

Business Results for the First Half of FY3/11

**November 11, 2010 (Thu.)
Nippon Meat Packers, Inc.**

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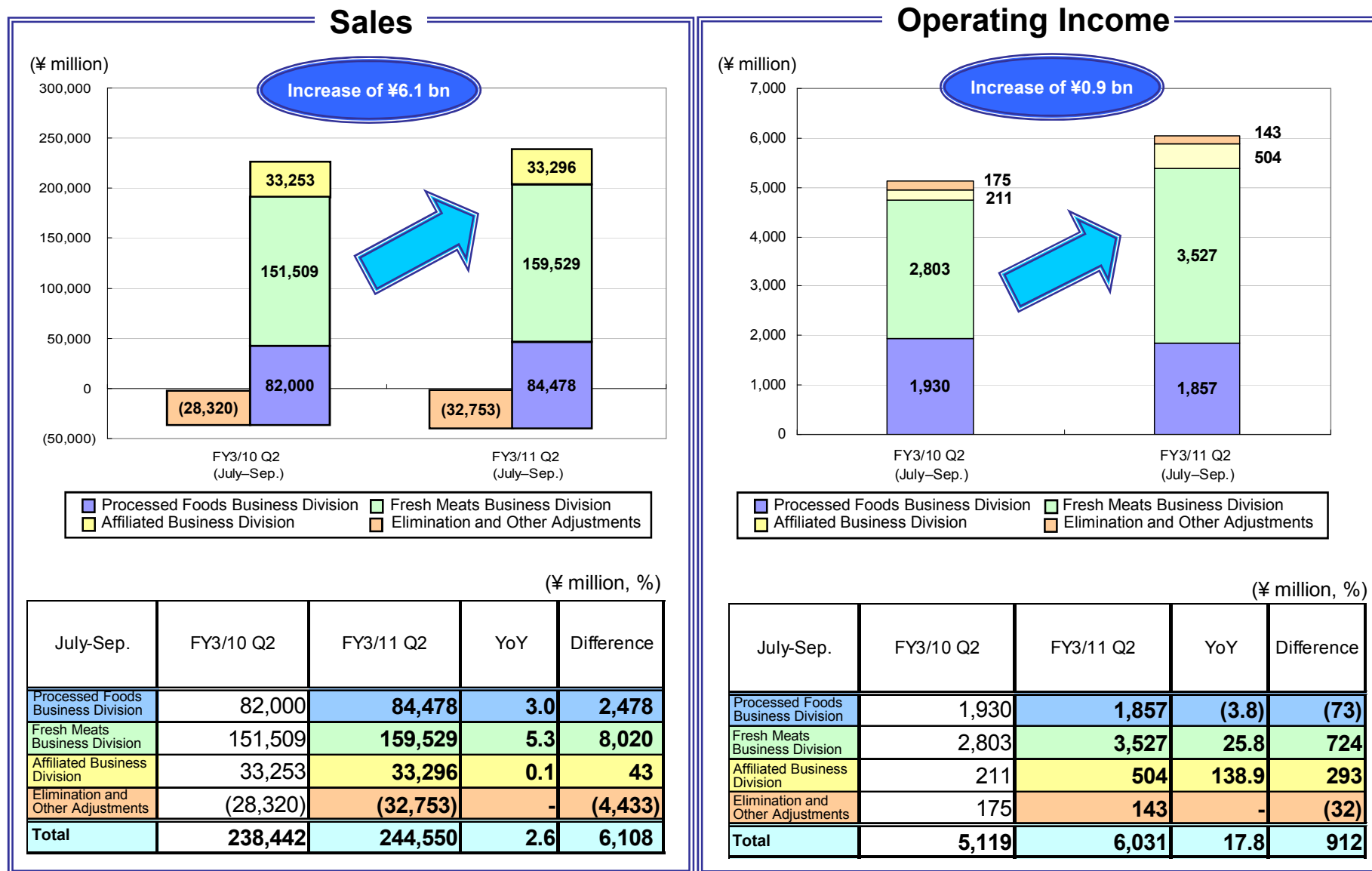


Consolidated Business Results for First Half of FY3/11

- 1. Business Results by Operating Segment: First Half of FY3/11**
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Business Results by Operating Segment: First Half of FY3/11

