

Presentation February 24, 2010



Improving Business Performance by Adapting to the Changes in the Business Environment and Strengthening Growth Areas

—Business Strategies for Processed Foods—

(Stock code: 2871)

NICHIREI CORPORATION

Tel: (+81-3) 3248-2235

E-mail: abemsh@nichirei.co.jp

URL: <http://www.nichirei.co.jp/english/ir/index.html>

Table of Contents



[Review of Previous Business Strategies]

Business Drivers Up to Now Have Been Improved Plant Productivity and Expansion of Commercial Use Products for the “Home Meal Replacement” Market

[Strategies in the Pre-Cooked Commercial Use Foods Category]

Deterioration in Commercial Use Products Due to Consolidation of Items and Delay in Responding to Shift to Lower-Priced Items

Strategies Implemented in Fall 2009 to Counter Lower Prices for Potato Croquettes, and Results

[Strategies in the Processed Chicken Category]

Ample Room for Expansion in the Growth Field of Processed Chicken Products, in Which Frozen Foods Offer Distinct Advantages

Nichirei Is Expanding In-House Production Capacity for Chicken Products to Further Extend Market Advantage

Integration of Facilities in Thailand Provides Quality and Cost Advantages

New Facilities to Begin Operating in Summer 2010, and Reach Current Production Volume Target in Spring 2011

[Improvements in Plant Productivity]

Nichirei’s Ongoing Measures to Improve Plant Productivity

[Reference Materials]

Processed Foods: Segment Information

1

2

3

4

5

6

7

8

9

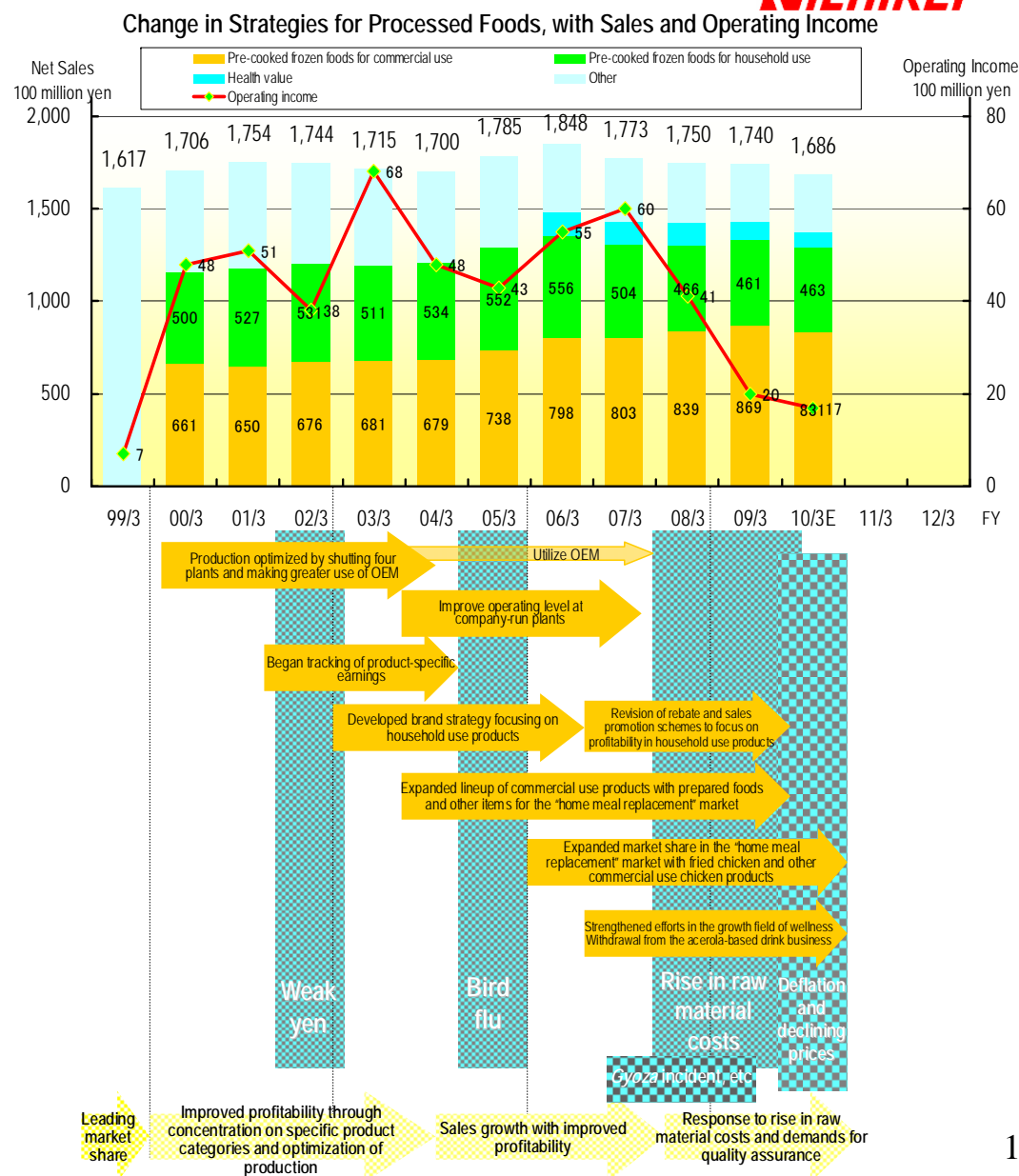
Note: Figures shown in the graphs and charts in this presentation, unless otherwise specified, have been rounded off to the unit indicated. Certain figures have also been rounded up or down.

