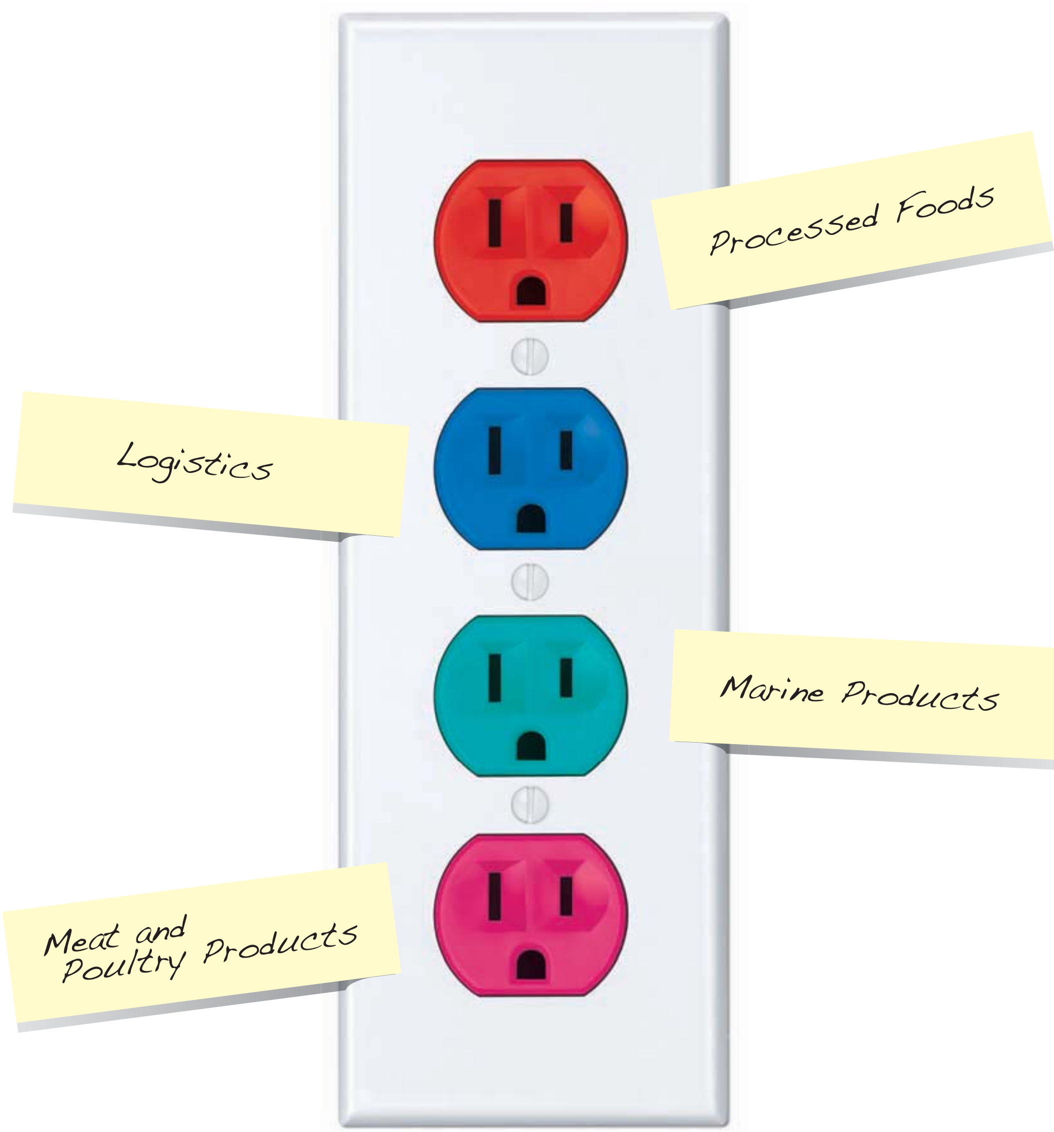
ANNUAL REVIEW 2010
Year Ended March 31, 2010



Medium-Term Business Plan
Energy 2012

Nichirei's determination to achieve sustainable growth

Profile

Nichirei Corporation is a holding company that determines strategies for the entire Nichirei Group, one of Japan's leading corporate groups involved in food-related businesses. The Nichirei Group consists of Nichirei Corporation, 74 consolidated subsidiaries and 13 affiliates. Its principal businesses are processed foods, marine products, meat and poultry products, low-temperature logistics, and real estate.

The Nichirei Group's network is unique in the domestic food industry: It covers every step from procurement of raw materials to processing and distribution, and serves as the base from which we aim to maximize shareholder value through sustainable group growth and expanded profits, by continually creating new customer value with uncompromising insistence on good taste and freshness.

Diagram of Holding Company System

Holding Company Nichirei Corporation

Real Estate Business, Quality Assurance / Corporate Internal Audit / Corporate Staff

Nichirei Foods Inc.

19 Subsidiaries

Nichirei Fresh Inc.

8 Subsidiaries and 2 Affiliates

Nichirei Logistics Group Inc.

34 Subsidiaries and 6 Affiliates

Nichirei Biosciences Inc.

Nichirei Proserve Inc.

8 Subsidiaries and 5 Affiliates

Contents

Cautionary Statement with Respect to Forward-Looking Statements

This annual review contains, in addition to historical facts, forward-looking statements that are based on Nichirei's and its Group companies' current expectations, estimates and projections regarding plans, outlook, strategies and results for the future. All such statements are based on management's assumptions and beliefs derived from the information available to it at the time of publication of this annual review. Words such as "anticipates," "expects," "intends," "plans," "strategies," "believes," "seeks," "estimates," "may," "will" and variations of these words or similar expressions are intended to identify forward-looking statements, from which actual results may differ significantly. Thus, it is advised that investors refrain from making investment decisions based solely on these forward-looking statements. Nichirei and its Group companies will not necessarily revise their forward-looking statements in accordance with new information, future events and other results. Risks and uncertainties that could affect the actual results of Nichirei and its Group companies include, but are not limited to:

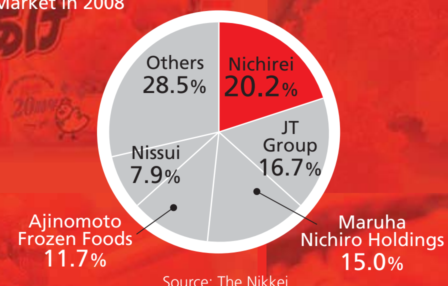
1) economic conditions and industry environment, particularly levels of consumer spending, surrounding the business activities of Nichirei and its Group companies;
2) currency exchange rate fluctuations, particularly involving U.S. dollars and euro;
3) Nichirei's and its Group companies' ability to establish a comprehensive quality assurance system that encompasses product development, raw materials procurement, production and sales;
4) Nichirei's and its Group companies' ability to develop new products and services;
5) Nichirei's and its Group companies' ability to implement growth strategies and build a low-cost structure;
6) Nichirei's and its Group companies' ability to gain benefits through alliances with other companies;
7) effect of natural disasters;
8) serious and unpredictable effects that may be caused by future events; and
9) contingency risks.

Nichirei's Advantage

The competitive advantages that serve as the basis of Nichirei's "Energy 2012"

Processed Foods

Market Shares in Japanese Frozen Food Market in 2008



Source: The Nikkei

Nichirei's Share of Processed Foods for Home Meal Replacement Market in Japan

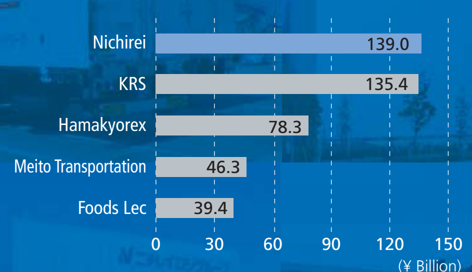
Type of Food	Size of Market (¥ Billion)	Market Growth Potential	Nichirei's Share
Chicken	140	Large	Industry top
Potato croquettes	33	Large	Industry top
Cream croquettes	12.5	Medium	Industry top
Spring rolls	3	Medium	More than 50%
Minced meat patties	14	Small	Industry top

Prepared by Nichirei based on information from Fuji Keizai Co., Ltd.

Nichirei holds the top share of the Japanese frozen foods market. Especially in the market for frozen foods for commercial use, Nichirei controls the largest share in many categories, including processed chicken products such as fried chickens, and croquettes, etc.

Logistics

Japan's Major Low-Temperature Logistics Providers and their Net Sales (in the fiscal year through March 2010)



Japanese Refrigerated Warehouse Companies' Facility Capacities (as of January 1, 2010)

Ranking	Company / Group	Capacity (thousand tons)	Capacity Share
1	Nichirei Group	1,320	11%
2	Yokohama Reito	700	6%
3	Maruha Nichiro Group	580	5%
4	Toyo Suisan Group	350	3%
5	Nippon Suisan Group	330	3%

Source: Compiled using data from JARW as of January 1, 2010

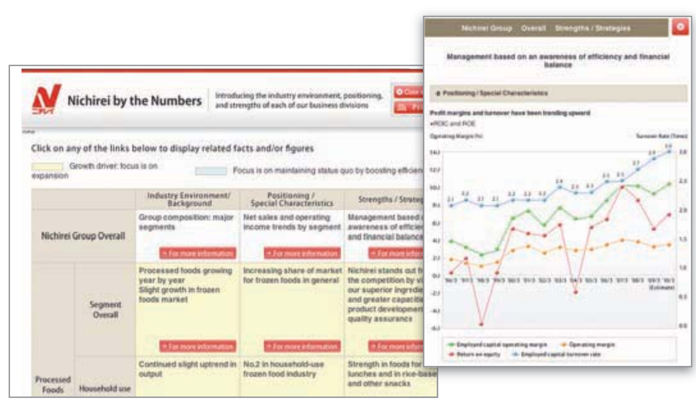
Nichirei is the overwhelming leader in terms of refrigerated warehousing capacity in Japan. In the fiscal term ended March 2010, Nichirei also became the No. 1 among Japanese low-temperature logistics providers in terms of net sales.

Nichirei has many other special characteristics and competitive advantages that we would like to communicate to shareholders and other investors.

Please visit the "Nichirei by the Numbers" page on our web site, which presents this information in a reader-friendly format.

http://www.nichirei.co.jp/english/data/index.html

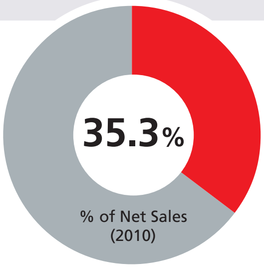
Nichirei by the Numbers Search



Nichirei at a Glance

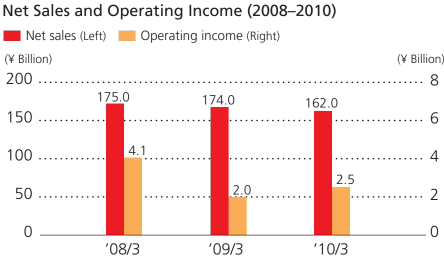
Processed Foods

Nichirei Foods Inc.

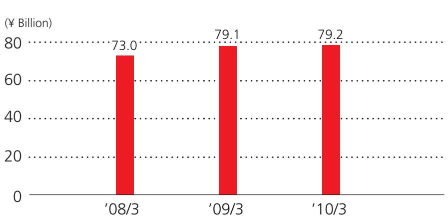


- Processed Foods is one of Nichirei's core operations. It includes frozen foods, an industry Nichirei leads in Japan, acerola ingredient, retort-pouch foods, canned foods and health foods.
- Nichirei has established a comprehensive quality-assurance system that covers everything from product development and raw materials procurement to production and sales.

Net Sales and Operating Income (2008–2010)

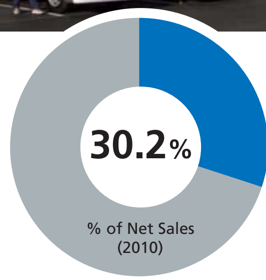


Segment Assets (2008–2010)



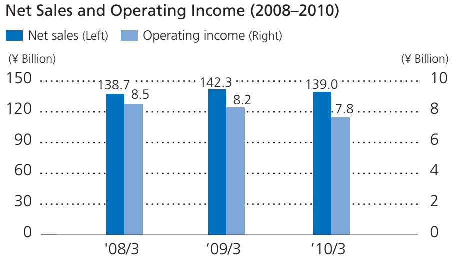
Logistics

Nichirei Logistics Group Inc.

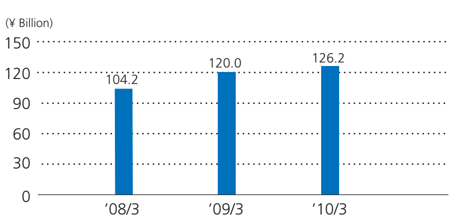


- Logistics is Nichirei's other core operation. In addition to providing a wide range of logistics functions such as refrigerated warehousing, sorting, transportation and delivery, Nichirei combines those functions to offer solutions for optimizing customers' overall logistics flow.
- With market share that ranks No. 1 in Japan and No. 6 worldwide, Nichirei has secured a solid position in the refrigerated warehousing business.

Net Sales and Operating Income (2008–2010)

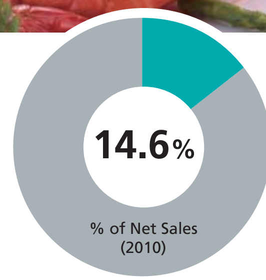


Segment Assets (2008–2010)



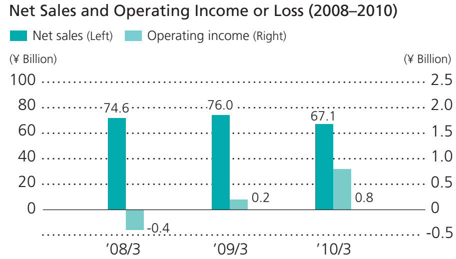
Marine Products

Nichirei Fresh Inc.

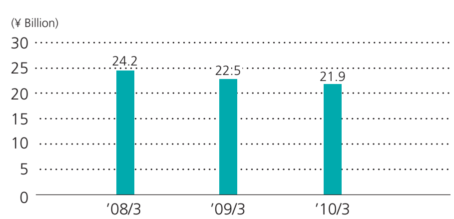


- In Marine Products, Nichirei imports and sells seafood procured from around the world.
- Net sales compare with those of Japan's leading marine products companies, with Nichirei being especially strong in the handling of several items such as shrimp, herring roe and octopus.
- Nichirei is enhancing its line of value-added products that meet customer needs, as well as handling more premium products.

Net Sales and Operating Income or Loss (2008–2010)

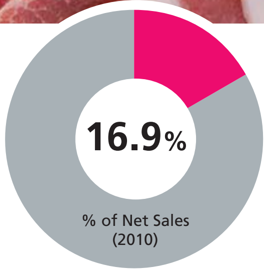


Segment Assets (2008–2010)



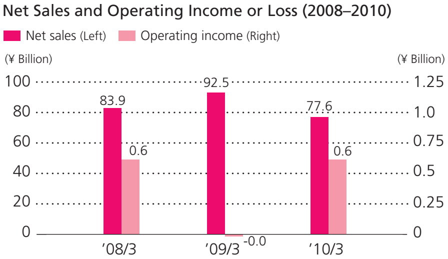
Meat and Poultry Products

Nichirei Fresh Inc.

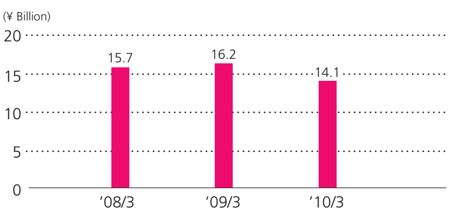


- In Meat and Poultry Products, Nichirei provides large retailers and restaurants with poultry, pork and beef procured from established partners in Japan and overseas.
- Nichirei is committed to delivering products that are delicious, safe, reliable, healthful and environmentally friendly.

Net Sales and Operating Income or Loss (2008–2010)

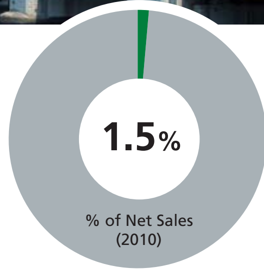


Segment Assets (2008–2010)



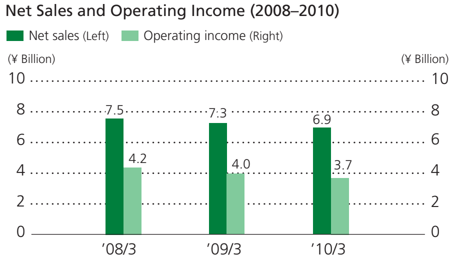
Real Estate

Nichirei Corporation

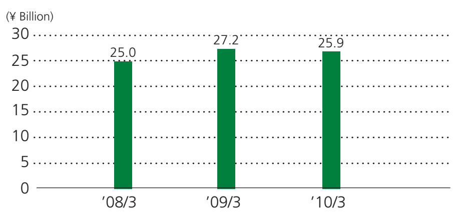


- The purpose of Nichirei's real estate operations is to make effective use of company-owned properties.
- Nichirei plans and executes projects that best suit the location, surroundings and social circumstances of company-owned properties all around Japan.
- Currently, we develop and lease office buildings in large cities, as well as develop and sell residential housing.

Net Sales and Operating Income (2008–2010)

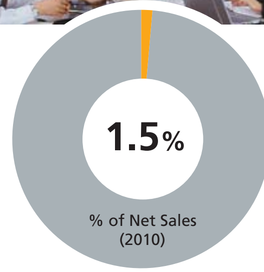


Segment Assets (2008–2010)



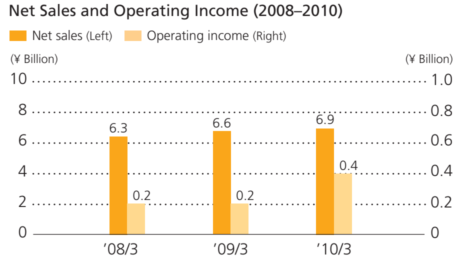
Other Operations

Nichirei Corporation, Nichirei Biosciences Inc., Nichirei Proserve Inc.

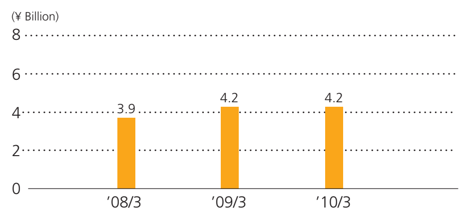


- Nichirei continues to nurture its bioscience operations.
- The company develops, manufactures and sells antibody products, cell-culture reagents and raw materials for cosmetic products, based on Nichirei's immunology-related technology and natural materials processing technology.
- Nichirei Proserve provides Nichirei Group companies back-office operations-related solution services, which include more than mere cost reductions.

Net Sales and Operating Income (2008–2010)



Segment Assets (2008–2010)



Message to Our Shareholders

As heads of the Nichirei Group, we take responsibility for fully implementing our new Medium-Term Business Plan.

Our new Medium-Term Business Plan, "Energy 2012," is Nichirei's path to certain growth in profits.

Amid worldwide recession triggered by the subprime loan crisis in the U.S., floundering consumer prices in Japan, wild fluctuations in prices of crude oil and food ingredients, and more intense competition to procure food resources, "Advance and Challenge" was the theme of our previous Medium-Term Plan, which covered the three-year span from April 2007 to March 2010. Although we faithfully executed the measures set forth in that plan, we ended up falling far short of the plan's numerical goals because we couldn't quite keep up with the staggering pace of change in the marketplace.

Nevertheless, our faith and vision of future growth have not been shaken in the least. That vision is based on a focus on domestic markets where there is still plenty of room for growth – due to changes in the competitive environment and changes in Japanese people's eating habits – the creation of new customer value based on the technologies and expertise we have cultivated in our home market, and the development of future growth areas both inside and outside Japan. We firmly believe that Nichirei's various strengths, which are the keys to achieve the vision, will shine more brightly and steadily as competition intensifies.

