Nippon Meat Packers, Inc.

Building a Brilliant Future on Strong Foundations

ANNUAL REPORT 2008
Year Ended March 31, 2008

Nippon Ham Group

Corporate Philosophies

1. Under the basic theme of "Joy of Eating," our company creates a culture that marks an epoch and contributes to society.

2. Our company is a place where employees can feel truly happy and fulfilled.

Management Principles

1. Act with noble ideals and the determination to achieve them.

2. Learn from others, teach others, and be willing to be taught by others.

3. Create the times by meeting the needs of the times.

4. Expand relationships through quality and service, and take responsibility for all people with whom we have relationships.

5. Strive for a highly functional organization.

The "Nippon Ham Group" Brand Pledges

We aspire to share the pleasures of good eating and the joys of health with people around the world.

We pledge to impart the "Joy of Eating" with the greatest of care, through products that reflect our appreciation of the bounty of nature and our uncompromising commitment to quality, and to remain at the forefront in our exploration of food's contribution to a happy and healthy life.

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Forward-looking Statements

This annual report contains "forward-looking statements," including statements concerning the company's outlook for fiscal 2008 and beyond; business plans and strategies and their anticipated results; and similar statements concerning anticipated future events and expectations that are not historical facts. The forward-looking statements in this report are subject to numerous external risks and uncertainties, including the effects of economic conditions, market trends and currency rates, which could cause actual results to differ materially from those expressed in or implied by the statements herein.

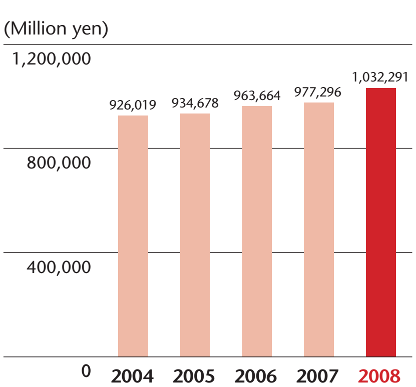
FINANCIAL HIGHLIGHTS

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2008, 2007 and 2006

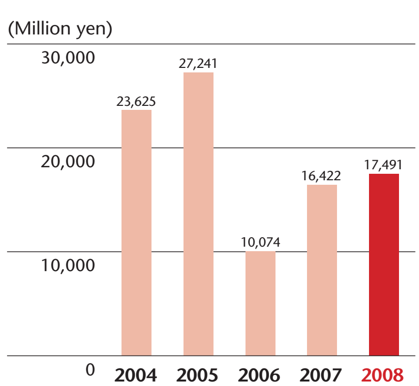
	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Net Sales	**¥1,032,291**	¥977,296	¥ 963,664	**$10,322,910**
Operating Income	**17,491**	16,422	10,074	**174,910**
Income from Consolidated Operations before Income Taxes	**4,923**	13,668	2,335	**49,230**
Net Income	**1,555**	11,386	952	**15,550**
Total Assets	**608,809**	612,933	591,426	**6,088,090**
Total Shareholders' Equity	**287,457**	298,428	291,580	**2,874,570**
	Yen			U.S. Dollars
Per Share Amounts:				
Basic earnings per share:				
Income before extraordinary item and cumulative effect of accounting change	**¥6.81**	¥49.89	¥0.01	**$0.07**
Extraordinary gain on negative goodwill			2.43	
Cumulative effect of accounting change			1.73	
Net income	**¥6.81**	¥49.89	¥4.17	**$0.07**
Diluted earnings per share:				
Income before extraordinary item and cumulative effect of accounting change	**¥6.80**	¥49.83	¥0.01	**$0.07**
Extraordinary gain on negative goodwill			2.43	
Cumulative effect of accounting change			1.73	
Net income	**¥6.80**	¥49.83	¥4.17	**$0.07**
Total Shareholders' Equity	**¥1,259.74**	¥1,307.77	¥1,277.41	**$12.60**
Cash Dividends	**¥ 16.00**	¥ 16.00	¥ 16.00	**$ 0.16**
Index	Percent			
Ratio of operating income to net sales	**1.7%**	1.7%	1.0%	
Return on equity (ROE)	**0.5%**	3.9%	0.3%	
Return on assets (ROA)	**0.8%**	2.3%	0.4%	

Notes 1. The above figures are based on the consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America.
2. The United States dollar amounts represent translations of Japanese yen at the rate of ¥100=$1. See Note 1 to the consolidated financial statements.
3. See Note 1 to the consolidated financial statements with respect to the determination of the number of shares in computing the per share amounts.
4. During the year ended March 31, 2006, the Company changed its method of inventory costing from an annual average cost method to a moving average cost method. Management believes this change is preferable and it provides for a more prompt and appropriate determination of the amounts of cost of goods sold and inventory.
The cumulative effect of the change in the costing method as of April 1, 2005 was ¥396 million, net of taxes of ¥275 million and has been presented in the Consolidated Statements of Income as "Cumulative effect of accounting change." The effect of the change during the year ended March 31, 2006 was a decrease in net income before extraordinary item and cumulative effect of accounting change of ¥240 million (¥1.05 per share) and an increase in net income of ¥156 million (¥0.68 per share).
5. In accordance with Statement of Financial Accounting Standards No. 141, the Companies recognized as an extraordinary gain the excess of fair value of additionally acquired net assets over the cost relating to an investment in a subsidiary for the year ended March 31, 2006. The extraordinary gain recognized was ¥555 million and has been presented in the Consolidated Statements of Income as "Extraordinary gain on negative goodwill."
6. Operating income represents net sales less cost of goods sold and selling, general and administrative expenses. In accordance with Japanese accounting practices, operating income for the year ended March 31, 2006 does not include settlement loss from the transfer of the substitutional portion of the Employees' Pension Fund of ¥20,799 million and settlement loss from the restructuring of employees' benefit plans and special severance payment of ¥2,754 million.
7. ROE = (Net income / Average total shareholders' equity) × 100
ROA = (Income from consolidated operations before income taxes / Average total assets) × 100

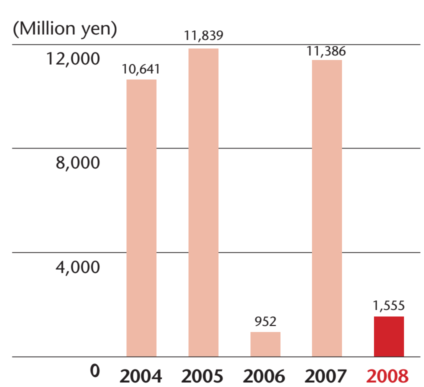
NET SALES



OPERATING INCOME



NET INCOME



YOSHIKIYO FUJII
Chairman and
Representative Director

Aiming to become a truly global company that fulfills our brand statement, *The Brilliance of People for the Future of Food*

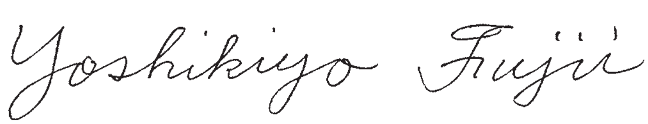
In the fiscal year ended March 31, 2008, sales reached ¥1 trillion. I would like to thank all of our stakeholders for kindly supporting Nippon Ham Group in this achievement. However, we are not satisfied with simply reaching this major milestone, but view it as a transition point toward becoming a truly global company, and we will vigorously push forward with business activities in support of this aim going forward.

The world's food situation is becoming more serious. The global supply-demand balance for food is expected to become increasingly tight, mainly due to population growth, economic expansion, especially in emerging nations, and desertification. Rising demand for biofuels, frequent occurrences of weather anomalies, inadequate sources of water, and other factors are leading to greater instability in global food supplies, and this is fostering greater competition among nations for food and leading some food-producing nations to implement unilateral restrictions on exports, and over the long term, some see a danger to the stable procurement of food. Amid these conditions, Japan's food self-sufficiency ratio has dropped to 39%, the lowest level among developed nations. Because around 60% of the nation's food supply is dependent on imports, concrete measures to boost Japan's food self-sufficiency ratio call for urgent attention.

In Japan, Nippon Ham Group has constructed a vertically integrated production system consisting entirely of Group companies that handles everything from the production of pork and poultry to processing and sales. Overseas, we have also built an integrated production system for our beef business in Australia, and in the U.S. we are expanding our pig farming business. Looking ahead, we intend to utilize our international bases not only for exports to Japan but to grow our overseas business by expanding sales globally to nations where consumption is rising. In our Processed Foods Business Division, amid sharply rising raw materials prices, we are continuing cost reduction programs driven by internal reforms and taking steps to improve earnings by boosting the development of high-value added products that are underpinned by quality.

Companies are public entities, and therefore it is incumbent upon them to pursue lasting growth. Consequently, in addition to building visibility and trust in the market, it is essential to boost profits and be a company that is the preferred choice of all stakeholders, from shareholders and customers to business partners and employees. By continuing to develop, produce, and supply foods and food products that deliver satisfaction and enjoyment based on safety and reliability, we are confident of winning ever-higher levels of customer confidence. Moreover, realizing that food education, customer satisfaction and environmental activities are linked to the steady enhancement of corporate value, we are redoubling our efforts in these areas in pursuit of our aim of becoming a truly global company.

July 2008



Chairman and Representative Director

Nippon Ham Group aims to become a corporate organization that prevails over global competition

HIROSHI KOBAYASHI
President and
Representative Director

Q It has been one year since you were appointed as president of Nippon Ham Group. Please summarize the events of this past year.

A It has been a year of a necessary change in mindset.

From a macroeconomic perspective, the business climate has been especially favorable for export industries. For the food industry, however, the environment has been very tough. We recognized that Nippon Ham Group was captive to the practices and stereotypes of the past, and that this would prevent us from responding to rapid changes in our markets. We strongly felt that we must change our mindset and adopted a strategy driven by a new methodology.

Q How would you analyze the environment for the food industry in the fiscal year ended March 31, 2008?

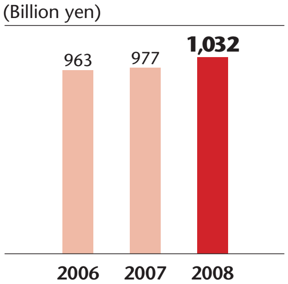
A The environment is more challenging than at any time in the past, but some favorable opportunities are starting to appear as well.

In the fiscal year ended March 31, 2008, oil prices and grain prices rose on the emergence of the subprime mortgage issue in the U.S., sharp increases in prices for crude oil, strong economic growth in emerging nations, and extreme weather in some parts of the world. In particular, economic growth in newly emerging nations is pushing up demand for food, which in turn is causing a decline in grain inventories and a shift in the supply-demand structure. Additionally, due to misconduct at certain food companies, as illustrated by cases of food poisoning linked to "gyoza" dumplings produced in China, consumers are paying stricter attention to food safety, reliability and quality, and food companies are therefore pursuing even more rigorous quality control, which is increasing costs.

However, even under these conditions, there are some good business opportunities. As Japanese consumers are distrustful of many imported products, we are starting to see a return to domestically produced goods. In this kind of environment, the fact that we own our own farms in Japan and are thus able to supply fresh meats that can be completely traced back through the production process is an advantage for Nippon Ham Group. We believe that this, coupled with maximum utilization of our integrated production system, has further enhanced our ability to produce products from the perspective of consumers.

Q Given this kind of business environment, how would you assess the business results for the fiscal year ended March 31, 2008?

NET SALES
(Billion yen)



A Sales reached ¥1 trillion, but we still need to address the issue of further improving the Group's earnings power.

I believe that, irrespective of economic trends, steady execution of strategy is at the core of management. My basic belief is that companies must pursue a growth strategy adapted to the times in combination with measures to boost efficiency and streamline operations, and thereby construct a business framework with the resilience to respond to changes in the market. Now, we are entering an era of global competition for food, and rising prices for grains are boosting fresh meat prices as raw materials. However, Nippon Ham Group has its Fresh Meats Business Division, where it has constructed a vertically integrated production system that is applied all the way through sales, and because we have needs on both the demand and supply sides, we have been able to offset risks associated with sharp increases in raw materials prices. Even under a harsh operating environment, I think we have been able to utilize the Company's strengths to the maximum. Even so, earnings in the Processed Foods Business Division still need to be addressed. Sharp increases in raw materials costs and escalating competition have put a dual squeeze on earnings. Aware that a sales-are-paramount business model can no longer deliver profits, sales growth that delivers appropriate earnings is now the major premise for the strategy in the Processed Foods Business Division. Consequently, we are committed in our role as a manufacturer to supplying products that satisfy customers without compromising quality.

Q What is the outlook for the business environment and earnings for fiscal 2009, the final year of the *New Medium-Term Management Plan Part II*?

A We are forecasting sales of ¥1,060 billion and operating income of ¥20 billion.

Compared with the year ended March 31, 2008, we expect prices for raw materials and secondary materials to increase even further. We think higher prices for ingredient materials and fuel will

have more of an impact on earnings than increased raw materials costs. While this situation is very harsh, an atmosphere for price hikes is brewing in the food industry as a whole, and consumers are relatively understanding of the circumstances. Looking ahead, we must continue working to gain the understanding of retailers, who are amongst our key customers, and in fact currently sales prices are being steadily revised. Additionally, customers are showing an increasing orientation toward domestically produced products. With chicken and pork prices at unprecedented high levels, the environment is shaping up well for Nippon Ham Group, which is able to supply fresh meats from its company-owned farms in Japan. Considering the current challenges in the food market, we think the ownership of farms in Japan, which we view as an important asset, will prove to be a competitive advantage going forward.

The *New Medium-Term Management Plan Part II*, initiated in May 2006, had originally targeted operating income of ¥33 billion in fiscal 2009, its final year. However, profits have been squeezed by greater-than-expected increases in raw materials and secondary materials. In the processed foods business, the cost of major raw materials has increased by around ¥16 billion over the past five years, and this has affected earnings. While we have offset this to some degree, we have revised the earnings target as the environment looks too harsh to achieve operating income of ¥33 billion. As a manufacturer, we intend to increase the operating income ratio up to 3%, and we are committed to achieving this goal in the final year of the *New Medium-Term Management Plan Part III*, our next three-year business plan.

Of the company's approximately ¥610 billion in total assets, ¥250 billion is accounted for by property, plant and equipment. This is large compared with industry peers, and we aim to use these assets more effectively for manufacturing in order to achieve an operating income ratio of 5% over the medium and long term. We think now is the time to steadily implement policies aimed at the achievement of this goal.

New Medium-Term Management Plan Part II
(April 1, 2006 – March 31, 2009)
Corporate value improvement by continuous reform and challenge

[Management principles]
1. Management for No. 1 quality
2. Improvement in the quality of group management and aggressive business expansion
3. CSR promotion and brand-value improvement

[Management Strategies]
1. Business expansion through strong sales and marketing efforts
2. Establishment of an optimum logistics structure
3. Development of global strategies and expansion of overseas sales
4. Strengthening of human resources development and revitalizing of operations
5. Improvement in asset efficiency and maximization of cash flows
6. Implementation of IT-driven speedy management

Q The themes of "strategic growth" and "innovation through improved efficiency" as contained in the *New Medium-Term Management Plan Part II* are essential to the achievement of these objectives. First, please comment on the theme of "strategic growth" as pertains to Japan.

A We are rigorously focusing on front-line operations and "greater selectivity and focus."

The underlying principle here is formulating and executing strategies based on a full understanding of front-line realities by all employees, including all management. As for implementing "greater selectivity and focus," in the processed foods business we improved mainstay products while vigorously consolidating and discontinuing other products to enable more focused sales. We also reassessed our framework of producing a wide variety of products in small quantities, narrowing down our product line to strong products that can be mass produced. According to the Pareto principle, the top 20% of a company's products account for around 80% of sales, and indeed Nippon Ham Group is close to this situation. By focusing more on the key products and reducing the other 80% by 30%, the ratio of strong products has increased, resulting in higher productivity in manufacturing

divisions. Also, because product management is becoming easier for the sales divisions, the loss ratio is declining. Additionally, because of the synergies gained from these actions, the inventory turnover ratio is increasing and asset efficiency (turnover) is improving.

Moreover, leveraging the competitive advantages available to us from the production of fresh meats, we are able to use raw materials that can be traced back to the source, which adds even more value to our products. Amid the polarization of low-priced products and high-value added products in the current market, the sales compositions for high-value added products, such as *Hokkaido Premium, Nagasaki Roman Kobo, Kamakura Ham Tomioka,* and *Hakodate Carl Raymon*, are continuing to increase.

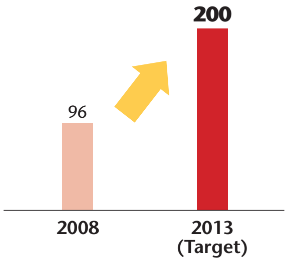
In the fresh meats business, we are expanding our farm business, which is a supply source. Livestock farmers are graying, and a shortage of successors is starting to become apparent. Under these conditions, we are taking steps to enhance our integrated production system by forging alliances with producers of fresh meats at the individual farm level based on our know-how cultivated over many years.

As for the Affiliated Business Division, the focus is on the marine products business and the dairy products business, but operating income was negative for the past two years. The main reason is an inability to fully pass on sharply higher costs for raw materials to selling prices. However, we have enacted a series of price increases since February 2008 as part of an effort to improve earnings. We will continue moving steadily forward with business activities to generate reasonable profits.

Q What are your thoughts on "strategic growth" overseas?

A We are aiming for overseas sales of ¥200 billion in the next five years.

OVERSEAS SALES
(Billion yen)



We established the Overseas Business Strategy Department to undertake specific strategies that cut across business divisions. Overseas sales totaled ¥96.2 billion in fiscal 2008, and we intend to expand this to ¥200 billion over the next five years. To this end, we are focusing on improving earnings in two countries—Australia and the U.S.—where we allocate approximately 90% of our overseas investment. Specifically, in Australia, we have launched a program for drastic business reform. As part of this, we are reducing costs in the fresh meats business, including the cattle fattening operation, processing plants and the leather business. Additionally, we are thinking of withdrawing from the pig farming business, where we do not expect asset efficiency to improve, and are considering focusing on the beef business. In the U.S., we plan to allocate more resources to the pig farming business. By employing a business model under which we produce young pigs on our own farms and contract them out for fattening to finishing farms, we have constructed a system for contracting 1 million head of young pigs annually, and production numbers are expanding.

China is one nation where we plan to strengthen our overseas operations going forward. Our business is to use our plants in China to process imported raw materials, and then to supply products to Japan, Europe, the U.S., and elsewhere. Additionally, we are enhancing sales by more effectively utilizing our approximately 30 overseas bases. We are also exploring alliances with overseas packers to further strengthen our fresh meats procurement capabilities. These and other such moves are supporting growth in our overseas sales.

Q What are your thoughts on the counterpart to "strategic growth," namely "innovation through improved efficiency"?

A We are pursuing increased efficiency through structural reforms and by greater selectivity and focus of businesses.

We also continue to undertake structural reforms in the Processed Foods Business Division, where the process is only half complete. It is essential to bolstering our business framework to emerge as a winner in the cost competition with domestic rivals, which are our main competitors in the near term.

Specifically, on the production side, we are optimizing manufacturing bases, reducing production lines, reorganizing, mechanizing, and otherwise pushing ahead with laborsaving measures to enhance our price competitiveness. On the sales side, we are seeking greater cooperation with the production division and consolidating and discontinuing products. On the logistics side, we have conducted a major review of our ordering and delivery schemes and are reforming our supply chain management. We expect a combined benefit of approximately ¥8.3 billion from these cost reduction measures and price increases in fiscal 2009, which should absorb the impact of higher expenses.

INNOVATION THROUGH IMPROVED EFFICIENCY —CONCRETE MEASURES

	Prospects for FY2009
Rationalization of product categories	¥0.4 billion
Production improvements	¥2.5 billion
Price increases	¥4.7 billion
Restructuring of marketing operations	¥0.7 billion
Total	¥8.3 billion

Absorb increased costs through savings of ¥8.3 billion

Q Please give us your thoughts on shareholder returns.

A Our basic policy is to provide stable dividends underpinned by stable profits.

We intend to continue paying stable dividends. There are various methods for returning earnings to shareholders. However, at the root of all of them is stable profits. I think earnings growth is essential to maintaining a stable dividend.

Q Finally, please tell us the kind of business group that Nippon Ham Group aspires to be in the future, including human resource development.

A Simply put, we aim to become a corporate organization that prevails over global competition.

In this era of rapid change, we are working to transition toward a corporate culture that produces employees capable of contending with a shifting business environment. We are also taking steps to raise the quality of our human resources to a level befitting a company with ¥1 trillion in sales. We must aim to be an organization that intrinsically understands what the market demands and that creates value in the eyes of customers.

Setting clear goals, reforming business structures, and creating a corporate culture and organization that delivers continual innovation are the basics of management, and I consider these activities to be my main mission. Amid significant concerns about compliance and governance, management is becoming more sophisticated. However, by again returning to our origin, putting forth maximum effort even when times are tough, and aggressively taking on new challenges, I am confident that the Nippon Ham Group will achieve the goal of being a corporate organization that prevails over global competition.

July 2008

Hiroshi Kobayashi

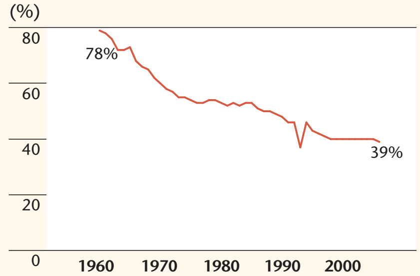
President and Representative Director

Japan's food self-sufficiency ratio has roughly halved over the past 45 years

According to a 2006 estimate by the Ministry of Agriculture, Forestry and Fisheries, Japan's food self-sufficiency ratio is approximately 39% (on a calorie basis). This ratio is the lowest level among the world's developed nations. Japan's food self-sufficiency ratio was 78% (same basis) in 1961. Thus, it has roughly halved over the past 45 years. With the impact of food shortages worldwide growing more acute, some countries, notably India and Egypt, are restricting food exports and eliminating taxes on food imports. Additionally, there is a growing trend among food exporting nations to supply their own citizens first and to export only surpluses. As a result, when the competition for food accelerates, Japan finds it more difficult to procure food. Put another way, for resource-poor Japan, increasing food self-sufficiency is a pressing need.

JAPAN'S FOOD SELF-SUFFICIENCY RATIO

(%)



Source: Ministry of Agriculture, Forestry and Fisheries

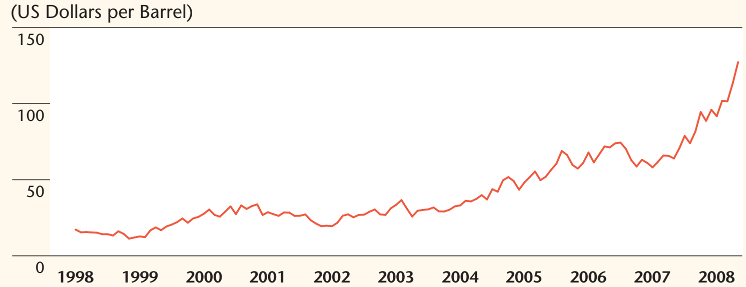
Nippon Ham Group is leveraging its vertically integrated production system, one of its particular strengths, to expand the production of its own fresh meats. In conjunction, the Group is strengthening raw materials procurement capabilities both in Japan and overseas. In doing so, we are contributing to improving the food situation in Japan, where the self-sufficiency ratio is falling. Along with this, we are implementing rigorous quality control measures and pursuing the highest possible levels of food safety and reliability.

Further increases in prices for raw materials and livestock feed

Along with rising crude oil prices, grain prices are up sharply due to growing demand for ethanol for use as a biofuel. Grain production has doubled in the fifty years from 1960 to the present, but the land area under cultivation has not increased and so the growth rate from now on is forecasted to be only around 1%. Amid these conditions, the ratios for grain usage as livestock feed and ethanol are changing, with the result that in February 2008 grain prices were 2-3 times traditional levels. Additionally, Australia has suffered its worst drought in one hundred years, resulting in lower grain production volume. Furthermore, rising crude oil prices are heavily impacting prices for raw materials and fuel.

CRUDE OIL PRICES

(US Dollars per Barrel)

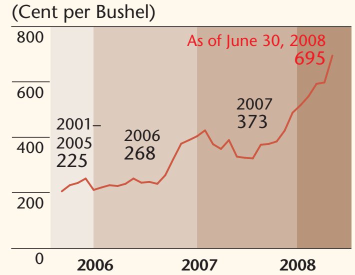


Source: Energy Information Office, Department of Energy, U.S.

CORN PRICE

(Chicago Board of Trade near month futures price)

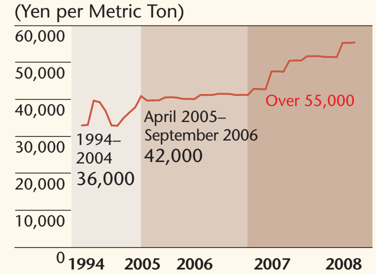
(Cent per Bushel)



Source: *Stockbreeding information*, Agriculture & Livestock Industries Corporation

FORMULA FEED PRICES

(Yen per Metric Ton)



Source: *Survey of Commercial Feed Prices*, Stockbreeding Promotion Section, Production Office, Ministry of Agriculture, Forestry and Fisheries

We are pursuing rigorous cost reductions to counter sharply higher prices for raw materials and livestock feed. In the fiscal year ending March 31, 2009, we expect major raw materials costs to rise approximately ¥2.2 billion and for materials and distribution costs to increase about ¥4.4 billion. We aim to offset this through ongoing cost reductions, mainly in manufacturing operations, the discontinuation and consolidation of products, and by increasing prices for the second consecutive year, all of which are expected to yield benefits totaling roughly ¥8.3 billion.

We have formulated a strategy for generating synergies that transcend the organizational boundaries between the Process Foods Business Division, the Fresh Meats Business Division, and the Affiliated Business Division.

