (Note 11)	**(16,696)**	(16,787)	**(201,157)**
Total Nippon Meat Packers, Inc. shareholders' equity	**281,067**	271,908	**3,386,350**
NONCONTROLLING INTERESTS	**2,137**	2,054	**25,747**
TOTAL EQUITY	**283,204**	273,962	**3,412,097**
TOTAL LIABILITIES AND EQUITY	**¥590,688**	¥604,201	**$7,116,723**

Consolidated Statements of Income

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2011, 2010 and 2009

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2011	2010	2009	**2011**
REVENUES:				
Net sales (Notes 1 and 16)	**¥989,308**	¥953,616	¥1,028,449	**$ 11,919,373**
Other (Note 4)	**1,030**	4,694	1,299	**12,410**
Total	**990,338**	958,310	1,029,748	**11,931,783**
COST AND EXPENSES:				
Cost of goods sold (Notes 2 and 16)	**785,878**	754,992	833,564	**9,468,410**
Selling, general and administrative expenses (Note 1)	**170,255**	173,769	173,468	**2,051,265**
Interest expense (Note 16)	**2,125**	2,125	2,506	**25,602**
Other (Notes 4, 6, 9 and 16)	**2,557**	3,400	13,923	**30,807**
Total	**960,815**	934,286	1,023,461	**11,576,084**
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY IN EARNINGS (LOSSES) OF ASSOCIATED COMPANIES	**29,523**	24,024	6,287	**355,699**
INCOME TAXES (Notes 1 and 8)**:**				
Current	**12,889**	9,066	2,746	**155,289**
Deferred	**(68)**	(696)	1,905	**(819)**
Total	**12,821**	8,370	4,651	**154,470**
INCOME FROM CONTINUING OPERATIONS BEFORE EQUITY IN EARNINGS (LOSSES) OF ASSOCIATED COMPANIES	**16,702**	15,654	1,636	**201,229**
EQUITY IN EARNINGS (LOSSES) OF ASSOCIATED COMPANIES— Net of applicable income taxes (Note 1)	**223**	249	(440)	**2,687**
NET INCOME FROM CONTINUING OPERATIONS	**16,925**	15,903	1,196	**203,916**
INCOME FROM DISCONTINUED OPERATIONS— Net of applicable income taxes (Note 18)			553	
NET INCOME	**16,925**	15,903	1,749	**203,916**
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**(194)**	(182)	(92)	**(2,337)**
NET INCOME ATTRIBUTABLE TO NIPPON MEAT PACKERS, INC.	**¥ 16,731**	¥ 15,721	¥ 1,657	**$ 201,579**

	Yen			U.S. Dollars
PER SHARE AMOUNTS (Note 1)**:**				
Basic earnings per share attributable to Nippon Meat Packers, Inc. shareholders:				
Continuing operations	**¥ 78.67**	¥ 69.69	¥ 4.84	**$ 0.95**
Discontinued operations			2.42	
Net Income	**¥ 78.67**	¥ 69.69	¥ 7.26	**$ 0.95**
Diluted earnings per share attributable to Nippon Meat Packers, Inc. shareholders:				
Continuing operations	**¥ 70.92**	¥ 68.99	¥ 4.83	**$ 0.85**
Discontinued operations			2.42	
Net Income	**¥ 70.92**	¥ 68.99	¥ 7.25	**$ 0.85**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2011, 2010 and 2009

	Millions of Yen								
	Common Stock	Capital Surplus	Retained Earnings Appropriated for Legal Reserve	Unappropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Nippon Meat Packers, Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2008	¥24,166	¥50,944	¥6,903	¥208,930	¥ (3,173)	¥ (313)	¥287,457	¥2,115	¥289,572
Comprehensive loss									
Net income				1,657			1,657	92	1,749
Other comprehensive loss (Note 12)									
Net unrealized losses on securities available-for-sale (Notes 1 and 3)					(1,516)		(1,516)		(1,516)
Net unrealized losses on derivative financial instruments (Notes 1 and 16)					(64)		(64)		(64)
Pension liability adjustments (Note 9)					(7,569)		(7,569)		(7,569)
Foreign currency translation adjustments					(5,673)		(5,673)	(92)	(5,765)
Comprehensive loss							(13,165)	0	(13,165)
Effects of accounting change regarding pension plan measurement date pursuant to ASC Topic 715, net of income taxes (Note 9)				(238)	45		(193)		(193)
Cash dividends (Note 11)				(3,651)			(3,651)	(12)	(3,663)
Transfer to retained earnings appropriated for legal reserve (Note 11)			110	(110)					
Treasury stock acquired (Note 11)						(49)	(49)		(49)
Stock based compensation cost (Note 10)		40					40		40
Exercise of stock options (Note 10)		(21)		0		21	0		0
Others								(166)	(166)
BALANCE, MARCH 31, 2009	24,166	50,963	7,013	206,588	(17,950)	(341)	270,439	1,937	272,376
Comprehensive income									
Net income				15,721			15,721	182	15,903
Other comprehensive income (Note 12)									
Net unrealized gains on securities available-for-sale (Notes 1 and 3)					1,264		1,264	2	1,266
Net unrealized losses on derivative financial instruments (Notes 1 and 16)					(41)		(41)		(41)
Pension liability adjustments (Note 9)					4,753		4,753		4,753
Foreign currency translation adjustments					(93)		(93)	9	(84)
Comprehensive income							21,604	193	21,797
Cash dividends (Note 11)				(3,651)			(3,651)	(79)	(3,730)
Transfer to retained earnings appropriated for legal reserve (Note 11)			176	(176)					
Treasury stock acquired (Note 11)						(16,480)	(16,480)		(16,480)
Exercise of stock options (Note 10)		(34)				34	0		0
Others		(4)					(4)	3	(1)
BALANCE, MARCH 31, 2010	24,166	50,925	7,189	218,482	(12,067)	(16,787)	271,908	2,054	273,962
Comprehensive income									
Net income				**16,731**			**16,731**	**194**	**16,925**
Other comprehensive loss (Note 12)									
Net unrealized losses on securities available-for-sale (Notes 1 and 3)					**(558)**		**(558)**	**0**	**(558)**
Net unrealized gains on derivative financial instruments (Notes 1 and 16)					**163**		**163**		**163**
Pension liability adjustments (Note 9)					**(882)**		**(882)**		**(882)**
Foreign currency translation adjustments					**(2,887)**		**(2,887)**	**(58)**	**(2,945)**
Comprehensive income							**12,567**	**136**	**12,703**
Cash dividends (Note 11)				**(3,402)**			**(3,402)**	**(53)**	**(3,455)**
Transfer to retained earnings appropriated for legal reserve (Note 11)			**59**	**(59)**					
Treasury stock acquired (Note 11)						**(14)**	**(14)**		**(14)**
Disposition of treasury stock (Note 11)				**0**		**9**	**9**		**9**
Exercise of stock options (Note 10)		**(116)**		**19**		**96**	**(1)**		**(1)**
BALANCE, MARCH 31, 2011	**¥24,166**	**¥50,809**	**¥7,248**	**¥231,771**	**¥(16,231)**	**¥(16,696)**	**¥281,067**	**¥2,137**	**¥283,204**

	Thousands of U.S. Dollars (Note 1)								
BALANCE, MARCH 31, 2010	$291,157	$613,554	$86,614	$2,632,313	$(145,385)	$(202,253)	$3,276,000	$24,748	$3,300,748
Comprehensive income									
Net income				**201,579**			**201,579**	**2,337**	**203,916**
Other comprehensive loss (Note 12)									
Net unrealized losses on securities available-for-sale (Notes 1 and 3)					**(6,723)**		**(6,723)**	**0**	**(6,723)**
Net unrealized gains on derivative financial instruments (Notes 1 and 16)					**1,964**		**1,964**		**1,964**
Pension liability adjustments (Note 9)					**(10,627)**		**(10,627)**		**(10,627)**
Foreign currency translation adjustments					**(34,783)**		**(34,783)**	**(699)**	**(35,482)**
Comprehensive income							**151,410**	**1,638**	**153,048**
Cash dividends (Note 11)				**(40,988)**			**(40,988)**	**(639)**	**(41,627)**
Transfer to retained earnings appropriated for legal reserve (Note 11)			**711**	**(711)**					
Treasury stock acquired (Note 11)						**(169)**	**(169)**		**(169)**
Disposition of treasury stock (Note 11)				**0**		**108**	**108**		**108**
Exercise of stock options (Note 10)		**(1,397)**		**229**		**1,157**	**(11)**		**(11)**
BALANCE, MARCH 31, 2011	**$291,157**	**$612,157**	**$87,325**	**$2,792,422**	**$(195,554)**	**$(201,157)**	**$3,386,350**	**$25,747**	**$3,412,097**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2011, 2010 and 2009

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2011	2010	2009	**2011**
OPERATING ACTIVITIES:				
Net income	**¥ 16,925**	¥ 15,903	¥ 1,749	**$ 203,916**
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	**24,643**	25,098	24,646	**296,904**
Impairment loss of long-lived assets	**1,422**	792	2,730	**17,133**
Income taxes deferred	**(68)**	(696)	2,176	**(819)**
Foreign exchange translation adjustments	**(1,325)**	(4,239)	5,300	**(15,964)**
Decrease (increase) in trade notes and accounts receivable	**(4,230)**	3,048	5,705	**(50,964)**
Decrease (increase) in inventories	**(7,529)**	16,950	(8,149)	**(90,711)**
Decrease (increase) in other current assets	**(1,247)**	838	3,691	**(15,024)**
Increase (decrease) in trade notes and accounts payable	**6,465**	(1,786)	(310)	**77,892**
Increase in accrued income taxes	**2,284**	4,794	362	**27,518**
Increase (decrease) in accrued expenses and other current liabilities	**(941)**	4,458	200	**(11,337)**
Other, net	**362**	2,288	(324)	**4,360**
Net cash provided by operating activities	**36,761**	67,448	37,776	**442,904**
INVESTING ACTIVITIES:				
Capital expenditures	**(15,913)**	(17,464)	(16,877)	**(191,723)**
Proceeds from sales of capital assets	**2,614**	1,623	2,886	**31,494**
Decrease (increase) in short-term investments	**21,848**	(43,630)	(615)	**263,229**
Purchases of marketable securities and other investment securities	**(10,346)**	(1,423)	(285)	**(124,651)**
Proceeds from sales and maturities of marketable securities and other investment securities	**10,386**	29	350	**125,133**
Net decrease in cash and cash equivalents resulting from sale of a subsidiary		(412)		
Other, net	**156**	1,143	(856)	**1,879**
Net cash provided by (used in) investing activities	**8,745**	(60,134)	(15,397)	**105,361**
FINANCING ACTIVITIES:				
Cash dividends	**(3,455)**	(3,730)	(3,663)	**(41,627)**
Decrease in short-term bank loans	**(3,711)**	(7,672)	(1,694)	**(44,711)**
Proceeds from debt	**25,931**	29,968	40	**312,422**
Repayments of debt	**(55,711)**	(7,316)	(19,395)	**(671,217)**
Acquisition of treasury stock	**(14)**	(16,480)	(49)	**(169)**
Other, net	**9**	3	0	**109**
Net cash used in financing activities	**(36,951)**	(5,227)	(24,761)	**(445,193)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(664)**	108	(544)	**(7,999)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,891**	2,195	(2,926)	**95,073**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**43,518**	41,323	44,249	**524,313**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**¥ 51,409**	¥ 43,518	¥ 41,323	**$ 619,386**

ADDITIONAL CASH FLOW INFORMATION:				
Interest paid	**¥ 2,158**	¥ 2,136	¥ 2,521	**$ 26,000**
Income taxes paid	**11,089**	4,141	749	**133,602**
Capital lease obligations incurred	**1,958**	3,824	3,601	**23,590**

See notes to consolidated financial statements.