Beginning with the fiscal year through March 2011, we are implementing our new "Energy 2012" Medium-Term Plan, which is geared toward steady implementation of business strategies and speedy adaptation to environmental changes aimed at sustainable profit growth. Our Logistics, Marine Products, and Meat and Poultry Products businesses achieved their targets under the previous Medium-Term Plan and we expect them to realize solid profit growth as they increasingly reap the benefits of forward-looking investments made in the recent past. In Processed Foods, the only business division that fell short of its targets, we will pursue various reforms aimed at improving profitability. We start the fiscal year with a solid push forward, an example of which is this summer's scheduled start of production at the large-scale chicken processing plant that we recently completed building in Thailand.

"Energy 2012" is meant to convey our vitality, capacity for action, and strong determination to succeed. Our commitment to shareholders demands that we execute the various reforms and measures outlined in the following pages with speed and certainty, and that we achieve our goals. We intend to continue to strengthen the Nichirei brand based on the ideal of "Networking 'Good Taste' and 'Freshness'" and to establish the conditions that will lead Nichirei to sustainable growth.

M. Urano

Mitsudo Urano
Representative Director and Chairman

Toshiaki Murai

Toshiaki Murai
Representative Director and President

Toshiaki Murai
Representative Director
and President

Mitsudo Urano
Representative Director
and Chairman

President's Discussion

Wrapup of the Previous Medium-Term Plan

- Because we could not adequately keep up with the speed of change in the marketplace, our Group-wide performance over the three-year period fell far short of the targets we had set.
- By constructing systems for assuring rapid responsiveness to environmental changes, we can greatly improve the profitability of Nichirei Foods.
- Nichirei Logistics Group succeeded in meeting its targets and further solidified its position as No. 1 in the industry.
- Nichirei Fresh moved on to a new phase thanks to the success of the revitalization plan for our Marine Products business and to growth in the sushi toppings business.

Our road forward has not changed.

By equipping ourselves to cope with environmental changes, we will continue to deeply cultivate the Japanese market.

Achievements and Lessons Learned from Our Previous "Advance & Challenge" Medium-Term Plan

Overview of the environment and lessons learned during the three-year period

The worldwide recession that was triggered by the financial crisis of 2008 had a profound effect on the course of our previous Medium-Term Plan. In particular, Nichirei Foods' profits were hard hit by an increased preference for low-priced goods and other changes in the domestic processed foods market, along with our difficulty to respond adequately when ingredient prices shot up far above projected levels. We were made keenly aware of the urgency with which we must construct a system for rapidly responding to dramatic changes in market conditions. In our Logistics business, too, in light of a conspicuous slowdown in warehouse inventories and movements due to the sluggish trend in consumption, we came to see that further cost reductions are inevitable.

Divergence from target values

The following table shows actual results and target values from the final year (through March 2010) of our previous Medium-Term Plan.

As the figures show, Logistics, Meat and Poultry Products, and Marine Products came within ballpark range of their target values, but the pressure exerted on overall Group results by the larger gap between Processed Foods' results and its target was a main reason we failed to fulfill the Medium-Term Plan. The fulfillment of our new Medium-Term Business Plan, "Energy 2012," hinges on the success of measures designed to strengthen Processed Foods.

(¥ Billion unless otherwise specified)

	Mar. 2010	Year-on-year Change	Mar. 2010 Targets	Difference
Net sales	¥438.1	¥(36.4)	¥533.1	¥(94.9)
Processed Foods	162.0	(11.9)	200.0	(37.9)
Marine Products	67.1	(8.8)	90.0	(22.8)
Meat and Poultry Products	77.6	(14.8)	100.0	(22.3)
Logistics	139.0	(3.3)	159.0	(19.9)
Operating income	16.8	1.6	22.6	(5.7)
Processed Foods	2.5	0.5	9.7	(7.1)
Marine Products	0.8	0.6	0.6	0.2
Meat and Poultry Products	0.6	0.7	0.9	(0.2)
Logistics	7.8	(0.3)	7.8	0.0
Net income	9.0	3.0	11.4	(2.3)
Net income per share (yen)	29.24	9.82	36.76	(7.52)

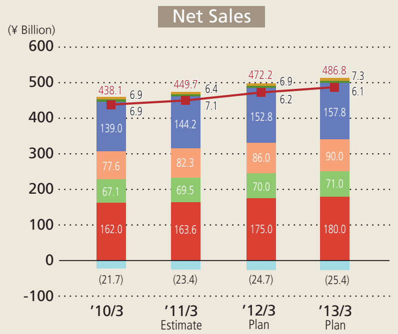
Major qualitative results

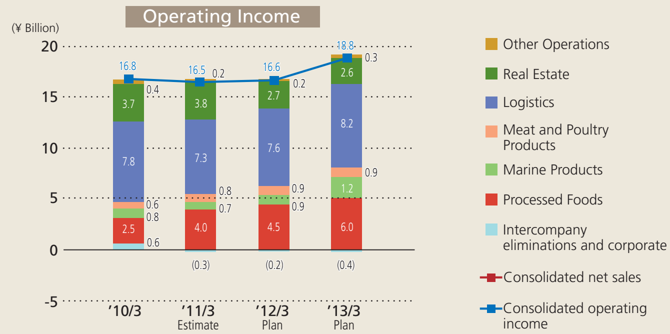
Although not readily visible from the above figures, during the three years covered by the previous Medium-Term Plan, we did faithfully execute measures aimed at Nichirei's future growth. Specifically, we increased the ratio of in-house production in Processed Foods, drove "scrap and build" of refrigerated warehouses in our Logistics business, and restored Marine Products to the black by executing a revitalization plan and expanding the sushi toppings business. In Meat and Poultry Products, our achievements included the launch of the "Jun Wakei" (pure Japanese chicken) business. We feel certain that these valuable achievements will appear in the form of profits during the span of our new Medium-Term Business Plan, "Energy 2012," and will serve as a foundation for medium- and long-term growth.

"Energy 2012" expresses our determination to achieve sustainable growth.

We need to implement our strategies quickly, decisively, and steadfastly.

Numerical Targets of "Energy 2012"





About Our New Medium-Term Business Plan, "Energy 2012"

Objectives: Quick implementation of strategies, steady recovery, and preparation for our next growth spurt

The results of our previous Medium-Term Plan taught us that our responses to environmental changes must be rapid. Keeping this lesson in mind, a primary goal of our new Medium-Term Business Plan is to quickly and boldly strengthen Processed Foods and lead it back to a growth track. In the other businesses, we aim to realize a return on the investments that we made over the previous three years, achieve growth in profits, and establish Nichirei's position as No. 1 in their respective categories. The ultimate aim of "Energy 2012" is to link these results to even greater progress over the next three years.

Projected business environment: It is precisely in a harsh environment that true strength shines

We expect the business climate surrounding Nichirei to remain harsh. Unit prices of products and services remain stagnant in Japan. In times like these, a company shows its true worth by managing to earn profits despite the tough conditions. It is likely that some companies will withdraw in the face of excessive competition, and there will be an industry reorganization.

In Nichirei's case, we expect a decline in gains from property rentals when some leases come up for renewal in March 2012, and we need a strategy for making up for that decline through other businesses. Still, we have not changed our strategy of staying in the fight in the domestic market, where we still foresee plenty of room for growth amid changes in the competitive environment and the Japanese people's eating habits. We believe that Nichirei's strengths will only become more valuable as competition intensifies.

Meanwhile, in overseas markets, despite the short-term downturn in Europe, we expect to see mid- and long-term growth in demand for low-temperature logistics services, especially in the Eastern European region. In China, the value of low-temperature logistics services is steadily gaining recognition, so we expect to see gradual growth in the market.

Mainstay measures

Following are the mainstay measures that each business is to implement under "Energy 2012" in order to improve its profitability and lay a foundation for sustainable growth.

Processed Foods	■ Establish overwhelming dominance of Nichirei processed chicken products as our growth driver ■ Enhance product development functions to enable rapid responses to changes in market conditions
Marine Products	■ Reorganize product portfolio in order to improve gross profit margin ■ Address demand for Japanese-style food; further expand sushi toppings business
Meat and Poultry Products	■ Strengthen Nichirei brand by establishing a business model for eco-friendly ingredients ■ Enhance development and sales systems to support processed products business
Logistics	■ Make use of the Group's overall strength in order to boost transportation sales ■ Expand European network and enhance business base in China

Our top priority is improving the profit margin in Processed Foods.

Revamping our processed chicken products business and adaptation to market changes

Construction of GFPT Nichirei (Thailand)

Top-priority Action Plan for Processed Foods

Chicken

Why we attach so much importance to processed chicken products

The enormous market for chicken and processed chicken products is estimated at ¥1.7 trillion. In the four years through March 2009, both sales volume and net sales of Nichirei Foods' frozen processed chicken products increased by about 40%. This growth was the result of the market's high regard for the high quality and ease in cooking of Nichirei's processed chicken products amid an increasing trend among Japanese consumers to seek healthy, low-cost foods. As the market for commercial-use foods, including convenience stores and fast food restaurants, shifts to frozen processed products at a rapid pace, Nichirei Foods' top priority under the new Medium-Term Business Plan is to grow by taking advantage of demand for frozen processed chicken products.

The driving force to attain higher profit margins

In the past, when we expanded procurement of chicken ingredients, we depended on outside processors in Thailand to supply us under the OEM agreement. However, purchase prices hovered at high levels and cut into our profits. Then we made a major shift that greatly increased our proportion of in-house processing: we built our own large-scale plant in Thailand (GFPT Nichirei (Thailand) Co., Ltd.), which we plan to begin operating in the 2nd quarter of the year ending March 2011, and also expanded Surapon Nichirei Foods Co., Ltd.'s existing plant. By introducing fully integrated production, we will further increase our quality advantage by increasing differentiation from the raw materials stage and combining cutting-edge production skills and techniques. Our goal is to quickly get this new production system into gear and become the overwhelming industry leader with higher profitability and larger scale by increasing the proportion of processed chicken products that we manufacture in-house from 55% (based on sales volume) in the fiscal year ended March 2009 to about 80% in the year through March 2012, and by increasing net sales to over ¥52.0 billion, or some 22% above net sales in the year ended March 2010.

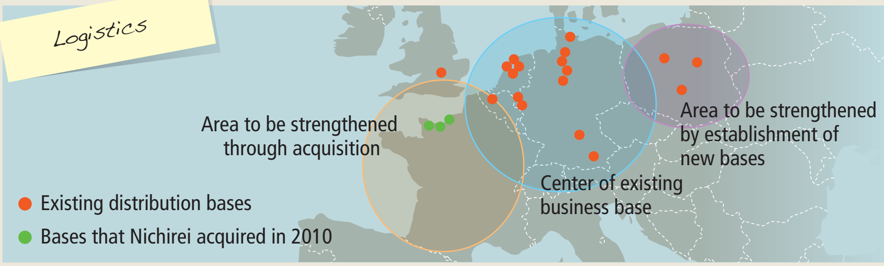
Strategies for Other Product Categories

Never again respond slowly to market changes

Two conspicuous features of our previous Medium-Term Plan were our belated response to the commercial-use market's shift toward lower-priced products and a lack of achievement in our health value business. We were accustomed to a commercial-use market that focused on medium- and high-quality items. Because we did not have enough products in our lineup to meet rising demand for low-priced items, sales dropped sharply in major product categories like croquettes. In response, we adopted a policy in the fall of 2009 of introducing products that have affordability appeal without making major compromises to quality, a policy that we will continue to pursue wholeheartedly along with taking other steps to improve our product development functions so that we can respond rapidly to changing market needs. In addition, we intend to respond to the polarization of demand by also focusing on higher-end brands that offer more added value than ever. In our health value business, we will enhance our product lineup by revising the balance between taste, volume and price, based on the consumer's point of view.

Our objective is to increase each business's corporate value by honing our unique abilities.

The main point is to concentrate on realizing a return on our aggressive capital investments, forging alliances, and establishing foundations for overseas business.



Growing sushi toppings business

Top-priority Action Plans for Logistics, Marine Products, and Meat and Poultry Products

Logistics

Aim for medium- to long-term growth by expanding net sales from transportation and strengthening overseas business bases

One of our new Medium-Term Business Plan's main goals for Logistics is increasing net sales from transportation. Now that our Regional Storage business has completed a round of aggressive capital investment and the Logistics Network business is devising mechanisms for increasing vehicle usage, we aim to further improve the quality of our logistics services, achieve overwhelming cost competitiveness, and win new customers by having Regional Storage and Logistics Network work closely together.

We plan to strengthen our business bases in Europe and China and cultivate overseas business as one of Nichirei Logistics Group's growth drivers. We developed our business in the Western European region with Holland and Germany as our starting points, and in the Eastern European region, mainly in Poland. Going forward, the French base that we acquired in 2010 will serve as the hub from which we will cover southern Europe and link up with our existing network to extend our logistics network throughout Europe. In China, our customer base has grown to the point that we need to reinforce our business infrastructure there. We will work on expanding net sales by increasing our own vehicles and quickly launching a second distribution center.

Marine Products

Improve gross profit margin and develop Japanese-style ingredients overseas, following the success of sushi toppings business

Our Marine Products business is solidly in the black, thanks to streamlining measures through a revitalization plan and the success of our sushi toppings business. Now we are ready to move on to the next phase. The main thrust of "Energy 2012" is to reorganize our product portfolio to focus on more highly processed products with higher gross profit margins. Our new plan also focuses on the potential of Japanese-style food as an engine of future growth. We will market Japanese-style food products overseas, primarily in China and North America.

Meat and Poultry Products

Build product development, production, and sales systems that always have the customer's point of view in mind

In Meat and Poultry Products, we intend to further stabilize the now profitable "Jun Wakei" (pure Japanese chicken) premium ingredient business and to further boost its brand appeal by establishing it as an eco-friendly ingredients business model. In addition, we construct a thoroughly customer-oriented sales system closely linking with development and production to form a base for stable growth in profits, under the new organization drastically renovated for the first time as Nichirei Fresh Inc.

Finding ways to accelerate and continuously make use of PDCA (plan-do-check-act) cycles is our responsibility of the management team.

Each and every employee must realize his or her responsibilities and take action to fulfill them.

Creating Mechanisms for Linking Action Plans to Results

Reacknowledging the importance of PDCA cycles

One of the main reasons for the failure to fulfill the numerical targets of the previous Medium-Term Plan was the fact that there were wide disparities among business divisions regarding the use of the PDCA cycles that are the foundation of business, particularly in terms of cycle length, methods of determining priorities, and attitudes toward working the cycles. This translated into disparities in the ability to work toward goal achievement, which manifested as gaps between the divisions' business results and between the degree to which they achieved their Medium-Term Plan goals. As we implement our new "Energy 2012" Medium-Term Plan, we will persist in using PDCA cycles and will create mechanisms for quickly reflecting changes in customers' needs in our products and services. We, the management of Nichirei, are aware that performing this urgent task is our responsibility.

Adopting successful models from within the Nichirei Group horizontally throughout the rest of the Group

Logistics provides an example of the successful and consistent application of PDCA cycles within the Nichirei Group. The Nichirei Logistics Group uses PDCA cycles on a monthly basis, and speedily reflects changes in customer needs and in the internal and external environments during the next monthly cycle. This process is useful for improving awareness not only at the management level, but also among employees. Each manager has a monthly action plan and is given responsibility and authority for carrying out that plan to achieve particular results. With an eye toward introducing this type of success model horizontally throughout the Nichirei Group, we plan to have management guide the creation of mechanisms for attaining the goals of our new "Energy 2012" Medium-Term Plan.

From PDCA to PDSI

Mindful of the lessons that we learned from our previous Medium-Term Plan, we bring unwavering resolve to the implementation of our new "Energy 2012" Medium-Term Business Plan, which emphasizes speed and steadiness. In addition to fulfilling the various divisions' action plans through timely use of PDCA cycles, we want to overcome hard times by having the energy to immediately change the "C" of "Check" to the "S" of "Study" and the "A" of "Action" to the "I" of "Improve" when faced with dramatic changes in external conditions or market structure. Making use of this energy is the most important key to the accomplishment of our new Medium-Term Business Plan and the reason that we named the plan "Energy 2012."

Our mission is to return value to stakeholders by providing food safety and reliability.

We want to earnestly address the issues of returning value to society and protecting the environment.

Our Pledge to All of Our Stakeholders

Intention to continue to fulfill our "six areas of responsibility" as we increase stakeholder value

In 2007, Nichirei identified six areas of responsibility to society, with the aim of promoting sustainable growth. The six areas are: 1) creation of new customer value, 2) improving employee job satisfaction, 3) thorough legal compliance, 4) stronger corporate governance, 5) consideration for the environment, and 6) contributing to society in ways appropriate for Nichirei. We intend to create value for all of our stakeholders by pursuing and developing our fulfillment of these six areas of responsibility, and to build a basis for sustainable growth that is adaptive to environmental changes.

The pursuit of "Food Safety and Reliability" and "Environmental Value"

In addition to continuing to fulfill our six areas of responsibility, in view of the external environmental changes that took place during the three-year span of our previous Medium-Term Plan, we intend to focus particularly on food safety and reliability and the creation of environmental value under our new Medium-Term Business Plan. To achieve food safety and reliability, we will work to maintain and improve the Nichirei Group's capacity for quality assurance, primarily through the Nichirei Quality Assurance Division, and will continuously strive to assure food safety. While we strive to prevent lapses in quality or hygiene from ever occurring, we will also continue to address quality risk management so that should an accident occur, we will be able to minimize any damages. At the same time, we will work to educate our Quality Assurance Division and to promote quality awareness among each and every employee in order to improve the level of Group-wide quality assurance.

In order to create environmental value, we will plan and propose Group-wide environmental strategies aimed at protecting the global environment and realizing a low-carbon society. In addition, we will promote environmental protection activities that fit the Nichirei Group's corporate characteristics. We will also determine intermediate targets for reducing the Nichirei Group's domestic annual CO_2 output of approximately 230,000 tons, and will work to resolve issues related to realizing a low-carbon society.

More flexible consideration of how to improve capital efficiency and how to return profits to shareholders

Regarding the return of profits to shareholders, our goal for the medium- to long-term is to achieve and maintain a consolidated dividend-on-equity ratio (DOE) of 2.5%, return on equity (ROE) of 10%, and a payout ratio of 25%. For the fiscal year ended March 2010, we set our annual dividend at ¥9 per share. We are aware of the importance of our responsibility to continue to pay heed to capital efficiency and make the most effective use of management resources as we work to achieve sustainable growth. We will continue to work to increase Nichirei's corporate value and stock value by allocating a certain amount of the cash flow generated from operating activities for investment in core businesses. However, we will also flexibly consider ways to boost capital efficiency, including consideration for returning profits to shareholders by acquiring or canceling our own shares. We would greatly appreciate the continued understanding and support of all our shareholders and investors.

Special Feature: to be the Overwhelming Leader in Processed Chicken Products

Market Environment

In the Japanese market for frozen foods for commercial use, processed chicken products are continuing to grow far faster than the overall market. One reason is that chicken suits the needs of modern consumers for healthy, low-cost food. Another reason is that consumers increasingly appreciate the convenience of frozen foods in light of the growing home-meal replacement market.

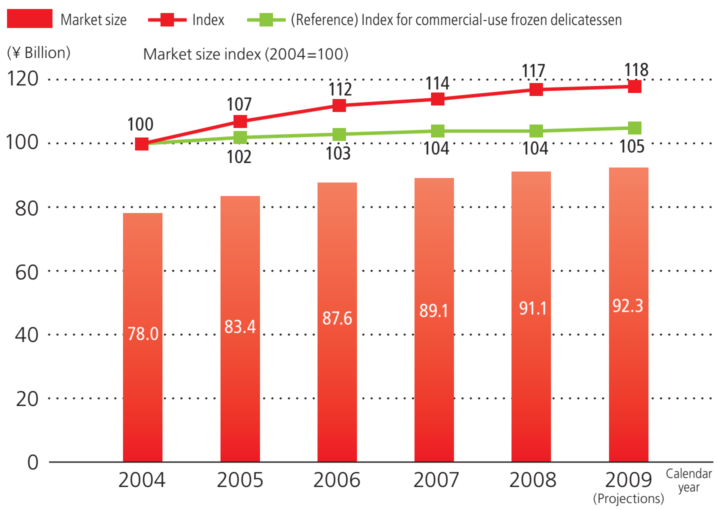
Nichirei's Market Position and Strategy

Nichirei already enjoys the top share of Japan's market for processed chicken products for commercial use.

