

## **FOR IMMEDIATE RELEASE**

(English translation from the original Japanese-language document)

November 30, 2004  
(Amended December 21, 2004)

Company Name: Nichirei Corporation  
Representative: Mitsudo Urano, Representative Director and President  
Location: 6-19-20 Tsukiji, Chuo-ku, Tokyo, Japan  
Code Number: 2871  
Stock Listing: Tokyo Stock Exchange and Osaka Securities Exchange (First Sections)

### **Nichirei Group Announces Shift to Holding Company System**

Nichirei Corporation held a meeting of its Board of Directors today and announced its decision to shift to holding company system as of April 1, 2005.

The reorganization will create a holding company responsible for overall Group strategy, and several independent companies responsible for the execution of specific business activities. This new management structure is expected to clarify the responsibility and enhance the management flexibility of each party. In addition to the holding company, five independent companies will be established by means of divisive corporate reorganization. Specifically, these new independent companies will be responsible for Processed Foods, Marine Products/Meat and Livestock, Logistics (an intermediate holding company), Biosciences, and Shared Services.

The move to a holding company system must be approved at an extraordinary meeting of shareholders scheduled to be held on February 25, 2005, and is also conditional upon the issuance of any licenses or permits required by relevant governmental or regulatory agencies.

#### **I. Explanation of the Shift to Holding Company System**

##### **1. Background and Purpose**

###### **(1) Need to establish a solid foundation for growth**

Japan's population growth rate is expected to fall from positive to zero growth in 2005. This, along with its rapidly aging population, is expected to lead to a decline in the consumption of food products in Japan. Our core businesses of frozen foods and temperature-controlled logistics have shown very strong growth since the 1990s, but recently there has been a softening of demand in these sectors. To maintain growth under these circumstances we must be able to communicate with clients in ways that allow us to quickly ascertain their needs, and we must be able to provide rapid and detailed responses in sectors that show a potential for future growth. It is also essential that we develop new applications for acerola and other highly functional raw materials, and move promptly to promote the development of innovative businesses that respond to new social needs created by the aging of society and other trends. We believe that the key to our future success depends on a large-scale delegation of authority to these new independent companies to enhance their mobility in the areas of management decision-making and execution of business, and on the improvement of strategic capability of the holding company.

###### **(2) Responding to changes in the food products industry**

The fact that consumers have become increasingly aware of topics related to foods such as safety and reliability, and the need to comply with a series of changes in food product regulations, particularly as regards labeling, have made it imperative for companies in the Food Products Industry to pay closer attention to issues such as additives, sources of raw materials, allergens and other factors in the process of product development,

and to establish quality assurance systems that satisfy traceability requirements. To survive in such a business environment, companies will need to strengthen their operational and financial bases. It has been noted that the productivity of Japan's food product-related industries is low compared with that of Europe and the United States, and there are signs that the liberalization of food imports and the infusion of foreign capital into the area of the Retail Industry may well lead to a reorganization of the entire Food Products Industry. Under these circumstances, from the point of view of capital efficiency, we believe that it is essential to accelerate the process of business selection and concentration, and to shift to a more functional management structure capable of dealing with strategic alliances.

(3) Establishment of a management foundation to help accomplish the goals of our Medium-Term Plan

The Division-Company Structure introduced in April 2003 succeeded to a certain extent in promoting more independent management, and in speeding up decision making in Group Companies. Further, the spinning off of Logistics Company into separate corporate entities has already begun to produce positive results. Employees have gained a greater sense of participation in the management process, and this has stimulated the recruitment of new shippers in various regions throughout the country, an aspect of its business that had previously been rather weak. Based on these results, and in order to promote the achievement of the goals of the new Medium-Term Plan that started in this fiscal year, it was determined that the time was now ripe to implement a thoroughgoing management reorganization that would make each of the Group companies more responsible for its own business performance.

2. Functions and Responsibilities of the Holding Company and the New Companies Created by the Divisive Reorganization

(1) Holding company

Nichirei Corporation

The holding company's basic stance will be to reinforce its monitoring functions as it presides over a large-scale transfer of authority to the new enterprises created by the divisive reorganization, and to manage the organization in such a way as to maximize the value of the Group companies.

In specific terms, it will work to realize the Nichirei Group Vision, as expressed in its Mission Statement, by proposing, establishing, and implementing Group-wide strategies, by overseeing the appropriate distribution of management resources, and by carrying out monitoring and risk management activities for the Group as a whole. It will ensure that the Company's responsibilities as a publicly traded corporation are fulfilled.