SUMIO SOMURA

Director, Vice President and Executive Officer, Overseas Business Strategy Department

Background to Establishment of Overseas Business Strategy Department

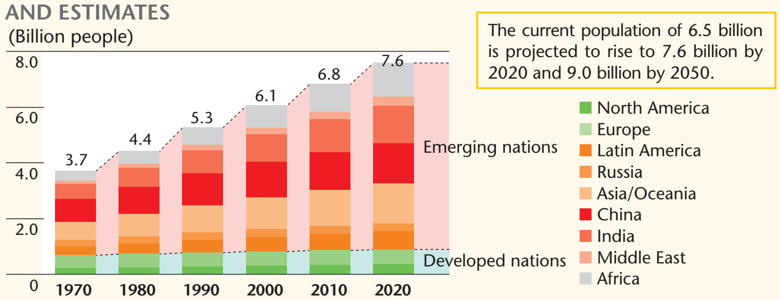
Amid the maturing of the Japanese food market, the scenario for future growth is transitioning to overseas markets. Having determined that quick action to ensure the success of the overseas business requires not only each business division to have the autonomy to conduct business but also the ability to comprehensively control Group strategy, we established the Overseas Business Strategy Department on April 1, 2008. Specific proactive measures include reinforcing our framework for carrying out projects across business divisions, strengthening relationships, including capital strategies with existing business partners, improving earnings from operations in Australia and China, and promoting the globalization of our marine products business.

Overseas population growth driving greater competition for food

In Japan, population growth is sluggish, and the number of births is declining while the number of senior citizens is increasing. Meanwhile, populations in nations outside of Japan are increasing, particularly in China and India. The global population is now estimated to be in excess of 6.5 billion people (July 2007), with most growth taking place in emerging nations. However, compared with the population growth rate, the growth rate of agricultural production has been extremely low, consequently resulting in food insufficiency.

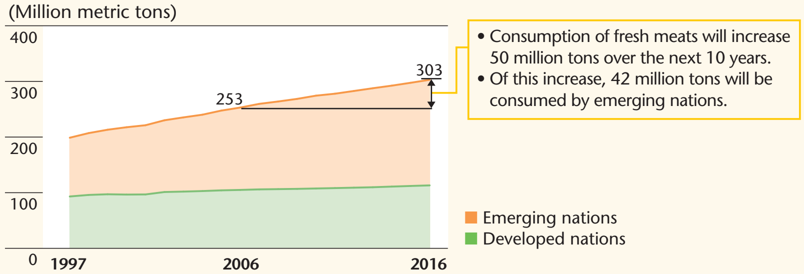
Worldwide consumption of fresh meats is currently 250 million tons and is expected to increase to 300 million tons over the next 10 years. It appears that the majority of this increase will be by consumers in emerging nations.

WORLDWIDE POPULATION FIGURES AND ESTIMATES



Source: OECD-FAO Agricultural Outlook

GLOBAL FRESH MEAT SUPPLY AND DEMAND TRENDS AND FORECAST



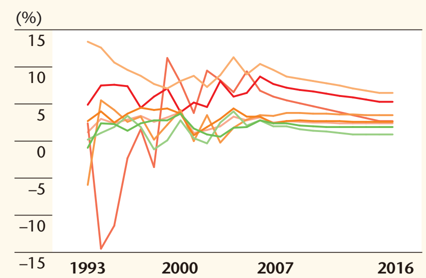
Source: OECD-FAO Agricultural Outlook

Impact of economic growth in the BRICs nations

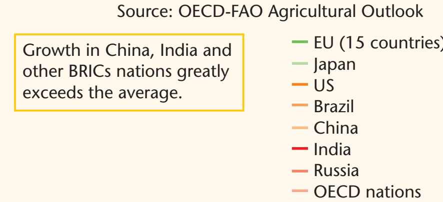
Brazil, Russia, India and China (BRICs) account for 29% of the world's land area and 43% of the global population. Rapid economic growth in the BRICs nations is having a major impact on global energy supply and demand and is also posing environmental challenges. Direct grain consumption volume is projected to expand around 10% annually along with rapid economic growth. This is resulting in greater purchasing power by the BRICs nations.

(Reference data: Field survey report on implications for the global economy from economic growth in BRICs nations)

REAL GDP GROWTH RATE



Source: OECD-FAO Agricultural Outlook



Amid the maturing of the domestic food market, rising overseas demand must be met. Consequently, we have established the Overseas Business Strategy Department as a body to formulate and execute strategies from a global perspective with the aim of expanding overseas sales.

Future initiatives overseas in each business

First, we have to make preparations for transferring our domestic technical capabilities and quality assurance system overseas. In the processed foods business, we aim to construct a system for local production in China and the U.S. to facilitate the expansion of sales in those markets. Moreover, in the fresh meats business, we are stepping up third-nation transactions for Australian beef for shipment to such destinations as North America, Asia and Russia. In the marine products business, we aim to construct an overseas sales network by leveraging relationships with overseas partner companies of our subsidiary, Marine Foods.

Over the medium and long term, we will consider forming business alliances and M&As from a global perspective.

Aiming to maximize synergies

In the short term, we will conduct a detailed review of existing operations and consider whether or not there are any operational overlaps or synergies. We consider the first fiscal year of this process to be one for preparing for the future. Over the medium term, we will shift from our current business model of importing from overseas into Japan to one where we export from our bases in Japan and other nations to various overseas markets. The Overseas Business Strategy Department's activities include making adjustments to individual business divisions and formulating and proposing policies to maximize synergies.

Corporate Management

NOBORU TAKEZOE
Director and Managing Executive Officer
General Manager of Corporate Management Division,
in charge of Audit Department

Established the Corporate Management Division

The Corporate Management Division was established on April 1, 2008 to preside over the Corporate Planning Department, the Public and Investor Relations (IR) Department, and the Corporate Strategy Office. The role of the Corporate Management Division is to promote group management by expediting decision-making and allocating management resources with an emphasis on total optimization.

Specifically, the Corporate Management Division is responsible for identifying issues that need to be addressed within the group, clarifying strategies for the ensuing term, and formulating the *New Medium-Term Management Plan Part III*. Having thus established the Group's overall direction, the division works to enhance corporate value and to ensure Nippon Ham Group is evaluated appropriately in the capital markets by carrying out strategic public relations and IR activities.

Aiming to be a strategically diversified corporate group underpinned by the Group Brand

Nippon Ham Group aims to operate as a strategically diversified corporate group within which each business demonstrates uniqueness and competitive advantages in its market, forging a presence as a value creator. To this end, the Group is taking measures to reconfirm its corporate philosophy and vision, instilling them throughout the Group.

Nippon Ham Group established the Group Brand in 2005. Previously, individual business divisions and companies had always been respected as being independent and unique, based on their differing business domains. However, this presented a problem in that it was difficult to foster a sense of group unity. It therefore became necessary to find a symbol to represent the shared mission of all group companies in order to move Nippon Ham Group—consisting of 106 companies and approximately 28,000 employees—in the same direction. This symbol is the Group Brand, and the Corporate Management Division is responsible for conducting three activities to promote it: clarifying the value of the brand, ensuring it is understood, and ensuring it is properly communicated.

Nippon Ham Group aims to contribute to people's health and happiness by supplying products that impart the 'Joy of Eating.' To this end, each group employee conducts business and operations from the customer's point of view. At the same time, Nippon Ham Group aims to be a corporate organization that prevails over global competition.

MEANING OF GROUP BRAND SYMBOL

Gothic font : represents our strong will for quality assurance
Progress arrow : The triangle located at the top right-hand corner of the alphabet "N" represents
- our aspiration to create a bright future through offering the 'Joy of Eating'
- our commitment to be united and develop as a group

Brand color

Active Red : strong will and a positive action
Joyful Yellow : brightness brought by 'Joy of Eating'
Future Orange : bright future created by exploring the frontiers of food

Corporate Governance

Nippon Ham Group is aware that entrenching compliance management and enhancing corporate governance are crucial to pursue its goals with regard to group management, as well as being fundamental to its business operations.

Nippon Ham Group is fully committed to taking the necessary action in this regard, while properly fulfilling its responsibility to explain its activities to customers, shareholders, business partners, employees, and other stakeholders.

Basic Policy on Corporate Governance

Nippon Ham Group's basic policy on corporate governance is to clarify responsibility and authority with regard to the management oversight function of directors and the business execution function of executive officers.

Basic Framework

• Management mechanisms

Considering the important role of directors, who bear responsibility for management oversight, as well as decision-making speed and appropriateness, and the responsibilities of the Board of Directors, the number of directors has been set at a maximum of 12. Headquarter departments and committees have also been reinforced to support the Board of Directors. To maintain the board's transparency, the appointment of at least 2 external directors has been set as a basic policy. The term of office for directors is one year, which is designed to clarify management accountability on a fiscal-year basis.

• Major activities of external directors

External directors attend regular and special meetings of the Board of Directors and offer advice and opinions from an objective standpoint. During the one-year period from April 1, 2007 to March 31, 2008, the Board of Directors convened 17 times. External director Sachiko Hayakawa attended all 17 of these meetings, making statements as appropriate related primarily to compliance and quality enhancement from the standpoint of consumers. External director Akira Fujii attended 12 of the 17 board meetings, giving opinions necessary for the deliberations. His opinions were based on a broad perspective incorporating trends in the food industry both in Japan and overseas.

• Auditing function

We are building a management oversight framework comprising corporate auditors and the Board of Corporate Auditors. The number of corporate auditors has been set at 5 to provide adequate audit capabilities for the Board of Directors. As a basic policy, at least 3 of the corporate auditors are appointed from outside the Group.

In principle, the Board of Directors and the Board of Corporate Auditors should collectively contain at least two appointees, excluding the executive officer that oversees accounting—one with experience and knowledge in finance, and one who has specialist knowledge of the law as an attorney or other legal professional.

• Principal activities of outside auditors

Outside auditor Kaoru Izumi attended 16 of 17 meetings of the Board of Directors convened during the one-year period from April 1, 2007 to March 31, 2008, and attended all 15 meetings of the Board of Corporate Auditors convened during the same period. At these meetings, Mr. Izumi mainly rendered expert opinions as an attorney at law, on matters including the promotion of compliance management through auditing. Outside auditor Masahiro Seki also attended 16 of 17 meetings of the Board of Directors convened during the one-year period from April 1, 2007 to March 31, 2008, and attended all 15 meetings of the Board of Corporate Auditors held during the same period. At these meetings, Mr. Seki primarily rendered expert opinions as a Certified Public Accountant.

Outside director Tokito Sasaki attended all 12 meetings of the Board of Directors and all 10 meetings of the Board of Corporate Auditors convened following his appointment, covering the period from June 27, 2007 to March 31, 2008. At these meetings, Mr. Sasaki rendered expert opinions.

Internal Control Functions

Nippon Ham Group is not only strengthening corporate governance through this management framework. Recognizing the importance of actively conducting corporate governance activities in the workplace, we are also bolstering internal control functions at business locations and group companies.

• Compliance

Nippon Ham Group has established basic principles of compliance that are expressed in the group's action standards. As well as requiring adherence to laws and regulations, these principles call for the realization of fair and appropriate management, and cooperation with society at large, on the basis of the moral outlook and sense of values required of the Group both as a corporate entity and a member of society.

The Compliance Committee, which meets regularly, reports and makes proposals to the Board of Directors concerning the familiarity of employees with compliance policies, specific compliance topics and other matters. Furthermore, the Compliance Department coordinates compliance initiatives for Nippon Ham Group in an across-the-board manner.

• Risk Management

The Risk Management Team was established in the General Affairs Department to comprehensively manage the risks facing the entire group. Through close ties with the Compliance Department and other relevant departments, this team, in line with risk management guidelines, has systems in place for conveying information quickly and accurately, and mounting a rapid response, in the event that any anticipated risks should materialize. The Risk Management Committee is responsible for discussing and deciding on issues and countermeasures pertaining to risk management promotion throughout the group.

To ensure the appropriateness of management decisions, the Corporate Governance Committee, the Investment and Finance Committee, and the Management Strategy Committee investigate and discuss all relevant matters.

Audit Department Functions

The Audit Department has constructed a mechanism for conducting effective audits and promotes its operation throughout the Group as a whole, in cooperation with the departments in charge of monitoring activities and the auditing departments of affiliated companies.

The Audit Department also promotes operational audits from the perspective of Company-wide internal controls.

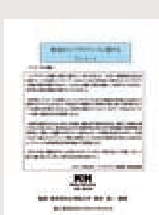
• Construction of internal control system through third-party evaluation of JSOX

Nippon Ham Group has constructed an internal system for the comprehensive management of controls within the Group as a whole, and working to ensure the reliability of internal controls related to the Japanese version of the Sarbanes-Oxley Act (JSOX). The Group established a JSOX Evaluation Committee on April 1, 2008, with members appointed to clarify roles and responsibilities. The Group has appointed approximately 240 personnel to carry out policies related to JSOX.

COMPLIANCE SYSTEM

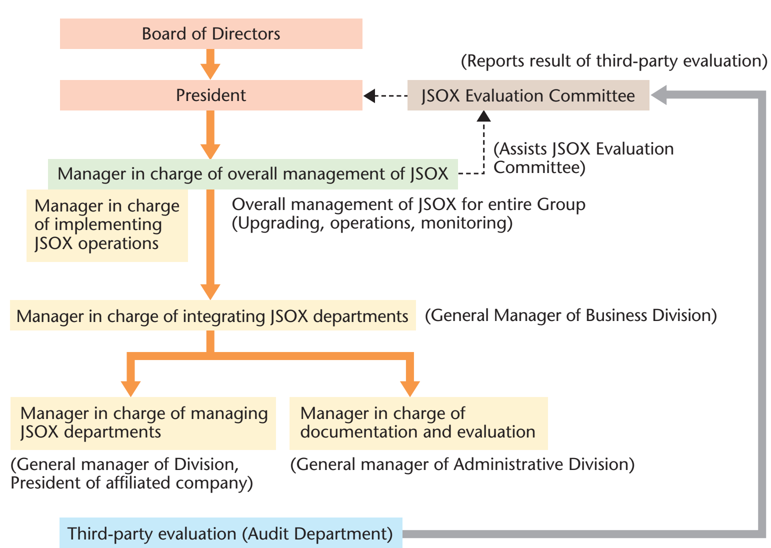
(1) Establishment of policies for compliance management
- Nippon Ham Group's action standards
- Group action standards handbook
- Manuals of Group company action standards

(2) Execution of publicity campaigns
- Compliance training
- Compliance meetings
- Office study groups



(3) Monitoring
- Compliance questionnaire Surveys
- Consultation system
- Centralized management of critical information in accordance with the Company's rules for information management

JSOX MANAGEMENT SYSTEM (Schematic diagram)



BOARD OF DIRECTORS, CORPORATE AUDITORS AND EXECUTIVE OFFICERS (As of June 26, 2008)

YOSHIKIYO FUJII
Chairman and
Representative Director

HIROSHI KOBAYASHI
President and
Representative Director

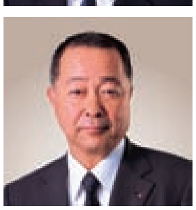
SUMIO SOMURA
Director, Vice President and
Executive Officer

HIROJI OKOSO
Director and Senior
Managing Executive Officer

NOBORU TAKEZOE
Director and
Managing Executive Officer

BIN UEDA
Director and
Managing Executive Officer

KOJI UCHIDA
Director and
Managing Executive Officer



TAKAHARU CHUJO
Director and
Managing Executive Officer

KATSUTOSHI NISHIO
Director and
Senior Executive Officer

MASAYUKI MATSUBA
Director and Executive Officer

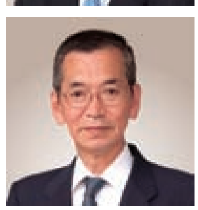
TOSHIKO KATAYAMA
Outside Director

KAZUYASU MISU
Outside Director

TOSHIO INUI
Corporate Auditor

SOICHI FURUKAWA
Corporate Auditor

KAORU IZUMI
Outside Corporate Auditor



TOKITO SASAKI
Outside Corporate Auditor

TAKESHI KOYAMA
Outside Corporate Auditor

Corporate Officers
and Executives

YOSHIO TADA
Senior Executive Officer

KAZUHIRO TSUJIMOTO
Senior Executive Officer

KAZUHIKO MORISHITA
Senior Executive Officer

TAKAYUKI MIWA
Senior Executive Officer

TOSHIMICHI MIYACHI
Senior Executive Officer

KUNIHIKO FUKUHARA
Executive Officer

KATSUMI INOUE
Executive Officer

KENICHI TAMAGAKI
Executive Officer

HIDEYUKI KOIDE
Executive Officer

KIYOSHI SHIGYO
Executive Officer

TAKAHITO OKOSO
Executive Officer

TORU KUROKAWA
Executive Officer

SHUNICHI OGATA
Executive Officer

MASAKI MASUI
Executive Officer

KAZUSHI OHTA
Executive Officer

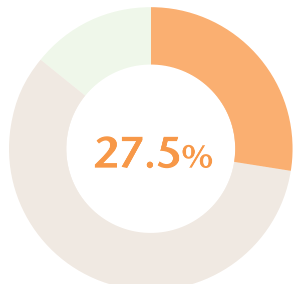
TERUO YAMADA
Executive Officer

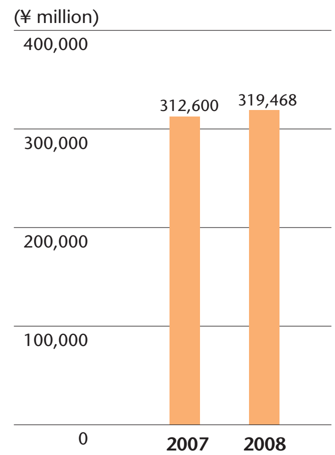
NIPPON HAM GROUP AT A GLANCE

SHARE OF SALES

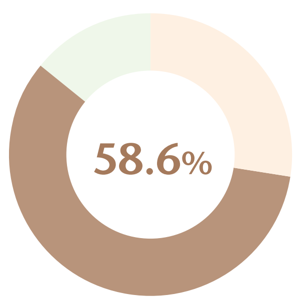
NET SALES

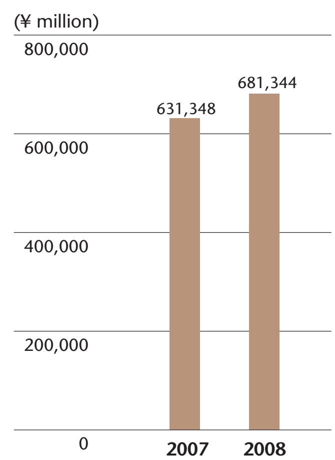
PROCESSED FOODS BUSINESS DIVISION



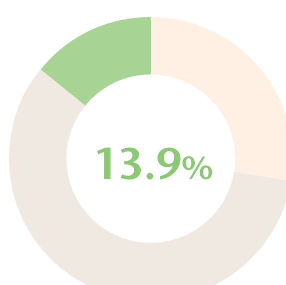


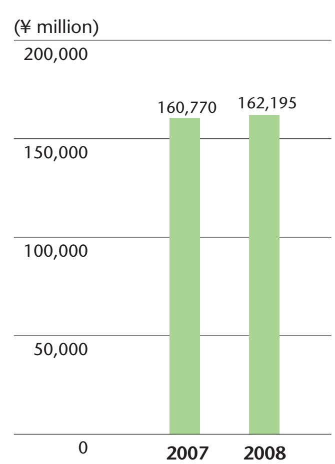
FRESH MEATS BUSINESS DIVISION





AFFILIATED BUSINESS DIVISION



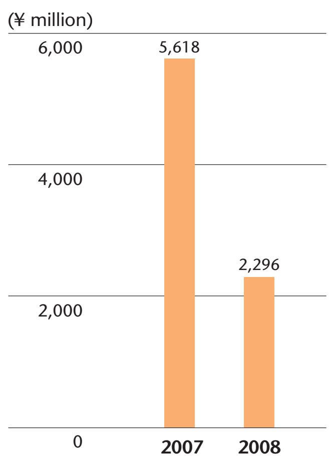


Note: Sales and operating income figures are prior to the elimination of inter-segment internal sales.

OPERATING INCOME

BUSINESS SUMMARY

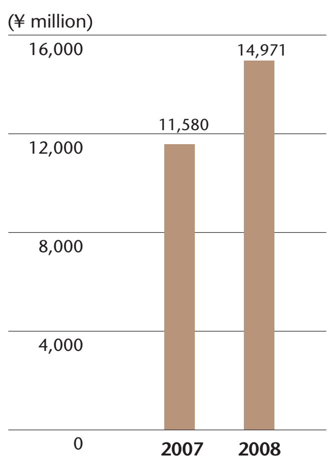
MAIN GROUP COMPANIES



The Processed Foods Business Division is composed of the hams and sausages business, and the deli & processed foods* business and covers a fully integrated range of business activities, from product development through to production and sales. The division develops products with strong brand power such as *SCHAU ESSEN*, the *Mori-no-Kaori* series, *Winny, Fresh Ham* and other products in the hams and sausages business, and *Chuka Meisai, Ishigama Kobo* and other processed foods in the deli & processed foods business. In addition, the division is working to create new markets by developing products that use Nippon Ham Group's planning, product development and technological capabilities to the fullest.

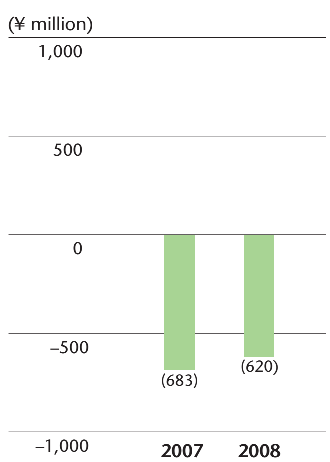
* Deli & processed foods refers to delicatessen products and cooked foods.

- Tohoku-Nippon Ham Co., Ltd.
- Minami-Nippon Ham Co., Ltd.
- Hakodate Carl Raymon Co., Ltd.
- Kamakura Ham Tomioka Co., Ltd.
- Nagasaki-Nippon Ham Co., Ltd.
- Nippon Ham Shokuhin Co., Ltd.
- Nippon Ham Sozai Co., Ltd.
- Nippon Ham Deli New's, Inc.
- Thai Nippon Foods Co., Ltd.
- Nippon Ham Hokkaido Hanbai Co., Ltd.
- Nippon Ham Higashi Hanbai Co., Ltd.
- Nippon Ham Nishi Hanbai Co., Ltd.



The Fresh Meats Business Division's greatest strengths is its supply and sales system underpinned by Nippon Ham Group's integrated production system that is involved from production to sales. The division is developing its products with a focus on brand meat products. As regards our supply system, Nippon Ham Group owns farms both in Japan and overseas, and is building a global procurement network and a distribution network. Furthermore, we are also building a network for our domestic sales system which can speedily supply products from our marketing bases located throughout Japan, spearheaded by our distribution centers in Tokyo and Osaka.

- Nippon White Farm Co., Ltd.
- Interfarm Co., Ltd.
- Nippon Food Packer Group
- Japan Food Corporation
- Nippon Food Group
  - Higashi Nippon Food, Inc.
  - Kanto Nippon Food, Inc.
  - Naka Nippon Food, Inc.
  - Nishi Nippon Food, Inc.
- Texas Farm, LLC.
- Oakey Holdings Pty. Ltd.
- Oakey Abattoir Pty. Ltd.
- Nippon Meat Packers Australia Pty. Ltd.
- Day-Lee Foods, Inc.



The Affiliated Business Division is composed of the marine products and dairy products businesses. Consolidated subsidiaries in the division have a high degree of specialization. Companies such as Marine Foods Corporation, an industry leader in commercial-use sushi ingredients, HOKO Co., Ltd., which has a strong reputation for commercial-use cheeses, and Nippon Luna Inc., famous for its *Vanilla Yogurt*, ensure that in this changing market environment we can continue to satisfy the most detailed customers' needs.

- Marine Foods Corporation
- Nippon Luna Inc.
- HOKO Co., Ltd.
- Nippon Dry Foods Co., Ltd.

PROCESSED FOODS BUSINESS DIVISION

The division will work to increase sales and improve efficiency to differentiate itself in terms of high quality and strong sales capabilities and to transform itself into a business unit with a robust earnings structure.

KOJI UCHIDA
Director and Managing Executive Officer
General Manager of Processed Foods Business Division

In a severe operating environment, I am committed to continue creating good products and to discovering new value which can be transformed into new products for our customers. Further, based on the core of robust and strong sales capabilities inherent in our current Processed Foods Business Division, all our sales personnel are committed to boldly transforming themselves in tune with the changes in the business environment to build an organization that enables them to carry out sales activities suited to the new times of today. To accomplish this, we will strengthen our front-line capabilities by pushing ahead with improving our business infrastructure, including the SCM (Supply Chain Management) and IT systems we have been developing since last fiscal year, and by building a business foundation which enables all employees to make the most of their abilities.

Issues and initiatives for the year ending March 31, 2009

ISSUE 1: Drive the expansion of powerful brands.

INITIATIVE 1: The division will expand sales by implementing strategies focused on products with brand power. In hams and sausages, the division will raise customer satisfaction and thereby increase sales by further improving the quality of core brand product *SCHAU ESSEN*. The division will aggressively develop consumer campaigns and store events based on ecological themes for the *Mori-no-Kaori* series, and will develop promotion campaigns for *Winny* that specialize in proposing breakfast menus linked to the *Mezamashi Gohan* campaign, a campaign to promote the consumption of rice-based breakfasts conducted by the Ministry of Agriculture, Forestry and Fisheries. In Deli & Processed Foods, we will aggressively develop our total marketing approach that covers all stages from product development to sales promotion, focusing on *Chuka Meisai* (Chinese cuisine) and *Tenshinkaku* (Chinese snacks). In particular, the division will work for further growth in growing product fields such as the *Ishigama Kobo* (pizza and bakery) series, which holds a market share of over 50% for chilled pizzas, and single-serve products.

ISSUE 2: Promote high-value added products that are unique in the market.

