

Growth Strategies for Core Operations



Processed Foods

We will implement thorough "select and concentrate," quality control, and cost control to achieve an operating margin of 5%.

Targets and Basic Strategies per Our Medium-Term Plan

Core businesses (prepared frozen foods, retort-pouch foods, agricultural products)

- Enhance product development capacity through further selection and concentration of categories, and improve profit margin by reinforcing cost control
- Continue to strengthen production systems that we can control ourselves, and restore public trust in safety by continuing to invest in in-house production

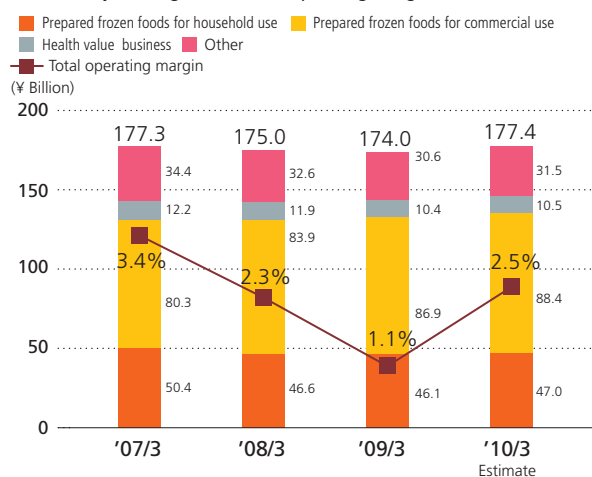
Bolster health value business

- Build new, high-profit business model that provides products of proven effectiveness and wellness solutions (for metabolic syndrome, low-calorie diet and anti-aging markets)
- Make a clear shift in focus of acerola business toward ingredient sales; expand overseas sales

Expand more aggressively overseas

- Expand globally as a manufacturer of ready-to-eat foods like croquettes in China and frozen sushi in Europe
- Develop products that suit local cultures and palates precisely and establish local production bases for foods

Net Sales by Sub-segment & Total Operating Margin of Processed Foods



"Shrimp Pilaf" — a strong seller



Our highly competitive processed chicken

Market and Industry Trends

- Throughout the fiscal term, there were various problems related to food safety and labeling.
- In the first half, there was a string of food price revisions in response to surges in ingredient prices.
- In the second half, the trend of commodity prices turned downward including crude oil and grains.
- Market conditions remained harsh, amid such trends as a pronounced shift among consumers toward favoring low-end merchandise.

Major Policies for the Year through March 2010

Core Businesses: Supply carefully selected high-added value frozen food products using appropriate distribution strategies

In our core frozen foods business, we will reduce the number of product line while carefully selecting ingredients. In the past, we tended to broaden product categories excessively as we emphasized offering a wide selection. Going forward, however, we will be selecting products carefully while even more strictly examining ingredient flavor and usefulness for human health so that we can manufacture and sell more valuable frozen food products. In the area of prepared frozen foods for household use, we will concentrate management resources on 10 major products including toasted rice balls, fried rice, and omelets. By ceasing production of low-profit prepared frozen foods for commercial use, we aim to increase the proportion of mainstay items like croquettes, spring rolls, and processed chicken, while concentrating management resources in the development of our major national brands.

As we reduce the number of our product lineup, we will work on responding to changes in domestic distribution and sales channels. The Japanese distribution industry is currently becoming increasingly polarized into two groups: nationwide retailers, restaurants and distributors, and small and medium-sized regional wholesalers. In April, we started a system for serving the former whereby sales teams that specialize in each business category directly approach clients all over the country from their base in Tokyo. To serve the smaller, regional wholesalers, we are pursuing our strategy of meeting each locality's needs by enhancing our business bases in each region.

Health value business: Shift focus of acerola business to ingredient sales; Review wellness business

We view our health value business, which consists of acerola and wellness businesses, as a driver of our next growth. In the past, we focused on downstream business aimed at general consumers, however, intensified competition from rivals in the industry has cut into our profit margin. Therefore, we are shifting our focus to midstream business, i.e. selling acerola as an ingredient to food manufacturers around the world. We have already set up a framework for processing raw acerola into primary ingredients in Brazil and Vietnam into formats like puree or powder. Upstream, we will extend our research into the functions of the natural vitamin C contained in acerola berries and pursue even greater health value, which we will link to new product development and greater added value*.