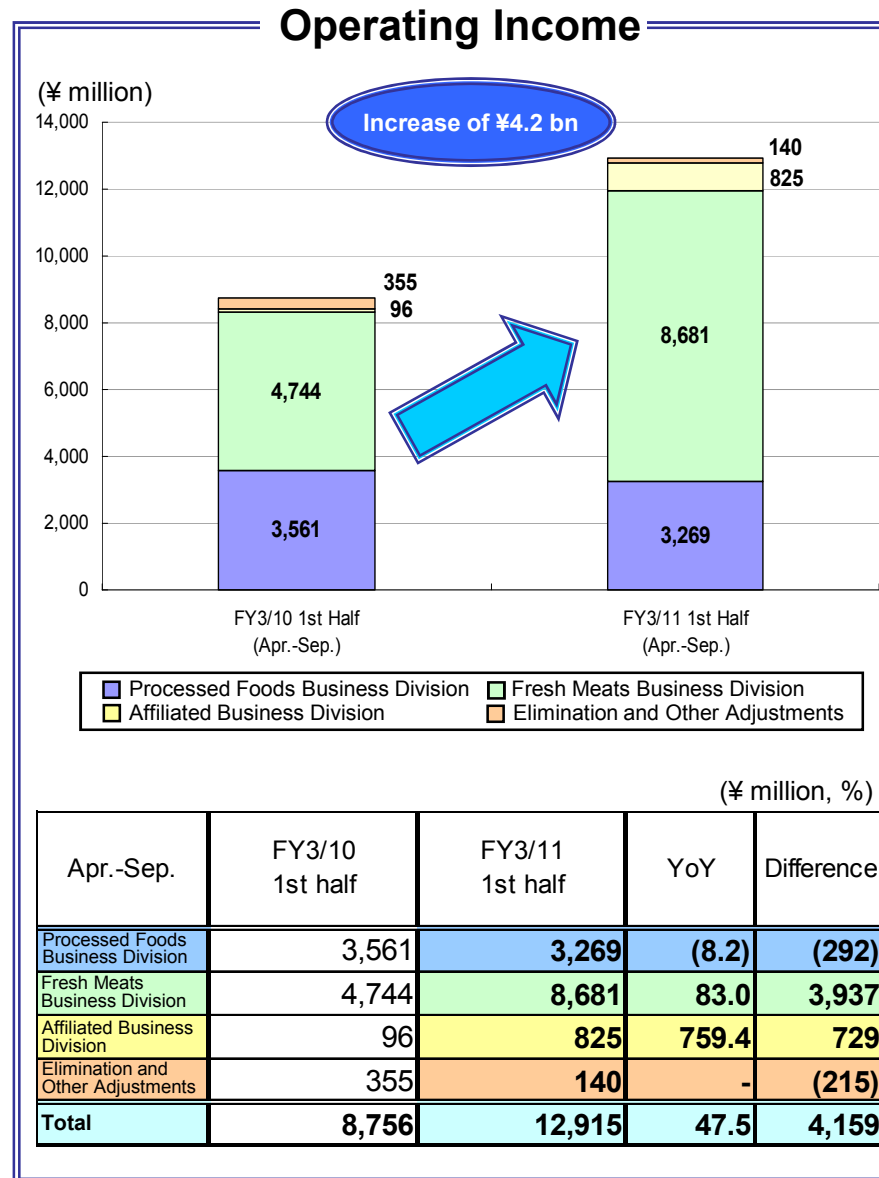
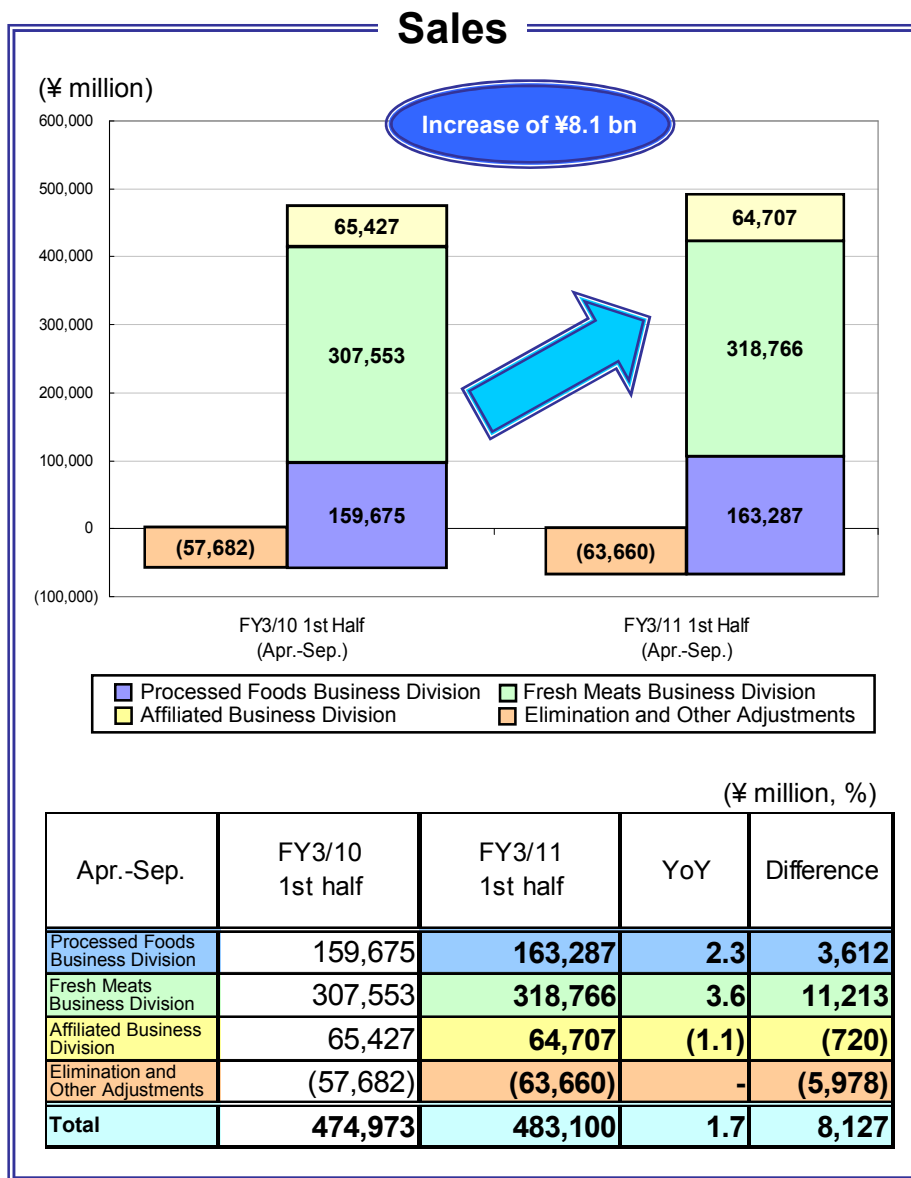
Business Results by Operating Segment: Second Quarter of FY3/11 (July–Sep.)



• Sales for each segment include intersegment sales.