INITIATIVE 2: In hams and sausages, the division will differentiate itself from other companies by fully leveraging Nippon Ham Group's own integrated production system and creating products that only use Nippon Ham Group's own raw materials. Furthermore, we will strengthen high-value added gift sets such as *Utsukushi-no-Kuni* and *Roast Beef*, and conduct sales promotions of high-quality products like *Hokkaido Premium*. By these means, we are committed to raising the percentage of high-value added products in hams and sausages products from the current 5% to 7%.

ISSUE 3: Improve sales in commercial channels such as the restaurant industry and convenience store vendors.

INITIATIVE 3: The division will work to secure earnings by shifting the emphasis from price to value-added proposals for products. To accomplish this, this fiscal year we will clarify what is important for our customers and propose various menus and plans within the framework of an organization that supports the customer.

We will also provide sales information to our development operations in a timely manner in order to raise the speed of product development and meet customer demand.

ISSUE 4: Reinforce product development capabilities.

INITIATIVE 4: The division has adopted a brand manager system to enable smooth exchanges of information between the sales force and production workplaces, thereby developing products that respond to consumer needs.

At the same time, we will install state-of-the-art facilities and strategically conduct product development with the aim of aggressively moving into new fields, new channels and new categories. We will also be able to develop businesses with shelf-stable products such as sauces and dressings, and foods with health benefits.

ISSUE 5: Promote strategies to raise efficiency.

INITIATIVE 5: The division is committed to improve cost competitiveness and create an SCM framework suiting each region by undertaking significant reassessments of manufacturing, sales and distribution. In inventories, for example, we took the first steps toward unified control in each region from the year ended March 31, 2007, and we will prepare for full-fledged implementation from April 2009. This should result in substantial cost reductions, and also improved services for customers.

Overview of year ended March 31, 2008

In the year ended March 31, 2008, the division was faced with a severe operating environment due to rising raw materials and crude oil prices caused by changes in demand-supply balances worldwide. In addition to rising prices of major raw materials, especially pork, the division has been negatively impacted by rising prices of secondary materials and rising distribution costs, both due to the high crude oil prices. As a result, costs over the full year have increased by approximately ¥5 billion. As regards countermeasures, internal efforts to increase efficiency and streamline operations within the Group have reached their limit. Accordingly, prices of hams and sausages products and deli & processed foods were raised from September 2007, resulting in a benefit over the full year of approximately ¥2.6 billion. However, the high prices of raw materials continue to significantly impact earnings.

Furthermore, the division worked to improve profit margins. Measures included strengthening area marketing by realigning the sales organization, and expanding sales of both new category products that meet consumer needs through further collaboration between manufacturing and sales units, and of high-value added products that use raw materials produced by the Group's domestic farms.

At the same time, the division worked to strengthen the development and sales of new products, to improve sales volumes of commercial-use products, and to increase sales by enhancing year-end gift sets. In particular, we focused on the development and sales promotion of consumer-use products. As regards commercial-use products, we introduced new menus and products meeting specifications modified by clients, as part of efforts to shore up sales, but the problems still remain of falling sales volumes and unit prices amid intensifying market competition. From the second half of the year, we prioritized certain categories in each sales channel to implement proposal-based marketing activities, leading to a recovery in sales volumes.

As a result of these efforts, net sales of the Processed Foods Business Division amounted to ¥319,468 million, up 2.2% from the previous fiscal year, while operating income was ¥2,296 million, down 59.1% from the previous fiscal year.

SALES AMOUNTS BY CHANNEL

	Consumer-use	Commercial-use	Total
Hams and sausages	77%	23%	100%
Deli & Processed foods	51%	49%	100%

Hams and Sausages Division

Amid the sluggishness in recent years in the hams and sausages market, the division has recently managed to slightly increase sales by promoting sales focusing on *SCHAU ESSEN* and other major brands, and by launching new value-creating products such as the *Links* series.

Among gifts, sales were strong, especially as year-end gifts, of gift sets that included combinations of the premium products *Utsukushi-no-Kuni* and *Roast Beef* that take advantage of our integrated production system. Moreover, products from affiliates that possess brand power, such as *Kamakura Ham Tomioka*, found favor with consumers, resulting in increased sales volumes.

NUMBER OF GIFTS SOLD
FISCAL 2008 RESULTS AND FISCAL 2009 TARGETS
(Thousand gifts, %)

	FY 2008 results	FY 2009 targets	Difference
Summer gift	1,600	1,692	106%
Year-end gift	4,512	4,828	107%
Total	6,112	6,520	107%

YEAR ENDED MARCH 31, 2008
SALES OF MAJOR BRANDS VS. PREVIOUS YEAR

SCHAU ESSEN series	108%
Mori-no-Kaori series	122%
Winny series	97%
Links series	272%
Chuka Meisai series	97%
Ishigama Kobo series	120%
Prefried series	96%
Hamburgers and Meatballs series	96%

MAIN PRODUCTS

SCHAU ESSEN


Utsukushi-no-Kuni

Links

Deli & Processed Foods Division

The major brand products of *Chuka Meisai* (Chinese cuisine) and *Tenshinkaku* (Chinese snacks) sold steadily from early in the fiscal year, reflecting the implementation of vigorous sales promotions including consumer campaigns. Sales languished from the second half of the year, mainly due to the impact of the controversy concerning tainted *gyoza* (Chinese dumplings) from China. However, sales were firm of single-serve products, especially *Soft Bagel* developed by making use of our expertise in pizzas and the *HOT DELI SAND* (sandwiches). These products are building a significant market. Together with the contribution to sales of the *Ishigama Kobo* (pizza and bakery) that included the successful launch of new products, net sales of this division increased slightly.

Chuka Meisai


Tenshinkaku

Ishigama Kobo

Assistant General Manager,
Product Development Dept.,
Deli & Processed Foods Division
HIKARU GOTANDA

Features and Strengths of the Product Development System

Product development in the Deli & Processed Foods Division is based on rigorous product enhancement. At our development bases, chefs, who are experts in food preparation, effectively apply expertise and technology while making repeated improvements to increase the perfection levels of products. One particular feature of the system is that a person responsible for promoting customer satisfaction is positioned within the development organization. In addition to improving existing products, the development team conducts surveys on unmet consumer needs and works to strengthen product concepts, thereby developing products from the perspective of customers.

One key strength of the product development system is that we are continually evolving the framework itself and operational flow, as we consider response to the speed of development to be of the utmost importance. Specifically, we have designed the system to quickly feed customer needs to manufacturing bases by, for example, stationing staff involved with product planning within our plants.

Aspirations for Product Development

Our new products are the tangible results of our product development aspirations. Without both our tenacity and our aspirations for product development, we would not be able to come up with great products. By applying our capabilities in six key areas—development and manufacturing capabilities, alliances, ideas, planning, execution, and reform—and overlapping this with surveys and research, we are confident that we can boost the appeal of our products and thus deliver hits.

New Product *HOT DELI SAND* (sandwiches) Proving to be a Hit

The most recent example of our success in product development is *HOT DELI SAND*. This product originated from an idea gained from overseas marketing. Believing that it could become a hit product, we installed new packaging equipment that was not available in Japan at the time the product was being developed. As a result, *HOT DELI SAND* has been well received by consumers following its launch in January 2008.

HOT DELI SAND
Naan Curry Dog

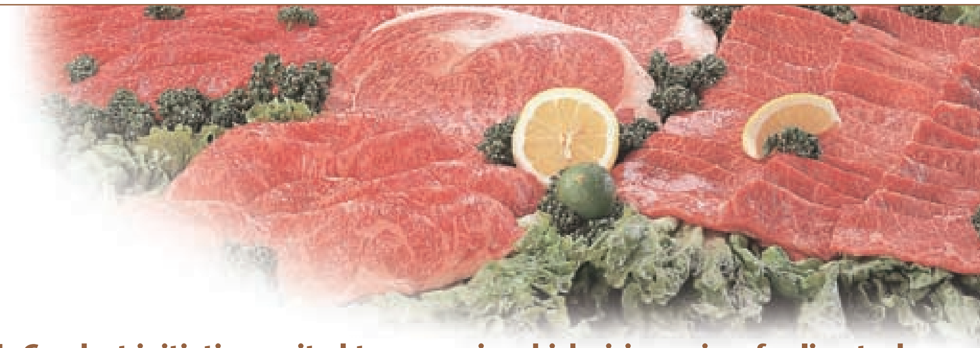
FRESH MEATS BUSINESS DIVISION

As food resources gain in importance, the Fresh Meats Business Division aims to strengthen its supply framework for fresh meats.

TAKAHARU CHUJO
Director and Managing Executive Officer
General Manager of Fresh Meats Business Division

Today, Japan's food self-sufficiency ratio (on a calorie basis) has fallen below 40%, which is extremely low compared with other countries, and an era of difficulty in procuring foodstuffs is impending. I think we must fully acknowledge the urgency of the situation, and formulate and implement business strategies that will strengthen our procurement and sales. All of the over 11,000 Nippon Ham Group employees working in the fresh meats business are united in their efforts to build a corporate climate that contributes to business performance, aiming to achieve the clear target of acquiring a 30% share of the fresh meats market.

Issues and initiatives for the year ending March 31, 2009



ISSUE 1: Conduct initiatives suited to an era in which rising prices for livestock feed and grain are causing a global food crisis.

INITIATIVE 1: As we move into an era of global food crisis, the division will continue to re-evaluate its upstream businesses in Japan and overseas. In Japan, Nippon Ham Group has been conducting its upstream businesses mainly through Nippon White Farm Co., Ltd. (poultry production) and Interfarm Co., Ltd. (pork production), and will further strengthen these businesses in response to growing consumer preference for domestically produced foods. Overseas, we will increase our procurement capabilities by such measures as developing new branded fresh meats products for Japan and strengthening initiatives with local meat packers.

ISSUE 2: Improve profitability of overseas fresh meats operations.

INITIATIVE 2: In our Australian businesses, we introduced drastic reforms from the second half of last fiscal year and are now raising efficiency by concentrating on our core beef business. Specifically, we are continuing to implement cost-cutting measures in production operations, including in the fattening and leather businesses, as well as at processing plants, targeting a 10% cost reduction over the entire year. Moreover, we are examining the possibility of reorganizing plants and withdrawing from the pig farming business with the aim of further raising efficiency. At the same time, we will increase the number of our customers by identifying new markets and expanding operations, especially in North America and Asia, thereby securing earnings.

In the U.S. pig farming business, we raise piglets on our own farms and consign them to finishing farms to improve production efficiency. In the fiscal year ended March 31, 2008, the business struggled as the increased costs due to high livestock feed prices were not reflected in market prices. However, market prices picked up from May 2008 and profitability is in the process of being restored. Looking ahead, we will work to improve earnings in overseas businesses in the current fiscal year.

ISSUE 3: Expand sales of domestic fresh meats.

INITIATIVE 3: In response to consumers' recent growing preference for domestically produced foods, Nippon Ham Group is working to increase sales of domestic fresh meats by further leveraging our integrated production system, one of our strengths. With regard to high-volume sales channels in particular, we will strengthen alliances with volume retailers to differentiate ourselves from the competition. To that end, we are dispatching food advisors nationwide to offer our volume retailer customers proposals for improving sales and creating strong-selling sales areas.

By these actions, we aim to raise our market share in domestic fresh meats from the current 20% to 30% in the medium-to-long term.

Overview of year ended March 31, 2008

In the fiscal year ended March 31, 2008, the division continued to experience severe operating conditions in which the costs of production operations were pushed up by rising prices of livestock feeds. On the other hand, market prices of fresh meats were stable. In particular, both domestically produced and imported poultry commanded high prices.

Against this backdrop, Nippon Ham Group leveraged the advantages derived from having its own integrated production system covering the entire process from raising of livestock on its own farms through to sales. By this means, we strengthened collaboration within the Group to implement a high-value added brand strategy. Production and sales in the domestic fresh meats business were both strong, reflecting consumer preference for domestically produced food products.

On the other hand, our beef production business in Australia and pig farming business in the U.S. both continued to face harsh conditions with earnings impacted by high feed prices and other factors. Nevertheless, the Australian beef production business improved from the fourth fiscal quarter due mainly to the benefits of cost reductions in production operations.

As a result of these factors, net sales of the Fresh Meats Business Division amounted to ¥681,344 million, up 7.9% from the previous fiscal year, and operating income amounted to ¥14,971 million, up 29.3% from the previous fiscal year.

Domestic businesses

The severe environment continued with costs pushed up by rising livestock feed prices and other factors. On the other hand, consumer demand for domestically produced products increased and market prices improved from the second half of the fiscal year. Because of concerns in Japan about food from overseas, transaction volumes of domestically produced products increased and the market focused on quality-related initiatives concerning food safety and reliability. Nippon Ham Group made full use of its integrated production system to meet consumer demand for domestically produced food, and provided a stable supply of these products by strengthening production. As a result, the volumes and value of sales for poultry and pork increased significantly, driving business performance.

Overseas businesses

Australian business

Our Australian business continued to experience a severe operating environment due to high livestock feed prices and the strength of the Australian dollar. However, this business improved from the fourth fiscal quarter reflecting efforts made to reduce costs in line with our *Cost Reduction 10* policy.

Nevertheless, net sales declined, mainly due to reduced sales volumes of beef, and operating income also decreased, reflecting rising prices of livestock feed.

U.S. business

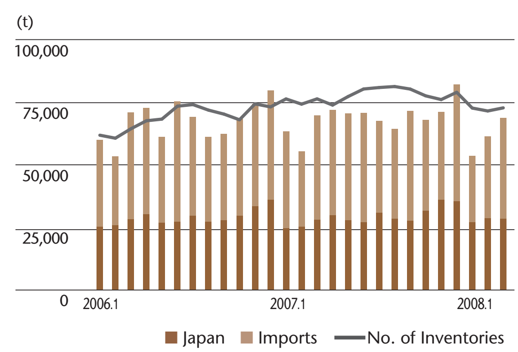
In our U.S. business, net sales rose, mainly due to increased shipments of pigs in tandem with the expanding pig farming business. Nevertheless, earnings struggled due to the rising prices of corn and other livestock feed, and to languishing market prices caused by increased supply volumes of pork in the U.S.

Sales overview by types of meat

[Beef]

There was no significant increase in the volume of beef consumed in Japan. The restriction on importing U.S. beef from cattle aged over 20 months has not yet been eased, and imports of beef from the U.S. failed to increase. Sales were sluggish for beef produced in Australia also, reflecting high market prices and a shift in consumer demand toward domestically produced pork and poultry. Consumption was sluggish even for Japanese *Wagyu* beef, but we worked to expand our contract business with the aim of strengthening our production system.

BEEF SUPPLY AND DEMAND TRENDS



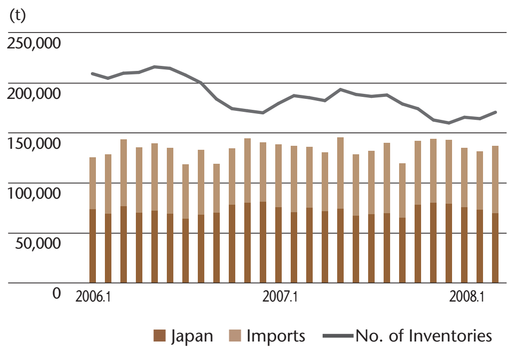
Source: Agriculture & Livestock Industries Corporation

Main beef brands sold by the Nippon Ham Group

[Pork]

The number of farms breeding swine in Japan declined, reflecting a harsh environment due to such factors as rising livestock feed prices and the increasing percentage of farmers who are elderly. Nevertheless, both the volume and value of sales for pork sold by Nippon Ham Group increased, centered on domestically produced pork. In addition to reflecting domestic demand for pork as a substitute for beef, consumers increasingly prefer domestically produced pork from the viewpoint of safety and reliability, and market prices were also firm. Prices of imported pork continued to rise amid increasing demand worldwide.

PORK SUPPLY AND DEMAND TRENDS



Source: Agriculture & Livestock Industries Corporation

[Poultry]

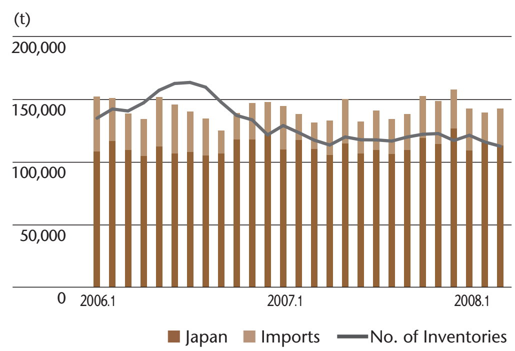
The number of farms in Japan breeding poultry continues to decline. As with pork, this is mainly due to rising livestock feed prices, and rising costs related to materials and distribution, caused by high crude oil prices. Moreover, a deficiency in the supply of poultry was caused by declines in the number and weights of chickens produced as a result of a summer heat wave. Domestic demand, however, rose mainly due to the increasing preference of consumers for domestically produced poultry, and market prices rose from the second half of the fiscal year. As a result, both sales volume and sales value increased substantially.

Nippon White Farm Co., Ltd. strengthened its supply system by launching operations at a new farm in Shiretoko, Hokkaido, thereby increasing the number of chickens shipped.

Sales of imported poultry were strong, due to the success of such measures as launching the *Taiga-dori* brand from Brazil.

Main pork brands sold by the Nippon Ham Group

POULTRY SUPPLY AND DEMAND TRENDS



Source: Agriculture & Livestock Industries Corporation

Main poultry brands sold by the Nippon Ham Group

Role of Food Advisors (FAs)

Sharing the role of being in charge of sales, FAs are responsible for consulting with buyers, conducting taste tests, and devising store displays. They also make sales proposals to business partners. FAs formulate ideas together with business partners, put the resulting plans into action, and then make improvement proposals based on sales and consumer feedback, and this system has clearly produced results. By leveraging the greatest strength of FAs, which is access to front-line input, we aim to restructure the base of our business model from selling meat to proposing foods.

Lifestyle Design Food Advisor,
Hokkaido Business Office, Sapporo Sales Department,
Higashi Nippon Food, Inc.
SAKI KATO

Adding Enjoyment to Life

Because FAs act on their own ideas, when a well-thought-out proposal delivers results, there is a great sense of accomplishment. One example is tasty beef with sauce for grilling, *Gyubara-Ajitsuke-Yakiniku*, which was proposed by the FA responsible for a volume retailer and which resulted in sales that had never been achieved before. This sales hit resulted from the study of various parameters, including volume, flavor, and seasonality, and I think it was because it matched customer needs. As meat products are largely unbranded, this outcome is a solid reflection of our market awareness and product ingenuity.

Additionally, amid increasing concern about food safety, the proposal capabilities of FAs are put to the test in their position between consumers and business partners. Rather than merely proposing meat, FAs work to accurately address market needs by discussing and researching matters related to food, health, the environment, and food education. I hope to continue taking on challenges in my role of "devising even better lifestyle designs to add enjoyment to life."

AFFILIATED BUSINESS DIVISION

The Affiliated Business Division is transforming itself into a division that contributes to the earnings of Nippon Ham Group.

BIN UEDA
Director and Managing Executive Officer
General Manager of Affiliated Business Division

I have been General Manager of the Affiliated Business Division since April 2008. Under the harsh operating environment facing our companies, I realize the pressing need to concentrate business resources in high-margin products and fields. To do this, we are working to develop new regions to produce raw materials, to develop value-added products, and to further enhance sales capabilities overseas as well as in Japan.

Furthermore, we will build a base that enables all division companies to reaffirm their membership in the Nippon Ham Group and undertake business initiatives aimed at achieving targets. To ensure that every employee can proudly hold a clear vision of the way forward, we will strengthen personnel training around clearly set objectives.

Issues and initiatives for the year ending March 31, 2009

ISSUE 1: Management that makes full use of personnel.

INITIATIVE 1: We are pursuing a form of management that places emphasis on touching the hearts of people, or in other words, management practices that not only utilize personnel but also win the admiration of customers and employees.

ISSUE 2: A rigorous pursuit of earnings.

INITIATIVE 2: We will work to achieve our targets by establishing an action cycle where we examine more carefully than ever the profitability of each business conducted by the companies in the Affiliated Business Division and then ascertaining if there is any gap between business plans and results. If there is a gap, we will investigate the reason for it and devise countermeasures. Giving top priority to maximizing operating income, we will focus resources on areas in which earnings can be increased in the medium term.

ISSUE 3: The formulation and implementation of growth strategies.

INITIATIVE 3: We will expand the new business areas of each company. In particular, we will build a base to expand overseas sales.

Marine Foods

Marine Foods is further strengthening its marketing capabilities for sushi ingredients, which have long had a strong marketing foundation, and is also focusing on home-meal replacement operations for volume retailers as well as specialist chains that operate conveyor-belt sushi restaurants, sushi deliveries and take-out sushi. The company also clearly differentiates itself from the competition by capitalizing on its strength of ultra-low temperature products that make use of the company's ultra-low temperature freezers located nationwide at 53 marketing bases.

In an environment in which the prices of raw materials are rising and procurement is difficult, Marine Foods aims to secure advantageous raw materials by preparing a system to strengthen production-area development and procurement capabilities both in Japan and overseas. At the same time, the company will invest in upstream business operations such as marine farming.

Overseas, the company is further strengthening sales of processed seaweed products, in which it has a track record, and strengthening sales of sushi ingredients in Europe and the U.S., against the backdrop of growing demand worldwide.

HOKO

In its cheese business, HOKO is strengthening operations in the commercial area to expand sales focused on the new brand of *Fomaze* (a cheese-like product), which offers outstanding processed-food characteristics for customers and enables them to curb costs, as well as to expand sales of existing products. Overseas, HOKO is leveraging its proprietary processing technology to strengthen its relationships with partner companies and thereby boost sales to Asia, especially in China.

In the marine products business, the company is bolstering sales to Europe and elsewhere by outsourcing the processing of raw materials obtained from overseas production areas to overseas partner companies.

Nippon Luna

Nippon Luna will concentrate on increasing sales of strong products centered on the mainstay product *Vanilla Yogurt* and the *Fat 0%* (yogurt with 0% fat) product series that has been selling well since being launched in autumn 2007. With the *Fat 0%* series, because demand has been outstripping production, the company will increase production capacity by expanding the production line in autumn 2008.

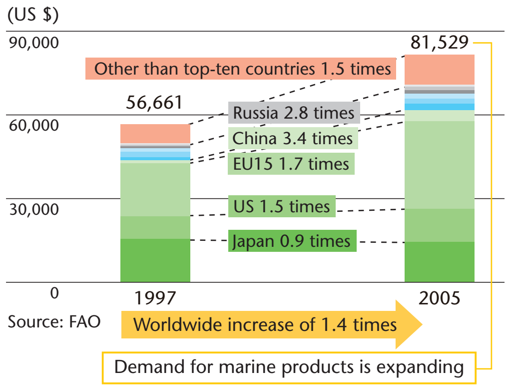
Overview of year ended March 31, 2008

During the fiscal year ended March 31, 2008, business results in both the marine products business and the dairy products business were hit hard by rising costs due to increasing demand worldwide, rising crude oil prices and other factors.

In the marine products business, raw materials were difficult to procure, and this was accompanied by rises in fish prices. The reasons for the materials procurement difficulties were not only rising prices due to increasing demand worldwide for fish to eat, but also changes in fish species available and fish catches as a result of changes in the global environment. At the same time, circumstances continued in which many fishermen had no choice but to suspend fishing due mainly to the soaring costs of ship fuel caused by high crude oil prices, and the business was also dealt a major blow by the introduction in Russia and other countries producing raw materials of stricter protection of marine resources. In this environment, earnings were depressed as the opportunity to pass on the higher fish prices to sales prices was missed.

In these harsh market conditions, the division worked to increase sales by revising prices centered on sushi ingredients and by offering alternative products. The division also expanded sales of tuna by means of organizing teams each specializing in specific fish species, expanding trading in domestically produced fresh fish and cultivating overseas markets.

IMPORT VALUES OF MARINE PRODUCTS FROM VARIOUS COUNTRIES



Source: FAO

In the dairy products business prices also rose, reflecting a sharp increase in demand for dairy products and a tighter supply of raw materials due to global population growth and the economic development of emerging countries. Another factor behind rising raw materials prices was the drop in production volumes due to the impact of the drought in Oceania. Moreover, in terms of raw materials produced in Japan, dairy farmers have been reducing milk production because of a glut in domestic milk supplies up to a few years ago. As a result, the farmers have been unable to respond quickly to the recent surge in demand, and this has exacerbated the tight supply of raw materials.

Against this backdrop, the division worked to develop new products that meet market needs and to cultivate new customers in the commercial market.

As a result, net sales of the Affiliated Business Division amounted to ¥162,195 million, up 0.9% from the previous fiscal year, and the operating loss amounted to ¥620 million, an improvement of ¥63 million from the previous fiscal year.

Marine Foods

In the fiscal year ended March 31, 2008, Marine Foods worked to develop and expand sales of processed seaweed products such as *wakame*, *mekabu* and *mozuku*, and to expand transaction volumes of high-margin processed marine products. In the market for sushi ingredients, the company made efforts to expand sales of products that are simple and convenient to handle, such as ingredients sold in tube-type packages. Marine

MAIN PRODUCTS

Marine Foods


Commercial-use sushi ingredients


A processed food made using seaweed

HOKO

Brand logo mark of cheese


Fomaze, a commercial-use cheese

Nippon Luna

Vanilla Yogurt

Fat 0%

Foods also responded to the growing consumer interest in domestically produced products by leveraging the company's nationwide network to build a system for supplying domestically produced fresh fish. During the year-end shopping season, the period of greatest demand for its products, the company increased sales of highly priced products, especially of crabmeat and other products to be given as gifts.

As an initiative directed toward overseas markets, Marine Foods commenced North American sales of processed seaweed products prepared at its Mie plant. Reflecting the increased demand for sushi ingredients due to an increasing liking for Japanese food, sales improved to various overseas countries, especially South Korea.

Despite the aggressive implementation of these measures, the company's net sales declined, due partly to the impact of price revisions, and also to sluggish sales at volume retailers and other locations.