Review of Previous Business Strategies

Business Drivers up to Now Have Been Improved Plant Productivity and Expansion of Commercial Use Products for the “Home Meal Replacement” Market

NICHIREI

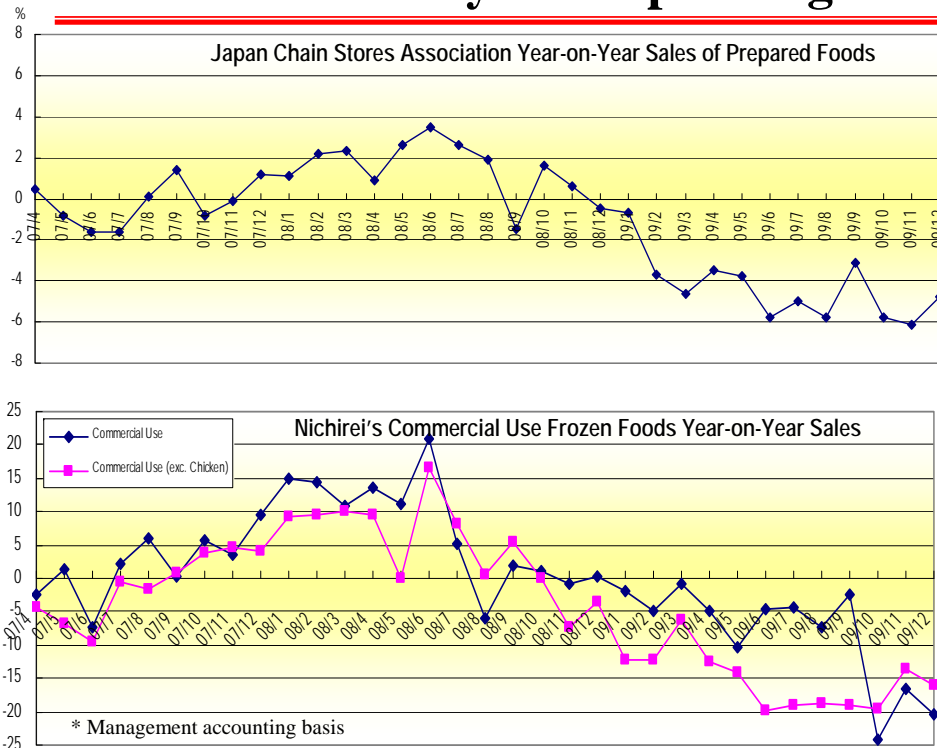
1. The drivers for improved profitability up to now have included consolidation of product categories, restructuring of the production structure, and increased productivity of production plants, along with item-specific profitability management.
2. The impact of raw material costs due to the changes in the external environment became a factor around 2005, when profitability temporarily deteriorated due to the yen weakening to more than ¥130/\$ and the outbreak of bird flu in East Asia.
3. From around 2005, for low-margin household use products Nichirei braced for lower revenue and revised the rebate and sales promotion schemes.
4. For commercial use products, Nichirei focused on the “home meal replacement” market where it could utilize its strengths in frozen foods. Business grew along with that market, with sales of chicken products rising 1.4 times over a five-year period.
5. In 2008–2009, the increase in food prices overall led to a rise in raw material costs, which was a factor in the significant earnings declines. Chicken has a particularly large impact on earnings, due to Nichirei’s procurement structure that relied on overseas OEM production.
6. From 2009, the commercial use market shifted increasingly to lower-priced items, leading us to change our pricing strategies.