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2011, 2010 and 2009

1. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
The Companies (as defined below) are engaged in the production and distribution of mainly hams & sausages, processed foods, fresh meats, marine products and dairy products. The Companies' operations are located principally in Japan.

Basis of Financial Statements
The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Nippon Meat Packers, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into United States dollar amounts with respect to the year ended March 31, 2011 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83=$1, the approximate rate of exchange on March 31, 2011. Such translations should not be construed as a representation that Japanese yen amounts could be converted into United States dollars at the above or any other rate.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America. Certain adjustments have been reflected in the accompanying consolidated financial statements while they have not been entered in the general books of account of the Companies maintained principally in accordance with Japanese accounting practices.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications of the prior years' financial statements have been made to conform to the current year's presentation.

Summary of Significant Accounting Policies
Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Consolidation
The consolidated financial statements include the accounts of the Company and all of its majority-owned directly or indirectly subsidiaries (collectively, the "Companies"). Intercompany transactions and balances have been eliminated. Investments in associated companies (20% to 50% owned) are accounted for using the equity method of accounting.

(2) Cash and Cash Equivalents
Cash and cash equivalents consist of cash on hand and demand deposits. Time deposits in the consolidated balance sheets include those with original maturities of 3 months or less.

The Companies present purchases and sales of time deposits and marketable securities with original maturities of 3 months or less as increase and decrease in short-term investments in the consolidated statements of cash flows effective from the first quarter of the year ended March 31, 2011. Accordingly, the prior years' presentations have been reclassified to conform to the current year's presentation.

(3) Receivables
The Companies grant credit to customers who are primarily retailers and wholesalers in Japan.

(4) Inventories
Inventories are stated at the lower of average cost or market value. Market value generally represents net realizable value.

(5) Marketable Securities and Investments
The Companies' investments in debt securities and marketable equity securities (included in "marketable securities" and "other investment securities") are classified as either Available-for-Sale or Held-to-Maturity based on the Companies' intent and ability to hold and the nature of the securities. Investments classified as Available-for-Sale are reported at fair value with unrealized holding gains and losses, which are recorded in accumulated other comprehensive income (loss), net of applicable income taxes. Investments classified as Held-to-Maturity are recorded at amortized cost. All other investment securities are stated at cost unless the value is considered to have been impaired.

The Companies regularly review investments in debt securities and marketable equity securities for impairment based on criteria that include the extent to which the securities' carrying values exceed those related market prices, the duration of the market decline, and the Companies' ability and intent to hold the investments. Other investment securities stated at cost are reviewed periodically for impairment.

(6) Depreciation
The declining-balance method of depreciation is used for approximately 49%, 50% and 51% of total depreciable assets as of March 31, 2011, 2010 and 2009, respectively. The straight-line method is used for the remaining depreciable assets. Depreciation expense includes depreciation related to capital lease assets which are depreciated over the shorter of lease terms or estimated useful lives. The ranges of estimated useful lives used in the computation of depreciation are mainly as follows:

Buildings	15–38 years
Machinery and equipment	5–10 years

(7) Impairment of Long-Lived Assets
The Companies apply Accounting Standards Codification ("ASC") of the U.S. Financial Accounting Standards Board ("FASB") Topic 360, "Property, Plant, and Equipment" and ASC Topic 205, "Presentation of Financial Statements." ASC Topic 360 provides one accounting model for the impairment or disposal of long-lived assets. ASC Topic 205 provides the criteria for classifying an asset as held for sale, defines the scope of business to be disposed of that qualify for reporting as discontinued operations and the timing of recognizing losses on such operations.

In accordance with ASC Topic 360, management reviews long-lived assets for impairment of value whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. If the Companies determine that they are unable to recover the carrying value of the assets, the assets are written down using an appropriate method.

In accordance with ASC Topic 205, the Companies present the results of discontinued operations as a separate line item in the consolidated statements of income under income from discontinued operations—net of applicable income taxes. For more information, see "Note 18. Discontinued Operations."

(8) Goodwill and Other Intangible Assets

The Companies apply ASC Topic 350, "Intangibles-Goodwill and Other." ASC Topic 350 requires that goodwill no longer be amortized, but instead be reviewed for impairment at least annually. ASC Topic 350 also requires recognized intangible assets be amortized over their respective estimated useful lives and reviewed for impairment. Any recognized intangible assets determined to have indefinite useful lives are not to be amortized, but instead are tested for impairment until their lives are determined to no longer be indefinite.

(9) Business Combinations

The Companies apply ASC Topic 805, "Business Combinations." In accordance with the provisions of ASC Topic 805, the acquisitions of subsidiaries are accounted for using the acquisition method of accounting.

(10) Retirement and Severance Programs

The Companies apply ASC Topic 715, "Compensation-Retirement Benefits," to account for the Companies' employee retirement and severance programs.

As allowed under ASC Topic 715, the Companies do not recognize gain or loss on settlement of the pension obligations when the cost of all settlements during a year is less than or equal to the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year.

(11) Fair Value of Financial Instruments

The Companies disclose the fair value of financial instruments in the notes to financial statements. When the fair value approximates the book value, no additional disclosure is made. Fair values are estimated using quoted market prices, estimates obtained from brokers and other appropriate valuation techniques based on information available at March 31, 2011 and 2010.

(12) Fair Value Measurements

The Companies apply ASC Topic 820, "Fair Value Measurements and Disclosures." For more information, see "Note 15. Fair Value Measurements."

(13) Income Taxes

The Companies apply ASC Topic 740, "Income Taxes." In accordance with the provisions of ASC Topic 740, deferred tax assets and liabilities are computed based on the temporary differences between the financial statement and income tax bases of assets and liabilities, and tax losses and credits which can be carried forward, using the enacted tax rate applicable to periods in which the differences are expected to affect taxable income. Deferred income tax charges or credits are based on changes in deferred tax assets and liabilities from period to period, subject to an ongoing assessment of realization. ASC Topic 740 also prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

A provision for income taxes is not recorded on undistributed earnings of subsidiaries where the Company considers that such earnings are permanently invested or where, under the present Japanese tax law, such earnings would not be subject to additional taxation should they be distributed to the Company.

(14) Per Share Amounts

Basic Earnings Per Share ("EPS") is computed by dividing net income attributable to Nippon Meat Packers, Inc. by the weighted-average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income attributable to Nippon Meat Packers, Inc. by the sum of the weighted-average number of common shares outstanding plus the dilutive effect of shares issuable through stock options and convertible bonds.

The net income attributable to Nippon Meat Packers, Inc. and shares used for basic EPS and diluted EPS are reconciled below.

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Net Income (Numerator)				
Income from continuing operations attributable to Nippon Meat Packers, Inc. shareholders	**¥16,731**	¥15,721	¥1,104	**$201,579**
Income from discontinued operations attributable to Nippon Meat Packers, Inc. shareholders			553	
Income attributable to Nippon Meat Packers, Inc. shareholders	**¥16,731**	¥15,721	¥1,657	**$201,579**

	Thousands of Shares		
	2011	2010	2009
Shares (Denominator)			
Average shares outstanding for basic earnings per share	**212,668**	225,580	228,175
Dilutive effect of stock options	**326**	394	410
Dilutive effect of convertible bonds	**22,918**	1,910	
Average shares outstanding for diluted earnings per share	**235,912**	227,884	228,585

(15) Revenue Recognition

The Companies recognize revenue when the product is received by the customer, at which time title and risk of loss pass to the customer. Taxes collected from customers and remitted to governmental authorities are excluded from revenues in the consolidated statements of income.

(16) Sales Promotion Expenses and Rebates

The Companies account for promotion expenses and rebates in accordance with the provisions of ASC Topic 605, "Revenue Recognition." ASC Topic 605 requires that certain sales promotion expenses and rebates be classified as a reduction of net sales, rather than as selling, general and administrative expenses.

(17) Advertising
Advertising costs are expensed as incurred and included in "selling, general and administrative expenses." Advertising expenses amounted to ¥12,471 million ($150,253 thousand), ¥13,110 million and ¥13,711 million for the years ended March 31, 2011, 2010 and 2009, respectively.

(18) Research and Development
Research and development costs are expensed as incurred. Research and development costs amounted to ¥3,081million ($37,120 thousand), ¥3,011 million and ¥2,822 million for the years ended March 31, 2011, 2010 and 2009, respectively.

(19) Derivative Instruments and Hedging Activities
The Companies account for derivative instruments and hedging activities in accordance with ASC Topic 815, "Derivatives and Hedging." ASC Topic 815 requires that all derivative instruments be recognized as assets or liabilities on the balance sheet and measured at fair value. Changes in the fair value of derivative instruments are recognized in either income or other comprehensive income, depending on the designated purpose of the derivative instruments. Changes in fair value of derivative instruments designated as fair value hedges of recognized assets and liabilities and firm commitments are recognized in income. Changes in fair value of derivative instruments designated and qualifying as cash flow hedges of recognized assets and liabilities, firm commitments and forecasted transactions are reported in other comprehensive income. These amounts are reclassified into income in the same period as the hedged items affect income.

(20) Guarantees
The Companies account for guarantees in accordance with ASC Topic 460, "Guarantees", which addresses the disclosure to be made by a guarantor in its financial statements about its obligations under guarantees. ASC Topic 460 also requires the recognition of a liability by a guarantor at the inception of certain guarantees. ASC Topic 460 requires the guarantor to recognize at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee.

(21) Recent Accounting Pronouncements:
Improving Disclosures about Fair Value Measurements— In January 2010, the FASB issued ASU 2010-06, which improves disclosure requirements related to ASC subtopic 820-10, "Fair value measurements and disclosures—Overall." This update adds a new requirement for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements. It also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value.

The Companies adopted ASU 2010-06 in the fourth quarter of the year ended March 31, 2011, which requires new disclosures about purchases, sales, issuances and settlements of Level 3 assets and liabilities. Those disclosures had no significant impact on the consolidated financial statements.

Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S.GAAP and IFRSs— In May 2011, the FASB issued ASU 2011-04, which provides amendments to ASC subtopic 820-10, "Fair value measurements and disclosures—Overall." This update clarifies existing guidance and expands disclosure requirements, particularly for Level 3 inputs. This update is effective for interim periods and fiscal years beginning after December 15, 2011. The Companies are currently evaluating the impact of adopting ASU 2011-04 on the consolidated financial statements.

Presentation of Comprehensive Income— In June 2011, the FASB issued ASU 2011-05, which provides amendments to ASC 220, "Comprehensive Income." This update eliminates the option to present components of other comprehensive income as part of the statement of changes in stockhokders' equity. In this update, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The entity is required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. This update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. The Companies are currently evaluating the impact of adopting ASU 2011-05 on the consolidated financial statements.

2. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Finished goods and merchandise	**¥ 66,536**	¥ 60,875	**$ 801,639**
Raw materials and work-in-process	**37,200**	35,440	**448,193**
Supplies	**3,863**	4,230	**46,541**
Total	**¥107,599**	¥100,545	**$1,296,373**

The Companies recognized losses of ¥999 million ($12,036 thousand), ¥1,230 million and ¥6,905 million from writing inventories down to market, which are included in cost of goods sold in the consolidated statements of income for the years ended March 31, 2011, 2010 and 2009, respectively.