HOKO

In the cheese business, HOKO has commenced an initiative to sell smoked cheese together with a local company in China. In the commercial market, one of the company's strengths, HOKO developed products for restaurants and strengthened sales, thereby gaining sales of cheese used in mainstay products of major customers. This also brought about the important achievement of raising the plant utilization rate.

In the marine products business, the company worked to export the raw materials of processed marine products and half-finished products to companies in Europe. HOKO also focused on forming alliances with companies in Thailand, Vietnam, Indonesia and elsewhere to carry out primary or secondary processing of raw materials and then export them to Japan.

Nippon Luna

The *Fat 0%* product series of yogurt that Nippon Luna developed and marketed in response to the growing demand for health-related foods has been selling extremely well, especially to convenience stores and volume retailers. The company has steadily revised prices in response to rising prices of raw materials, worked to develop and increase sales of new products, and focused on promoting sales of mainstay products following *Vanilla Yogurt* and on developing processed dairy products for the commercial sector.

Nevertheless, Nippon Luna's net sales declined slightly, due mainly to sluggish sales of yogurt sauces in the commercial sector.

As a result of these factors, net sales in the Affiliated Business Division rose slightly. Although the marine products business struggled, this was outweighed by strong sales in the cheese business.

Manager of Sales Section I,
Rolf Sales Dept.,
Kanto Office,
HOKO Co., Ltd.
KENICHIRO OCHI

New Brand *Fomaze* Proving to be a Hit

Sales of our new cooking ingredient *Fomaze* have been steadily growing since its launch in February 2008. Combining the flavor of natural cheese with the functionality of processed cheese, *Fomaze* is a product that is capable of appealing to consumers on cost while offering quality on par with natural and processed cheeses. The response of our business partners to *Fomaze* is 'we have been wanting such a product.' New commercial-use products normally take time to prepare for the market launch, but *Fomaze* has got off to a good start. Utilization, both in terms of the number of customers and sales volume, is steadily climbing and performance is on track to achieve targeted volume in the first half of the fiscal year.

The product name *Fomaze* is derived from *fromage* and *käse*, the French and German words for cheese.

Applying Time-Honored Cheese-Making Expertise

The international price of cheese, a raw material, is approximately double the level of one year ago and is about 2.5 times the level of three years ago, making sharp increases in prices of cheese products unavoidable. Under these circumstances, it became necessary to develop a new ingredient that embodies all of the functionality desired in commercial-use cheeses.

It was very difficult to establish the special processing technologies to duplicate taste, flavor and functionality, which are altered by changing the blend of raw materials. However, we were able to develop and launch this new product by applying techniques cultivated over 40 years of making cheese.

Expansion of the Cheese Business

We think natural cheese prices are likely to remain high due to the shift in the global supply-demand balance. However, because cheese is an appealing food, we are confident that there is still room for growth. Going forward, we will work to accurately understand the needs of our customers and to develop and sell commercial-use cheese products that meet these needs.

NIPPON HAM GROUP'S *MANAGEMENT FOR NO. 1 QUALITY* —MEASURES TOWARDS CUSTOMER SATISFACTION

Open Food Manufacturing, *OPEN Quality*

Nippon Ham Group's measures towards *OPEN Quality* stem from our belief that we should adopt the customer's perspective by offering safe, high-quality products and make every effort to provide the information that customers need. Under this concept of achieving open food manufacturing, in the fiscal year ending March 31, 2009, which represents Phase III in the Steps to Create *Management for No.1 Quality*, we aim to firmly establish a corporate culture in which *Management for No.1 Quality* functions as a system generating customer satisfaction.

Role of the Customer Communication Department

The Customer Communication Department plays a central role in activities aimed at two-way communication with customers of Nippon Ham Group. The constituent Customer Service Office and the Customer Satisfaction Office field inquiries and compile suggestions from customers, which are reflected in our products and services. The Department also analyzes consumer trends and otherwise works to gain a better understanding of the perspective of customers. Also, in addition to food education activities based on its "Let's Enjoy Eating" slogan, Nippon Ham Group promotes health education through food and sports. Activities here include the sponsorship of baseball and soccer school events, and a local marathon.

1) Customer Service Office

The Customer Service Office utilizes its strong communication capabilities to handle customer inquiries. This information is entered into a data base (SMILE system) for sharing and use within Nippon Ham Group. The Office also provides guidance to the individuals in the Group that are responsible for customer contact and works to further enhance effectiveness in this area.

2) Customer Satisfaction Office

The role of the Customer Satisfaction Office is to improve products and services by accessing customer needs and sow the seeds of new products based on data provided to the Customer Service Office as well as information received from sales promotion activities at retail stores. Specifically, the Company's proprietary monitoring system, *Okusama Juyakukai*, contributes to the production of better products by conducting checks of flavor and package design from a consumer perspective before products are launched.

Ensuring Food Safety and Reliability

To ensure that customers receive products with the highest possible levels of safety and quality, Nippon Ham Group has implemented a strict quality assurance system based on uniform standards in Japan and overseas.

For products that are procured outside the Company, whether from sources in Japan or overseas, the company applies the 'Four Principles of External Procurement' as established in its Quality Assurance Regulations, as follows: 1) verify quality assurance system at suppliers, 2) conduct safety inspections at the time of product development, 3) conduct periodic quality audits to assure quality, and 4) conduct safety checks of raw materials and products. These four principles are followed in particular in China, which is important as a nation from which we import food. To this end, we have upgraded the safety inspection functions at our Weihai Quality Assurance Center.

Nippon Ham Group also carries out management through the acquisition of HACCP, ISO, and SQF certifications as objective external assessments.

Quality Improvement Committees

In April 2006, quality improvement committees were established in each Group company and each business location. These committees are made up of staff responsible for quality assurance and customer satisfaction in manufacturing, development, sales and other functions. In line with our policy of *Management for No.1 Quality*, the role of the quality improvement committees is to establish initiatives to achieve quality that involve every single employee. One example of these initiatives is the establishment and implementation of FT-CCP* standards. The activities of all employees, who ensure safety and reliability on the basis of HACCP, and deliciousness through FT-CCP, bring satisfaction and enjoyment to our customers.

* FT-CCP (Fresh & Tasty Critical Control Point)= a numerical value for fine flavor, which is difficult to express in words. Nippon Ham Group strives to sustain and enhance quality through rigorous management of this measure.

"In *Management for No.1 Quality*, customer satisfaction is the source of profits."

HIROJI OKOSO
Director and Senior Managing Executive Officer
In charge of Quality Assurance Department, Customer Communication Department, and Research & Development Center (RDC)

Management for Customer Satisfaction (CS)

I was appointed to oversee the Quality Assurance Department, Customer Communication Department, and the Research & Development Center (RDC) on April 1, 2008. I believe that customer satisfaction (CS) is essential to the achievement of Nippon Ham Group's *Management for No. 1 Quality*. Companies need reasonable profits for sustainable growth, and this requires the trust of customers (consumers). Put another way, customer satisfaction with our products and services results in fans of Nippon Ham Group, which is in turn tied to profits. In short, customer satisfaction is the foundation of management. Continually striving to manage its business from a CS-oriented perspective, Nippon Ham Group is dedicated to increasing satisfaction in response to customer expectations, and making this the basis for conducting profitable business operations.

Management for No.1 Quality is our Most Important Management Strategy

As a food company, we naturally ensure product safety and reliability. Moreover, we are committed to supplying quality products that surpass customer expectations in terms of appeal and enjoyment. Nippon Ham Group has therefore positioned *Management for No.1 Quality* as a goal. Toward this end, we employ *OPEN Quality* that shows consumers we are pursuing quality and FT-CCP standards to ensure not only fine flavor but to sustain and enhance the reasons for it. We also work to infuse a high level of quality awareness throughout Nippon Ham Group. *Management for No.1 Quality* is an important management strategy for enhancing the corporate value of Nippon Ham Group based on the company's quality.

Building a Brand Image in which Nippon Ham Group is Synonymous with High Quality.

We cannot build a brand image in which Nippon Ham Group is synonymous with high quality if our customer-satisfaction efforts fail to reach the minds of consumers. Through proactive communications from the perspective of customers, including enhancing channels for customers to express their opinions, conducting food education programs and opening our factories for tours, we are building a high-quality brand image by keeping customers informed of our initiatives to provide customer satisfaction.

THE RESEARCH & DEVELOPMENT CENTER (RDC)

Nippon Ham Group's Research & Development Center (RDC) at Tsukuba, Ibaraki Prefecture is involved in three core research areas: food ingredients with advanced health benefits, food-inspection technologies and fundamental technologies concerned with fresh meats. RDC conducts fundamental and applied research and product development that does more than merely address food safety and reliability—its activities produce foods with high-value added.

Research into food ingredients with advanced health benefits

1. Development and commercialization of functional food ingredients derived from livestock and marine products

The livestock and marine products and other resources owned by Nippon Ham Group contain a wealth of functional constituents that help maintain or improve health. RDC develops food ingredients that make full use of these functional constituents, and conducts the research to scientifically verify their effectiveness.

In joint research conducted with Professor Yuji Sato of the Department of Health Sciences, School of Health and Social Services, Saitama Prefectural University, RDC confirmed that the long-term ingestion of elastin, a functional beauty ingredient derived from pigs' blood vessels, makes human skin more supple. These research results were announced at the Japanese Society of Nutrition and Food Science in May 2008.

Our research activities also accumulated scientific evidence for the health benefits of ß-glucan derived from seaweed and extracts derived from pigs' placentas. We established new manufacturing technologies for these products and then marketed them.

Looking ahead, we will develop this business, targeting the market for functional ingredients that aid beauty, prevent lifestyle-related diseases and alleviate fatigue.

2. Research on microbe utilization

After many years of research into allergies, RDC has isolated a strain of vegetable-based lactic-acid bacteria: *Lactobacillus plantarum* HSK201. Derived from sauerkraut (pickled cabbage), the strain is safe, reliable, and unique to Nippon Ham. The isolation of HSK201 was the result of identifying microbes with the ability to alleviate allergies from over 2,000 strains of lactic-acid bacteria. As well as its exceptional capacity to alleviate allergies, HSK201 has been demonstrated to remain alive until reaching the intestines due to its strong resistance to gastric and intestinal fluids.

Developing further product applications for HSK201, *Biggy* was revamped by Nippon Luna and became the first vegetable-based lactic acid probiotic beverage using HSK201. It subsequently found favor for its refreshing tart taste. Going forward, we aim to develop more applications in yogurts, fermented products and healthfood ingredients.

Biggy

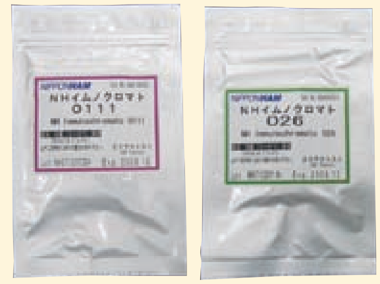
Research into food-inspection technologies

1. Building the food inspection reagent business

The *FASTKIT ELISA ver. II* series has been approved by the Ministry of Health, Labour and Welfare as a means of testing for specific substances in food, and was originally developed to screen for food allergens in Nippon Ham Group's own products. We have been selling *FASTKIT* to other companies since 2002, and the product has won acclaim for the world's best detection accuracy and ease-of-use. While maintaining *FASTKIT*'s superiority in the market, RDC is expanding business by developing reagent products to monitor food safety, such as new allergen screening kits and kits to detect pathogenic microorganisms.

In addition, Nippon Ham Group has developed cutting-edge analytical equipment and analysis techniques based on genetic engineering to analyze undesirable substances in foods. Such substances include agrichemicals, drugs used to treat livestock and other residues, as well as pathogens causing foodborne diseases and other potentially harmful organisms. Both the equipment and analysis techniques will be put to practical use within the Group and developed for the food inspection business.

In line with the overall concept of offering products that are reliable as well as delicious, the Processed Foods Business Division manufactures the *Minna-no-shokutaku* series at a plant dedicated to the manufacture of allergen-free foods, where the five ingredients specified as common allergens by the Japanese government are not allowed on the premises. The technique of the *FASTKIT immunochromtato* developed by RDC is used to confirm that none of the specified ingredients have been introduced into the products.



RDC developed the *NH IMMUNOCHROMATO O26* and *NH IMMUNOCHROMATO O111* kits and commenced sales in March 2008. These kits are designed for easy detection of the O26 and O111 strains of E. coli, a microorganism that causes food poisoning. Nippon Ham was the first company in the world to develop an immuno-chromatographic kit that can easily and quickly detect the O26 and O111 E. coli bacterial strains. Our *NH IMMUNOCHROMATO* product series (for O157 E. coli bacteria, listeria and salmonella) has won high acclaim from many food manufacturers and public organizations such as fresh meat safety inspection offices and public health centers.

Information released by the Research & Development Center (RDC)

The Food Allergy Website

Nippon Ham Group runs "The Food Allergy Website," designed to help people with food allergies and their family members prepare and eat tasty foods that won't activate their allergies. On the website, visitors can find out about our ongoing research activities relating to food allergies and our own proposals for meals.

http://www.food-allergy.jp/
(Japanese only)

Research into fundamental technologies concerned with fresh meats

1. Basic technology developments regarding production and taste of fresh meats

RDC conducts technology development centered on productivity improvement and inspections related to maintaining good hygiene in order to produce healthier, safer pork.

RDC also conducts research to scientifically assess the flavor of our fresh meats. These activities contribute to differentiate our products from those of competitors, and are useful in cultivating Nippon Ham Group's own unique brand.

Furthermore, as an initiative in the recycling-oriented agricultural business, RDC conducts research into technology to recycle food waste as animal feed.

2. Project to develop branded pork by government-academia-industry-finance alliances

Nippon Ham Group is taking part in a project to develop a Hokkaido brand of pork that involves an alliance between organizations in the government, academia, industry and finance fields. We are collaborating with Hokkaido University, North Pacific Bank and the Northern Advancement Center for Science & Technology in this project that contributes to Hokkaido as a region through food. As a first step, we are developing a brand of pork originating from Hokkaido with an emphasis on the pigs' feed and rearing.

This project involves the recycling of cheese whey, a by-product produced during the manufacture of cheese from fresh milk, as fermented liquid livestock feed, which is given to the pigs. Their health and meat quality are then scientifically analyzed with the aim of providing consumers with pork that is safe, reliable and delicious.

ENVIRONMENTAL PROTECTION ACTIVITIES —TO LEAVE A BEAUTIFUL PLANET TO THE NEXT GENERATION

Nippon Ham Group believes that its mission as an organization that prizes the blessing of nature is to protect the environment in the process of conducting its various business activities. Each and every employee of Nippon Ham Group takes part in this effort based on our Environmental Charter, which lays out our fundamental policies concerning the environment.

Environmental Philosophy

The Nippon Ham Group appreciates the blessings of nature and we consider it our responsibility to leave a beautiful planet to the next generation. We will take pains to preserve the environment in every aspect of our corporate activities.

Guidelines for Conduct

Each one of us will study and deepen our understanding of environmental problems and practice "global harmony" in every aspect of our business processes.

1. We will take pains to develop products and services that are attentive to the issues of safety and environmental conservation.
2. We will strive to conserve energy and resources and to reduce the burdens affecting the environment.
3. We will make efforts to organize and promote projects, enhance our consciousness and strengthen environmental control systems.
4. We will work to set up our own criteria for enhancing the level of environmental preservation to fulfill both the letter and the spirit of the related laws.
5. We will take pains to cooperate in establishing harmonious relationships with our local communities through our corporate activities in order to protect the environment.

1) Progress of *Eco Action Plan Part II* (Fiscal 2006 to Fiscal 2008)

The *Eco Action Plan Part II* sets six environmental targets in areas such as reducing water usage volume and reducing CO_2 emissions from levels in the year ended March 31, 2007. In the fiscal year ended March 31, 2009, we are continuing with improvement activities aimed at achieving the plan's final-year targets.

2) ISO 14001 Certification

Nippon Ham Group is working to obtain ISO 14001 certification—the internationally recognized standard for environmental management systems—at all of its major operating bases. As of March 31, 2008, 26 Nippon Ham Group bases had already received certification.

3) First Food Product to Receive Eco-Leaf Environmental Label

Whyalla Feedlot Eco-beef is the first food product to receive the Eco-Leaf label, an environmental mark promoted by the Japan Environmental Management Association for Industry (JEMAI). We calculate and publicly disclose the quantitative impact on the environment from the production process, from cattle breeding and raising to fattening and transport. This is made possible by our unique integrated production system.

The Whyalla Feedlot Eco-beef label

The Eco-Leaf environmental label

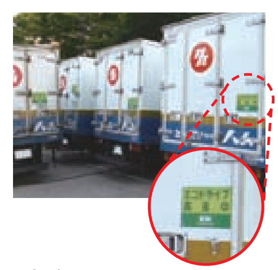
4) Efforts to reduce CO_2 emissions

Shift to boiler fuel with lower CO_2 emissions

Nippon Ham Sozai Co., Ltd., had used heavy oil as fuel to heat water for cleaning and to make steam for heating during the manufacturing process at its Niigata plant. However, in fiscal 2006, Nippon Ham Sozai switched to LNG as a boiler fuel. LNG emits less CO_2 than heavy oil and it cuts the emission of suspended particulate matter and sulfur oxide associated with heavy oil.

Launch of *Eco Drive* Contest

On April 1, 2008, Nippon Ham Group launched an *Eco Drive* contest aimed at cutting CO_2 emissions. This contest targets a 10% reduction in fuel costs for all Nippon Ham Group vehicles. Fuel costs for each vehicle have been identified and drivers have been divided into approximately 350 teams, with each driver striving for *Eco-Drive* vehicle operation on top of safety.



Vehicle sign stating "*Eco Drive* vehicle operation"

5) Container and Packaging Activities

We participated in Waste Reduction Trial 2008, Gomi Herasou Jikken 2008, hosted by Gomi-jp, a designated non-profit organization. This program involves activities to simplify containers and packaging and thus reduce waste. Three products were named recommended products by Gomi-jp: *Winny Mini 208g*, the *Chuka Meisai* (Chinese cuisine) series, and *SCHAU ESSEN*, for which we changed the package presentation especially for this trial and reduced the packaging volume.

SCHAU ESSEN, after the package presentation was changed

6) Aiming for a Recycling-Oriented Society

At the breeding and product manufacturing stages, various types of waste are generated, including excretory substances, waste plastic, and waste paper. In addition to recycling these wastes into raw materials for use in fertilizer and other applications, some are disposed of through incineration and other means. In the year ended March 31, 2007, Nippon Ham's Ono Plant and 22 other business locations achieved recycling rates of 99% or higher.

Support for Sports and Athletics

Nippon Ham Group promotes sports to create opportunities for personal interaction and to help build communities with which residents have strong emotional ties.

In baseball, Nippon Ham owns the Hokkaido-Nippon Ham Fighters, which are based in Hokkaido. In soccer, the Company participates in the management of Cerezo Osaka. More than offering technical instruction through baseball school events and soccer school events, our involvement in these sports is aimed at installing a passion for working toward a goal and the importance of interaction among people.

Furthermore, we were special sponsors of the UNICEF Cup 2008 Citizens' Marathon, which entered its 20^{th} year, and the Kawatana aquathlon organized by the Kawatana Tourist Association in Nagasaki Prefecture. In both cases we are helping youth grow up healthily in our roles as members of the local communities and society as a whole.

Support for the Environment: Forest Preservation

To repay the benefits we all receive from forests, Nippon Ham Group carries out forest preservation activities to preserve and protect forests based on the "*Corporate Forest*" program of the Forestry Agency.

Nippon Ham employees and local volunteers carry out these activities together in forests in three locations: Mount Onari in Hyogo Prefecture, Mount Tsukuba in Ibaraki Prefecture, and Seto Jokoji in Aichi Prefecture. The Nippon Ham Chubu Area Marketing Group cosponsors a "Green Festival" held by the Chubu Regional Forest Office. Held at Seto Jokoji, the theme of the event is to reduce CO_2 emissions by creating lush forests and to provide an opportunity to have fun while experiencing the surrounding nature close up.

Nippon Ham Group also provides space for learning about the importance of forests through programs involving tree planting and the clearing of underbrush that chokes forest growth.

Food Education Support

Under its "Let's Enjoy Eating" slogan, Nippon Ham Group promote food education by offering "food experience" and "food knowledge" to help instill a more abundant culinary lifestyle among more people, from children to senior citizens. Experiencing food through the five senses is essential to building good dietary habits and fostering awareness about the importance of food. Nippon Ham Group will continue to offer food education activities to help deliver richer and more varied culinary lifestyles to more and more people.

Food Experience

Kids Kitchen Cooking Seminar

Under the guidance of Hiroko Sakamoto, of Sakamoto Kitchen Studio, Nippon Ham Group hosts "Kids Kitchen" cooking seminars for children as young as early elementary school age. We also visit schools to teach middle school and elementary school students and conduct wiener sausage making classes under the tutelage of experienced employees in our plants.

In addition to building self-confidence through an experience that enables participants to proudly exclaim "I did it myself!", these classes help eliminate picky eating habits and firmly instill the idea that food is the basis of life.

Food Experience

Weiner Making Seminar

Parents and children take on the challenge of making wiener sausages in "education and experience programs for parents and children" held in our visitors center called *Shimodate Kobo*. We invite members of children's associations and PTAs to attend these programs, where program leaders explain the hygiene management systems of food plants and provide opportunity for parents and children to make wieners.

Food Knowledge

Hamrins Visit Kindergartens and Daycare Centers

Our Hamrins characters visit kindergartens and daycare centers, putting on picture-story shows and sketches to educate young children about the importance of food in easy-to-understand terms.

THE VALUE OF THE HOKKAIDO NIPPON HAM FIGHTERS

Nippon Ham Group acquired a professional baseball team in 1973, and the next year in 1974, Japan's Pacific League witnessed the birth of the Nippon Ham Fighters, based in Tokyo. In 2004, following the team's relocation to Hokkaido, a region with a rich natural environment, the team was renamed "Hokkaido Nippon Ham Fighters." The team clinched victory in the Pacific League and the Japan Series in 2006. The team won its second consecutive Pacific League pennant in 2007, achieved double-digit growth in attendance and is eying a world of new possibilities.

Raising the Nippon Ham Group Brand Value

The attitude of fighting as a team for victory has brought the Hokkaido Nippon Ham Fighters two consecutive Pacific League pennants, which we view as the ultimate emblem of our slogan of "Fans Service First" (providing customer satisfaction). The Fighters Eco Project is a program undertaken as a professional baseball team that enjoys a close relationship with its home region of Hokkaido, which is blessed with a rich natural environment. The project involves ongoing environmental preservation activities from a long-term perspective and is a manifestation of the organization's strong sense of responsibility as a member of the regional community. These activities contribute to improving the value of the Nippon Ham brand, which in turn increases the corporate value of Nippon Ham Group.

The Hokkaido Nippon Ham Fighters clinched victory in the Pacific League pennant in 2007

Imparting the "Joy of Eating"

The Fighters' youth baseball school events include not only technical instruction about baseball but also food education activities conducted by Fighters' nationally registered dieticians. In addition to creating synergies between food, which nourishes the body, and sports, which strengthen the body, these school events promote healthy minds and bodies by informing participants about the importance of a good diet and imparting Nippon Ham Group's slogan of the "Joy of Eating."

Baseball Academy Group

Providing New Value

The Hokkaido Nippon Ham Fighters hold stadium events that have themes related to regional society. These events have boosted the team's drawing power, evidenced by double-digit growth in attendance. The number of fan club members is also increasing. Aiming to be a baseball team that is vital to Hokkaido, the Fighters conduct fan service activities that have resulted in the winning of the "300 Best Service Practices" award from the Ministry of Economy, Trade and Industry in recognition of their forward-thinking initiatives concerning productivity improvements and innovation, thereby opening up new business possibilities.

To deliver new value to Nippon Ham Group going forward, the Hokkaido Nippon Ham Fighters will strive for economic enhancement by gaining even stronger support from their home region based on putting the "Fans Service First."

Financial Section

CONTENTS

FIVE-YEAR SUMMARY

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31

	Millions of Yen				
	2008	2007	2006	2005	2004
Net Sales	**¥1,032,291**	¥977,296	¥963,664	¥934,678	¥926,019
Cost of Goods Sold	**843,007**	789,809	789,411	736,119	734,016
Selling, General and Administrative Expenses	**171,793**	171,065	187,732	171,318	168,378
Income from Consolidated Operations before Income Taxes	**4,923**	13,668	2,335	22,382	19,576
Net Income	**1,555**	11,386	952	11,839	10,641
Capital Expenditures	**18,627**	19,441	20,996	27,193	19,626
Depreciation and Amortization	**23,939**	22,975	23,731	22,954	24,336
Total Assets	**608,809**	612,933	591,426	611,250	610,663
Total Shareholders' Equity	**287,457**	298,428	291,580	268,621	262,096
Total Shareholders' Equity to Total Assets	**47.2%**	48.7%	49.3%	43.9%	42.9%
Interest-Bearing Debt	**183,539**	171,211	169,701	167,019	179,797
Net Cash Provided by (Used in) Operating Activities	**29,109**	33,364	(21,207)	34,880	35,040
Free Cash Flow	**2,316**	13,624	(37,868)	11,350	27,956
Cash and Cash Equivalents at End of the Year	**44,249**	34,482	27,180	66,793	73,588

	Yen				
Per Share Amounts:					
Basic earnings per share:					
Income before extraordinary item and cumulative effect of accounting change	**¥6.81**	¥49.89	¥0.01	¥51.86	¥46.61
Extraordinary gain on negative goodwill			2.43		
Cumulative effect of accounting change			1.73		
Net income	**¥6.81**	¥49.89	¥4.17	¥51.86	¥46.61
Diluted earnings per share:					
Income before extraordinary item and cumulative effect of accounting change	**¥6.80**	¥49.83	¥0.01	¥51.85	¥46.32
Extraordinary gain on negative goodwill			2.43		
Cumulative effect of accounting change			1.73		
Net income	**¥6.80**	¥49.83	¥4.17	¥51.85	¥46.32
Total Shareholders' Equity	**¥1,259.74**	¥1,307.77	¥1,277.41	¥1,176.72	¥1,147.95
Cash Dividends	**¥ 16.00**	¥ 16.00	¥ 16.00	¥ 16.00	¥ 16.00

	Percent				
Index					
Return on equity (ROE)	**0.5%**	3.9%	0.3%	4.5%	4.2%
Return on assets (ROA)	**0.8%**	2.3%	0.4%	3.7%	3.2%

Notes 1. The above figures are based on the consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

2. See Note 1 to the consolidated financial statements with respect to the determination of the number of shares in computing the per share amounts.