Business Results by Operating Segment: First Half of FY3/11

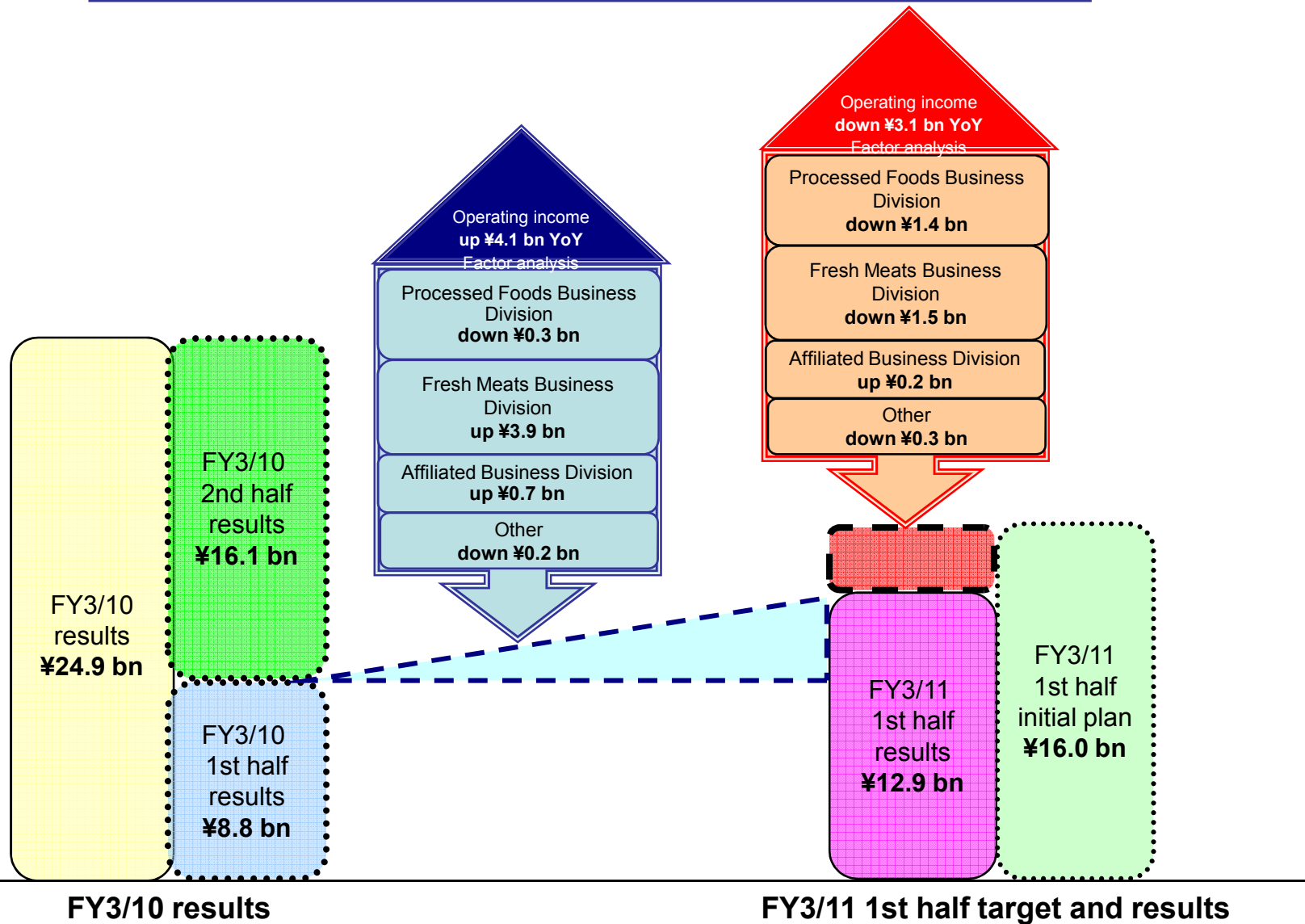
Business Results by Operating Segment: First Half of FY3/11 (Apr.–Sep.)



- Sales by operating segment and sales values in Page 17 of this presentation (by category) do not necessarily correspond (due to intersegment transactions).
- Sales for each segment include intersegment sales.

FY3/11 Operating Income: Factor Analysis behind Difference for First Half (YoY / Forecasts)

Factor analysis: operating income for 1st half of FY3/11

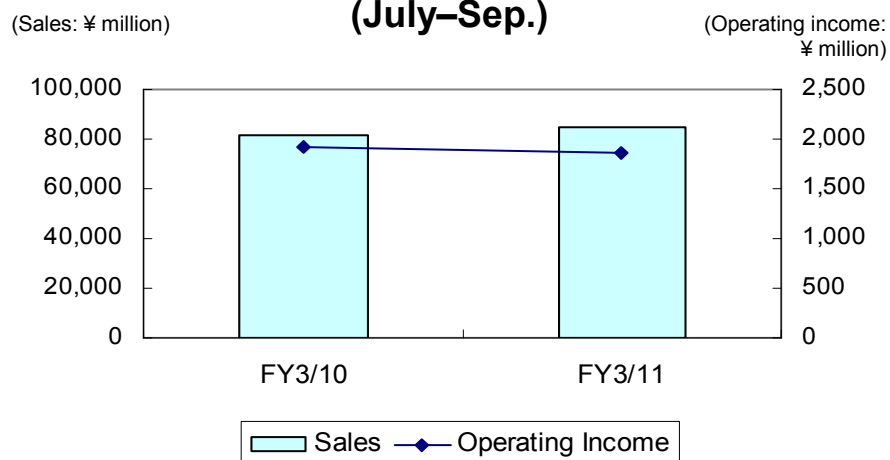


* Due to rounding, item tallies in each division may not match totals.

Operating Segment Data: Processed Foods Business Division

Processed Foods Business Division

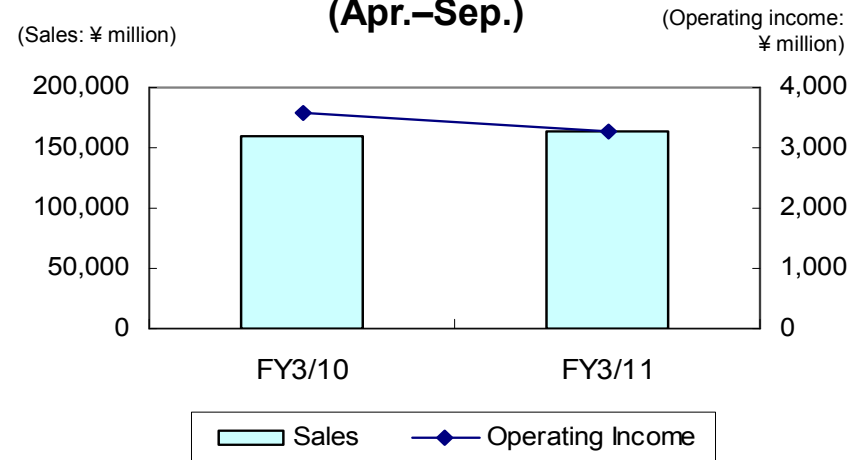
Q2 Results (July–Sep.)



(¥ million)

July-Sep.	FY3/10	FY3/11
Sales	82,000	84,478
Operating Income	1,930	1,857
Operating Income Ratio	2.4%	2.2%

1st Half Results (Apr.–Sep.)



(¥ million)

Apr.-Sep.	FY3/10	FY3/11
Sales	159,675	163,287
Operating Income	3,561	3,269
Operating Income Ratio	2.2%	2.0%

FY3/11 Q2

- Sales rose 3.0% year-on-year due mainly to growth in volumes for commercial-use products in the processed-food business.
- Operating income fell by some ¥100 million, with unit sales prices for hams and sausages and processed-food products failing to show year-on-year recovery.

FY3/11 1st half

- Sales increased 2.3% year-on-year due to volume growth for hams and sausages and processed-food products.
- Operating income fell by around ¥300 million year-on-year, with unit sales prices showing no recovery from their recent falls as the trend toward lower prices becomes entrenched.