The holding company will be composed of Corporate Staff to support the work of the Board of Directors, Corporate Internal Audit division to carry out Group monitoring functions, and Quality Assurance division to be responsible for Group-wide quality control. The real estate business that is presently part of the Logistics Company will be absorbed by the holding company in view of its role in promoting the effective management of real estate assets owned by the Group. The Horticulture Company, which is still in the stage of its infancy, will also become part of the holding company.

(2) Enterprises to be formed as a result of the divisive reorganization

Each of the companies formed as a result of the divisive reorganization will carry out all of the functions of an independent company (all management functions including planning, development, production, and sales). Full executive authority will be given to the president of each of the companies. This will ensure their

organizational independence and improve their ability to adapt to their business environment by enabling them to respond more rapidly to the demands of the market. Their management will focus not only on measures of consolidated business results centered on net sales and operating income, but will also emphasize cash flow management, and will seek to secure profits that exceed the cost of the capital that they utilize (attaining profitability in terms of economic profits).

i. Nichirei Foods Inc. (tentative name) (Processed Foods Business)

In carrying out the partition of Processed Foods Company, Nichirei Foods Inc. (tentative name) will be established as a division-base company. It will merge with Processed Foods Company as a form of the assimilative-divisive reorganization on April 1, 2005. The present Nichirei Foods Co., Ltd., which is a production subsidiary of Nichirei Corporation, will have its corporate name changed to Nichirei Foods Pro Inc. (tentative name).

ii. Nichirei Fresh Inc. (tentative name) (Marine Products / Meat and Livestock Business)

Marine Products Company and Meat and Livestock Company are both involved in the distribution of raw materials and thus share a common business structure. In view of this, these two companies will be joined together into a single company. In carrying out this merger and partition, Nichirei Fresh Inc. (tentative name) will be established as a division-base company. It will merge with the two companies as a form of the assimilative-divisive reorganization on April 1, 2005. It is expected that combining the expertise of these two companies will be instrumental in the development of the traceability systems and other fundamental business operations, and should result in sharing know-how and lowering costs. Moreover, the combination of the two companies' sales channels is also expected to have a synergistic effect.

Newly established division-base companies (tentative)

1. Company name	Nichirei Foods Inc. (tentative name)	Nichirei Fresh Inc. (tentative name)
2. Business	Manufacture, processing and sale of frozen foods, retort-pouch foods, canned foods, beverages, packaged ice and wellness foods	Import/export, processing and sale of marine products, meat and livestock
3. Founded	January 5, 2005	January 5, 2005
4. Head office location	Chuo-ku, Tokyo	Chuo-ku, Tokyo
5. Paid-in capital	15,000 million yen	8,000 million yen
6. Share ratio	100% by Nichirei Corporation	100% by Nichirei Corporation
7. Fiscal year-end	March 31	March 31

iii. Nichirei Logistics Group Inc. (tentative name) (Logistics Business)

Logistics Company has functioned as a holding company for the various firms under its umbrella, but after the divisive reorganization it will become the Nichirei Logistics Group Inc. The new company will serve as a holding company for the various companies in the logistics network business, as well as for companies in its regional storage business.

iv. Nichirei Biosciences Inc. (tentative name) (Biosciences Business)

Biosciences Company will become Nichirei Biosciences, Inc. after the partition.

v. Nichirei ProServe Inc. (tentative name) (Shared Services)

Corporate Services division will be spun off and merged with Nichirei Appli Inc., a Nichirei Group's shared services subsidiary. The new company will be named Nichirei ProServe, Inc.

### 3. Group Organizational Chart

See Attachments 1 and 2.

### 4. Operational Structure of Companies in the Food Businesses

The newly formed companies in the Food Businesses will henceforth be equipped with its own sales force. However, a new position of General Manager of Regional Sales for the Nichirei Group will be established so that customer relations can be managed in the integrated manner as the whole Group.

### 5. Changes in Directors

Yet to be determined.

### 6. Treatment of Employees

All employees of each present division-company shall be transferred to the new companies created by the divisive reorganization, in accordance with the Law Concerning the Succession of Labor Contracts upon the Divisive Reorganization of Company. Working conditions at the new companies will be the same as at present.

