Annual Report
2012
December 1, 2011 to November 30, 2012

Kewpie Corporation

The information contained in this report is derived from the Company’s Annual Securities Report in Japanese filed with the Commissioner of the Financial Services Agency on February 27, 2013 in accordance with the Financial Instruments and Exchange Law, and has been translated into English for the convenience of readers outside Japan.

Corporate Name:	KEWPIE KABUSHIKI-KAISHA
English Corporate Name:	Kewpie Corporation
Name and Title of Representative:	Minesaburo Miyake President and Representative Director
Location of Head Office:	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo 150-0002, Japan
Contact:	Nobuo Inoue Director and General Manager of Operation Promote Department
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I. Outline of the Company

1. Principal Management Indexes

(1) Consolidated principal management indexes for the five years ended November 30, 2012

Period ended		Nov. 2008	Nov. 2009	Nov. 2010	Nov. 2011	Nov. 2012
Net sales	(millions of yen)	473,951	452,239	471,010	486,435	504,997
Ordinary income	(millions of yen)	14,184	18,414	22,762	21,912	24,467
Net income	(millions of yen)	7,721	9,036	10,613	9,449	12,291
Comprehensive income	(millions of yen)	—	—	—	9,656	15,935
Total net assets	(millions of yen)	163,580	170,804	180,901	185,293	195,928
Total assets	(millions of yen)	291,792	275,650	287,957	275,790	306,515
Net assets per share	(yen)	941.79	978.33	1,029.26	1,068.67	1,141.68
Net income per share	(yen)	50.77	59.56	69.97	62.63	82.09
Net income per share – diluted	(yen)	—	—	—	—	—
Equity ratio	(%)	49.0	53.8	54.2	58.0	55.8
Return on equity	(%)	5.4	6.2	7.0	6.0	7.4
Price earnings ratio	(times)	20.9	16.7	14.6	16.9	14.6
Net cash provided by (used in) operating activities	(millions of yen)	14,466	31,301	25,731	23,405	33,246
Net cash provided by (used in) investing activities	(millions of yen)	(9,687)	(11,548)	(15,120)	(12,166)	(24,434)
Net cash provided by (used in) financing activities	(millions of yen)	(5,712)	(18,462)	(5,381)	(19,583)	7,022
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	26,705	27,831	33,121	24,509	40,387
Number of regular full-time employees, and average number of temporary employees in brackets		9,283 [8,295]	10,507 [8,455]	11,732 [10,923]	12,028 [10,830]	12,425 [11,154]

(Notes) 1. Consumption taxes are not included in net sales.
2. Net income per share – diluted is not presented from the period ended November 30, 2008 to the period ended November 30, 2009 because of no issue of potential shares.
3. Net income per share – diluted is not presented since the period ended November 30, 2010 because of no issue of potential shares with dilutive effects.

(2) Non-consolidated principal management indexes for the five years ended November 30, 2012

Period ended		Nov. 2008	Nov. 2009	Nov. 2010	Nov. 2011	Nov. 2012
Net sales	(millions of yen)	235,383	226,336	223,911	223,467	230,554
Ordinary income	(millions of yen)	6,485	10,237	13,752	12,226	12,163
Net income	(millions of yen)	3,560	5,326	7,758	5,954	8,290
Paid-in capital	(millions of yen)	24,104	24,104	24,104	24,104	24,104
Total number of issued shares		155,464,515	155,464,515	155,464,515	153,000,000	153,000,000
Total net assets	(millions of yen)	118,120	120,971	126,009	127,108	134,016
Total assets	(millions of yen)	204,549	190,876	195,668	182,206	207,351
Net assets per share	(yen)	778.20	797.18	830.40	848.85	894.99
Annual dividends per share, and interim dividends per share in brackets	(yen)	15.0 [7.0]	17.0 [7.5]	18.0 [8.0]	18.0 [9.0]	20.0 [9.5]
Net income per share	(yen)	23.40	35.09	51.13	39.46	55.37
Net income per share – diluted	(yen)	—	—	—	—	—
Equity ratio	(%)	57.7	63.4	64.4	69.8	64.6
Return on equity	(%)	3.0	4.5	6.3	4.7	6.3
Price earnings ratio	(times)	45.4	28.4	19.9	26.8	21.7
Dividend payout ratio	(%)	64.1	48.4	35.2	45.6	36.1
Number of regular full-time employees, and average number of temporary employees in brackets		2,609 [866]	2,585 [891]	2,600 [842]	2,585 [793]	2,599 [760]

(Notes) 1. Consumption taxes are not included in net sales.
2. Net income per share – diluted is not presented because of no issue of potential shares.
3. The annual dividends per share for the period ended November 30, 2009 includes a dividend of ¥2 to commemorate the 90th anniversary of establishment.

2. Nature of Business

The Group consists of the Company, sixty-six consolidated subsidiaries, ten affiliated companies, and one other associated company which owns over 20% of shares of the Company. The Group's principal businesses are manufacturing, wholesaling, transportation and warehousing of food products.

The business categories of the Group and the position of the Company and these associated companies in the relevant businesses are summarized below.

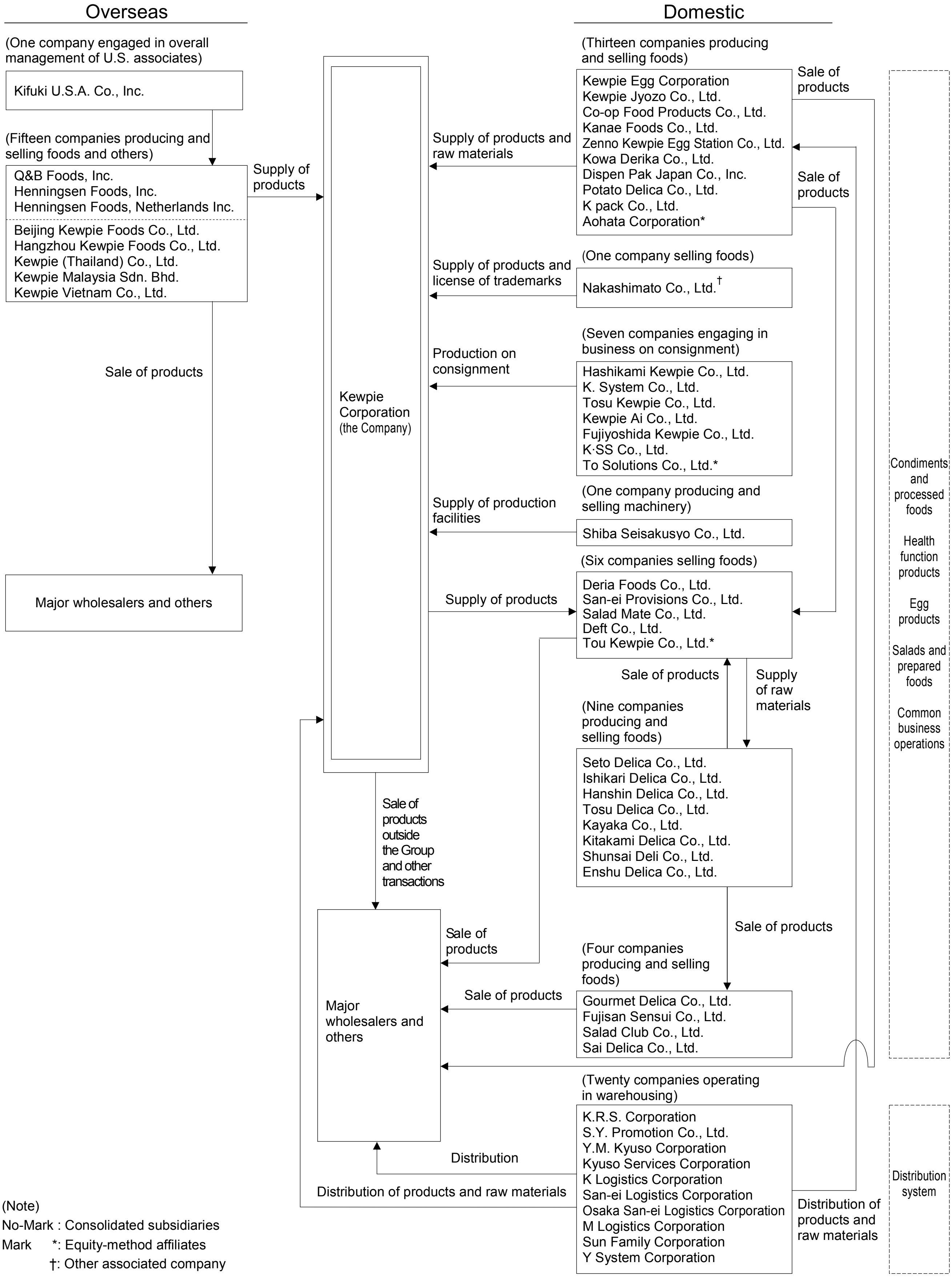
The business categories shown below are the same categories as the reported segments.

Business category	Principal companies	Major handling items / services
Condiments and processed foods	Kewpie Corporation Q&B Foods, Inc. Beijing Kewpie Foods Co., Ltd. Hangzhou Kewpie Foods Co., Ltd.	Mayonnaise and dressings
	Kewpie Jyozo Co., Ltd.	Vinegar
	Kewpie Corporation Aohata Corporation Co-op Food Products Co., Ltd.	Bottled, canned and/or retort pouch foods including jams, pasta sauces, and sweet corn
Health function products	Kewpie Corporation	Baby foods, medical foods, nursing care foods, and hyaluronic acid
Egg products	Kewpie Egg Corporation Zenno Kewpie Egg Station Co., Ltd.	Liquid egg, frozen egg, and dried egg
	Kewpie Corporation Kanae Foods Co., Ltd.	Egg spread, thick omelet, and shredded egg
	Henningsen Foods, Inc.	Dried egg
Salads and prepared foods	Kewpie Corporation Deria Foods Co., Ltd. Potato Delica Co., Ltd. Shunsai Deli Co., Ltd.	Salads and delicatessen foods
	Gourmet Delica Co., Ltd. Sai Delica Co., Ltd.	Boxed lunches and rice balls
	Salad Club Co., Ltd.	Packaged salads
Common business operations	San-ei Provisions Co., Ltd.	Sale of food products
Distribution system	K.R.S. Corporation	Transportation and warehousing of food products
	S.Y. Promotion Co., Ltd. Y.M. Kyuso Corporation	Transportation of food products

The Group Business Network chart on Page 4 shows the relationships of the business activities of Group companies.

K.R.S. Corporation, a consolidated subsidiary, is listed on the first section of the Tokyo Stock Exchange (TSE), while Aohata Corporation, an equity-method affiliate, is listed on the second section of the TSE.

(Group Business Network)



(Note)
No-Mark : Consolidated subsidiaries
Mark *: Equity-method affiliates
†: Other associated company

3. Outline of Associated Companies

(1) Parent company

Not applicable.

(2) Consolidated subsidiaries

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights (Note 2)	Relationship with the Company			
					Interlocking directors (D) or audit & supervisory board members (A)	Finance from the Company	Operating transactions	Lease transactions
Kewpie Egg Corporation	Chofu-shi, Tokyo	350 million yen	Production and sale of liquid and frozen egg	88.0	D or A 2 Employees 7	None	Purchase of products and raw materials, etc.	Leases of offices and factories
Deria Foods Co., Ltd.	Fuchu-shi, Tokyo	50 million yen	Sale of salads and delicatessen foods	100.0	D or A 2 Employees 4	1,494 million yen	Sale of products	Leases of offices
Kewpie Jyozo Co., Ltd.	Fuchu-shi, Tokyo	450 million yen	Production and sale of vinegar	88.0	D or A 2 Employees 2	59 million yen	Purchase of raw materials	Leases of offices
K.R.S. Corporation (Notes 1, 3, 4, 5 & 6)	Chofu-shi, Tokyo	4,063 million yen	Warehousing and transportation	44.8 (0.3) [5.8]	D or A 2 Employee 1	None	Consignment of storage and transportation of products and raw materials of Group companies	Leases of land and warehouses
San-ei Provisions Co., Ltd.	Shibuya-ku, Tokyo	57 million yen	Sale of products for food service	54.4	Employees 4	None	Sale of products and purchase of raw materials	Leases of offices
Co-op Food Products Co., Ltd.	Shibuya-ku, Tokyo	250 million yen	Production and sale of bottled, canned and/or retort pouch foods	51.0	D or A 2 Employees 4	None	Purchase of products	Leases of offices
Kanae Foods Co., Ltd. (Note 1)	Fuchu-shi, Tokyo	50 million yen	Production and sale of processed egg, including egg spread, thick omelet and shredded egg	88.0	D or A 2 Employees 5	None	Purchase of products	Leases of offices and factories
Zenno Kewpie Egg Station Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	105 million yen	Production and sale of dried egg and other egg products	51.4	D or A 2 Employees 4	None	Purchase of products and raw materials	Leases of factories
Q&B Foods, Inc.	California, USA	4,800 thousand U.S. dollars	Production and sale of mayonnaise and dressings	100.0 (100.0)	D or A 2 Employees 3	None	Purchase of products	None
Kifuki U.S.A. Co., Inc.	Delaware, USA	7.17 U.S. dollars	Investment in and management of U.S. associates	100.0	D or A 3 Employee 1	None	Overall management of U.S. associates	None
Henningsen Foods, Inc.	Nebraska, USA	1.92 thousand U.S. dollars	Production and sale of egg products and dried meats	100.0 (100.0)	D or A 1 Employees 3	None	Purchase of products	None
Gourmet Delica Co., Ltd.	Tokorozawa-shi, Saitama	98 million yen	Production and sale of delicatessen foods	100.0	D or A 1 Employees 11	449 million yen	Sale of raw materials	None
Fujisan Sensui Co., Ltd.	Fujiyoshida-shi, Yamanashi	90 million yen	Production and sale of mineral water	77.8 (15.0)	D or A 1 Employees 3	140 million yen	Purchase of products	Leases of factories
Hashikami Kewpie Co., Ltd.	Hashikami-cho, Sannohe-gun, Aomori	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases of factories
Henningsen Foods, Netherlands Inc.	Delaware, USA	2 thousand U.S. dollars	Investment in associates in the Netherlands	100.0 (100.0)	None	None	None	None
Kowa Derika Co., Ltd.	Kamisu-shi, Ibaraki	10 million yen	Production of canned foods	100.0	Employees 4	357 million yen	Purchase of products	None
Dispen Pak Japan Co., Inc.	Minami-Ashigara-shi, Kanagawa	140 million yen	Production and sale of foods, and subdividing and packing work	51.0	D or A 2 Employees 4	None	Purchase of products	Leases of factories
Shiba Seisakusyo Co., Ltd.	Kawasaki-ku, Kawasaki-shi, Kanagawa	10 million yen	Production of machinery and equipment	100.0	Employees 4	None	Purchase of machinery and equipment	None
Salad Mate Co., Ltd.	Shinjuku-ku, Tokyo	10 million yen	Sale of condiments and processed foods	100.0	Employees 2	None	Sale of products	None
Potato Delica Co., Ltd.	Azumino-shi, Nagano	50 million yen	Production of frozen and chilled foods	100.0 (0.9)	D or A 1 Employees 4	357 million yen	Purchase of products	Leases of factories
Saika Co., Ltd.	Mori-machi, Shuchi-gun, Shizuoka	50 million yen	Processing and sale of fresh vegetables	100.0	Employee 1	1,923 million yen	Purchase of products	Leases of land
Deft Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Sale of condiments, frozen and processed foods	100.0	Employees 4	None	Sale of products	Leases of offices
K. System Co., Ltd.	Machida-shi, Tokyo	50 million yen	Consigned clerical work	80.0	D or A 1 Employees 6	None	Consignment of clerical work	Leases of offices
K pack Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	30 million yen	Production and sale of condiments	100.0	Employees 6	None	Purchase of products	Leases of offices