Processed Foods Business Division: Factors behind changes in operating income

● FY3/11: Factors behind changes

Impact on operating income from lower prices for raw materials and other materials

⇒ Approximately ¥1.4 bn increase year-on-year in the first half (on an aggregated basis)

Total operating income in the Processed Foods Business Division

⇒ Approximately ¥0.3 bn decrease year-on-year in the first half (on an aggregated basis)

Factor Analysis: Changes in operating income

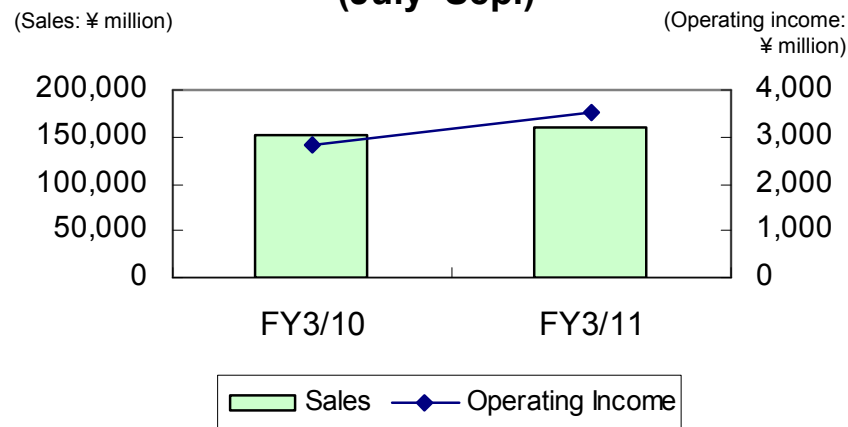
(¥ billion)

	FY3/11 1st half results
Principal raw / secondary materials prices	1.4
Lower principal raw materials prices	1.2
Lower other materials / logistics costs	0.2
Total for cost reduction factors	1.8
Manufacturing and marketing improvements	1
Sales increases	0.8
Total for cost increase factors	(3.5)
Sales promotion / product overhauls	(2.1)
Impact of SCM reforms	(1.0)
Other	(0.4)
Total	(0.3)

Operating Segment Data: Fresh Meats Business Division

Fresh Meats Business Division

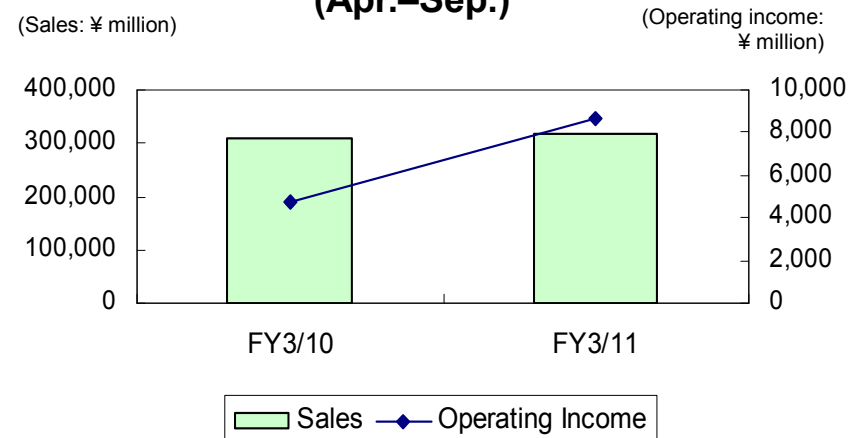
Q2 Results (July–Sep.)



(¥ million)

July-Sep.	FY3/10	FY3/11
Sales	151,509	159,529
Operating Income	2,803	3,527
Operating Income Ratio	1.9%	2.2%

1st Half Results (Apr.–Sep.)



(¥ million)

Apr.-Sep.	FY3/10	FY3/11
Sales	307,553	318,766
Operating Income	4,744	8,681
Operating Income Ratio	1.5%	2.7%

FY3/11 Q2

- Sales increased approximately 5.3% year-on-year due to increased sales volume in Japan and recovery in overseas meat market prices.
- Operating income rose around ¥700 million, on recovery in upstream businesses in Japan, higher sales volume and other factors.

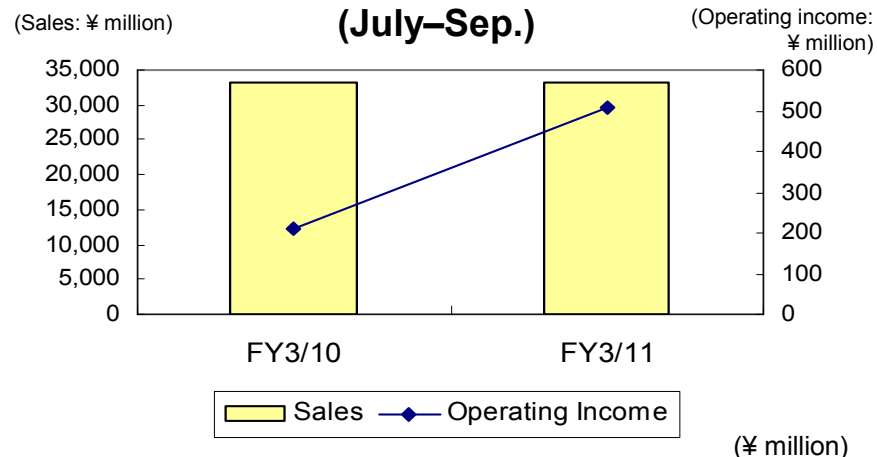
FY3/11 1st half

- Sales increased approximately 3.6% on increased sales volume in both Japanese and overseas markets, and other.
- Operating income rose by around ¥3.9 billion year-on-year; key factors being recovery in upstream businesses in Japan, improvement in profitability on imported meat operations, and improvements in pig-farming business in the US.

Operating Segment Data: Affiliated Business Division

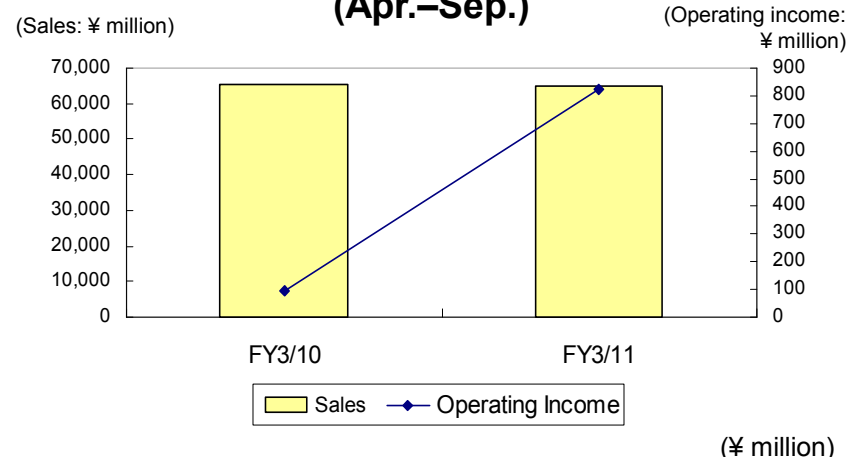
Affiliated Business Division

Q2 Results (July–Sep.)