3. MARKETABLE SECURITIES AND INVESTMENTS

The table below presents the aggregate cost, gross unrealized holding gains, gross unrealized holding losses and the aggregate fair value of available-for-sale securities and held-to-maturity securities (included in "marketable securities" and "other investment securities") at March 31, 2011 and 2010:

	Millions of Yen								Thousands of U.S. Dollars			
	2011				2010				**2011**			
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale:												
Domestic stocks												
Retail industry	**¥ 4,435**	**¥ 817**	**¥(194)**	**¥ 5,058**	¥ 4,524	¥1,192	¥(47)	¥ 5,669	**$ 53,434**	**$ 9,843**	**$ (2,337)**	**$ 60,940**
Others	**5,954**	**1,164**	**(134)**	**6,984**	6,273	1,484	(29)	7,728	**71,736**	**14,024**	**(1,614)**	**84,146**
Mutual funds	**296**	**4**	**0**	**300**	297	4		301	**3,566**	**48**	**0**	**3,614**
Held-to-maturity:												
Commercial paper	**19,997**			**19,997**					**240,927**			**240,927**
Japanese government bonds	**200**		**0**	**200**	210	0		210	**2,410**		**0**	**2,410**
Total	**¥30,882**	**¥1,985**	**¥(328)**	**¥32,539**	¥11,304	¥2,680	¥(76)	¥13,908	**$372,073**	**$23,915**	**$(3,951)**	**$392,037**

Fair value and gross unrealized holding losses of available-for-sale securities and held-to-maturity securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2011 and 2010 were as follows. There were no investments in a continuous unrealized loss position for 12 months or more at March 31, 2011 and 2010.

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		**2011**	
	Less than 12 Months		Less than 12 Months		Less than 12 Months	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
Available-for-sale:						
Domestic stocks						
Retail industry	**¥1,088**	**¥(194)**	¥516	¥(47)	**$13,108**	**$(2,337)**
Others	**1,057**	**(134)**	373	(29)	**12,735**	**(1,614)**
Mutual funds	**33**	**0**			**398**	**0**
Held-to-maturity:						
Japanese government bonds	**200**	**0**			**2,410**	**0**
Total	**¥2,378**	**¥(328)**	¥889	¥(76)	**$28,651**	**$(3,951)**

The proceeds from sales of available-for-sale securities were ¥182 million ($2,193 thousand), ¥29 million and ¥24 million for the years ended March 31, 2011, 2010 and 2009, respectively. These sales resulted in gross realized gains and losses as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Realized gains	**¥20**	¥ 0	¥ 2	**$241**
Realized losses	**0**	(16)	(11)	**0**

In determining realized gains and losses, the cost of securities sold was based on the moving average cost of all shares of such security held at the time of sale.

Future maturities of debt securities classified as held-to-maturity at March 31, 2011 are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Cost	Fair Value	Cost	Fair Value
Due within one year	**¥20,197**	**¥20,197**	**$243,337**	**$243,337**

Non-marketable equity securities, for which there is no practicable method to estimate fair values, were carried at their cost of ¥3,991 million ($48,083 thousand) and ¥3,627 million at March 31, 2011 and 2010, respectively.

Investments in and advances to associated companies at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Investments in capital stock	**¥2,292**	¥2,245	**$27,614**
Advances	**17**	107	**205**
Total	**¥2,309**	¥2,352	**$27,819**

The carrying value of investments in associated companies approximates the Company's equity in their net assets at March 31, 2011 and 2010.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Land	**¥ 85,496**	¥ 86,741	**$ 1,030,072**
Buildings	**256,179**	256,151	**3,086,494**
Machinery and equipment	**215,732**	216,796	**2,599,181**
Construction in progress	**647**	864	**7,795**
Total	**558,054**	560,552	**6,723,542**
Less accumulated depreciation	**(338,730)**	(333,471)	**(4,081,084)**
Property, plant and equipment—net	**¥ 219,324**	¥ 227,081	**$ 2,642,458**

The Companies recorded a net gain of ¥152 million ($1,831 thousand), a net loss of ¥311 million and a net loss of ¥321 million on dispositions of property, plant and equipment, for the years ended March 31, 2011, 2010 and 2009, respectively. The gain for the year ended March 31, 2011 is included in revenues—other in the consolidated statements of income, while the losses for the years ended March 31, 2010 and 2009 are included in cost and expenses—other in the consolidated statements of income.

5. INTANGIBLE ASSETS

Intangible assets subject to amortization included in intangible assets in the consolidated balance sheets at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		**2011**	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Software	**¥19,163**	**¥10,114**	¥18,366	¥7,459	**$230,880**	**$121,855**
Software in progress	**281**		367		**3,386**	
Other	**687**	**252**	505	219	**8,277**	**3,036**
Total	**¥20,131**	**¥10,366**	¥19,238	¥7,678	**$242,543**	**$124,891**

Intangible assets not subject to amortization at March 31, 2011 and 2010 were immaterial.

Amortization expense was ¥3,346 million ($40,313 thousand), ¥2,910 million and ¥2,058 million for the years ended March 31, 2011, 2010 and 2009, respectively.

The weighted average amortization period is approximately 5 years.

Estimated amortization expense for the next five years ending March 31 is as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥3,009	$36,253
2013	2,837	34,181
2014	2,241	27,000
2015	1,175	14,157
2016	248	2,988

The carrying amount of goodwill at March 31, 2011 and 2010 and change in its carrying amount for the years ended March 31, 2011 and 2010 were immaterial to the Companies' operations.

6. IMPAIRMENT OF LONG-LIVED ASSETS

The Companies recognized impairment losses of ¥1,422 million ($17,133 thousand) for the year ended March 31, 2011. The impairment losses relate principally to idle assets which are related to Processed Foods Business Division and are reported in cost and expenses—other in the consolidated statements of income. The impairment losses were incurred mainly due to a decline in market value of the assets.

The Companies recognized impairment losses of ¥792 million for the year ended March 31, 2010. The impairment losses relate principally to idle assets which are related to Processed Foods Business Division and are reported in cost and expenses—other in the consolidated statements of income. The impairment losses were incurred mainly due to a decline in market value of the assets.

The Companies recognized impairment losses of ¥2,730 million for the year ended March 31, 2009. The impairment losses relate principally to certain production facilities for leather which are related to Fresh Meats Business Division and for processed foods which are related to Processed Foods Business Division and are reported in cost and expenses—other in the consolidated statements of income. The impairment losses were incurred mainly due to declining profitability as a result of deterioration of operating environment and a decline in market value of the assets.

The fair value of assets is calculated based on independent appraisal, market value or discounted future cash flows, whichever the management considers the most appropriate.

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

The annual interest rates applicable to the short-term bank loans outstanding at March 31, 2011 and 2010 range from 0.4% to 9.0% and from 0.5% to 5.8%, respectively.

The Company entered into contracts with certain financial institutions for committed credit lines totaling ¥76,000 million ($915,663 thousand) at March 31, 2011 and 2010 which are available for immediate borrowings. There were no borrowings against these credit lines.

Long-term debt at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Long-term debt with collateral:			
Mainly banks and insurance companies, maturing through 2019, interest rates ranging from 0.9% to 2.7% in 2011 and 2010	**¥ 4,195**	¥ 8,742	**$ 50,542**
Long-term debt without collateral:			
Mainly banks and insurance companies, maturing through 2015, interest rates ranging from 0.3% to 4.5% in 2011 and from 0.8% to 4.5% in 2010	**33,214**	54,802	**400,169**
1.45% bonds due December 2012	**20,000**	20,000	**240,964**
2.01% bonds due December 2017	**10,000**	10,000	**120,482**
Zero coupon convertible bonds due March 2014 Conversion price, ¥1,309 per share Exercise period of the stock acquisition rights, April 1, 2010 to February 27, 2014	**30,000**	30,000	**361,446**
Capital lease obligations, maturing through 2029, interest rates ranging from 0.3% to 4.4% in 2011 and from 0.6% to 4.4% in 2010	**14,510**	15,709	**174,819**
Total	**111,919**	139,253	**1,348,422**
Less current maturities	**(23,907)**	(42,483)	**(288,036)**
Long-term debt, less current maturities	**¥ 88,012**	¥ 96,770	**$1,060,386**

At March 31, 2011, the aggregate annual maturities of long-term debt are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 23,907	$ 288,036
2013	26,081	314,229
2014	34,403	414,494
2015	6,967	83,940
2016	5,087	61,289
Thereafter	15,474	186,434
Total	¥111,919	$1,348,422

At March 31, 2011, property, plant and equipment with a net book value of ¥18,894 million ($227,639 thousand) was pledged as collateral for long-term debt of ¥4,195 million ($50,542 thousand).

Substantially all the short-term and long-term loans from banks are made under agreements which provide as is customary in Japan that under certain conditions, the banks may require the Companies to provide collateral (or additional collateral) or guarantors with respect to the loans, or may treat any collateral, whether furnished as security for short-term and long-term loans or otherwise, as collateral for all indebtedness to such banks. Default provisions of certain agreements grant certain rights of possession to the banks.

8. INCOME TAXES

Through the application of the consolidated tax filing system, from the fiscal year beginning April 1, 2007, the amount of taxable income for national income tax purposes is calculated by combining the taxable income of the Company and its wholly owned subsidiaries located in Japan. In addition, the realizable amounts of deferred tax assets relating to national income tax as of March 31, 2011 and 2010 were assessed based on the estimated future taxable income of the Company and its wholly owned subsidiaries located in Japan.

Income taxes in Japan applicable to the Company and domestic subsidiaries, imposed by the national, prefectural and municipal governments, in the aggregate result in a normal effective statutory rate of approximately 41.0% for the years ended March 31, 2011, 2010 and 2009, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rates of income taxes reflected in the consolidated statements of income differed from the normal Japanese statutory tax rates for the following reasons:

	2011	2010	2009
Normal Japanese statutory tax rates	**41.0%**	41.0%	41.0%
Increase (decrease) in taxes resulting from:			
Difference in foreign subsidiaries tax rates	**(1.3)**	(2.6)	5.0
Change in the valuation allowance	**0.5**	(1.2)	36.5
Impact from restructuring of certain subsidiaries	**0.0**	(0.3)	(11.4)
Permanently non-deductible expenses	**2.0**	3.2	5.9
Tax credit	**(0.9)**	(2.2)	(4.2)
Other—net	**2.1**	(3.1)	1.2
Effective income tax rates	**43.4%**	34.8%	74.0%

The approximate effects of temporary differences and net operating loss and tax credit carryforwards that gave rise to deferred tax balances at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Deferred tax assets:			
Securities	**¥ 386**		**$ 4,651**
Inventories		¥ 41	
Certain accrued prefectural income taxes	**538**	456	**6,482**
Accrued bonuses	**3,694**	3,454	**44,506**
Liability under retirement and severance programs	**11,055**	9,664	**133,193**
Investments in subsidiaries	**201**	618	**2,422**
Fixed assets	**3,953**	3,754	**47,627**
Other temporary differences	**3,138**	2,645	**37,807**
Net operating loss and tax credit carryforwards	**7,972**	10,411	**96,048**
Total	**30,937**	31,043	**372,736**
Less valuation allowance	**(7,765)**	(8,288)	**(93,554)**
Total deferred tax assets	**23,172**	22,755	**279,182**
Deferred tax liabilities:			
Securities	**(21)**	(285)	**(253)**
Inventories	**(718)**	(527)	**(8,651)**
Investments in subsidiaries	**(2,141)**	(2,159)	**(25,795)**
Fixed assets	**(242)**	(127)	**(2,916)**
Other temporary differences	**(185)**	(722)	**(2,229)**
Total deferred tax liabilities	**(3,307)**	(3,820)	**(39,844)**
Net deferred tax assets	**¥19,865**	¥18,935	**$239,338**

The net changes in the total valuation allowance for the years ended March 31, 2011 and 2010 were a decrease of ¥523 million ($6,301 thousand) and an increase of ¥468 million, respectively.

