Minutes of Q&A at the Analyst Briefing for the Third Quarter of the Fiscal Year Ending March 31, 2016

Date & Time: February 3, 2016, 10:00-11:00
Venue: Room 3+4, Marunouchi Trust City Conference
Attendees from the Company: Vice President and Representative Director: *Yoshihide Hata*
Executive Officer, General Manager of Public and Investor Relations Department: *Shigeru Nakajima*
Number of Attendees: 74

Q-1
The Australian business in FY2016/3 3Q ended in the black despite your forecast for its deficit. What are the reasons for becoming profitable?
A-1
The positive effect of improvements in productivity and operational efficiency in the Company has appeared. In addition, we adopted a strategy of selling in areas which allowed us to sell at higher prices by implementing marketing activities. We believe these initiatives led to the black.

Q-2
In the domestic fresh meat market, the price of chicken has begun to show a downturn while pork prices have remained low. This reminds us of the situation when the Company suffered a decline in operating income a few years ago due to overstocked imported chicken. Do you agree?
A-2
Currently we see robust shipment of imported chicken. The imported chicken inventory increased in November. This is because chicken breast meat for processing seems to have a moderate glut and its sales were sluggish during the year-end period owing to the mild winter. However, recently, its unit prices have risen as the weather has turned cold again.

Q-3
The Company sells processed foods through Nippon Food Group. Under this structure, processed food sales are recorded by the Fresh Meats Business Division hence the Processed Foods Business Division does not gain any profit. Do you think this is the right practice?
A-3
Indeed, under this structure, processed food sales do not contribute to the revenues of the Processed Foods Business Division. However, we believe that if sales volume increases, it will give a positive impact on some of its operations, such as factory utilization.

Q-4
Can we assume that earnings in the Australian business have hit the bottom?
A-4
The Australian business suffers a decline of shipment during 4Q every year due to seasonal factors, and therefore we forecast that it will post a deficit for FY2016/3 4Q. Procurement costs remain at high levels, however, we do not have to scramble to procure feeder cattle like a few years ago. We have cut operating rate of factories to reduce the

purchase amount in the Australian business.

Concerning the forecast for the next fiscal year, we expect that the business will continue to face harsh conditions in the 1st half. However, we will implement marketing activities thoroughly and sort out sales areas, while pressing ahead with our branding strategy, with the aim of improving the business performance.

Q-5

What are your forecasts and the preconditions to achieve them of the Australian business in FY2016/3 4Q? In addition, with regard to the overall operating income for the next fiscal year, we anticipate that the profit gained in the domestic business will make up for a loss in the overseas business. Do you share this view?

A-5

With continued uncertainties such as procurement costs remaining high and falling sales prices in the U.S. during FY2016/3 3Q, we expect the overseas business to record a deficit of ¥0.4 billion in FY2016/3 4Q.

For operating income in the next fiscal year, we will make up for a loss in the overseas business by taking initiatives, on which we have worked since the beginning of this fiscal year, to try to raise the proportion of fattening cattle and extend feedlots.

Q-6

Are earnings of Premium Kitchen on track with your forecasts?

A-6

Its earnings have remained at a level ¥0.1 billion to ¥0.2 billion below the forecasts.

Q-7

What is your forecasts concerning the Ege-Tav?

A-7

We have suspended a further investment in the company due to an outbreak of influenza epidemic at the beginning of this fiscal year. For this fiscal year, it is forecast to record a slight deficit of operating income.

Q-8

What is the status of the farm business in the Americas?

A-8

The business is expected to record ¥(3.0) billion for this full fiscal year. For the next fiscal year, we will try to break even by improving production efficiency and downsizing overall operations.