July-Sep.	FY3/10	FY3/11
Sales	33,253	33,296
Operating Income	211	504
Operating Income Ratio	0.6%	1.5%

1st Half Results (Apr.–Sep.)



Apr.-Sep.	FY3/10	FY3/11
Sales	65,427	64,707
Operating Income	96	825
Operating Income Ratio	0.1%	1.3%

FY3/11 Q2

- Sales were on par with previous year due mainly to recovery in volumes for marine and dairy products in second quarter.
- Operating income rose by around ¥300 million year-on-year due to higher sales volume for marine products sold at volume retailers, and higher sales volume and stabilization of raw ingredient prices for cheese products.

Reference: Current status of major Group companies

	Performance
Marine Foods Corp.	Sales on par with previous year, but earnings rose
Hoko Co., Ltd.	Both sales and earnings rose year-on-year
Nippon Luna Inc.	Sales rose, but earnings fell year-on-year

FY3/11 1st half

- Sales declined 1.1% year-on-year on an aggregated basis. First quarter sales were down year-on-year, but the second quarter recovered to levels of the previous year.
- Operating income for the first half increased by about ¥700 million, with continued revenue growth in both first and second quarters.

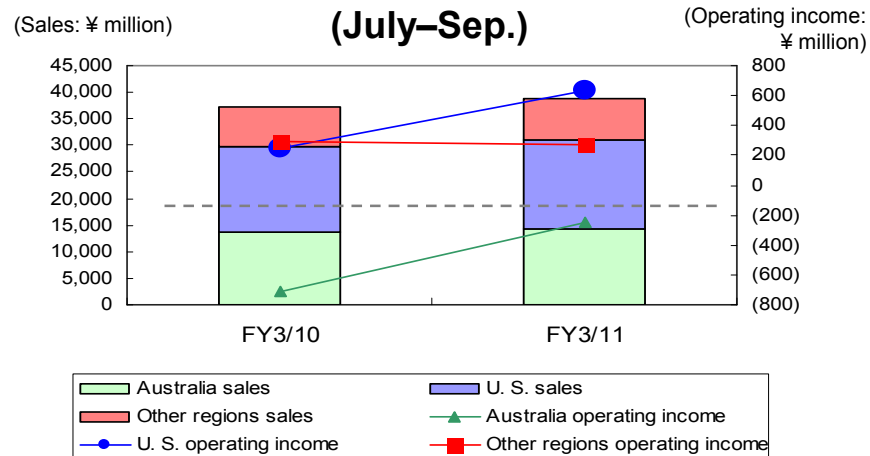
Reference: Current status of major Group companies

	Performance
Marine Foods Corp.	Sales declined, but earnings rose year-on-year
Hoko Co., Ltd.	Sales on par with previous year, but earnings rose
Nippon Luna Inc.	Both sales and earnings fell year-on-year

Business Results in Major Overseas Markets

Overseas operations

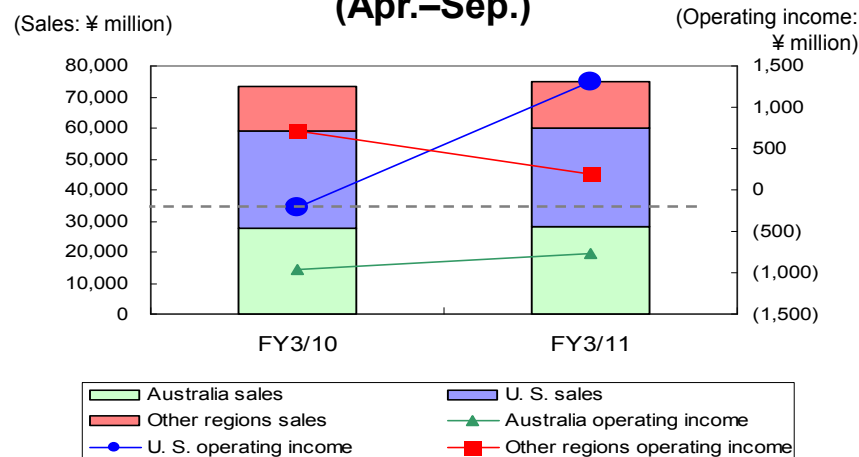
Q2 Results (July–Sep.)



(¥ million)

July-Sep.		FY3/10	FY3/11
Overseas total	Sales	36,730	37,862
	Operating income	(168)	630
Australia	Sales	13,566	14,423
	Operating income	(715)	(248)
U. S.	Sales	16,204	16,543
	Operating income	244	631
Other regions	Sales	7,506	7,870
	Operating income	296	266

1st Half Results (Apr.–Sep.)



(¥ million)

Apr.-Sep.		FY3/10	FY3/11
Overseas total	Sales	72,168	73,071
	Operating income	(448)	717
Australia	Sales	27,651	28,120
	Operating income	(963)	(769)
U. S.	Sales	31,509	32,041
	Operating income	(214)	1,315
Other regions	Sales	14,427	14,693
	Operating income	714	201

• Sales revenues represent amounts prior to consolidation adjustments.

(The figures for all overseas segments do not match the overseas sales total, by reason of the elimination of intersegment transactions.)

• The U.S. includes Canadian and South American businesses. Other overseas markets are in East Asia and Europe.

FY3/11 Q2

- Overall sales in overseas businesses rose by around 3.1%, as sales in each region increased year-on-year.
- Operating income increased by ¥800 million year-on-year thanks to improvements in pig farming business in the U.S.

FY3/11 1st half

- Sales increased 1.3% owing to a strong performance in the U.S. and an increased sales in Australia and East Asia in the second quarter.
- Operating income increased by ¥1.2 billion due to improvements in pig farming business in the U.S.

