

Minutes of the Institutional Investor/Analyst Briefing for the Fiscal Year Ended March 31, 2013

Nippon Meat Packers, Inc.

Date & Time: May 15, 2013 (Wednesday) - 10:00-11:30

Attendees: President and Representative Director:
Noboru Takezoe

Director and Senior Managing Executive Officer (General Manager of Processed Foods Business Division):
Koji Uchida

Director and Managing Executive Officer (General Manager of Corporate Management Division, in charge of Accounting and Finance Department and IT Strategy Department):
Yoshihide Hata

Director and Managing Executive Officer (General Manager of Fresh Meats Business Division):
Juichi Suezawa

Director and Executive Officer (General Manager of Affiliated Business Division):
Koji Kawamura

Q&A

Overall

- Q1) Discuss the progress and future direction of return on equity (ROE) and assets turnover.
- A1) The net income ratio increased due to higher operating income ratio, which we hope will improve ROE. For this reason, we are aiming for an operating income ratio of 4% and then 5% at a later stage. Although we are working to increase sales through our growth strategies, we will boost total assets turnover through greater selectivity and focus.
- Q2) With this in mind, is it a proper recognition to acquire treasury stock in a complementary manner in order to achieve the aim of 7% ROE?
- A2) To begin, our basic stance is to improve ROE by increasing income ratio. This is paired with raising the total returns ratio by converting convertible bonds, acquiring treasury stock in a complementary manner and other means.
- Q3) What is the operating income target of eliminations, adjustments and others?

- A3) Within the operating income target of eliminations, adjustments and others, the causes of fluctuations are eliminations and adjustments, deducting net unrealized gains (losses) on inventories that are included into turnover of inventories from consolidated internal transactions. We see this leveling off in the next fiscal year.
- Q4) Provide an explanation of the status of inventories and future improvement.
- A4) We fell short of the targets in this area due mainly to currency rates but will work to reduce inventories by ¥100 billion in the future.
- Q5) How can the Nippon Ham Group expand its poultry business in Asia?
- A5) We will augment measures undertaken to date as we expand businesses as a company that values craftsmanship in the years ahead. We will expand the Processed Foods Business over the next five years, starting with the poultry business in Myanmar.

Processed Foods Business

- Q6) Do you believe that an operating income ratio of 2.8% for the Processed Foods Business during the previous fiscal year is low for a name-brand manufacturer?
- A6) An operating income ratio of 5% or above is ideal, but we initially want to reach between 3% and 3.5%.
- Q7) What is the basis of cost increases of ¥6.7 billion? Is this due to high prices for raw processed food ingredients?
- A7) Cost increases are calculated based on performance between January and March in 2012 as well as current circumstances. We are looking into measures to curb costs that do not sacrifice product value for customers.

Fresh Meats Business

- Q8) Please provide details concerning the target of improving operating income by ¥4.7 billion in fresh meat during the first half of the current fiscal year.
- A8) Although we believe that domestic pork market prices will exceed expectations, this target is based on the possibility that domestic poultry prices will be lower than expected as well. Altogether, we will make every effort to reach this target.
- Q9) Explain the outlook for meat product marketing companies in Japan.
- A9) On a volume basis, sales volume increased 3% in the previous fiscal year. Although competition in domestic pork and poultry markets is severe, we will redouble our efforts to boost our low domestic

beef market share with the aim of increasing total sales and earnings.

Q10) Amid continually weak poultry market prices and higher cost accompanying rising feed prices, what types of measures will be undertaken to improve farming revenues?

A10) We will continue working to cut costs and use total revenues from farming operations to cover poultry farm losses.

Q11) Describe what measures are being taken concerning the fresh meat brand, *Sakurahime* poultry.

A11) At present, we have assembled a team of specialists to examine marketing approaches and other areas. Starting in the first half of July, we intend to sell consumer-size packages. In addition, we will simultaneously broaden product, corporate and group brands, starting with *Sakurahime* brand poultry.

Q12) Provide details of the ¥1.4 billion improvement in Australian businesses planned for the current fiscal year.

A12) We plan to achieve this target by increasing sales even further.

Q13) Regarding Australian beef, describe the impact and subsequent countermeasures in the event that an economic partnership agreement (EPA) is concluded between Australia and Japan.

A13) At this stage, there are many unknowns regarding this since the start period, details and other information concerning such an EPA have yet to be decided. In this case, lower tariffs on frozen Australian beef would be advantageous in terms of sales since we have a high domestic market share for imported frozen beef.

Q14) What is the current situation regarding the lifting of the ban on poultry imports from Thailand?

A14) The situation has become more uncertain in light of the recent avian influenza outbreak in China.