## II. Outline of the Divisive Reorganization

### (1) Schedule (tentative)

Announcement of Datum Date for an Extraordinary General Meeting of Shareholders	December 15, 2004
Datum Date for an Extraordinary General Meeting of Shareholders	December 31, 2004
Approval of the Divisive Reorganization Plan and Divisive Reorganization Contracts by the Board of Directors	January 25, 2005
Formulation of the Divisive Reorganization Plan/Conclusion of the Divisive Reorganization Contracts	January 25, 2005
Approval of the Divisive Reorganization Plan and Divisive Reorganization Contracts by an Extraordinary General Meeting of Shareholders	February 25, 2005
Date the Divisive Reorganization will take effect	April 1, 2005
Registration of companies formed by the Divisive Reorganization	April 1, 2005

### (2) Method of divisive reorganization

#### i. Method of division

Nichirei Corporation is the company to be divided. The formational-divisive reorganization method will be applied to establish two new succeeding companies, and the assimilative-divisive reorganization method will be applied to form two further succeeding companies from division-base companies and to form one further succeeding company from a consolidated subsidiary.

#### ii. Reason for the selection of the above methods

The above described divisive reorganization methods will be applied to enable the shift to a holding company system to be carried out smoothly and efficiently.

### (3) Allotment of shares

All of the shares to be issued by the subsidiary succeeding companies formed by the divisive reorganization will be allotted to the divided company Nichirei Corporation.

- (4) Matters concerning method of reduction in capitalization of the divided Company and cancellation or consolidation of shares in the divided Company

None of the above is relevant to the present case.

- (5) Other

Details concerning the prospective rights, obligations, and financial liabilities to be transferred to the succeeding companies, and Directors to be newly appointed to the succeeding companies, have yet to be determined.

### III. Profile of Nichirei Corporation

#### 1. Profile of the Company to Be Divided

- (1) Company to be divided (The below, including net sales and total assets of the enterprises to be divisively reorganized, are as of March 31, 2004)

1. Company name	Nichirei Corporation
2. Business	Refrigerated warehousing; manufacture and sale of food products
3. Founded	December 24, 1942
4. Head office location	6-19-20 Tsukiji, Chuo-ku, Tokyo, Japan
5. Representative	Mitsudo Urano, Representative Director and President
6. Paid-in capital	30,307 million yen
7. Shares issued	310,851,065 shares
8. Shareholders' equity	82,624 million yen
9. Total assets	256,982 million yen
10. Fiscal year-end	March 31
11. Number of employees	1,691
12. Main customers and suppliers	(Customers) Mitsubishi Corp., RY Food Service Ltd., Nippon Access, Inc., Marubeni Corp., Asahi Shokuhin Co., Ltd. (Suppliers) Nichirei Foods Co., Ltd., Q'SAI Co., Ltd., Meisei Trading Co., Ltd., Nisshin Suisan K.K., Shihoro Agricultural Co-operative
13. Major shareholder and share ratio	Japan Trustee Services Bank, Ltd. (Trust Account) 10.9% Nippon Life Insurance Company 5.5% The Master Trust Bank of Japan, Ltd. (Trust Account) 5.3% UFJ Bank Limited 4.3% Sampo Japan Insurance Inc. 3.9%
14. Main transaction banks	Mizuho Corporate Bank, Ltd., UFJ Bank Limited, The Norinchukin Bank, The Bank of Tokyo-Mitsubishi, Ltd.

#### 15. Business results for the three most recent fiscal years ended March 31 (Million yen)

	FY 2002	FY 2003	FY 2004
Net sales	414,993	415,287	396,145
Operating income	7,475	11,840	7,486
Recurring income	7,374	11,214	7,532
Net income (loss)	2,473	2,547	(5,206)
Net income (loss) per share (yen)	7.95	7.94	(16.76)
Dividend per share (yen)	6	6	6
Equity per share (yen)	271.02	276.77	266.13

16. Net sales of the company to be divided (Million yen)

	FY 2004
Processed Foods Business	165,656
Marine Products / Meat and Livestock Business	168,346
Logistics Business <sup>(See Note)</sup>	52,289
Biosciences Business	2,116

Note: The Logistics Business was spun off as of April 1, 2004 and succeeded to subsidiaries in the Logistics Network Business and the Regional Storage Business. Logistics Company, a part of Nichirei Corporation, controls the businesses as a holding company. Non-consolidated net sales of Logistics Company for the fiscal year ending March 2005 are estimated at 12,800 million yen.