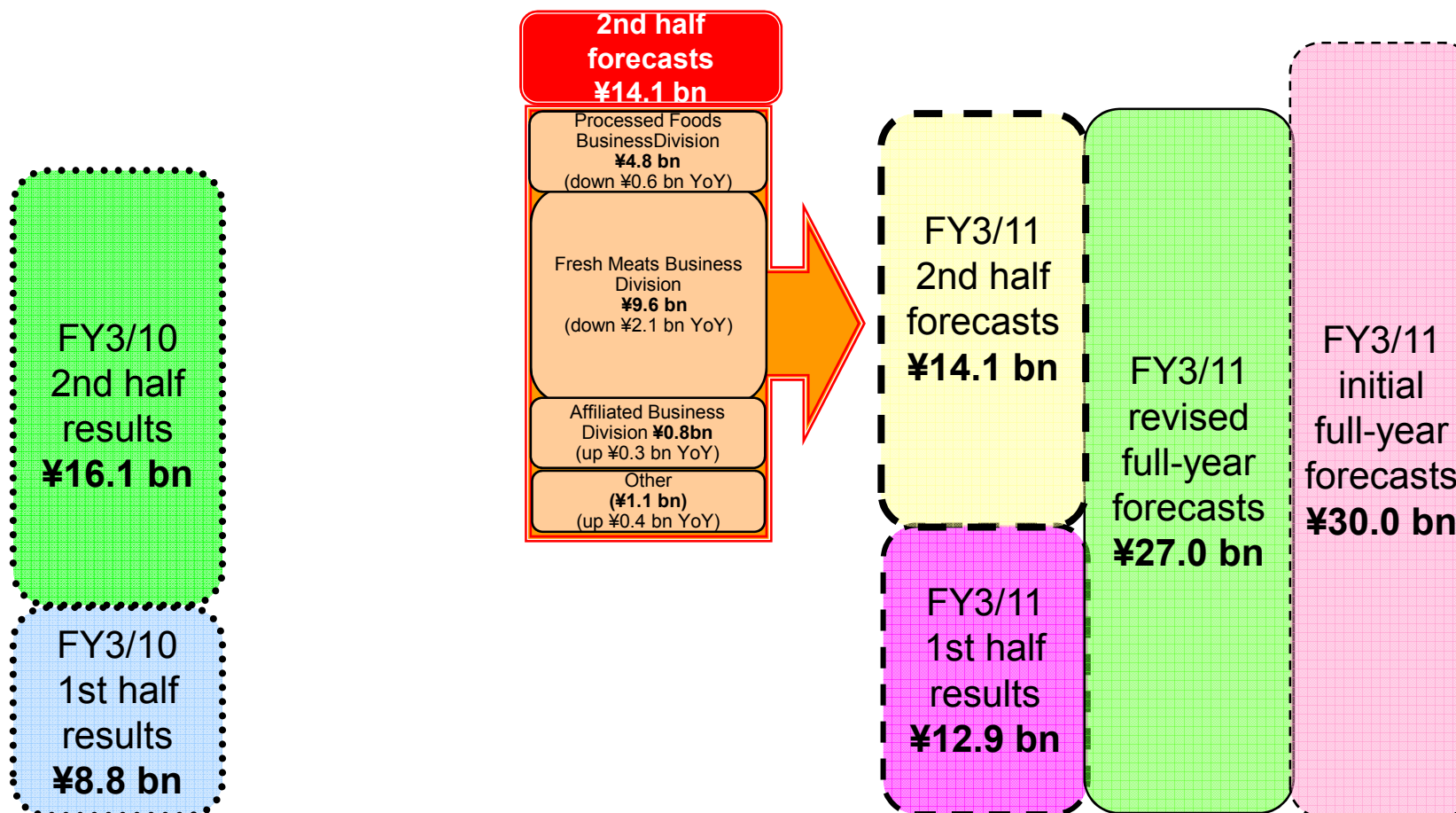


Outlook for Second Half of FY3/11

- 1. Second Half of FY3/11 Operating Income Targets by Business Segment**
- 2. Processed Foods Business Division: Outlook**
- 3. Fresh Meats Business Division: Outlook**
- 4. Affiliated Business Division: Outlook**

Second Half of FY3/11 Operating Income Targets by Business Segment

Factor analysis: operating income for 2nd half of FY3/11



FY3/10 results

(¥ billion) FY3/11 forecasts

	1st half	2nd half	Full year
FY3/10 results	8.8	16.1	24.9
FY3/11 forecasts	12.9	14.1	27.0
Difference	up 4.1	down 2.0	up 2.0

* Due to rounding, item tallies in each division may not match totals.

Processed Foods Business Division: Measures to increase sales

● Marketing targets for year-end gift-giving season

Gift-giving season sales volume:
results for FY3/10 and results/targets for FY3/11

(unit: 1,000)

	FY3/10 results	FY3/11 resuts/targets	YoY increase
Summer gift-giving season	1,926	1,956	102%
Year-end gift-giving season	4,813	5,300	110%
Total	6,739	7,256	108%

- Total sales volume for summer gift-giving season rose 2% year-on-year.
- Our target for year-end gift sets is 10% growth year-on-year (unit base) in line with initial forecasts, on the back of expanded sales of our flagship brand Utsukushi-no-Kuni premium hams and sausages.

● Major brands and new products

Reference: YoY sales comparison of major brand products for FY3/11 1st Half

SCHAU ESSEN	100%	Chuka Meisai	111%
Mori no Kaori Wiener	97%	Ishigama Kobo	102%
Hams	95%	Prefried	102%
Bacons	97%	Hamburgers / Meatballs	93%

● Measures to increase sales

1) Hams and sausages

- Expand sales by increasing the number of stores and sales areas, with a focus on high-end products other than “formed” hams and bacons.
- Expand sales of functional products (Chicken Meister and Shinsen Seikatsu “ZERO” products).

2) Processed foods

- Expand sales by focusing on marketing of our popular *Tokujo-shumai* steamed Chinese dumplings and new products such as Chicken Fillet.
- Expand seasonal products such as ingredients for *nabemono* (casserole dish) and Chuka Meisai products.

● Sales by channel

Reference: YoY growth in sales by channel for FY3/11 1st Half

	Consumer	Commercial-use	Total
Hams and sausages	97%	99%	98%
Delicatessen products	103%	117%	110%

● Measures to increase sales

- For consumer-use products, focus on expanding sales of our major brand products and new products.
- In commercial products, continue to develop new channels in the second half for items such as wieners, hamburgers and prefried chicken.

Fresh Meats Business Division: Outlook

● Current status of overseas businesses

- ◆ Australia
 - ⇒ Operating environment remains difficult, with worldwide reduction in beef demand and rising prices of live cattle in Australia.
- ◆ U.S.
 - ⇒ Pork prices have been declining since early autumn after an increase in the first half.