At March 31, 2011, the net operating loss carryforwards of the Companies for corporate income tax and local income tax purposes amounted to ¥19,189 million ($231,193 thousand) and ¥15,092 million ($181,831 thousand), respectively. The net operating loss carryforwards for corporate income tax and local income tax purposes subject to expiration in the period from 2012 to 2016 are ¥310 million ($3,735 thousand) and ¥12,184 million ($146,795 thousand), respectively. The remaining balances for corporate income tax and local income tax purposes, ¥18,879 million ($227,458 thousand) and ¥2,908 million ($35,036 thousand), respectively, will expire in years beyond 2016 or have an indefinite carryforward period. At March 31, 2011, the Companies had tax credit carryforward of ¥330 million ($3,976 thousand), of which ¥43 million ($518 thousand) will expire within 5 years while the remaining ¥287 million ($3,458 thousand) will expire beyond 2016 or have an indefinite carryforward period.

The portion of the undistributed earnings of foreign subsidiaries which is deemed to be permanently invested amounted to ¥15,226 million ($183,446 thousand) at March 31, 2011. Provisions are not made for taxes on undistributed earnings and cumulative translation adjustments of foreign subsidiaries whose earnings are deemed to be permanently invested.

In accordance with the revised corporate tax law in Japan, which is effective for fiscal years beginning on and after April 1, 2009, 95 percent of dividends received from qualifying foreign subsidiaries can be excluded from calculations of corporate income taxes. There was no significant impact on the Company's consolidated financial statements as a result of enactment of the revised corporate tax law.

The Companies file income tax returns in Japan and various foreign tax jurisdictions. The Company and its major domestic subsidiaries are no longer subject to income tax examinations by tax authorities for years ended on or before March 31, 2010. Major subsidiaries in the United States, Australia and other foreign countries are no longer subject to income tax examinations by tax authorities for years ended on or before March 31, 2007.

9. RETIREMENT AND SEVERANCE PROGRAMS

Effective January 1, 2006, the Company introduced an amended contributory pension plan and lump-sum severance indemnities plan to establish a new formula for determining benefits including a "point-based benefits system" under which benefits are calculated based on accumulated points allocated to employees each year according to their job classification, performance and years of service. Market-related interest is added to the benefit of the contributory pension plan. The pension plans provide for annuity payments for the periods of 10 to 20 years commencing with mandatory retirement. The Company also introduced a defined contribution pension plan. The pension fund of non-contributory pension plan for active employees was transferred to the defined contribution pension plan. A part of the non-contributory pension plan still remains as a funded pension plan for the retired employees.

For the year ended March 31, 2009, the Company applied the measurement date provisions of ASC Topic 715. ASC Topic 715 requires the Company to measure plan assets and benefit obligation as of the date of its fiscal year-end balance sheet. As an effect of adopting the measurement date provisions of ASC Topic 715, unappropriated retained earnings were decreased by ¥238 million, and accumulated other comprehensive loss was decreased by ¥45 million.

The Company recognized the defined contribution cost of ¥245 million ($2,952 thousand), ¥249 million and ¥262 million for the years ended March 31, 2011, 2010 and 2009, respectively.

Net periodic benefit cost under the Company's retirement and severance programs for the years ended March 31, 2011, 2010 and 2009 included the following components:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Service cost	**¥1,078**	¥1,143	¥1,115	**$12,988**
Interest cost	**537**	582	768	**6,470**
Expected return on plan assets	**(357)**	(386)	(545)	**(4,301)**
Amortization of prior service credit	**(264)**	(264)	(264)	**(3,181)**
Recognized actuarial loss	**1,083**	1,468	664	**13,048**
Settlement loss		870	735	
Net periodic benefit cost	**¥2,077**	¥3,413	¥2,473	**$25,024**

The following table sets forth various information about the Company's plans as of March 31, 2011 and 2010.

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Change in projected benefit obligations:			
Projected benefit obligations at beginning of year	**¥37,729**	¥40,301	**$454,567**
Service cost	**1,078**	1,143	**12,988**
Interest cost	**537**	582	**6,470**
Actuarial (gain) loss	**667**	(1,622)	**8,036**
Benefits paid:			
Settlement paid	**(642)**	(1,133)	**(7,735)**
Others	**(1,645)**	(1,542)	**(19,819)**
Projected benefit obligations at end of year	**37,724**	37,729	**454,507**
Change in fair value of plan assets:			
Fair value of plan assets at beginning of year	**31,364**	28,916	**377,880**
Actual gain (loss) on plan assets	**(827)**	2,597	**(9,964)**
Employer contribution	**1,240**	1,393	**14,940**
Benefits paid—Others	**(1,645)**	(1,542)	**(19,819)**
Fair value of plan assets at end of year	**30,132**	31,364	**363,037**
Funded status at end of year	**¥ (7,592)**	¥ (6,365)	**$ (91,470)**

Amounts recognized by the Company in the consolidated balance sheets at March 31, 2011 and 2010 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Prepaid benefit cost	**¥ 114**	¥ 109	**$ 1,373**
Accrued benefit liability	**(7,706)**	(6,474)	**(92,843)**
	¥(7,592)	¥(6,365)	**$(91,470)**

Amounts recognized by the Company in accumulated other comprehensive loss at March 31, 2011 and 2010 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Actuarial loss	**¥20,333**	¥19,565	**$244,976**
Prior service credit	**(2,151)**	(2,415)	**(25,916)**
	¥18,182	¥17,150	**$219,060**

The Company's accumulated benefit obligations for defined benefit plans at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Accumulated benefit obligations	**¥37,724**	¥37,729	**$454,507**

The projected benefit obligations and the fair value of the plan assets for the Company's pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of the plan assets for the Company's pension plans with accumulated benefit obligations in excess of plan assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Plans with projected benefit obligations in excess of plan assets:			
Projected benefit obligations	**¥34,886**	¥34,428	**$420,313**
Fair value of plan assets	**27,180**	27,954	**327,470**
Plans with accumulated benefit obligations in excess of plan assets:			
Accumulated benefit obligations	**34,886**	34,428	**420,313**
Fair value of plan assets	**27,180**	27,954	**327,470**

Amounts recognized by the Company in the other comprehensive loss and reclassification adjustments of the other comprehensive loss for the years ended March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Current year actuarial (gain) loss	**¥ 1,851**	¥(3,833)	**$ 22,301**
Amortization of prior service credit	**264**	264	**3,181**
Recognition of actuarial loss	**(1,083)**	(2,338)	**(13,048)**

The estimated prior service credit and actuarial loss for the Company's defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next year are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Prior service credit	¥ (264)	$ (3,181)
Actuarial loss	1,198	14,434

Assumptions

Weighted-average assumptions used to determine the Company's benefit obligations at March 31, 2011 and 2010 were as follows:

	2011	2010
Discount rate	**1.4%**	1.5%

Weighted-average assumptions used to determine the Company's net periodic benefit cost for the years ended March 31, 2011, 2010 and 2009 were as follows:

	2011	2010	2009
Discount rate	**1.5%**	1.5%	2.0%
Expected long-term rate of return on plan assets	**1.8%**	2.2%	2.5%

Effective January 1, 2006, the Company introduced an amended contributory pension plan and lump-sum severance indemnities plan to establish a new formula for determining benefits including a point-based benefits system. Under such system benefits are calculated based on accumulated points allocated to employees each year according to their job classification, performance and years of service. Accordingly, rate of increase in future compensation levels was not used to determine net periodic benefit cost for the years ended March 31, 2011, 2010 and 2009.

The Company's expected long-term rate of return was determined by estimating the future rate of return of each plan asset considering actual historical returns.

Plan Assets

The Company's fundamental policy for the investment of plan assets is to secure the necessary profit on a long term basis to enable the Company to fund the payments for future pension benefits to eligible participants. Plan assets are allocated in accordance with the plan assets allocation policy, which is established for the purpose of achieving a stable rate of return on a mid to long term basis, by taking into account the expected rate of return on each plan asset, a standard deviation and a correlation coefficient. The variance between long-term expected return and actual return on invested plan assets is evaluated on an annual basis. The plan assets allocation policy is revised, when considered necessary, to achieve the expected long-term rate of return.

The Company's portfolio consists of four major components; approximately 33% is invested in equity securities, approximately 22% is invested in debt securities, approximately 27% is invested in life insurance company general accounts, and approximately 18% is invested in mutual funds and other investment vehicles. The equity securities consist primarily of stocks that are listed on the stock exchanges. The Company investigates the business condition of the investee companies and appropriately diversifies investments by industry types and other relevant factors. The debt securities consist primarily of government bonds, public debt instruments and corporate bonds. The Company investigates the quality of the bonds, including credit rating, interest rate and repayment dates, and appropriately diversifies the investments. Mutual funds are invested using the strategy consistent with the equity and debt securities described above. As for the life insurance general accounts, life insurance companies guarantee certain interest rate and repayment of principal.

The target asset allocation of the Company's contributory pension plan by asset class was 24% for equity securities, 45% for debt securities, 25% for life insurance company general accounts and 6% for others for the year ended March 31, 2011, and the target allocation for the year ending March 31, 2012 is 24% for equity securities, 45% for debt securities, 25% for life insurance company general accounts and 6% for others. Plan assets of the employee retirement benefit trust were included in plan assets, which amounted to ¥9,512 million ($114,602 thousand) and ¥10,570 million for the years ended March 31, 2011 and 2010.

The fair values of the Company's pension plans' asset allocations at March 31, 2011 and 2010 by asset class were as follows:

	Millions of Yen							
	2011				2010			
Asset class	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Equity securities:								
Domestic stocks	**¥ 7,833**			**¥ 7,833**	¥10,897			¥10,897
Foreign stocks	**2,255**			**2,255**	1,993			1,993
Debt securities:								
Japanese government bonds and domestic municipal bonds	**4,779**			**4,779**	2,847			2,847
Domestic corporate bonds	**988**			**988**	793			793
Foreign government bonds and foreign municipal bonds	**759**			**759**	1,618			1,618
Foreign corporate bonds	**78**			**78**	39			39
Life insurance company general accounts		**¥ 8,136**		**8,136**		¥6,219		6,219
Others:								
Mutual funds		**2,463**		**2,463**		3,087		3,087
Others	**2,302**	**2**	**¥537**	**2,841**	3,153	4	¥714	3,871
Total	**¥18,994**	**¥10,601**	**¥537**	**¥30,132**	¥21,340	¥9,310	¥714	¥31,364

	Thousands of U.S. Dollars			
	2011			
Asset class	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic stocks	**$ 94,373**			**$ 94,373**
Foreign stocks	**27,169**			**27,169**
Debt securities:				
Japanese government bonds and domestic municipal bonds	**57,578**			**57,578**
Domestic corporate bonds	**11,904**			**11,904**
Foreign government bonds and foreign municipal bonds	**9,145**			**9,145**
Foreign corporate bonds	**940**			**940**
Life insurance company general accounts		**$ 98,024**		**98,024**
Others:				
Mutual funds		**29,675**		**29,675**
Others	**27,735**	**24**	**$6,470**	**34,229**
Total	**$228,844**	**$127,723**	**$6,470**	**$363,037**

Level 1 assets are comprised principally of equity securities and government bonds, which are valued using unadjusted quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 assets are comprised principally of mutual funds that invest in equity and debt securities, and investments in life insurance company general accounts. Mutual funds, which are redeemable within 10 days, are valued at their net asset values which are calculated by the investment management companies. Investments in life insurance company general accounts are valued at the sum of original principal and accrued interest. The fair value of Level 3 assets consist of funds that invest principally in unlisted equity securities. Actual returns on, and purchases and sales of, these assets during the years ended March 31, 2011 and 2010 were not significant.