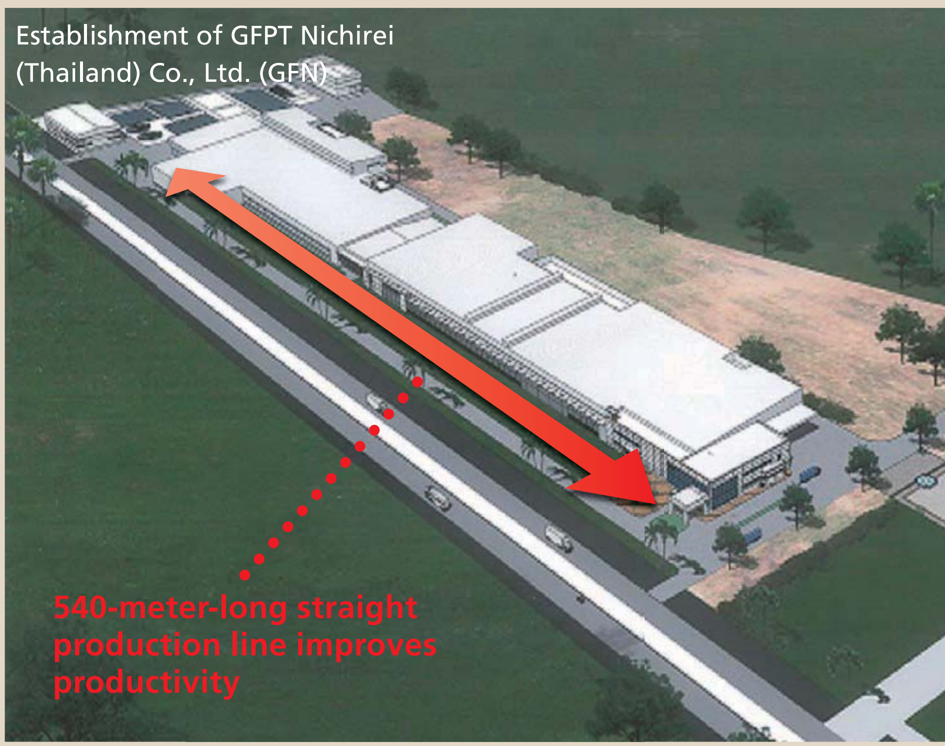
Going forward, we want to enhance our superiority in terms of both cost and quality, further strengthen the capacity of this category to drive Nichirei's profit growth, and firmly establish our position as the overwhelming market leader.

Change in the size of the market for "fried chicken, etc." in commercial-use frozen delicatessen

(Prepared by Nichirei based on information from Fuji Keizai Co., Ltd.)



New addition of Surapon Nichirei Foods Co., Ltd. (SUNIF) Kabinburi Plant



Establishment of GFPT Nichirei (Thailand) Co., Ltd. (GFN)

- Investment: ¥ 1.5 billion (facility area: 8,500 m^2)
- Annual production capacity: 7,000 tons/year from the new plant addition (25,000 tons/year for overall chicken products, including existing lines)

- Investment: ¥ 6.6 billion (facility area: 42,000 m^2)
- Annual production capacity: 18,000 tons/year (currently we have two lines, with room to add 27,000 tons/year)

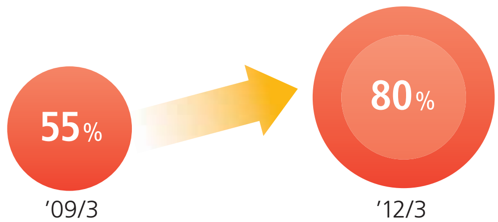
New Addition to Our Plant in Thailand

Main Points of Our Strategy for Strengthening Nichirei's Processed Chicken Products Business

Point 1

Increase proportion of in-house production, mainly by building a new plant and expanding another plant in Thailand

In-house production ratio of processed chicken products

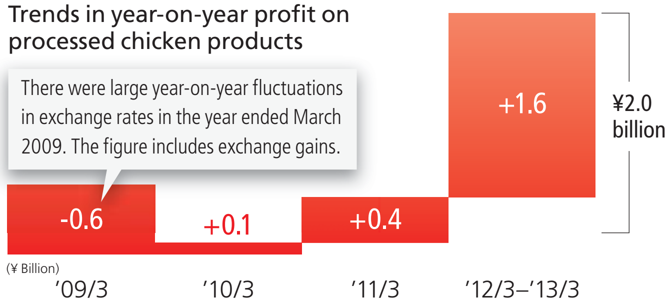


Point 2

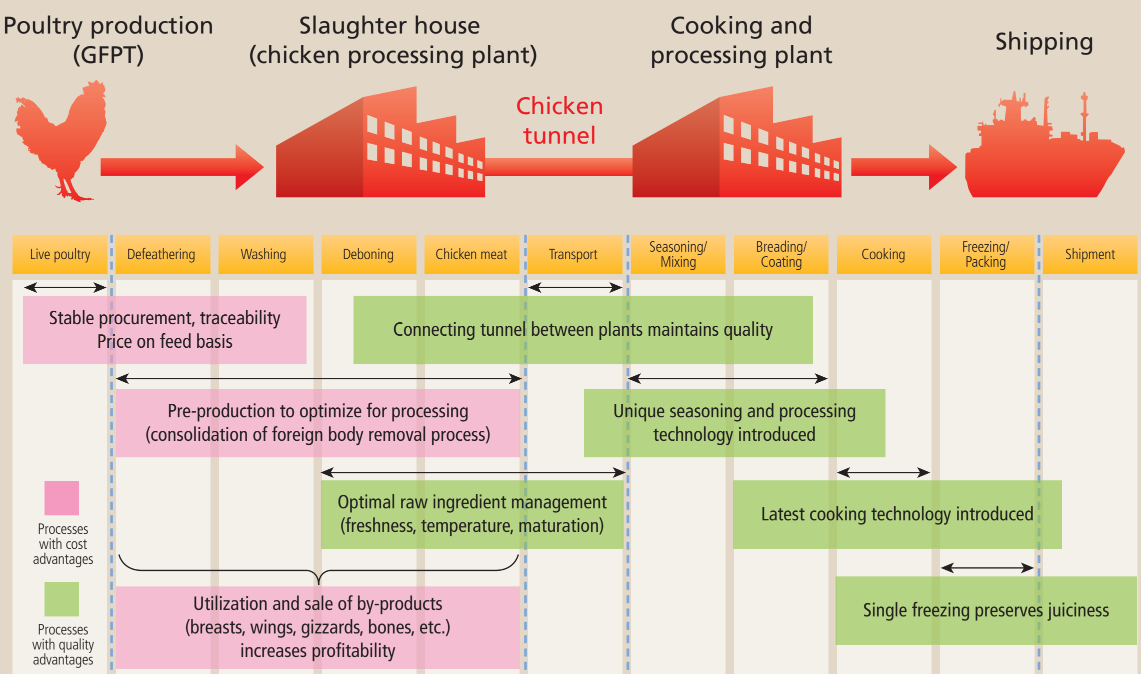
Expect increased income of ¥ 2.0 billion over the next three years

GFN's new plant was designed with room to expand in the future. Our estimates for fiscal years after the year ended March 2010 do not include any allowance for production line expansion.

Trends in year-on-year profit on processed chicken products



Example of the Advantages of the GFN Line



Nichirei Foods Inc.
Yoshihiko Soma, President

Processed Foods

With processed chicken products as our core business, we intend to maintain a firm grip on our position in the Japanese frozen foods industry, as No. 1 in sales and customer confidence.

"Energy 2012" Targets and Basic Strategies

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

- Establish overwhelming dominance of Nichirei processed chicken products as our growth driver
- Review new product development from a marketing standpoint and improve adaptability to changes in market conditions

Bolster health value business

- Increase product appeal in terms of taste, volume, and price in addition to calorie control
- Revise distribution strategies including improvement of online store's function and rebuilding of sales channel

Overseas business

- Focus on China; expand scale of business by concentrating on commercial-use products
- Our acerola business now specializes in ingredient sales; expand overseas sales, particularly in Europe and China

Attractively priced products, including special bonus sizes

Our acerola business is focused on supplying raw ingredients

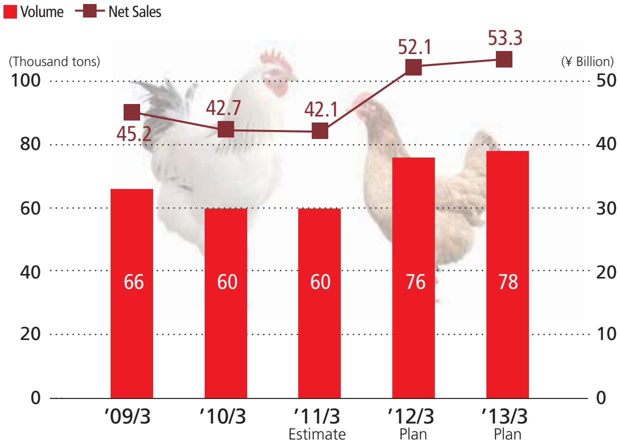
Market and Industry Trends

- The sales slump caused by the discovery of agricultural chemicals in frozen gyoza dumplings made in China has shown signs of recovery.
- Market conditions remain harsh due to such factors as depressed consumption amid a tighter job market and stagnant wages, and product prices continued to decline.
- Material costs declined.

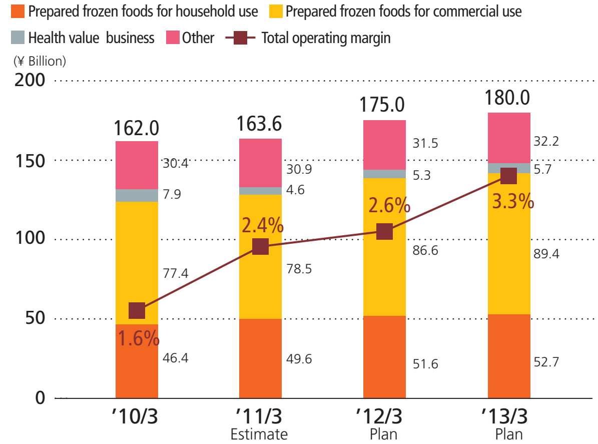
Performance Highlights from the Fiscal Year through March 2010

- Sales and profits from prepared frozen foods for household use increased, thanks to strong sales of more filled, economy-size packages with affordability.
- The introduction of new, affordable products to meet a preference for low-priced goods minimized the decline in the sales of prepared frozen foods for commercial use.
- Sales from private brand products declined, but profitability improved in processed agricultural products.
- We sold our acerola beverages business and focused our acerola business on ingredient sales.
- We introduced new products in our wellness foods business — some that are more filling and some that contain more vegetables.

Sales Volume and Amount for Nichirei's Processed Chicken Products



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



Major Policies for the First Fiscal Year of the "Energy 2012" Plan

Chicken: Differentiate Nichirei products in terms of quality and cost by shifting from OEM production to in-house production

Nichirei Foods' top-priority task under "Energy 2012" is to quickly get production of processed chicken products off to a good start in Thailand, where GFPT Nichirei (Thailand) Co., Ltd. built a new plant and Surapon Nichirei Foods Co., Ltd. (SUNIF) increased production capacity at its Kabinburi Plant No. 3. By processing these products in-house, we can take advantage of our latest expertise to make our products' quality stand out from that of competitors. For example, we can provide optimal control over freshness, temperatures and aging, use our proprietary seasoning, processing and cooking techniques, and flash freeze to lock in moisture. In addition to stabilizing procurement and reinforcing product traceability, our joint venture with major poultry supplier GFPT Public Co., Ltd. allows us to standardize the elimination of foreign matter and boost profitability by using or selling secondary products such as breasts, wings, internal organs, and bones, thereby widening our cost advantage. In addition, we will greatly increase production efficiency through continuous, straight-line handling of every step from live chicken intake to final product packaging.

Processed agricultural products: Establish a foundation for long-term growth by boosting profitability

Processed agricultural products is a field where Nichirei can very likely make good use of its unique abilities in the future. Therefore, we will focus on a sales strategy specializing in highly profitable products and product development based on new technologies. Specifically, this will entail developing products that have more thawing resistance, as well as concentrating our product line and selecting packing companies. Particularly for overseas agricultural products, we will construct uniform oversight systems for every step from ingredient cultivation through production to shipping, in order to establish continuous quality assurance systems. In China, we will strengthen ties with Nichirei Sosai-kai*, while in Taiwan we will develop high-quality products primarily for household use. In South America, we will expand sales of premium vegetables mainly for restaurant use, such as broccoli from Ecuador and asparagus from Peru. We will also cooperate closely with restructuring and reform measures aimed at boosting profitability in the Vegeport business.

*Nichirei Sosai-kai is a group of companies that work together to assure the safety and quality of Chinese frozen vegetables.

Overseas strategy: Expand commercial-use products in China

Overseas business of Nichirei Foods is focused on the Chinese market. We aim to increase net sales from about 50 million yuan in the fiscal year ended March 2010 to around 100 million yuan in the year through March 2013. Our production base will be the Shanghai Nichirei Foods plant that we upgraded in line with our previous Medium-Term Plan. We will enhance our local staff and target the Shanghai and Beijing commercial-use frozen food markets in order to expand our business in China.

GFPT Nichirei, under construction

Agricultural products with high growth potential

Nichirei Logistics Group Inc.
Toshiaki Murai, President

Logistics

We will establish an overwhelming competitive edge in terms of logistics quality and cost, and solidify our position as Japan's No. 1 provider of food logistics services.

"Energy 2012" Targets and Basic Strategies

Regional Storage Business

- Use the advantages of new bases to attract new customers
- Expand one-stop service by closely linking new bases with transport functions

Logistics Network Business

- Increase transportation sales, mainly by expanding business along trunk routes and enhancing 3-temperature-zone services
- Improve logistics quality by enhancing our vehicle procurement base and devising new vehicle hiring standards

Overseas Business

- Lay the groundwork for making our European business the company's next growth driver
- Expand business scale in China, where our customer base has grown, by quickly establishing second distribution center

Reconstructed Hokko Distribution Center

In Europe, we are laying the foundation for a new round of growth

Our Shanghai business has a growing customer base

Market and Industry Trends

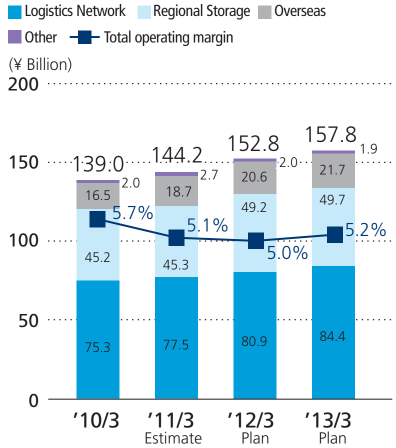
- Import freight declined due to the prolonged recession; from the second half inventory levels also dropped; refrigerated warehouse utilization decreased and demand for shipping was stagnant.
- We saw greater demand for cutting logistics costs, and more competition over customers. The business environment remained extremely harsh, exacerbated by such factors as higher costs associated with further reductions in environmental impact and more sophisticated logistics services.

Performance Highlights from the Fiscal Year through March 2010

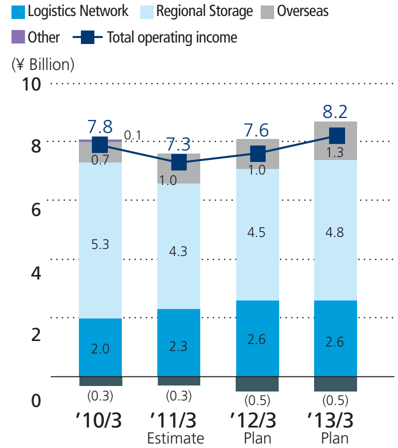
- In Japan, sales and profits increased thanks to the startup of a new distribution center for our Logistics Network business and thorough low-cost operations in our Regional Storage business.
- Overseas business dropped sharply due to recession in Europe and depreciation of the Euro relative to the yen; sales and profits fell in our overall Logistics business.

Focusing on expanding transportation sales

Net Sales by Sub-segment & Total Operating Margin of Logistics



Operating Income by Sub-segment of Logistics



Major Policies for the First Fiscal Year of the "Energy 2012" Plan

Regional Storage Business: A harsh business environment is exactly where opportunity lies

As part of our previous Medium-Term Plan, we invested some ¥21.8 billion in "scrap and build" of our refrigerated warehouses; by increasing the capacity of our domestic facilities, we laid the foundation for Nichirei Logistics Group's long-term growth. Our new Medium-Term Plan focuses on steadily realizing a return on this large-scale investment. The new distribution center that we plan to start up in Higashihama (Fukuoka City) in the year ending March 2011 combines transportation functions in the Tokyo Metropolitan area, while the Higashi Ogishima Distribution Center (in Kawasaki City) combines both regional distribution functions and trunk route relay functions. We will seek synergistic cooperation with our Logistics Network Business as we expand one-stop solutions and cultivate new customers. Amid a harsh business environment marked by falling service prices, a growing number of our competitors are falling behind in capital investment. We will seek to win over their customers through active sales efforts.

Logistics Network Business: Realize our overall Group potential by strengthening distribution and planning capabilities

Expanding sales in our transportation business is a major goal of our new Medium-Term Plan. In order to achieve this, we will expand transportation services in close cooperation with the Regional Storage business and promote more efficient use of vehicles. In our transportation business, we will realize overwhelming price competitiveness by rebuilding ties with our business partners and improving our vehicle procurement base. In our trunk routes business, we will improve the efficiency of our trunk routes by equalizing west-east freight volumes to more closely match the volume of east-west freight. We will work at increasing transportation sales by addressing the transportation needs of regional producers, procurement logistics for mass retailers and manufacturers, and shared deliveries to shops in department store food halls, and by increasing 3-temperature-zone shipments that combine frozen, chilled, and room-temperature foods.

Overseas Business: Integrate new French base and reinforce Chinese business base

In Europe, our top priority is to quickly start making good use of the new French operations base that we acquired in June 2010. We will pursue synergistic integration between our existing network, which is centered in Holland and Germany, and the central and eastern European network that includes Poland, and build an all-Europe network that also covers southern Europe. We will reinforce the holding company functions of our core European business, Nichirei Holding Holland B.V., by unifying accounting systems within the Group and promoting "visualization," and we will lay the groundwork for making our European business Nichirei Logistic Group's next growth driver. Nichirei's high-quality, detail-oriented taxi trucks and other logistics services are highly regarded in China and have attracted a steadily growing customer base. Since our existing facilities are running near full capacity, we plan to acquire more of our own vehicles and consider locations for the early establishment of a second distribution center.


Higashihama Distribution Center

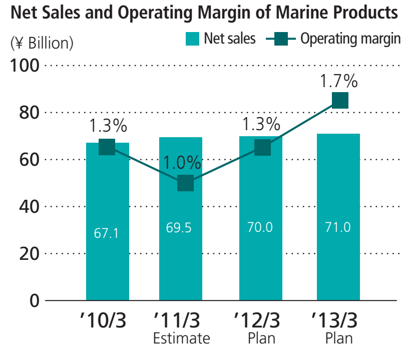

Higashi Ogishima Distribution Center


Promoting efficient use of vehicles

Nichirei Fresh Inc.
Hisashi Hasegawa, President

Marine Products

Lay the groundwork for future growth by staying in the black and bolstering quality assurance capacity



"Energy 2012" Targets and Basic Strategies

- Reorganize product portfolio in order to improve gross profit margin
- Address demand for Japanese-style food; further expand sushi toppings business
- Bolster quality assurance capacity by acquiring ISO9001 certification

Major Policies for the First Fiscal Year of the "Energy 2012" Plan

Use premium products to make Nichirei more distinctive, and boost competitiveness by developing "good value" products

While we will continue the basic strategy we have maintained in the past — developing and selling premium products — we will also develop more "story-based marketing" and "good value" products. For example, the premium ingredient we call "Aladdin's Magic Shrimp" grows in the very salty water of the Red Sea, making it firm-fleshed and very flavorful. Our sales strategy, based on a "Red Sea's Miracle" story, together with relatively low pricing compared to competing products, has led to strong sales. We intend to continue to develop ingredients that belong to both the "premium ingredient" and "good value" categories, as one of our sales strategies.

