

Minutes of the Institutional Investor/Analyst Briefing for the First Quarter of the Fiscal Year Ending March 31, 2014

Nippon Meat Packers, Inc.

Date & Time: August 2, 2013 (Friday) - 10:00-11:00

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

Yoshihide Hata

General Manager of Public and Investor Relations Department, Corporate Management Division:

Shigeru Nakajima

Q&A

Overall

Q1) Why was operating income ¥2.5 billion below initial targets.

A1) Every quarter, adjustment items applied to monthly closings are based on Corporation Law and consolidated accounts settlements. In the first quarter of fiscal 2014, however, adjustment items on the whole were comprised of negative factors, thus increasing the amount of variance. In addition, these adjustment items are processed using quarterly accounts settlements rather than being annual fixed profits and losses. Therefore, negative factors are not cumulative.

A breakdown of major items and the impact on operating income are as follows.

The amount of financial impact in fiscal 2014 is displayed as net. (Variance between fiscal 2014 initial targets and fiscal 2013 initial targets)

The equivalent amount for the previous fiscal year (the first quarter of fiscal 2013): approx. +¥0.4 billion

- (1) Excluding unrealized gains including inventory revaluation and inventories: approx. -¥1.0 billion
- (2) Impairment loss from lower of cost or market: approx. -¥0.3 billion
- (3) Foreign exchange loss (fair value of forward exchange contracts, etc.): approx. -¥0.6 billion
- (4) Other factors: approx. -¥0.6 billion

In addition, the amount of financial impact on operating income for each business division is as follows.

- Processed Foods Business Division: approx. -¥0.5 billion
- Fresh Meats Business Division: approx. -¥1.5 billion
(Australian businesses: approx. -¥0.8 billion; imported fresh meats: approx. -¥0.3 billion; foods business, domestic fresh meats business, farming operations, others: -¥0.1 billion each)
- Affiliated Business Division/Others: approx. -¥0.5 billion

- Q2) What are forecasts for operating income targets that factor in eliminations, adjustments and others.
- A2) Specifically, we expect these to be zero throughout the fiscal year due to uncertainty mainly related to the profits and losses of companies under management of headquarters and intersegment consolidated unrealized gains.
- Q3) Explain what is being done to address the planned hike in consumption taxes.
- A3) We are focusing particular attention on setting product prices and examining the direction of consumer purchasing interest. Circumstances may require us to investigate changing standards and other measures.

Processed Foods Business

- Q4) What caused the operating income ratio for goods purchased overseas to decline.
- A4) There was a delay in implementing price shifts to cope with higher prices of purchased goods caused by the weak yen. We will make improvements in the future primarily by conducting price negotiations and changing standards.
- Q5) Is it possible to reach cost-cutting targets amid drops in sales volume caused by price revisions.
- A5) We plan to expand sales volume by strengthening sales of flagship brands and undertaking various sales promotion measures.
- Q6) What are the full-year forecasts for principal raw and other materials.
- A6) We expect these to remain at the same level as initial target.

Fresh Meats Business

- Q7) What is the status of the Australian businesses.
- A7) Sales volume is growing, the efficiency of the production segment is increasing, and foreign exchange rates are improving thanks to the weaker Australian dollar. Accordingly, we plan to expand sales of such brands as *Whyalleaf* beef.
- Q8) What is the status of Americas business.
- A8) Presently, the export business is experiencing difficulties due primarily to the strength of the U.S. dollar. Nevertheless, we expect sales in the United States to increase and farming operations in Texas to recover.
- Q9) What is the status of Nippon Food Group companies.
- A9) The situation remains severe due to fierce sales competition. Looking ahead, we aim to improve earnings chiefly by enhancing sales of domestic beef and cutting costs.
- Q10) What is the status of the Company's farming operations.
- A10) During the first quarter, the drop in domestic pork market prices in June exceeded expectations, causing farming operations to fall below targets. We forecast that the circumstances surrounding poultry will remain harsh but expect farming operations to achieve overall targets thanks to steady pork market prices currently being seen.