(2) Newly established succeeding companies (tentative)

1. Company name	Nichirei Logistics Group Inc. (tentative name)	Nichirei Biosciences Inc. (tentative name)
2. Business	Control and management of related companies engaged in the low-temperature logistics and storage businesses.	Manufacture and sale of diagnostic medicines and raw materials for the cosmetic industry.
3. Founded	April 1, 2005	April 1, 2005
4. Head office location	Chuo-ku, Tokyo	Chuo-ku, Tokyo
5. Paid-in capital	20,000 million yen	450 million yen
6. Fiscal year-end	March 31	March 31
7. Allotment of shares	400,000 shares of common stock will be issued, all of which will be allotted to Nichirei Corporation, the company being divided.	9,000 shares of common stock will be issued, all of which will be allotted to Nichirei Corporation, the company being divided.

(3) Succeeding company to be formed by assimilative-division (tentative)

1. Company name	Nichirei Foods Inc. (tentative name)	Nichirei Fresh Inc. (tentative name)
2. Business	Manufacture, processing and sale of frozen foods, retort-pouch foods, canned foods, beverages, packaged ice and wellness foods	Import/export, processing and sale of marine products, meat and livestock
3. Founded	April 1, 2005	April 1, 2005
4. Head office location	Chuo-ku, Tokyo	Chuo-ku, Tokyo
5. Paid-in capital	10 million yen (100% owned by Nichirei Corporation) Increase in capital: 14,990 million yen (Paid-in capital after the increase: 15,000 million yen)	10 million yen (100% owned by Nichirei Corporation) Increase in capital: 7,990 million yen (Paid-in capital after the increase: 8,000 million yen)
6. Shares issued and allotment of shares	Number of outstanding shares: 200 299,800 shares of common stock will be issued, all of which will be allotted to Nichirei Corporation, the company being divided. (Number of shares issued after the allotment: 300,000)	Number of outstanding shares: 200 159,800 shares of common stock will be issued, all of which will be allotted to Nichirei Corporation, the company being divided. (Number of shares issued after the allotment: 160,000)
7. Fiscal year-end	March 31	March 31

Note: "Increase in capital" and "allotment of shares" will be realized by the divisive reorganization.

	As of September 30, 2004	After October 1, 2004 <sup>(See Note)</sup>
1. Company name	Nichirei Appli Inc.	Nichirei Appli Inc. (Proposed name of the new company: Nichirei ProServe, Inc. (tentative))
2. Business	Provider of personnel and general affairs services	Provider of personnel, general affairs, financial affairs, and accounting services
3. Founded	October 1, 1999	October 1, 1999
4. Head office location	3-5-7 Minato, Chuo-ku, Tokyo, Japan	6-19-20 Tsukiji, Chuo-ku, Tokyo, Japan
5. Representative	Shujiro Yamaguchi, Representative Director and President	Koji Yokota, Representative Director and President
6. Paid-in capital	50 million yen	150 million yen Increase: 300 million yen (Paid-in capital after the increase: 450 million yen)
7. Shares issued and allotment of shares	Number of outstanding shares: 3,000	Number of outstanding shares: 3,000 6,000 shares of common stock will be issued, all of which will be allotted to Nichirei Corporation, the company being divided. (Number of shares issued after the allotment: 9,000)
8. Shareholder's equity	106 million yen	790 million yen
9. Total assets	171 million yen	1,871 million yen
10. Fiscal year-end	March 31	March 31
11. Number of employees	85	163
12. Main customers and suppliers	Nichirei Corporation	Nichirei Corporation
13. Major shareholder and share ratio	Nichirei Corporation 100%	Nichirei Corporation 100%
14. Main transaction banks	-	-

Note: Columns of "After October 1, 2004" refer to the company profile that will materialize after Nichirei Appli Inc. merges with Nichirei Corporation's two other consolidated subsidiaries.

15. Business results for the three most recent fiscal years ended March 31 (Million yen)

<Reference> <sup>(See Note)</sup>

Fiscal year-end	FY 2002	FY 2003	FY 2004	FY 2002	FY 2003	FY 2004
Net sales	421	493	572	2,746	3,017	3,174
Operating income	7	16	34	148	133	170
Recurring income	8	17	34	120	118	137
Net income	5	11	20	66	69	84
Total assets	96	112	135			
Shareholders' equity	66	74	89			
Net income per share (yen)	5,408.20	7,936.50	18,070.10			
Dividend per share (yen)	2,000.00	2,000.00	2,000.00			
Equity per share (yen)	66,635.95	71,225.45	87,295.56			

Note: Figures in the "Reference" columns refer to the total of those of Nichirei Appli Inc., and those of two other consolidated subsidiaries scheduled to merge with it.