Contributions

The Company expects to contribute ¥1,348 million ($16,241 thousand) to the contributory pension plan in the year ending March 31, 2012.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future services, as appropriate, are expected to be made by the Company:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥2,061	$ 24,831
2013	1,994	24,024
2014	2,085	25,120
2015	1,949	23,482
2016	2,073	24,976
2017–2021	9,355	112,711

Certain of the Company's subsidiaries have defined benefit pension plans and lump-sum severance plans. The accrued retirement and severance liabilities of these subsidiaries are generally stated at actuarially determined present values of the future liabilities for benefits earned by eligible employees for their services as of the balance sheet date.

Summary information for the subsidiaries' plans as of and for the years ended March 31, 2011, 2010 and 2009 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Net periodic benefit cost for the year	**¥ 1,232**	¥ 1,428	¥ 1,745	**$ 14,843**
Benefit obligations at end of year	**13,237**	12,476	14,223	**159,482**
Fair value of plan assets at end of year	**3,713**	3,460	3,047	**44,735**
Liabilities recognized at end of year	**9,524**	9,016	11,176	**114,747**

Assumptions used for the above plans were generally the same as those used for the Company's plans.

Current portion of accrued benefit liability recognized at end of year was ¥231 million ($2,783 thousand), which was included in accrued expenses in the consolidated balance sheet at March 31, 2011.

Certain domestic subsidiaries contributed ¥511 million ($6,157 thousand), ¥487 million and ¥493 million to certain multiemployer plans for the years ended March 31, 2011, 2010 and 2009, respectively.

Certain domestic subsidiaries recognized the defined contribution cost of ¥417 million ($5,024 thousand), ¥409 million and ¥284 million for the years ended March 31, 2011, 2010 and 2009, respectively.

Additionally, the Companies provided for directors' retirement allowances of ¥582 million ($7,012 thousand) and ¥638 million at March 31, 2011 and 2010, respectively, based on their internal regulations.

Special severance benefits of ¥71 million ($855 thousand), ¥221 million and ¥1,835 million were paid in 2011, 2010 and 2009, respectively, to certain employees for early retirement and to employees transferred to certain subsidiaries. The amounts of special severance payments are included in cost and expenses—other in the consolidated statements of income.

10. STOCK-BASED COMPENSATION

On May 9, 2008, the Board of Directors resolved to abolish the stock option plan except for those stock options granted before March 31, 2008.

A summary of option activity under the Company's stock option plan at March 31, 2011 and changes during the year then ended were as follows:

	Shares	Yen	Years	Millions of Yen	U.S. Dollars	Thousands of U.S. Dollars
	Number of Options	Exercise Price	Average Remaining Contractual Life	Aggregate Intrinsic Value	Exercise Price	Aggregate Intrinsic Value
Outstanding at March 31, 2010	**375,000**	**¥1**			**$0**	
Granted						
Exercised	**(91,000)**	**1**			**0**	
Outstanding at March 31, 2011	**284,000**	**1**	11.5	¥298	**0**	**$3,590**
Exercisable at March 31, 2011	**51,000**	**¥1**	2.3	¥ 53	**$0**	**$ 639**

	Millions of Yen
	2009
Total compensation cost recognized under the fair value method during the year	¥40
Total income tax benefit recognized during the year	16

The total intrinsic value of options exercised during the years ended March 31, 2011, 2010 and 2009 was ¥96 million ($1,157 thousand), ¥35 million and ¥21 million, respectively.

Cash received from options exercised for the years ended March 31, 2011, 2010 and 2009 was immaterial.

11. EQUITY

On and after May 1, 2006, Japanese companies are subject to the companies act of Japan (the "Companies Act"), which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Companies Act that affect financial and accounting matters are summarized below;

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors of such company may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

The amount available for dividends under the Companies Act is based on the amount recorded in the Company's nonconsolidated books of accounts in accordance with Japanese accounting practices. The amount available for dividends under the Companies Act as of March 31, 2011 was ¥112,921 million ($1,360,494 thousand).

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, additional paid-in capital and legal reserve may be reversed upon resolution of the shareholders. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

On May 20, 1993, the Company made a stock split by way of a free share distribution at the rate of 0.1 shares for each outstanding share, and 20,703,062 shares were issued to share-holders of record on March 31, 1993, resulting in no change in the balance of common stock or capital surplus. Corporations in the United States issuing shares in similar transaction would be required to account for them by reducing retained earnings and increasing appropriate capital accounts by an amount equal to the fair value of the shares issued. If such United States practice had been applied to the fiscal 1994 free share distribution made by the Company, capital surplus would have increased by ¥33,746 million with a corresponding decrease in unappropriated retained earnings.

12. OTHER COMPREHENSIVE INCOME (LOSS)

The amounts of income tax allocated to each component of other comprehensive income (loss) and reclassification adjustments for the years ended March 31, 2011, 2010 and 2009 are as follows:

	Millions of Yen								
	2011			2010			2009		
	Before-Tax Amount	Income Tax	After-Tax Amount	Before-Tax Amount	Income Tax	After-Tax Amount	Before-Tax Amount	Income Tax	After-Tax Amount
Net unrealized gains (losses) on securities available-for-sale									
Amounts arising during the year	**¥(1,402)**	**¥ 575**	**¥ (827)**	¥ 258	¥ (106)	¥ 152	¥ (3,166)	¥1,298	¥ (1,868)
Reclassification adjustments for losses realized in net income	**455**	**(186)**	**269**	1,885	(773)	1,112	597	(245)	352
Net change during the year	**(947)**	**389**	**(558)**	2,143	(879)	1,264	(2,569)	1,053	(1,516)
Net unrealized gains (losses) on derivative financial instruments									
Amounts arising during the year	**(480)**	**197**	**(283)**	(456)	187	(269)	136	(56)	80
Reclassification adjustments for (gains) losses realized in net income	**756**	**(310)**	**446**	386	(158)	228	(244)	100	(144)
Net change during the year	**276**	**(113)**	**163**	(70)	29	(41)	(108)	44	(64)
Pension liability adjustments									
Amounts arising during the year	**(2,280)**	**935**	**(1,345)**	5,810	(2,382)	3,428	(14,435)	5,918	(8,517)
Reclassification adjustments for losses realized in net income	**784**	**(321)**	**463**	2,246	(921)	1,325	1,607	(659)	948
Net change during the year	**(1,496)**	**614**	**(882)**	8,056	(3,303)	4,753	(12,828)	5,259	(7,569)
Foreign currency translation adjustments									
Amounts arising during the year	**(2,888)**		**(2,888)**	(111)		(111)	(4,196)		(4,196)
Reclassification adjustments for (gains) losses realized in net income	**1**		**1**	18		18	(1,477)		(1,477)
Net change during the year	**(2,887)**		**(2,887)**	(93)		(93)	(5,673)		(5,673)
Other comprehensive income (loss)	**¥(5,054)**	**¥ 890**	**¥(4,164)**	¥10,036	¥(4,153)	¥5,883	¥(21,178)	¥6,356	¥(14,822)

	Thousands of U.S. Dollars		
	2011		
	Before-Tax Amount	Income Tax	After-Tax Amount
Net unrealized losses on securities available-for-sale			
Amounts arising during the year	**$(16,892)**	**$ 6,928**	**$ (9,964)**
Reclassification adjustments for losses realized in net income	**5,482**	**(2,241)**	**3,241**
Net change during the year	**(11,410)**	**4,687**	**(6,723)**
Net unrealized gains on derivative financial instruments			
Amounts arising during the year	**(5,782)**	**2,373**	**(3,409)**
Reclassification adjustments for losses realized in net income	**9,108**	**(3,735)**	**5,373**
Net change during the year	**3,326**	**(1,362)**	**1,964**
Pension liability adjustments			
Amounts arising during the year	**(27,471)**	**11,265**	**(16,206)**
Reclassification adjustments for losses realized in net income	**9,446**	**(3,867)**	**5,579**
Net change during the year	**(18,025)**	**7,398**	**(10,627)**
Foreign currency translation adjustments			
Amounts arising during the year	**(34,795)**		**(34,795)**
Reclassification adjustments for losses realized in net income	**12**		**12**
Net change during the year	**(34,783)**		**(34,783)**
Other comprehensive loss	**$(60,892)**	**$10,723**	**$(50,169)**

Accumulated other comprehensive loss, net of tax effects, at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Net unrealized gains on securities available-for-sale	**¥ 968**	¥ 1,526	**$ 11,663**
Net unrealized losses on derivative financial instruments	**(277)**	(440)	**(3,337)**
Pension liability adjustments	**(9,209)**	(8,327)	**(110,952)**
Foreign currency translation adjustments	**(7,713)**	(4,826)	**(92,928)**
Accumulated other comprehensive loss	**¥(16,231)**	¥(12,067)	**$(195,554)**

13. LEASED ASSETS AND RENT EXPENSE

The Companies lease certain buildings, machinery and equipment under capital leases. The amounts of these leased assets included in the consolidated balance sheets at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Buildings	**¥ 14,986**	¥ 14,986	**$ 180,554**
Machinery and equipment	**13,427**	11,532	**161,771**
Total	**28,413**	26,518	**342,325**
Less accumulated depreciation	**(16,152)**	(12,843)	**(194,602)**
Total	**¥ 12,261**	¥ 13,675	**$ 147,723**

The following is a schedule of the future minimum lease payments under capital leases together with the present value of net minimum lease payments which are included in the consolidated balance sheets at March 31, 2011.

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 3,434	$ 41,373
2013	3,122	37,614
2014	2,692	32,434
2015	2,170	26,145
2016	1,831	22,060
Thereafter	2,188	26,362
Total minimum lease payments	15,437	185,988
Less amount representing interest	(927)	(11,169)
Present value of net minimum lease payments	14,510	174,819
Less current capital lease obligations	(3,150)	(37,952)
Long-term capital lease obligations	¥11,360	$136,867

The Companies also lease office space, employee housing and office equipment under operating leases. Rent expense under these leases amounted to ¥10,547 million ($127,072 thousand), ¥11,742 million and ¥12,464 million for the years ended March 31, 2011, 2010 and 2009, respectively.

Future minimum lease payments under non-cancelable operating leases as of March 31, 2011 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 2,076	$ 25,012
2013	1,448	17,446
2014	958	11,542
2015	783	9,434
2016	664	8,000
Thereafter	4,873	58,711
Total minimum lease payments	¥10,802	$130,145

14. FOREIGN CURRENCY TRANSACTION GAINS AND LOSSES

Foreign currency transaction net gain of ¥1,474 million ($17,759 thousand), ¥2,433 million and ¥996 million were included in the determination of net income for the years ended March 31, 2011, 2010 and 2009, respectively.