"Aladdin's Magic Shrimp"

Further reinforce sushi toppings business, as one of our growth engines

The sushi toppings business has come to contribute a large portion of overall Marine Products net sales, and played an important role in stabilizing the business in the black. We will continue to expand sushi toppings as a growth engine. We are broadening the range of products that we handle, and will even start offering conger eel and other products that are very difficult to introduce. We will step up sales of sushi toppings in China and North America, through Nisshobirei in China and through Fisher King Seafoods in Canada. In light of growing overseas demand for Japanese-style food, we will allocate staff and launch a serious effort to sell Japanese food products to restaurants and other outlets abroad.

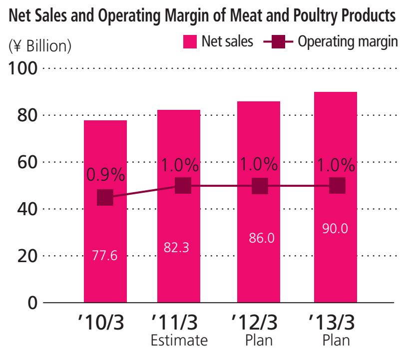
Market and Industry Trends

- Despite declines in both marine product import volumes and domestic fishery catches, competition over sales has intensified due to the prolonged economic recession and consumers' preference for lower-priced items. Both trading volumes and prices declined.

Performance Highlights from the Fiscal Year through March 2010

Net sales declined as we restricted handling of unprofitable products and sale prices dropped sharply. Profits increased as we focused on premium ingredients and other priority products, and as we continued to hold fixed costs at low levels as in the previous fiscal term.

- Net sales of shrimp declined due to market stagnation, although we handled about the same amount of both raw ingredients and processed products as in the previous year; product profit increased due to the sale of differentiated products.
- We handled larger volumes of octopus as the procurement cost declined, making it seem more affordable, however, we limited handling of items such as salmon, trout, and bottom fish, which were subject to unstable markets. As a result, net sales declined. Product profits increased thanks to careful purchasing.



Meat and Poultry Products

We aim to establish a recycling-oriented business model for ingredients.

Nichirei Fresh Inc.
Minoru Satou, Executive Vice President

"Energy 2012" Targets and Basic Strategies

- Strengthen Nichirei brand by establishing a recycling-oriented business model for ingredients
- Enhance development and sales systems to support processed products business
- Strengthen sales channel development and quality assurance systems overseas

Major Policies for the First Fiscal Year of the "Energy 2012" Plan

Boost sales and profits by creating dedicated sales systems for important customers

We implemented a major reorganization in April 2010. In the past, our business was organized only by product type. We added a customer dimension to the organization, in order to make the business more customer-oriented. We intend to coordinate the product sections and sales sections that we established side by side in our head office, so that they function together like the wheels of a cart. By launching dedicated sales teams for important customers and engaging in joint product development, we intend to strengthen our relationships with customers and achieve stable expansion of sales and profits.

Make "Jun Wakei" the standard bearer of a recycling-oriented business model for ingredients

Now that we have gotten our "Jun Wakei" business into the black, we intend to establish a unique recycling-oriented model. The idea is to process manure from our chicken farms into organic fertilizer that we apply to rice paddies, and incorporate the feed-grade rice grown in those paddies into chicken feed. We will use this eco-friendly, sustainable business model as a selling point for our "Jun Wakei" brand, and work to expand sales of what we expect will be Nichirei Fresh's most famous product.

"Jun Wakei"
(pure Japanese chicken)

Full start-up of ham and sausage business in Vietnam

In 2009, we conducted trial sales of ham and sausage in Vietnam as an idea for a new overseas business. Although the sale prices were about 50% more than local products, the foods received high marks for product design and flavor, inspiring us to go ahead with full-fledged sales. We intend to quickly assign a project team and cultivate this business into a source of revenues in the medium to long term.

Market and Industry Trends

- In the first half, we handled smaller volumes of imported products because the market tended toward an oversupply of imported chicken and avoided Mexican pork due to the outbreak of a new strain of H1N1 influenza.
- Sale prices for the full year averaged below previous-year levels, although we saw some recovery in the domestic market in the second half.

Performance Highlights from the Fiscal Year through March 2010

Sales of imported products declined as stagnant consumption dampened food processing companies' demand for ingredients, resulting in smaller net sales. We improved profitability through more careful product procurement, among other measures.

- We focused our chicken business on "Jun Wakei" and other name brand products, and succeeded in handling a similar volume of domestic products as the previous term. However, sales of imported products were more difficult, and overall net sales of chicken declined 19.2% from the previous term, largely due to market stagnation.
- We handled a greater volume of domestic beef products, but Japanese cattle and other high-end products did not sell well. The slump in consumption led to decreased demand for ingredients to process, and net sales of beef declined by 17.0%.
- Pork was also in less demand from processing companies, and sales of imported products were slow. Although we handled a greater volume of domestic products, sale prices declined, and net sales of pork decreased by 16.6%.

Corporate Governance

Basic Philosophy

The Nichirei Group believes that our management's mission is to continuously increase shareholder value by using capital effectively and earning solid profits.

Toward that end, we are aware that management is charged with the important task of ensuring that our corporate governance establishes transparent corporate management and a level of independence for each manager that will prevent excessive control by any one person. We work through our holding company system to make clear distinctions between business execution and management monitoring functions, to speed up decision-making, and to promote more thorough compliance with laws and corporate ethics.

Directors and the Board of Directors

The Board of Directors shall be composed of no more than 11 members, appointed for a term of one year so as to enhance the flexibility of the Group's response to changes in external conditions. A resolution to appoint directors shall be approved by a majority of at least one third of shareholders with voting rights at the general shareholders' meeting. In order to improve transparency and strengthen supervisory functions, we appointed three outside directors out of 10 members currently serving on the board, The Board of Directors meets at least once a month.

Auditors and the Board of Auditors

Nichirei has adopted a corporate auditing system whereby we appoint two outside auditors — one who has worked at a financial institution and one experienced attorney — among the total of four auditors. In principle, the Board of Auditors meets once per month, and holds additional meetings as necessary. The Company has established a framework for strengthening management supervisory functions while effectively utilizing the capabilities of auditors through a framework for carrying out auditors' operating supervisory functions.

Independent Status of Outside Directors and Auditors; Participation in the Year Ended March 2010

Outside directors, outside auditors, their close relatives and any companies or organizations whose Board of Directors they may serve on have no vested interest in Nichirei. In the year ended March 2010, our three outside directors attended 100%* of regularly scheduled board meetings. They participated in discussions about business plans involving management strategy and investment, and in deliberations related to the construction of internal control systems, group strategies, the formulation of management policies, and in monitoring of business execution. The two outside auditors attended 100% of regularly scheduled board meetings, and offered opinions about issues such as asset policies, business plans, and compliance issues.

*As of October 8, 2009, one of the outside directors had resigned.

Committees

In order to ensure that our corporate governance functions effectively, Nichirei has established the following committees to serve as advisory bodies to the Board of Directors: Group Human Resources Committee, Group Risk Management Committee, Group Environmental Protection Committee, Group Quality Assurance Committee, Group Internal Control Committee, and Group Director Review Committee. In addition, we established a Management Committee, Intellectual Property Management Committee and Group Employee Review Committee to assist the president. The committees meet as follows:

Group Human Resources Committee	Convened by the chairperson twice yearly plus as needed	Group Director Review Committee	Convened by the committee chairperson as necessary
Group Risk Management Committee	Convened by the chairperson twice yearly plus as needed	Management Committee	Meets every Tuesday except for the third Tuesday of each month
Group Environmental Protection Committee	Convened by the chairperson twice yearly plus as needed	Intellectual Property Management Committee	Convened by the committee chairperson as necessary
Group Quality Assurance Committee	Convened by the chairperson twice yearly plus as needed	Group Employee Review Committee	Convened by the committee chairperson as necessary
Group Internal Control Committee	Convened by the chairperson twice yearly plus as needed		

Risk Management

The Nichirei Group manages the various risks associated with its business activities in the most appropriate and rational ways from a comprehensive standpoint. In order to maximize the Group's corporate value, we established a Group Risk Management Committee chaired by the president. The Committee identifies and analyzes group-wide risks, and in addition to voluntary responses by the Company and operating companies based on an established risk management cycle, discusses responses following reports on important matters to the Board of Directors of the holding company. Nichirei also works to minimize risk by operating an internal reporting system (Nichirei Hotline).

Internal Audits, Audits by Outside Auditors, and Financial Auditing

In order to audit group management effectively, the auditors of our holding company and three core operating companies cooperate through such means as regularly holding liaison conferences and conducting joint audits. The Corporate Internal Audit Division consists of 11 members, including related staff. It verifies the status of internal controls throughout our management activities by conducting audits of business operations and financial accounts, and offers advice where necessary. In this way, the division ensures thorough legal compliance and observance of our Code of Conduct, strives to raise awareness of risk management, monitors the condition of facilities at our production plants, distribution centers, and other workplaces, and provides appropriate guidance and advice as part of facility audits.

Ensuring thorough Compliance

Nichirei takes various actions to bolster group-wide compliance with laws and ethics. In order to ensure that all employees comply with laws and Nichirei's internal regulations and behave in accordance with corporate ethics, we created and distribute a "Code of Conduct" and "Examples of Codes of Conduct Application." In addition, we conduct compliance training sessions for regular employees, in order to gain broader and deeper understanding of principles and systems of compliance management.

Thorough Internal Controls

The Nichirei Group is aware that we can increase corporate value by instituting and implementing an internal control system with goals like improving operational effectiveness and efficiency, ensuring the reliability of our financial reports, ensuring legal and ethical compliance in our business activities, and protecting our assets. We determined the basic policies underpinning our internal control system in accordance with the Corporate Law, but we try to improve the system in response to changes in the management environment and other external factors.

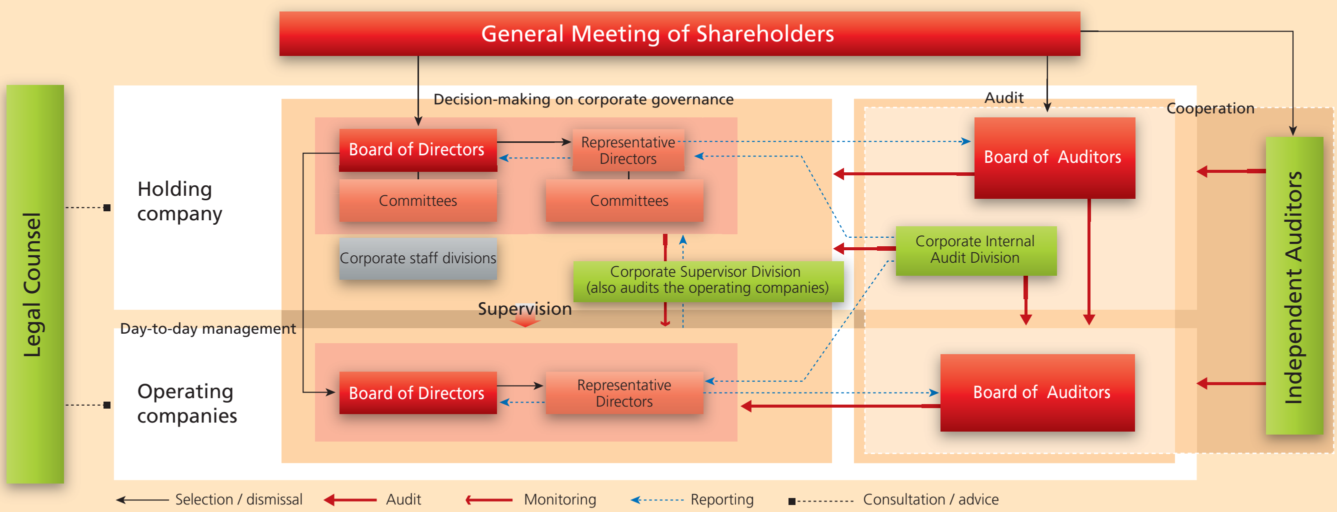
Director Compensation

We use a performance-linked system for determining director compensation. We evaluate each member of the Board based on the scope of their responsibilities and the extent to which the Company achieves initial goals for the term regarding economic value added, operating income, net income and other performance indicators.

Officer	Number of officers	Total compensation	Remarks
Director	10	¥190 million	3 outside directors received ¥22 million
Auditor	5	¥64 million	2 outside auditors received ¥16 million

Notes: 1. "Total compensation" includes bonuses of ¥61 million paid to directors for the fiscal year ended March 2010.
2. The above figures include one outside director who resigned on October 8, 2009 and one auditor who resigned as of the conclusion of the general shareholders' meeting held on June 24, 2009.
3. In addition to the above, ¥2 million was paid to an outside director who resigned on October 8, 2009 based on a resolution approved at the June 27, 2006 general shareholders' meeting to award retirement benefits in conjunction with the elimination of a retirement benefit system for directors.

Diagram of Corporate Governance Structure



Directors, Auditors and Officers

Mitsudo Urano
Representative Director and Chairman

Toshiaki Murai
Representative Director and President

Yoshihiko Soma
Senior Managing Executive Officer

Hisashi Hasegawa
Senior Managing Executive Officer

Directors

Representative Director and Chairman
Mitsudo Urano

Representative Director and President
Toshiaki Murai

Senior Managing Executive Officers
Yoshihiko Soma
Hisashi Hasegawa

Executive Officers
Yoshio Kawai
Takeshi Ara
Takashi Nakamura

Outside Directors

Seigo Hanji
Chairperson and CEO, DAIDO METAL Co., Ltd

Toshiki Sumitani
Principal, Kobe Institute of Computing Graduate School of Information Technology

Miyuri Kawamata
Professor, Faculty of Business Administration, Yokohama National University

Auditors

Corporate Auditors
Yutaro Mita
Hidetoshi Yamaguchi

Outside Auditors
Kunitaro Saida
Mitsuru Annen

Officers

Executive Officers
Tatsuo Yamada
Yasuyoshi Mori
Kunio Otani

Corporate Social Responsibility

In order to develop in a sustainable way, we intend to actively fulfill our corporate responsibilities to society from six standpoints: 1) creation of new customer value, 2) improving employee job satisfaction, 3) legal compliance, 4) corporate governance, 5) concern for the environment, and 6) contribution to society. Below is an explanation of our policies and achievements regarding environmental preservation and contributions to society. (For details, see "Nichirei CSR Report 2010.")

Stable Supply of Safe and Reliable Products

Assuring safety and reliability must be one of the top priorities of any company that handles food. In the fiscal year through March 2010 when it became clear that pieces of plastic might have been mixed into hashed potatoes that Nichirei Foods imported from the U.S. for sale, Nichirei voluntarily recalled the product although there were no reports of health problems. Going forward, we will continue to strengthen our quality control systems even further, while working to share information not only within our corporate group, but also with suppliers and other business partners and to quickly and accurately disclose information to customers. Given that Japan's food self-sufficiency ratio (based on calories) is only about 40%, we recognize the provision of stable food supply as one of Nichirei's important missions.

Quality Assurance Efforts Within the Nichirei Group

In order to deliver safe and reliable merchandise, Nichirei Group operating companies carry out quality assurance activities in line with the Group's basic quality assurance policies and Quality Control Standards, and according to the particular products and services offered by each operating company. Quality assurance activities are assessed from a management standpoint through the quality assurance committees of the entire Group and of each operating company. The committees share information about points that need improvement as well as opinions and requests from customers, etc., and strive to continually improve Nichirei's quality assurance systems.

As an additional way to maintain and improve the level of our group-wide quality assurance and fulfill the trust of our customers, we established a brand assessment system. Under this system, the Nichirei Quality Assurance Division evaluates products that Nichirei's operating companies sell under the Nichirei label, and the plants where those products are made, in light of Nichirei's brand policies. Our system is set up so that products must pass this screening before they can be offered for sale.

ISO 17025 Certification of Our Product Testing Laboratory

Nichirei's Food Safety Center, which strives to secure the safety of Nichirei Group products based on food testing and analysis technologies, received ISO17025 certification (regarding the competence of testing and calibration laboratories) in September 2009. This certification confirms that we exercise appropriate quality management of our testing laboratory, and that our testing technologies meet international standards. Reliable data is the lifeblood of a testing organization. Now that the reliability of our data has been officially established, we will continue to implement quick and accurate testing.

Efforts to Secure Stable Food Supplies

Nichirei takes concrete steps to secure stable food supplies. The Vegeport LLP that we established in October 2007 did away with produce sorting and selecting operations, and started contracting to buy the entire crop of particular farms, with the stipulation that there must be no problems with produce quality. This allows us to absorb fluctuations in production, guards against instability in prices and procurement, and prevents Japanese consumers drifting away from the use of domestic agricultural products. We also built refrigerated warehouses and temperature-controlled packing facilities to absorb fluctuations in sales and enable us to provide stable supplies of high-quality vegetables.

Carrot juice made by Vegeport LLP

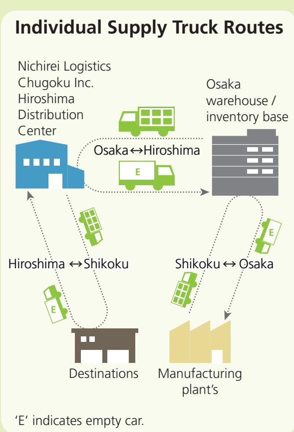
Environmental Preservation

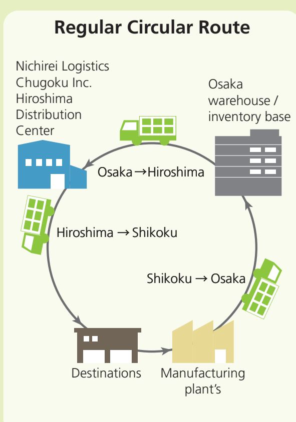
The Nichirei Group works at reducing carbon dioxide generation in all of its business activities that are connected to food, which is greatly affected by climate changes. We also help prevent global warming by supporting changes in business practices and consumer lifestyles. We promote sustainable resource recycling by devising ways, in the course of our business activities, to contain waste generation, reuse resources, increase recycling, and purchase recycled resources. We recognize that the Earth's abundance is based on the variety of ecosystems and species found in the natural world, and we take care to coexist with nature.

Protecting the Environment through Our Workplaces, Distribution, and Products

One of the main ways that we save energy in our workplaces in order to reduce CO_2 generation is by actively introducing LED lighting. In the fiscal year ended March 2010, Nichirei Foods installed 600 LED lights in its three plants, reducing CO_2 emissions by 22 tons. By installing LED light fixtures in Nichirei Logistics Kanto's new Kuki Center (completed in January 2010), we expect to reduce CO_2 output by 1.19 tons annually. Other ways that we have been actively working to reduce CO_2 output include reusing waste heat and waste edible oil, using sunlight illumination, implementing afforestation projects, and switching to natural refrigerants in our distribution centers.

In June 2009, Nichirei Logistics and three frozen food manufacturers in the Shikoku region shared a special award as part of the 10th Logistics Environment Award for the shared distribution system they have been implementing since the fiscal year ended March 2008. In the future, we intend to expand shared logistics to cover more areas. By adjusting loading and unloading times at distribution bases and introducing regular circular routes, we plan to reduce the operation of empty vehicles and further reduce CO_2 emissions.