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights (Note 2)	Relationship with the Company			
					Interlocking directors (D) or audit & supervisory board members (A)	Finance from the Company	Operating transactions	Lease transactions
Tosu Kewpie Co., Ltd.	Tosu-shi, Saga	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases of factories
Hangzhou Kewpie Foods Co., Ltd.	Hangzhou, Zhejiang Province, China	140 million yuan	Production and sale of foods	62.9 (3.6)	D or A 1 Employees 4	123 million yen Liabilities for guarantee 123 million yen	None	None
S.Y. Promotion Co., Ltd.	Koto-ku, Tokyo	200 million yen	Transportation	88.4 (51.0)	Employee 1	None	Consignment of transportation services	None
Seto Delica Co., Ltd.	Seto-shi, Aichi	30 million yen	Production and sale of delicatessen foods	96.7 (96.7)	Employees 4	228 million yen	Sale of raw materials	None
Ishikari Delica Co., Ltd.	Teine-ku, Sapporo-shi, Hokkaido	30 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 3	None	Sale of raw materials	None
Hanshin Delica Co., Ltd.	Itami-shi, Hyogo	10 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 5	None	Sale of raw materials	Leases of factories
Salad Club Co., Ltd.	Fuchu-shi, Tokyo	300 million yen	Processing and sale of fresh vegetables	51.0	D or A 2 Employees 3	None	Sale of raw materials	Leases of factories
Y.M. Kyuso Corporation	Inagi-shi, Tokyo	82 million yen	Warehousing and transportation	100.0 (100.0)	None	None	None	None
Beijing Kewpie Foods Co., Ltd.	Huairou District, Beijing, China	42 million yuan	Production and sale of foods	65.0	D or A 1 Employees 4	131 million yen	None	None
Tosu Delica Co., Ltd.	Tosu-shi, Saga	10 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 5	None	Sale of raw materials	Leases of factories
Kayaka Co., Ltd.	Ayabe-shi, Kyoto	30 million yen	Processing and sale of fresh vegetables	100.0	Employees 5	103 million yen	Sale of raw materials	Leases of factories
Kewpie Ai Co., Ltd.	Machida-shi, Tokyo	30 million yen	Consigned clerical work	100.0	D or A 1 Employees 4	None	Consignment of clerical work	Leases of offices
Sai Delica Co., Ltd.	Miyaki-cho, Miyaki-gun, Saga	98 million yen	Production and sale of delicatessen foods	100.0	D or A 1 Employees 4	18 million yen	Sale of raw materials	None
Kitakami Delica Co., Ltd.	Kitakami-shi, Iwate	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	275 million yen	Sale of raw materials	None
Fujiyoshida Kewpie Co., Ltd.	Fujiyoshida-shi, Yamanashi	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases of factories
K･SS Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Planning, production and services for sales promotion	100.0	Employees 4	None	Consignment of sales	Leases of offices
Kyuso Services Corporation	Chofu-shi, Tokyo	30 million yen	Sale of equipment for cars	100.0 (100.0)	None	None	Rental of cars for factories	Rental of cars for factories
K Logistics Corporation	Toyokawa-shi, Aichi	30 million yen	Transportation	70.0 (70.0)	None	None	None	None
San-ei Logistics Corporation	Akishima-shi, Tokyo	38 million yen	Transportation	100.0 (100.0)	None	None	None	None
Kewpie (Thailand) Co., Ltd. (Note 5)	Bangkok, Thailand	260 million baht	Production and sale of condiment sauce, powdered condiments and bottled and/or canned foods	44.0	D or A 2 Employees 5	Liabilities for guarantee 149 million yen	Purchase of products	None
Shunsai Deli Co., Ltd.	Akishima-shi, Tokyo	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 10	406 million yen	Sale of raw materials	Leases of factories
Osaka San-ei Logistics Corporation	Hirakata-shi, Osaka	66 million yen	Transportation	90.0 (90.0)	None	None	None	None
M Logistics Corporation	Yoshikawa-shi, Saitama	33 million yen	Transportation	90.0 (90.0)	None	None	None	None
Sun Family Corporation	Yoshikawa-shi, Saitama	66 million yen	Transportation	90.0 (90.0)	None	None	None	None
Y System Corporation	Hirakata-shi, Osaka	20 million yen	Transportation	100.0 (100.0)	None	None	None	None
Kewpie Malaysia Sdn. Bhd.	Malacca, Malaysia	34 million ringgit	Production and sale of condiments, etc.	90.0	D or A 1 Employees 4	213 million yen	None	None
Kewpie Vietnam Co., Ltd.	Binh Duong, Vietnam	230.0 billion dong	Production and sale of condiments, etc.	90.0	D or A 1 Employees 3	None	None	None
Enshu Delica Co., Ltd.	Mori-machi, Shuchi-gun, Shizuoka	20 million yen	Processing and sale of fresh vegetables	100.0 (100.0)	Employees 4	406 million yen	Purchase of products	Leases of land

(Notes) 1. K.R.S. Corporation and Kanae Foods Co., Ltd. are classified under Japanese tax law as *tokutei kogaisha*, a special category of subsidiary.
2. The figures in parentheses under “Percentage of our voting rights” indicate the proportion of indirect ownership and are included in the respective figures above.
3. The company files its own annual securities report to the Commissioner of the Financial Services Agency.
4. Net sales registered by K.R.S. Corporation (excluding sales from intra-group transactions) exceed 10% of the Company’s consolidated net sales. However, specific details regarding its major profit/loss information are not published here as K.R.S. Corporation files its own annual securities report to the Commissioner of the Financial Services Agency.
5. K.R.S. Corporation and Kewpie (Thailand) Co., Ltd. are treated as subsidiaries, even though the voting rights held by the Company as a percentage of total voting rights are 50% or less, in view of the effective control exerted over their management.

6. In the "Percentage of our voting rights" column, the figures shown in square brackets indicate the percentage of voting rights of closely related persons or persons whose consents are obtained, which are excluded from the respective figures above.

(3) Equity-method affiliates

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights (Note 2)	Relationship with the Company			
					Interlocking directors (D) or audit & supervisory board members (A)	Finance from the Company	Operating transactions	Lease transactions
Summit Oil Mill Co., Ltd.	Mihama-ku, Chiba-shi, Chiba	97 million yen	Production of vegetable oil	49.0	D or A 1 Employee 1	None	Purchase of raw materials	None
Aohata Corporation (Notes 1 & 3)	Takehara-shi, Hiroshima	644 million yen	Production and sale of canned foods	16.2 (0.4)	D or A 2	None	Purchase of products	None
Kunimi Nosankako Co., Ltd.	Kunisaki-shi, Oita	80 million yen	Production and sale of frozen and chilled foods	20.1	Employees 2	295 million yen	Purchase of products	None
Henningsen Van Den Burg B.V.	Waalwijk, the Netherlands	5,127 thousand euro	Production and sale of dried egg	50.0 (50.0)	None	None	Purchase of products	None
To Solutions Co., Ltd.	Shinjuku-ku, Tokyo	90 million yen	Planning, development, sale, maintenance and operational support of computer systems	20.0	Employee 1	None	Consignment of calculation work, etc.	Rental of office equipment
Tou Kewpie Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Mail-order business	40.0	Employees 3	None	Sale of products, etc.	Leases of offices

(Notes) 1. Although the proportion of shares held by the Company is less than 20%, the Company exercises substantial influence; thus the company is included in the scope of equity-method affiliate.
2. The figures in parentheses under "Percentage of our voting rights" indicate the proportion of indirect ownership and are included in the respective figures above.
3. The company files its own annual securities report to the Commissioner of the Financial Services Agency.

(4) Other associated company

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of their voting rights (Note)	Relationship with the Company			
					Interlocking directors (D) or audit & supervisory board members (A)	Finance	Operating transactions	Lease transactions
Nakashimato Co., Ltd.	Shibuya-ku, Tokyo	50 million yen	Sale of processed foods	20.9 (3.3)	D or A 3	None	Purchase of products, etc.	Rental of offices

(Note) The figure in parentheses under "Percentage of their voting rights" indicates the proportion of indirect ownership by Nakashimato and is included in the respective figure above.

4. Employees

(1) The Company and its consolidated subsidiaries

(As of November 30, 2012)

Number of employees
12,425 (11,154)

(Note) The employee figure indicates registered regular employees and long-term special contract employees, excluding the Group employees dispatched outside the Group but including workers from outside employed within the Group on dispatch. The figure in parentheses indicates the annual average number of short-term contract non-regular employees and workers hired on a daily, weekly or seasonal basis, and is excluded from the figure above.

(2) The labor union

Formed on July 14, 1962, the Kewpie labor union is the main labor union of the Kewpie Group. The union has no affiliation with any larger entity, and it maintains friendly relations with the Company.

II. Business Operations

1. General

(1) Business performance (consolidated)

◊ General

In the fiscal year ended November 30, 2012, the Japanese economy, which was still suffering from the lingering effects of the Great East Japan Earthquake, faced severe conditions mainly resulting from global economic slowdown, particularly in Europe, and the yen's protracted appreciation.

In the food industry, customer needs for simple and convenient products continued to increase, boosting demand not only for ready-made foods but also for frozen foods. On the other hand, there were heightened concerns about rising costs due to continued instability in grain and crude oil prices, which have an effect on costs of raw materials, energy and other resources.

Conditions continued to be severe in the food distribution industry, mainly due to changes in customers' distribution systems and flat growth in commission fees from fiercer cost competition between distribution companies.

◊ Status of the Kewpie Group (consisting of Kewpie Corporation, its consolidated subsidiaries, and equity-method affiliates)

The Kewpie Group strove to further boost corporate value by following three basic policies and adopting "full-fledged execution of food service strategy" as the drive to promote the effective execution of these policies outlined in the Medium-term Business Plan, covering the three-year period commencing in the fiscal year ended November 30, 2010. The first policy, "promotion of development of human resources and improvement of the quality of the Group" establishes a basis for the other two policies of "strengthening of operating base" and "challenge to new developments."

- Net sales

The Condiments and processed foods business and the Salads and prepared foods business had strong sales, and as a result consolidated net sales rose by ¥18,562 million (3.8%) year on year to ¥504,997 million.

- Profit

Despite an increase in marketing costs in the current fiscal year in contrast with the previous year, during which advertising and sales promotions were reduced following the disaster that hit Japan that year, there was growth in sales of condiments for salads and high-value added products for ready-made foods. Primarily as a reflection of these developments, operating income increased by ¥2,552 million (12.3%) year on year to ¥23,368 million and ordinary income increased by ¥2,555 million (11.7%) year on year to ¥24,467 million.

Net income increased by ¥2,842 million (30.1%) year on year to ¥12,291 million. This partly reflected insurance income in connection with the Great East Japan Earthquake of 2011, as well as gains on negative goodwill from additional acquisitions of consolidated subsidiaries' shares, which were recorded as extraordinary gains in the second quarter of the current fiscal year.

◊ Business overview by segment

[Breakdown of net sales] (Millions of yen)

	Previous fiscal year	Current fiscal year	Change (amount)	Change (ratio)
Condiments and processed foods	173,488	181,366	7,878	4.5%
Health function products	18,462	18,414	(48)	(0.3)%
Egg products	85,743	85,570	(173)	(0.2)%
Salads and prepared foods	85,801	97,746	11,945	13.9%
Common business operations	5,818	6,201	383	6.6%
Distribution system	117,122	115,697	(1,425)	(1.2)%
Total	486,435	504,997	18,562	3.8%

[Breakdown of operating income] (Millions of yen)

	Previous fiscal year	Current fiscal year	Change (amount)	Change (ratio)
Condiments and processed foods	14,370	14,959	589	4.1%
Health function products	1,510	821	(689)	(45.6)%
Egg products	3,786	5,664	1,878	49.6%
Salads and prepared foods	2,217	3,061	844	38.1%
Common business operations	667	833	166	24.9%
Distribution system	3,020	3,183	163	5.4%
Adjustments	(4,756)	(5,156)	(400)	—
Total	20,816	23,368	2,552	12.3%

(Note) Adjustments mainly include operating expenses that cannot be allocated to segments, such as expenses pertaining to the Company's general control departments and consolidated subsidiaries K. System Co., Ltd. and Kewpie Ai Co., Ltd.

Condiments and processed foods
- Sales of dressings in the domestic market expanded steadily and operations in East Asia also grew favorably.
- Increased sales offset increases in raw material costs and marketing expenses, leading to higher profits.

Health function products
- Although sales declined due to sluggish sales of hyaluronic acid, there was growth in sales of foods for elderly people.
- Although profits on hyaluronic acid declined, progress was made in improvement of costs.

Egg products
- Sales declined due to stabilization in the market price of hens' eggs, which rose sharply in the previous year, but products for ready-made foods sold strongly.
- Profits increased due to higher sales of high-value added products for ready-made foods and stabilization in the market price of hens' eggs.

Salads and prepared foods
- Thanks to measures aimed at bolstering demand, there was substantial sales growth in packaged salads and expansion in sales of prepared rice foods and prepared foods.
- The effects of strengthening of the operating base as well as the increase in sales contributed to profits.

Common business operations
- Profits increased thanks to the effects of higher sales and cost reductions, etc.

Distribution system
- Business with existing customers declined leading to a decrease in sales mainly due to changes in their distribution systems.
- Profits increased in line with progress in streamlining of storage and transportation functions such as reduction in fixed costs achieved with the consolidation of distribution centers.

(2) Cash flows

Cash and cash equivalents at the end of the current fiscal year amounted to ¥40,387 million, which represents an increase of ¥15,878 million from the end of the previous fiscal year.

Status of cash flows

– Net cash provided by operating activities, on a consolidated basis, came to ¥33,246 million for the current fiscal year, up from ¥23,405 million for the previous fiscal year. This was the result of income before income taxes and minority interests of ¥23,354 million, depreciation and amortization of ¥14,089 million and an increase in notes and accounts payable — trade of ¥2,307 million, offsetting an increase in notes and accounts receivable — trade of ¥1,766 million and income taxes paid of ¥6,894 million.
– Net cash used in investing activities amounted to ¥24,434 million, compared with ¥12,166 million used in the previous fiscal year. This was the result of purchases of tangible fixed assets of ¥19,747 million and payments into time deposits of ¥3,007 million.
– Net cash provided by financing activities amounted to ¥7,022 million, compared with ¥19,583 million used in the previous fiscal year. This was the result of proceeds from issuance of bonds of ¥9,946 million, offsetting dividend payments of ¥2,770 million.

(Note) Amounts shown in "II. Business Operations" are exclusive of consumption taxes.

2. Tasks Ahead

(Basic policy on the Medium-term Business Plan and main strategies)

(1) Basic policy on the Medium-term Business Plan

The Kewpie Group has set out four management policies, which stem from the aim of making the most of our unique capabilities and an ability to create new products, markets and demand, in the Group's Medium-term Business Plan for the three years starting from the fiscal year ending November 30, 2013. The policies consist of strengthening our management base, innovation in Japan, developing overseas business in earnest, and laying a foundation for the future. These policies are designed to cultivate motivation to take up challenges in the Group overall and ensure continued growth in Japan together with significant growth overseas.

To these ends, we will make a group-wide effort to boost our corporate value.

(2) Main strategies in Japan and overseas

In Japan	Overseas
[Increase competitiveness and expand market share] • Further cultivate core fields • Develop new sales channels • Acquire new technologies and create added value	[Harness quality assurance and proposal capabilities developed in Japan] • Expand the mayonnaise market in Asia • Further cultivate existing areas while developing new areas • Expand product domains that employ Group resources including know-how cultivated in Japan

(3) Main strategies by business category

*Business category	Main strategies
Condiments products	• Create salad condiments demand by expanding the salad domain and applications • Expand the mayonnaise market in Asia through development activities that fully address the individual attributes of each area
Egg products	• Cultivate the food service market by developing and expanding the use of value-added products • Reduce business costs by pursuing optimal production
Delicatessen products	• Expand the three fields of salads and prepared foods, cut vegetables, and cooked rice for convenience stores by drawing on the Company's technological and development capabilities • Take up the challenge of entering new fields including online and delivery sales
Processed foods	• Rebuild the earnings platform through optimization of production structure and refinement of categories • Strengthen the ability to develop products and cultivate sales channels by adopting a selection and concentration approach toward each category
Fine chemical products	• Enhance the added value of hyaluronic acid by creating new functions and expand areas of use • Expand potential in the medical field and provide new value

*Business category	Main strategies
Distribution system	• Optimize transportation and delivery operations by rebuilding the business structure • Improve distribution services through such efforts as developing distribution networks

* With the aim of accelerating business operations and improving profitability, the business categories will be changed in the fiscal year ending November 30, 2013.
  - The former Condiments and processed foods business is to be divided into the Condiments products business and Processed foods business.
  - The former Health function products business is to be divided. The Fine chemical products section is to be newly established as a single business and the Healthcare section is to be transferred to the Processed foods business.