15. FAIR VALUE MEASUREMENTS

ASC Topic 820 clarifies fair value in terms of the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. ASC Topic 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. Under ASC Topic 820, the Companies are required to classify certain assets and liabilities based on the following fair value hierarchy:

Level 1 Input—Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 Input—Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3 Input—Unobservable inputs for the assets or liabilities

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2011 and 2010 are as follows:

	Millions of Yen							
	2011				2010			
Assets	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Domestic stocks								
Retail industry	**¥ 5,058**			**¥ 5,058**	¥ 5,669			¥ 5,669
Others	**6,984**			**6,984**	7,728			7,728
Mutual funds		**¥ 300**		**300**		¥ 301		301
Derivative instruments (see Note 16)		**1,082**		**1,082**		1,105		1,105
Total assets	**¥12,042**	**¥1,382**		**¥13,424**	¥13,397	¥1,406		¥14,803

	Millions of Yen							
	2011				2010			
Liabilities	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative instruments (see Note 16)		**¥905**		**¥905**		¥679		¥679
Total liabilities		**¥905**		**¥905**		¥679		¥679

	Thousands of U.S. Dollars			
	2011			
Assets	Level 1	Level 2	Level 3	Total
Domestic stocks				
Retail industry	**$ 60,940**			**$ 60,940**
Others	**84,145**			**84,145**
Mutual funds		**$ 3,614**		**3,614**
Derivative instruments (see Note 16)		**13,036**		**13,036**
Total assets	**$145,085**	**$16,650**		**$161,735**

	Thousands of U.S. Dollars			
	2011			
Liabilities	Level 1	Level 2	Level 3	Total
Derivative instruments (see Note 16)		**$10,904**		**$10,904**
Total liabilities		**$10,904**		**$10,904**

Valuation techniques used to measure fair value are as follows:

Domestic stocks

Domestic stocks are measured at fair value using quoted prices in active markets for identical assets. These inputs fall within Level 1.

Mutual funds

Mutual funds are measured using observable inputs, such as published prices based on market trends obtained from financial institutions, and classified as Level 2.

Derivative instruments

Derivative instruments consist of foreign currency forward exchange contracts, interest rate swap contracts and currency swap contracts. These derivatives are measured at fair value using discounted cash flow model matched to the contractual terms with observable market data such as forward exchange rates and market interest rates, which fall within Level 2.

The table below shows assets measured at fair value on a nonrecurring basis during the years ended March 31, 2011 and 2010 of which ¥134 million ($1,614 thousand) and ¥721 million have already been sold to a third party for the years ended March 31, 2011 and 2010, respectively.

	Millions of Yen				Thousands of U.S. Dollars			
	2011				**2011**			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Non-marketable equity securities			**¥ 263**	**¥ 263**			**$ 3,169**	**$ 3,169**
Long-lived assets			**1,387**	**1,387**			**16,711**	**16,711**

	Millions of Yen			
	2010			
	Level 1	Level 2	Level 3	Total
Long-lived assets			¥1,204	¥1,204

Valuation techniques used to measure fair value are as follows:

Non-marketable equity securities

In accordance with ASC Topic 320, "Investments—Debt and Equity Securities," the Companies recognize impairment losses of non-marketable equity securities when their fair values are below the carrying amounts and the decline in fair values is considered to be other than temporary. These non-marketable equity securities are measured at fair value using unobservable inputs based mainly on the valuation by the cost approach, which fall within Level 3.

Long-lived assets

In accordance with ASC Topic 360, the Companies recognize impairment losses on long-lived assets when the carrying amounts of the assets are considered to be unrecoverable. These long-lived assets are measured at fair value using unobservable inputs such as future expected cash flows and the prices calculated based upon market data for comparable assets, which fall within Level 3.

The carrying amounts and fair values of financial instruments at March 31, 2011 and 2010 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2011		2010		**2011**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale securities and held-to-maturity securities (see Note 3)	**¥ 32,539**	**¥ 32,539**	¥ 13,908	¥ 13,908	**$ 392,037**	**$ 392,037**
Derivative instruments						
Assets	**1,082**	**1,082**	1,105	1,105	**13,036**	**13,036**
Liabilities	**(905)**	**(905)**	(679)	(679)	**(10,904)**	**(10,904)**
Long-term debt	**(97,409)**	**(100,272)**	(123,544)	(127,644)	**(1,173,603)**	**(1,208,096)**

The carrying values of all other financial instruments approximate their estimated fair values. The fair values of long-term debt are estimated using quoted market prices for identical debt or present values of cash flows using borrowing rates currently available to the Companies for bank loans with similar terms.

The Companies do not have any significant concentration of business transacted with an individual counter-party or groups of counter-parties that could severely impact their operations.

16. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Companies are exposed to certain risks relating to their ongoing business operations. The primary risks managed by using derivative instruments are foreign exchange rate risk (principally in U.S. dollars), interest rate risk and lean hog price risk. The Companies use foreign currency forward exchange contracts, currency swap contracts and currency option contracts to mitigate foreign exchange risk. The Company uses interest rate swap contract to mitigate interest rate risk relating to floating-rate borrowing. Forward contracts on lean hog prices are entered into to mitigate lean hog price risk.

The Companies document their risk management objectives and strategies for undertaking hedge transactions. All derivative financial instruments are entered into under these objectives and strategies and related rules which regulate transactions.

ASC Topic 815 requires the Companies to recognize all derivative instruments as either assets or liabilities at fair value in the statement of financial position. In accordance with ASC Topic 815, the Companies designate certain foreign currency forward exchange contracts as cash flow hedges of forecasted transactions and designate interest rate swap contract as cash flow hedges of future interest payments.

Cash flow hedges

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. If the critical terms of derivative instruments and the hedged items are the same, changes in cash flows attributable to the risk being hedged are expected to completely offset at inception and on an ongoing basis. The net gains or losses excluded from the assessment of hedge effectiveness were immaterial for the years ended March 31, 2011, 2010 and 2009.

At March 31, 2011 and 2010, contract amounts or notional principal amounts of derivative instruments that qualify for cash flow hedges are set forth below:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Interest rate swap contract		¥5,000	
Foreign currency forward exchange contracts	**¥2,744**	7,536	**$33,060**

At March 31, 2011, an unrecognized loss (net of tax) of ¥277 million ($3,337 thousand) relating to existing foreign currency forward exchange contracts is included in accumulated other comprehensive loss, which is expected to be reclassified into loss within 12 months from March 31, 2011. The maximum length of time over which the Companies are hedging their exposures to the variability in future cash flows for forecasted transactions is approximately 10 months.

Derivative instruments which do not qualify for hedge accounting

These derivative instruments are used to mitigate foreign exchange risk and interest rate risk. The changes in fair value of such derivative instruments are recorded in earnings immediately.

At March 31, 2011 and 2010, contract amounts or notional principal amounts of derivative instruments that do not qualify for hedge accounting are set forth below:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Interest rate swap contracts	**¥ 2,736**		**$ 32,964**
Foreign currency forward exchange contracts and currency swap contracts	**51,114**	¥ 32,325	**615,831**

The Companies also have a policy that derivatives are not used for other than hedging activities.

As of March 31, 2011, the Companies had no significant concentration of credit risk.

The Companies' derivative instruments contain no provisions that require the Companies' debt to maintain an investment grade credit rating from each of the major credit rating agencies.

The location and fair value amounts of derivative instruments on the consolidated balance sheets are as follows:

	2011			
Millions of Yen	Derivative assets		Derivative liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under ASC Topic 815				
Foreign currency forward exchange contracts			Other current liabilities	**¥405**
Sub-Total				**405**
Derivatives not designated as hedging instruments under ASC Topic 815				
Interest rate swap contracts			Other current liabilities	**3**
Foreign currency forward exchange contracts and currency swap contracts	Other current assets	**¥1,082**	Other current liabilities	**497**
Sub-Total		**1,082**		**500**
Total (see Note 15)		**¥1,082**		**¥905**

Millions of Yen	2010			
	Derivative assets		Derivative liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under ASC Topic 815				
Interest rate swap contract			Other current liabilities	¥ 19
Foreign currency forward exchange contracts	Other assets	¥ 42	Other current liabilities	476
			Other long-term liabilities	147
Sub-Total		42		642
Derivatives not designated as hedging instruments under ASC Topic 815				
Foreign currency forward exchange contracts	Other current assets	1,063	Other current liabilities	37
Sub-Total		1,063		37
Total (see Note 15)		¥1,105		¥679

Thousands of U.S. Dollars	**2011**			
	Derivative assets		Derivative liabilities	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under ASC Topic 815				
Foreign currency forward exchange contracts			Other current liabilities	**$ 4,880**
Sub-Total				**4,880**
Derivatives not designated as hedging instruments under ASC Topic 815				
Interest rate swap contracts			Other current liabilities	**36**
Foreign currency forward exchange contracts and currency swap contracts	Other current assets	**$13,036**	Other current liabilities	**5,988**
Sub-Total		**13,036**		**6,024**
Total (see Note 15)		**$13,036**		**$10,904**

The effect of derivative instruments designated and qualifying in cash flow hedges under ASC Topic 815 on the consolidated statements of income and changes in equity for the years ended March 31, 2011 and 2010, and for the three months ended March 31, 2009 is as follows:

Millions of Yen	Amount of Loss Recognized in Other Comprehensive Loss on Derivative (Effective Portion)	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2011	Location	**2011**	Location	**2011**
Interest rate swap contract	**¥ (2)**	Interest expense	**¥ (21)**		
Foreign currency forward exchange contracts	**(478)**	Cost of goods sold	**(735)**		
Total	**¥(480)**		**¥(756)**		

Millions of Yen	Amount of Loss Recognized in Other Comprehensive Income on Derivative (Effective Portion)	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2010	Location	2010	Location	2010
Interest rate swap contract	¥ (14)	Interest expense	¥ (11)		
Foreign currency forward exchange contracts and currency swap contracts	(480)	Cost of goods sold	(365)		
Total	¥(494)		¥(376)		

Millions of Yen	Amount of Gain Recognized in Other Comprehensive Loss on Derivative (Effective Portion)	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Three months ended March 31, 2009	Location	Three months ended March 31, 2009	Location	Three months ended March 31, 2009
Interest rate swap contract	¥ 11				
Foreign currency forward exchange contracts and currency swap contracts	966	Cost of goods sold	¥(91)		
Total	¥977		¥(91)		

Thousands of U.S. Dollars	Amount of Loss Recognized in Other Comprehensive Loss on Derivative (Effective Portion)	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2011	Location	**2011**	Location	**2011**
Interest rate swap contract	**$ (24)**	Interest expense	**$ (253)**		
Foreign currency forward exchange contracts	**(5,758)**	Cost of goods sold	**(8,855)**		
Total	**$(5,782)**		**$(9,108)**		

The effect of derivative instruments not designated or qualifying as hedging instruments under ASC Topic 815 on the consolidated statements of income for the years ended March 31, 2011 and 2010, and for the three months ended March 31, 2009 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	Amount of Gain or (Loss) Recognized in Income on Derivative		Amount of Gain or (Loss) Recognized in Income on Derivative
	Location	**2011**	**2011**
Interest rate swap contract	Interest expense	**¥ (3)**	**$ (36)**
Foreign currency forward exchange contracts and currency swap contracts	Net sales	**965**	**11,627**
	Cost of goods sold	**(1,327)**	**(15,988)**
	Other	**(531)**	**(6,398)**
Total		**¥ (896)**	**$(10,795)**

	Millions of Yen	
	Amount of Gain Recognized in Income on Derivative	
	Location	2010
Foreign currency forward exchange contracts	Net sales	¥ 23
	Cost of goods sold	2,591
Total		¥2,614

	Millions of Yen	
	Amount of Gain Recognized in Income on Derivative	
	Location	Three months ended March 31, 2009
Foreign currency forward exchange contracts	Net sales	¥ 52
	Cost of goods sold	473
Total		¥525

17. SEGMENT INFORMATION

ASC Topic 280, "Segment Reporting" requires a public business enterprise to report information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The operating segments are determined based on the nature of the products and services offered. The Companies' reportable segments consist of the following three business groups.

Processed Foods Business Division—Production and sales of mainly hams & sausages, processed foods
Fresh Meats Business Division —Production and sales of mainly fresh meats
Affiliated Business Division —Production and sales of mainly marine products and dairy products

Intersegment transactions are made with reference to prevailing market prices.

The operating segment information at March 31, 2010 and 2009 and for the years then ended has been reclassified to conform to the current year presentation.