Nichirei Foods has been reducing CO_2 emissions related to its products by reducing plastic usage, both by introducing more eco-friendly material in packaging, and by making packages lighter and more compact while paying close attention to the maintenance of product quality. Nichirei Fresh is promoting an "Eco-Pork Project" that uses waste from food production plants, such as loaf ends otherwise thrown out by bakeries, as hog feed. The project is aimed both at reducing the need to dispose of food waste and at encouraging stable supply of domestically produced pork. Nichirei Fresh is also working on containing methane gas emissions from cattle.

Social Contributions in Keeping with Nichirei Group's Character

The Nichirei Group contributes to society by using carefully selected ingredients to create healthy and delicious foods, and by providing safe and efficient logistics services. Out of our own goodwill, empathy, and sense of mission, we also engage in social contribution activities outside of our business activities. Based on this type of thinking, Nichirei is actively involved in social contribution activities primarily related to education about food or distribution, contributing to local communities, environmental protection, disaster relief, and support for sports.

Food Education

Nichirei Foods' six directly operated factories in Japan offer educational factory tours for elementary and junior high school students from surrounding communities. The students learn about the manufacturing processes involved in making frozen foods and get an opportunity to experience the freezing temperatures inside a frozen warehouse. Nichirei Foods also sends employees out to schools in surrounding areas to give easy-to-understand explanations of food-related issues such as the status of the world food supply and Japan's food self-sufficiency ratio, providing children with an opportunity to think about and discuss the importance of food.

Financial Section

Financial Highlights

Nichirei Corporation and Consolidated Subsidiaries
For the years ended March 31

	2001	2002	2003	2004
Income Statement Data (¥ Million)				
Net sales	¥ 560,006	¥ 558,191	¥ 563,440	¥ 496,611
Gross profit	103,884	99,482	102,121	95,510
Operating income	18,596	14,016	18,275	13,976
Income (loss) before income taxes and minority interests	6,503	5,235	9,377	(3,817)
Net income (loss)	4,020	4,062	5,216	(1,891)
Balance Sheet Data (¥ Million)				
Total assets	¥ 367,770	¥ 353,385	¥ 330,703	¥ 284,700
Interest-bearing debt*4	172,704	167,439	145,394	124,388
Total liabilities	277,229	264,728	238,925	194,010
Shareholders' equity*5	89,395	87,649	90,666	90,176
Other Selected Data (¥ Million)				
Capital expenditures	¥ 11,672	¥ 10,282	¥ 9,537	¥ 6,848
R&D expenditures	2,238	2,294	2,279	2,090
Per Share Data (¥)				
Net income – basic	¥ 12.93	¥ 13.06	¥ 16.16	¥ (6.28)
Cash dividends	6	6	6	6
Shareholders' equity*5	287.58	282.00	291.46	290.38
Financial Ratios (%, Times)				
Gross profit margin	18.55%	17.82%	18.12%	19.23%
Operating margin	3.32	2.51	3.24	2.81
Return on equity (ROE)	4.7	4.6	5.9	(2.1)
Debt-to-equity*4	1.93	1.91	1.60	1.38
		Medium-Term Plan (2002-2004)		

Improved D/E ratio from 1.91 to 0.66 by halving interest-bearing debt, and reached the target that was set for strengthening the balance sheet

Improved gross profit margins and operating margins thanks to "Select and Focus" to narrow product lines

Improved profit margins further by concentrating on Processed Foods and Logistics as Nichirei's core businesses

Notes:
1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥93.04=U.S.$1, the approximate Tokyo foreign exchange market rate as of March 31, 2010.
2. For the year ended March 31, 2010, four subsidiaries were included and three were excluded from consolidation, resulting in a total of 74 consolidated subsidiaries. In addition, an affiliate was newly accounted for while an affiliate ceased to be accounted for by the equity method, for a total of 13 equity-method affiliates.
3. On Oct. 1, 2003, Yukiwa Co., Ltd. merged with Ryoshoku Food Service Limited, a subsidiary of Ryoshoku Limited, to form RY Food Service Limited. As of the date of the merger, the former Yukiwa was no longer treated as a consolidated subsidiary, but was reclassified as an equity-method affiliate. Yukiwa's exclusion from the consolidated accounting had a negative impact on this term's consolidated sales and operating income relative to the previous term. The negative effect for the year ended March 2004 was 52.8 billion yen in sales and 700 million yen in operating income. For the fiscal year ended March 2005, the negative impact was 53.5 billion yen in sales and 200 million yen in operating income.
4. The figures for interest-bearing debts do not include leased obligations.
5. Shareholders' equity for the years ended March 2006 and thereafter = net assets – minority interests.

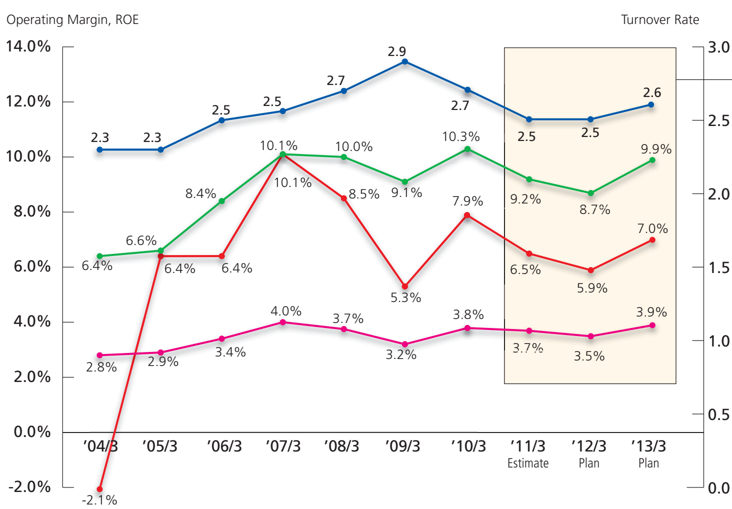
Increased shareholders' equity in order to build a management base that will guide Nichirei onto a long-term growth track

Increased capital expenditures to promote growth

2005	2006	2007	2008	2009	**2010**	Percent change 2010/2009	**2010**
							Thousands of U.S. dollars
¥ 461,426	¥ 469,411	¥ 457,655	¥ 463,591	¥ 474,515	**¥ 438,111**	**(7.7)%**	**$ 4,708,848**
88,836	91,577	88,799	89,794	87,328	**87,957**	**0.7**	**945,367**
13,482	16,014	18,148	17,355	15,142	**16,814**	**11.0**	**180,720**
10,830	13,138	19,200	16,472	11,362	**14,380**	**26.6**	**154,566**
5,878	6,293	10,845	9,623	6,020	**9,064**	**50.6**	**97,426**
							Thousands of U.S. dollars
¥ 276,417	¥ 268,501	¥ 269,166	¥ 257,812	¥ 287,296	**¥ 277,496**	**(3.4)%**	**$ 2,982,546**
111,984	86,209	72,971	66,138	87,904	**60,920**	**(30.7)**	**654,772**
181,779	165,246	156,094	141,323	174,096	**154,802**	**(11.1)**	**1,663,822**
94,007	102,624	111,035	114,262	110,958	**119,468**	**7.7**	**1,284,052**
							Thousands of U.S. dollars
¥ 6,397	¥ 7,496	¥ 9,751	¥ 7,770	¥ 14,883	**¥ 24,385**	**63.8%**	**$ 262,097**
2,075	2,042	2,034	2,050	2,191	**1,986**	**(9.4)**	**21,349**
							U.S. dollars
¥ 18.45	¥ 19.83	¥ 34.97	¥ 31.04	¥ 19.42	**¥ 29.24**	**50.6%**	**$ 0.314**
6	9	8	8	9	**9**	**0**	**0.096**
302.50	330.40	358.08	368.56	357.85	**385.47**	**7.7**	**4.143**
19.25%	19.51%	19.40%	19.37%	18.40%	**20.08%**	**–**	**–**
2.92	3.41	3.97	3.74	3.19	**3.84**	**–**	**–**
6.4	6.4	10.1	8.5	5.3	**7.9**	**–**	**–**
1.19	0.84	0.66	0.58	0.77	**0.52**	**–**	**–**

Medium-Term Plan (2005-2007) | Medium-Term Plan (2008-2010)

ROIC and ROE



- Employed capital turnover rate
- Employed capital operating margin
- Operating margin
- Return on equity (ROE)

1. Capital spending focused on Processed Foods and Logistics from the years under the previous Medium-Term Plan will peak in the fiscal year ending March 2011, and subsequent investment levels are expected to be lower.
2. The employed capital turnover rate, which has continued to rise, will temporarily fall in the aftermath, but will rise again in the fiscal year ending March 2013. The operating margin will also start to rise in the fiscal year ending March 2013 due to expanded business base. This will trigger a sharp rise in the ratio of operating income to capital employed starting in the fiscal year ending March 2013.

Operations

Business Environment

Japan's economy fared well in the fiscal year ended March 2010 thanks to the government economic stimulus measures and an increase in exports, in conjunction with improvements in Asian and other overseas economies. However, economic activity was low and the recovery did not become self-sustaining. Unemployment remained high, and companies, still struggling with a strong yen and deflation, and other challenging conditions, substantially cut back on capital investment.

In the food industry, our business field, the trend toward lower prices became even more pronounced because of consumers' heightened price sensitivity and major retailers' expansion of their private brand offerings. And conditions in the logistics industry changed dramatically. Inventories had been high but began to decline, as customers' inventory reductions wound down, and the volume of cargo transported slumped.

Overview

In this environment, we made quick adaptation to rapidly changing industry conditions our top priority for the fiscal year ended March 2010, the last year of our Medium-Term Plan (April 2007 – March 2010). We strove to strengthen and expand our future earnings base, mainly through capital investment. We also made efforts to strengthen the earnings structure in the Processed Foods, Marine Products, and Meat and Poultry Products businesses including the reduction of the product items we handle so as to improve profitability.

Operating Results

Net sales for the fiscal year through March 2010 decreased 7.7% from the previous year to ¥438,111 million. Sales declined 6.9% in the Processed Foods business because of a reduction in the number of product items we handle as well as the remaining trend toward lower prices in the market. Sales fell 11.7% in the Marine Products business as a result of a reduction of unprofitable products as well as a trend toward lower prices. Sales shrank 16.1% in the Meat and Poultry Products business because of weak consumer spending. Sales slipped 2.3% in the Logistics business, with weak overseas sales offsetting domestic sales growth. Sales contracted 4.9% in the Real Estate business, while rose 4.4% in the Other Operations thanks to an increase in the sales of influenza rapid testing kits, part of the biosciences business.

Operating income increased 11.0% from the previous year to ¥16,814 million and the operating margin improved from 3.2% to 3.8%. Operating income increased 26.6% in the Processed Foods business as a result of declines in material costs and advertising expenses. Operating income jumped 224.8% in the Marine Products business thanks to a low level of fixed costs as in the previous year, and a focus on premium ingredients and other key products. The Meat and Poultry Products business swung from an operating loss in the previous year to an operating income as a result of improved profitability from careful purchasing of materials. Operating income declined 4.2% in the Logistics business owing to a weak overseas sales. Operating income slipped 8.0% in the Real Estate business but rose 90.5% in the Other Operations.

Among the key cost items, cost of sales declined 9.6% from the previous year to ¥350,153 million, or 79.9% of net sales, down 1.7 percentage points. Selling, general and administrative expenses declined 1.4% to ¥71,143 million. Within this category, sales promotion costs, sales commissions, executive compensation and employee salaries, bonuses, and allowances, retirement benefit costs expenses, mandatory employee benefits, and rent increased, while transport and storage costs, marketing and advertising costs, travel, transportation, and communication costs, outsourcing costs, and R&D decreased.

■ Performance by Segment

Processed Foods

	2009.3	2010.3	Change (%)
Net sales	¥174,027	¥162,073	-6.9
Operating income	2,023	2,561	26.6
Operating margin	1.2%	1.6%	

(¥ Million)

Conditions were challenging for the Processed Foods business in the year ended March 2010. Material costs declined, but sales were weak. There was a letup in the slump in sales of foods for household use stemming from tainted frozen foods from China, but consumer spending declined because of the recession-related deterioration in employment and income conditions, and product prices continued to decline.

Under such market conditions, net sales of Processed Foods decreased 6.9% from the previous year to ¥162,073 million. Sales of prepared frozen foods for household use were fairly strong thanks to an upturn in the overall market, but sales of prepared frozen foods for commercial use slumped owing to a reduction in the number of product items and a continued preference in the market for lower-priced goods. As a result, overall sales declined.

On the other hand, operating income largely rose 26.6% to ¥2,561 million. Despite some sales promotion costs, material costs and advertising spending declined, for an overall increase in operating income.

The volume of output at our own plants declined because sales of prepared frozen foods for commercial use shrank. But productivity in the plants rose thanks to the improvement activities, and material purchases declined. And we took steps to strengthen our competitive advantage in the market including building of a new plant in Thailand for our joint venture, GFPT Nichirei (Thailand) Co., Ltd. (scheduled to startup in the 2nd quarter of the fiscal year ending March 2011).

(a) Prepared frozen foods for household use

Net sales increased 0.5% from the previous year. The market rebounded from a slump stemming from Chinese food safety issues and the amount spent on prepared frozen foods for household use rose 5.2% from the previous year according to a national panel survey of consumer households. And five affordable, more filled products designed to appeal to consumers' price sensitivity and preference for eating at home, including "Shrimp Pilaf" and "Authentic Fried Rice," sold well. Product flow costs rose because of promotional campaigns, but material costs declined, resulting in profit growth.

(b) Prepared frozen foods for commercial use

The volume of sales of fried chicken and other processed chicken products increased because of discounts for some items. But the reduction in the number of product items in the second half to improve profitability led to an 11.0% decline in net sales. In other major categories, we introduced new affordable products to appeal to the preference for low-priced products including "Hokkaido Sakutto Danshaku Croquette" and "Yawaraka Dish Hamburg" in the second half, but net sales declined. Profitability began to improve thanks to a decline in material costs and a reduction in the number of product items, but profits on the products declined from the previous year.

(c) Frozen agricultural products

Net sales declined 0.5% from the previous year. Sales of edamame (boiled green soybeans), spinach, and broccoli for household use as well as "Sono Mama series" that naturally defrost for commercial use were strong, but sales of private brand products declined. However, profitability improved and profits on the products increased.

(d) Acerola

Net sales declined 29.2% from the previous year because of the sale of the acerola beverage business to Suntory Beverage & Food Limited in 2009 and the transfer of sales to the company starting in December 2009. Profitability improved and profits on the products increased thanks to a focus on the global acerola ingredient business.

(e) Wellness foods

We introduced a "Kikubari Gozen Plus" series of calorie-controlled food products that are filling and use vegetable ingredients. Net sales declined 1.2%, but profits on the products increased.

For the fiscal year ending March 2011, we intend to develop a stable supply structure by starting up new chicken processing plants, adapting to the preference for low-priced products, and taking initiatives in the area of high value-added products. We also strengthen our procurement, production, sales capabilities as a food company, and implement cost reductions to recover earning power to endure the drastic changes of environment. We expect segment net sales will increase 0.9% to ¥163,600 million and segment operating income will rise 56.2% to ¥4,000 million.

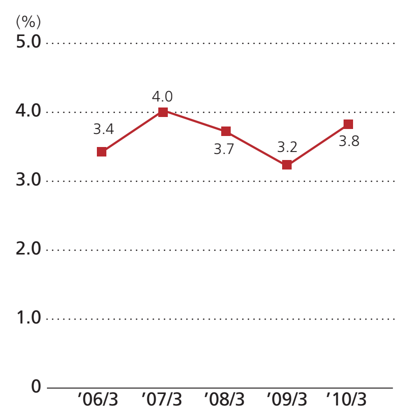
Marine Products

	2009.3	2010.3	Change (%)
Net sales	¥76,078	¥67,192	-11.7
Operating income	275	893	224.8
Operating margin	0.4%	1.3%	

(¥ Million)

Volume and prices declined in the marine product market in the

Operating Margin 2006-2010



fiscal year ended March 2010. The volume of marine product imports declined because of a slump in consumer spending owing to the prolonged economic downturn, and the domestic fish catch volume declined. At the same time, consumers' preference for low-priced products led to intensified sales competition. Marine product imports in calendar 2009 shrank 7.0% by volume and 16.8% by value from 2008. The volume of shrimp imports rose slightly, by 0.2%, to 202,600 tons.

Under these challenging conditions, we reduced the number of product items by no longer handling unprofitable ones, and sales prices were much lower than in the previous fiscal year when market conditions were favorable. As a result, net sales in the Marine Products business decreased 11.7% from the previous year to ¥67,192 million. However, operating income increased 224.8% to ¥893 million thanks to a profitability improvement through a focus on differentiated products made from premium ingredients, and keeping fixed costs at low level as they were in the previous year.

(a) Shrimp

Net sales declined 6.0% from the previous year. Though the volumes of raw and processed shrimp were about the same as in the previous year, prices slumped in the sluggish market. But profits on the product increased thanks to a focus on sales of differentiated products.

(b) Other Seafood

Net sales of marine products other than shrimp declined 13.6% from the previous year. Although the volume of more affordable octopus with lower procurement cost increased, we reduced the volume of salmon, trout, and bottom fish, the prices of which were unstable. Profits on these products increased thanks to cautious purchases.

We expect segment net sales in the fiscal year ending March 2011 will rise 3.4% to ¥69,500 million but operating income will decline 21.7% to ¥700 million, as a result of further development of premium products, a reduction of employed capital with thorough inventory management, an increase in value added from a focus on market quality, and increased overseas sales.

Meat & Poultry Products

	2009.3	2010.3	Change (%)
Net sales	¥92,517	¥77,643	-16.1
Operating income	(30)	676	–
Operating margin	–	0.9%	–

(¥ Million)

In the market for meat and poultry products in the first half of the year ended March 2010, the supply of imported chicken tended to exceed the demand, and the volume of imports slumped as consumers stayed away from Mexican pork because of a new type of influenza. Domestic prices tended to rebound in the second half, but sales prices for the full year were lower than the previous year.

Under these conditions, net sales in the Meat and Poultry Products business declined 16.1% to ¥77,643 million. Sales of imported products slumped, owing to a decline in the demand for materials from food processors stemming from weak consumer spending. However, operating income in the business improved ¥706 million to ¥676 million from an operating loss in the previous year.

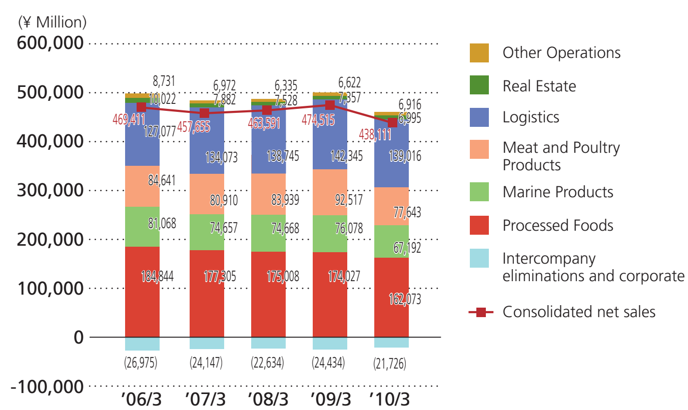
(a) Chicken

The volume of domestic chicken was about the same as in the previous year because of a focus on "Jun Wakei" (pure Japanese chicken) and other brand products, but the sales of imported chicken slumped. Sales of chicken declined 19.2% partly because prices were weaker than in the previous year.

(b) Beef

The volume of domestic beef increased, but sales of Japanese beef and other high-end beef declined and demand for processed materials slumped because of weak consumer spending. Sales of beef declined 17.0% from the previous year.

Net Sales by Segment 2006-2010



(c) Pork

The volume for food processors and sales of imports declined. The volume of domestic pork increased, but sales prices declined. As a result, sales of pork fell 16.6% from the previous year.