3. During the year ended March 31, 2006, the Company changed its method of inventory costing from an annual average cost method to a moving average cost method. Management believes this change is preferable and it provides for a more prompt and appropriate determination of the amounts of cost of goods sold and inventory.
The cumulative effect of the change in the costing method as of April 1, 2005 was ¥396 million, net of taxes of ¥275 million and has been presented in the Consolidated Statements of Income as "Cumulative effect of accounting change." The effect of the change during the year ended March 31, 2006 was a decrease in net income before extraordinary item and cumulative effect of accounting change of ¥240 million (¥1.05 per share) and an increase in net income of ¥156 million (¥0.68 per share).

4. In accordance with Statement of Financial Accounting Standards No. 141, the Companies recognized as an extraordinary gain the excess of fair value of additionally acquired net assets over the cost relating to an investment in a subsidiary for the year ended March 31, 2006. The extraordinary gain recognized was ¥555 million and has been presented in the Consolidated Statements of Income as "Extraordinary gain on negative goodwill."

5. ROE = (Net income / Average total shareholders' equity) × 100
ROA = (Income from consolidated operations before income taxes / Average total assets) × 100
Free Cash Flow = Net cash provided by operating activities – Net cash used in investing activities

OVERVIEW OF BUSINESS

During the year ended March 31, 2008, the fiscal year under review, the Japanese economy remained in a phase of moderate growth, driven by strong corporate capital expenditures. However, due to a growing number of risks that have emerged in the second half of the year, including a recession in the U.S. economy arising from the problem of subprime loans, rising crude oil prices and the appreciation of the yen, concerns about the deceleration of the economy have grown.

The food and fresh meats industry continued to find itself in a severe operating environment due to increased prices of raw materials caused by changes in the movement of international demand for foodstuffs and rising prices of feedstuffs, as well as rising fuel costs and material costs arising from higher crude oil prices.

Under these circumstances, Nippon Ham Group has vigorously implemented various management measures, including quality improvement, to produce the "corporate value improvement by ceaseless reform and challenge" set forth as the theme of its *New Medium-Term Management Plan Part II.*

While consumers have become more distrustful of and anxious about foods than ever before, the Group has directed its efforts to quality improvement activities pursuing high quality that provide consumers with a sense of security, satisfaction and positive impressions, with the aim of further promoting "*Management for No. 1 Quality*," one of the business policies under the medium-term management plan. In addition, the Group has conducted thorough safety monitoring, quality auditing and safety examinations of raw meats and materials and promoted the improvement of the quality assurance technologies of its respective business divisions and affiliated companies, together with better communication with consumers. Furthermore, the Group has exerted its sincere efforts to address environmental issues, including CO_2 reductions and recycling of waste products, at its major bases.

Sales

In the Processed Foods Business Division, in both the hams and sausages business and the deli & processed foods business, sales of commercial-use products struggled although sales of consumer products rose year on year. Sales in general increased because the Group revised prices in September 2007 and the benefits of higher unit prices were reflected, although sales volume declined.

In the Fresh Meats Business Division, sales increased thanks to higher prices for poultry in particular, both domestic products and imports, amid generally stable fresh meats prices.

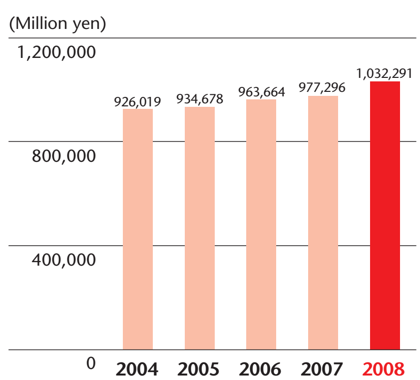
In the Affiliated Business Division, Marine Foods Corporation increased sales partly due to strong sales of sushi ingredients and crabmeat despite the impact of high fish prices and the shunning of Chinese-produced materials, especially eels. HOKO Co., Ltd. achieved comparatively strong sales in the cheese business, but overall sales declined, partly due to the adverse impact on the marine products business of stricter control of resources in some countries that produce the raw materials for marine products. Sales by Nippon Luna Inc. decreased. New products launched since autumn 2007 sold well, but could not absorb the poor sales of new products launched in the first half of the fiscal year.

As a result of these activities, net sales for the fiscal year under review amounted to ¥1,032,291 million, up 5.6% from the previous fiscal year.

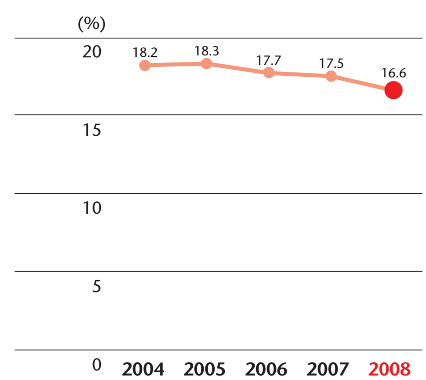
Gross profit, Income from consolidated operations before income taxes and Net income

The cost of goods sold rose 6.7% from the previous fiscal year to ¥843,007 million, and the cost of goods sold ratio increased from 80.8% in the previous fiscal year to 81.7%. Gross profit increased 1.0% to ¥189,284 million in conjunction with the increase in net sales. Selling, general and administrative (SG&A) expenses edged up 0.4% to ¥171,793 million, reflecting increased distribution costs due to the high price of crude oil and other factors. The SG&A expense ratio decreased from 17.5% in the previous fiscal year to 16.6%.

NET SALES

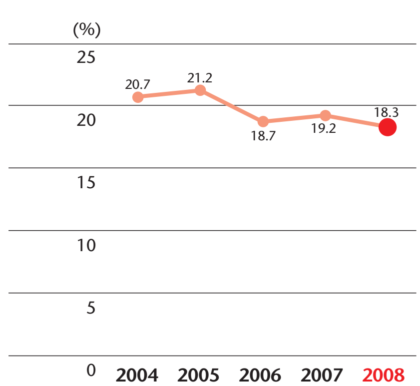


SELLING, GENERAL AND ADMINISTRATIVE EXPENSES RATIO*



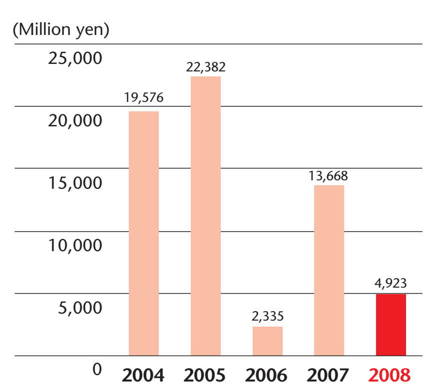
* The figures for fiscal 2006 were calculated without including the settlement losses due to such actions as the transfer of the substitutional portion of the Employees' Pension Fund, and the restructuring of employees' benefit plans and special severance payment.

GROSS PROFIT RATIO*



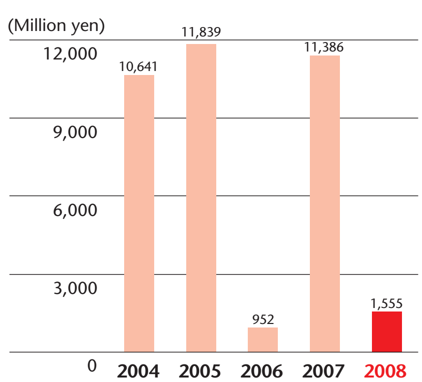
* The figures for fiscal 2006 were calculated without including the settlement losses due to such actions as the transfer of the substitutional portion of the Employees' Pension Fund, and the restructuring of employees' benefit plans and special severance payment.

INCOME FROM CONSOLIDATED OPERATIONS BEFORE INCOME TAXES



Income from consolidated operations before income taxes decreased 64.0% to ¥4,923 million, despite the increase in gross profit, due to special retirement allowances upon transfers of employees to subsidiaries, an impairment loss on long-lived assets and a foreign exchange loss. The effective tax rate based on income from consolidated operations before income taxes increased from 15.0% in the previous fiscal year to 68.2% mainly because of an increase in the valuation allowance for deferred tax assets and the difference in foreign subsidiaries' tax rates. Consequently, net income decreased 86.3% from the previous fiscal year to ¥1,555 million, and net income per share totaled ¥6.81.

NET INCOME



Overview of business results by operating segment

The operating segments of Nippon Ham Group comprise three business groups. The Processed Foods Business Division mainly manufactures and sells hams and sausages and deli & processed foods. The Fresh Meats Business Division mainly produces and sells fresh meats. The Affiliated Business Division mainly produces and sells marine products and dairy products.

■ Processed Foods Business Division

In its hams and sausages business and deli & processed foods business, there was a limit to the Group's internal efforts to enhance efficiencies and promote the streamlining to cope with rising prices of raw materials, and the Group revised prices in September 2007. Under the difficult conditions in which the distribution industry declared price freezing, there was concern about slowing sales. However, with the Hokkaido Nippon Ham Fighters, a Japanese professional baseball team, winning the pennant of the Pacific League in two consecutive years, the Group launched large-scale sales campaigns, as well as vigorous sales promotion activities specifically for its brand products. Consequently, sales of consumer products increased, especially in mass-volume retail channels.

In its hams and sausages business, the Group struggled in marketing routes for commercial use where price competition intensified. However, sales of its main brand product *SCHAU ESSEN* (sausage), for which the Group endeavored to improve quality through division-wide projects, and gift products increased favorably. Consequently, sales in general increased slightly.

In its processed foods business, sales of main brand products *Chuka Meisai* (Chinese cuisine) and *Tenshinkaku* (Chinese snacks) were stagnant during the second half of the fiscal year under review. However, sales of the *Ishigama Kobo* series, a pizza and bakery brand, made up for the slump, partly due to the launch of new products. Consequently, sales in general increased slightly. As a result, net sales and operating income of the processed foods business division amounted to ¥319,468 million, up 2.2% from the previous fiscal year, and ¥2,296 million, down 59.1% from the previous fiscal year, respectively.

■ Fresh Meats Business Division

In the fresh meats business, in Japan, while sales volumes of U.S. beef were flat even after the lift of import embargoes, this division's overall sales increased, centered on sales of poultry and pork as substitutes for beef. Specifically, against the background of consumers' stronger preferences for Japanese products and low prices, as well as keen demand for domestic poultry and pork, the Group endeavored to increase sales and ensure a profit by taking advantage of its integrated production system covering all business operations from the Group's own farms up to the sales companies nationwide. On the other hand, its business in Australia and hog breeding business in the United States continued to remain under severe pressure due to higher prices of feedstuffs.

As a result, net sales and operating income of the Fresh Meats Business Division amounted to ¥681,344 million, up 7.9% from the previous fiscal year, and ¥14,971 million, up 29.3% from the previous fiscal year, respectively.

■ Affiliated Business Division

In the marine products business, raw material prices remained high due to decreased fish catches against the background of a decrease in fishery resources and higher crude oil prices, and higher demand in Europe, Russia and China. In these harsh market conditions, the Group has continued its efforts to revise prices and offer alternative products and consequently, sales of sushi items, among others, increased. The Group also endeavored to expand sales of tuna by organizing teams that specialize in specific fish species, to expand trading in domestic fresh fish and to cultivate overseas markets. On the other hand, the Group has endeavored to reduce inventories and cold storage bases to cut costs.

In the dairy products business, with regard to yogurts and lactic acid probiotic beverages, sales of new products launched in the spring were sluggish and the Group faced an uphill battle in the first half of the fiscal year under review. The *Fat 0%* product series launched in the autumn met consumer needs and, partly due to its contribution, sales grew. With regard to cheese, which struggled as prices of raw materials continued to rise, the Group endeavored to develop new products to meet market needs and cultivate new clients.

As a result, net sales of the Affiliated Business Division amounted to ¥162,195 million, up 0.9% from the previous fiscal year, and the operating loss amounted to ¥620 million, an improvement of ¥63 million from the previous fiscal year.

PROSPECTS FOR THE FISCAL YEAR ENDING MARCH 31, 2009

The business environment is expected to remain difficult in the fiscal year ending March 31, 2009. Based on the policies set forth in its *New Medium-Term Management Plan Part II*, the Group will strongly implement strategies to enhance efficiencies and growth strategies for the purpose of expanding business and increasing profitability.

In the Processed Foods Business Division, as prices of raw materials and fuel costs are expected to rise in the future, the Group will continue structural reforms, including the optimization of its production sites and the disposal of underperforming businesses, to enhance cost competitiveness. The Group will also restructure its original logistics system to enhance production efficiencies and reduce inventory loss and logistics cost by eliminating inefficiency and waste and strengthen its marketing capabilities. In addition, the Group will further promote collaboration of its production and sales divisions to strengthen its area marketing and meet consumer needs in a fine-tuned manner. The Group will carry out value-appealing sales activities by its strategy to make its existing products No. 1 in every category and development of high-value added products, such as new-category products and products utilizing the Group's domestic raw meats, in an effort to expand sales.

In the Fresh Meats Business Division, a sharp rise in feedstuff prices has resulted in higher costs in the production sections and the Group is expected to face a difficult operating environment. Under these conditions, the Group will, by taking advantage of its integrated production system covering production at its own farms to marketing, further enhance cooperation within the Group and implement brand strategies. Considering the background of consumers' stronger preferences for domestic products, the Group will improve its domestic production systems and strengthen its functions of purchase from third parties to increase its share of domestic sales. With regard to its business in Australia, which has been sluggish for some years, the Group will reduce costs in its production division and reform its structure through selection and concentration of business. Simultaneously, the Group will strengthen its marketing capabilities globally to raise profits.

In the Affiliated Business Division, with regard to the marine products business, prices in the marine products market continue to rise. The Group will expand marketing channels and strengthen cooperation with its trading partners in and outside of Japan to cultivate new production centers and new products and differentiate itself from competitors. The Group will also increase exports to third countries from its overseas bases. With regard to the dairy product business, while prices of raw materials are rising, the Group will develop high-value added products from the perspective of CS (consumer satisfaction) and strengthen trading with its major clients to increase sales. The Group will also develop new business fields.

With regard to its efforts in quality enhancement, the Group will, in an integrated manner, carry out activities to maintain and enhance the safety and quality levels and aggressively develop such products and services that may be needed through functional use of its advantages and technology and communication with consumers.

While public concern about the environment is growing, the Group will play an active role to address environmental issues by developing eco-friendly containers and using biodiesel fuel.

Additionally, the Group will promote CSR (corporate social responsibility) unique to Nippon Ham Group, such as community activities through food education and sports.

The environment surrounding the Group remains very difficult and problems have accumulated. However, as the current fiscal year is the final year of the *New Medium-Term Management Plan Part II*, the Group will maximize the outcome of its efforts to date, which will be taken over by the next medium-term management plan. Thus, the Group aims to become a "corporate organization that prevails over the global competition."

With regard to operating results for the next fiscal year, net sales are estimated to amount to ¥1,060 billion, up 2.7% from the previous fiscal year.

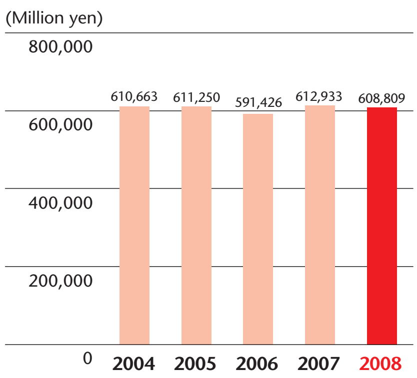
In regard to profits, operating income, income from consolidated operations before income taxes and net income are estimated to amount to ¥20.0 billion, up 14.3% from the previous fiscal year, ¥14.0 billion, up 184.4% from the previous fiscal year, and ¥7.5 billion, up 382.3% from the previous fiscal year, respectively.

ANALYSIS OF FINANCIAL POSITION

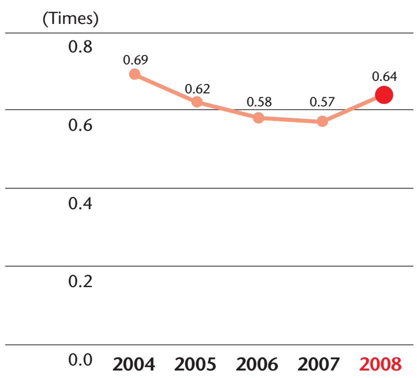
Assets

Total assets as of March 31, 2008 decreased by 0.7% from the end of the previous fiscal year, accounting for ¥608,809 million. Trade notes and accounts receivable decreased by 5.3%, accounting for ¥110,084 million and inventories decreased by 2.1%, accounting for ¥112,218 million, while cash and cash equivalents increased by 28.3%, accounting for ¥44,249 million and time deposits increased by 145.7%, accounting for ¥16,289 million. As a result, current assets increased by 4.2% from the end of the previous fiscal year, accounting for ¥304,726 million. Property, plant and equipment decreased by 4.2% from the end of the previous fiscal year, accounting for ¥246,874

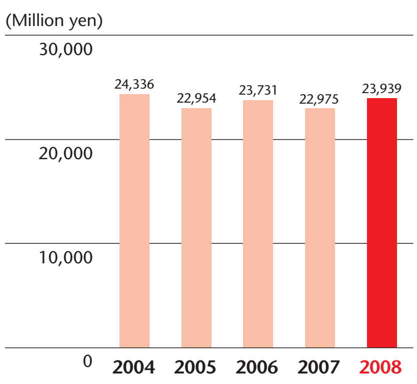
TOTAL ASSETS



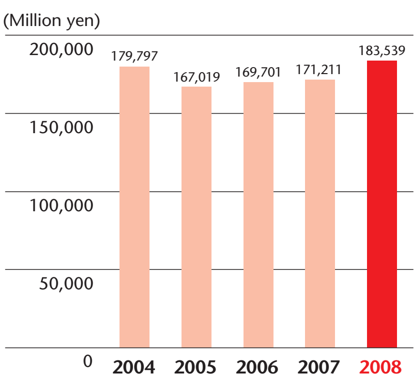
DEBT/EQUITY RATIO



DEPRECIATION AND AMORTIZATION



INTEREST-BEARING DEBT



million as additions to property, plant and equipment were made within the scope of the amount of depreciation and an impairment loss on long-lived assets was recognized. Investment and non-current receivables decreased by 16.6% from the end of the previous fiscal year, accounting for ¥31,722 million, as unrealized gains on other investment securities decreased.

Liabilities

Total liabilities as of March 31, 2008 increased by 2.2% from the end of the previous fiscal year, accounting for ¥316,766 million. Current liabilities decreased by 5.1% from the end of the previous fiscal year, accounting for ¥191,527 million as trade notes and accounts payable decreased by 7.2% from the end of the previous fiscal year, accounting for ¥87,296 million and short-term bank loans decreased by 13.6%, accounting for ¥56,427 million while current maturities of long-term debt increased by 56.1%, accounting for ¥18,540 million. Long-term debt increased by 16.6%, accounting for ¥110,940 million due to the issuance of straight bonds in the amount of ¥30,000 million during the fiscal year under review in spite of the scheduled repayment of long-term debt and a transfer of corporate bonds to current maturities of long-term debt. Interest-bearing debt increased by ¥12,328 million from the end of the previous fiscal year to account for ¥183,539 million.

Shareholders' equity

Shareholders' equity decreased by 3.7% from the end of the previous fiscal year to account for ¥287,457 million as accumulated other comprehensive income, including foreign currency translation adjustments and net unrealized gains on securities available for sale decreased by ¥8,910 million from the end of the previous fiscal year. As a result, the shareholders' equity ratio decreased by 1.5% from the end of the previous fiscal year to 47.2%.

Return on equity (ROE) declined 3.4 points from 3.9% at the end of the previous fiscal year to 0.5%. Return on assets (ROA) decreased 1.5 points from 2.3% at the end of the previous fiscal year to 0.8%.

Cash flows

Cash flows from operating activities

With regard to operating activities, trade notes and accounts payable decreased. However, net income, depreciation and amortization and the decrease in trade notes and accounts receivable affected operating activities. As a result, net cash provided by operating activities amounted to ¥29,109 million (operating activities provided net cash of ¥33,364 million in the previous fiscal year).

Cash flows from investing activities

With regard to investing activities, net cash used in investing activities amounted to ¥26,793 million (investing activities used net cash of ¥19,740 million in the previous fiscal year) due mainly to ¥16,008 million of purchases to property, plant and equipment and an increase of ¥9,764 million in time deposits.

As a result, free cash flows for the year under review declined ¥11,308 million year on year to ¥2,316 million.

Cash flows from financing activities

With regard to financing activities, long-term debt increased due to the issuance of corporate bonds in the amount of ¥30,000 million, while cash dividends were paid, short-term bank loans were decreased and long-term debt was repaid. As a result, net cash provided by financing activities amounted to ¥7,451 million (financing activities used net cash of ¥6,322 million in the previous fiscal year).

As a result, cash and cash equivalents at end of the year increased by ¥9,767 million in comparison with the end of the previous fiscal year, to amount to ¥44,249 million.

Capital expenditures

Nippon Ham Group invested in property, plant and equipment to enhance, rationalize and strengthen its integrated production system of feeding, processing, production, distribution and sales. Investments in property, plant and equipment during the fiscal year ended March 31, 2008 totaled approximately ¥18.6 billion. Of that amount, the main uses were as follows:

Processed Foods Business Division

The parent company used approximately ¥2.4 billion in capital expenditures to expand and upgrade production and marketing facilities in hams and sausages and processed foods.

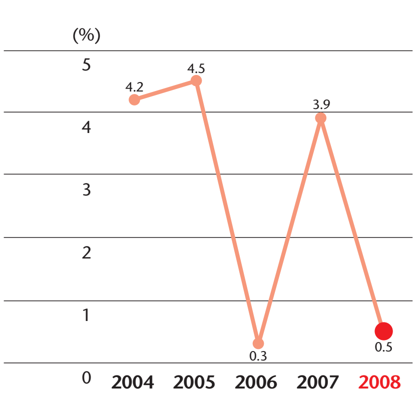
In addition, consolidated subsidiaries used roughly ¥4.0 billion on expanding and upgrading production facilities for hams and sausages and deli & processed foods, mainly at Nippon Ham Shokuhin Co., Ltd.

Fresh Meats Business Division

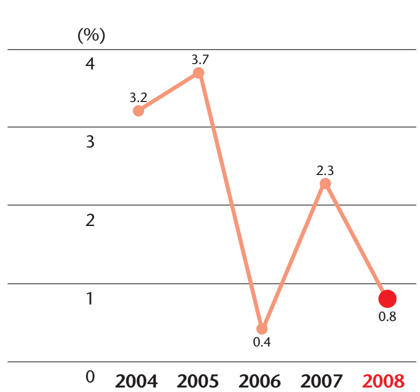
The parent company used approximately ¥1.2 billion in capital expenditures to upgrade and expand marketing facilities.

Consolidated subsidiaries used a total of approximately ¥7.8 billion in capital expenditures. Nippon White Farm Co., Ltd., Interfarm Co., Ltd., Texas Farm, LLC and others used roughly ¥4.7 billion on expanding and upgrading livestock breeding facilities, Naka Nippon Food, Inc. and others used

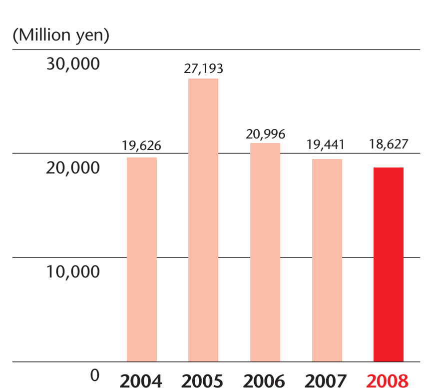
RETURN ON EQUITY (ROE)



RETURN ON TOTAL ASSETS (ROA)



CAPITAL EXPENDITURES



approximately ¥1.6 billion on expanding marketing facilities and Nippon Food Packer, Inc. and others used approximately ¥1.5 billion on upgrading and expanding processing and treatment facilities.

Affiliated Business Division

Approximately ¥1.1 billion was used in capital expenditures. Nippon Pure Food, Inc. upgraded production facilities, and Nippon Luna Inc., Marine Foods Corporation and others upgraded production and marketing facilities for dairy and marine products.

BUSINESS RISKS

Risks with the potential to affect Nippon Ham Group's operating results and financial condition include, but are not limited to, the following major risks. Although these risks include items that are future-oriented, they constitute the major risks determined as of March 31, 2008.

Product Price Risks

Nippon Ham Group's business centers on fresh meats and fresh meats-related processed products. As such, in addition to selling fresh meats, the group uses fresh meats as raw materials, including for hams and sausages, and processed foods. Consequently, the group's earnings and financial condition are vulnerable to changes in livestock prices. Also, the livestock breeding business that supplies our fresh meats is naturally affected not only by changes in product prices, but also by swings in feed prices.

To contend with these price variations, Nippon Ham Group works to diversify its product procurement channels, make use of commodities futures contracts, develop high-value added products, and establish distinctive marketing strategies. The group also arranges to stably procure raw materials in anticipation of product demand and maintains appropriate inventories of fresh meats.

Nippon Ham Group's operating results are also vulnerable to price changes due to outbreaks of disease, for example BSE, avian flu and foot-and-mouth disease, and the imposition of safeguard tariffs, that is, emergency restrictions on imports.

Foreign Exchange Risks

Nippon Ham Group conducts import and export operations involving various currencies, and these transactions expose the group to foreign exchange risks originating from associated trade receivables and payables, firm commitments, and forecasted transactions. The foreign exchange risk to which the Group is most susceptible is related to the U.S. dollar. To reduce foreign exchange risks, the group utilizes forward foreign exchange contracts, currency swap contracts and currency option contracts.