We will continue to serve three main markets through our wellness business — metabolic syndrome, low-calorie diet, and anti-aging — while adding new sales channels, reviewing the contents and container formats of main products like “Kikubari Gozen” and “Chef’s Balance,” and working to boost sales by developing new products with an eye toward commercial as well as household use.

*At its July 28, 2009 board meeting, Nichirei decided to sell its domestic acerola beverages business (but not our raw ingredients supply business or the production and sale of commercial-use products) to Suntory Beverage & Food Limited.

Global strategy: Produce and sell frozen foods in China

As the Japanese birth rate falls and the average age of the population increases, Japan's domestic market is shrinking, so we have been developing overseas markets. We have already established production bases in China and Thailand, and in the term through March 2010 we plan to begin selling frozen foods such as gratin and pasta dishes in China. We are also developing markets in Europe and North America, where, in the term through March 2010, we plan to start selling processed foods such as frozen sushi produced in Thailand.

Concentration of Product Items and Impact on Sales
(¥ Billion)

	Sep. 08 to Mar. 09 Ratio of product item concentration	Impact on sales in '10/3
Pre-cooked foods for household use	(21%)	(3.9)
Pre-cooked foods for commercial use	(8%)	(3.2)
Other	(14%)	(0.3)
Total of Processed foods	(11%)	(7.4)



Seeking out even more health value in acerola



We are in the process of improving our “Kikubari Gozen” product line

Performance Highlights from the Fiscal Year through March 2009

- Sales of prepared frozen foods for household use were little changed from the previous term, thanks to strong sales of products like fried chicken and shrimp pilaf.
- Sales of prepared frozen foods for commercial use grew, largely because of expanded sales of croquettes in addition to stronger sales of various types of fried chicken and other chicken products for the home meal replacement market.
- Although we tried to strengthen our acerola brand, sales declined amid floundering beverage sales.
- Two subsidiaries consolidated in the previous term, Heart & Heart Life Support Inc. and Smile Diner Inc., contributed to sales growth in our wellness foods.

Growth Strategies for Core Operations



Nichirei Logistics Group Inc.
Toshiaki Murai, President

Logistics

We aim to be Japan's number one provider of food logistics services.

Targets and Basic Strategies per Our Medium-Term Plan

Logistics Network Business

- Realize more efficient use of vehicles; Expand transportation business, including retort-pouch and chilled foods
- Clarify framework for cooperation with business partners and reinforce vehicle procurement system
- Develop 3PL business aimed at carefully selected target market

Regional Storage Business

- Proceed with steady updating of refrigeration equipment
- Secure new revenue sources by handling local products

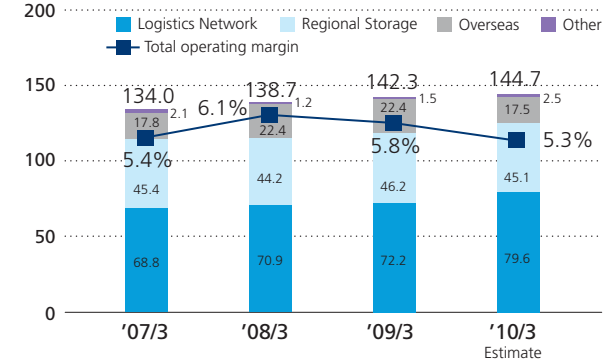


An overseas business with solid performance

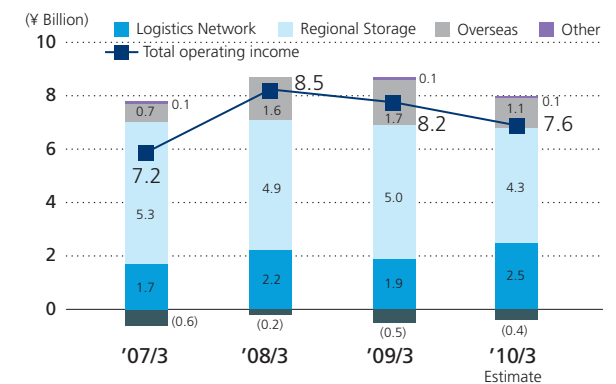
Overseas Business

- Maintain stable growth in Western Europe and expand business in Eastern Europe
- Move forward with preparations for second distribution center in China