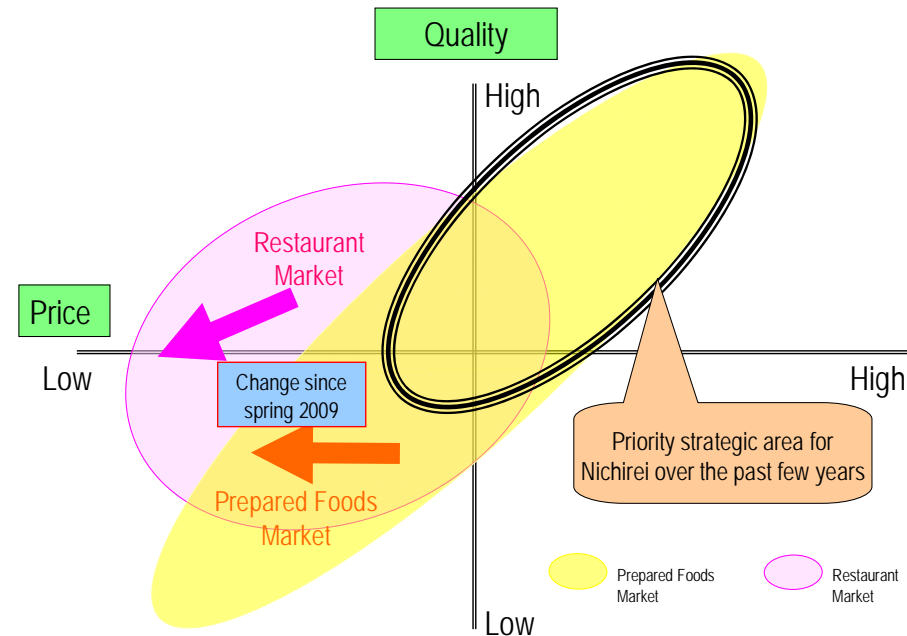
Strategies in the Pre-Cooked Commercial Use Foods Category

Deterioration in Commercial Use Products Due to Consolidation of Items and Delay in Responding to Shift to Lower-Priced Items

NICHIREI



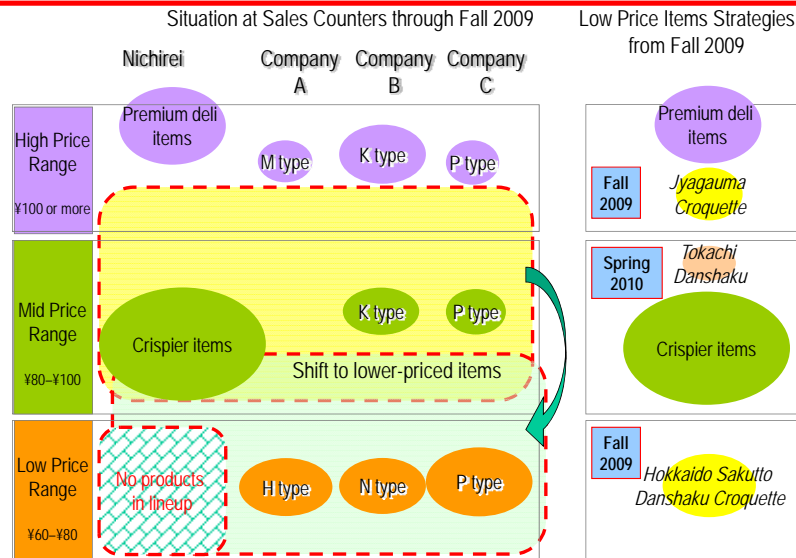
Nichirei's Previous Strategies in the Commercial Use Market



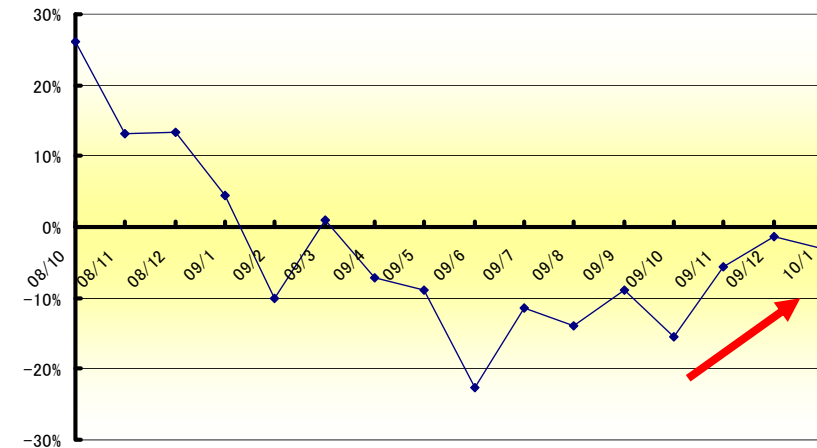
1. Pre-cooked frozen foods for commercial use sales had grown since FY05/3 at a rate that substantially outpaced the market.
2. Nichirei products were slightly more expensive, but high quality differentiated them in value in the market, as recognized by many users, and made them a driver for increased revenue.
3. In the latter half of 2008, Nichirei reduced the number of items it carried, equivalent to 4% of sales of commercial use products (¥3.2 billion), and 7% excluding chicken.
4. From fall 2008, sales in the commercial use market declined year on year, and users quickly shifted to lower-priced products in a bid to attract customers.
5. Nichirei's product lineup for both supermarket delicatessen sections and the restaurant market comprised mainly mid- to high-priced products, and since we had focused on differentiating our products in terms of quality, were unable to respond adequately to the demand from users for more affordable items. Users switched to products from other companies, and in FY10/3 Nichirei's year-on-year sales declined at a rate that outpaced the market.