To hedge the risks associated with transactions in foreign currencies, Nippon Ham Group periodically assesses its exposure to foreign exchange risks and continually monitors foreign exchange markets in accordance with our foreign exchange risk management policies. All forward foreign exchange contracts, currency swap contracts and currency option contracts are carried out based on these foreign exchange risk management policies and our internal regulations governing transactional authority and transaction amount limits.

Interest Rate Risks

Nippon Ham Group raises the majority of the funds it requires through loans from third parties and other interest-bearing debt, and hence is exposed to the risk of interest rate fluctuations at all times.

Most of our interest-bearing debt, in the amount of ¥183.5 billion as of March 31, 2008, was fixed-rate debt and therefore an interest rate increase should have no significant direct effect for the time being. However, to prepare for a rise in fund-raising costs associated with a prospective increase in funding requirements, Nippon Ham Group is working to decrease interest-bearing debt by such measures as increasing cash flow from operating activities and keeping capital investment within the scope of the amount of depreciation.

However, if interest rates rise in the future, Nippon Ham Group's fund-raising business conditions may deteriorate.

Stock Price Risks

Marketable securities held by the Group consist principally of the shares of its business partners, and hence the Group is exposed to stock price risks associated with market price fluctuations.

As of March 31, 2008, overall these marketable securities represent unrealized gains. However, stock movements in the future may have an adverse effect on the Group's operating results and financial condition.

Risks from Natural Calamities and Social Events

Nippon Ham Group engages in business operations in several countries. The geographical areas of such operations involve the following potential risks. Any of the following events may have an adverse effect on the business results of the Group:

- Occurrence of a natural calamity such as an earthquake
- Unforeseeable establishment of adverse, or repeal of favorable, laws or regulations
- Occurrence of an unforeseeable adverse economic or political event
- Occurrence of a terrorist attack, conflict, or similar event
- Social unrest caused by the spread of an infectious disease, such as worldwide avian influenza

Risks Related to Procurement of Materials

Nippon Ham Group strives to increase production efficiency and reduce inventory losses and distribution costs. However, if such savings are exceeded by rises in the costs of procuring materials due to such factors as high crude oil prices, or rises in fuel, distribution or other costs, this may have an adverse effect on the business results of the Group.

Risk of Impairment Loss on Fixed Assets

If the value of fixed assets owned by Nippon Ham Group decreases due to changes in economic conditions or other reasons and it becomes necessary to apply impairment accounting, this may have an adverse effect on the business results or the financial position of the Group.

Risks of Leakage of Personal Information

Nippon Ham Group strives to rigorously protect and control the personal information it keeps and safeguards through educating employees and other measures, based on its regulations for safeguarding personal information. However, the leakage of personal information due to an unforeseeable event may have an adverse effect on the business results of the Group as a result of the loss of trust in the Group by society.

Safety-Related Risks

Nippon Ham Group has built rigorous quality control systems, including working toward the acquisition of ISO, HACCP and other certifications for its quality control systems. Looking ahead, the Group will work to further strengthen quality improvement initiatives to assure all safety aspects. However, the occurrence of a quality problem that falls outside the scope of these frameworks and initiatives may have an adverse effect on the business results of the Group.

CONSOLIDATED BALANCE SHEETS

Nippon Meat Packers, Inc. and Subsidiaries
March 31, 2008 and 2007

ASSETS	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars (Note 1) 2008
CURRENT ASSETS:			
Cash and cash equivalents (Note 1)	**¥ 44,249**	¥ 34,482	**$ 442,490**
Time deposits	**16,289**	6,630	**162,890**
Marketable securities (Notes 1, 3 and 14)	**388**	355	**3,880**
Trade notes and accounts receivable (Note 1)	**110,084**	116,248	**1,100,840**
Allowance for doubtful receivables	**(457)**	(707)	**(4,570)**
Inventories (Notes 1 and 2)	**112,218**	114,638	**1,122,180**
Deferred income taxes (Notes 1 and 7)	**8,566**	5,509	**85,660**
Other current assets	**13,389**	15,355	**133,890**
Total current assets	**304,726**	292,510	**3,047,260**
INVESTMENTS AND NON-CURRENT RECEIVABLES:			
Investments in and advances to associated companies (Notes 1 and 3)	**2,220**	2,339	**22,200**
Other investment securities (Notes 1, 3 and 14)	**18,672**	24,118	**186,720**
Deposits and other investments	**10,830**	11,592	**108,300**
Total investments and non-current receivables	**31,722**	38,049	**317,220**
PROPERTY, PLANT AND EQUIPMENT – At cost, less accumulated depreciation (Notes 1, 4, 6 and 12)	**246,874**	257,591	**2,468,740**
DEFERRED INCOME TAXES – Non-current (Notes 1 and 7)	**12,954**	13,394	**129,540**
OTHER ASSETS (Note 5)	**12,533**	11,389	**125,330**
TOTAL	**¥608,809**	¥612,933	**$6,088,090**

See notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen 2008	2007	Thousands of U.S. Dollars (Note 1) 2008
CURRENT LIABILITIES:			
Short-term bank loans (Note 6)	**¥ 56,427**	¥ 65,306	**$ 564,270**
Current maturities of long-term debt (Note 6)	**18,540**	11,878	**185,400**
Trade notes and accounts payable	**87,296**	94,021	**872,960**
Accrued income taxes (Notes 1 and 7)	**1,983**	3,939	**19,830**
Deferred income taxes (Notes 1 and 7)	**579**	1,287	**5,790**
Accrued expenses	**15,460**	14,824	**154,600**
Other current liabilities	**11,242**	10,469	**112,420**
Total current liabilities	**191,527**	201,724	**1,915,270**
LIABILITY UNDER RETIREMENT AND SEVERANCE PROGRAM (Notes 1 and 8)	**14,299**	12,919	**142,990**
LONG-TERM DEBT, LESS CURRENT MATURITIES (Notes 6, 12 and 14)	**110,940**	95,174	**1,109,400**
DEFERRED INCOME TAXES – Non-current (Notes 1 and 7)	**2,471**	2,552	**24,710**
MINORITY INTERESTS	**2,115**	2,136	**21,150**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 1 and 17)			
SHAREHOLDERS' EQUITY:			
Common stock, no par value – authorized, 570,000,000 shares; issued: 2008 and 2007 – 228,445,350 shares (Notes 1 and 10)	**24,166**	24,166	**241,660**
Capital surplus (Notes 1, 9 and 10)	**50,944**	50,813	**509,440**
Retained earnings:			
Appropriated for legal reserve (Note 10)	**6,903**	6,802	**69,030**
Unappropriated (Notes 10 and 18)	**208,930**	211,212	**2,089,300**
Accumulated other comprehensive income (loss) (Note 11)	**(3,173)**	5,737	**(31,730)**
Treasury stock, at cost: 2008 – 257,001 shares; 2007 – 249,927 shares (Note 10)	**(313)**	(302)	**(3,130)**
Total shareholders' equity	**287,457**	298,428	**2,874,570**
TOTAL	**¥608,809**	¥612,933	**$6,088,090**

CONSOLIDATED STATEMENTS OF INCOME

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
REVENUES:				
Net sales (Note 1)	**¥1,032,291**	¥977,296	¥963,664	**$10,322,910**
Other (Note 13)	**1,025**	2,102	4,022	**10,250**
Total	**1,033,316**	979,398	967,686	**10,333,160**
COST AND EXPENSES:				
Cost of goods sold (including "Settlement loss from the transfer of the substitutional portion of the Employees' Pension Fund" of ¥5,589 million, and settlement loss from the restructuring of employees' benefit plans and special severance payment of ¥531 million in 2006) (Notes 1 and 8)	**843,007**	789,809	789,411	**8,430,070**
Selling, general and administrative expenses (including "Settlement loss from the transfer of the substitutional portion of the Employees' Pension Fund" of ¥15,210 million, and settlement loss from the restructuring of employees' benefit plans and special severance payment of ¥2,223 million in 2006) (Notes 1 and 8)	**171,793**	171,065	187,732	**1,717,930**
Subsidy from the government on the transfer of the substitutional portion of the Employees' Pension Fund (Notes 1 and 8)			(27,434)	
Interest expense	**2,786**	2,928	2,496	**27,860**
Other (Notes 4, 8 and 13)	**10,807**	1,928	13,146	**108,070**
Total	**1,028,393**	965,730	965,351	**10,283,930**
INCOME FROM CONSOLIDATED OPERATIONS BEFORE INCOME TAXES	**4,923**	13,668	2,335	**49,230**
INCOME TAXES (Notes 1 and 7)**:**				
Current	**3,220**	5,598	6,089	**32,200**
Deferred	**138**	(3,549)	(3,771)	**1,380**
Total	**3,358**	2,049	2,318	**33,580**
INCOME FROM CONSOLIDATED OPERATIONS	**1,565**	11,619	17	**15,650**
EQUITY IN LOSSES OF ASSOCIATED COMPANIES – Net of applicable income taxes (Note 1)	**(10)**	(233)	(16)	**(100)**
NET INCOME BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	**1,555**	11,386	1	**15,550**
EXTRAORDINARY GAIN ON NEGATIVE GOODWILL (Note 1)			555	
CUMULATIVE EFFECT OF ACCOUNTING CHANGE – Net of taxes of ¥275 million (Note 1)			396	
NET INCOME	**¥ 1,555**	¥ 11,386	¥ 952	**$ 15,550**

	Yen			U.S. Dollars
PER SHARE AMOUNTS (Note 1)**:**				
Basic earnings per share:				
Income before extraordinary item and cumulative effect of accounting change	**¥6.81**	¥49.89	¥0.01	**$0.07**
Extraordinary gain on negative goodwill			2.43	
Cumulative effect of accounting change			1.73	
Net income	**¥6.81**	¥49.89	¥4.17	**$0.07**
Diluted earnings per share:				
Income before extraordinary item and cumulative effect of accounting change	**¥6.80**	¥49.83	¥0.01	**$0.07**
Extraordinary gain on negative goodwill			2.43	
Cumulative effect of accounting change			1.73	
Net income	**¥6.80**	¥49.83	¥4.17	**$0.07**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen						
	Common Stock	Capital Surplus	Retained Earnings Appropriated for Legal Reserve	Unappropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity
BALANCE, MARCH 31, 2005	¥ 24,166	¥ 50,553	¥ 6,637	¥ 206,346	¥(18,887)	¥ (194)	¥ 268,621
Net income				952			952
Net unrealized gains on securities (Notes 1 and 3)					1,973		1,973
Net unrealized gains on derivative financial instruments (Notes 1 and 14)					28		28
Minimum pension liability adjustments (Note 8)					20,052		20,052
Foreign currency translation adjustments					3,498		3,498
Cash dividends (Note 10)				(3,652)			(3,652)
Transfer to retained earnings appropriated for legal reserve (Note 10)			104	(104)			
Treasury stock acquired (Note 10)						(27)	(27)
Stock options granted (Note 9)		135					135
BALANCE, MARCH 31, 2006	24,166	50,688	6,741	203,542	6,664	(221)	291,580
Net income				11,386			11,386
Net unrealized losses on securities (Notes 1 and 3)					(1,822)		(1,822)
Net unrealized gains on derivative financial instruments (Notes 1 and 14)					621		621
Minimum pension liability adjustments (Note 8)					2,062		2,062
Foreign currency translation adjustments					2,029		2,029
Adjustments to initially apply FASB Statement No. 158, net of tax (Note 8)					(3,817)		(3,817)
Cash dividends (Note 10)				(3,652)			(3,652)
Transfer to retained earnings appropriated for legal reserve (Note 10)			61	(61)			
Treasury stock acquired (Note 10)						(93)	(93)
Stock options granted (Note 9)		134					134
Exercise of stock options (Note 9)		(9)		(3)		12	0
BALANCE, MARCH 31, 2007	24,166	50,813	6,802	211,212	5,737	(302)	298,428
Cumulative effect of adopting the provisions of FASB Interpretation No. 48 (Note 1)				(61)			(61)
Net income				1,555			1,555
Net unrealized losses on securities (Notes 1 and 3)					(2,570)		(2,570)
Net unrealized losses on derivative financial instruments (Notes 1 and 14)					(1,005)		(1,005)
Pension liability adjustments (Note 8)					(1,838)		(1,838)
Foreign currency translation adjustments					(3,497)		(3,497)
Cash dividends (Note 10)				(3,651)			(3,651)
Transfer to retained earnings appropriated for legal reserve (Note 10)			101	(101)			
Treasury stock acquired (Note 10)						(35)	(35)
Stock options granted (Note 9)		131					131
Exercise of stock options (Note 9)				(24)		24	0
BALANCE, MARCH 31, 2008	**¥24,166**	**¥50,944**	**¥6,903**	**¥208,930**	**¥(3,173)**	**¥(313)**	**¥287,457**

	Thousands of U.S. Dollars (Note 1)						
	Common Stock	Capital Surplus	Retained Earnings Appropriated for Legal Reserve	Unappropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity
BALANCE, MARCH 31, 2007	$ 241,660	$ 508,130	$ 68,020	$ 2,112,120	$ 57,370	$ (3,020)	$ 2,984,280
Cumulative effect of adopting the provisions of FASB Interpretation No. 48 (Note 1)				(610)			(610)
Net income				15,550			15,550
Net unrealized losses on securities (Notes 1 and 3)					(25,700)		(25,700)
Net unrealized losses on derivative financial instruments (Notes 1 and 14)					(10,050)		(10,050)
Pension liability adjustments (Note 8)					(18,380)		(18,380)
Foreign currency translation adjustments					(34,970)		(34,970)
Cash dividends (Note 10)				(36,510)			(36,510)
Transfer to retained earnings appropriated for legal reserve (Note 10)			1,010	(1,010)			
Treasury stock acquired (Note 10)						(350)	(350)
Stock options granted (Note 9)		1,310					1,310
Exercise of stock options (Note 9)				(240)		240	0
BALANCE, MARCH 31, 2008	**$241,660**	**$509,440**	**$69,030**	**$2,089,300**	**$(31,730)**	**$(3,130)**	**$2,874,570**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
NET INCOME	**¥ 1,555**	¥11,386	¥ 952	**$ 15,550**
Other comprehensive income (loss), net of tax (tax amounts shown below):				
Net unrealized gains (losses) on securities available for sale:				
Unrealized holding gains (losses) during the year, net of following tax effects:	**(3,115)**	(1,800)	3,413	**(31,150)**
2008/3 ¥2,165 million ($21,650 thousand)				
2007/3 ¥1,251 million				
2006/3 ¥(2,372) million				
Less: Reclassification adjustments for net (gains) losses included in net income during the year, net of following tax effects:	**545**	(22)	(1,440)	**5,450**
2008/3 ¥(379) million ($3,790 thousand)				
2007/3 ¥16 million				
2006/3 ¥1,000 million				
	(2,570)	(1,822)	1,973	**(25,700)**
Net unrealized gains (losses) on derivative financial instruments:				
Unrealized holding gains (losses) during the year, net of following tax effects:	**(689)**	718	28	**(6,890)**
2008/3 ¥479 million ($4,790 thousand)				
2007/3 ¥(499) million				
2006/3 ¥(19) million				
Less: Reclassification adjustments for net gains included in net income during the year, net of following tax effects:	**(316)**	(97)		**(3,160)**
2008/3 ¥220 million ($2,200 thousand)				
2007/3 ¥80 million				
	(1,005)	621	28	**(10,050)**
Minimum pension liability adjustments during the year, net of following tax effects:		2,062	20,052	
2007/3 ¥(1,433) million				
2006/3 ¥(13,934) million				
Pension liability adjustments during the year, net of following tax effects:	**(2,389)**			**(23,890)**
2008/3 ¥1,660 million ($16,600 thousand)				
Less: Reclassification adjustments for net losses included in net income during the year, net of following tax effects:	**551**			**5,510**
2008/3 ¥(383) million ($3,830 thousand)				
	(1,838)			**(18,380)**
Foreign currency translation adjustments	**(3,497)**	2,029	3,498	**(34,970)**
Total other comprehensive income (loss)	**(8,910)**	2,890	25,551	**(89,100)**
COMPREHENSIVE INCOME (LOSS)	**¥(7,355)**	¥14,276	¥26,503	**$(73,550)**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
OPERATING ACTIVITIES:				
Net income	**¥ 1,555**	¥ 11,386	¥ 952	**$ 15,550**
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Cumulative effect of accounting change			(396)	
Depreciation and amortization	**24,486**	23,774	24,452	**244,860**
Impairment loss of long-lived assets of the Company's subsidiary in Australia	**2,456**			**24,560**
Subsidy from the government on the transfer of the substitutional portion of the Employees' Pension Fund			(27,434)	
Settlement loss from the transfer of the substitutional portion of the Employees' Pension Fund			20,799	
Settlement loss from the restructuring of employees' benefit plans			2,754	
Income taxes deferred	**138**	(3,549)	(3,771)	**1,380**
Extraordinary gain on negative goodwill			(555)	
Decrease (increase) in trade notes and accounts receivable	**5,809**	(12,345)	(5,293)	**58,090**
Decrease (increase) in inventories	**408**	3,458	(20,494)	**4,080**
Decrease (increase) in other current assets	**811**	280	(3,192)	**8,110**
Increase (decrease) in trade notes and accounts payable	**(6,260)**	5,805	(1,971)	**(62,600)**
Increase (decrease) in accrued income taxes	**(1,994)**	94	(1,578)	**(19,940)**
Increase (decrease) in accrued expenses and other current liabilities	**1,373**	3,878	(3,681)	**13,730**
Other, net	**327**	583	(1,799)	**3,270**
Net cash provided by (used in) operating activities	**29,109**	33,364	(21,207)	**291,090**
INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	**(16,008)**	(16,544)	(19,809)	**(160,080)**
Proceeds from sales of property, plant and equipment	**1,649**	1,291	3,660	**16,490**
Increase in time deposits	**(9,764)**	(1,991)	(818)	**(97,640)**
Purchases of marketable securities and other investment securities	**(2,137)**	(687)	(1,102)	**(21,370)**
Proceeds from sales of marketable securities and other investment securities	**2,270**	119	3,669	**22,700**
Decrease in deposits and other investments	**630**	1,061	1,159	**6,300**
Other, net	**(3,433)**	(2,989)	(3,420)	**(34,330)**
Net cash used in investing activities	**(26,793)**	(19,740)	(16,661)	**(267,930)**
FINANCING ACTIVITIES:				
Cash dividends	**(3,677)**	(3,676)	(3,669)	**(36,770)**
Decrease in short-term bank loans	**(7,633)**	(8,625)	(6,636)	**(76,330)**
Proceeds from long-term debt	**31,426**	19,278	36,780	**314,260**
Repayments of long-term debt	**(12,630)**	(13,413)	(28,193)	**(126,300)**
Other, net	**(35)**	114	(27)	**(350)**
Net cash provided by (used in) financing activities	**7,451**	(6,322)	(1,745)	**74,510**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,767**	7,302	(39,613)	**97,670**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**34,482**	27,180	66,793	**344,820**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**¥ 44,249**	¥ 34,482	¥ 27,180	**$ 442,490**
ADDITIONAL CASH FLOW INFORMATION:				
Interest paid	**¥ 2,705**	¥ 2,919	¥ 2,450	**$ 27,050**
Income taxes paid	**6,904**	4,458	8,367	**69,040**
Capital lease obligations incurred	**2,034**	1,400	423	**20,340**

See notes to consolidated financial statements.

Nippon Meat Packers, Inc. and Subsidiaries
For the Years Ended March 31, 2008, 2007 and 2006

1. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – The Companies (as defined below) are engaged in the production and distribution of mainly hams & sausages, processed foods, fresh meats, marine products and dairy products. The Companies' operations are located principally in Japan.

Basis of Financial Statements – The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Nippon Meat Packers, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into United States dollar amounts with respect to the year ended March 31, 2008 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥100=$1, the approximate rate of exchange on March 31, 2008. Such translations should not be construed as a representation that Japanese yen amounts could be converted into United States dollars at the above or any other rate.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America. Certain adjustments have been reflected in the accompanying consolidated financial statements while they have not been entered in the general books of account of the Companies maintained principally in accordance with Japanese accounting practices.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications of the prior years' financial statements have been made to conform to the current year's presentation.

Summary of Significant Accounting Policies – Significant accounting policies applied in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Consolidation – The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries (collectively, the "Companies"). Intercompany transactions and balances have been eliminated. Investments in associated companies (20% to 50% owned) are accounted for using the equity method of accounting.

(2) Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand and demand deposits. Time deposits in the consolidated balance sheets include those with original maturities of 90 days or less.

(3) Receivables – The Companies grant credit to customers who are primarily retailers and wholesalers in Japan.

(4) Inventories – Inventories are stated at the lower of average cost or market value. Market value generally represents net realizable value.

During the year ended March 31, 2006, the Company changed its method of inventory costing from an annual average cost method to a moving average cost method. Management believes that this change is preferable and it provides for a more prompt and appropriate determination of the amounts of cost of goods sold and inventory.

The cumulative effect of this change in the costing method as of April 1, 2005 was ¥396 million, net of taxes of ¥275 million and has been presented in the consolidated statements of income as "Cumulative effect of accounting change." The effect of the change for the year ended March 31, 2006 was a decrease in net income before extraordinary item and cumulative effect of accounting change of ¥240 million (¥1.05 per share) and an increase in net income of ¥156 million (¥0.68 per share).

(5) Marketable Securities and Investments – The Companies' investments in debt securities and marketable equity securities (included in "marketable securities" and "other investment securities") are classified as either Available-for-Sale or Held-to-Maturity based on the Companies' intent and ability to hold and the nature of securities. Investments classified as Available-for-Sale are reported at fair value with unrealized holding gains and losses, net of applicable income taxes, recorded as a separate component of shareholders' equity. Investments classified as Held-to-Maturity are recorded at amortized cost. All other investment securities are stated at cost, unless the value is considered to have been impaired.

The Companies regularly review investments in debt securities and marketable equity securities for impairment based on criteria that include the extent to which the securities' carrying value exceeds its related market price, the duration of the market decline, and the Companies' ability and intent to hold the investments. Other investment securities stated at cost are reviewed periodically for impairment.

(6) Depreciation – The declining-balance method of depreciation is used for approximately 50%, 52% and 54% of total depreciable assets as of March 31, 2008, 2007 and 2006, respectively, and the straight-line method is used for the remaining depreciable assets. Depreciation expense includes depreciation related to capital lease assets which are depreciated over the shorter of lease terms or estimated useful lives. The ranges of estimated useful lives used in the computation of depreciation are as follows:

Buildings	15 – 38 years
Machinery and equipment	5 – 12 years

Effective April 1, 2007, the Company and its domestic subsidiaries reduced the estimated salvage values of property, plant and equipment. The Company and its domestic subsidiaries believe that this change is preferable because it better reflects values of assets at the point of their disposition.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 154 "Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3," the change in estimated salvage values represents a change in accounting estimate. Accordingly, the effects of the change are accounted for prospectively beginning with the period of change, and therefore, prior period results have not been restated. The change in estimated salvage values caused an increase in depreciation expense by ¥902 million ($9,020 thousand) for the year ended March 31, 2008. Net income, basic net income per share and diluted net income per share decreased by ¥532 million ($5,320 thousand), ¥2.33 ($0.02) and ¥2.33 ($0.02), respectively, for the year ended March 31, 2008.

(7) Impairment of Long-Lived Assets –
The Companies apply SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement provides one accounting model for the impairment or disposal of long-lived assets. This statement also provides the criteria for classifying an asset as held for sale, broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations.

Management reviews long-lived assets for impairment of value whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. If the Companies determine that they are unable to recover the carrying value of the assets, the assets are written down using an appropriate method.

(8) Goodwill and Other Intangible Assets –
The Companies apply SFAS No. 142, "Goodwill and Other Intangible Assets." The statement requires that goodwill no longer be amortized, but instead be reviewed for impairment at least annually. The statement also requires recognized intangible assets be amortized over their respective estimated useful lives and reviewed for impairment. Any recognized intangible assets determined to have indefinite useful lives are not to be amortized, but instead are tested for impairment until their lives are determined to no longer be indefinite.

In accordance with the provisions of SFAS No. 141, "Business Combinations," the Companies recognized as an extraordinary gain the excess of fair value of additionally acquired net assets over the cost relating to an investment in a subsidiary for the year ended March 31, 2006. The extraordinary gain recognized was ¥555 million and has been presented in the statements of consolidated income as "Extraordinary gain on negative goodwill."

(9) Business Combinations – The Companies apply SFAS No. 141, "Business Combinations." In accordance with the provisions of SFAS No. 141, the acquisitions of subsidiaries were accounted for using the purchase method of accounting.

(10) Retirement and Severance Program –
The Companies apply SFAS No. 87, "Employers' Accounting for Pensions" and SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132 (R)" to account for the Companies' employee retirement and severance program.

As allowed under SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," the Companies do not recognize gain or loss on settlement of the pension obligations when the cost of all settlements during a year is less than or equal to the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year.

(11) Fair Value of Financial Instruments –
The Companies disclose the fair value of financial instruments other than derivative instruments as additional information in the notes to financial statements when the fair value is different from the book value of those financial instruments. When the fair value approximates the book value, no additional disclosure is made. Fair values are estimated using quoted market prices, estimates obtained from brokers and other appropriate valuation techniques based on information available at March 31, 2008 and 2007.

(12) Income Taxes – The Companies apply SFAS No. 109, "Accounting for Income Taxes." In accordance with the provisions of SFAS No. 109, deferred tax assets and liabilities are computed based on the temporary differences between the financial statement and income tax bases of assets and liabilities, and tax losses and credits which can be carried forward, using the enacted tax rate applicable to periods in which the differences are expected to affect taxable income. Deferred income tax charges or credits are based on changes in deferred tax assets and liabilities from period to period, subject to an ongoing assessment of realization.