#### **IV. Status after the Divisive Reorganization**

1. Company name: Nichirei Corporation
2. Business: Holding Company, Real Estate Business, Horticulture Business
3. Head office location: 6-19-20 Tsukiji, Chuo-ku, Tokyo, Japan
4. Representative: Mitsudo Urano, Representative Director and President
5. Paid-in capital: 30,307 million yen
6. Fiscal year-end: March 31
7. Effect on Nichirei Corporation's business results:

There will be no direct effect on consolidated business results because the Company will be divided completely (100%) into subsidiary firms. The effect on Nichirei Corporation's non-consolidated business results will be announced as soon as it has been determined .

#### **V. For Further Inquiry concerning This Press Release, Contact**

Corporate Relations  
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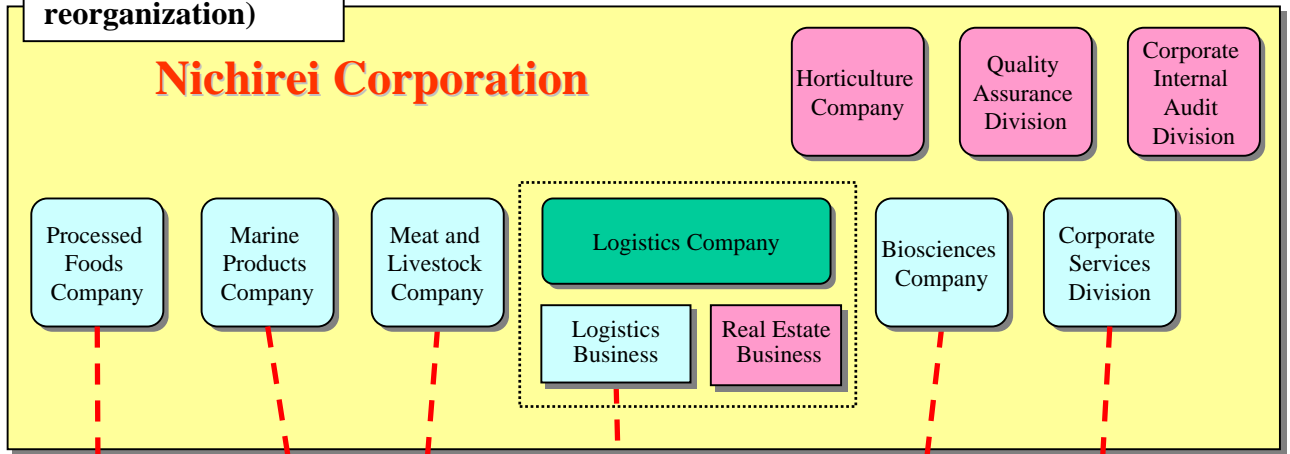
Note: The information contained herein pertaining to Nichirei Corporation's present plans, outlook and strategies, other than historical facts, represent estimates of future business performance. The descriptions of prospective future business performance and business activities contained herein include, but are not limited to, words such as "believe," "expect," "plan," "strategy," "prospect," "estimate," "forecast," and other words of similar meaning. This information represents the judgment of the management at Nichirei Corporation based on the information that is presently available. Due to a variety of important factors, actual results may differ significantly from the estimates presented here. As a result, investors are requested to refrain from placing undue reliance on these forecasts of future business performance when making any investment decisions.



# <Attachment 1>

## Corporate Units to Be Spun Off as of April 1, 2005, and Names of the New Companies to Be Formed

(Before the divisive reorganization)



(After the divisive reorganization)



<Assimilative -divisive reorganization>  
Nichirei Foods Inc.  
(tentative name)

<Assimilative -divisive reorganization>  
Nichirei Fresh Inc.  
(tentative name)

<Formative-divisive reorganization>  
Nichirei Logistics Group Inc.  
(tentative name)

<Formative-divisive Reorganization>  
Nichirei Biosciences Inc.  
(tentative name)

<Assimilative-divisive Reorganization>  
Nichirei ProServe Inc.  
(tentative name)

Company to merge with:  
Nichirei Foods Inc.  
(tentative name)  
Scheduled to be established  
on January 5, 2005

Company to merge with:  
Nichirei Fresh Inc.  
(tentative name)  
Scheduled to be established  
on January 5, 2005

Company to merge with:  
Nichirei Appli Inc.

17 Subsidiaries  
and  
3 Affiliates

8 Subsidiaries  
and  
1 Affiliate

37 Subsidiaries  
and  
6 Affiliates

6 Subsidiaries  
and  
5 Affiliates

<Attachment 2>

*New Group Organizational Chart as of April 1, 2005*