Strategies Implemented in Fall 2009 to Counter Lower Prices for Potato Croquettes, and Results

NICHIREI

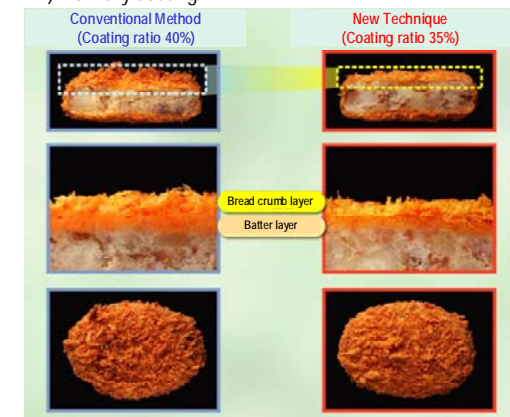


Year-on-Year Sales of Commercial Use Potato Croquettes



Example of Nichirei Technology: Mori Plant

1) Non-oily coating



2) Achieves "the same texture as a potato"



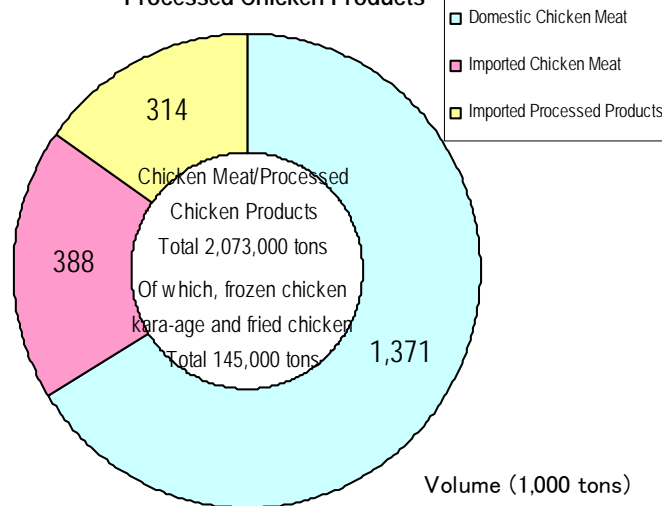
- Supermarket delicatessen sections, which are the main channel for sales of croquettes, made one of two main responses when sales decline year on year.
 - Lower the median price range for products and stress affordability
 - Focus more intently on higher priced items and stress improved quality
- Nichirei suffered because it did not have a lineup of lower-priced products that would offer feel of affordability, causing users to switch to other companies. This was one of the factors behind the considerable decline in revenue. Nichirei included the following two types of items in its new product lineup in fall 2009.
 - Lower-priced products that offer affordability without a significant decline in quality
 - Products with improved quality in the higher-priced bracket
- Sellers began to reverse the trend toward excessive price discounts.
- Nichirei included a wide range of affordable commercial use products in its spring new product lineup in addition to potato croquettes.

Strategies in the Processed Chicken Category

Ample Room for Expansion in the Growth Field of Processed Chicken Products, in Which Frozen Foods Offer Distinct Advantages

