

FOR IMMEDIATE RELEASE

(English translation from the original Japanese-language document)

April 30, 2004

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Code Number: 2871

Stock Listing: Tokyo Stock Exchange and Osaka Securities Exchange (First Sections)

Nichirei Group Announces New Medium-Term Plan

Nichirei Corporation has prepared its new Medium-Term Plan for the period from fiscal 2005 through fiscal 2007. A summary of the Plan is provided below.

I. Summary of Nichirei Corporation's Prior Medium-Term Plan (Fiscal 2002 to Fiscal 2004)

For its prior Medium-Term Plan, the Nichirei Group adopted the following Group Mission Statement as its corporate principles to help Nichirei Corporation achieve its goal of becoming a trusted firm that fulfills a meaningful role in people's lives through food.

<Mission (Company Mission and Purpose for Existence)>

"Look hard at people's lifestyles and provide satisfaction for people's hearts."

The Nichirei Group will devote unceasing efforts to creating products and services genuinely useful for people's lives and helping customers achieve good health and fulfilling lives.

<Vision (Our Goal)>

As a food company "pioneer" developing superior food products and logistics networks, the Nichirei Group will seek to create and supply products and services of the highest quality and best value to achieve unparalleled customer satisfaction and grow with society as a widely trusted and well-respected firm.

To achieve these principles under a rapidly changing business environment, the Nichirei Group identified and executed the "reorganization of its business domains and introduction of a business unit system," "growth of its core businesses," and "pursuit of capital efficiency and creation of an appropriate capital structure" as specific management issues to be addressed.

The Company made considerable progress towards the independent management of each of its businesses through the Division-Company Structure introduced internally in April 2003. As a result of efforts to maintain its profitability and efficiently utilize capital by shrinking assets through measures such as changes in asset utilization, restrictions on investments and working capital controls, the Company was able to reduce interest-bearing debt substantially during the plan period. In its two core businesses in Processed Foods and Logistics, however, the Company was not able to achieve the planned growth. In the Logistics business in particular, the Company was unable to sufficiently transform its business structure and achieve higher capital turnover by strengthening its third-party logistics business (3PL)*¹ and transportation-and-delivery business, and shifting away from a low-capital turnover, warehousing-centered business structure.

II. Overall Strategy of the New Medium-Term Plan and Plan Numerical Objectives

Based on the Company's progress in achieving its prior Medium-Term Plan, Nichirei Corporation will continue its corporate principles and implement the following comprehensive strategy under the new Medium-Term Plan.

1. Rapidly implement a business growth strategy based on a slim, strong business structure, while continuing to focus on the efficient use of capital realized to a certain extent under the prior Medium-Term Plan.

*For specific measures, please refer to III. Business Strategies.

2. Establish a group management system as the base for accomplishing Nichirei Corporation's business strategy.
 - (1) Establish a system of delegated authority and accountability to promote the independence of each company
 - a. Achieve broad transfer of authority to promote the independence of each company.
 - b. Monitor each company's achievement of the strategy at the corporate level, and allocate management resources from the perspective of optimal resource utilization for the entire Group.
 - (2) Improve and promote the corporate brand value
 - a. Seek to improve the value of the corporate brand, by having each company achieve "safety and peace of mind" through the quality of its products and services offered as the top priority.
 - (3) Clarify and promote the social responsibilities Nichirei Group should fulfill
 - a. To coexist harmoniously with each region and community as a corporate citizen, clarify our social responsibilities and promote efforts to achieve these responsibilities as Nichirei Group.
 - (4) Create a workplace environment where the Group's employees can work in a dynamic and positive fashion.

[Plan numerical objectives]

<Plan numerical objectives, Nichirei Group>

Unit: billion yen

	Fiscal 2004	Fiscal 2007	Percent change
Net sales	496.6	537.0	8%
Operating income	13.9	20.3	46%
Recurring income	12.0	19.5	63%
Net income	(1.8)	10.7	-
Net income per share	(6.28 yen)	34.47 yen	-
Interest-bearing debt	124.3	Less than 97.0	(22%)

Net income per share on Fiscal 2007 is calculated by dividing net income of Fiscal 2007 by the number of shares outstanding (excluding treasury stock) at the end of Fiscal 2004.

< Net sales and operating income by segment >

Unit: billion yen

Segment	Net sales			Operating income		
	Fiscal 2004	Fiscal 2007	Percent change	Fiscal 2004	Fiscal 2007	Percent change
Processed Foods	170.0	195.0	15%	6.5	8.8	35%
Marine Products	91.0	115.5	27%	(0.8)	1.6	-
Meat and Poultry Products	75.8	86.6	14%	1.1	1.0	(9%)
Logistics	113.8	148.0	30%	5.1	8.5	67%
Real Estate	7.9	7.0	-11%	5.4	4.0	(26%)
Wholesale Foods	71.3	-	-	0.3	-	-
Other	8.3	9.9	19%	1.2	0.9	(25%)
(Intercompany eliminations and corporate)	(41.9)	(25.0)	-	(5.0)	(4.5)	-
Total	496.6	537.0	8%	13.9	20.3	46%

The effect that Yukiwa was a consolidated subsidiary until Fiscal 2004 interim is 53.5 billion yen on sales and 0.3 billion yen on operating income, respectively.