(Fundamental policy on control of the Company)

(1) Fundamental policy on what the person(s) should be like to control the determination of the financial and business policies of the Company

The Company considers that in the event that its shares are to be purchased for the purpose of a large purchase, it should be left to final judgment of the shareholders whether or not the Company will agree thereto, and does not deny any import or effect of vitalization of its corporate activities through a change in the controlling interest.

However, for the management of the Company and the Group, it is essential to have a good understanding of a broad range of know-how and accumulated experience, as well as the relationships fostered with its stakeholders, including customers, trading partners and employees, among others. Without such good understanding, it would be impossible to properly judge the shareholder value that may be raised in the future. We, who are responsible for management as entrusted by the shareholders, have focused our efforts on IR activities to get the fair value of the shares of the Company understood by the shareholders and investors. However, in the event of a sudden large purchase of the shares, for the shareholders who are required to properly judge whether the price for the acquisition offered by the purchaser is adequate or not in a short period, we consider it vital to be provided with adequate and sufficient information from both the purchaser and the Board of Directors of the Company. Additionally, for the shareholders in considering whether or not to continue holding the shares of the Company, we believe that such information as the impact of the acquisition on the Company, the details of the management policy and business plans and past investing activities of the purchaser when the purchaser proposes to participate in the management of the Company and the opinion of the Board of Directors as to the acquisition will be important for making a decision.

In consideration of these factors, we have judged that any prospective purchaser of the shares of the Company for the purpose of a large purchase should be required to provide with the Board of Directors in advance such necessary and sufficient information as to allow the shareholders to consider the acquisition in accordance with some reasonable rules prescribed by the Company and publicized in advance, and to commence the acquisition only after the lapse of a specified evaluation period for the Board of Directors.

In fact, some large purchase may cause permanent damage to the Company and materially injure its corporate value and the common interests of its shareholders. We, responsible for the management of the Company, recognize that we are naturally responsible for protecting against such large purchase the fundamental philosophy and brands of the Company and the interests of its shareholders and other stakeholders.

To fulfill such responsibility, the Board of Directors recognizes that with regard to any purchase of shares for the purpose of a large purchase (or any proposed purchase), it is necessary to carefully investigate and judge the effect of such purchase (or such proposed purchase) that may have on the corporate value of the Company and the common interests of its shareholders, in consideration of the nature of business, future business plans and past investing activities of the purchaser, among other factors.

Hence, we believe that to protect the corporate value of the Company and the common interests of its shareholders, it is necessary for the Board of Directors to take measures it considers adequate in accordance with some reasonable rules prescribed by the Company and disclosed in advance.

(The aforementioned fundamental policy on what the person(s) should be like to control the determination of the financial and business policies of the Company will be referred to as the "Fundamental Policy" hereinafter.)

(2) Special measures to facilitate the implementation of the Company's Fundamental Policy

A. Special measures to facilitate the implementation of the Company's Fundamental Policy

To encourage many investors to invest in the Company on a continued, long-term basis, it has implemented the following measures to facilitate the enhancement of its corporate value and the common interests of its shareholders:

a) Institution of the Group's Medium-term Business Plan
The Group has instituted a Three-year Medium-term Business Plan commencing December 1, 2012 to further enhance its corporate value.
In the Medium-term Business Plan, the Group has set out four management policies, which stem from the aim of making the most of our unique capabilities and an ability to create new products, markets and demand: strengthening our management base, innovation in Japan, developing overseas business in earnest, and laying a foundation for the future. These policies are designed to cultivate motivation to take up challenges in the Group overall and ensure continued growth in Japan together with significant growth overseas.
To put the Medium-term Business Plan into action, the Group will make proactive business and capital investments to strengthen revenue-generating base and enhance asset efficiency at each business, with the policies of the plan at the core of these efforts. We believe that doing so will help to further enhance its corporate value and the common interests of its shareholders.

b) Upgrading of corporate governance
To continuously increase its corporate value and the common interests of its shareholders through efficient and sound management, the Group regards the upgrading of its organizations, schemes and systems of management and timely and proper implementation of necessary measures as one of the most important management challenges.
To more clearly define the management responsibility for each fiscal year and establish a management structure that can respond to changes in the business environments with agility, the Company sets the term of office of directors to one year. Additionally, to further strengthen its audit system, the Company employs three outside audit & supervisory board members.

B. Assessment of the measures noted in above (2) A. by the Board of Directors of the Company and reasons for the assessment
The Board of Directors of the Company assesses the measures as follows. The measures noted in above (2) A. a) and b) increase the Group's corporate value and the common interests of its shareholders and consequently decrease the risk of appearance of any Large Purchaser who may materially injure the Company's corporate value and the common interests of its shareholders. So, the measures live up to the Fundamental Policy. In addition, it is clear that the measures do not injure the common interests of the shareholders and is not contemplated to maintain the positions of directors or audit & supervisory board members of the Company because such measures naturally increase the Group's corporate value.

(3) Measures to prevent the determination of the financial and business policies of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy (a defense plan against large purchase actions of the shares of the Company (takeover defense plan))

A. Measures by the defense plan against large purchase actions of the shares of the Company (takeover defense plan)
The Company decided by the resolution at a meeting of the Board of Directors of the Company held on January 20, 2011 to continue to adopt the defense plan against large purchase actions (hereinafter referred to as the "Defense Plan") as measures to prevent the determination of the financial and business policies of the Company from being controlled by any person considered inadequate as described by the Fundamental Policy; subject to approval of the 98th Ordinary General Meeting of Shareholders on February 23, 2011. The continuous adoption of the Defense Plan was approved at the 98th Ordinary General Meeting of Shareholders.
The outline of the Defense Plan is as follows:

a) Coverage of purchase actions
The Defense Plan covers a purchase of shares and other securities of the Company to make the ratio of voting rights of any specified shareholder group 20% or more, or a purchase of

shares and other securities of the Company resulting in making the ratio of voting rights of any specified shareholder group 20% or more (whether by market trading, by takeover bid (TOB) or otherwise; however any purchase action agreed to by the Board of Directors in advance will not be covered by the Defense Plan).

b) Particulars of the Large Purchase Rules
The Company will institute Large Purchase Rules under which any Large Purchaser can commence a large purchase action only after (i) Large Purchaser provides the Board of Directors of the Company with necessary and sufficient information on the large purchase action in advance and (ii) in principle, 60 days (in case of purchase of all shares of the Company by TOB for cash (in yen) only) or 90 days (in other cases of large purchases), which is the period for the Board of Directors of the Company to evaluate, examine, negotiate, form opinions, make alternative plans, determine whether it is necessary to confirm shareholders' intention and determine whether to take counter measures (hereinafter referred to as "Directors' Evaluation Period"), pass.

With regard to the Large Purchase Rules, the Company will (iii) establish an Independent Committee to ensure the Defense Plan to be implemented properly and prevent arbitrary judgments by the Board of Directors as far as possible and (iv) follow procedures for confirming the intention of the shareholders as the necessity arises from the perspective of respecting their intention. The Independent Committee shall consist of at least three members, who shall be appointed from among outside experts independent of the management responsible for execution of business of the Company, outside directors of the Company and outside audit & supervisory board members of the Company, to enable them to make fair and indifferent judgments. To confirm the intention of the shareholders, a resolution shall be adopted at a General Meeting of Shareholders under the Corporation Law of Japan. In the event that such General Meeting of Shareholders is held, the Board of Directors shall, pursuant to the resolution adopted thereat, trigger, or not trigger, the Defense Measure against the proposed large purchase action as the case may be. The date of the General Meeting of Shareholders shall be fixed within the initially fixed Directors' Evaluation Period, in principle. However, in any unavoidable circumstance where it takes time procedurally to convene a General Meeting of Shareholders or otherwise, the Board of Directors may extend the Directors' Evaluation Period for 30 days upon recommendation from the Independent Committee.

c) Defense Measure when a large purchase action is taken
(i) In case the Large Purchaser observes the Large Purchase Rules
In case the Large Purchaser observes the Large Purchase Rules, the Board of Directors will not trigger the Defense Measure against the large purchase action, in principle. Whether or not to agree to the purchase proposal by the Large Purchaser will be left to the judgment of the respective shareholders.

However, if the Large Purchaser is considered not to seriously aim for reasonable management but the gaining of control of the Company by the Large Purchaser is considered to cause permanent damage to the Company, whereby materially injuring its corporate value and the common interests of its shareholders, the Board of Directors may exceptionally implement any appropriate measure to protect the interests of its shareholders.

(ii) In case the Large Purchaser does not observe the Large Purchase Rules
In case the Large Purchaser does not observe the Large Purchase Rules, in order to protect the corporate value of the Company and the common interests of its shareholders, the Board of Directors will trigger the Defense Measure, including the issuance of stock acquisition rights, as authorized by the Corporation Law and other laws or ordinances and the Articles of Incorporation of the Company, against the large purchase action by taking into consideration the necessity and adequacy thereof. The Board of Directors will determine whether or not the Large Purchaser observes the Large

Purchase Rules and whether or not it is appropriate to trigger the Defense Measure, by reference to the opinions of third-party experts and by respecting recommendations from the Independent Committee to the maximum extent possible.

(iii) Defense Measure
The Company will adopt a concrete measure that the Board of Directors assesses as the most appropriate at the time among measures, including an allocation of stock acquisition rights without compensation, which are authorized by the Corporation Law and the Articles of Incorporation of the Company by taking into consideration the necessity and adequacy thereof. In the case that the Company makes an allocation of stock acquisition rights without compensation, the Company will set conditions that, for example, the exercise of the stock acquisition rights by the Large Purchaser is rejected.

(iv) Cessation of the triggering of the Defense Measure
Even after the determination to trigger the Defense Measure, in the event that the Large Purchaser revokes or alters the large purchase action or otherwise the Board of Directors judges it inappropriate to trigger the Defense Measure, it may alter or cease the triggering of the Defense Measure by respecting recommendations from the Independent Committee to the maximum extent possible.

d) Impacts on the shareholders and investors

(i) Impact of the Large Purchase Rules on the shareholders and investors
We believe that the institution of the Large Purchase Rules, which are intended to help the shareholders and investors make appropriate investment judgments, will benefit the shareholders of the Company and investors.

(ii) Impact on the shareholders and investors when the Defense Measure is triggered
In case the Large Purchaser does not observe the Large Purchase Rules, the Board of Directors may trigger the Defense Measure, as authorized by the Corporation Law and other laws or ordinances and the Articles of Incorporation of the Company, to protect the corporate value of the Company and the common interests of its shareholders. However, under the scheme of the Defense Measure, it is not assumed that the shareholders (excluding the Large Purchaser against which the Defense Measure is triggered) of the Company will incur any specific loss on their legal rights or economic interests. In the event that the Board of Directors ceases to issue stock acquisition rights or acquire the issued stock acquisition rights without compensation, the stock value per share will not be diluted. Hence, any shareholder or investor who trades in the shares, assuming that the stock value of the Company will be diluted on or after the ex-date relating to the free allocation of stock acquisition rights may incur an unexpected loss due to stock price movements.

(iii) Procedures to be followed by the shareholders when the Defense Measure is triggered
In the event that the Board of Directors of the Company determines to make a free allocation of stock acquisition rights as a vehicle for the Defense Measure, stock acquisition rights shall be allocated without compensation to shareholders recorded in the shareholder registry of the Company as of the record date for the allocation of the stock acquisition rights without compensation for which the Company gave public notice. Accordingly, for the shareholders to receive an allocation of stock acquisition rights, they must be recorded in the final shareholder registry as of the record date. For further details of the methods of allocation, the exercise of stock acquisition rights and the acquisition thereof by the Company, information will be disclosed or notified to the shareholders after the determination of the Board of Directors with regard to the Defense Measure.

e) Effective period of the Defense Plan
The Defense Plan shall expire at the close of the 101st Ordinary General Meeting of Shareholders to be held no later than February 28, 2014.

B. Assessment of the Defense Plan noted in above (3) A. by the Board of Directors and reasons for the assessment

a) The Defense Plan's compliance with the Fundamental Policy

The Defense Plan stipulates the particulars of the Large Purchase Rules, the defense plan in case of a large purchase action, the establishment of an Independent Committee and the impacts on the shareholders and investors.

The Defense Plan requires any Large Purchaser to provide the Board of Directors with necessary and sufficient information on a large purchase action in advance and commence the large purchase action only after the lapse of the Directors' Evaluation Period and specifies that the Board of Directors may trigger any defense measure against the Large Purchaser not observing the Large Purchase Rules.

The Defense Plan also stipulates that even in the event that the Large Purchaser observes the Large Purchase Rules, if its large purchase action is considered by the Board of Directors to materially injure the corporate value of the Company and the common interests of its shareholders, the Board of Directors may trigger against the Large Purchaser any defense measure considered appropriate to protect the corporate value of the Company and the common interests of its shareholders.

Hence, we believe the Defense Plan complies with the Fundamental Policy.

b) The Defense Plan's non-injuring of the common interests of the shareholders of the Company

As described in above (1) "Fundamental policy on what the person(s) should be like to control the determination of the financial and business policies of the Company," the Fundamental Policy is based on respect for the common interests of its shareholders. The Defense Plan, which is designed according to the philosophy of the Fundamental Policy, is intended to afford the opportunities to the shareholders of the Company to receive information necessary for them to judge whether or not to agree to a large purchase action, have the Board of Directors put forward its opinion thereon and have any alternative proposal offered to them. The Defense Plan will allow the shareholders of the Company and investors to make appropriate investment judgments. Thus, we believe that the Defense Plan will not injure the common interests of the shareholders of the Company but rather benefit their interests.

In addition, the effectuation and extension of the Defense Plan is subject to the approval of the shareholders. The Defense Plan has no dead-hand clause (a clause that prevents canceling a takeover defense measure if any member of the Board of Directors that adopted the measure is replaced) or slow-hand clause (a clause that prevents canceling a takeover defense measure for a specified period even if a majority of the members of the Board of Directors that adopted the measure are replaced) and consequently, the shareholders of the Company can abolish the Defense Plan whenever they wish to do. Thus, we believe that the Defense Plan gives assurance that the common interests of the shareholders of the Company will not be injured.

c) The fact that the Defense Plan is not intended to maintain the position of the directors or audit & supervisory board members of the Company

Based on the principle of leaving the final judgment to the shareholders of the Company as to whether or not to agree to a large purchase action, the Defense Plan allows the Board of Directors to request compliance with the Large Purchase Rules and trigger a defense measure to the extent necessary to protect the corporate value of the Company and the common interests of its shareholders. The Defense Plan discloses the conditions on the triggering of defense measures by the Board of Directors in advance and in details and any defense measure by the Board of Directors shall be triggered in accordance with the provisions of the Defense Plan. The Board of Directors cannot effectuate or extend the Defense Plan by itself, but subject to the approval of the shareholders of the Company.

In addition, in triggering a defense measure, the Board of Directors shall seek advice from third-party experts whenever necessary against a large purchase action or otherwise and consult with the Independent Committee consisting of the members independent of the management responsible for execution of business and respect recommendations from the Independent Committee to the maximum extent possible. Furthermore, the Board of Directors can follow procedures for confirming the intention of the shareholders as the necessity arises from the perspective of respecting their intention. The Defense Plan contains procedures to ensure the proper operation thereof by the Board of Directors.

Thus, we believe that the Defense Plan clearly is not contemplated to maintain the position of the directors or audit & supervisory board members of the Company.

3. Operational Risks

Among the various factors relating to the business operations and financial information of the Group described in the Annual Securities Report that may exert a significant effect on the decisions of investors are the following matters.

The Kewpie Group, recognizing the risks inherent in the Group's business, takes all reasonable measures to inhibit or avoid the occurrence of risks. An overview of the risks involved is given below, but this is not intended to be an exhaustive list of all risks attendant on the Group's business operations.

Forward-looking statements included in this section are based on the Group's judgment of information available as of the balance sheet date.

(1) Market trends in the condiments for salads

Production and sale of condiments for salads is a core business of the Kewpie Group and it has the highest degree of contribution to both sales and profits of the Group.

Consequently, in the event of a shrinkage in the domestic market for condiments for salads as a result of a decline in demand, or in the event that the market share of the Company's products falls sharply owing to competition with other manufacturers' products, the business performance and financial position of the Kewpie Group would be severely impacted. In short-term, the volume of consumption of condiments for salads is affected by fluctuations in the prices of vegetables.

In view of these risks, the Group is working to decrease its reliance on condiments by developing and expanding the scale of its other business fields.