NICHIREI

2009 Marketed Volume of Chicken Meat and Processed Chicken Products



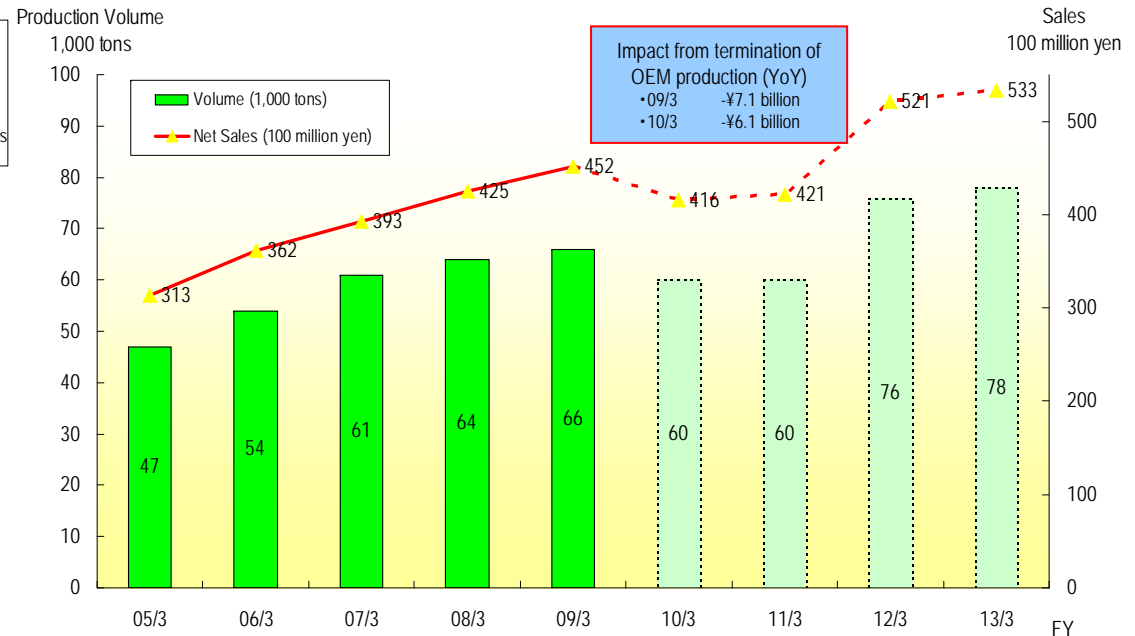
Source:

Marketed volume of chicken meat: Agriculture & Livestock Industries Corporation

Imported Processed Products: Trade Statistics of Japan

Market scale for frozen chicken (estimated): Fuji Keizai

Sales Volume and Amount for Nichirei's Processed Chicken Products



1. Nichirei's processed chicken products are highly rated for their superior quality, and sales to the "home meal replacement" market of fried chicken, *kara-age* and other products are increasing, expanding 1.43 times between FY05/3 and FY09/3.
2. The market for processed chicken products, including raw meat and chilled processed items, is huge. Along with rising demand for healthy and low-cost processed chicken, the commercial use market is shifting to frozen foods for simpler operations, and we anticipate ample room for expansion.
3. Nichirei had previously been dependent on increasing supply from OEM producers in Thailand in order to increase sales volume. The considerable decline in profitability during the FY09/3 and FY10/3 was due to higher prices for raw chicken, and rising purchase prices from OEM producers. Nichirei therefore decided in summer 2009 to stop purchasing from OEM companies in Thailand, and shift to in-house production. Large-scale facilities in Thailand were put into operation in anticipation of market growth from summer this year.

Nichirei Is Expanding In-House Production Capacity for Chicken Products to Further Extend Market Advantage



Overview of Increased Production Capacity at Nichirei's Two Directly Operated Production Facilities

	Surapon Nichirei Foods Co., Ltd. (SUNIF)— Expansion of Kabinburi Plant	GFPT Nichirei (Thailand) Company Limited ("GFN")—New Facility
Location	Kabinburi, Prachinburi	Nong Yai, Chonburi
Investment	¥1.6 billion (Plant floor space 8,500 m ²)	¥6.4 billion (Plant floor space 42,000 m ²)
Annual Production Capacity	Additional facility 7,000 tons/year (with existing facilities 25,000 tons/year for chicken overall)	18,000 tons/year (Currently two lines, potential for expansion to 27,000 tons)

Strengthening the Supply Structure for Processed Chicken Products

	Raw Materials	Production	09/3 → 12/3	Position
Thailand	GFPT	New Company (GFN) Launch in 2010	0% → 25%	Directly run overseas production facility Production of distinctive products that draw on flavor of high-quality ingredients
	Chicken farmers	SUNIF Expand in 2010	25% → 30%	
	In-house chicken farming	Subcontractors	30% → 0%	
China	In-house chicken farming	Subcontractors	15% → 20%	OEM production focused on lower-priced items offering feel of affordability
Japan	Japanese/Brazilian chicken	Directly managed or subsidiary companies	30% → 25%	Production of high-value-added items requiring additional processing

- Directly managed or subsidiary companies
- Business relationship to terminate during FY10/3

In-house production ratio 55% 80%

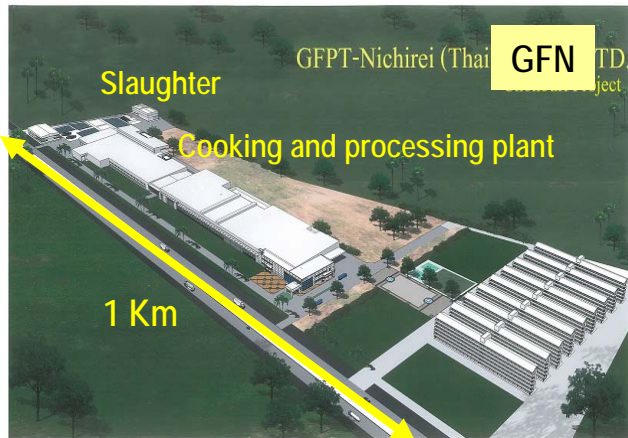
Percentages are on a volume basis.