Net Sales by Sub-segment & Total Operating Margin of Logistics
(¥ Billion)



Operating Income by Sub-segment of Logistics
(¥ Billion)



Market and Industry Trends

- There was upward pressure on costs from such factors as soaring oil prices (reversed in the second half), the need to reduce damage to the environment, and demand for higher quality distribution.
- The business environment grew harsher than ever, largely because of a sharp drop in transportation demand resulting from economic recession.
- A freight movement slowdown resulting from economic recession caused inventory levels to rise, so storage revenues stabilized temporarily, but revenues from cargo handling decreased due to the decline in movements in and out of storage.

Major Policies for the Year through March 2010

Logistics Network Business: Balance round-trip freight volumes

Currently only about 10% of the food stored in freezers operated by our Regional Storage Business is transported by our Logistics Network business, leaving us a great deal of room for expansion. As a concrete measure aimed at winning some of that business, we are working on balancing round-trip freight volumes. Nichirei operates truck routes connecting major hubs, such as Tokyo-Osaka and Tokyo-Fukuoka. However, there is far less freight moving from western Japan to eastern Japan than there is moving from east to west. This imbalance lowers transport efficiency and causes stagnation in our Logistics Network Business. To resolve this problem, we plan to reinforce freight collection, especially in western Japan, by beefing up our Osaka base, thereby making a push to balance freight volumes in both directions. We intend to expand sales of 3PL services, whereby we handle all of a corporate customer's distribution functions, by focusing sales efforts on a select group of prospects.

Regional Storage Business: Build a more efficient distribution system by "scrap and build" of facilities

In our Regional Storage Business, we are steadily driving "scrap and build" of facilities and building a more efficient distribution system with an eye toward the future. Because most small and medium-sized frozen storage enterprises cannot afford to invest in new equipments despite the growing problem of aging infrastructure, industry reorganization is expected to pick up speed. Nichirei is steadily implementing the roughly 31.0 billion yen worth of equipment investment budgeted in its Medium-Term Plan, thereby further solidifying its position as the industry leader. In addition, we are further boosting our sales capacity through steps like updating our Group sales database to allow better information sharing and coordination and providing training for Group sales staff. We are also making use of our customer base in each locality to uncover local products that will lead to increased transportation business.

Overseas Business: Expand business bases in Poland and China

Our European business has made great strides and has begun to contribute to profits. We will reinforce our business bases in Europe in order to ensure that we remain on a growth track there. By steadily launching a new distribution center in Poland, we will reinforce our framework in Central and Eastern Europe. This move is based on our view of the Central and Eastern Europe economic zone's premise for the future, and our expectation that it will also lead to business expansion in Western Europe, which is strengthening ties with Central and Eastern Europe.

In China, which is the center of growth in Asia, we will improve earnings at our existing distribution centers, largely by increasing the number of company-owned vehicles. We are also moving ahead with establishing a second distribution center in the Shanghai region, firstly by seeking an appropriate site.

Measures to Expand Transport Business and Projected Benefit

(¥ Billion)

Business Category	Measures	Revenue Benefit
Trunk Route Transport	Increase volume with new business for shipments from production to consumer districts, such as local produce or processed live stock (including room temperature shipments).	0.5
	Increase volume with new trunk route transport for wide-area customers.	0.2
Local Delivery	Further expand joint distribution with frozen foods and ice producers to address need for greater distribution efficiency.	0.3
	Increase sales through tie-ups with Regional Storage Business to expand transport business, and by increasing road transport consolidation and distribution alongside growth in trunk route transport.	1.1



Establishment of a new distribution center in Poland

Performance Highlights from the Fiscal Year through March 2009

- Increased volume of freight handled by our Logistics Network Business, continued, locally customized sales efforts by our Regional Storage Business, and operation of a new distribution center all helped boost net sales.
- Our Overseas Business performed well in Europe and China (Shanghai).
- Overall operating income fell below the previous

year's level as a result of pressure from fuel surcharges and the sharp drop in transportation demand.