In the Condiments products business, while putting efforts into proposing new occasions for eating and menus, and developing and updating products to suit consumer preferences such as responding to health needs, we continued to cut costs through initiatives involving collaboration between business units. In these ways, we aim to stimulate the market and uncover new areas of latent demand, and at the same time strengthen our competitiveness. We are also planning to expand our business in China and Southeast Asia, which have good prospects for future growth.

(2) Fluctuations in the prices of principal ingredients

The principal ingredients from which the products of the Kewpie Group are made consist of hens' eggs and edible oils.

Our procurement of eggs is conducted under the combination of annual fixed-volume contracts with major egg producers, fixed-price contracts and supplementary spot contract purchases on the open market. Since we have long-established relationships of trust with major producers of edible oils, we do not buy oil through spot purchases, but under long-term contracts such as forward trading. In the case of both eggs and oil, we take all reasonable measures to ensure that we have the necessary volume, at a reasonable cost.

In the Egg products business, we also make constant effort to improve our response to fluctuations in the eggs market prices by increasing the correlation between our product prices and market prices.

We cannot, however, rule out the possibility of sharp rises in market prices, and in such an event, there is a possibility that the business performance and financial position of the Group would be adversely affected.

Fluctuations in the market prices of eggs are attributable to changes in the number of eggs laid, which, in turn, depends on the number of egg-laying hens as well as changes in demand due to varying household buying patterns. In the case of edible oils, price changes are caused by fluctuations in the market prices of soybeans and/or rapeseed, movements on the foreign exchange market, and changes in the balance of supply and demand.

(3) Product safety and other hygiene and health related concerns

Insistence on the highest product quality has been the most fundamental concern of the Group since its establishment. In line with this, we rigorously and systematically pursue investment in product quality assurance systems through the use of HACCP (hazard analysis and critical control point) systems, acquisition of ISO 9001, trans-group quality monitoring, product quality assurance and traceability systems that make use of data processing systems used in factory automation, self-monitoring by group companies, and strict control of procured ingredients focused on insistence on meeting our safety and hygiene standards.

Simultaneously, we place great importance on ensuring a high level of awareness regarding product quality among our employees. To this end, the Group helps employees acquire necessary knowledge and technology and instills them a focus on policy by offering them training opportunities such as on-the-job training and training sessions. Accordingly, the Group takes appropriate measures to provide safe and high-quality products, which is the foundation of the persistent business development.

Notwithstanding the above, the management of the Kewpie Group recognizes that there exists the risk of the occurrence — by reason either of accident or of intent — of incidents causing damage to the health of consumers, such as the insertion of foreign matter into the Group's products, and false or mistaken indications on product labels, among other possibilities. In addition, the Group's products may be affected by problems of a wider social scale and thus beyond the control of the Group. In such cases, the business performance and financial position of the Group would unavoidably be subject to an adverse impact of major proportions.

(4) Relationship with K.R.S. Corporation, a consolidated subsidiary

Net sales of the Group's Distribution system business for the current fiscal year amounted to ¥115,697 million (22.9% of total net sales), and operating income came to ¥3,183 million (13.6% of total operating income). This growth was mostly attributed to K.R.S. Corporation and its subsidiaries.

Kewpie Corporation currently holds 44.8% of the total voting rights of K.R.S. Corporation (this figure includes voting rights attendant on shares held indirectly; inclusive of voting rights held by persons with a close relationship to the Company or persons whose consents are obtained, the total percentage is 50.6%). In the event of a decline in the percentage of the Company's voting rights in the future, or changes in the personal and/or the trading relationship between the two companies, K.R.S. Corporation may lose the status of consolidated subsidiary of Kewpie Corporation. It is estimated that such a development would have a significant effect on the business performance and financial position of the Kewpie Group.

In order that the Kewpie Group continues to grow in the future, the management of Kewpie Corporation recognizes that it is necessary to secure an efficient and competitive foods distribution system service, as high-quality storage and delivery of food products is a key element in realizing the safety and reliability that forms the basis of the Group's business.

That being so, it is a firm part of the management policy of Kewpie Corporation to maintain the status of K.R.S. Corporation as a consolidated subsidiary, in which capability we are confident that it will contribute to raising the corporate value of the Group as a whole.

4. Material Contracts

There are no material contracts to report for the reporting period.

5. Research and Development

In addition to its basic commitment to ensuring a high level of product quality and safety, the Kewpie Group also dedicates itself to producing and selling tastier and healthier foods at reasonable prices. In line with this corporate stance, we carry out extensive Research and Development (R&D) in all of our separate lines of business — "Condiments and processed foods," "Health function products," "Egg products" and "Salads and prepared foods."

R&D is carried out through close cooperation among the Company's R&D Division, Production Technology Department, Green Factory Center, and the R&D facilities of consolidated subsidiaries at home and abroad, including Deria Foods Co., Ltd., Kewpie Jyozo Co., Ltd., and Co-op Food Products Co., Ltd., all of which are based in Japan, and overseas facilities including Henningsen Foods, Inc., Beijing Kewpie Foods Co., Ltd., Hangzhou Kewpie Foods Co., Ltd. and Kewpie (Thailand) Co., Ltd.

The Company's R&D Division, in particular, plays a central role in the Kewpie Group's R&D activities that aims to create technologies, raw materials and ingredients full of originality, promote food solutions (generating new occasions for eating, providing never-before-experienced deliciousness and resolving customer grievance and concerns), and use such technology to impress customers through our products.

The organizational structure of the Company's R&D Division was changed in July in order to further strengthen existing businesses while simultaneously realizing creative products based on new technologies. In the change, the division was given a two-institute structure consisting of the "Institute of Product Development," which carries out customer research more intensively and develops products in partnership with each business, and the "Institute of Technology," which further develops and carries out enhancements of technology, helps to boost product value with the creation of new technologies, and creates trail-blazing, long-term research themes for the future of the Group. Through the multi-disciplinary integration of the Institute of Technology with each of the departments of the Institute of Product Development, and through the involvement of the laboratories in product development at each business on the technology side, the Group's R&D capabilities have been enhanced further to create products that exceed the expectations of customers. Furthermore, the transfer of the Green Factory Center's cultivation research section to the vegetable cultivation research center in the Institute of Technology in October strengthened the research structure to facilitate comprehensive vegetable research.

Working in tandem with these R&D activities, the production technology sections utilize the abundant skills they have built up in production technology to develop facilities and equipment that will create products developed by research sections with an emphasis on quality. They also make full use of their creative IT technologies to develop production lines and computer software that will raise the level of production efficiency of the Kewpie Group and enhance its quality assurance systems.

Total research and development expenses for the Group for the current fiscal year amounted to ¥3,421 million.

The following is a summary of the research and development activities by the reported segments.

(1) Condiments and processed foods, Health function products, Egg products, and Salads and prepared foods

During the current fiscal year, in the area of taste improvement, the Group made a presentation on “Effects of Mayonnaise on the Physical Properties and the Taste of Meat” to The Japan Society of Cookery Science.

In the area of basic technology research, we made presentations on “Impact of Egg White on the Rheological Properties of Egg Yolk-Based Mayonnaise” and “Effect on Spray Drying Conditions on the Physical Properties of Mayonnaise Stabilized by Dehydrated Egg Yolk” at the 11th International Hydrocolloids Conference. In the same area, we made presentations on “Physical Properties of Mayonnaise Stabilized With Dried Egg Yolk as Affected by Spray Drying Conditions” and “Improvement of Functional Properties of Low-Cholesterol Egg Yolk by PhospholipazeA2 (joint research with Kyoto University)” at the World Congress on Oleo Science, and on “Influence of Analytic Evaluation Terms on Taste Preferences” to the Japanese Society for Sensory Evaluation.

In research on food safety and security, we made presentations on “Study on Rapid Method for Detection of Salmonella in Liquid Egg Factory” to the Japanese Society of Food Microbiology, and on “Research on Acid Resistant Bacterial Spores: Growth Temperature, Acid and Salt Tolerance” at the Technology Conference of the Japan Canners Association.

In research on health and nutrition, we made presentations on “The Effect of Egg-Yolk Lecithin in a Liquid Diet to Alleviate Diarrhea” to the Japanese Society for Parenteral and Enteral Nutrition, and on “Anti-Fatigue Effect by Protease Digest of Chicken Egg White,” “Effect of Oral Administration of High-Molecular Weight Hyaluronan on Carrageenan-Induced Inflammatory Pain in Rats” and “Oral Intake of Hyaluronic Acid Improves the Skin Condition in UV-Irradiated Hairless Mice” to the Japan Society for Bioscience, Biotechnology, and Agrochemistry. Also in this area, we made presentations on “The Clinical Trial of Prevention with Viscosity Modifier , REF-P1, to Prevent Complications of Small Bowel Feeding (joint research with Tokyo Women's Medical University and Nakano-Egota Hospital)” to The European Society for Clinical Nutrition and Metabolism, on “The Effect of Egg-Yolk Lecithin Emulsification on the Lipid Malabsorption Under the Disorder of Bile Acid Excretion (joint research with Saiseikai Fukuoka General Hospital)” to The Japanese Society of Gastroenterology, and on “The Research on the Efficacy of Egg White Protein (III. The Mechanism of Visceral Fat Accumulation Inhibiting Effect) (joint research with the National Food Research Institute, National Agriculture and Food Research Organization)” to the Japan Society of Nutrition and Food Science.

In product development research, we made presentations on “New Egg White Hydrolysate With Reduced Hydrogen Sulfide Smell” and “Egg White Protein Structures and Functions as Affected by High-Pressure Homogenization” at Banff Egg 2012 (Canada), and on “Improvement of Gelling Properties of Dried Egg White” at International Symposium on Egg Industry (China). In the same field, we made presentations on “The Solubility and the Interaction of Dry-Heated Egg White Proteins” and “Functionality of Lactic Fermented Egg White in Food Processing” to The Japanese Society for Food Science and Technology, on “Relationship Between the Deliciousness and the Structure of Egg and Egg Product” to the Japan Society of Home Economics, and on “Effect of Nutrition Improvement When Using Long-Term ‘Nutrient Powder Mix to Cook’ for Inpatient Dysphagia With Malnutrition (joint research with Tamakyuryo Hospital and Centralfoods Co., Ltd. to The Japanese Society of Dysphagia Rehabilitation. In addition, we made presentations on “Development Research of Rice Gruel for Elderly Dysphagia Patients (joint research with Kanagawa Institute of Technology, special elderly nursing home Shangri-la and

Japan Women's University) to The Japanese Society of Nutrition and Dietetics, on “The Situation and Difficulties of Using Potato for Salad Products” to The Japanese Society for Food Science and Technology, on “Damage Evaluation and Predictions of Red Leaf Lettuce for Packaged Salad During Transportation” to The Society of Packaging Science & Technology, Japan, on “The Effect of Cutaneous Barrier Function Recovery of Hyalorepair®” to The Pharmaceutical Society of Japan, and on “Preparation Method of Lipo-Acemetacin Using Egg Phospholipid” to The Academy of Pharmaceutical Science and Technology, Japan (APSTJ). We also published an article on “Development of Hyaluronan Derivative Having the Effect of Cutaneous Barrier Function Recovery” in *FRAGRANCE JOURNAL*.

<Condiments and processed foods>

In condiments, we launched products including *Kewpie Half,* which improves on the product’s rich taste while retaining its refreshing nature through the Company’s unique manufacturing technique to maintain the delicious taste of eggs, and *Lemon* and *Tomato* flavors in the *Ajiwai Sukkiri Dressing* series, which uses the Company’s specialty vinegar. For food service providers, we launched products including *Buffalo Chicken Salad Dressing,* a spicy dressing with a rich taste that goes with both chicken and fresh vegetables, as a dressing to bring further diversity to the salad world. In addition, *Kewpie Deep-Roasted Sesame Dressing* received the top prize in the salad dressing section of *THANK YOU* magazine’s “Favorite Ranking” of products used in 2012.

In the processed foods product category, we launched the popular *Crab Creamy Tomato Sauce* in the *Pasta Sauce* series, while in the *Italiante* series, which allows customers to enjoy authentic Italian food simply, we launched *Anchovy and Garlic Sauce,* which adds garlic to bring out the taste of anchovy and has a rich taste accented with black pepper. For food service providers, we launched products including *Gudakusan Sauce Shio Negi,* which combines onions and spring onions in a salted sauce. *Gudakusan Sauce* won the 16th Commercial Processed Foods Hit-Product Award in the Chinese food category sponsored by Japan Food Journal Co., Ltd., while the *Pasta Sauce* series received the top prize in the pasta sauce category of *THANK YOU* magazine’s “Favorite Ranking” of products used in 2012.

<Health function products>

In baby foods, we launched products including the *Kamu Kamu Akachan* series, a series of foods for babies from about 16 months of age designed to foster babies’ sense of taste and help them get used to the act of chewing.

For nursing care foods, we launched products including the *Tasty Rice Porridge With Seafood* series, which brings the rich taste of seafood and soup to UDF category 3 (possible to break down with the tongue) of the *Yasashii Kondate* series. For hospital facilities, we launched products including *One-Step Meal Petit Jelly 80,* an energy jelly that is suitable for providing nutritional support to patients who are less able to consume food and provides a high level of nutrition in small amounts.

In fine chemicals, we launched products including *Hyalorepair*, which helps hyaluronic acid, a moisture-giving substance, to stimulate the skin’s barrier function.

<Egg products>

In the Egg products business, we launched *Torori Half-Boiled Egg* in the new household brand *Kewpie Eggs*. This product is a heat-sterilized egg still in its shell, in which the yolk is thick and the egg-white is half boiled. Other product launches in the brand included *Zero Cholesterol Thick Omelet,* in which the cholesterol has been cut to zero through a unique manufacturing technique in which the egg yolk is not used but the richness and flavor of the egg are maintained. For food service providers, sales of *Lacti-Egg,* a lactic fermented egg white product, were boosted by recognition of its functionality and effects.

<Salads and prepared foods>
In the Salads and prepared foods business, we engaged in product development with the Company's R&D Division and other partners including consolidated subsidiaries Deria Foods Co., Ltd. and Salad Club Co., Ltd.

In cut vegetables (packaged salads), there was substantial growth in the *Big Pack* series for family use, and a *Big Pack* shredded cabbage product was launched. In addition, the *Delicious Salad Topping* series, with which salads can be made simply in combination with cut vegetables products, was launched with three items: *tuna corn*, *corn mixture*, and *bean mixture*.

Launches of products cultivated at TS Farm, a cultivation facility, included the edible flower viola.

At consolidated subsidiary Kewpie Jyozo Co., Ltd., product launches included the vinegar drink for commercial use series *Vinegar Drink Vegetable,* two products in commercial- use jelly-type condiments, *Gelee-Made (Sambai-zu)* and *Vegetable Vinegars (Vegetable Vinegar, Highly Acidic Vegetable Vinegar and Carrot Vinegar)* for food service providers.

In the Southeast Asia area, shipments of products including mayonnaise, dressings and long-life salads started at consolidated subsidiary Kewpie Vietnam Co., Ltd. In addition, a 130g pack of mayonnaise was launched in response to customer feedback. New products including long-life salads were also launched in China.

As a result of the above, research and development expenses for the Group in the current fiscal year amounted to ¥3,421 million.

(2) Common business operations and Distribution system

There is nothing to be reported regarding the R&D of these segments for the reporting period.

6. Financial Position, Operating Results and Cash Flows

Forward-looking statements included in this section are based on information available to the Group's management as of the balance sheet date.

(1) Summary of significant accounting policies and estimates

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in Japan, and necessarily include amounts based on estimates and assumptions by management regarding term-end balances of assets and liabilities, as well as income and expenses for the reporting period.

The Group has continuously estimated, judged and assumed based on a number of factors that are considered to be reasonable under the past business results and surrounding conditions. Because of uncertainty unique to estimates, actual results could differ from these estimates.

The significant accounting policies adopted for the consolidated financial statements are described in V. Financial Information. We consider the following significant accounting policies to have a material effect on our estimates.

a) Allowances for doubtful accounts

To provide for a possible bad-debt loss, the expected amount of uncollectible regular debt is calculated using credit-loss prediction ratios based on historical data, while the expected amount of uncollectible special debt, such as that in danger of being uncollectible, is calculated based on the probability of collecting each debt. If our customers' ability to pay falls due to financial deterioration in the future, larger allowance or bad-debt loss will be recognized.

b) Impairment losses on investment securities

Investment securities with readily determinable fair value are stated at fair value, while those without readily determinable fair value are stated at cost. Based on reasonable criteria, the Company recognizes impairment losses on investment securities, taking into consideration declines in prices of equity shares and the deterioration of the business performance of companies in which the Group has invested.