● Outlook for overseas businesses

- ◆ Australia
 - ⇒ Operating environment is likely to remain difficult, though cost-cutting measures to continue in production and focus on export expansion to emerging countries.
- ◆ U.S.
 - ⇒ From the second half, we expect rising corn prices pushing up feed prices, and downward pressure on pork prices due to seasonal factors.

● Current status of production businesses in Japan

- ◆ Feed prices
 - ⇒ Despite rising grain prices, feed prices remained stable in the first half due partly to the strong yen.
- ◆ Farming operations in Japan
 - ⇒ Poultry prices are declining from second quarter due to seasonal factors. Pig farming operations are steady due to improvement in productivity.

● Outlook for production businesses in Japan

- ◆ Feed prices
 - ⇒ From the fourth quarter, we expect feed prices to rise due to a jump in corn prices at the end of September.
- ◆ Farming operations in Japan
 - ⇒ We expect improvement in poultry operations on rising prices thanks to increased demand toward the end of year. Pig farming is also expected to improve on year-on-year price recovery and cost-cutting measures in production.

● Current status of sales companies

- ⇒ Sales volumes expanded through active marketing drive with focus on volume retailers.
- ⇒ Decline in selling prices in a deflationary environment remained within our assumption.

● Outlook for sales companies

- ⇒ We continue to aim to build earnings by increasing share through expanded volumes to volume retailers and restaurants.
- ⇒ Create a structure to double sales of beef produced in Japan, and strengthen marketing of premium-brand meats through a solution-based approach.

● Current status of marine products business

- Sales through volume retailers are showing steady growth in both volume and revenue terms.
- In the restaurant sector, sales revenues are declining due to intensified price competition.

Reference: FY3/11 1st half: Marine Foods Corp.
Growth in sales volume by channel

	YoY comparison	
	Sales volume	Sales revenue
Volume retailers	108%	104%
Sushi bars	95%	91%

● Future policies

- Expand sales through volume retailers.
- Initiatives to expand sales of high value-added products “developed in-house,” at Marine Foods’ Mie Plant.

● Current status of dairy products business

- Cheese-product sales rose year-on-year due to robust sales to food manufacturers and bakery channels.
- Yogurt sales were down year-on-year in both volume and revenue terms due to intensified competition.

Growth rate by product, FY3/11 1st half

	YoY comparison	
	Sales volume	Sales revenue
Cheese	103%	104%
Yogurt	96%	95%

● Future policies

- In cheeses, further expand sales volumes to food manufacturers and bakery channels, and also launch sales for general retail.
- In yogurts, expand sales volumes by focusing on marketing high-value-added new products for convenience-store channels.

● Trends in raw materials and secondary ingredients

- Prices of raw ingredients for cheese products have been stable in first half.
- Prices for ingredients of yogurt products have been stable for both domestic and imported products in first half.

● Outlook

- In the second half of FY3/11, we expect prices to remain stable.
- In yogurt raw materials, we foresee stable prices for powdered milk products produced in Japan and overseas.



Consolidated Financial Results for First Half of FY3/11

1. FY3/11 1st Half Business Results at a Glance

2. FY3/11 Growth Rates by Sales Category

FY3/11 1st Half Business Results at a Glance by Geographical Segment

3. Selling, General and Administrative Expenses / Other Income and Expenses

4. Balance Sheets / Property, Plant and Equipment / Depreciation and Amortization

5. Cash Flows and Performance Indicators

FY3/11 1st Half Business Results at a Glance

(¥ million, %)

Consolidated	FY3/10 results			FY3/11 results and forecasts					
	1st half	2nd half	Full year	1st half	Difference	2nd half	Difference	Full year	Difference
Net sales	474,973	478,643	953,616	483,100	1.7	496,900	3.8	980,000	2.8
Hams and sausages	66,636	70,913	137,549	64,654	(3.0)	69,346	(2.2)	134,000	(2.6)
Processed foods	92,655	96,215	188,870	97,438	5.2	101,562	5.6	199,000	5.4
Fresh meats	250,498	245,602	496,100	259,688	3.7	261,312	6.4	521,000	5.0
Beef	95,202	85,902	181,104	93,422	(1.9)	93,578	8.9	187,000	3.3
Pork	92,998	92,735	185,733	97,314	4.6	96,686	4.3	194,000	4.5
Poultry	50,229	55,540	105,769	56,791	13.1	58,209	4.8	115,000	8.7
Other fresh meats	12,069	11,425	23,494	12,161	0.8	12,839	12.4	25,000	6.4
Marine products	39,908	42,662	82,570	38,963	(2.4)	42,037	(1.5)	81,000	(1.9)
Dairy products	11,344	10,641	21,985	10,941	(3.6)	12,059	13.3	23,000	4.6
Others	13,932	12,610	26,542	11,416	(18.1)	10,584	(16.1)	22,000	(17.1)
Cost of goods sold	380,453	374,539	754,992	386,773	1.7				
Gross profit	94,520	104,104	198,624	96,327	1.9				
Gross profit ratio	19.9%	21.7%	20.8%	19.9%	-				
SG&A expenses	85,764	88,005	173,769	83,412	(2.7)				
Operating income	8,756	16,099	24,855	12,915	47.5	14,085	(12.5)	27,000	8.6
Income before income taxes	8,520	15,504	24,024	11,358	33.3	11,642	(24.9)	23,000	(4.3)
Net income attributable to Nippon Meat Packers, Inc.	5,405	10,316	15,721	6,782	25.5	6,218	(39.7)	13,000	(17.3)

* Reclassified amounts that were originally calculated in accordance with U.S. accounting standards.

* Year-on-year comparisons are expressed as % increases/decreases.