Integration of Facilities in Thailand Provides Quality and Cost Advantages

NICHIREI



SUNIF



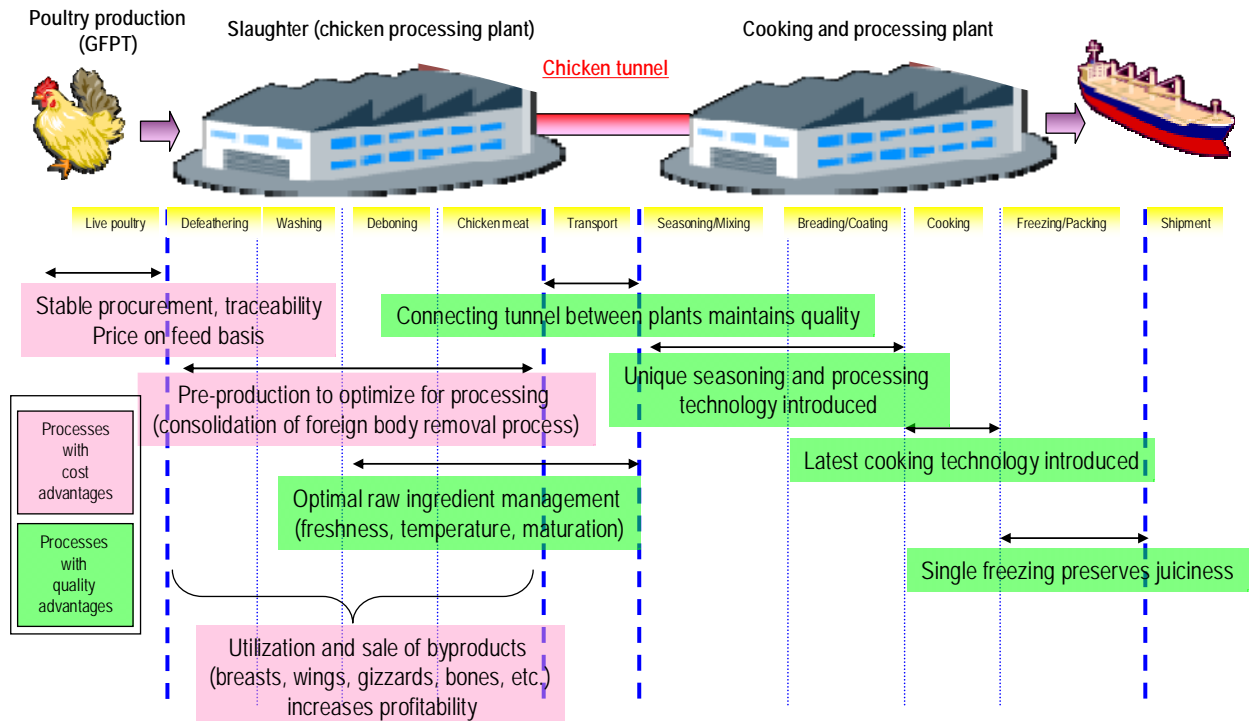
Slaughter

Cooking and processing plant

1 Km

GFPT-Nichirei (Thai) GFN

[Example of the Advantages of the GFN Line]