The following table presents certain information regarding the Companies' operating segments at March 31, 2011, 2010 and 2009 and for the years then ended.

Operating segment information

	Millions of Yen					
	2011					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
External customers	**¥314,821**	**¥557,482**	**¥129,521**	**¥1,001,824**	**¥ (12,516)**	**¥989,308**
Intersegment	**23,206**	**86,845**	**2,703**	**112,754**	**(112,754)**	
Total	**338,027**	**644,327**	**132,224**	**1,114,578**	**(125,270)**	**989,308**
Operating expenses	**329,398**	**620,307**	**130,552**	**1,080,257**	**(124,124)**	**956,133**
Segment profit	**8,629**	**24,020**	**1,672**	**34,321**	**(1,146)**	**33,175**
Assets	**170,160**	**294,507**	**43,473**	**508,140**	**82,548**	**590,688**
Depreciation and amortization	**9,713**	**9,396**	**1,659**	**20,768**	**3,347**	**24,115**
Capital expenditures	**9,250**	**6,249**	**1,695**	**17,194**	**(5)**	**17,189**

	Millions of Yen					
	2010					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
External customers	¥308,133	¥526,799	¥130,027	¥ 964,959	¥ (11,343)	¥953,616
Intersegment	21,303	78,129	2,500	101,932	(101,932)	
Total	329,436	604,928	132,527	1,066,891	(113,275)	953,616
Operating expenses	320,463	588,469	131,911	1,040,843	(112,082)	928,761
Segment profit	8,973	16,459	616	26,048	(1,193)	24,855
Assets	172,790	288,872	43,363	505,025	99,176	604,201
Depreciation and amortization	9,333	9,504	1,690	20,527	3,881	24,408
Capital expenditures	9,219	7,571	1,293	18,083	1,671	19,754

	Millions of Yen					
	2009					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
External customers	¥312,826	¥597,700	¥129,198	¥1,039,724	¥ (11,275)	¥1,028,449
Intersegment	21,687	89,098	3,310	114,095	(114,095)	
Total	334,513	686,798	132,508	1,153,819	(125,370)	1,028,449
Operating expenses	328,825	670,491	133,028	1,132,344	(125,312)	1,007,032
Segment profit (loss)	5,688	16,307	(520)	21,475	(58)	21,417
Assets	174,110	298,649	43,885	516,644	67,040	583,684
Depreciation and amortization	8,989	9,459	1,601	20,049	3,951	24,000
Capital expenditures	9,963	8,834	1,768	20,565	1,583	22,148

	Thousands of U.S. Dollars					
	2011					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, adjustments and others	Consolidated
Net sales						
External customers	**$3,793,024**	**$6,716,651**	**$1,560,494**	**$12,070,169**	**$ (150,796)**	**$11,919,373**
Intersegment	**279,590**	**1,046,325**	**32,566**	**1,358,481**	**(1,358,481)**	
Total	**4,072,614**	**7,762,976**	**1,593,060**	**13,428,650**	**(1,509,277)**	**11,919,373**
Operating expenses	**3,968,651**	**7,473,578**	**1,572,916**	**13,015,145**	**(1,495,470)**	**11,519,675**
Segment profit	**103,963**	**289,398**	**20,144**	**413,505**	**(13,807)**	**399,698**
Assets	**2,050,120**	**3,548,277**	**523,771**	**6,122,168**	**994,555**	**7,116,723**
Depreciation and amortization	**117,024**	**113,205**	**19,988**	**250,217**	**40,325**	**290,542**
Capital expenditures	**111,446**	**75,289**	**20,422**	**207,157**	**(61)**	**207,096**

1. "Eliminations, adjustments and others" include unallocated items and intersegment eliminations.
2. Except for a few unallocated items, corporate overhead expenses and profit and loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the Companies included in each reportable operating segment.
3. Segment profit (loss) represents net sales less cost of goods sold and selling, general and administrative expenses.
4. Unallocated corporate assets included in "Eliminations, adjustments and others" mainly consist of time deposits, marketable securities and other investment securities of the Company.
5. Depreciation and amortization consist of depreciation of tangible fixed assets and amortization of intangible fixed assets. Depreciation and amortization related to each reportable segment do not include those which are included in the corporate overhead expenses and profit and loss of certain subsidiaries as described at Note 2 above.
6. Capital expenditures represent the additions to tangible and intangible fixed assets.
7. Discontinued operations are included in Fresh Meats Business Division. The reclassification to income from discontinued operations is included in "Eliminations, adjustments and others."

The following table shows reconciliations of the total of the segment profit to income from continuing operations before income taxes and equity in earnings (losses) of associated companies for the years ended March 31, 2011, 2010 and 2009.

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Segment profit total	**¥34,321**	¥26,048	¥ 21,475	**$413,505**
Interest expenses	**(2,125)**	(2,125)	(2,506)	**(25,602)**
Other revenues and (expenses)	**(1,527)**	1,294	(12,624)	**(18,397)**
Eliminations, adjustments and others	**(1,146)**	(1,193)	(58)	**(13,807)**
Income from continuing operations before income taxes and equity in earnings (losses) of associated companies	**¥29,523**	¥24,024	¥ 6,287	**$355,699**

In accordance with the reclassification of minority interest in net income on the consolidated statements of income, which used to be included in "Cost and expenses—other," and is now presented independently as "net income attributable to noncontrolling interests," the information for the year ended March 31, 2009 has been reclassified to conform to the presentation for the years ended March 31, 2011 and 2010.

Net sales to external customers for products and services for the years ended March 31, 2011, 2010 and 2009 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Hams and sausages	**¥134,941**	¥137,549	¥ 138,876	**$ 1,625,795**
Processed foods	**197,745**	188,870	187,456	**2,382,470**
Fresh meats	**530,154**	496,100	566,423	**6,387,398**
Marine products	**80,435**	82,570	83,759	**969,096**
Dairy products	**21,903**	21,985	22,215	**263,892**
Others	**24,130**	26,542	29,720	**290,722**
Consolidated total	**¥989,308**	¥953,616	¥1,028,449	**$11,919,373**

Certain information about geographic areas at March 31, 2011, 2010 and 2009 and for the years then ended was as follows:

(1) Net sales to external customers

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Japan	**¥918,888**	¥892,872	¥ 952,490	**$11,070,940**
Other countries	**70,420**	60,744	75,959	**848,433**
Total	**¥989,308**	¥953,616	¥1,028,449	**$11,919,373**

Net sales to external customers are attributed to geographic areas based on the countries of the Companies' domiciles.

(2) Long-lived assets

	Millions of Yen			Thousands of U.S. Dollars
	2011	2010	2009	**2011**
Japan	**¥212,504**	¥221,106	¥226,212	**$2,560,289**
Other countries	**17,871**	19,113	19,369	**215,313**
Total	**¥230,375**	¥240,219	¥245,581	**$2,775,602**

Long-lived assets mainly consist of property, plant and equipment.

There were no sales to a single major external customer exceeding 10% of net sales for the years ended March 31, 2011, 2010 and 2009.

18. DISCONTINUED OPERATIONS

During the year ended March 31, 2009, the Company's consolidated subsidiary in Australia, which engaged in producing and selling hogs, sold its fixed assets to a third party. The decision to discontinue the operation was due to the deterioration of future expected cash flows as a result of declining profitability. The operations fall under the discontinued operations in accordance with ASC Topic 205 and are included in the Fresh Meats Business Division under ASC Topic 280.

The components of income from discontinued operations for the year ended March 31, 2009 are summarized as follows:

	Millions of Yen
	2009
Revenues	¥2,507
Cost and expenses	2,270
Gain on disposal	587
Income before income taxes	824
Income taxes	271
Income from discontinued operations—Net of applicable income taxes	¥ 553

19. COMMITMENTS AND CONTINGENT LIABILITIES

The Companies guarantee certain financial liabilities of associated companies and certain suppliers. At March 31, 2011, the maximum potential amount of future payments which the Companies could be required to make under these guarantees is ¥816 million ($9,831 thousand) and the carrying amount of the liability recognized under these guarantees is ¥100 million ($1,205 thousand). The guarantees with suppliers are secured by certain properties and real estates.

20. EVENTS SUBSEQUENT TO MARCH 31, 2011

On May 13, 2011, the Board of Directors resolved to pay cash dividends to shareholders of record at March 31, 2011 of ¥16 ($0.19) per share, for a total of ¥3,403 million ($41,000 thousand).

The Companies evaluated subsequent events that have occurred after March 31, 2011 through the date that the Yukashouken-houkokusho (Annual Securities Report filed under the Financial Instruments and Exchange Act of Japan) was issued (June 27, 2011).

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Nippon Meat Packers, Inc.:

We have audited the accompanying consolidated balance sheets of Nippon Meat Packers, Inc. and subsidiaries as of March 31, 2011 and 2010 and the related consolidated statements of income, changes in equity and cash flows for each of the three years in the period ended March 31, 2011 (all expressed in Japanese yen). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nippon Meat Packers, Inc. and subsidiaries at March 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2011

Member of
Deloitte Touche Tohmatsu Limited

NOTE TO READERS:
Following is an English translation of management's report on internal control over financial reporting filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information.

Readers should be particularly aware of the differences between an assessment of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the standards of the Public Company Accounting Oversight Board (United States) ("ICFR under PCAOB");

- In an assessment of ICFR under FIEA, there is detailed guidance on the scope of an assessment of ICFR, such as quantitative guidance on business location selection and/or account selection. In an assessment of ICFR under PCAOB, there is no such detailed guidance. Accordingly, for the assessment of entity-level internal controls, the companies which represent the top 95% of consolidated net sales and other financial indicators are selected. For the assessment of internal control over business processes, the companies which cover approximately two-thirds of the previous year's consolidated net sales and cost of goods sold (excluding inter-company transactions) are selected. Additional business processes, if any, which could have a significant impact on financial reporting, are also included in the scope.
- In an assessment of ICFR under FIEA, the scope includes ICFR of equity method investees. In an assessment of ICFR under PCAOB, the scope does not include ICFR of equity method investees.

Management's Report on Internal Control

1. Matters relating to the basic framework for internal control over financial reporting

Hiroshi Kobayashi, President and Representative Director, is responsible for designing and operating effective internal control over financial reporting of our company ("the Company") and has designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2011, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidation basis ("entity-level controls") and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts on financial reporting. In light of the results of assessment of entity-level controls conducted for the Company and its consolidated subsidiaries, we reasonably determined the scope of assessment of internal control over business processes. Regarding certain consolidated subsidiaries and equity-method affiliated companies that did not fall within the top 95% in terms of potential financial impact, calculated using net sales and other financial indicators, we concluded that they do not have any material impact on the consolidated financial statements, and thus, did not include them in the scope of assessment of entity-level controls.

Regarding the scope of assessment of internal control over business processes, we selected locations and business units to be tested based on the previous year's consolidated net sales and cost of sales (after elimination of inter-company transactions), and top nineteen companies whose net sales and cost of sales reach two-thirds of the total sales and cost of sales on a consolidation basis, were selected as "significant locations and/or business units". We included in the scope of assessment, at the selected significant locations and/or business units, business processes leading to sales, accounts receivable and inventories as significant accounts that may have a material impact on the business objectives of the Company. Further, in addition to selected significant locations and/or business units, we also selected for testing, as business processes having greater materiality, business processes relating to (i) greater likelihood of material misstatements and/or (ii) significant accounts involving estimates and the management's judgment and/or (iii) a business or operation dealing with high-risk transactions, taking into account their impact on the financial reporting.

3. Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of this fiscal year, we concluded that the Company's internal control over financial reporting of the consolidated financial statements was effectively maintained.