FY3/11 1st Half Business Results: Growth Rates by Sales Category, and by Geographical Segment

Growth Rates by Sales Category

Category	Growth rates, FY3/11 Q2 (July-Sep.)		Growth rates, FY3/11 1st half (Apr.-Sep.)	
	Sales volume	Sales revenue	Sales volume	Sales revenue
Hams and sausages	101.0%	97.9%	101.2%	97.0%
Processed foods	109.6%	103.7%	111.3%	105.2%
Fresh meats	102.7%	105.3%	103.2%	103.7%
Beef	99.9%	101.0%	98.5%	98.1%
Pork	98.9%	105.3%	101.2%	104.6%
Poultry	111.1%	115.1%	110.7%	113.1%
Other fresh meats	99.0%	100.2%	99.0%	100.8%

FY3/10 Business Results and FY3/11 Forecasts by Geographical Segment

(¥ million)

Consolidated	FY3/10 results			FY3/11 results and forecasts					
	1st half	2nd half	Full year	1st half	Difference	2nd half	Difference	Full year	Difference
Domestic									
Net sales	442,465	450,898	893,363	448,901	1.5	465,099	3.1	914,000	2.3
External customers	442,215	450,657	892,872	448,638	1.5	464,862	3.2	913,500	2.3
Intersegment	250	241	491	263	5.2	237	(1.7)	500	1.8
Operating income	9,487	13,636	23,123	11,840	24.8	13,660	0.2	25,500	10.3
Operating income ratio	2.1%	3.0%	2.6%	2.6%	-	2.9%	-	2.8%	-
Overseas									
Net sales	72,168	66,492	138,660	73,071	1.3	71,929	8.2	145,000	4.6
External customers	32,758	27,986	60,744	34,462	5.2	32,038	14.5	66,500	9.5
Intersegment	39,410	38,506	77,916	38,609	(2.0)	39,891	3.6	78,500	0.7
Operating income (loss)	(448)	2,550	2,102	717	-	483	(81.1)	1,200	(42.9)
Operating income ratio	-	3.8%	1.5%	1.0%	-	0.7%	-	0.8%	-

* Sales by geographic segment are before intersegment elimination.

* Year-on-year comparisons are expressed as % increases/decreases.

Selling, General and Administrative Expenses / Other Income and Expenses

(¥ million)

SG&A expenses	FY3/10	FY3/11		
	1st half	1st half	Difference (%)	Difference
★① Selling, general and administrative expenses	85,764	83,412	(2.7)	(2,352)
Personnel	34,619	33,605	(2.9)	(1,014)
★② Advertising	6,332	5,484	(13.4)	(848)
★③ Logistics	17,569	18,375	4.6	806
Others	27,244	25,948	(4.8)	(1,296)

Major reasons for increases/decreases

★① Total SG&A Expenses: Declined by some ¥2.4 billion year-on-year. The ratio of SG&A expenses to sales decreased 0.8 percentage point from 18.1% to 17.3%.

★② Advertising: Decreased by some ¥800 million, due to efficient sales promotion including TV advertising

★③ Logistics: Transportation costs increased by some ¥800 million, due to an increase in sales volume

(¥ million)

Other income and expenses	FY3/10	FY3/11		
	1st half	1st half	Difference (%)	Difference
Other income	3,246	645	(80.1)	(2,601)
Interest and dividends income	327	278	(15.0)	(49)
Foreign exchange gains	2,898	-	-	(2,898)
Others	21	367	-	346

Interest expenses	1,061	1,069	0.8	8
Other expenses	2,421	1,133	(53.2)	(1,288)
Impairment loss of investment securities	1,697	206	(87.9)	(1,491)
Impairment loss of fixed assets	425	136	(68.0)	(289)
★① Foreign exchange losses	-	539	-	539
Others	299	252	(15.7)	(47)

Major reasons for increases/decreases

★① Other expenses: Foreign exchange losses, mainly on translation of yen-denominated borrowings at an overseas subsidiary

Balance Sheets / Property, Plant and Equipment / Depreciation and Amortization

(¥ million)

Consolidated balance sheets	FY3/10	FY3/11		
	End of Mar.	End of Sep.	Difference (%)	Difference
Total assets	604,201	606,946	0.5	2,745
Cash and cash equivalents	43,518	43,264	(0.6)	(254)
★① Trade notes and accounts receivables	100,366	102,599	2.2	2,233
★② Inventories	100,545	114,978	14.4	14,433
Investments and other assets	29,950	28,230	(5.7)	(1,720)
Property, plant and equipment - at cost, less accumulated depreciation	227,081	222,580	(2.0)	(4,501)
Deferred income taxes - non-current	15,617	15,752	0.9	135
Total liabilities	330,239	333,086	0.9	2,847
Trade notes and accounts payable	84,124	91,999	9.4	7,875
★③ Interest-bearing debt	187,585	185,357	(1.2)	(2,228)
Liability under retirement and severance program	16,128	15,507	(3.9)	(621)
Total Nippon Meat Packers, Inc. shareholders' equity	271,908	271,861	(0.0)	(47)
Noncontrolling interests	2,054	1,999	(2.7)	(55)
Total equity	273,962	273,860	(0.0)	(102)

Major reasons for increases/decreases

- ★① Trade notes and accounts receivables: Increased by some ¥2.2 billion from the previous term-end due to seasonal factors. Increased by some ¥1.5 billion year-on-year due to an increase in sales revenues.
- ★② Inventories: Increased by some ¥14.4 billion due to seasonal factors. Increased by some ¥1.7 billion year-on-year
- ★③ Interest-bearing debt: Down by some ¥2.2 billion due mainly to scheduled payment of long-term debt

(¥ million)

Capital expenditures and Depreciation	FY3/10	FY3/11			FY3/11
	1st half	1st half	Difference (%)	Difference	Forecast
Property, plant and equipment	10,431	8,076	(22.6)	(2,355)	25,900
Production facilities	5,446	3,725	(31.6)	(1,721)	10,200
Marketing and logistics facilities	1,180	948	(19.7)	(232)	5,000
Farms and processing facilities	1,523	1,647	8.1	124	5,000
Overseas operations facilities	375	974	159.7	599	3,100
Other facilities	1,907	782	(59.0)	(1,125)	2,600
Depreciation and amortization	11,796	11,821	0.2	25	24,500

Cash Flows and Performance Indicators

(¥ million)

Consolidated statement of cashflows	FY3/10	FY3/11	
	1st half	1st half	YoY difference
Cash flow from operating activities	25,736	5,820	(19,916)
Cash flow from investing activities	(8,960)	(1,282)	7,678
Cash flow from financing activities	(6,594)	(4,172)	2,422
Net increase in cash and cash equivalents	9,712	(254)	(9,966)

(¥ million, %, times)

Business Performance Indicators (financial position)	FY3/10	FY3/11	
	End of Sep.	End of Sep.	YoY difference
Total assets	588,192	606,946	18,754
Interest-bearing debt	167,682	185,357	17,675
ROA (income before income taxes, %)	1.5	1.9	-
D/E ratio (times)	0.61	0.68	-



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Forward-looking statements

This presentation includes forecasts regarding targets, strategies and earnings. These forecasts are based on information available at the current time and contain certain assumptions about the future. They are subject to numerous external uncertainties in areas such as economic environment, market trends and exchange rates. Actual performance may differ significantly from the targets in this presentation, and investment decisions should not be based exclusively on them.