We expect segment net sales in the fiscal year ending March 2011 to increase 6.0% to ¥82,300 million and operating income to rise 18.3% to ¥800 million because of greater stability in the "Jun Wakei" (pure Japanese chicken) business, a recycling-oriented business model for ingredients, and expanded development and volume of processed products.

Logistics

	2009.3	2010.3	Change (%)
Net sales	¥142,345	¥139,016	-2.3
Operating income	8,231	7,883	-4.2
Operating margin	5.8%	5.7%	

(¥ Million)

In the temperature-controlled logistics industry in the fiscal year ended March 2010, the volume of import cargo declined because of the prolonged economic downturn. In the second half, inventory levels started to decline and refrigerated warehouse utilization and transport demand weakened. Earnings conditions remained very challenging, as logistics companies faced increasing demand for cutting logistics costs, more competition over customers, and incurring higher costs to reduce environmental impact and improve logistics quality to respond to food safety and reliability.

Under such conditions, our Logistics business in Japan started up a new logistics center in the Logistics Network business and successfully kept operating costs low in the Regional Storage business, resulting in sales and profit growth. The Overseas business, though, was seriously weak because of the economic downturn in Europe and the euro's depreciation against the yen. Net sales in the segment slipped 2.3% to ¥139,016 million and operating income fell 4.2% to ¥7,883 million.

(a) Logistics Network business

The volume of major products handled declined because of a drop in transport demand; products handled by transit distribution centers shifted to low-priced ones; and customers were keen on cutting logistics costs. Nevertheless, net sales in the business rose 4.3% to ¥75,304 million with help from the startup of new distribution centers. Operating income in the business rose 7.7% from the previous year to ¥2,011 million thanks to cost reductions from the effective use of transport vehicles, efficient management of distribution center operations, and improved profitability.

(b) Regional Storage business

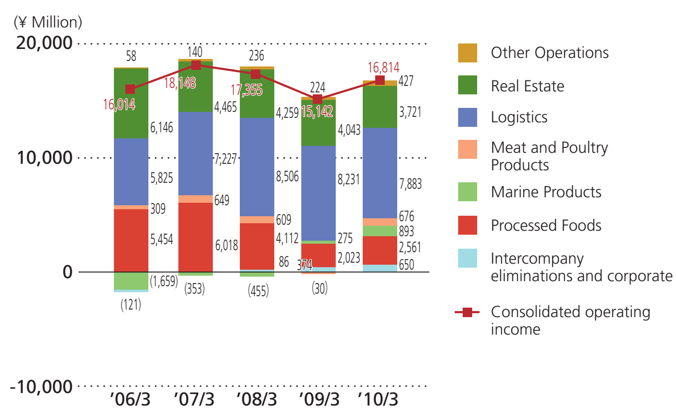
The intake volume of goods stored in 12 major cities declined 3.9% from the previous year to 10,589,000 tons, and the average overall inventory ratio declined 2.0 percentage points to 33.5%. Our volume also declined and net sales in the business slipped 2.2% to ¥45,170 million. However, we managed to keep the declines in our intake volume of goods stored and the average overall inventory ratio to 2.4% and 0.7 percentage points, respectively, less than industry averages. While a decline in volume hurt storage profits, we made efforts to collect freights and maintain inventory levels by sticking with operations tailored to local areas. Operating income in the business increased 6.8% to ¥5,290 million thanks to our efforts to keep operating costs low and a decline in electricity rates, among other external factors.

(c) Overseas business

Sales and operating income in Europe (the Netherlands, Germany, and Poland) declined substantially. Transport and customs operations in western Europe were weak because of the global economic downturn, and rates decline because transport companies from eastern Europe moved into the business. In addition, fruit juice and industrial plastic film volumes slumped, and the euro weakened against the yen.

Sales and operating income in China (Shanghai) declined from the previous year. Despite efforts to increase transport sales and keep operating costs low, volume in the mainstay, delivery operations for convenience stores declined.

Operating Income or Loss by Segment 2006-2010



Net sales in the overseas business declined 26.1% to ¥16,530 million, and operating income dropped 56.2% to ¥723 million.

In the fiscal year ending March 2011, we intend to further expand, mainly in the transportation area, by strengthening vehicle purchases and using the vehicles more effectively in the Logistics Network business, as well as by promoting joint logistics and offering room temperature and chilled transport services. To improve our earnings base, we also intend to focus on cargo trends and use new facilities to attract new customers in the Regional Storage business, and focus on using the transport capabilities in our Logistics Network business to win contracts to widely distribute cargo from local areas. However, we expect operating income to decline from the previous year because of an increase in depreciation stemming from heavy capital investments in the years covered by the previous medium-term plan. In the Overseas business, we intend to generate synergies by using new facilities in north France, strengthen operations in Poland, and shore up the base for expanding business in Europe. As a result of these initiatives, we expect net sales in the overall Logistics business to increase 3.7% to ¥144,200 million but operating income to decline 7.4% to ¥7,300 million.

Real Estate

	2009.3	2010.3	Change (%)
Net sales	¥7,357	¥6,995	-4.9
Operating income	4,043	3,721	-8.0
Operating margin	55.0%	53.2%	

(¥ Million)

In the fiscal year ended March 2010, net sales in the Real Estate business fell 4.9% to ¥6,995 million and operating income declined 8.0% to ¥3,721 million because of a decline in sales of residences and land.

(a) Real estate sales

We sold four lots in Ushiku, Ibaraki Prefecture and one plot of land (1,396m²) in Shiroishi, Miyagi Prefecture.

(b) Real estate rentals

We renovated rental office buildings and took on energy-saving projects to strengthen our competitiveness and help stabilize earnings.

For the fiscal year ending March 2011, we intend to take on and repair outdated rental office building projects as well as projects including energy-saving, living environment, and security enhancement measures to strengthen our competitiveness and help stabilize earnings. We intend to continue to effectively use and help manage and maintain the Group's properties so as to support the Group's earnings. As a result of these initiatives, we expect sales in the business to increase 1.5% to ¥7,100 million and operating income to rise 2.1% to ¥3,800 million.

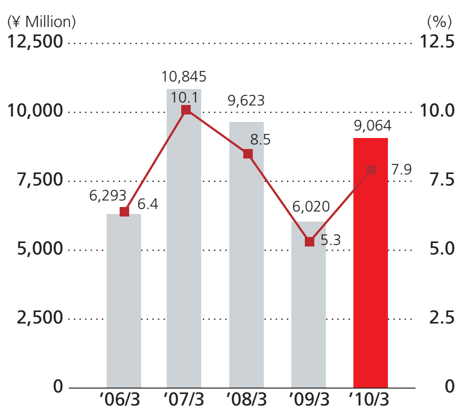
Other Operations

	2009.3	2010.3	Change (%)
Net sales	¥6,622	¥6,916	4.4
Operating income	224	427	90.5
Operating margin	3.4%	6.2%	

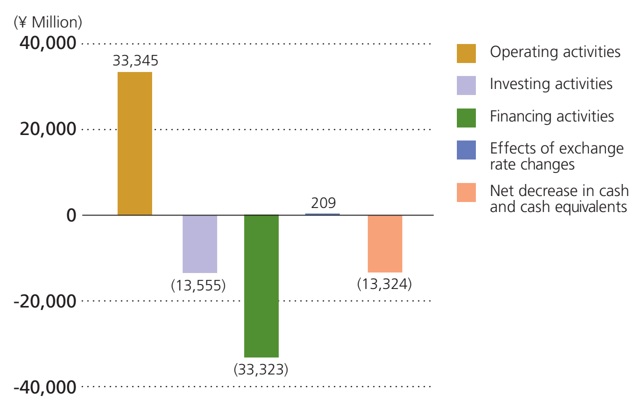
(¥ Million)

In the fiscal year ended March 2010, net sales in the Other Operations increased 4.4% to ¥6,916 million and operating income rose 90.5% to ¥427 million. In the Biosciences business, the volume of influenza rapid testing kits increased as a result

Net Income and ROE 2006-2010



Cash Flows 2010



of the spread of new types of influenza, and sales of other products were strong.

We expect segment sales in the fiscal year ending March 2011 to decrease 7.5% to ¥6,400 million.

Other Income and Expenses

The net amount of other expenses in the fiscal year ended March 2010 was ¥2,433 million, down from ¥3,780 million in the previous year. The main factor was an absence of the ¥1,731 million in losses in the previous fiscal year related to the application of lease accounting standards.

Income before Income Taxes and Net Income

As a result of the above, income before income taxes and minority interests increased 26.6% from the previous year to ¥14,380 million. Net income rose 50.6% to ¥9,064 million, or ¥29.24 per share, up from ¥19.42 per share in the previous year.

The fiscal year ending March 2011 is the first year of the Group's "Energy 2012" Medium-Term Plan, which took effect in April 2010. The main focus of the Medium-Term Plan is on steady profit growth through a reassessment of current conditions, steady execution on business strategies, and quick adaptation to changes in the business environment, given the likelihood that business conditions will remain challenging. We forecast net sales in the fiscal year ending March 2011 will increase 2.6% from the previous year to ¥449,700 million because of sales growth in the Processed Foods, Marine Products, Meat and Poultry Products, Logistics, and Real Estate businesses. We forecast operating income will slip 1.9% to ¥16,500 million owing to profit declines in the Marine Products, Logistics, and Other businesses.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Net cash provided by operating activities in the fiscal year ended March 2010 increased ¥18,062 million from the previous year to ¥33,345 million. The main factors were a ¥3,018 million increase in income before income taxes and minority interests, a ¥4,469 million decrease in notes and accounts receivable-trade, and a ¥4,741 million decrease in inventories.

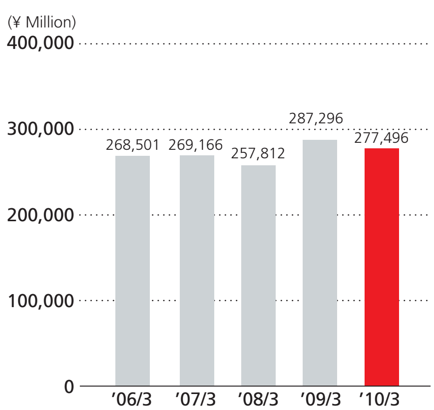
Net cash used in investing activities decreased ¥1,184 million from ¥14,740 million in the previous year to ¥13,555 million. The main factors were a decline in cash used for the investments in shares of subsidiaries resulting change in scope of consolidation, from ¥3,468 million in the previous year to ¥222 million, as well as ¥870 million in proceeds from sale of business.

Net cash used in financing activities totaled ¥33,323 million, compared with net cash of ¥16,085 million provided in the previous year. The major factors were an ¥18,824 million increase in repayment of long-term debt to ¥25,916 million and a ¥5,000 million increase in redemption of bonds to ¥10,000 million.

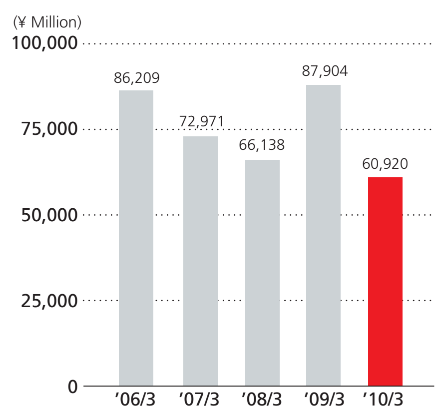
Free cash flow increased ¥19,247 million from the previous year to ¥19,789 million.

As a result of the activities described above, the balance of cash and cash equivalents at the end of March 2010 decreased ¥13,324 million from the previous year to ¥6,239 million.

Total Assets 2006-2010



Interest-Bearing Debt* 2006-2010



* Excludes leased obligations

The Balance Sheet

Total assets at the end of March 2010 decreased by ¥9,800 million from the end of March 2009 to ¥277,496 million mainly because of a decrease in cash and deposits.

Current assets decreased by ¥21,756 million to ¥94,833 million mainly because of a decrease in cash and deposits.

Property, plant and equipment increased by ¥9,885 million to ¥140,806 million owing to an increase in accumulated depreciation.

Investments and other assets increased by ¥2,071 million to ¥41,856 million because of an increase in investment securities.

Total liabilities decreased by ¥19,294 million to ¥154,802 million. The main factor was an ¥35,023 million decrease in the current portion of long-term debt from ¥35,900 million at the end of the previous year.

Current liabilities decreased by ¥22,026 million to ¥89,550 million because of a decrease in the current portion of long-term debt, and a ¥5,899 million increase in short-term bank loans. Long-term liabilities increased ¥2,731 million to ¥65,251 million mainly because of an increase in leased obligations.

Interest-bearing debt decreased by ¥26,984 million to ¥60,920 million, excluding leased obligations, 3.6 times cash flow, up 2.5 years from the previous year.

Net assets totaled ¥122,694 million, up ¥9,494 million from the previous year. Shareholders' equity* totaled ¥119,468 million, or 43.1% of total assets. This percentage rose 4.5 percentage points from the previous year. The debt-to-equity ratio (including leased obligations in debt) improved by 0.23 point from 0.96 at the end of March 2009 to 0.73 at the end of March 2010. The ratio (excluding leased obligations from debt) improved by 0.25 point from 0.77 at the end of March 2009 to 0.52.

* Shareholders' equity = net assets - minority interests

Significant Risk Factors Impacting Operating Results

Significant risk factors we can determine as of the end of March 2010 that could affect investors' investment decisions, of which some involve possible future developments, include the following:

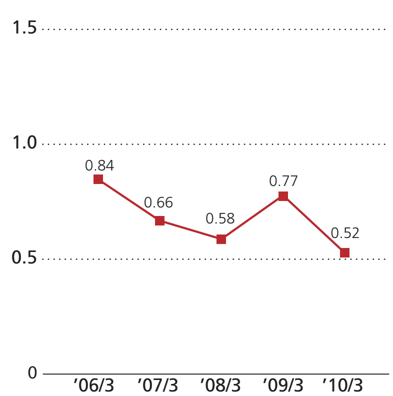
(a) Food safety issues

One of our primary businesses is the importation of food products and materials from outside Japan. If safety or other issues arise in connection with imported food, such as avian flu, BSE, agricultural chemical residue or antibiotics, for example, the Group could have difficulty procuring stable supplies of key products or materials needed for its Processed Foods, Marine Products, and/or Meat and Poultry Products business. In addition, if these problems lead to a reduction in the volume of food imports, then the volume placed into refrigerated warehouses in the Logistics business may decline. In these ways, the emergence of food safety problems could have a material impact on the Group's results.

(b) Fluctuations in prices of merchandise or materials, or in other costs

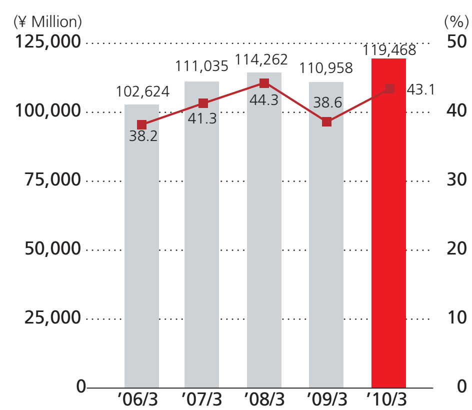
In the Marine Products business, we import our main products (e.g. shrimp, crab and octopus) from around the world. Prices of these products are affected by worldwide demand, harvest sizes, and other factors, while at the same time domestic market prices for marine products are affected by the amount of fish caught off the coasts of Japan and domestic demand, etc. In the Meat and Poultry Products business, market prices for both domestic and imported meat and poultry can become very volatile in

Debt-to-Equity* 2006-2010



* Calculated using interest-bearing debt excluding leased obligations

Shareholders' Equity and Equity Ratio* 2006-2010



* Shareholders' equity = net assets - minority interests

reaction to events that dramatically affect supply and demand, such as import bans imposed in response to food safety issues or the imposition of emergency import restrictions ("safeguard measures"). In the Processed Foods business, in which we convert the materials mentioned above as well as other materials into finished products, we work hard to improve production efficiency and to continually lower our cost of sales, but we are affected by fluctuations in crude oil and grain markets, and in the purchase prices of other materials. Thus, fluctuations in the prices of merchandise or materials, or in other costs, could have a significant impact on the Group's results.

(c) Product recalls

With the goal of earning customer trust in our products and services, the Nichirei Group has been working to establish a comprehensive quality assurance system that covers everything from product development and raw materials procurement to production and sales. With product safety and reliability as our highest priorities, we are establishing a solid trace back system that allows us to track down the origin of raw materials and setting up a team of quality and production control specialists. Despite such precautions, a major product recall stemming from claims against our products could have a significant impact on the Group's results.

(d) Risks involving long-term assets

In the Logistics business, the Nichirei Group owns many refrigerated warehouses, which are different from ordinary warehouses and require substantial capital investment. The recent expansion of highway networks and increased pace of consolidation in the food-delivery business have made such facilities in certain areas less important to shippers and thereby made it more difficult to secure cargo. In addition, a slump in warehousing demand as shippers reduce inventory levels could lead to increased price competition and a consequent deterioration in our earnings. In the Processed Foods business, Nichirei owns production facilities in a number of areas and has been improving productivity and product quality in response to a challenging operating environment stemming from a slump in sales, the obsolescence of plant and equipment, and demand for higher product quality. The consolidation of unprofitable facilities and the disposal of fixed assets, as part of our efforts to use capital more efficiently in all our businesses, could have a significant impact on the Group's results.

(e) Securities price risk

We own securities issued by companies we do business with for strategic business purposes. We make changes to our securities holdings as needed, based on our business strategies, efforts to improve the quality of our assets, and other factors.

All of the investment securities as of the end of this fiscal year are classified as available-for-sale securities. Losses associated with write-downs for impairments in their value could be incurred and affect the Group's results as a result of fluctuations in the values of those securities with market prices because of trends in the economic environment and corporate earnings, and in the values of those securities without market prices because of changes in the financial condition of the issuer.

(f) Exchange-rate risks

Insofar as one of our primary businesses is the importation of food products and materials from outside Japan, we face exchange-rate risks in our business transactions denominated in foreign currencies. To minimize these risks, we hedge by using currency exchange forward contracts, coupon swaps, and other types of derivatives. Nevertheless, exchange-rate fluctuations could have a significant impact on the Group's results.

(g) Changes in laws and regulations

In carrying out its domestic operations, the Group is subject to the Food Sanitation Law, the Warehouse Business Law, and other laws and regulations. In addition, in carrying out its overseas operations, the Group is subject to the laws and regulations of those countries. If unexpected laws and regulations are newly enacted, the Group's financial results could be materially affected.

(h) Information system security

The Group has developed appropriate system management procedures, but the management of operations could be adversely affected if system problems arise. The Group takes comprehensive actions to defend against computer viruses and manage information, but if unforeseen virus attacks hinder the management of operations or unauthorized access by outsiders to confidential company data and personal information results in costs and/or a loss of public credibility, then the Group's financial results could be materially affected.

Consolidated Balance Sheets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

As of March 31, 2009 and 2010

Assets	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2010
Current assets:			
Cash and deposits *(Note 3)*	¥ 19,564	¥ 6,272	$ 67,421
Notes and accounts receivable – trade	60,231	55,896	600,776
Less allowance for doubtful accounts	(112)	(107)	(1,154)
Inventories *(Note 4)*	32,076	27,501	295,585
Deferred tax assets *(Note 11)*	1,134	1,367	14,696
Other current assets	3,695	3,902	41,948
Total current assets	116,589	94,833	1,019,273
Property, plant and equipment *(Notes 6 and 7)*:			
Land	32,884	32,951	354,168
Buildings and structures	192,394	199,056	2,139,470
Machinery and equipment	70,411	73,075	785,420
Leased assets	43,314	47,101	506,247
Construction in progress	993	4,283	46,037
	339,997	356,468	3,831,343
Less accumulated depreciation	(209,075)	(215,661)	(2,317,946)
Property, plant and equipment, net	130,921	140,806	1,513,397
Investments and other assets:			
Investment securities *(Note 5)*	15,956	18,600	199,923
Investment in affiliates	2,837	2,764	29,711
Deferred tax assets *(Note 11)*	2,431	1,814	19,500
Other *(Note 6)*	19,111	19,223	206,616
Less allowance for doubtful accounts	(551)	(546)	(5,876)
Total investments and other assets	39,785	41,856	449,875
Total assets	¥ 287,296	¥ 277,496	$ 2,982,546

The accompanying notes are integral parts of these statements.