III. Business Strategies

Each company will accomplish the following business strategies based on the Nichirei Group's overall strategy.

1. Processed Foods Company

Under its prior plan, Nichirei Corporation took steps to establish a profitable base for its processed foods business, through various measures including reorganization of the production system, product-by-product profitability management, and restructuring of logistics. Under the new plan, the Company will seek to expand its business territory and achieve strong growth in both net sales and operating income by reconsidering its processed foods business domain as a business providing consumers with ready-to-serve foods (referred to below as the "ready-to-serve foods business"), placing its focus on efforts such as cultivating markets where our efforts in the past were weak, and developing the chilled food segment.

In addition, the Company will seek a large jump in revenue by thoroughly pursuing avenues such as the benefits and health effects of acerola, which Nichirei Corporation took the lead in introducing to Japan, and development of new uses and products as businesses where the Company is the sole supplier at levels other companies will be unable to match.

(1) Achieve growth by reconsidering its business domain as the ready-to-serve foods business

- a. In ready-to-serve frozen foods for home consumption, a market segment experiencing intense price competition, set an objective of expanding net sales in line with market growth while maintaining profitability.
 - Establish solid brand groups including Nichirei's *Obento-ni* Good! (Good for *Bento* Boxed Lunches) Series, and develop product groupings such as *Joto Yoshoku* (Premium Western-style Cuisine) that are competitive enough to attract consumers without competing on price.
- b. In frozen foods for industry use, achieve high growth even though no expansion is anticipated for the market as a whole.
 - Evolve Nichirei's new category strategy (categories segmented by markets Nichirei should enter and strong Nichirei product groupings)*². In addition to areas the Company dominates, aggressively move into markets not yet developed by Nichirei and seek a substantial increase in market share.

- c. Execute cost strategies that support growth.
 - Improve operating levels and reduce manufacturing costs, by centralizing production increases resulting from sales growth at production companies within the Group.
 - Methodically review all production processes for each product, from receipt of raw materials to shipment, and achieve cost reductions.
 - Reduce production and distribution expense by sharing information, such as data on special sales and demand forecasts, with marketing.
- d. Develop products for the “ready-to-serve foods” market beyond the traditionally targeted frozen foods segment.
 - Participate not only in the frozen foods market but also enter the chilled foods market, which is exhibiting remarkable growth.
- (2) Strengthen the group of acerola products.
 - a. As the pioneer in this product area, establish a brand available only from Nichirei Corporation.
 - Expand net sales by establishing a product lineup and brand other companies are unable to match.
 - b. Seek out new possibilities for acerola.
 - Seek out and commercialize new possibilities for acerola, to utilize as functional materials in addition to its application as a raw material for beverages.
- (3) Lay the groundwork for new businesses
 - a. Pursue China as a market and expand local product sales.
 - b. Build direct sale businesses with consumers, and increase sales of wellness foods and high-quality products made with select, specially processed raw materials from the best producing regions.

2. Marine Products Company

In its marine products business, the Company strove to efficiently utilize capital and to concentrate on products where Nichirei has advantages in order to improve profitability. In addition to continuing the current approach, under its new plan Nichirei Corporation will seek to enhance capabilities that will enable the Company to achieve stable earnings that are less affected by market conditions.

- (1) Strengthen sales to businesses at the end of the distribution chain, such as retailers, cooperatives, ready-to-eat food outlets and restaurant chains.
- (2) Concentrate on development and sale of processed products under an “easy for customers to use” standard, using high-quality products made with select, specially processed raw materials from the best producing regions as a base.
- (3) Also bolster sales aiming at downstream businesses in overseas markets.

3. Meat and Poultry Products Company

In its meat and poultry products business, Nichirei Corporation sought to use its capital efficiently and increase profitability, by emphatically handling materials characterized by various customer appeal as identified by the key words “tastefulness,” “safety,” “peace of mind,” “health” and “environmental friendliness.” Under its new plan, the Company will maintain its current approach and seek to strengthen capabilities by developing its distribution and processed goods from the customer’s point of view.