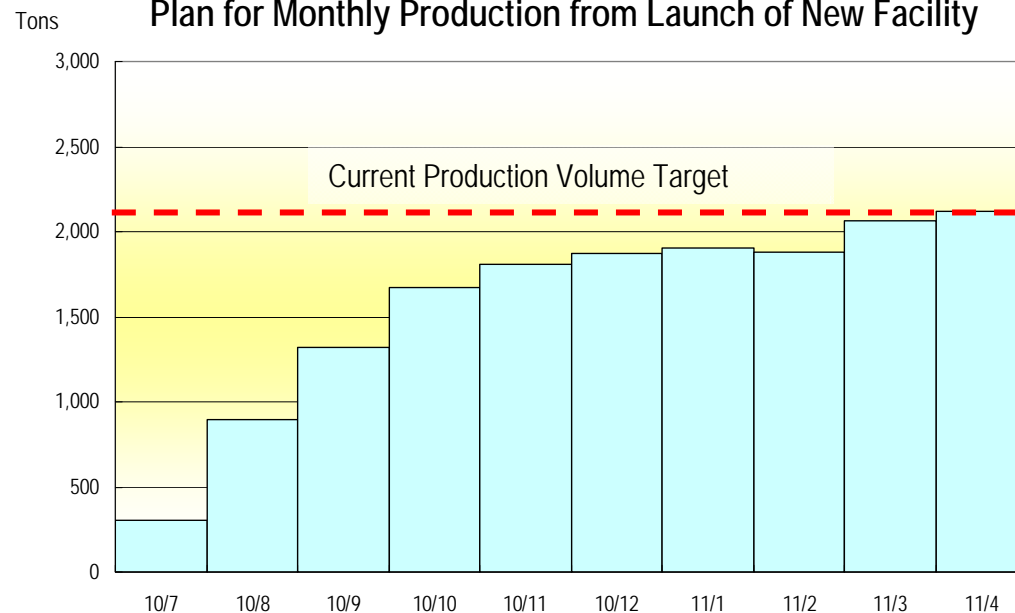


1. Leading-edge expertise unavailable to OEM producers is incorporated into production facilities to provide an advantage in terms of quality.
2. Alliance with merger partner GFPT (poultry producer) provides additional advantages from raw ingredients (traceability, cost, stable procurement).
3. Productivity improved through continuous operation of direct production line from receipt of live poultry to product packaging.

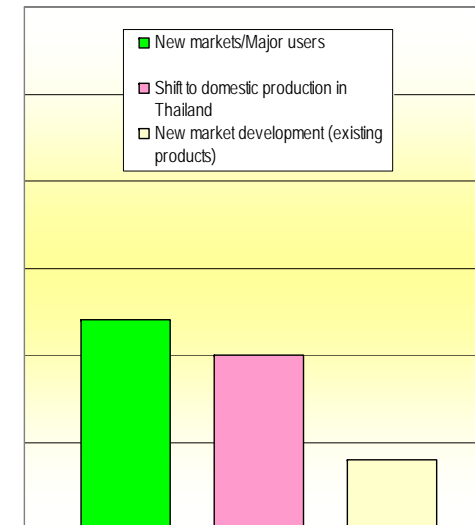
New Facilities to Begin Operating in Summer 2010, and Reach Current Production Volume Target in Spring 2011

NICHIREI

Plan for Monthly Production from Launch of New Facility

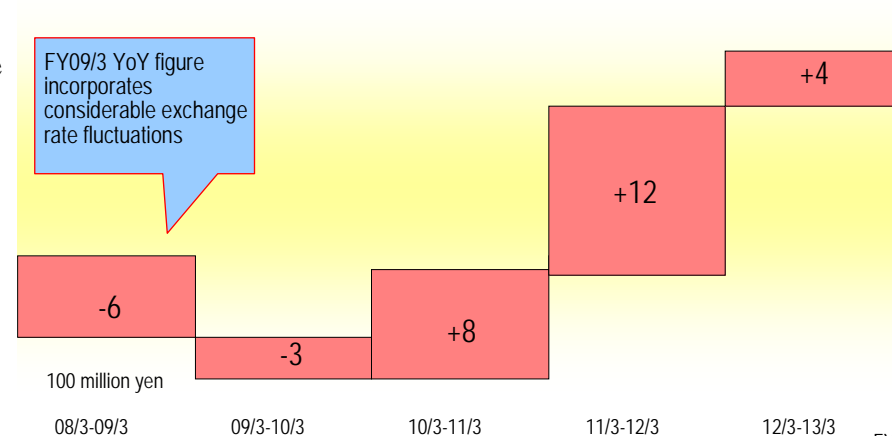


Anticipated Acquired Production Volume



1. In FY09/3 and the first half of FY10/3 higher chicken prices and rising purchase prices from OEM producers resulted in earnings declines. Profitability improved from the second half of FY10/3 after Nichirei ceased OEM purchasing, and we expect earnings to continue to improve through the first half of FY11/3.
2. The contribution to earnings from the new facilities in Thailand is expected to be realized from FY12/3, after the scheduled commencement of operations in April 2011.
3. GFN will operate two lines at present, but the building has space for three additional lines, which will allow us to meet increases in demand.