Liabilities and net assets	Millions of yen 2009	Millions of yen 2010	Thousands of U.S. dollars (Note 1) 2010
Current liabilities:			
Short-term bank loans	¥ 11,474	¥ **17,373**	$ **186,727**
Commercial paper	10,000	**13,000**	**139,724**
Current portion of long-term debt	35,900	**877**	**9,434**
Accounts payables	24,177	**23,861**	**256,460**
Leased obligations	3,717	**3,818**	**41,043**
Income taxes payable	3,150	**2,852**	**30,657**
Accrued expenses	17,797	**18,078**	**194,311**
Accrued directors' bonuses	177	**210**	**2,259**
Other current liabilities	5,179	**9,478**	**101,878**
Total current liabilities	111,576	**89,550**	**962,497**
Long-term liabilities:			
Long-term debt	30,528	**29,669**	**318,889**
Accrued directors', statutory auditors' and employees' retirement benefits *(Note 14)*	3,493	**3,832**	**41,193**
Leased obligations	18,873	**21,053**	**226,283**
Deferred tax liabilities *(Note 11)*	1,216	**1,713**	**18,419**
Negative goodwill	61	**36**	**395**
Other	8,347	**8,945**	**96,142**
Total long-term liabilities	62,520	**65,251**	**701,324**
Total liabilities	174,096	**154,802**	**1,663,822**
Net assets			
Shareholders' equity *(Notes 8 and 9)*:			
Common stock, with no par value			
Authorized – 720,000,000 shares			
Issued and outstanding – 310,851,065 shares	30,307	**30,307**	**325,750**
Capital surplus	23,711	**23,709**	**254,835**
Retained earnings	56,045	**62,318**	**669,808**
Less treasury stock, at cost	(348)	**(393)**	**(4,229)**
Total shareholders' equity	109,715	**115,943**	**1,246,165**
Valuation, translation adjustments and other:			
Net unrealized holding gain on securities	2,241	**3,723**	**40,020**
Net deferred gain on hedges	51	**18**	**203**
Translation adjustments	(1,050)	**(217)**	**(2,336)**
Total valuation, translation adjustments and other	1,242	**3,524**	**37,886**
Minority interests in consolidated subsidiaries	2,241	**3,225**	**34,671**
Total net assets	113,199	**122,694**	**1,318,724**
Total liabilities and net assets	¥ 287,296	¥ **277,496**	**$2,982,546**

The accompanying notes are integral parts of these statements.

Consolidated Statements of Income (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2009 and 2010

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2009	2010	2010
Net sales	¥ 474,515	¥ 438,111	$ 4,708,848
Operating costs and expenses:			
Cost of sales	387,186	350,153	3,763,471
Selling, general and administrative expenses *(Note 13)*	72,185	71,143	764,656
	459,372	421,297	4,528,128
Operating income	15,142	16,814	180,720
Other income (expenses):			
Interest and dividend income	540	528	5,685
Interest expense	(1,767)	(1,703)	(18,313)
Other – net *(Note 10)*	(2,553)	(1,258)	(13,526)
	(3,780)	(2,433)	(26,153)
Income before income taxes and minority interests	11,362	14,380	154,566
Income taxes *(Note 11)*:			
Current	5,443	5,154	55,399
Deferred	(336)	(13)	(140)
	5,107	5,141	55,259
Minority interests	235	174	1,880
Net income	¥ 6,020	¥ 9,064	$ 97,426

	Yen		*U.S. dollars (Note 1)*
Amounts per share *(Note 15)*:	2009	2010	2010
Net assets	¥ 357.85	¥ 385.47	$ 4.143
Net income:			
Basic	¥ 19.42	¥ 29.24	$ 0.314
Diluted	–	–	–

The accompanying notes are integral parts of these statements.

Consolidated Statements of Changes in Net Assets (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2009 and 2010

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Shareholders' equity			
Common Stock			
Balance at beginning of year	¥ 30,307	¥ 30,307	$ 325,750
Changes of items during the period	–	–	–
Balance at end of the year	30,307	30,307	325,750
Capital surplus			
Balance at beginning of year	23,711	23,711	254,849
Changes of items during the period			
Disposal of treasury stock	(0)	(1)	(13)
Balance at end of the year	23,711	23,709	254,835
Retained earnings			
Balance at beginning of year	53,678	56,045	602,375
Changes of items during the period			
Dividends from surplus	(2,480)	(2,790)	(29,993)
Net income	6,020	9,064	97,426
Change of application of equity method	(1,173)	–	
Total changes of items during the period	2,366	6,273	67,432
Balance at end of the year	56,045	62,318	669,808
Treasury stock			
Balance at beginning of year	(359)	(348)	(3,741)
Changes of items during the period			
Change of application of equity method	42	–	–
Acquisition of treasury stock	(48)	(50)	(547)
Disposal of treasury stock	17	5	59
Total changes of items during the period	11	(45)	(488)
Balance at end of the year	(348)	(393)	(4,229)
Total shareholders' equity			
Balance at beginning of year	107,338	109,715	1,179,234
Changes of items during the period			
Dividends from surplus	(2,480)	(2,790)	(29,993)
Net income	6,020	9,064	97,426
Change of application of equity method	(1,131)	–	–
Acquisition of treasury stock	(48)	(50)	(547)
Disposal of treasury stock	17	4	46
Total changes of items during the period	2,376	6,227	66,931
Balance at end of the year	¥ 109,715	¥ 115,943	$1,246,165

The accompanying notes are integral parts of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2010	2010
Valuation and translation adjustments			
Net unrealized gains on available-for-sale securities			
Balance at beginning of year	¥ 4,141	¥ 2,241	$ 24,095
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,899)	1,481	15,924
Balance at end of the year	2,241	3,723	40,020
Net deferred gain/(loss) on hedges			
Balance at beginning of year	(101)	51	554
Changes of items during the period			
Net changes of items other than shareholders' equity	152	(32)	(351)
Balance at end of the year	51	18	203
Translation adjustments			
Balance at beginning of year	2,882	(1,050)	(11,292)
Changes of items during the period			
Net changes of items other than shareholders' equity	(3,933)	833	8,955
Balance at end of the year	(1,050)	(217)	(2,336)
Total valuation and translation adjustments			
Balance at beginning of year	6,923	1,242	13,357
Changes of items during the period			
Net changes of items other than shareholders' equity	(5,680)	2,282	24,529
Balance at end of the year	1,242	3,524	37,886
Minority interests			
Balance at beginning of year	2,226	2,241	24,086
Changes of items during the period			
Net changes of items other than shareholders' equity	14	984	10,585
Balance at end of the year	2,241	3,225	34,671
Total net assets			
Balance at beginning of year	116,488	113,199	1,216,678
Changes of items during the period			
Dividends from surplus	(2,480)	(2,790)	(29,993)
Net income	6,020	9,064	97,426
Change of application of equity method	(1,131)	–	–
Acquisition of treasury stock	(48)	(50)	(547)
Disposal of treasury stock	17	4	46
Net changes of items other than shareholders' equity	(5,665)	3,267	35,114
Total changes of items during the period	(3,288)	9,494	102,045
Balance at end of the year	¥ 113,199	¥ 122,694	$1,318,724

The accompanying notes are integral parts of these statements.

Consolidated Statements of Cash Flows (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

For the years ended March 31, 2009 and 2010

	Millions of yen		*Thousands of U.S. dollars (Note 1)*
	2009	**2010**	**2010**
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 11,362	¥ **14,380**	$ **154,566**
Depreciation and amortization	13,738	**13,506**	**145,171**
Impairment loss on fixed assets	15	**765**	**8,226**
Increase in allowance for doubtful accounts	61	**5**	**55**
Increase in accrued employees' retirement benefits	206	**298**	**3,203**
Equity in earnings of affiliates	(216)	**0**	**6**
Loss on disposal of property, plant and equipment	433	**381**	**4,098**
Loss on discontinued operation	313	**471**	**5,062**
Impact of applying the accounting standard for lease transactions	1,731	**–**	**–**
Loss on devaluation of investment securities	435	**53**	**578**
Loss on devaluation of membership	137	**–**	**–**
Interest and dividend income	(540)	**(528)**	**(5,685)**
Interest expense	1,767	**1,703**	**18,313**
Gain on sales of property, plant and equipment	(580)	**(253)**	**(2,728)**
Loss on sales of stocks of subsidiaries and affiliates	35	**–**	**–**
Loss on sales of investment securities	0	**–**	**–**
Gain on sales of business	–	**(870)**	**(9,358)**
Decrease in notes and accounts receivable – trade	3,266	**4,469**	**48,043**
Decrease / (increase) in inventories	(2,197)	**4,741**	**50,960**
Decrease in notes and accounts payables – trade	(2,250)	**(357)**	**(3,841)**
Other, net	(8,021)	**1,191**	**12,809**
Sub total	19,698	**39,959**	**429,483**
Interest and dividends received	870	**696**	**7,480**
Interest paid	(1,743)	**(1,779)**	**(19,123)**
Income taxes paid	(3,543)	**(5,530)**	**(59,445)**
Net cash provided by operating activities	15,282	**33,345**	**358,395**
Cash flows from investing activities:			
Purchase of property, plant and equipment	(11,761)	**(12,887)**	**(138,517)**
Proceeds from sales of property, plant and equipment	1,240	**503**	**5,406**
Purchase of investment securities	(218)	**(401)**	**(4,310)**
Proceeds from sales of investment securities	309	**31**	**334**
Investments in shares of subsidiaries resulting in change in scope of consolidation	(3,468)	**(222)**	**(2,389)**
Proceeds from sales of stocks of subsidiaries and affiliates	726	**–**	**–**
Proceeds from sales of business	–	**870**	**9,358**
Other, net	(1,567)	**(1,449)**	**(15,580)**
Net cash used in investing activities	(14,740)	**(13,555)**	**(145,699)**
Cash flows from financing activities:			
Increase in short-term bank loans	1,519	**5,766**	**61,973**
Increase in commercial paper	8,000	**3,000**	**32,244**
Proceeds from long-term debt	24,973	**–**	**–**
Repayment of long-term debt	(7,092)	**(25,916)**	**(278,553)**
Redemption of bonds	(5,000)	**(10,000)**	**(107,480)**
Dividends paid	(2,476)	**(2,783)**	**(29,913)**
Proceeds from minority shareholders	–	**1,093**	**11,754**
Cash dividends paid to minority shareholders	(594)	**(446)**	**(4,803)**
Repayments of lease obligations	(3,901)	**(3,989)**	**(42,883)**
Other, net	657	**(46)**	**(501)**
Net cash provided by (used in) financing activities	16,085	**(33,323)**	**(358,163)**
Effects of exchange rate changes on cash and cash equivalents	(1,184)	**209**	**2,251**
Net increase (decrease) in cash and cash equivalents	15,442	**(13,324)**	**(143,215)**
Cash and cash equivalents at beginning of year	4,121	**19,564**	**210,275**
Cash and cash equivalents at end of year *(Note 3)*	¥ 19,564	¥ **6,239**	$ **67,059**

The accompanying notes are integral parts of these statements.

Notes to Consolidated Financial Statements (Unaudited)

Nichirei Corporation and Consolidated Subsidiaries

Years ended March 31, 2009 and 2010

Note 1: Basis of Presentation

The accompanying consolidated financial statements of Nichirei Corporation (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

As permitted by the Financial Instruments and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals in yen shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

For the convenience of the reader, the accompanying consolidated financial statements have been presented in U.S. dollars by translating Japanese yen amounts at ¥93.04 = US$1.00, the exchange rate prevailing on March 31, 2010.

Due to significance, notes to "Lease transactions," "Related party transactions," "Financial Instruments," and "Derivative Financial Instruments" are not disclosed in the consolidated financial statements, but disclosed on EDINET.

Note 2: Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its 74 majority-owned subsidiaries (73 in 2009). All significant intercompany balances, transactions and profits have been eliminated in consolidation.

Investments in all of its 13 affiliates (13 in 2009) are accounted for by the equity method.

Balance sheet dates of the consolidated subsidiaries are as follows:

End of December:	23 companies
End of January:	1 company
End of February:	1 company

All subsidiaries have been consolidated based on their accounts at their respective balance sheet date. Appropriate adjustments have been made for significant transactions during the period from the respective balance sheet date of the above subsidiaries to the balance sheet date of the Company.

(b) Cash Equivalents

All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in their value attributable to changes in interest rates, are considered cash equivalents.

(c) Securities

Securities are classified into three categories depending upon the holding purpose and accounted for as follows: i) trading securities, which are held for the purpose of earning capital gains in the short-term, are stated at fair market value, with related gain and loss realized on disposal and unrealized gain and loss from market fluctuations recognized as gain or loss in the statement of operations in the year of the change; ii) held-to-maturity debt securities, which a company has the positive intent to hold until maturity, are stated at amortized cost; and iii) available-for-sale securities, which are not classified as either of the aforementioned types of securities but are stated at fair market value if such value is available, or, if not, at moving-average cost, with unrealized gain and loss, net of the applicable taxes, reported as a separate component of net assets. Realized gain and loss on sales of such securities are calculated based on the moving-average cost. Securities held by the Company and its consolidated subsidiaries are all classified as available-for-sale securities.

(d) Foreign Currency Translation

All receivables and payables denominated in foreign currencies are translated into yen at the year-end rate.

(e) Translation of Financial Statements of Consolidated Overseas Subsidiaries

In translating the financial statements of the consolidated overseas subsidiaries, the balance sheet accounts are translated at the exchange rate in effect at each year-end except that shareholders' equity accounts are translated at their historical rates. Revenues and expenses are translated at the average rate of exchange prevailing during the year. The resulting differences in translation are presented as translation adjustments and minority interests in net assets.

(f) Inventories

Merchandise, finished goods, work in process, raw materials and supplies held by the Company and its consolidated domestic subsidiaries are principally stated at cost determined by the monthly average method (inventories are written down based on decreased profitability).

Inventories are valued and written down to net realizable value by reflecting decreased profitability of assets, which is similar to the lower-of-cost-or market method. Loss on disposal of obsolete inventories is included in cost of sales.

At consolidated overseas subsidiaries are valued at the lower of cost or market, cost being determined by the first-in first-out basis.

(g) Property, Plant and Equipment and Depreciation (except for Leased Assets)

Property, Plant and Equipment are stated at cost.

Depreciation at the Company and its consolidated domestic subsidiaries is computed primarily by the declining-balance method except that the straight-line method is applied to office buildings for lease and to buildings acquired on or after April 1, 1998.

Depreciation at all foreign consolidated subsidiaries is computed by the straight-line method, subject to local rules, at rate based on the estimated useful lives of the respective assets.

(h) Intangible Assets (except for Leased Assets)

Intangible assets are amortized by the straight-line method.

Software for internal use is amortized by the straight-line method over the estimated useful lives (5 years).

(i) Leased Assets

Tangible leased assets are mainly refrigeration equipment (buildings and structures) in logistics segment. Intangible leased assets are mainly software in logistics segment.

Financial leases other than those which do not transfer ownership of the leased assets to the lessee are depreciated by the straight-line method to zero over the lease terms.

(j) Allowance for Doubtful Accounts

Allowance for doubtful accounts are provided based on the actual historical default rate for normal loans, and based on individually assessed amounts for doubtful and default loans.

(k) Accrued Directors' Bonuses

For directors' bonuses, provisions are calculated based on the estimated bonuses to be paid in the following year.

(l) Employees' Severance and Retirement Benefits

Accrued retirement benefits for employees are stated principally at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the eligible employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period of 10 years.

Unrecognized prior service cost is amortized using the straight-line method over certain years (10 years) within the employees' average remaining service period at incurrence.

(Change in accounting policy)

On July 31, 2008, the Accounting Standard Board of Japan (the "ASBJ") issued ASBJ Statement No.19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)." The Company has adopted it from the fiscal year ended March 31, 2010. As a result of adopting this standard, there is no material impact on operating income, income before income taxes and minority interests and unrecognized actuarial gain/loss.

(m) Directors' and Statutory Auditors' Retirement Benefits

Accrued retirement benefits for domestic subsidiaries' directors and statutory auditors are provided at the amount to be paid if all eligible directors and statutory auditors would have been retired at the balance sheet date.

(n) Revenue Recognition for Construction Contracts

The Company applies the percentage-of-completion method if outcome of construction activity is deemed certain during the course of the activity, otherwise applies the completed-contract method.

(Change in accounting policy)

For the fiscal year ended March 31, 2009, revenue of construction contracts were recognized at the time projects were completed.

On December 27, 2007, ASBJ issued ASBJ Statement No.15, "Accounting Standard for Construction Contracts" and Guidance No.18, "Guidance on Accounting Standard for Construction Contracts." The Company has adopted them on projects existed or started on or after April 1, 2009 and applies the percentage-of-completion method if outcome of construction activity is deemed certain during the course of the activity, otherwise applies the completed-contract method.

As a result of adopting the standard, there is no construction contract applying the percentage-of-completion method. All construction contracts are accounted for by the completed-contract method.

(o) Derivative Financial Instruments and Hedge Accounting

The Company and its consolidated subsidiaries enter into foreign exchange forward contracts, coupon swaps, interest rate swaps and other derivatives.

(i) Type of hedge accounting

Derivative financial instruments are stated at fair market value.

When they are used for hedging purpose and meet certain hedging criteria, recognition of gains or losses resulting from changes in fair value of derivative financial instruments is deferred until the related losses or gains on hedged items are recognized.

Financial assets and liabilities denominated in foreign currency and hedged by foreign exchange forward contracts and coupon swaps are stated at settlement amounts. Gains and losses on contracts are allocated over the period of contracts.

Interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not measured at fair value.

(ii) Hedging instruments and hedged items

Hedging instruments: Derivative financial instruments, such as foreign exchange forward contracts, coupon swaps, interest rate swaps and other derivatives

Hedged items: Financial assets and liabilities denominated in foreign currency, which are exposed to foreign exchange fluctuation risks, not reflected by the fluctuation, and the fluctuation would be hedged by fixing future cash flow.

(iii) Hedge policy

Based on the financial instruments management policy, the Company enters into foreign currency forward contracts and coupon swaps to mitigate foreign currency fluctuation risks associated with foreign currency denominated transactions, such as imports/exports of products and direct materials etc.

For non-recurring foreign currency transactions, the Company determines a hedge policy every time. Interest rate swaps are used, as necessary, to mitigate fluctuation risk on interest rate related to interest-bearing monetary assets and liabilities.

(iv) Effectiveness of hedge

To assess effectiveness of hedge, the Company compares accumulated cash flow fluctuation or market fluctuation on hedged items with those on hedging instruments semiannually. The Company does not assess effectiveness of hedge for foreign exchange forward contracts and coupon swaps stated at settlement amounts, and interest rate swaps which meet specific matching criteria.

(p) Consumption taxes

Consumption tax and local consumption tax are excluded from revenues and expenses.

(q) Income Taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(r) Net Income per Share

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year assuming full conversion of convertible bonds.

"Diluted net income per share" for the years ended March 31, 2009 and 2010 are not presented because there were no bonds to be converted to shares at the year ends.

(s) Valuation of Assets and Liabilities of Consolidated Subsidiaries

Acquisitions of subsidiaries are accounted for by the purchase method and assets and liabilities of the consolidated subsidiaries are initially recorded at fair value.

(t) Goodwill and Negative Goodwill

Consolidation goodwill and negative consolidation goodwill is amortized over a period not exceeding 20 years, determined in consolidation of the source of goodwill. Minor consolidation goodwill is expensed in the year it arises.