- (1) Promote continuous development and introduction of meat and poultry materials offering unique characteristics
- (2) Develop distribution processed goods centered on joint development with customers

4. Logistics Company

The business environment surrounding the warehousing industry, which traditionally was the main player in the logistics business, is undergoing tremendous change. This includes a shift to overseas production bases, consolidation of shippers' warehouses based on supply chain management, and a industry-wide glut of warehouse capacity. On the other hand, logistics reforms targeting midstream and downstream operations as a starting point are proceeding briskly, and business opportunities resulting from those logistics reforms have increased as well. To respond adequately to these circumstances, Nichirei Corporation will review its markets, and reorganize its management systems and develop services to address these trends.

- (1) As the domestic temperature-controlled logistics industry business separates into two segments, split operations to enable them to respond flexibly to the following markets
 - a. Growth sectors in the distribution network business
 - b. Mature sectors in the local warehousing business
- (2) Strengthen Nichirei's operations in the growth sector of distribution network operations against a backdrop of needs for vigorous distribution reforms, including creation of functionally dominant mechanisms and joint distribution at the middle and end of the distribution chain
 - a. Promote new proposal development through the third-party logistics business
 - b. Establish new distribution centers serving leading retailers
 - c. Offer new functions such as Nichirei's Pre-Distribution Center*³ and Frozen Food Center
 - d. Improve capital efficiency by increasing distribution center delivery vehicle turnaround and multipurpose distribution center utilization*⁴
 - e. Develop small-volume shipment and delivery services for businesses based on enhancements to Nichirei's logistics network
 - f. Broaden services and capabilities by strengthening Nichirei's alliance with Meito Transportation Co., Ltd.
- (3) Respond to customer needs and achieve cost-competitiveness in the local warehouse business
 - a. Strengthen local cargo pick-up volume through enhanced marketing, and provide rapid decision-making and detailed services
 - b. Convert to low-cost operations
 - c. Expand business opportunities through cooperation with other companies in the logistics network business
- (4) Develop overseas business
 - a. Expand Nichirei's temperature-controlled logistics business in Europe to Eastern Europe
 - b. Expand distribution-type operations in Shanghai
 - c. Seek development opportunities in other regions of China and in India and other parts of Asia

IV. Other Businesses

1. Biosciences Company

- (1) Strengthen existing businesses, such as reagents and cosmetics raw materials
- (2) Strengthen sales of cell culture media to manufacturers of clinical trial materials for antibody-based biopharmaceuticals, and to antibody-based biopharmaceutical manufacturers

2. Horticulture Company

- (1) Expand the seedling market for odontoglossum orchids*⁵ through formation of leading production areas

(2) Creation of flowering technology and accelerated development of new varieties

3. Corporate Services

(1) Enhance management support functions

(2) Create a business model to obtain outside orders for shared services*⁶

V. For further inquiry concerning this press release, contact

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<Glossary>

*1 Third-party logistics (3PL)

The business of providing comprehensive logistics solutions under third-party contracts from corporate customer shippers for procurement, inventory control, and delivery, based on proposed improvements to and redesign of the customer's complete logistics operation.

*2 New category strategy (categories segmented by markets Nichirei should enter and strong Nichirei product groupings)

Nichirei Corporation traditionally developed strategies based on the "bundling" of market and product group combinations, such as "retail markets and chicken products" or "industrial use and rice products." The new category strategy is an evolutionary strategy of considering each category by subdividing it, such as "home use and fried chicken" or "restaurant use and varieties of pilaf," clarifying Nichirei's strategic position after analyzing the margin for expanding sales and potential profitability for each category, then executing the optimal measures.

*3 Pre-Distribution Center

Currently the burden on manufacturers to deliver goods is growing because major retailers operate the multiple specialized distribution centers needed to sort and deliver products to individual stores scattered throughout their market areas and manufacturers must deliver goods to many of those distribution centers. Nichirei's Pre-Distribution Center provides the function of product sorting and delivery to retailers' specialized distribution centers.

*4 Multipurpose distribution center utilization

In many instances, distribution centers of large-scale retailers and other firms for sorting and delivery to individual stores are specialized facilities that have been constructed solely for each retailers' own use. Because Nichirei Corporation conducts business with many shippers, we believe we can improve our distribution center's operating efficiency and lower costs by combining the distribution activities of customers whose hours of distribution operations differ, and converting Nichirei's distribution centers to multipurpose use.

*5 Odontoglossum

Odontoglossum (Japanese name: Comet Orchid), a variety of orchid that thrives in a cool climate, offers an abundant variety of flowers. Because of characteristics that make it time-consuming to cultivate and difficult to propagate, odontoglossum is a favorite of the upper class in Great Britain. Nichirei has succeeded in mass producing odontoglossum seedlings through cell culture technology. Currently Nichirei Corporation has completed product variety registration for 15 types of odontoglossum based on the Seeds and Seedling Law.

*6 Shared services

The standardization of indirect operations common to all of the firms in a company Group, such as accountings and human resources. Those operations are then centralized and provided from a single operating unit.