Year-on-Year Change in Earnings from Processed Chicken Products



Improvements in Plant Productivity

Nichirei's Ongoing Measures to Improve Plant Productivity



[FY11/3–FY13/3 plan for production profit improvements]

Increased Productivity

¥0.3 billion

- Increase utilization rate through planned production and revisions to holiday structure
- Efforts to enhance yield rate

Efficient Use of Direct Costs

¥0.4 billion

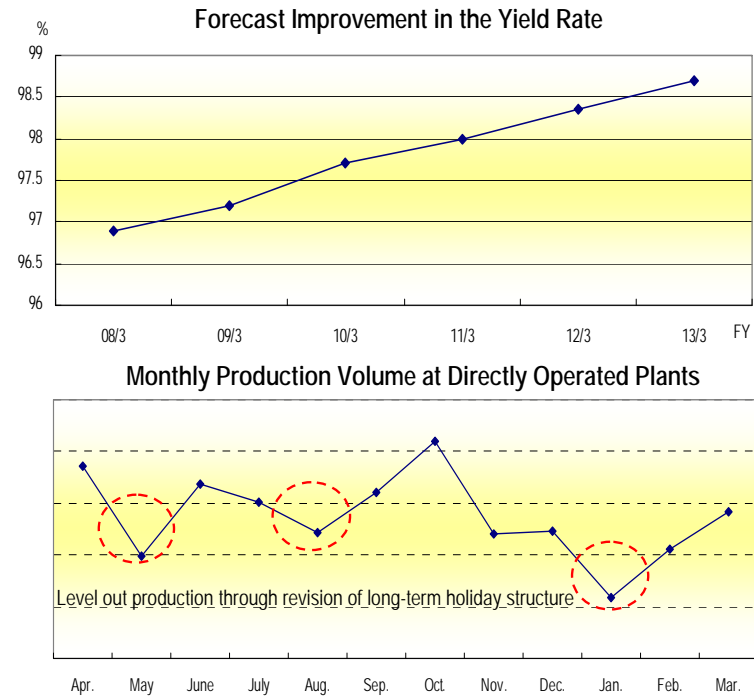
- Lower raw ingredient inspection costs through joint efforts with suppliers
- Use planned production to balance out personnel levels and enhance efficiency in raw ingredient procurement

Cuts in Indirect Costs

¥0.3 billion

- Consolidate purchasing to increase efficiency and strengthening bargaining position
- Revise duplicate functions in head office and production plants

Improvement Benefit over Three Years ¥1.0 billion



1. Nichirei has made a continual effort to improve productivity, including repeated consolidation of production plants and implementation of operational improvements. However, although the expanded productivity for directly operated plants included in the medium-term plan launched in FY08/3 provided a certain benefit for production, sales volume also declined, and the impact on business results was limited.
2. The new medium-term plan from FY11/3 continues this program of productivity improvements as a management issue, incorporating efforts that include utilization of targets integrating the Toyota Production System (TPS) concept, along with stronger cost controls through use of the small group improvement proposal system.

Reference Materials

Processed Foods: Segment Information



Unit: 100 million yen		99/3	00/3	01/3	02/3	03/3	04/3	05/3	06/3	07/3	08/3	09/3	10/3E
Net sales	Pre-cooked frozen foods for household use		500	527	531	511	534	552	556	504	466	461	463
	Pre-cooked frozen foods for commercial use		661	650	676	681	679	738	798	803	839	869	831
	Health value								128	122	119	104	83
	Other		545	577	537	523	487	495	366	344	326	306	309
	Total	1,617	1,706	1,754	1,744	1,715	1,700	1,785	1,848	1,773	1,750	1,740	1,686
Operating income		7	48	51	38	68	48	43	55	60	41	20	17
Operating margin		0.4%	2.8%	2.9%	2.2%	4.0%	2.8%	2.4%	3.0%	3.4%	2.3%	1.1%	1.0%

Forward-Looking Statements



Aside from historical facts, Nichirei's present plans, forecasts and strategies as outlined in this publication consist of forward-looking statements about future business performance. These forecasts of future business performance and explanations of future business activities may or may not include words such as "believe," "expect," "plan," "strategy," "estimate," "anticipate" or other similar expressions. These statements are based on the information available to Nichirei management at the time of publication. Actual results may differ significantly from these forecasts for a variety of reasons, and readers are therefore advised to refrain from making investment decisions based solely on these forward-looking statements. Nichirei will not necessarily revise its forward-looking statements in accordance with new information, future events, and other results. Risks and uncertainties that could affect Nichirei's actual business results include, but are not limited to:

- (1) Changes in the economic conditions and business environment that may affect the Nichirei Group's business activities.
- (2) Foreign exchange rate risks, especially as regards the US dollar and the Euro.
- (3) Risks associated with the practicability of maintaining quality controls throughout the process from product procurement development, of raw materials, production, and sale.
- (4) Risks associated with the practicability of development of new products and services.
- (5) Risks associated with the practicability of growth strategies and implementation of low-cost systems.
- (6) Risks associated with the practicability of achieving benefits through alliances with outside companies.
- (7) Contingency risks.

However, factors that may affect the performance of the Nichirei Group are not limited to those listed above. Further, risks and uncertainties include the possibility of future events that may have a serious and unpredictable impact on the Group. This publication is provided for the sole purpose of enhancing the reader's understanding of the Nichirei Group, and should not be taken as a recommendation regarding investment decisions.