Note 3: Cash and Cash Equivalents

Cash and cash equivalents on the consolidated statements of cash flows as of March 31, 2009 and 2010 are comprised as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Cash and deposits	¥ 19,564	¥ 6,272	$ 67,421
Time deposits over 3 months	–	(33)	(361)
Cash and cash equivalents	¥ 19,564	¥ 6,239	$ 67,059

Note 4: Inventories

Inventories as of March 31, 2009 and 2010 were as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Merchandise and finished goods	¥ 27,397	¥ 23,868	$ 256,541
Work in process	313	316	3,398
Raw materials and supplies	4,365	3,316	35,645
	¥ 32,076	¥ 27,501	$ 295,585

Write-down in inventories held for sale in the ordinary course of business reflecting decreased profitability amounted to ¥429 million and ¥112 million ($1,208 thousand) and were included in cost of sales for the year ended March 31, 2009 and 2010, respectively.

Note 5: Securities

(1) Acquisition costs, book value and net unrealized gain on available-for-sale securities as of March 31, 2009 and 2010:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Equity securities:			
Acquisition costs	¥ 10,961	¥ 11,269	$ 121,120
Book value	14,453	17,132	184,142
Net unrealized gain	¥ 3,492	¥ 5,863	$ 63,022

Non-listed equity securities amounting to ¥1,468 million ($15,780 thousand) as of March 31, 2010 are not included in above table because they are not traded on market and very difficult to determine their fair market value.

(2) Sales of available-for-sale securities for the years ended March 31, 2009 and 2010:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Proceeds from sales	¥ 300	¥ 31	$ 334
Gains on sales	45	9	107
Losses on sales	45	9	97

(3) Aggregate book value of available-for-sale securities with no available fair value as of March 31, 2009 and 2010:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Non-listed equity securities	¥ 1,383	¥ 1,393	$ 14,979

(4) Impairment loss of securities for the years ended March 31, 2009 and 2010:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Available-for-securities			
Stocks with market values	(*1)	¥ 44	$ 477
Stocks without market values		9	101
	¥ 395	¥ 53	$ 578

(*1) Detail information was not disclosed for the year ended March 31, 2009.

Note 6: Impairment of Fixed Assets

For the purpose of identifying fixed assets that are impaired, the Company grouped their fixed assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets or group of assets. As a result, each of the following assets was assessed for impairment individually.

Because i) use of those idle assets is not determined, ii) there is substantial decline in market values and constant losses from operating activities, and iii) further use of closing assets are not expected, the Company reduced book value of the assets to recoverable amounts, and recognized the reduced values as impairment losses amounting to ¥15 million and ¥765 million ($8,226 thousand) for the years ended March 31, 2009 and 2010, respectively.

Discount rate used to determine fair value was 7%. Net realizable values are calculated based on the value assessed for property tax purpose.

(1) For the year ended March 31, 2009

Primary use	Type of asset	Location	Impairment loss *Millions of yen*	Recoverable value
Idle assets	Land	Sakaiminato City, Tottori Prefecture	¥ 15	Net realizable value

(2) For the year ended March 31, 2010

Primary use	Type of asset	Location	Impairment loss *Millions of yen*	Impairment loss *Thousands of U.S. dollars*	Recoverable value
Idle assets	Land	Sakaiminato City, Tottori Prefecture	¥ 17	$ 187	Net realizable value
	Intangible asset	Chuo Ward, Tokyo, etc.	0	3	Value in use
Assets for processed foods business	Machinery and equipment	Shanghai, China	98	1,061	
	Buildings and structures	Chuo Ward, Tokyo	1	13	
	Other		0	10	
	Software		133	1,438	
	Leased assets		63	684	
	Goodwill		231	2,488	
Distribution center (Closing)	Buildings and structures	Saitama City, Saitama Prefecture	89	959	
	Machinery and equipment		28	308	
Assets for welfare (Closing)	Buildings and structures	Shimotakai-gun, Nagano Prefecture	99	1,065	
	Other		0	4	

Note 7: Investments and Rental Properties

On, November 28, 2008, the ASBJ issued ASBJ Statement No.20, "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" and Guidance No.23 "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property." The Company has adopted them from the fiscal year ended March 31, 2010.

The Company and part of its subsidiaries own buildings and land for lease in Tokyo and other areas.

(1) Carrying amount on the consolidated balance sheet, increase or decrease during the year, as well as market value of the properties as of March 31, 2010:

(Million yen)

Amount on the consolidated balance sheet			Market value as of March 31, 2010
March 31, 2009	Increase (Decrease)	March 31, 2010	
¥ 17,478	¥ (38)	¥ 17,440	¥ 60,459

(Thousands of U.S. dollars)

Amount on the consolidated balance sheet			Market value as of March 31, 2010
March 31, 2009	Increase (Decrease)	March 31, 2010	
$ 187,865	$ (418)	$ 187,446	$ 649,818

1. Amount on the consolidated balance sheet is calculated as acquisition costs deducting accumulated depreciation and cumulative impairment losses.
2. Major increase (decrease) during the year is as follows:
   Decrease: Idle land in Gifu city ¥44 million ($ 473 thousand)
3. Market values of major assets as of March 31, 2010 are based on appraisals obtained from outside real estate appraisers. Market values of other relatively immaterial assets are based on certain valuation and other indicator properly reflected by market prices.

(2) Revenue and expense related to investment and rental properties for the year ended March 31, 2010:

(Million yen)

Revenue	Expense	Difference	Other (*1)
¥ 5,226	¥ 1,441	¥ 3,784	¥ 253

(Thousands of U.S. dollars)

Revenue	Expense	Difference	Other (*1)
$ 56,169	$ 15,493	$ 40,676	$ 2,723

(*1) Other is composed of gain/loss on sales and impairment loss, and included in other income (expense) on the consolidated statements of income.

Note 8: Shareholders' Equity

In accordance with the Corporation Law of Japan, the Company has provided a legal reserve, which was included in retained earnings. The Corporation Law provides that an amount equal to 10% of the amount to be disbursed as a distribution of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions. The legal reserve as of March 31, 2009 and 2010 was ¥39 million ($424 thousand).

Note 9: Changes in Net Assets

(1) Types and number of outstanding shares and of treasury stock

For the year ended March 31, 2009

(Number of shares)

Type of stock	As of March 31, 2008	Increases	Decreases	As of March 31, 2009
Issued stock: Common stock	310,851,065	–	–	310,851,065
Treasury stock: Common stock	823,978	101,891	142,962	782,907

(Reasons for changes)
The increases in the number of shares resulted from the following:
- Request for redemption of odd-lot stock 101,856 shares
- Number of shares of treasury stock issued by the Company acquired by affiliates, adjusted for the Company's share in equity of the affiliates. 35 shares

The decreases in the number of shares resulted from the following:
- Request for additional purchase of odd-lot stock 39,143 shares
- Exclusion of affiliates accounted for by the equity method from consolidation 103,819 shares

For the year ended March 31, 2010

(Number of shares)

Type of stock	As of March 31, 2009	Increases	Decreases	As of March 31, 2010
Issued stock: Common stock	310,851,065	–	–	310,851,065
Treasury stock: Common stock	782,907	154,726	12,982	924,651

(Reasons for changes)
The increases in the number of shares resulted from the following:
- Request for redemption of odd-lot stock 154,723 shares
- Number of shares of treasury stock issued by the Company acquired by affiliates, adjusted for the Company's share in equity of the affiliates. 3 shares

The decreases in the number of shares resulted from the following:
- Request for additional purchase of odd-lot stock 12,982 shares

(2) Cash dividends distributed

Dividends paid during the fiscal year ended March 31, 2010

Resolution	Type of stock	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 24, 2009	Common stock	¥ 1,550 $ 16,663	¥ 5 $ 0.05	March 31, 2009	June 25, 2009
Directors' meeting on October 27, 2009	Common stock	¥ 1,240 $ 13,330	¥ 4 $ 0.04	September 30, 2009	December 4, 2009

Dividends of which the record date falls in the current fiscal year but the effective date falls in the following fiscal year

Resolution	Type of stock	Source of dividends	Total dividends (Millions of yen and Thousands of U.S. dollars)	Dividend per share (Yen and U.S. dollars)	Record date	Effective date
General shareholders' meeting on June 25, 2010	Common stock	Retained earnings	¥ 1,549 $ 16,655	¥ 5 $ 0.05	March 31, 2010	June 28, 2010

Note 10: Other Income (Expenses)

Other income (expenses) – other, net for the years ended March 31, 2009 and 2010 consisted primarily of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Gain on sales of property, plant and equipment	¥ 614	¥ 289	$ 3,108
Gain on sales of investment securities	45	–	–
Gain on sales of business	–	870	9,358
Loss on sales and disposal of property, plant and equipment	(783)	(906)	(9,743)
Impairment loss on fixed assets	(15)	(765)	(8,226)
Loss on discontinued operations	(313)	(512)	(5,510)
Loss on devaluation of investment securities	(435)	(53)	(578)
Impact of applying the accounting standard for lease transactions	(1,731)	–	–
Other, net	68	(179)	(1,934)
	¥ (2,553)	¥ (1,258)	$ (13,526)

Note 11: Income Taxes

The Company and its consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 40.6% for the years ended March 31, 2009 and 2010. The effective tax rates reflected in the accompanying consolidated statements of operations differ from the statutory tax rate for the following reasons:

	2009	2010
Statutory tax rate	40.6%	40.6%
Entertainment and other non-deductible expenses	2.6	2.0
Equity in earnings of affiliates	(0.8)	–
Dividends exempted for income tax purpose	–	(0.4)
Inhabitant per capita taxes	1.3	1.0
Tax rate differences of oversea affiliates	–	(1.8)
Undistributed earnings of overseas affiliates	1.8	–
Change in valuation allowance	–	(4.5)
Tax credit for research and development expenses	–	(0.6)
Deductible impairment loss on investment of affiliates	–	(0.7)
Other, net	(0.5)	0.1
Effective tax rate	45.0%	35.8%

The components of deferred tax assets and deferred tax liabilities as of March 31, 2009 and 2010 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
Deferred tax assets:			
Establishment of employees' retirement benefit trust	¥ 5,673	¥ 5,658	$ 60,813
Excess allowance for employees' retirement benefits	1,285	1,369	14,721
Net operating loss carry forwards	1,903	1,616	17,375
Accrued employees' bonus	551	592	6,364
Property, plant and equipment – unrealized profits and losses	396	438	4,709
Depreciation	334	333	3,586
Impairment loss on fixed assets	1,391	1,388	14,923
Impact of applying the accounting standard for lease transactions	517	593	6,381
Other	3,069	3,040	32,677
Total gross deferred tax assets	15,123	15,030	161,552
Less valuation allowance	(3,454)	(3,076)	(33,064)
Deferred tax assets	11,668	11,954	128,487
Deferred tax liabilities:			
Net unrealized holding gain on securities	(1,224)	(2,112)	(22,710)
Gain on securities contributed to employees' retirement benefit trust	(2,600)	(2,606)	(28,018)
Reserve and special reserve for advanced depreciation of property, plant and equipment	(1,226)	(1,231)	(13,236)
Other, net	(4,266)	(4,535)	(48,743)
Deferred tax liabilities	(9,319)	(10,486)	(112,709)
Net deferred tax assets	¥ 2,349	¥ 1,467	$ 15,777

Note 12: Contingent Liabilities

As of March 31, 2009 and 2010, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2009	2010	2010
As guarantor of indebtedness of affiliates	¥ 2,357	¥ 2,277	$ 24,476
As guarantor of indebtedness of employees	57	48	525
Total	¥ 2,415	¥ 2,326	$ 25,002

Note 13: Research and Development Expenses

Research and development expenses charged to selling, general and administrative expenses for the years ended March 31, 2009 and 2010 were ¥2,191 million and ¥1,986 ($21,349 thousand), respectively.

Note 14: Accrued Directors', Statutory Auditors' and Employees' Retirement Benefits

(1) Accrued directors', statutory auditors' and employees' retirement benefits as of March 31, 2009 and 2010:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Employees' retirement benefits	¥ 3,216	¥ **3,514**	$ **37,775**
Directors' and statutory auditors' retirement benefits	277	**318**	**3,418**
Total	¥ 3,493	¥ **3,832**	$ **41,193**

The Company and certain number of its consolidated domestic subsidiaries have defined-benefit pension plan (cash balance plan) and defined-contribution pension plan that cover substantially all their employees after one year of service. Upon retirement for reasons other than dismissal for cause, eligible employees are entitled to lump-sum payments or tax qualified pension plan based on their earnings and years of service. On occasion, the Company may also provide programs that entitle employees to additional supplemental benefits as an early retirement incentive.

(2) Funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets for the defined benefit plans as of March 31, 2009 and 2010:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Projected retirement benefit obligation	¥ 21,295	¥ **21,448**	$ **230,528**
Fair value of plan assets	(16,082)	**(18,850)**	**(202,604)**
Unrecognized actuarial loss	(9,747)	**(7,118)**	**(76,505)**
Unrecognized prior service cost	1,168	**1,002**	**10,770**
Prepaid pension cost	6,583	**7,032**	**75,586**
Accrued employees' retirement benefits	¥ 3,216	¥ **3,514**	$ **37,775**

The government-sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

(3) Components of retirement benefit expenses for the years ended March 31, 2009 and 2010:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Service cost	¥ 1,335	¥ **1,270**	$ **13,652**
Interest cost	369	**387**	**4,165**
Expected return on plan assets	(114)	**(90)**	**(977)**
Amortization of unrecognized prior service cost	(196)	**(200)**	**(2,149)**
Amortization of unrecognized actuarial loss	557	**1,171**	**12,593**
Other	376	**263**	**2,828**
Retirement benefits expenses	¥ 2,327	¥ **2,801**	$ **30,113**

(4) Actuarial assumptions used for the years ended March 31, 2009 and 2010:

	2009	2010
Discount rate	2.0 %	**2.0 %**
Expected rate of return on pension plan assets	2.0 %	**2.0 %**
Amortization period of unrecognized actuarial gain/loss	10 years	**10 years**
Amortization period of unrecognized prior service cost	10 years	**10 years**

Note 15: Per Share Information

Net assets per share as of March 31, 2009 and 2010 are calculated based on the followings:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Net assets	¥ 113,199	¥ **122,694**	$ **1,318,724**
Net assets attributable to common stock at the fiscal year end	110,958	**119,468**	**1,284,052**
Amounts excluded from net assets			
Minority interest	2,241	**3,225**	**34,671**
Number of common stock at the fiscal year end used for the calculation on net assets per share (in thousand)	310,068	**309,926**	–

Net income per share for the years ended March 31, 2009 and 2010 are calculated based on the followings:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2010	2010
Net income	¥ 6,020	¥ **9,064**	$ **97,426**
Net income attributable to common stock at the fiscal year end	6,020	**9,064**	**97,426**
Amounts not available to common shareholders	–	–	–
Average number of common stock during the fiscal year (in thousand)	310,077	**310,018**	–

Note 16: Segment Information

The Company and its consolidated subsidiaries are engaged in the following six segments: processed foods, marine products, meat and poultry products, logistics, real estate and other. Processed foods mainly comprises production, processing and sales of frozen foods, retort-pouch foods and other processed foods. Marine products mainly comprises processing and sales of marine products. Meat and poultry products mainly comprises processing and sales of meat and poultry products. Logistics mainly comprises refrigerated storage, distribution and transportation of fresh, chilled and frozen foods. Real estate comprises the leasing of office buildings and other. Other comprises the diagnostic medicine business and other.

The segmentation is determined by internal management basis.

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2010 was summarized as follows:

Year ended March 31, 2009 (Millions of yen)

	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	¥ 173,624	¥ 75,413	¥ 88,203	¥ 128,305	¥ 5,948	¥ 3,020	¥ 474,515	¥ –	¥ 474,515
Intercompany sales and transfers	403	664	4,314	14,040	1,409	3,601	24,434	(24,434)	–
Total	174,027	76,078	92,517	142,345	7,357	6,622	498,949	(24,434)	474,515
Operating expenses	172,004	75,803	92,548	134,114	3,313	6,397	484,181	(24,809)	459,372
Operating income (loss)	2,023	275	(30)	8,231	4,043	224	14,767	374	15,142
Total assets	79,105	22,550	16,243	120,032	27,289	4,288	269,509	17,787	287,296
Depreciation and amortization	3,570	126	238	8,107	1,036	131	13,212	526	13,738
Impairment loss on fixed assets	–	–	–	–	15	–	15	–	15
Capital expenditures	¥ 4,379	¥ 108	¥ 405	¥ 8,802	¥ 486	¥ 82	¥ 14,265	¥ 618	¥ 14,883

Year ended March 31, 2010 (Millions of yen)

	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	¥ 161,651	¥ 66,909	¥ 75,269	¥ 125,275	¥ 5,602	¥ 3,402	¥ 438,111	¥ –	¥ 438,111
Intercompany sales and transfers	421	282	2,374	13,740	1,393	3,513	21,726	(21,726)	–
Total	162,073	67,192	77,643	139,016	6,995	6,916	459,838	(21,726)	438,111
Operating expenses	159,511	66,298	76,967	131,133	3,274	6,488	443,674	(22,377)	421,297
Operating income	2,561	893	676	7,883	3,721	427	16,163	650	16,814
Total assets	79,220	21,933	14,127	126,236	25,984	4,288	271,790	5,705	277,496
Depreciation and amortization	3,625	128	229	7,852	1,029	109	12,975	531	13,506
Impairment loss on fixed assets	530	–	–	118	17	–	665	99	765
Capital expenditures	¥ 5,761	¥ 315	¥ 128	¥ 17,239	¥ 546	¥ 71	¥ 24,062	¥ 323	¥ 24,385

Year ended March 31, 2010 (Thousands of U.S. dollars)

	Processed foods	Marine products	Meat and poultry products	Logistics	Real estate	Other	Total	Intercompany eliminations and corporate	Consolidated
Operating revenues	$ 1,737,440	$ 719,153	$ 808,996	$ 1,346,472	$ 60,215	$ 36,570	$ 4,708,848	$ –	$ 4,708,848
Intercompany sales and transfers	4,532	3,035	25,526	147,687	14,975	37,764	233,521	(233,521)	–
Total	1,741,973	722,188	834,522	1,494,159	75,191	74,335	4,942,370	(233,521)	4,708,848
Operating expenses	1,714,442	712,583	827,253	1,409,431	35,194	69,736	4,768,641	(240,513)	4,528,128
Operating income	27,531	9,605	7,268	84,728	39,996	4,598	173,728	6,992	180,720
Total assets	851,463	235,742	151,842	1,356,801	279,278	46,093	2,921,222	61,324	2,982,546
Depreciation and amortization	38,970	1,379	2,466	84,400	11,065	1,173	139,456	5,715	145,171
Impairment loss on fixed assets	5,696	–	–	1,268	187	–	7,153	1,072	8,226
Capital expenditures	$ 61,925	$ 3,386	$ 1,380	$ 185,295	$ 5,869	$ 766	$ 258,624	$ 3,473	$ 262,097

Notes:
1. There is no unallocatable operating expense included in "Intercompany eliminations and corporate."
2. The amounts for total assets included in "Intercompany eliminations and corporate" are ¥178,191 million and ¥153,038 million ($1,644,866 thousand) for the years ended March 31, 2009 and 2010, respectively, which mainly consist of surplus funds (cash and deposits), long-term investment (securities) and back office related assets.

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Established
December 1, 1945

Common Stock Listing
Nichirei's common stocks are listed on the following exchanges:
Tokyo
(Code: 2871)

Paid-in Capital
¥30,307 million

No. of Shareholders
32,249

Common Stock
Authorized 720,000,000 shares
Outstanding 310,851,065 shares

No. of Full-Time Employees
6,577

Shareholder Register Administrator
Mizuho Trust & Banking Co., Ltd.
Stock Transfer Agency Division

Annual Meeting of Shareholders
The annual meeting of shareholders is normally held in June each year in Tokyo, Japan.

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