The Group has appropriately posted impairment losses on investment securities. However, because of the above criteria, posting of additional impairment losses would be necessary if fall in market or deterioration of the Group's investment destination cause further losses or defaults to occur in the future.

c) Deferred tax assets

Deferred tax assets are reported in the amount deemed collectible based on reasonable assessment of future taxable income. Changes in estimated collectible amounts, however, could have an effect on earnings due to reversal of or additional provision to deferred tax assets.

(2) Analysis of operating results

a) Sales

Net sales increased by ¥18,562 million (3.8%) year on year to ¥504,997 million on a consolidated basis.

Breaking this down into business segments, sales of the Condiments and processed foods business increased ¥7,878 million (4.5%) year on year to ¥181,366 million. This was mainly because of steady expansion in sales of dressings in the domestic market, as well as steady growth in operations in China and Southeast Asia. In the Salads and prepared foods business, sales increased ¥11,945 million (13.9%) year on year to ¥97,746 million, mainly due to steady sales expansion in packaged salads and prepared foods for supermarkets and in prepared rice foods for convenience stores.

On the other hand, sales of the Distribution system business decreased ¥1,425 million (1.2%) year on year to ¥115,697 million. This was the result of a decline in business with existing customers mainly due to changes in their distribution systems.

b) Operating income

Operating income increased ¥2,552 million (12.3%) year on year to ¥23,368 million.

Breaking this down into business segments, operating income for the Condiments and processed foods business increased ¥589 million (4.1%) year on year to ¥14,959 million. This was because the effects of higher sales offset the effects of increases in the costs of raw materials and marketing. Operating income for the Egg products business increased ¥1,878 million (49.6%) year on year to ¥5,664 million, reflecting strong sales of high-value added products for ready-made foods and stabilization in the market price of hens' eggs, which rose sharply in the previous fiscal year. For the Salads and prepared foods business, operating income increased ¥844 million (38.1%) year on year to ¥3,061 million, reflecting the effects of strengthening of the operating base and increased sales.

On the other hand, operating income for the Health function products business declined ¥689 million (45.6%) year on year to ¥821 million, mainly due to sluggish sales of hyaluronic acid.

c) Ordinary income

Net non-operating income increased ¥3 million year on year to ¥1,099 million. This was mainly due to the recording of reversal of allowances for doubtful accounts and bond issuance cost. Ordinary income increased ¥2,555 million (11.7%) year on year to ¥24,467 million.

d) Net income

Extraordinary gains/losses came to a loss of ¥1,114 million, mainly due to losses on impairment of fixed assets, insurance income in connection with the Great East Japan Earthquake of 2011, and gains on negative goodwill from additional acquisitions of consolidated subsidiaries' shares.

As a result of the above, income before income taxes and minority interests amounted to ¥23,354 million, an increase of ¥5,730 million (32.5%) year on year. Income taxes amounted to ¥10,516 million, income taxes — deferred to ¥-1,601 million and minority interests to ¥2,147 million. Consequently, net income rose ¥2,842 million (30.1%) year on year to ¥12,291 million.

Net income per share for the current fiscal year came to ¥82.09 (compared with ¥62.63 for the previous fiscal year), and return on equity (ROE) came to 7.4% (compared with 6.0% for the previous fiscal year).

(3) Financial condition

a) Assets

Current assets increased by ¥21,908 million year on year to ¥133,018 million. This was mainly due to a ¥13,841 million increase in cash and deposits, a ¥1,809 million increase in notes and accounts receivable — trade, and a ¥5,000 million increase in securities.

Fixed assets increased by ¥8,816 million year on year to ¥173,496 million mainly due to an ¥8,505 million increase in tangible fixed assets.

As a result of the above, total assets increased by ¥30,725 million year on year to ¥306,515 million.

b) Liabilities and net assets

Total liabilities increased by ¥20,090 million year on year to ¥110,587 million. This was mainly attributable to a ¥2,456 million increase in notes and accounts payable — trade, a ¥3,500 million increase in accrued income taxes, and a ¥9,500 million increase in bonds.

The ending balance of interest-bearing debt increased by ¥12,276 million year on year to ¥23,185 million.

Net assets rose ¥10,635 million year on year to ¥195,928 million mainly due to a ¥9,521 million increase in earned surplus and a ¥1,436 million increase in unrealized holding gains (losses) on securities.

As a result, the equity ratio fell 2.2 percentage points to 55.8%, and net assets per share rose ¥73.01 to ¥1,141.68.

c) Cash flow analysis

Further details regarding cash flow analysis during the current fiscal year is given in II. Business Operations, 1. General, (2) Cash flows.

Movements in the principal cash flow-related indicators of the Company, on a consolidated basis, are as follows.

	Fiscal year 2008	Fiscal year 2009	Fiscal year 2010	Fiscal year 2011	Fiscal year 2012
Equity ratio (%)	49.0	53.8	54.2	58.0	55.8
Equity ratio based on market value (%)	55.3	54.9	53.7	57.3	58.6
Interest-bearing debt to cash flows ratio (year)	2.8	0.8	0.9	0.5	0.7
Interest coverage ratio (times)	21.6	60.5	75.2	108.0	165.0

(Definition)
Equity ratio = Shareholders' equity / Total assets
Equity ratio based on market value = Total market value of the stock / Total assets
Interest-bearing debt to cash flows ratio = Interest-bearing debt / Cash flows
Interest coverage ratio = Cash flows / Interest paid

(Notes)
1. Each index is calculated based on consolidated financial figures.
2. Total market value of the stock is calculated by multiplying the final market price by the number of issued shares at the end of fiscal year (excluding treasury stock).
3. Interest-bearing debt includes all consolidated balance sheet-reported liabilities on which interest is paid.
4. Cash flows and Interest paid are the same figures as found under "Net cash provided by operating activities" and "Interest paid" reported in the Consolidated Statements of Cash Flows, respectively.

III. Facilities and Equipment

1. Investments in Facilities and Equipment

As a result of continuous investments to augment, upgrade and streamline facilities, the Kewpie Group invested a total of ¥20,916 million in facilities and equipment during the current fiscal year. These investments were part of the Company's efforts to preserve the environment and were made for the purpose of improving product safety, reducing production costs, and developing products that meet customers' needs.

Investments in facilities and equipment by segments were as follows:

Segment	Amount of capital investment (millions of yen)	Main contents
Condiments and processed foods	9,241	Augmenting and streamlining facilities for production of mayonnaise, dressings, etc.
Health function products	1,723	Augmenting and streamlining facilities for production of baby foods, medical foods, nursing care foods, hyaluronic acid, etc.
Egg products	3,448	Augmenting and streamlining facilities for production of liquid egg, frozen egg, dried egg, etc.
Salads and prepared foods	2,773	Augmenting and streamlining facilities for production of salads, delicatessen foods, etc.
Common business operations	608	Software, etc.
Distribution system	3,120	Warehouse facilities, vehicles, etc.

(Notes) 1. The amounts of capital investment include investment in intangible fixed assets and long-term prepaid expenses.
2. Consumption taxes are not included in the above amounts.

There were no sales or removals of facilities and equipment that have a significant impact on production capacity.

2. Principal Facilities and Equipment

Investments in facilities and equipment, and the number of employees working at each site as of November 30, 2012 are as follows:

(1) The Company

Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
			Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Lease assets	Other	Total	
Hashikami Factory (Hashikami-cho, Sannohe-gun, Aomori)	Condiments and processed foods Egg products Salads and prepared foods	For frozen, chilled and retort foods	744	393	553 (46,365)	—	10	1,701	1 (—)
Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Condiments and processed foods Health function products	For mayonnaise and dressings, health function products	6,331	3,542	3,661 (214,655)	27	87	13,649	317 (163)
Nakagawara Factory (Fuchu-shi, Tokyo)	Condiments and processed foods	For mayonnaise and dressings, frozen and chilled foods, canned foods	4,734	1,545	405 (43,484)	2	69	6,757	171 (101)
Fujiyoshida Factory (Fujiyoshida-shi, Yamanashi)	Condiments and processed foods	For mayonnaise and retort foods	1,646	360	272 (59,399)	—	5	2,285	2 (5)
Koromo Factory (Toyota-shi, Aichi)	Condiments and processed foods Egg products	For mayonnaise and dressings, egg products, frozen and chilled foods	1,286	1,174	16 (37,876)	0	23	2,501	197 (155)
Itami Factory (Itami-shi, Hyogo)	Condiments and processed foods Egg products	For mayonnaise and dressings, egg products, frozen and chilled foods	2,576	1,562	2,337 (37,919)	1	30	6,507	174 (184)
Izumisano Factory (Izumisano-shi, Osaka)	Condiments and processed foods Health function products	For mayonnaise and dressings, health function products	869	512	663 (18,576)	46	8	2,100	72 (86)
Tosu Factory (Tosu-shi, Saga)	Condiments and processed foods Health function products	For mayonnaise and dressings, health function products	3,042	792	363 (53,958)	—	26	4,225	1 (—)
Head Office (Shibuya-ku, Tokyo)	—	For others	364 [8,734]	31	— (—)	192	73	662	640 (36)
Tokyo Branch and other 9 branches and 17 sales offices	—	For others	87 [17,955]	0	— (—)	—	36	124	744 (11)
Laboratory (Fuchu-shi, Tokyo)	—	For research and development	744	41	31 (7,261)	—	162	980	279 (1)
Kobe Distribution Center (Higashinada-ku, Kobe-shi, Hyogo)	Distribution system	For warehousing and distribution system	1,023	225	6,987 (64,029)	—	1	8,237	1 (18)

(2) Domestic subsidiaries

Trade name	Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Lease assets	Other	Total	
Kewpie Egg Corporation	Niigata Factory (Chuo-ku, Niigata-shi, Niigata)	Egg products	For foods	99	92	580 (4,648)	—	2	774	42 (2)
	Kurimoto Center (Katori-shi, Chiba)	Egg products	For foods	278	148	623 (10,511)	—	2	1,052	56 (9)
	Narita Factory (Shibayama-machi, Sambu-gun, Chiba)	Egg products	For foods	322	136	— (—)	—	3	461	47 (6)
	Miyoshi Factory (Miyoshi-machi, Iruma-gun, Saitama)	Egg products	For foods	23	759	— (—)	—	4	787	45 (4)
	Nishinomiya Office (Nishinomiya-shi, Hyogo)	Egg products	For foods	176	123	346 (4,007)	—	1	648	61 (2)
Deria Foods Co., Ltd.	Kitakami Delica Co., Ltd. (Kitakami-shi, Iwate)	Salads and prepared foods	For foods	538	15	194 (11,526)	—	0	750	42 (217)
	Shunsai Deli Co., Ltd. (Akishima-shi, Tokyo)	Salads and prepared foods	For foods	2,411	126	— (—)	—	52	2,590	85 (289)
Kewpie Jyozo Co., Ltd.	Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Condiments and processed foods	For foods	605	406	1,802 (29,788)	—	26	2,840	110 (42)
	Shiga Factory (Aisyo-cho, Echi-gun, Shiga)	Condiments and processed foods	For foods	837	310	88 (20,265)	—	26	1,263	52 (39)
K.R.S. Corporation	Hokkaido Bloc (Ishikari-shi, Hokkaido)	Distribution system	For warehousing and distribution system	972	56	706 (21,110)	—	1	1,736	31 (9)
	Tohoku Bloc (Miyagino-ku, Sendai-shi, Miyagi)	Distribution system	For warehousing and distribution system	906	121	918 (47,427)	94	69	2,111	55 (27)
	Kanto Bloc (Goka-machi, Sashima-gun, Ibaraki)	Distribution system	For warehousing and distribution system	2,013	182	6,149 (80,474)	42	34	8,422	85 (46)
	Osaka Bloc (Itami-shi, Hyogo)	Distribution system	For warehousing and distribution system	472	79	383 (3,120)	41	20	998	111 (36)
	Chugoku-Shikoku Bloc (Higashi-Hiroshima-shi, Hiroshima)	Distribution system	For warehousing and distribution system	429	134	580 (15,348)	20	2	1,167	20 (15)
	Kyushu Bloc (Tosu-shi, Saga)	Distribution system	For warehousing and distribution system	117	115	534 (20,154)	2	4	773	53 (25)

Trade name	Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Lease assets	Other	Total	
Co-op Food Products Co., Ltd.	Tohoku Factory (Fukushima-shi, Fukushima)	Condiments and processed foods	For foods	1,049	275	89 (35,593)	—	23	1,438	63 (139)
	Kyushu Factory (Minami-ku, Kumamoto-shi, Kumamoto)	Condiments and processed foods	For foods	635	209	172 (35,418)	—	15	1,033	64 (157)
Kanae Foods Co., Ltd.	Owari Factory (Kasugai-shi, Aichi)	Egg products	For foods	929	137	42 (486)	—	1	1,110	54 (148)
	Kasugai Factory (Kasugai-shi, Aichi)	Egg products	For foods	116	70	796 (16,946)	—	2	985	31 (75)
	Tsukuba Factory (Joso-shi, Ibaraki)	Egg products	For foods	814	341	— (—)	—	2	1,157	20 (36)
	Itami Factory (Itami-shi, Hyogo)	Egg products	For foods	58	132	1,013 (22,084)	—	2	1,206	20 (39)
Gourmet Delica Co., Ltd.	Tokorozawa Factory (Tokorozawa-shi, Saitama)	Salads and prepared foods	For foods	395	199	— (—)	131	7	734	60 (242)
	Soka Factory (Soka-shi, Saitama)	Salads and prepared foods	For foods	611	36	992 (5,815)	104	2	1,747	40 (309)
Fujisan Sensui Co., Ltd.	Head Office and Factory (Fujiyoshida-shi, Yamanashi)	Condiments and processed foods	For foods	94	508	— (—)	—	5	608	24 (8)
Kowa Derika Co., Ltd.	Head Office and Factory (Kamisu-shi, Ibaraki)	Condiments and processed foods	For foods	431	157	123 (14,307)	—	5	716	39 (121)
Dispen Pak Japan Co., Inc.	Minami-Ashigara Factory (Minami-Ashigara-shi, Kanagawa)	Condiments and processed foods	For foods	318	239	836 (7,697)	—	3	1,397	51 (75)
Potato Delica Co., Ltd.	Hotaka Factory (Azumino-shi, Nagano)	Salads and prepared foods	For foods	70	90	380 (19,460)	58	5	604	75 (95)
K pack Co., Ltd.	Head Office and Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Condiments and processed foods	For foods	34	612	— (—)	—	7	653	47 (129)
S.Y. Promotion Co., Ltd.	Kashima Office (Kamisu-shi, Ibaraki)	Distribution system	For warehousing and distribution system	112	205	521 (24,719)	—	0	840	50 (4)
	Chiba Office (Ichihara-shi, Chiba)	Distribution system	For warehousing and distribution system	41	140	255 (8,964)	—	0	438	36 (4)
Y.M. Kyuso Corporation	Atsugi Office (Atsugi-shi, Kanagawa)	Distribution system	For warehousing and distribution system	57	91	478 (6,716)	139	3	769	154 (192)
	Itami Office (Itami-shi, Hyogo)	Distribution system	For warehousing and distribution system	2	74	400 (3,254)	15	1	495	132 (41)

Trade name	Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Lease assets	Other	Total	
Kyuso Services Corporation	Head Office (Chofu-shi, Tokyo)	Distribution system	For leasing	5	268	— (—)	26	149	450	66 (9)
Shunsai Deli Co., Ltd.	Ome Office (Ome-shi, Tokyo)	Salads and prepared foods	For foods	380	2	200 (17,687)	—	—	584	7 (81)
Sun Family Corporation	Misato Office (Misato-shi, Saitama)	Distribution system	For warehousing and distribution system	371	3	— (—)	88	4	467	49 (109)
Enshu Delica Co., Ltd.	Head Office and Factory (Mori-machi, Shuchi-gun, Shizuoka)	Salads and prepared foods	For foods	398	49	— (—)	—	2	450	30 (159)

(3) Foreign subsidiaries

Trade name	Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m^2)	Lease assets	Other	Total	
Henningsen Foods, Inc.	Nebraska, USA	Egg products	For foods	295	227	25 (45,165)	—	66	615	177 (12)
Hangzhou Kewpie Foods Co., Ltd.	Hangzhou, Zhejiang Province, China	Condiments and processed foods	For foods	466	221	— (—)	—	0	687	241 (—)
Beijing Kewpie Foods Co., Ltd.	Huairou District, Beijing, China	Condiments and processed foods	For foods	364	223	— (—)	—	11	599	440 (16)
Kewpie (Thailand) Co., Ltd.	Bangkok, Thailand	Condiments and processed foods	For foods	269	275	90 (73,580)	—	201	836	968 (—)
Kewpie Malaysia Sdn. Bhd.	Malacca, Malaysia	Condiments and processed foods	For foods	208	311	— (—)	—	3	524	62 (—)
Kewpie Vietnam Co., Ltd.	Binh Duong, Vietnam	Condiments and processed foods	For foods	308	203	— (—)	—	—	512	32 (—)

(Notes regarding above-mentioned (1) The Company, (2) Domestic subsidiaries and (3) Foreign subsidiaries)

1. "Other" listed under Book value includes tools, furniture and fixtures (construction in progress is excluded), and the amounts exclude consumption taxes.
2. The figures in brackets under Buildings and structures indicate the total area (m^2) of leased properties.
3. Under Number of employees, the figures in parentheses indicate the number of temporary employees.
4. Other major rental facilities and equipment (including leases) are as follows:

Trade name	Segment	Facilities and equipment	Quantity	Rental or lease period (years)	Rental or lease fee (millions of yen)
K.R.S. Corporation	Distribution system	Peripheral equipment related to information system, assortment equipment and racking facilities	Lot	2 - 7	734

IV. The Company

1. Shares

(1) Number of authorized and issued shares

a) Authorized shares

Class	Number of authorized shares
Common stock	500,000,000
Total	500,000,000

b) Issued shares

Class	Number of issued shares		Stock exchange	Remarks
	End of period (Nov. 30, 2012)	Filing date (Feb. 27, 2013)		
Common stock	153,000,000	153,000,000	Tokyo Stock Exchange (First Section)	• Ordinary shares of the Company with no restrictions on shareholders' rights • Number of unit share: 100 shares
Total	153,000,000	153,000,000	—	—

(2) Stock acquisition rights

Not applicable.