In June 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109". FIN 48 clarifies the accounting for an uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes", and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As a cumulative effect of adopting the provisions of FIN 48 on April 1, 2007, unappropriated retained earnings were decreased by ¥61 million ($610 thousand) at the beginning of the year, and net income was decreased by ¥132 million ($1,320 thousand) for the year ended March 31, 2008.

A provision for income taxes is not recorded on undistributed earnings of subsidiaries where the Company considers that such earnings are permanently invested or where, under the present Japanese tax law, such earnings would not be subject to additional taxation should they be distributed to the Company.

(13) Stock-Based Compensation – The Company applies SFAS No. 123R (revised 2004), "Share Based Payment." In accordance with the provisions of SFAS No. 123R, the share-based compensation is accounted for using the fair value method. Under the fair value based method, share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized over the vesting period (one year). The fair value of the award is estimated using the Black-Scholes option-pricing model.

(14) Per Share Amounts – Basic Earnings Per Share ("EPS") is computed by dividing net income by the weighted-average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income by the sum of the weighted-average number of common shares outstanding plus the dilutive effect of shares issuable through stock options.

The net income and shares used for basic EPS and diluted EPS are reconciled below.

	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Net Income (Numerator)				
Income available to shareholders	**¥1,555**	¥11,386	¥952	**$15,550**

	Thousands of Shares		
	2008	2007	2006
Shares (Denominator)			
Average shares outstanding for basic earnings per share	**228,192**	228,236	228,269
Dilutive effect of stock options	**348**	255	155
Average shares outstanding for diluted earnings per share	**228,540**	228,491	228,424

(15) Revenue Recognition – The Companies recognize revenue when the product is received by the customer, at which time title and risk of loss pass to the customer.

(16) Sales Promotion Expenses and Rebates – The Companies account for promotion expenses and rebates in accordance with the provisions of Emerging Issues Task Force Issue No. 01-09, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of Vendor's Products)" ("EITF 01-09"). EITF 01-09 requires that certain sales promotion expenses and rebates be classified as a reduction of net sales, rather than as selling, general and administrative expenses.

(17) Advertising – Advertising costs are expensed as incurred and included in "selling, general and administrative expenses." Advertising expenses amounted to ¥11,867 million ($118,670 thousand), ¥14,003 million and ¥14,598 million for the years ended March 31, 2008, 2007 and 2006, respectively.

(18) Research and Development – Research and development costs are expensed as incurred. Research and development costs amounted to ¥2,283 million ($22,830 thousand), ¥2,459 million and ¥2,300 million for the years ended March 31, 2008, 2007 and 2006, respectively.

(19) Derivative Instruments and Hedging Activities – The Companies account for derivative instruments and hedging activities in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities—an amendment of FASB Statement No. 133" and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." These statements require all derivative instruments to be recognized as assets or liabilities on the balance sheet and measured at fair value. Changes in the fair value of derivative instruments are recognized in either net income or other comprehensive income, depending on the designated purpose of the derivative instruments. Changes in fair value of derivative instruments designated as fair value hedges of recognized assets and liabilities and firm commitments are recognized in income. Changes in fair value of derivative instruments designated and qualifying as cash flow hedges of recognized assets and liabilities, firm commitments and forecasted transactions are reported in accumulated other comprehensive income. These amounts are reclassified into income in the same period as the hedged items affect income.

(20) Guarantees – The Companies account for guarantees in accordance with FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others—an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34" ("FIN 45"), which addresses the disclosure to be made by a guarantor in its financial statements about its obligations under guarantees. FIN 45 also requires the recognition of a liability by a guarantor at the inception of certain guarantees. FIN 45 requires the guarantor to recognize at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee.

(21) Recent Accounting Pronouncements:

Fair Value Measurements – In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued Staff Positions No. FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" and No. FAS 157-2, "Effective Date of FASB Statement No. 157," which partially delay the effective date of SFAS 157 for one year for certain nonfinancial assets and liabilities and remove certain leasing transactions from its scope. The adoption of SFAS 157 is not expected to have a material impact on the consolidated financial statements.

Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88 106, and 132(R)" ("SFAS 158"). SFAS 158 requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, "postretirement benefit plans") to recognize the funded status of their postretirement benefit plans in the consolidated balance sheet, measure the fair value of plan assets and benefit obligations as of the consolidated balance sheet date, and provide additional disclosure. On March 31, 2007, the Companies adopted the recognition and disclosure provisions of SFAS 158. The measurement provisions of SFAS 158 will be effective for fiscal years ending after December 15, 2008. The Companies are currently reviewing the measurement provisions of SFAS 158 to determine its impact on future consolidated financial statements.

The Fair Value Option for Financial Assets and Financial Liabilities – In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 permits entities, at specified election dates, to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007 and no entity is permitted to apply SFAS 159 retrospectively unless the entity chooses early adoption. The Companies are currently reviewing SFAS 159 to determine its impact on future consolidated financial statements.

Business Combinations – In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141(R)"). SFAS 141(R) amends the principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Companies will apply provisions of SFAS 141(R) prospectively to all business combinations subsequent to April 1, 2009.

Noncontrolling Interests in Consolidated Financial Statements – In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 also establishes disclosure requirements that clearly identify and distinguish between the controlling and noncontrolling interests and requires the separate disclosure of income attributable to controlling and noncontrolling interests. SFAS 160 is effective for fiscal years beginning on and after December 15, 2008. The Companies are currently reviewing SFAS 160 to determine its impact on future consolidated financial statements.

Disclosure about Derivative Instruments and Hedging Activities – In March 2008, the FASB issued SFAS No. 161, "Disclosure about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 amends and expands the disclosure requirements for derivative instruments and hedging activities in SFAS 133. SFAS 161 requires qualitative disclosures of objectives and strategies for using derivatives, quantitative disclosures in tabular format of (a) the location and fair values of derivative instruments in the statement of financial position and (b) the location and amount of gains and losses on derivative instruments in the statement of financial performance, and disclosures of credit-risk-related contingent features in derivative agreements. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

The Hierarchy of Generally Accepted Accounting Principles – In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States. SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The adoption of SFAS 162 is not expected to have a material impact on future consolidated financial statements.

2. INVENTORIES

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Finished goods and merchandise	**¥ 73,450**	¥ 75,088	**$ 734,500**
Raw materials and work-in-process	**34,253**	33,644	**342,530**
Supplies	**4,515**	5,906	**45,150**
Total	**¥112,218**	¥114,638	**$1,122,180**

3. MARKETABLE SECURITIES AND INVESTMENTS

The table below presents the aggregate cost, gross unrealized holding gains, gross unrealized holding losses and the aggregate fair value of debt securities and marketable equity securities (included in "marketable securities" and "other investment securities") at March 31, 2008 and 2007:

	Millions of Yen								Thousands of U.S. Dollars			
	2008				2007				**2008**			
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Available-for-sale:												
Equity securities	**¥12,938**	**¥3,511**	**¥(480)**	**¥15,969**	¥13,749	¥7,590	¥(239)	¥21,100	**$129,380**	**$35,110**	**$(4,800)**	**$159,690**
Debt securities	**341**	**3**	**(5)**	**339**	372	33		405	**3,410**	**30**	**(50)**	**3,390**
Held-to-maturity	**300**	**0**		**300**	499	1	(1)	499	**3,000**	**0**		**3,000**
Total	**¥13,579**	**¥3,514**	**¥(485)**	**¥16,608**	¥14,620	¥7,624	¥(240)	¥22,004	**$135,790**	**$35,140**	**$(4,850)**	**$166,080**

Fair value and gross unrealized holding losses of debt securities and marketable equity securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2008 and 2007 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2008		2007		**2008**	
	Less than 12 Months		Less than 12 Months		Less than 12 Months	
	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses
Available-for-sale:						
Equity securities	**¥3,102**	**¥(480)**	¥2,167	¥(239)	**$31,020**	**$(4,800)**
Debt securities	**39**	**(5)**			**390**	**(50)**
Held-to-maturity			299	(1)		
Total	**¥3,141**	**¥(485)**	¥2,466	¥(240)	**$31,410**	**$(4,850)**

There were no investments in a continuous unrealized loss position for 12 months or more at March 31, 2008 and 2007.

The proceeds from sales of available-for-sale securities were ¥48 million ($480 thousand), ¥83 million and ¥3,088 million for the years ended March 31, 2008, 2007 and 2006, respectively. These sales resulted in gross realized gains and losses as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Realized gains	**¥ 1**	¥50	¥ 2,591	**$ 10**
Realized losses	**(13)**	0	(11)	**(130)**

In determining realized gains and losses, the cost of securities sold was based on the moving average cost of all shares of such securities held at the time of sale.

Future maturities of debt securities classified as available-for-sale and held-to-maturity at March 31, 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Cost	Fair Value	Cost	Fair Value
Due within one year	**¥300**	**¥300**	**$3,000**	**$3,000**
Due after one year through five years	**69**	**70**	**690**	**700**
Due after five years	**272**	**269**	**2,720**	**2,690**
Total	**¥641**	**¥639**	**$6,410**	**$6,390**

All other investments in securities, consisting principally of investments in privately-held unaffiliated companies for which there is no practicable method to estimate fair values, were carried at their cost of ¥2,452 million ($24,520 thousand) and ¥2,468 million at March 31, 2008 and 2007, respectively.

Investments in and advances to associated companies at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Investments in capital stock	**¥2,105**	¥2,203	**$21,050**
Advances	**115**	136	**1,150**
Total	**¥2,220**	¥2,339	**$22,200**

The carrying value of investments in associated companies approximates the Company's equity in their net assets at March 31, 2008 and 2007.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Land	**¥ 88,591**	¥ 89,329	**$ 885,910**
Buildings	**256,365**	257,991	**2,563,650**
Machinery and equipment	**217,496**	214,943	**2,174,960**
Construction in progress	**808**	883	**8,080**
Total	**563,260**	563,146	**5,632,600**
Less accumulated depreciation	**316,386**	305,555	**3,163,860**
Property, plant and equipment – net	**¥246,874**	¥257,591	**$2,468,740**

The Companies recorded net losses on disposition of property, plant and equipment of ¥484 million ($4,840 thousand), ¥500 million and ¥1,491 million for the years ended March 31, 2008, 2007 and 2006, respectively. These losses on disposition are included in cost and expenses - other in the consolidated statements of income.

The Company's consolidated subsidiary in Australia, which has been engaged in producing and selling hogs, recognized an impairment loss on long-lived assets of ¥2,456 million ($24,560 thousand) for the year ended March 31, 2008, which is included in cost and expenses - other in the consolidated statements of income. The impairment is due to the deterioration of future expected cash flows as a result of declining profitability. The fair value of long-lived assets is determined based on the discounted cash flows. The reportable segment in which the impaired assets are included is the Fresh Meats Business Division. Impairment losses recognized other than the above were immaterial for the years ended March 31, 2008, 2007 and 2006.

5. INTANGIBLE ASSETS

Intangible assets subject to amortization included in other assets in the consolidated balance sheets at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen				Thousand of U.S. Dollars	
	2008		2007		**2008**	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Software	**¥ 8,419**	**¥3,970**	¥10,274	¥6,141	**$ 84,190**	**$39,700**
Software in progress	**2,439**		1,236		**24,390**	
Other	**901**	**538**	936	528	**9,010**	**5,380**
Total	**¥11,759**	**¥4,508**	¥12,446	¥6,669	**$117,590**	**$45,080**

Intangible assets not subject to amortization at March 31, 2008 and 2007 were immaterial.

Amortization expense was ¥1,498 million ($14,980 thousand), ¥1,285 million and ¥1,094 million for the years ended March 31, 2008, 2007 and 2006, respectively.

The weighted average amortization period is approximately 5 years.

Estimated amortization expense for the next five years ending March 31 is as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥2,075	$20,750
2010	1,894	18,940
2011	1,355	13,550
2012	1,028	10,280
2013	676	6,760

The carrying amount of goodwill at March 31, 2008 and 2007 and change in its carrying amount for the years ended March 31, 2008 and 2007 were immaterial to the Companies' operations.

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

The annual interest rates applicable to the short-term bank loans outstanding at March 31, 2008 and 2007 ranged principally from 0.9% to 10.7% and from 0.8% to 6.9%, respectively.

The Company enters into contracts with certain financial institutions for committed credit lines totaling ¥77,000 million ($770,000 thousand) available for immediate borrowings, which were unused at March 31, 2008 and 2007.

Long-term debt at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Long-term debt with collateral – mainly banks, insurance companies and agricultural cooperatives, maturing through 2019, interest rates ranging from 0.9% to 2.7% in 2008 and 2007	**¥ 12,944**	¥ 14,856	**$ 129,440**
Long-term debt without collateral:			
Mainly banks, insurance companies and agricultural cooperatives, maturing through 2012, interest rates ranging from 0.8% to 4.7% in 2008 and 2007	**61,411**	68,772	**614,110**
2.25% bonds due September 2008	**9,700**	9,700	**97,000**
1.45% bonds due December 2012	**20,000**		**200,000**
2.01% bonds due December 2017	**10,000**		**100,000**
Non-interest-bearing debt	**2,368**	1,147	**23,680**
Capital lease obligations, interest rates ranging from 1.0% to 4.4% in 2008 and from 1.2% to 3.3% in 2007 maturing through 2017	**13,057**	12,577	**130,570**
Total	**129,480**	107,052	**1,294,800**
Less current maturities	**18,540**	11,878	**185,400**
Long-term debt, less current maturities	**¥110,940**	¥ 95,174	**$1,109,400**

At March 31, 2008, the aggregate annual maturities of long-term debt are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 18,540	$ 185,400
2010	6,324	63,240
2011	41,239	412,390
2012	22,337	223,370
2013	22,469	224,690
Thereafter	18,571	185,710
Total	¥129,480	$1,294,800

At March 31, 2008, property, plant and equipment with a net book value of ¥25,850 million ($258,500 thousand) was pledged as collateral for long-term debt of ¥12,944 million ($129,440 thousand).

Substantially all the short-term and long-term loans from banks are made under agreements, as is customary in Japan, which provide that under certain conditions, the banks may require the Companies to provide collateral (or additional collateral) or guarantors with respect to the loans, or may treat any collateral, whether furnished as security for short-term and long-term loans or otherwise, as collateral for all indebtedness to such banks. Default provisions of certain agreements grant certain rights of possession to the banks.

7. INCOME TAXES

The Company applied to the National Tax Agency of Japan to file a consolidated tax return. Approval was received in March 2007. The accounting procedures and presentation based on the consolidated tax filing system are applied during the years ended March 31, 2008 and 2007. Through the application of the consolidated tax filing system, from the fiscal year beginning April 1, 2007, the amount of taxable income for national income tax purposes is calculated by combining the taxable income of the Company and its wholly owned subsidiaries located in Japan. In addition, the realizable amount of deferred tax assets relating to national income tax as of March 31, 2008 and 2007 was assessed based on the estimated future taxable income of the Company and its wholly owned subsidiaries located in Japan.

Income taxes in Japan applicable to the Company and domestic subsidiaries, imposed by the national, prefectural and municipal governments, in the aggregate resulted in a normal statutory rate of approximately 41% for the years ended March 31, 2008, 2007 and 2006, respectively. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The effective rates of income taxes reflected in the consolidated statements of income differed from the normal Japanese statutory tax rates for the following reasons:

	2008	2007	2006
Normal Japanese statutory tax rates	**41.0%**	41.0%	41.0%
Increase (decrease) in taxes resulting from:			
Difference in foreign subsidiaries' tax rates	**13.7**	(3.3)	15.2
Change in the valuation allowance	**35.5**	(23.9)	15.6
Impact from restructuring of certain subsidiaries	**(33.6)**		
Permanently non-deductible expenses	**10.8**	3.8	31.4
Other – net	**0.8**	(2.6)	(3.9)
Effective income tax rates	**68.2%**	15.0%	99.3%

The approximate effects of temporary differences and net operating loss and tax credit carryforwards that gave rise to deferred tax balances at March 31, 2008 and 2007 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2008		2007		**2008**	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Securities	**¥ (1,216)**	**¥ 21**	¥ (3,241)	¥ 34	**$ (12,160)**	**$ 210**
Inventories	**872**	**534**	1,260	1,060	**8,720**	**5,340**
Certain accrued prefectural income taxes	**327**		412		**3,270**	
Accrued bonuses	**3,211**		3,038		**32,110**	
Liability under retirement and severance program	**7,159**		6,026		**71,590**	
Investments in subsidiaries	**1,034**	**2,133**		2,504	**10,340**	**21,330**
Land	**2,277**	**288**	2,215		**22,770**	**2,880**
Other temporary differences	**4,394**	**74**	2,772	241	**43,940**	**740**
Net operating loss and tax credit carryforwards	**9,922**		11,267		**99,220**	
Sub-total	**27,980**	**3,050**	23,749	3,839	**279,800**	**30,500**
Less valuation allowance	**(6,460)**		(4,846)		**(64,600)**	
Total	**¥21,520**	**¥3,050**	¥18,903	¥3,839	**$215,200**	**$30,500**

The net changes in the total valuation allowance for the years ended March 31, 2008 and 2007 were an increase of ¥1,614 million ($16,140 thousand) and a decrease of ¥6,136 million, respectively.

At March 31, 2008, the net operating loss carryforwards of the Companies for corporate income tax and local income tax purposes amounted to ¥18,609 million ($186,090 thousand) and ¥30,504 million ($305,040 thousand), respectively. The net operating loss carryforwards for corporate income tax and local income tax purposes subject to expiration in the period from 2009 to 2013 are ¥8,929 million ($89,290 thousand) and ¥25,379 million ($253,790 thousand), respectively. The remaining balances for corporate income tax and local income tax purposes, ¥9,680 ($96,800 thousand) and ¥5,125 ($51,250 thousand), respectively, will expire in years beyond 2013 or have an indefinite carryforward period.

The portion of the undistributed earnings of foreign subsidiaries which are deemed to be permanently invested amounted to ¥18,256 million ($182,560 thousand) at March 31, 2008. Provisions are not made for taxes on undistributed earnings and cumulative translation adjustments of foreign subsidiaries whose earnings are deemed to be permanently invested.

8. RETIREMENT AND SEVERANCE PROGRAM

The Company had a non-contributory pension plan and a lump-sum severance indemnities plan covering almost all of its employees. The Company also had a contributory pension plan covering all of its employees. This plan represented the Employees' Pension Fund plan, which was a defined pension plan established under the Japanese Welfare Pension Insurance Law ("JWPIL"). This plan included a substitutional portion based on the pay-related part of the old-age pension benefits prescribed by JWPIL. In September 2005, the Company transferred the substitutional portion of the benefit obligations and related plan assets of a contributory pension plan to the government. In accordance with the Emerging Issue Task Force ("EITF") Issue 03-02, "Accounting for the Transfer to the Japanese Government of the Substitutional Portion of Employee Pension Fund Liabilities," the Company accounted for the entire separation process upon completion of the transfer to the government of the substitutional portion of the benefit obligations and related assets as the culmination of a series of steps in a single settlement transaction. The transfer resulted in the Company recording a subsidy from the government of ¥27,434 million representing the difference between the substitutional portion of the accumulated benefit obligations and the related plan assets in the year ended March 31, 2006. In addition, the Company recorded a gain from derecognition of previously accrued salary progression of ¥991 million, and settlement loss from recognition of actuarial losses of ¥21,790 million in the year ended March 31, 2006. The net gain from derecognition of previously accrued salary progression and the settlement loss were allocated to cost of goods sold for ¥5,589 million and selling, general and administrative expenses for ¥15,210 million in the year ended March 31, 2006.

Effective January 1, 2006, the Company introduced an amended contributory pension plan and lump-sum severance indemnities plan to establish a new formula for determining benefits including a "point-based benefits system" under which benefits are calculated based on accumulated points allocated to employees each year according to their job classification, performance and years of service. Market-related interest is added to the benefit of the contributory pension plan. The pension plans provide for annuity payments for the periods of 10 to 20 years commencing with mandatory retirement. The Company also introduced a defined contribution pension plan. The pension fund of non-contributory pension plan for active employees was transferred to the defined contribution pension plan. A part of the non-contributory pension plan still remains as a funded pension plan for the retired employees. Also, settlement paid to employees resulted from early retirement and the transfer to certain subsidiaries, which was more than the sum of the service cost and interest cost, was incurred in the year ended March 31, 2006. As a result of the above series of restructuring of pension plans, the settlement loss from recognition of actuarial losses of ¥2,754 million was recorded in cost of goods sold for ¥531 million and in selling, general and administrative expenses for ¥2,223 million in the year ended March 31, 2006.

On March 31, 2007, the Companies adopted the recognition and disclosure provisions of SFAS No. 158. SFAS No. 158 required the Companies to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of their pension plans in the March 31, 2007 consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive income, net of tax. The adjustment to accumulated other comprehensive income at adoption represented the unrecognized actuarial loss and unrecognized prior service cost, all of which were previously netted against the plans' funded status in the consolidated balance sheet pursuant to the provisions of SFAS No. 87. The adoption of SFAS No. 158 had no effect on the consolidated statement of income for the year ended March 31, 2007 or for any prior period presented.

The Company recognized the defined contribution cost of ¥285 million ($2,850 thousand), ¥296 million and ¥72 million for the years ended March 31, 2008, 2007 and 2006, respectively.

Net periodic benefit cost under the Company's retirement and severance program for the years ended March 31, 2008, 2007 and 2006 included the following components:

	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Service cost	**¥1,207**	¥1,188	¥ 2,132	**$12,070**
Interest cost	**804**	788	1,865	**8,040**
Expected return on plan assets	**(551)**	(514)	(1,288)	**(5,510)**
Amortization of prior service cost	**(242)**	(196)	115	**(2,420)**
Recognized actuarial loss	**525**	407	2,335	**5,250**
Derecognition of previously accrued salary progression			(991)	
Settlement loss	**593**	448	24,545	**5,930**
Net periodic pension cost	**¥2,336**	¥2,121	¥28,713	**$23,360**

The following table sets forth various information about the Company's plans as of March 31, 2008 and 2007.

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Change in projected benefit obligations:			
Benefit obligations at beginning of year	**¥41,390**	¥41,535	**$413,900**
Service cost	**1,207**	1,188	**12,070**
Interest cost	**804**	788	**8,040**
Actuarial (gain) loss	**(169)**	878	**(1,690)**
Benefits paid:			
Settlement paid	**(1,744)**	(1,526)	**(17,440)**
Others	**(1,768)**	(1,473)	**(17,680)**
Projected benefit obligations at end of year	**39,720**	41,390	**397,200**
Change in fair value of plan assets:			
Fair value of plan assets at beginning of year	**42,188**	43,119	**421,880**
Actual loss on plan assets	**(2,502)**	(1,149)	**(25,020)**
Employer contribution	**1,609**	1,691	**16,090**
Benefits paid – Others	**(1,768)**	(1,473)	**(17,680)**
Fair value of plan assets at end of year	**39,527**	42,188	**395,270**
Funded status at end of year	**¥ (193)**	¥ 798	**$ (1,930)**

Amounts recognized in the consolidated balance sheets at March 31, 2008 and 2007 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Prepaid benefit cost	**¥ 3,015**	¥ 3,571	**$ 30,150**
Accrued benefit liability	**(3,208)**	(2,773)	**(32,080)**
	¥ (193)	¥ 798	**$ (1,930)**

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2008 and 2007 consisted of:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Actuarial loss	**¥13,832**	¥12,066	**$138,320**
Prior service cost	**(3,012)**	(3,254)	**(30,120)**
	¥10,820	¥ 8,812	**$108,200**

The accumulated benefit obligations for defined benefit plans at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Accumulated benefit obligations	**¥39,720**	¥41,390	**$397,200**

The projected benefit obligations and the fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Plans with projected benefit obligations in excess of plan assets:			
Projected benefit obligations	**¥9,555**	¥10,316	**$95,550**
Fair value of plan assets	**6,346**	7,542	**63,460**
Plans with accumulated benefit obligations in excess of plan assets:			
Accumulated benefit obligations	**9,555**	10,316	**95,550**
Fair value of plan assets	**6,346**	7,542	**63,460**

Changes in plan assets and benefit obligations recognized in accumulated other comprehensive income (loss) for the year ended March 31, 2008 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current year actuarial loss	**¥ 2,884**	**$ 28,840**
Amortization of prior service cost	**242**	**2,420**
Recognition of actuarial loss	**(1,118)**	**(11,180)**

The estimated prior service cost and actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next year are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Prior service cost	¥(264)	$(2,640)
Actuarial loss	664	6,640

Measurement Date

The Company and certain of its subsidiaries used a December 31 measurement date for the plans.

Assumptions

Weighted-average assumptions used to determine benefit obligations at March 31, 2008 and 2007 were as follows:

	2008	2007
Discount rate	**2.0%**	2.0%

Weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2008, 2007 and 2006 were as follows:

	2008	2007	2006
Discount rate	**2.0%**	2.0%	2.0%
Rate of increase in future compensation levels			1.9%
Expected long-term rate of return on plan assets	**2.5%**	2.5%	3.0%

Effective January 1, 2006, the Company introduced an amended contributory pension plan and lump-sum severance indemnities plan to establish a new formula for determining benefits including a point-based benefits system. Under such system benefits are calculated based on accumulated points allocated to employees each year according to their job classification, performance and years of service. Accordingly, rate of increase in future compensation levels was not used to determine net periodic benefit cost for the years ended March 31, 2008 and 2007.

The expected long-term rate of return was determined by estimating the future rate of return of each plan asset considering actual historical returns.

Plan Assets

The Company's pension plans' weighted-average asset allocations at March 31, 2008 and 2007 by asset category were as follows:

Asset category	**2008**	2007
Equity securities	**53.7%**	54.0%
Debt securities	**26.2**	26.2
Cash	**3.9**	4.8
Life insurance company general accounts	**16.2**	15.0
Total	**100.0%**	100.0%

The target asset allocations of the Company's contributory pension plan by asset category were 28% for equity securities, 62% for debt securities and 10% for life insurance company general accounts for both 2008 and 2007. Plan assets of the employee retirement benefit trust are included in equity securities of the above table for both 2008 and 2007.