4. Supplementary information

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5. Other matters warranting special mention

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Hiroshi Kobayashi
President and Representative Director
Nippon Meat Packers, Inc.

NOTE TO READERS:
Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. Readers should be aware that this report is presented merely as supplemental information.

Readers should be particularly aware of the differences between an audit of internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act ("ICFR under FIEA") and one conducted under the standards of the Public Company Accounting Oversight Board (United States) ("ICFR under PCAOB");

- In an audit of ICFR under FIEA, the auditors express an opinion on management's report on ICFR, and do not express an opinion on the Company's ICFR directly. In an audit of ICFR under PCAOB, the auditors express an opinion on the Company's ICFR directly.
- In an audit of ICFR under FIEA, there is detailed guidance on the scope of an audit of ICFR, such as quantitative guidance on business location selection and/or account selection. In an audit of ICFR under PCAOB, there is no such detailed guidance. Accordingly, for the assessment of entity-level internal controls, the companies which represent the top 95% of consolidated net sales and other financial indicators are selected. For the assessment of internal control over business processes, the companies which cover approximately two-thirds of the previous year's consolidated net sales and cost of goods sold (excluding inter-company transactions) are selected. Additional business processes, if any, which could have a significant impact on financial reporting, are also included in the scope.
- In an audit of ICFR under FIEA, the scope includes ICFR of equity method investees. In an audit of ICFR under PCAOB, the scope does not include ICFR of equity method investees.

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT
(filed under the Financial Instruments and Exchange Act of Japan)

June 27, 2011

To the Board of Directors of Nippon Meat Packers, Inc.

Deloitte Touche Tohmatsu LLC
Designated Unlimited Liability Partner, Engagement Partner, Certified Public Accountant: Koji Yabuki
Designated Unlimited Liability Partner, Engagement Partner, Certified Public Accountant: Wakyu Shinmen
Designated Unlimited Liability Partner, Engagement Partner, Certified Public Accountant: Koichi Sekiguchi

Audit of Financial Statements
Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated balance sheet and the related consolidated statements of income, changes in equity and cash flows, and consolidated supplementary schedules of Nippon Meat Packers, Inc. and consolidated subsidiaries for the fiscal year from April 1, 2010 to March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nippon Meat Packers, Inc. and consolidated subsidiaries as of March 31, 2011, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America (Refer to Note 1 to the consolidated financial statements).

Audit of Internal Control over Financial Reporting
Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Nippon Meat Packers, Inc. as of March 31, 2011. The Company's management is responsible for designing and operating effective internal control over financial reporting and preparing its report on internal control over financial reporting. Our responsibility is to express an opinion on management's report on internal control over financial reporting based on our audit. There is a possibility that material misstatements will not completely be prevented or detected by internal control over financial reporting.

We conducted our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control over financial reporting is free of material misstatement. An audit includes examining, on a test basis, the scope, procedures and results of assessment of internal control made by management, as well as evaluating the overall presentation of the management's report on internal control over financial reporting. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Nippon Meat Packers, Inc. as of March 31, 2011 is effectively maintained, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Main Group Companies

As of April 1, 2011

Production and Breeding
Nippon White Farm Co., Ltd. (Japan)
Interfarm Co., Ltd. (Japan)
Nippon Feed Co., Ltd. (Japan)
Oakey Holdings Pty. Ltd. (Australia)
Texas Farm, LLC (USA)

Processing and Packing of Fresh Meat
Nippon Food Packer, Inc. (Japan)
Nippon Food Packer Kagoshima, Inc. (Japan)
Nippon Food Packer Shikoku, Inc. (Japan)
Nippon Pure Food, Inc. (Japan)
Oakey Abattoir Pty. Ltd. (Australia)
Thomas Borthwick & Sons (Australia) Pty. Ltd. (Australia)
New Wave Leathers Pty. Ltd. (Australia)

Sales of Fresh Meat
Higashi Nippon Food, Inc. (Japan)
Kanto Nippon Food, Inc. (Japan)
Naka Nippon Food, Inc. (Japan)
Nishi Nippon Food, Inc. (Japan)
Nippon Meat Packers Australia Pty. Ltd. (Australia)
Day-Lee Foods, Inc. (USA)

Production and Sales of Hams and Sausages
Nippon Ham Hokkaido Factory Co., Ltd. (Japan)
Nippon Ham Factory Co., Ltd. (Japan)
Tohoku Nippon Ham Co., Ltd. (Japan)
Minami Nippon Ham Co., Ltd. (Japan)
Hakodate Carl Raymon Co., Ltd. (Japan)
Kamakura Ham Tomioka Co., Ltd. (Japan)
Tochiku Ham Co., Ltd. (Japan)
Kyodo Foods Co., Ltd. (Japan)
Japan Assorted Business Services Co., Ltd. (Japan)
Tianjin Longtai Food Co., Ltd. (China)

Production of Processed Foods
Nippon Ham Shokuhin Co., Ltd. (Japan)
Nippon Ham Sozai Co., Ltd. (Japan)
Nippon Shokuhin Mexicana S.A. de C.V. (Mexico)
Weihai Nippon Shokuhin Co., Ltd. (China)
Shandong Rilong Foodstuffs Co., Ltd. (China)
Thai Nippon Foods Co., Ltd. (Thailand)

Sales of Hams, Sausages and Processed Foods
Nippon Ham Hokkaido Hanbai Co., Ltd. (Japan)
Nippon Ham Higashi Hanbai Co., Ltd. (Japan)
Nippon Ham Nishi Hanbai Co., Ltd. (Japan)
Nippon Ham Customer Communication Co., Ltd. (Japan)

Production and Sales of Processed Marine Products
Marine Foods Corporation (Japan)
Hoko Co., Ltd. (Japan)

Production and Sales of Dairy Products and Lactic Acid Probiotic Beverages
Nippon Luna, Inc. (Japan)
Hoko Co., Ltd. (ROLF Division) (Japan)

Production and Sales of Natural Seasonings
Nippon Pure Food, Inc. (Japan)

Production and Sales of Freeze-Dried and Frozen Foods
Nippon Dry Foods Co., Ltd. (Japan)
Nippon Ham Deli News Co., Ltd. (Japan)

Production and Sales of Health Foods
Nippon Meat Packers Inc. R&D Center (Japan)
Nippon Ham Health Creation Co., Ltd. (Japan)

Professional Sports
Hokkaido Nippon Ham Fighters Baseball Club Co., Ltd. (Japan)
Osaka Football Club Co., Ltd. (Cerezo Osaka) (Japan) (equity method company)

IT, Services and Other Businesses
Nippon Ham Business Expert Corporation (Japan)
Nippon Ham Life Service Co., Ltd. (Japan)
Nippon Ham Career Consulting, Inc. (Japan)
Nippon Ham Designing, Inc. (Japan)

Logistics and Trading
Nippon Chilled Logistics, Inc. (Japan)
Nippon Logistics Center, Inc. (Japan)
Nippon Ham Daily Net Co., Ltd. (Japan)
Nippon Route Service Co., Ltd. (Japan)
Japan Food Corporation (Japan)
Nippon Meat Packers Inc. (Chile) Y Compania Limitada (Chile)
Nippon Meat Packers Singapore Pte. Ltd. (Singapore)
Thai Nippon Meat Packers Co., Ltd. (Thailand)
Nippon Meat Packers (Taiwan) Inc. (Taiwan)
Nippon Meat Packers U.K. Ltd. (The United Kingdom)

Nippon Meat Packers, Inc.

As of March 31, 2011

Corporate Data

Established	May 30, 1949
Capital	¥24,166 million
President	Hiroshi Kobayashi
Employees	15,118 (consolidated)
	1,958 (non-consolidated)
Main Businesses	Manufacture and sale of processed meats (hams, sausages, etc.) and cooked foods (retort-packed food, pre-prepared foods, etc.), and the import, purchase and sale of fresh meats
Head Office	6-14, Minami-Honmachi 3-chome, Chuo-ku, Osaka 541-0054, Japan
Telephone	+81- 6-6282-3031

Share Data

Authorized Shares	570,000,000
Issued and Outstanding	228,445,350
Shareholders	10,731

Shareholders by Category

Financial institutions	63	(111,615 thousand shares)
Foreign investors	378	(62,499 thousand shares)
Other companies	343	(12,933 thousand shares)
Individual/Other	9,916	(18,851 thousand shares)
Other	31	(22,546 thousand shares)

Shareholders by Holding

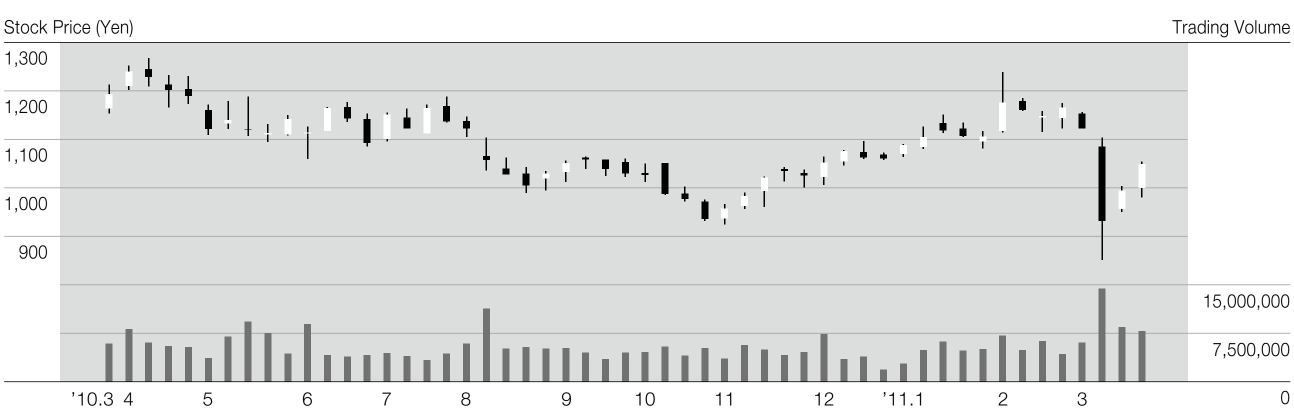
Less than 1,000	1,817	(261 thousand shares)
1,000–Less than 10,000	8,405	(12,948 thousand shares)
10,000–Less than 100,000	328	(9,911 thousand shares)
100,000–Less than 1 million	142	(51,322 thousand shares)
1 million–Less than 5 million	30	(67,449 thousand shares)
More than 5 million	9	(86,554 thousand shares)

Major Shareholders (Top 10 by shareholding)

Name	Shareholding (thousands of shares)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,838
Japan Trustee Services Bank, Ltd. (Trust account)	11,662
Hyakujushi Bank, Ltd.	9,037
Meiji Yasuda Life Insurance Company	7,354
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,326
Nippon Life Insurance Company	6,962
Japan Trustee Services Bank, Ltd. (Trust account 9)	6,710
The Norinchukin Bank	5,926
NIPPONKOA Insurance Company, Ltd.	4,990
Sumitomo Mitsui Banking Corporation	4,650

Note: In addition to the list above, the Company holds 15,736 thousand shares of common stock.

Stock Price Trend



The Nippon Ham Group's Brand Statement

The Brilliance of People for the Future of Food

The Nippon Ham Group's brand statement encompasses its commitment to providing products that communicate the "Joy of Eating," thereby contributing positively to healthy, joyful lives and to the building of a positive future in which people can realize their full potential. Looking ahead, we will continue to incorporate the customer's perspective into everything we do and to place our highest priority on people—our customers, the residents of the communities and countries in which we operate, the children who will inherit the earth, our employees. This brand statement will continue to guide us in all our activities.

Nippon Meat Packers, Inc.

http://www.nipponham.co.jp

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