(3) Exercise of bonds with stock acquisition rights containing a clause for exercise price revision

Not applicable.

(4) Rights plan

Not applicable.

(5) Principal shareholders

(As of November 30, 2012)

Trade name	Address	Number of the Company's shares held (A) (thousand)	Ratio of (A) to the total number of issued shares (%)
Nakashimato Co., Ltd.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	26,371	17.24
Touka Co., Ltd.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	4,872	3.18
Japan Trustee Service Bank, Ltd. Account in Trust	8-11, Harumi 1-chome, Chuo-ku, Tokyo	4,670	3.05
The Master Trust Bank of Japan, Ltd. Account in Trust	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	4,619	3.02
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Mizuho Bank, Ltd.)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	4,585	3.00
Kieikai Research Foundation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	4,251	2.78
Kewpie Corporation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	3,259	2.13
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,208	2.10
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,132	2.05
The Dai-ichi Life Insurance Company, Limited	13-1, Yuraku-cho 1-chome, Chiyoda-ku, Tokyo	3,012	1.97
Total	–	61,985	40.51

(Note) The 4,585 thousand shares held by Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Mizuho Bank, Ltd.) are the shares of the Company held by Mizuho Bank, Ltd. and contributed into the Retirement Benefit Trust.

(6) Stock options

Not applicable.

2. Acquisition of the Company's Treasury Stock

[Types of shares repurchased]
Common shares repurchased as defined by Article 155, Items 7 of the Corporation Law

(1) Repurchase of shares based on a resolution by the General Meeting of Shareholders

Not applicable.

(2) Repurchase of shares based on a resolution by the Board of Directors

Not applicable.

(3) Repurchase of shares not based on a resolution by the General Meeting of Shareholders or the Board of Directors

Item	Number of shares	Total price (yen)
Shares repurchased during the current fiscal year	2,258	2,697,244
Shares repurchased during the specified period	174	206,693

(Note) "Shares repurchased during the specified period" does not include shares resulting from the repurchase of odd-lot shares between February 1, 2013 and the document filing date of the Annual Securities Report.

(4) Disposal of repurchased shares and balance of treasury stock

Item	Current fiscal year		Specified period	
	Number of shares	Total disposal value (yen)	Number of shares	Total disposal value (yen)
Number of shares repurchased via solicitation	—	—	—	—
Number of repurchased shares retired	—	—	—	—
Repurchased shares transferred via a merger, share exchange or division of the company	—	—	—	—
Other	—	—	—	—
Balance of treasury stock held	3,259,810	—	3,259,984	—

(Note) "Balance of treasury stock held" in "Specified period" does not include shares resulting from the repurchase of odd-lot shares between February 1, 2013 and the document filing date of the Annual Securities Report.

3. Dividend Policy

Placing great importance on shareholder ROI (return on investment) and giving the top priority to dividend payment, the Company has consistently paid stable dividends, and has carried out its repurchase of shares as necessary.

The Articles of Incorporation of the Company stipulate that dividends from surplus can be paid based on the resolution by the Board of Directors in accordance with the provisions of Article 459, Paragraph 1 of the Corporation Law. Accordingly, the Company pays dividends twice a year, comprising of interim and year-end dividends.

Dividends are based primarily on a targeted consolidated dividends on equity (DOE) ratio, while the consolidated dividend payout ratio and the Company's future funding needs are also taken into consideration.

In the current fiscal year, the Company maintained a consolidated DOE of at least 1.5% and targeted a benchmark of 25% for the consolidated dividend payout ratio in principle.

Based on these considerations, the Company decided to pay a ¥20 per share dividend for the current fiscal year (including an interim dividend of ¥9.50). As a result, the Company's consolidated DOE and consolidated dividend payout ratio came to 1.8% and 24.4% respectively for the current fiscal year.

As for internal reserves, the Company endeavors to adequately secure them to strengthen its financial position and provide an adequate supply of funds for future expansion. The Company will take a medium to long-term view and continue to allocate funds to the improvement of its facilities and equipment, research and development, and the further streamlining of operations in order to enhance its competitiveness.

As for return to shareholders, while giving the top priority to dividend payment, the Company intends to continue consistently paying a dividend, and plans to steadily increase the dividend per share over a long period of time.

From the next fiscal year, the Company plans to raise the dividend payment standard and boost return on investment. In principle, the Company will maintain a consolidated DOE of at least 1.8%. Regarding consolidated dividend payout ratio, a benchmark of at least 25% is set.

In addition, the Company considers one method of providing return to shareholders is to repurchase and retire shares of the Company, and it will flexibly implement such measures while considering the stock price movements and the financial conditions.

The Company is a company subject to consolidated dividend regulations, meaning that it calculates the distributable amount for dividends on a consolidated basis.

4. Corporate Governance

(1) Corporate governance

(a) Corporate governance structure

Basic policy

To maximize the Company's corporate value through efficient management, the Company has recognized the following as priority tasks: the reorganization of the management structure and system of the Company and the entire group; the appropriate execution of required measures; and sharing the benefits created by the successful conduct of its business with its shareholders, consumers, business partners, employees, and other stakeholders. These various measures, taken together, constitute good corporate governance, in the view of the management of the Kewpie Group.

The Company fully recognizes that compliance is indispensable to its lasting development, and promotes the formulation of a compliance program and its implementation in order to enable all directors and employees of the Company to conduct business not only in full compliance with laws and regulations, but also with the highest ethical sense.

Overview of corporate governance structure
Kewpie Corporation utilizes the conventional management organization system, under which the decision making of the Board of Directors is monitored by audit & supervisory board members.

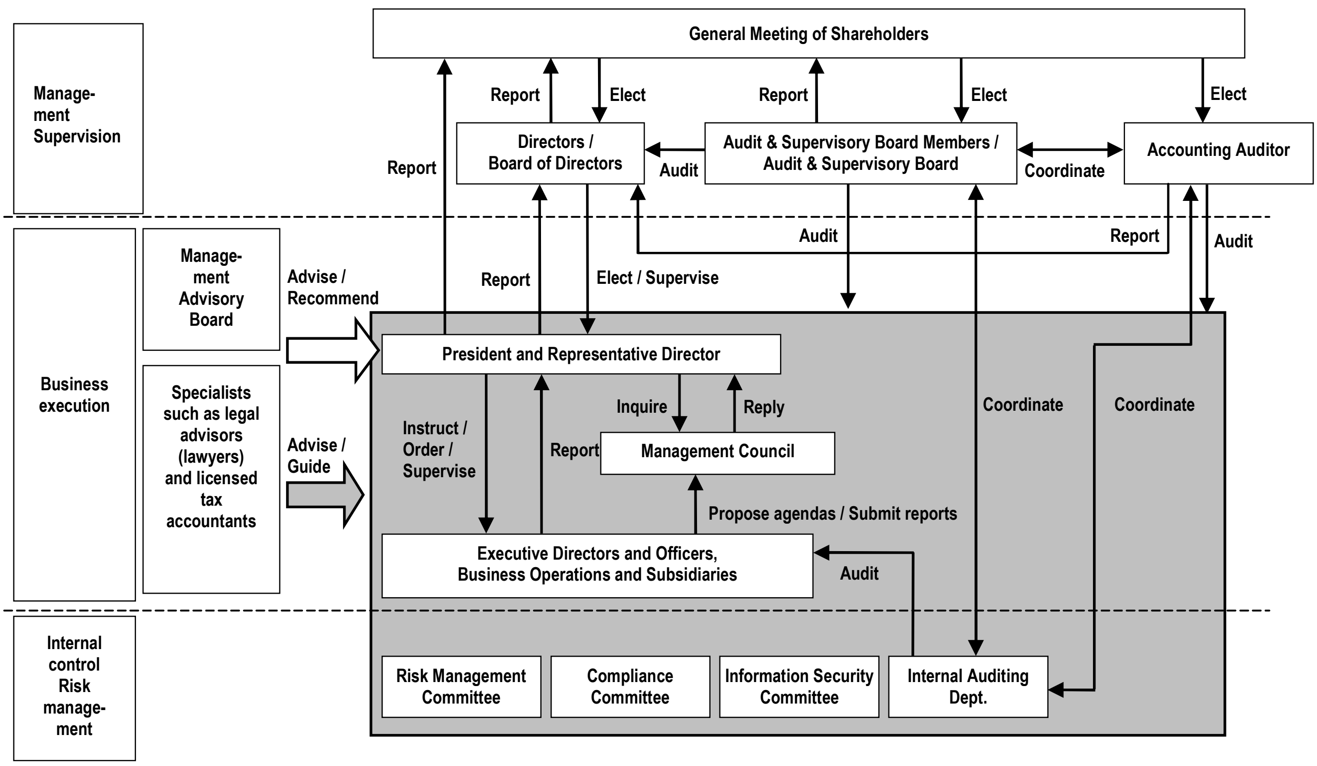
The Board of Directors of the Company, as its highest-level decision-making body, meets at least once every month. In addition, a Management Council, a body supporting the Board of Directors and President of the Company, has been set up for deliberation on important management issues in accordance with the Company's basic management policies. To enable a speedy and effective response to changes in the business environment, the scope of matters requiring discussion by the Board of Directors, and the limits of decision-making authority delegated to Company officers depending on position are subject to constant review with the goal of ensuring swift decision making and execution of orders at the operational level.

The managements of the seven subsidiaries that form the core of the Kewpie Group regularly participate in meetings of the Management Council. Participants in these meetings work to further advance Group management by such means as holding debates on Group policies.

There is also a Management Advisory Board composed of experts from outside the Company. This was set up with the goal of obtaining advice and recommendations so that the Group may boost the soundness, fairness and transparency of its management and thus better serve society and its customers.

At present, in the opinion of the management of Kewpie Corporation, no particular organizational problem exists with regard to management decision making, execution, or supervision, but the management will continue to examine and debate this matter at regular intervals so as to ensure that appropriate corporate governance is always conducted.

The Group's Corporate Governance Structure



Reason for adopting the Group's corporate governance structure

Kewpie Corporation places the establishment of the corporate governance structure etc. and the appropriate execution of required measures as one of the most important tasks of management.

The Company receives opinion and guidance from the three outside audit & supervisory board members concerning the overall management of the Company. The outside audit & supervisory board members also serve the important role of monitoring the President and Representative Director and the executive directors, and the Company believes in ensuring that the monitoring and advising function provided to the management is sufficiently working, and that it is objective and neutral.

In addition, the directors' term of office is one year in order to clarify management responsibilities each fiscal year and establish a management structure that can respond swiftly to changes in the business environment.

Progress made in establishing internal control system

The Company, through the Board of Directors, has passed the following resolutions concerning basic policy for building an internal control system.

A. Outline

The resolutions concerning the basic policy of the Company's internal control system were passed at the Board of Directors' meeting in accordance with Article 362, Paragraph 5 of the Corporation Law. The aforesaid resolutions provide the broad framework for articles and paragraphs required for the system establishment of an internal control system as provided by Article 100 of the Ordinance for Enforcement of the Corporation Law.

While the Company's objective for the internal control system based on the aforesaid resolutions is rapid implementation, the Company aims to review the system on a regular basis, or when otherwise required, for the purpose of improvement, and through such, aims to create an efficient and proper system for corporate operations.

B. System to ensure storage and management of information relating to the execution of duties of directors

a) The director in charge of the Operation Promote Department shall implement operations for the proper preservation and management (including disposal) of documents and other information relating to the execution of duties of directors by using documents or electronic information created in accordance with document management rules, the regulations on the use of Company information, basic principles on the protection of personal information and manuals related to the storage and management of such information, and when required, the aforesaid director shall inspect the state of such operation and review the respective rules.

b) At all times, the directors and the audit & supervisory board members shall be able to view these documents or electronic information.

C. System for rules relating to management of risks of loss and other rules

a) The Company shall follow its risk management basic policy with respect to each individual risk, and continuously monitor the organization etc. associated with the risk. It shall centralize information related to all company risks in the Risk Management Committee headed by the Company's Representative Director. The Risk Management Committee shall evaluate, and manage the overall order of priority of the risks.

b) The Internal Auditing Department shall audit the day-to-day risk management situation of the respective division or department of the Company or its subsidiaries in cooperation with the division or department's staff member charged with the auditing of matters relating to product quality and environmental protection, and, when reporting on a regular basis to the Risk Management Committee, Board of Directors and Audit & Supervisory Board, shall not only report on matters related to risk management, but also report on the progress of the establishment of the risk management system inside the Company.

c) The Company shall create a crisis management manual based on risk management rules. It shall first identify and categorize concrete risks and then establish information transmission and emergency response systems that provide a quick and proper response in times of emergency.

D. System to ensure directors can efficiently execute their duties

a) While providing group-wide targets to be shared by directors and employees and working to ensure group-wide permeation of such, the Company, aiming to achieve these management targets, shall strive to achieve an optimized organization through restructuring and the President and Representative Director shall appoint person in charge of such duties for each business division by resolution of the Board of Directors. By delegating authority to the aforesaid persons in charge of such duties, it shall be possible to efficiently and quickly execute duties.

b) With regard to execution of duties based on resolution of the Board of Directors, the respective scope of responsibility and decision-related procedures shall be provided in a form stating decision-reporting procedures.

c) Measures deciding the forward course of management activities shall, in accordance with the basic policy on execution of duties that was resolved by the Board of Directors, be entrusted to scheduled or unscheduled discussions held in the Management Council that serves as an advisory body directed by the President and Representative Director, which shall make decisions and realize flexible execution of duties.

E. System necessary to ensure the execution of duties by Company personnel complies with laws and regulations and the Articles of Incorporation of the Company

a) The Company shall establish provisions relating to the compliance system and provide conduct guidelines to ensure directors and employees act in a way that complies with laws and regulations, the Articles of Incorporation of the Company and the motto and precepts of the Company. Moreover, to ensure the thoroughness of such compliance, the Company shall appoint a director in charge of compliance to supervise the Compliance Committee. Through doing this, the Company led by the Compliance Committee, while striving to establish a compliance system that extends laterally across the Company and keep abreast of problematic issues, shall create compliance manuals and train employees. The director in charge of compliance shall regularly report these activities to the Board of Directors and Audit & Supervisory Board.

b) Under the Compliance Committee, and serving as an internal reporting system for the protection of people reporting information in the public interest, a “helpline” shall be established where outside lawyers or third-party bodies etc. are the information recipients. Upon receiving a report or notice from an information recipient, the Compliance Committee shall investigate the substance of the report or notice and if a violation is apparent, it shall hold discussion with the department or division responsible for the violation and decide upon measures that will prevent the reoccurrence of such a violation. In addition to releasing an internal company report that includes the result of disciplinary action, it shall carry out measures that will prevent the reoccurrence of such a violation within the Company.