Intake Volumes and Overall Inventory Rate (Average) (April 2008 –March 2009)

	Intake Volumes		Overall Inventory Rate (Average)	
	1,000 tons	% Change	Actual (%)	Change (point)
Japan's 12 largest cities*	10,384	(0.1)	35.5	1.6
Nichirei Group	2,675	(2.5)	38.6	1.0

* Source: Compiled using data from JARW



Nichirei Fresh Inc.
Hisashi Hasegawa, President

Marine Products

In addition to maintaining appropriate inventory levels and boosting operational efficiency in order to remain profitable, we will reinforce our position in growth areas.

Targets and Basic Strategies per Our Medium-Term Plan

- Increase per-person profits by beefing up our wide-area sales framework
- Maintain appropriate inventory levels and improve capital efficiency
- Actively develop, expand sales, and step up overseas sales efforts to promote the growing field of sushi toppings
- Increase staff to promote our joint ventures and boost sales in China

Major Policies for the Year through March 2010

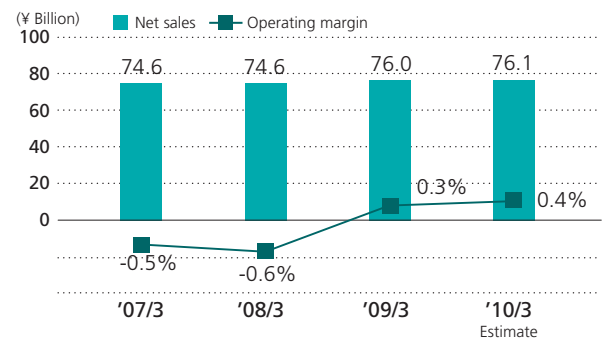
Improve profitability by thoroughly managing inventories and capital

In order to maintain and improve our Marine Products profit margin now that we have restored the business to the black, we aim to continuously reinforce management of areas like inventories and capital. In the past, we tended to maintain inventories of even slow-selling products, based on the idea that it was desirable to have a broad product lineup. We are changing this orientation in favor of boosting our inventory turnover rate by reducing or stopping handling of slow-selling products. We will boost capital efficiency through such means as extending debt payment periods and shortening credit collection periods. In the year ended March 2009, we integrated the functions of our head office purchasing department and Kanto operating division sales department and consolidated some regional business bases. We will continue to consolidate functions in order to build a more efficient, wide-area sales framework and to reduce fixed costs.

Develop overseas markets, with a focus on sushi toppings

Sushi has become a global food that is widely popular throughout

Net Sales and Operating Margin of Marine Products



Europe, the U.S., and Asia. We are focusing on the supply of sushi toppings as one of the engines that will drive future growth in Marine Products now that we have restored the business to the black. Toward that end, we established a joint venture in the term ended March 2009 with a Chinese company in Rizhao, Shandong Province, which will serve as a base for expanding supply of sushi toppings, primarily to commercial clients in Hong Kong and Singapore. In addition, we will reinforce in-house systems, and capitalize on public trust in the safety and reliability of the quality of Nichirei products in order to develop mass retailing channels and channels with potential for expanding sales of ready-to-eat foods.



Sales of sushi toppings increased

Market and Industry Trends

■ In the first half, competition for supplies intensified due to increased worldwide demand for marine products and higher fishing costs resulting from soaring fuel prices.

■ In the second half, the marine products supply-demand balance in Japan and abroad changed drastically due to a slump in consumption and exchange rate fluctuations, among other factors.

Performance Highlights from the Fiscal Year through March 2009

We restored the business to profitability mainly by successfully developing products that offer premium ingredients and the degree of processing that customers want, focusing on processed shrimp products and sushi toppings, and streamlining through organizational reform.