The fundamental policy of the investment of plan assets is to secure the necessary profit on a long-term basis to fund the payments for future pension benefits to eligible participants. Plan assets which were allocated in accordance with the plan assets allocation policy, established for the purpose of achieving a stable rate of return on a mid-term to long-term basis, were determined by taking into account the expected rate of return on each plan asset, a standard deviation and a correlation coefficient. The gap between long-term expected return and actual return of invested plan assets is evaluated on an annual basis and the plan assets' allocation policy is revised when considered necessary to achieve the expected long-term rate of return on plan assets.

Contributions

The Company expects to contribute ¥1,516 million ($15,160 thousand) to the contributory pension plan in the year ending March 31, 2009.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future services, as appropriate, are expected to be made:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 2,231	$ 22,310
2010	2,397	23,970
2011	2,030	20,300
2012	2,108	21,080
2013	2,069	20,690
2014 – 2018	10,591	105,910

Certain of the Company's subsidiaries have non-contributory pension plans and lump-sum severance plans. The accrued retirement and severance liabilities of these subsidiaries are generally stated at actuarially determined present values of the future liabilities for benefits earned by eligible employees for their services as of the balance sheet date.

Summary information for the subsidiaries' plans for the years ended March 31, 2008, 2007 and 2006 was as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Net periodic benefit cost for the year	**¥ 2,550**	¥ 1,447	¥ 1,326	**$ 25,500**
Benefit obligations at end of year	**16,221**	14,820	13,757	**162,210**
Fair value of plan assets at end of year	**5,686**	5,443	4,853	**56,860**
Unrecognized actuarial loss			292	
Liabilities recognized at end of year	**10,535**	9,377	8,612	**105,350**

Assumptions used for the above plans were generally the same as those used for the Company's plans.

Additionally, the Companies provided for directors' retirement allowances of ¥556 million ($5,560 thousand) and ¥769 million at March 31, 2008 and 2007, respectively, based on its internal regulations.

Special severance benefits of ¥3,472 million ($34,720 thousand), ¥312 million and ¥8,605 million were paid in 2008, 2007 and 2006, respectively, to certain employees for early retirement and to employees transferred to certain subsidiaries. The amounts of special severance payments are included in cost and expenses – other in the consolidated statements of income.

9. STOCK-BASED COMPENSATION

The Company granted its shares of common stock to directors, corporate auditors and executive officers of the Company for the years ended March 31, 2007 and 2006 and to directors (excluding outside directors) and executive officers of the Company during the year ended March 31, 2008 under a fixed stock option plan pursuant to a resolution at the shareholders' meeting. Options granted under the plan have an exercise price of ¥1. The options are vested ratably over a period of one year, and are generally exercisable one year after retirement and up to 20 years from the date of grant.

The fair value of the option granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for the years ended March 31, 2008, 2007 and 2006. The expected dividend yield is based on the Company's most recent history and expectation of dividend payouts. Expected volatility is based on the historical volatility of the Company's stock over the most recent period commensurate with the estimated expected life of the Company's stock options and other factors. The risk-free rate is based on the Japanese government bond in effect at the time of grant for a period commensurate with the estimated expected life. The expected life of options granted, which represents the period of time that the options are expected to be outstanding, is based primarily on historical exercise experience.

	2008	2007	2006
Expected dividend yield	**1.2%**	1.2%	1.2%
Expected volatility	**25.2%**	24.5%	28.3%
Risk-free interest rates	**1.5%**	1.5%	0.7%
Expected lives	**6.3 years**	5.6 years	5.7 years

A summary of option activity under the Company's stock option plan at March 31, 2008, and changes during the year then ended were as follows:

	Number of Options	Exercise Price	Average Remaining Contractual Life	Aggregate Intrinsic Value	Exercise Price	Aggregate Intrinsic Value
	Shares	Yen	Years	Millions of Yen	U.S. Dollars	Thousands of U.S. Dollars
Outstanding at March 31, 2007	342,000	¥1			$0	
Granted	98,000	1			0	
Exercised	(20,000)	1			0	
Outstanding at March 31, 2008	420,000	1	15.2	¥518	0	$5,180
Exercisable at March 31, 2008	11,000	¥1	3.9	¥ 13	$0	$ 130

	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Total compensation cost recognized under the fair value method during the year	**¥131**	¥134	¥135	**$1,310**
Total income tax benefit recognized during the year	**54**	42		**540**

The weighted-average grant-date fair value of stock options granted per share during the years ended March 31, 2008, 2007 and 2006 were ¥1,231 ($12), ¥1,260 and ¥1,199, respectively. The total intrinsic value of options exercised during the years ended March 31, 2008, 2007 and 2006 was ¥24 million ($240 thousand), ¥12 million and ¥0 million, respectively.

As of March 31, 2008, there was ¥40 million ($400 thousand) of total unrecognized cost related to nonvested options. That cost is expected to be recognized over the next year.

Cash received from options exercised for the years ended March 31, 2008, 2007 and 2006 was immaterial.

On May 9, 2008, the Board of Directors resolved to abolish the stock option plan except for the stock options granted before March 31, 2008.

10. SHAREHOLDERS' EQUITY

On and after May 1, 2006, Japanese companies are subject to the new Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below;

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors of such company may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

The amount available for dividends under the Corporate Law is based on the amount recorded in the Company's non-consolidated books of accounts in accordance with Japanese accounting practices. The amount available for dividends under the Corporate Law as of March 31, 2008 was ¥126,710 million ($1,267, 100 thousand).

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, additional paid-in capital and legal reserve may be reversed upon resolution of the shareholders. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

On May 20, 1993, the Company made a stock split by way of a free share distribution at the rate of 0.1 shares for each outstanding share, and 20,703,062 shares were issued to shareholders of record on March 31, 1993, resulting in no change in the balance of common stock or capital surplus. Corporations in the United States issuing shares in similar transactions would be required to account for them by reducing retained earnings and increasing appropriate capital accounts by an amount equal to the fair value of the shares issued. If such United States practice had been applied to the fiscal 1994 free share distribution made by the Company, capital surplus would have increased by ¥33,746 million with a corresponding decrease in unappropriated retained earnings.

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss), net of tax effects, at March 31, 2008 and 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Net unrealized gains on securities available-for-sale	**¥ 1,778**	¥ 4,348	**$ 17,780**
Net unrealized gains (losses) on derivative financial instruments	**(335)**	670	**(3,350)**
Pension liability adjustments	**(5,556)**	(3,718)	**(55,560)**
Foreign currency translation adjustments	**940**	4,437	**9,400**
Accumulated other comprehensive income (loss)	**¥(3,173)**	¥ 5,737	**$(31,730)**

12. LEASED ASSETS AND RENT EXPENSE

The Companies lease certain buildings, machinery and equipment under capital leases. The amounts of these leased assets included in the consolidated balance sheets at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Buildings	**¥13,375**	¥13,375	**$133,750**
Machinery and equipment	**5,661**	3,704	**56,610**
Total	**19,036**	17,079	**190,360**
Less accumulated depreciation	**6,932**	5,157	**69,320**
Total	**¥12,104**	¥11,922	**$121,040**

The following is a schedule of the future minimum lease payments under capital leases together with the present value of net minimum lease payments which is included in "long-term debt" in the consolidated balance sheet at March 31, 2008.

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 2,080	$ 20,800
2010	2,080	20,800
2011	2,027	20,270
2012	1,865	18,650
2013	1,575	15,750
Thereafter	4,652	46,520
Total minimum lease payments	14,279	142,790
Less amount representing interest	1,222	12,220
Present value of net minimum lease payments	13,057	130,570
Less current capital lease obligations	1,761	17,610
Long-term capital lease obligations	¥11,296	$112,960

The Companies also lease office space, employee housing and office equipment under operating leases. Rent expense under these leases amounted to ¥13,542 million ($135,420 thousand), ¥14,603 million, and ¥14,516 million for the years ended March 31, 2008, 2007 and 2006, respectively.

Future minimum lease payments under noncancelable operating leases as of March 31, 2008 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥1,735	$17,350
2010	1,698	16,980
2011	1,606	16,060
2012	1,537	15,370
2013	917	9,170
Thereafter	1,286	12,860
Total minimum lease payments	¥8,779	$87,790

13. FOREIGN EXCHANGE GAINS (LOSSES)

Net foreign exchange loss of ¥2,392 million ($23,920 thousand), gain of ¥710 million and loss of ¥82 million were included in the determination of net income for the years ended March 31, 2008, 2007 and 2006, respectively.

14. FINANCIAL INSTRUMENTS

The carrying amounts and fair values of financial instruments at March 31, 2008 and 2007 were as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2008		2007		**2008**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Marketable equity and debt securities (see Note 3)	**¥ 16,608**	**¥ 16,608**	¥ 22,004	¥ 22,004	**$ 166,080**	**$ 166,080**
Long-term debt	**(110,940)**	**(110,147)**	(95,174)	(93,511)	**(1,109,400)**	**(1,101,470)**
Foreign currency forward contracts and currency swap contracts	**(2,367)**	**(2,367)**	1,438	1,438	**(23,670)**	**(23,670)**
Interest rate swap contracts	**4**	**4**	54	54	**40**	**40**

The carrying values of all other financial instruments approximate their estimated fair values. The fair values of long-term debt are estimated using market interest rates. The use of different market assumptions or techniques could affect the estimated fair values.

15. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Companies are engaged in export and import transactions, which are denominated in various foreign currencies. In order to mitigate the exposure caused by trade payables and receivables, firm commitments and forecasted transactions denominated in foreign currencies (principally in U.S. dollars), the Companies utilize foreign currency forward contracts, currency swap contracts and currency option contracts.

The Companies document their risk management objectives and strategies for undertaking foreign currency hedge transactions. Foreign currency forward contracts, currency swap contracts and currency option contracts are entered into under these objectives and strategies and related rules which regulate transactions.

If the critical terms of derivative instruments and the hedged items are the same, changes in fair value or cash flows attributable to the risk being hedged are expected to completely offset at inception and on an ongoing basis. The net gains or losses excluded from the assessment of hedge effectiveness were immaterial for the years ended March 31, 2008 and 2007. Certain foreign currency forward contracts and currency option contracts do not qualify for hedge accounting. The changes in fair value of such contracts are recorded in earnings immediately.

At March 31, 2008, an unrecognized loss (net of tax) of ¥337 million ($3,370 thousand) relating to existing foreign currency forward contracts and currency swap contracts is included in accumulated other comprehensive loss. The amount of ¥45 million ($450 thousand) is expected to be reclassified into loss within 12 months from March 31, 2008. The maximum length of time over which the Companies are hedging their exposures to the variability in future cash flows for forecasted transactions is approximately 35 months.

The Company is exposed to risks of variability in future cash flows mainly on debt obligations. In order to manage these risks, the Company enters into interest rate swap contracts. Interest rate swap contracts are used primarily to convert floating rate debt to fixed rate debt. The hedging relationships between the derivative instruments and hedged items are highly effective in offsetting changes in cash flows or fair values resulting from changes in interest rates.

At March 31, 2008, an unrecognized gain (net of tax) of ¥2 million ($20 thousand) relating to existing interest rate swap contracts is included in accumulated other comprehensive income. The amount of ¥1 million ($10 thousand) is expected to be reclassified into income within 12 months from March 31, 2008.

A certain subsidiary uses commodity future contracts to manage the variability in hog prices, which do not qualify for hedge accounting. Accordingly, the changes in fair value of the contracts are recorded in earnings immediately.

The Companies also have a policy that the derivatives are not used for other than hedging activities.

As of March 31, 2008, the Companies had no significant concentrations of credit risk.

16. SEGMENT INFORMATION

SFAS No. 131 requires a public business enterprise to report information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The operating segments are determined based on the nature of the products and services offered. The Companies' reportable segments consist of the following three business groups.

Processed Foods Business Division — Production and sales of mainly hams & sausages and processed foods.

Fresh meats Business Division — Production and sales of mainly fresh meats.

Affiliated Business Division — Production and sales of mainly marine products and dairy products.

Intersegment transactions are made with reference to prevailing market prices.

The following table presents certain information regarding the Companies' operating segments at March 31, 2008, 2007 and 2006 and for the years then ended.

Operating segment information

	Millions of Yen					
	2008					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, Adjustments and Others	Consolidated
Net sales						
External customers	**¥305,968**	**¥590,608**	**¥146,231**	**¥1,042,807**	**¥ (10,516)**	**¥1,032,291**
Intersegment	**13,500**	**90,736**	**15,964**	**120,200**	**(120,200)**	
Total	**319,468**	**681,344**	**162,195**	**1,163,007**	**(130,716)**	**1,032,291**
Operating expenses	**317,172**	**666,373**	**162,815**	**1,146,360**	**(131,560)**	**1,014,800**
Segment profit (loss)	**2,296**	**14,971**	**(620)**	**16,647**	**844**	**17,491**
Assets	**172,680**	**297,566**	**59,456**	**529,702**	**79,107**	**608,809**
Depreciation and amortization	**9,575**	**9,348**	**2,223**	**21,146**	**2,793**	**23,939**
Capital expenditures	**6,491**	**9,378**	**1,211**	**17,080**	**1,547**	**18,627**

	Millions of Yen					
	2007					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, Adjustments and Others	Consolidated
Net sales						
External customers	¥299,335	¥543,189	¥144,977	¥ 987,501	¥ (10,205)	¥977,296
Intersegment	13,265	88,159	15,793	117,217	(117,217)	
Total	312,600	631,348	160,770	1,104,718	(127,422)	977,296
Operating expenses	306,982	619,768	161,453	1,088,203	(127,329)	960,874
Segment profit (loss)	5,618	11,580	(683)	16,515	(93)	16,422
Assets	177,575	305,551	64,920	548,046	64,887	612,933
Depreciation and amortization	9,394	8,656	2,258	20,308	2,667	22,975
Capital expenditures	6,750	11,069	1,106	18,925	516	19,441

	Millions of Yen					
	2006					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, Adjustments and Others	Consolidated
Net sales						
External customers	¥300,063	¥527,486	¥145,241	¥ 972,790	¥ (9,126)	¥963,664
Intersegment	12,748	94,129	13,742	120,619	(120,619)	
Total	312,811	621,615	158,983	1,093,409	(129,745)	963,664
Operating expenses	310,438	611,137	160,263	1,081,838	(104,695)	977,143
Segment profit (loss)	2,373	10,478	(1,280)	11,571	(25,050)	(13,479)
Assets	174,010	294,053	65,542	533,605	57,821	591,426
Depreciation and amortization	10,224	8,957	2,573	21,754	1,977	23,731
Capital expenditures	7,037	11,351	1,845	20,233	763	20,996

	Thousands of U.S. Dollars					
	2008					
	Processed Foods Business Division	Fresh Meats Business Division	Affiliated Business Division	Total	Eliminations, Adjustments and Others	Consolidated
Net sales						
External customers	**$3,059,680**	**$5,906,080**	**$1,462,310**	**$10,428,070**	**$ (105,160)**	**$10,322,910**
Intersegment	**135,000**	**907,360**	**159,640**	**1,202,000**	**(1,202,000)**	
Total	**3,194,680**	**6,813,440**	**1,621,950**	**11,630,070**	**(1,307,160)**	**10,322,910**
Operating expenses	**3,171,720**	**6,663,730**	**1,628,150**	**11,463,600**	**(1,315,600)**	**10,148,000**
Segment profit (loss)	**22,960**	**149,710**	**(6,200)**	**166,470**	**8,440**	**174,910**
Assets	**1,726,800**	**2,975,660**	**594,560**	**5,297,020**	**791,070**	**6,088,090**
Depreciation and amortization	**95,750**	**93,480**	**22,230**	**211,460**	**27,930**	**239,390**
Capital expenditures	**64,910**	**93,780**	**12,110**	**170,800**	**15,470**	**186,270**

1. "Eliminations, Adjustments and Others" include unallocated items and intersegment eliminations.
2. Except for a few unallocated items, corporate overhead expenses and profit and loss of certain subsidiaries are allocated to each reportable operating segment. These subsidiaries provide indirect services and operational support for the Companies included in each reportable operating segment.
3. Segment profit (loss) represents net sales less cost of goods sold and selling, general and administrative expenses.
4. Unallocated corporate assets included in "Eliminations, Adjustments and Others" mainly consist of time deposits, marketable securities and other investment securities of the Company.
5. Depreciation and amortization consist of depreciation of tangible fixed assets and amortization of intangible fixed assets which are specifically related to each reportable segment and do not include depreciation and amortization which are included in the corporate overhead expenses and profit and loss of certain subsidiaries as described in Note 2 above.
6. Capital expenditures represent the additions to tangible and intangible fixed assets.

The following table shows reconciliations of the total of the segment profit to income from consolidated operations before income taxes for the years ended March 31, 2008, 2007 and 2006.

	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Segment profit total	**¥16,647**	¥16,515	¥11,571	**$166,470**
Interest expenses	**(2,786)**	(2,928)	(2,496)	**(27,860)**
Other revenues and expenses	**(9,782)**	174	(9,124)	**(97,820)**
Eliminations, adjustments and others	**844**	(93)	2,384	**8,440**
Income from consolidated operations before income taxes	**¥ 4,923**	¥13,668	¥ 2,335	**$ 49,230**

Net sales to external customers for products and services for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Hams and sausages	**¥ 132,820**	¥131,987	¥134,045	**$ 1,328,200**
Processed foods	**185,734**	184,320	184,751	**1,857,340**
Fresh meats	**557,969**	510,695	496,772	**5,579,690**
Marine products	**86,226**	83,353	82,497	**862,260**
Dairy products	**22,124**	21,832	21,707	**221,240**
Others	**47,418**	45,109	43,892	**474,180**
Consolidated total	**¥1,032,291**	¥977,296	¥963,664	**$10,322,910**

Certain information about geographic areas at March 31, 2008, 2007 and 2006 and for the years then ended was as follows:

	Millions of Yen				
	2008				
	Japan	Other Countries	Total	Eliminations and Adjustments	Consolidated
Net sales					
External customers	**¥936,068**	**¥ 96,223**	**¥1,032,291**		**¥1,032,291**
Interarea transfer	**787**	**91,653**	**92,440**	**(92,440)**	
Total	**936,855**	**187,876**	**1,124,731**	**(92,440)**	**1,032,291**
Operating expenses	**914,802**	**192,598**	**1,107,400**	**(92,600)**	**1,014,800**
Operating income (loss)	**22,053**	**(4,722)**	**17,331**	**160**	**17,491**
Long-lived assets	**232,167**	**27,240**	**259,407**		**259,407**

	Millions of Yen				
	2007				
	Japan	Other Countries	Total	Eliminations and Adjustments	Consolidated
Net sales					
External customers	¥882,952	¥ 94,344	¥ 977,296		¥977,296
Interarea transfer	885	88,419	89,304	(89,304)	
Total	883,837	182,763	1,066,600	(89,304)	977,296
Operating expenses	866,973	183,371	1,050,344	(89,470)	960,874
Operating income (loss)	16,864	(608)	16,256	166	16,422
Long-lived assets	235,322	33,658	268,980		268,980

	Millions of Yen				
	2006				
	Japan	Other Countries	Total	Eliminations and Adjustments	Consolidated
Net sales					
External customers	¥876,272	¥ 87,392	¥ 963,664		¥963,664
Interarea transfer	1,343	84,624	85,967	(85,967)	
Total	877,615	172,016	1,049,631	(85,967)	963,664
Operating expenses	866,602	173,024	1,039,626	(62,483)	977,143
Operating income (loss)	11,013	(1,008)	10,005	(23,484)	(13,479)
Long-lived assets	240,502	29,398	269,900		269,900

	Thousands of U.S. Dollars				
	2008				
	Japan	Other Countries	Total	Eliminations and Adjustments	Consolidated
Net sales					
External customers	**$9,360,680**	**$ 962,230**	**$10,322,910**		**$10,322,910**
Interarea transfer	**7,870**	**916,530**	**924,400**	**(924,400)**	
Total	**9,368,550**	**1,878,760**	**11,247,310**	**(924,400)**	**10,322,910**
Operating expenses	**9,148,020**	**1,925,980**	**11,074,000**	**(926,000)**	**10,148,000**
Operating income (loss)	**220,530**	**(47,220)**	**173,310**	**1,600**	**174,910**
Long-lived assets	**2,321,670**	**272,400**	**2,594,070**		**2,594,070**

1. Net sales to external customers are attributed to geographic areas based on the countries of the Companies' domiciles.
2. Operating profit (loss) represents net sales less cost of goods sold and selling, general and administrative expenses.
3. Except for a few unallocated items, corporate overhead expenses and profit and loss of certain subsidiaries, which have been generated or incurred in Japan, are allocated to "Other Countries". These subsidiaries provide indirect services and operational support for the Companies.
4. Long-lived assets mainly consist of property, plant and equipment.
5. "Eliminations and Adjustments" for the year ended March 31, 2006 include settlement loss from the transfer of the substitutional portion of the Employees' Pension Fund of ¥20,799 million and settlement loss from the restructuring of employees' benefit plans and special severance payment of ¥2,754 million.

There were no sales to a single major external customer for the years ended March 31, 2008, 2007 and 2006.

17. COMMITMENTS AND CONTINGENT LIABILITIES

The Companies guarantee certain financial liabilities of an associated company and a supplier. The maximum potential amount of future payments which the Companies could be required to make under these guarantees is ¥885 million ($8,850 thousand) at March 31, 2008. The guarantee with a supplier is secured by certain property and real estate. The estimated fair value of the secured assets is ¥101 million ($1,010 thousand) at March 31, 2008.

Purchase commitments for capital expenditures were approximately ¥462 million ($4,620 thousand) at March 31, 2008.

18. EVENTS SUBSEQUENT TO MARCH 31, 2008

On May 16, 2008, the Board of Directors resolved to pay cash dividends to shareholders of record at March 31, 2008 of ¥16 ($0.16) per share, for a total of ¥3,651 million ($36,510 thousand).

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Nippon Meat Packers, Inc.:

We have audited the accompanying consolidated balance sheets of Nippon Meat Packers, Inc. and subsidiaries as of March 31, 2008 and 2007 and the related consolidated statements of income, changes in shareholders' equity, comprehensive income and cash flows for each of the three years in the period ended March 31, 2008 (all expressed in Japanese yen). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nippon Meat Packers, Inc. and subsidiaries at March 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 13, 2008

Member of
Deloitte Touche Tohmatsu

GROUP COMPANIES (As of April 1, 2008)

Tohoku-Nippon Ham Co., Ltd.
Minami-Nippon Ham Co., Ltd.

Hakodate Carl Raymon Co., Ltd.
Kamakura Ham Tomioka Co., Ltd.
Shizuoka-Nippon Ham Co., Ltd.
Nagasaki-Nippon Ham Co., Ltd.
Nippon Ham Shokuhin Co., Ltd.
Nippon Ham Sozai Co., Ltd.
Nippon Ham Deli New's, Inc.
Thai Nippon Foods Co., Ltd.

Nippon Ham Hokkaido Hanbai Co., Ltd.
Nippon Ham Higashi Hanbai Co., Ltd.
Nippon Ham Nishi Hanbai Co., Ltd.

Nippon White Farm Co., Ltd.
Interfarm Co., Ltd.
Texas Farm, LLC.
Oakey Holdings Pty. Ltd.

Nippon Food Packer, Inc.
Nippon Pure Food, Inc.
Oakey Abattoir Pty. Ltd.
Thomas Borthwick & Sons (Australia) Pty. Ltd.

Japan Food Corporation
Nippon Meat Packers Australia Pty. Ltd.
Day-Lee Foods, Inc.

Higashi Nippon Food, Inc.
Kanto Nippon Food, Inc.
Naka Nippon Food, Inc.
Nishi Nippon Food, Inc.

Nippon Logistics Group, Inc.

Marine Foods Corporation
Nippon Luna Inc.
HOKO Co., Ltd.
Nippon Dry Foods Co., Ltd.

Hokkaido Nippon-Ham Fighters Baseball Club Co., Ltd.
Osaka Football Club Co., Ltd.

And 71 other companies

INVESTOR INFORMATION (As of March 31, 2008)

Corporate Data

Established: May 1949
Capital: ¥24,166 million
President: Hiroshi Kobayashi
Employees: 2,155
Main Business:
Manufacture and sale of processed meats (hams, sausages, etc.) and cooked foods (retort-packed food, pre-prepared foods, etc.), and the import, purchase and sale of fresh meats
Head Office:
6-14, Minami-Honmachi 3-chome,
Chuo-ku, Osaka 541-0054, Japan
Tel: +81-6-6282-3031

Share Data

Authorized shares: 570,000,000
Issued and outstanding: 228,445,350
Shareholders: 9,393
Shareholders by Category
- Individual/Other: 8,660 (17,220 thousand shares)
- Other companies: 336 (24,960 thousand shares)
- Foreign investors: 289 (54,076 thousand shares)
- Financial institutions: 74 (125,622 thousand shares)
- Other: 34 (6,565 thousand shares)

Shareholders by Holding
- Less than 1,000: 1,802 (281 thousand shares)
- 1,000-Less than 10,000: 7,124 (11,507 thousand shares)
- 10,000-Less than 100,000: 308 (9,270 thousand shares)
- 100,000-Less than 1 million: 116 (38,087 thousand shares)
- 1 million-Less than 5 million: 34 (80,200 thousand shares)
- More than 5 million: 9 (89,097 thousand shares)

Major Shareholders (Leading 10 by shareholding)

Name	Shareholding (thousands of shares)
The Master Trust Bank of Japan, Ltd. (Trust account)	15,334
Mitsubishi Corporation	11,784
Japan Trustee Services Bank, Ltd. (Trust account)	10,413
Hyakujushi Bank, Ltd.	10,037
Meiji Yasuda Life Insurance Company	9,806
The Norinchukin Bank	8,926
Nippon Life Insurance Company	8,182
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,326
The Dai-ichi Mutual Life Insurance Company	7,287
Nipponkoa Insurance Co., Ltd.	4,990

Nippon Meat Packers, Inc. http://www.nipponham.co.jp

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