F. System necessary to ensure the properness of operations in the corporate group that is formed by the Company, its parent company and its subsidiaries

a) To ensure the properness of operations in group companies, the following group management philosophy has been selected as the corporate image to be aspired to: “Aim to be the most trusted and familiar group to all customers.” Also, in addition to reaching common ethical behavior guidelines, consolidated management targets and business operation policy shall be shared as a corporate group at the Group Joint Management Council. With regard to execution of duties, management of subsidiary businesses shall be based on a group-wide form stating decision-reporting procedures.

b) A Management Advisory Board has been set up as an advisory body to the President and Representative Director of the Company, who receives the board's advice and recommendations for maintaining and improving the Group's soundness, fairness and transparency, and reflects these in decision making.

c) Subsidiaries of the Company shall report to directors of the Company, on a monthly basis, on the risks involving results and business operations. Moreover, directors of the Company who have been dispatched as directors of a subsidiary shall report to the director or employee designated by the President and Representative Director of the Company regarding the status of discussions by the subsidiary's Board of Directors and management on operational issues.

d) The committee members of Risk Management Committee of the Company shall include representation from its subsidiaries and this committee shall also manage the risks of its subsidiaries. Moreover, group companies shall also be included in the scope of activities of the Compliance Committee and the internal auditing section, and have access to the helpline as well.

e) The Company and its subsidiaries shall, as a member of society, never become involved with anti-social forces that are a menace to social order and security, and shall resolutely refuse improper solicitation.

f) To construct a system necessary to ensure the properness of financial reporting, the Kewpie Group shall establish various provisions related to financial reporting and aim to enhance internal controls related to financial reporting by conducting educational programs and promoting awareness of compliance of accounting standards and other related laws and regulations. Moreover, the Company's division and department in charge of finance reporting, in cooperation with the audit & supervisory board members of each group company, shall construct a scheme for regularly evaluating and improving the state of the design and operation of this system.

g) For K.R.S. Corporation, a subsidiary of the Company, a system necessary to ensure properness of operations shall be independently constructed due to it being listed on the First Section of the Tokyo Stock Exchange and it belonging to a different industry sector. However, it will still share with the rest of the Kewpie Group the consolidated management targets and there shall be intensive information exchange relating to risk management and compliance.

G. Placement of employees to assist in audit & supervisory board member duties

The Internal Auditing Department executes internal auditing of matters requested by the audit & supervisory board members through deliberation with the Audit & Supervisory Board and reports the results of such audits to the Audit & Supervisory Board. Moreover, if the Audit & Supervisory Board requests to appoint an employee to assist in such duties, the Internal Auditing Department shall expeditiously comply with such a request.

H. Independence from the directors of employees who assist in audit & supervisory board member duties

Employees belonging to the Internal Auditing Department who receive a request from the audit & supervisory board members to carry out necessary internal auditing duties shall not receive instructions or orders that relate to such internal auditing from directors etc. except the director in charge of the Internal Auditing Department. Moreover, in order to ensure independence, when the Audit & Supervisory Board requests the placement of an employee to assist in auditing duties, that employee shall not receive instructions or orders from directors.

I. System for reporting to the audit & supervisory board members including system for directors and employees to report to the audit & supervisory board members

a) Directors and employees shall report the information necessary to respond to respective audit & supervisory board member requests in accordance with the stipulation of the Audit & Supervisory Board.

b) The subjects of the information matters mentioned in the previous paragraph are mainly:
- Content of agenda items for resolution at the General Meeting of Shareholders
- Status of activities at divisions or departments concerning the construction of the Company's internal control system
- Status of activities of audit & supervisory board members, the Internal Auditing Department, and staff members in divisions or departments in charge of auditing matters of the Company's subsidiaries or affiliates.
- Material accounting policies and accounting standards of the Company and changes thereof
- Details of announcements of operating results and operating forecasts, and details of material disclosure documents
- Operation and details of reports of the internal reporting system

J. Other system necessary to ensure auditing of audit & supervisory board members is effectively executed

a) The Audit & Supervisory Board shall not only make the opportunity for hearings from executive directors and important employees, but also make the opportunity for regular exchange of opinions from the President and Representative Director and the accounting auditors.

b) Committees contributing to the internal control system such as the Risk Management Committee and the Compliance Committee, the Internal Auditing Department, and staff members in each division or department in charge of auditing duties shall respect the opinions of each audit & supervisory board member concerning the assurance of effectiveness of the auditing of audit & supervisory board members.

<u>Risk management system</u>

The Company's risk management basic policy has set specific, systematic procedures for risk management, under which each responsible division or department exercises continuous oversight of each individual risk factor. In addition, the Company established a Risk Management Committee, chaired by the President and Representative Director, to address risk factors that affect the Company as a whole by evaluating and prioritizing risks to comprehensively manage risk. A crisis management manual has been prepared on the basis of the Company's risk management basic policy, to prepare for any foreseeable sudden risks to operations. In addition, in the event of a sudden incident or emergency, an Emergency Headquarters will be established immediately in accordance with the crisis management manual, to take action in order to deal swiftly and appropriately with the incident. The members of the Risk Management Committee include representatives from each of the Company's major subsidiaries. Furthermore, in order to manage operating risks at subsidiaries, each subsidiary reports on its management risks to the directors responsible for risk management, as needed.

In order to provide a solid legal compliance structure, the Company has established a Compliance Committee (chaired by the member of the Board of Directors responsible for compliance issue, with administrative work performed by members of the Legal Department), which is at the center of various compliance activities. The Committee chairman reports back to the Board of Directors and the Audit & Supervisory Board on the status of compliance activities. In addition to establishing and publically releasing a document entitled "Group Guidelines on

Ethical Behavior," which explains to people both within and outside the Group the core values and activities expected of group companies, the Company also set up "helplines," that employees of Group companies can use to report information or seek guidance (there are many ways to contact this helpline, from both within and outside the Company), and set up a Compliance Investigation Committee to investigate any suggestions of illegal activity. In order to ensure that all employees have been instructed in, and have a proper understanding of what compliance entails, the Company has been conducting a "Mind Up Program." In the event of non-compliance, such cases are fully reported (up to and including action taken against employees or directors found to be at fault) to employees of the whole Company and other Group companies, and companywide efforts are being implemented to prevent any recurrence.

With regard to information security, the Company has established and in accordance with the regulations on the use of Company information, as well as basic principles on the protection of personal information, as well as preparing operations manuals related to the storage and management of such information. In addition, the Information Security Committee (headed by the General Manager of the Operation Promote Department or a person who is appointed by the General Manager of the Operation Promote Department, with administrative work performed by the Corporate Planning Department in charge) conducts training sessions to teach employees proper information management procedures, confirms that the specified procedures are being carried out, and reviews or revises each information management regulation. The directors and the audit & supervisory board members have continuous access right to documents and electronic information related to the deliberations and activities of directors.

Lawyers, accounting auditors, and other third parties

When the management of the Company requires advice on legal matters, they consult their legal advisors (lawyers). Moreover, directors are required to undergo courses of study in legal matters.

In addition, the Company's auditing firm — Ernst & Young ShinNihon LLC — as part of its normal duties as an accounting auditor, provides Kewpie Corporation with advice relating to problems in the sphere of the Company's accounts and general management. (The President of the Company regularly discusses such issues with accountants of Ernst & Young ShinNihon LLC). Neither Ernst & Young ShinNihon LLC as a corporate entity nor its accountants as individuals, have any particular interests in Kewpie Corporation that would cause conflict of interest in the performance of their contractual duties.

Auditing work for the Company during the reporting period was performed principally by the three certified public accountants listed below, assisted by thirty-two other qualified persons, including twenty CPAs and twelve other qualified persons.

Names & titles of CPAs	Auditing firm to which the CPA belongs
Hitoshi Sakurai Designated and Limited Engagement Partner	Ernst & Young ShinNihon LLC
Junya Abe Designated and Limited Engagement Partner	Ernst & Young ShinNihon LLC
Masato Nakagawa Designated and Limited Engagement Partner	Ernst & Young ShinNihon LLC

(Notes) 1. The number of successive years in which CPAs have covered the accounts of Kewpie Corporation has been omitted, as no CPAs have covered these accounts for more than seven years.
2. The auditing firm noted above takes measures so that its engagement partners do not participate in the accounting audits of the Company on a consecutive basis for over a certain number of years.

(b) Status of internal audits and audit & supervisory board member audits

The Audit & Supervisory Board determines the auditing policies as well as the division of responsibilities among audit & supervisory board members, and each audit & supervisory board member complies with the Board's policy directives and sits in on meetings of the Board of Directors and other important management meetings. Audit & supervisory board members hear business reports from individual directors and peruse the documents employed in the process of reaching decisions on important matters. The audit & supervisory board members conduct on-site investigations at the Company's Head Office and other important business places regarding business performance and financial position. The audit & supervisory board members also request reports from the managements of the Company's subsidiaries on their business performance. When deemed necessary, the audit & supervisory board members visit subsidiaries to investigate the performance of their business and their financial position at first hand. The two standing audit & supervisory board members simultaneously act as audit & supervisory board members for the Company's main subsidiaries. Regular meetings are held between the Audit & Supervisory Board and the President of the Company, and extraordinary meetings may be held when necessary: these meetings are utilized to exchange opinions regarding proposals covering the whole range of the Company's business activities.

The Company has set up an Internal Auditing Department to act as its internal auditing section with seven staff members. The staff of the Internal Auditing Department perform auditing – in line with the directives laid down in the auditing plan for each year, as well as in accordance with requests received from the President, the director in charge of the Internal Auditing Department or the audit & supervisory board members – to confirm that organized activities throughout the Group are being carried out properly and efficiently in conformity with the law, or in line with the Company's own internal regulations and the management's policies. If required, the Internal Auditing Department cooperates with the audit & supervisory board members as well as accounting auditors by exchanging information and other actions. Auditing activities are also conducted in cooperation with staff members of the Company who are in charge of the auditing of matters relating to labor, safety, product quality and environmental protection.

(c) Outside directors and outside audit & supervisory board members

Kewpie Corporation has three outside audit & supervisory board members.

Outside audit & supervisory board member Mr. Shunichiro Ishiguro has long-standing experience as a manager responsible for the accounting department of Nakashimato Co., Ltd., an "other associated company" of the Company and holds a suitable degree of knowledge concerning finance and accounting. In addition, Mr. Ishiguro is a director of Nakashimato Co., Ltd. Nakashimato Co., Ltd. is the largest shareholder of the Company and currently possesses 20.9% of total voting rights of the Company (17.6% of the voting rights are held directly). Three of the directors or audit & supervisory board members of Kewpie Corporation (including Mr. Ishiguro) concurrently hold the posts of director or audit & supervisory board member at Nakashimato Co., Ltd.

Outside audit & supervisory board member Mr. Ichiro Sakai has a suitable degree of knowledge concerning law and finance as a lawyer. Mr. Sakai has no material interest in the Company.

Outside audit & supervisory board member Mr. Kazunari Uchida has long-standing experience as a corporate management consultant and has a strong expertise and broad insight on corporate management. Mr. Uchida has no material interest in the Company.

The Company has not determined criteria or policies on independence for the purpose of appointing outside audit & supervisory board members. However, Mr. Ichiro Sakai and Mr. Kazunari Uchida, who are outside audit & supervisory board members, have both been registered at Tokyo Stock Exchange, Inc. as independent auditors who do not carry the risk of having a conflict of interests with ordinary shareholders. This demonstrates the Company's efforts to secure outside audit & supervisory board members that have a high degree of independence from an objective viewpoint. Furthermore, although outside audit & supervisory board member Mr. Shunichiro Ishiguro has not been registered as an independent auditor, he provides valuable suggestions and advice to the Company, largely based on his long-standing experience as a manager responsible for the accounting department of a business company. As such, the Company believes that the structure it currently has in place enables management supervision to function adequately from the perspective of objectivity and neutrality.

The Company does not appoint outside directors. However, under the current corporate governance structure, three of the four audit & supervisory board members are outside audit & supervisory board members. This provides a structure under which management supervision can function adequately from the perspective of objectivity and neutrality, which is considered important for corporate governance.

(d) Compensation of directors and audit & supervisory board members

(i) The total compensation of directors and audit & supervisory board members by type, total compensation by classification, and number of people receiving compensation

Type of directors and audit & supervisory board members	Total compensation (millions of yen)	Total compensation by classification (millions of yen)		Number of people receiving compensation
		Basic compensation	Bonuses	
Directors (excluding outside directors)	422	346	76	15
Audit & supervisory board members (excluding outside audit & supervisory board members)	32	32	—	2
Outside directors and outside audit & supervisory board members	36	36	—	4

(ii) Details and decision-making method of policy concerning compensation amounts of directors and audit & supervisory board members and calculation method thereof

The compensation paid to directors is in the form of monthly compensation and bonuses. The monthly compensation is decided separately according to each director's status and is limited within the scope of the compensation limit resolved by the General Meeting of Shareholders.

Concerning bonuses paid to directors, the total compensation amounts are deliberated as an agenda item at the General Meeting of Shareholders and the individual amounts are decided by the Board of Directors based on a reference amount decided by the director's status and then adjusted to reflect company performance and the director's individual achievements.

The compensation paid to audit & supervisory board members is in the form of monthly compensation only. The individual compensation amounts are decided through negotiation with the audit & supervisory board members within the scope of the compensation limit resolved by the General Meeting of Shareholders.

(e) Status of shareholdings

(i) Investment shares held for purposes other than pure investment

Number of issues: 127 issues

Total book value on the balance sheet: ¥11,973 million

(ii) Holding classification, issue, number of shares, book value on the balance sheet, and purpose of shareholding for investment shares held for purposes other than pure investment

Previous fiscal year

Specified investment shares

Issue	Number of shares	Book value on the balance sheet (millions of yen)	Purpose of shareholding
Kato Sangyo Co., Ltd.	840,300	1,325	To strengthen trading relationship
Saha Pathanapibul Public Co., Ltd.	16,072,583	1,235	To strengthen business relationship
Nichirei Corporation	3,109,000	1,113	To strengthen trading relationship
Kirin Holdings Company, Limited	814,000	759	To strengthen trading relationship
Kikkoman Corporation	374,000	315	To strengthen trading relationship
Ono Pharmaceutical Co., Ltd.	77,000	306	To strengthen business relationship
Yoshinoya Holdings Co., Ltd.	2,879	290	To strengthen trading relationship
Seven & i Holdings Co., Ltd.	124,600	265	To strengthen trading relationship
Inageya Co., Ltd.	299,566	264	To strengthen trading relationship
Sumitomo Mitsui Financial Group, Inc.	112,483	234	To maintain stable trading relationship with financial institution
Taisho Pharmaceutical Holdings Co., Ltd.	39,600	205	To strengthen business relationship
Mitsubishi UFJ Financial Group, Inc.	569,300	186	To maintain stable trading relationship with financial institution
Mizuho Financial Group, Inc.	1,807,200	180	To maintain stable trading relationship with financial institution
Toho Co., Ltd.	550,000	167	To strengthen trading relationship
Kentucky Fried Chicken Japan, Ltd.	67,000	134	To strengthen trading relationship
Yomeishu Seizo Co., Ltd.	163,000	118	To strengthen business relationship
Nakamuraya Co., Ltd.	261,813	104	To strengthen trading relationship
Kadoya Sesame Mills Incorporated	50,000	94	To strengthen trading relationship
Casio Computer Co., Ltd.	181,000	85	To strengthen business relationship
Kagome Co., Ltd.	54,200	82	To strengthen trading relationship
Morozoff Limited	300,000	81	To strengthen trading relationship
Harashin Narus Holdings Co., Ltd.	61,700	76	To strengthen trading relationship
Rengo Co., Ltd.	134,000	73	To strengthen trading relationship