■ Shrimp sales grew 0.1% over the previous year and shrimp profits also increased thanks to improved profitability of Southeast Asian shrimp and processed shrimp products.

■ Sales of frozen fish and shellfish to food manufacturers rose 5.0% year on year due to increased volume, while profits on these items were little changed.

Meat and Poultry Products

We will quickly restore the business to the black, increase the added value of premium ingredients, and increase our ability to provide products that are processed exactly to individual consumers' liking.

Nichirei Fresh Inc.
Minoru Satou,
Executive Vice President



Targets and Basic Strategies per Our Medium-Term Plan

- Quickly achieve profitability of "Nichirei Fresh Farm" ("Jun Wakei" or pure Japanese chicken) upstream business
- Enhance lineup of processed chicken products, boost capacity for selling processed pork products, and enhance framework for providing optimal degree of processing by strengthening alliances with domestic production partners
- Further increase the added value of premium ingredients

Major Policies for the Year through March 2010

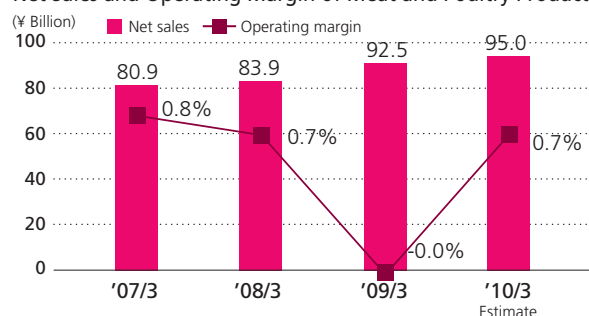
Restore Nichirei Fresh Farm to profitability

We launched a new "Jun Wakei" brand of "pure Japanese" chicken in 2007 as our entry into the upstream business. Nichirei Fresh Farm, which is the production base for "Jun Wakei," posted a loss in the fiscal year ended March 2009 due to higher feed costs and insufficient maturity rates and product yields. However, because resolution of these problems is within sight and the farm began operating at full capacity since December 2008, we expect to return to the black with ¥1.0 billion in net sales in the term through March 2010.

Boost profits by enhancing lineup of "optimally processed" products

One of Nichirei's important strength is the ability to provide a degree of processing that matches each customer's needs, for example by making commercial-use meat products that can be made delicious simply by heating in a microwave oven. To date, we have been focusing on processed chicken products, but in the future, we plan to enhance our lineup of processed beef and pork products, for example with roasted and fried pork, and further increase earnings.

Net Sales and Operating Margin of Meat and Poultry Products



Providing high-added value products by using more premium ingredients

Nichirei has always procured and offered premium ingredients made from special breeds or raised in special environments. In the future, we intend to continue reinforcing special "premium" characteristics and use the appeal of high added value to attract more customers. In the term through March 2010, we plan to cooperate more closely with domestic manufacturing partners to increase production, expand sales, and expand the areas where we raise "Genso Special Pork" (marbled) which has sold well for the last half of the fiscal year ended March 2009.



"Jun Wakei" (pure Japanese chicken), one of Nichirei's premium ingredients

Market and Industry Trends

- In the first half, livestock production costs increased due to worldwide surges in feed prices and other factors; procurement prices for domestic and imported products remained high.
- In the second half, there were sudden swings in the livestock supply-

demand picture in Japan and abroad due to such factors as falling feed grain prices and exchange-rate fluctuations; in Japan the situation remains extremely difficult, partly due to a sharp drop in imported chicken prices.

Performance Highlights from the Fiscal Year through March 2009

We handled much larger volumes of domestic and imported chicken and pork and net sales increased; however, due to such factors as the sharp drop in imported chicken prices, operating income declined.

- Net sales of chicken increased by 21.3% over the previous year because we handled more domestic chicken products and imported frozen products.

- Handling of domestic beef products declined, but Australian products increased, resulting in a 0.9% rise in net sales of beef.

- Net sales of pork grew 5.2% year on year, with increases in both imported frozen products and domestic products amid solid domestic demand.