Stocks regarded as holding shares

Issue	Number of shares	Book value on the balance sheet (millions of yen)	Purpose of shareholding
Toyo Suisan Kaisha, Ltd.	728,000	1,375	Power to exercise voting rights
Seven & i Holdings Co., Ltd.	485,000	1,031	Power to exercise voting rights
Sumitomo Corporation	654,000	658	Power to exercise voting rights
Mitsubishi Shokuhin Co., Ltd.	299,000	578	Power to exercise voting rights
Kyowa Hakko Kirin Co., Ltd.	475,000	427	Power to exercise voting rights
Yamato Holdings Co., Ltd.	219,000	267	Power to exercise voting rights
Aeon Co., Ltd.	220,000	230	Power to exercise voting rights

Current fiscal year

Specified investment shares

Issue	Number of shares	Book value on the balance sheet (millions of yen)	Purpose of shareholding
Saha Pathanapibul Public Co., Ltd.	16,072,583	2,336	To strengthen business relationship
Nichirei Corporation	3,109,000	1,389	To strengthen trading relationship
Kato Sangyo Co., Ltd.	840,300	1,231	To strengthen trading relationship
Kirin Holdings Company, Limited	814,000	822	To strengthen trading relationship
Kikkoman Corporation	374,000	436	To strengthen trading relationship
Ono Pharmaceutical Co., Ltd.	77,000	347	To strengthen business relationship
Yoshinoya Holdings Co., Ltd.	2,894	304	To strengthen trading relationship
Seven & i Holdings Co., Ltd.	124,600	299	To strengthen trading relationship
Sumitomo Mitsui Financial Group, Inc.	112,483	298	To maintain stable trading relationship with financial institution
Inageya Co., Ltd.	301,219	294	To strengthen trading relationship
Taisho Pharmaceutical Holdings Co., Ltd.	39,600	240	To strengthen business relationship
Mizuho Financial Group, Inc.	1,807,200	238	To maintain stable trading relationship with financial institution
Mitsubishi UFJ Financial Group, Inc.	569,300	214	To maintain stable trading relationship with financial institution
Toho Co., Ltd.	550,000	172	To strengthen trading relationship
Kentucky Fried Chicken Japan, Ltd.	67,000	137	To strengthen trading relationship
Yomeishu Seizo Co., Ltd.	163,000	114	To strengthen business relationship
Casio Computer Co., Ltd.	181,000	111	To strengthen business relationship
Nakamuraya Co., Ltd.	266,503	105	To strengthen trading relationship
Kadoya Sesame Mills Incorporated	50,000	99	To strengthen trading relationship
Okuwa Co., Ltd.	91,000	98	To strengthen trading relationship
Tokan Co., Ltd.	57,405	94	To strengthen trading relationship
Harashin Narus Holdings Co., Ltd.	61,700	91	To strengthen trading relationship
Kagome Co., Ltd.	54,200	89	To strengthen trading relationship

Stocks regarded as holding shares

Issue	Number of shares	Book value on the balance sheet (millions of yen)	Purpose of shareholding
Toyo Suisan Kaisha, Ltd.	728,000	1,645	Power to exercise voting rights
Seven & i Holdings Co., Ltd.	485,000	1,164	Power to exercise voting rights
Sumitomo Corporation	654,000	669	Power to exercise voting rights
Mitsubishi Shokuhin Co., Ltd.	299,000	613	Power to exercise voting rights
Kyowa Hakko Kirin Co., Ltd.	475,000	399	Power to exercise voting rights
Yamato Holdings Co., Ltd.	219,000	270	Power to exercise voting rights
Aeon Co., Ltd.	220,000	202	Power to exercise voting rights

(Notes) 1. Specified investment shares and stocks regarded as holding shares are not added together at the stage of selecting the top issues in terms of book value on the balance sheet.
2. Stocks regarded as holding shares are put into a trust to cover retirement benefit obligations. The amounts presented in the "Book value on the balance sheet" column are obtained by multiplying the market value as of the end of the current fiscal year by the number of shares that confer the power to exercise voting rights. The information presented in the "Purpose of shareholding" column describes the power the Company holds with respect to such shares.

(iii) Investment shares for pure investment purposes
Not applicable.

(f) Overview of content of limited liability contract
In accordance with the provisions of Article 427, Paragraph 1 of the Corporation Law and Article 39 of the Articles of Incorporation, the Company and each of its outside audit & supervisory board members have entered into a limited liability contract. The amount of maximum liability stipulated in the contract is determined by each of the respective items under Article 425, Paragraph 1 of the Corporation Law.

(g) Number of directors
The Articles of Incorporation of the Company stipulate that the number of Company's directors is limited to not more than 20 members.

(h) Election and dismissal of directors
The Articles of Incorporation of the Company stipulate that election and dismissal of directors shall be made by the majority of the votes of the shareholders present at the meeting where the shareholders holding one third or more of the votes of the shareholders entitled to exercise their votes at such shareholders meeting are present, and prohibits the resolution of election of directors based on cumulative voting.

(i) Agenda at the General Meeting of Shareholders that can be decided by the Board of Directors
a) Dividends from surplus
As for matters listed in items of Article 459, Paragraph 1 of the Corporation Law regarding dividends from surplus, the Articles of Incorporation of the Company stipulate that the Board of Directors reserves the right to make a resolution unless otherwise provided for in laws and regulations. This is intended to realize mobile implementation of measures regarding dividend and capital policy.

b) Repurchase of shares
For the purpose of executing the mobile capital policy, in accordance with the provisions of Article 165, Paragraph 2 of the Corporation Law, the Articles of Incorporation of the

Company stipulate that the Company may repurchase shares on the open market upon resolution by the Board of Directors.

(j) Exceptional agenda for resolutions at the General Meeting of Shareholders
As for exceptional agenda at the General Meeting of Shareholders provided for in Article 309, Paragraph 2 of the Corporation Law, the Articles of Incorporation of the Company stipulate that the resolutions of those General Meetings of Shareholders shall be made by two thirds or more of the votes of the shareholders present at the meeting where the shareholders holding one third or more of the votes of the shareholders entitled to exercise their votes at such shareholders meeting are present. This is intended to facilitate the operation of the General Meetings of Shareholders by relaxing the restrictions imposed by the required number of shareholders present.

(2) Compensation for auditing certificated public accountants

(a) Details of compensation for auditing certificated public accountants

Classification	Previous fiscal year		Current fiscal year	
	Compensation for audit or attestation services (millions of yen)	Compensation for non-audit services (millions of yen)	Compensation for audit or attestation services (millions of yen)	Compensation for non-audit services (millions of yen)
The Company	89	7	89	5
Consolidated subsidiaries	42	3	43	3
Total	131	10	132	8

(b) Other important details on compensation
Compensation for audit and non-audit services paid to Ernst & Young, part of the same network as the auditing certificated public accountants of the Company, Ernst & Young ShinNihon LLC, by overseas consolidated subsidiaries was ¥19 million and ¥12 million, respectively, in the previous fiscal year, and ¥25 million and ¥20 million, respectively, in the current fiscal year.

(c) Non-audit services performed by auditing certificated public accountants for the Company
For services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Law, the Company entrusted to the auditing certificated public accountants advisory services regarding the transition etc. to the International Financial Reporting Standards (IFRS) in both the previous and the current fiscal year, and paid compensation to the auditing certificated public accountants for those services.

(d) Policy for determining compensation for auditing
The compensation to auditing certificated public accountants of the Company is determined based on a verification of the scope, content and days, etc. of the audit plan of the auditing certificated public accountants and approved by the Audit & Supervisory Board in accordance with the provisions of the Corporation Law.

V. Financial Information

1. Preparation of the consolidated financial statements

The consolidated financial statements of the Company were prepared in accordance with the Regulations on Terminology, Forms and Preparation of the Consolidated Financial Statements (Ministry of Finance Ordinance No. 28 of 1976).

2. Audit

The audits were performed by Ernst & Young ShinNihon LLC on the consolidated financial statements for the consolidated fiscal year (from December 1, 2011 to November 30, 2012) in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law.

3. Special measures for ensuring appropriateness of consolidated financial statements

The Company carries out special measures for ensuring appropriateness of consolidated financial statements. Specifically, for the purpose of both ensuring that the Company has an appropriate grasp of the contents of the accounting standards, and establishing a system by which it is possible to accurately respond to changes in accounting standards, the Company became a member of the Financial Accounting Standards Foundation, deepens its understanding of accounting standards and takes measures in response to new accounting standards.

Consolidated Financial Statements

(1) Consolidated financial statements

(a) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Assets		
Current assets		
Cash and deposits	19,553	33,394
Notes and accounts receivable — trade	64,875	66,684
Securities	5,000	10,000
Purchased goods and products	10,936	11,553
Work in process	650	1,163
Raw materials and supplies	5,291	5,190
Deferred tax assets	2,249	2,266
Other	2,813	2,918
Allowances for doubtful accounts	(260)	(152)
Total current assets	111,110	133,018
Fixed assets		
Tangible fixed assets		
Buildings and structures	126,175	130,277
Accumulated depreciation	(79,048)	(81,977)
Net book value	*2 47,127	*2 48,300
Machinery, equipment and vehicles	125,481	129,574
Accumulated depreciation	(103,196)	(106,641)
Net book value	22,284	22,933
Land	*2 40,759	*2 42,129
Lease assets	3,418	5,116
Accumulated depreciation	(928)	(1,659)
Net book value	2,490	3,457
Construction in progress	2,146	5,864
Other	8,599	9,766
Accumulated depreciation	(7,335)	(7,874)
Net book value	1,263	1,892
Total tangible fixed assets	116,072	124,577
Intangible fixed assets		
Computer software	1,805	1,871
Other	496	533
Total intangible fixed assets	2,301	2,405
Investments and other assets		
Investment securities	*1 19,796	*1 20,051
Long-term loans receivable	743	629
Prepaid pension costs	16,745	15,951
Deferred tax assets	805	1,320
Other	*1 8,958	*1 9,141
Allowances for doubtful accounts	(742)	(580)
Total investments and other assets	46,306	46,514
Total fixed assets	164,680	173,496
Total assets	275,790	306,515

(Millions of yen)

		Previous fiscal year (As of November 30, 2011)		Current fiscal year (As of November 30, 2012)
Liabilities				
Current liabilities				
Notes and accounts payable — trade		39,259		41,715
Short-term loans payable	*2	7,237	*2	8,197
Accounts payable — other		13,401		15,299
Accrued expenses		8,865		8,917
Accrued income taxes		3,192		6,692
Deferred tax liabilities		14		12
Reserves for sales rebates		943		995
Reserves for bonuses		1,060		1,005
Reserves for directors' bonuses		123		129
Reserves for losses on disaster		54		—
Asset retirement obligations		112		—
Other		1,755		2,917
Total current liabilities		76,019		85,882
Non-current liabilities				
Bonds		500		10,000
Long-term loans payable	*2	663	*2	799
Deferred tax liabilities		6,801		6,338
Reserves for retirement benefits		2,421		2,595
Asset retirement obligations		315		342
Other		3,775		4,630
Total non-current liabilities		14,477		24,705
Total liabilities		90,497		110,587
Net Assets				
Shareholders' equity				
Paid-in capital		24,104		24,104
Capital surplus		29,434		29,434
Earned surplus		113,622		123,143
Treasury stock		(3,386)		(3,389)
Total shareholders' equity		163,774		173,292
Accumulated other comprehensive income				
Unrealized holding gains (losses) on securities		1,210		2,646
Unrealized gains (losses) on hedges		(2)		7
Foreign currency translation adjustments		(4,973)		(5,009)
Total accumulated other comprehensive income		(3,766)		(2,355)
Minority interests		25,284		24,991
Total net assets		185,293		195,928
Total liabilities and net assets		275,790		306,515

(b) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

		Previous fiscal year (From December 1, 2010 to November 30, 2011)		Current fiscal year (From December 1, 2011 to November 30, 2012)
Net sales		486,435		504,997
Cost of sales	*1	369,347	*1	379,932
Gross profit		117,088		125,065
Selling, general and administrative expenses	*2,*3	96,271	*2,*3	101,696
Operating income		20,816		23,368
Non-operating income				
Interest income		189		155
Dividends income		336		348
Equity in earnings of affiliates		146		206
Reversal of allowances for doubtful accounts		—		157
Dividends income of insurance		161		151
Other		574		494
Total non-operating income		1,409		1,513
Non-operating expenses				
Interest expenses		152		222
Bond issuance cost		—		53
Other		161		139
Total non-operating expenses		313		414
Ordinary income		21,912		24,467
Extraordinary gains				
Gains on sales of fixed assets	*4	59	*4	69
Insurance income		—	*5	645
Compensation income		—	*6	353
Gains on negative goodwill		—		368
Reversal of allowances for doubtful accounts		246		—
Gains on extinguishment of tie-in shares		74		—
Other		20		63
Total extraordinary gains		399		1,500
Extraordinary losses				
Losses on disposal of fixed assets	*7	1,143	*7	828
Losses on valuation of investments in capital of subsidiaries and affiliates	*8	532		—
Losses on impairment of fixed assets	*9	746	*9	1,643
Losses on disaster	*10	1,635		—
Other		628		142
Total extraordinary losses		4,687		2,614
Income before income taxes and minority interests		17,624		23,354
Income taxes		7,617		10,516
Income taxes — deferred		(381)		(1,601)
Total income taxes		7,235		8,915
Income before minority interests		10,388		14,438
Minority interests		939		2,147
Net income		9,449		12,291

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Income before minority interests	10,388	14,438
Other comprehensive income		
Unrealized holding gains (losses) on securities	96	1,486
Unrealized gains (losses) on hedges	17	10
Foreign currency translation adjustments	(845)	1
Share of other comprehensive income of affiliates accounted for using equity method	(0)	(1)
Total other comprehensive income	(732)	* 1,496
Comprehensive income	9,656	15,935
(Breakdown)		
Comprehensive income attributable to owners of the parent	8,838	13,701
Comprehensive income attributable to minority interests	817	2,233

(c) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Shareholders' equity		
Paid-in capital		
Balance at the beginning of the current fiscal year	24,104	24,104
Changes of items during the fiscal year		
Total changes of items during the fiscal year	—	—
Balance at the end of the current fiscal year	24,104	24,104
Capital surplus		
Balance at the beginning of the current fiscal year	29,432	29,434
Changes of items during the fiscal year		
Disposal of treasury stock	15	—
Retirement of treasury stock	(14)	—
Total changes of items during the fiscal year	1	—
Balance at the end of the current fiscal year	29,434	29,434
Earned surplus		
Balance at the beginning of the current fiscal year	109,600	113,622
Changes of items during the fiscal year		
Dividends from surplus	(2,883)	(2,770)
Net income	9,449	12,291
Retirement of treasury stock	(2,544)	—
Total changes of items during the fiscal year	4,021	9,520
Balance at the end of the current fiscal year	113,622	123,143
Treasury stock		
Balance at the beginning of the current fiscal year	(3,847)	(3,386)
Changes of items during the fiscal year		
Repurchase of shares	(2,105)	(2)
Disposal of treasury stock	8	—
Retirement of treasury stock	2,558	—
Total changes of items during the fiscal year	461	(2)
Balance at the end of the current fiscal year	(3,386)	(3,389)
Total shareholders' equity		
Balance at the beginning of the current fiscal year	159,290	163,774
Changes of items during the fiscal year		
Dividends from surplus	(2,883)	(2,770)
Net income	9,449	12,291
Repurchase of shares	(2,105)	(2)
Disposal of treasury stock	23	—
Total changes of items during the fiscal year	4,484	9,518
Balance at the end of the current fiscal year	163,774	173,292

(Millions of yen)

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities		
Balance at the beginning of the current fiscal year	1,111	1,210
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	99	1,436
Total changes of items during the fiscal year	99	1,436
Balance at the end of the current fiscal year	1,210	2,646
Unrealized gains (losses) on hedges		
Balance at the beginning of the current fiscal year	(20)	(2)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	17	10
Total changes of items during the fiscal year	17	10
Balance at the end of the current fiscal year	(2)	7
Foreign currency translation adjustments		
Balance at the beginning of the current fiscal year	(4,247)	(4,973)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(726)	(35)
Total changes of items during the fiscal year	(726)	(35)
Balance at the end of the current fiscal year	(4,973)	(5,009)
Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	(3,156)	(3,766)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(610)	1,410
Total changes of items during the fiscal year	(610)	1,410
Balance at the end of the current fiscal year	(3,766)	(2,355)
Minority interests		
Balance at the beginning of the current fiscal year	24,767	25,284
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	517	(293)
Total changes of items during the fiscal year	517	(293)
Balance at the end of the current fiscal year	25,284	24,991
Total net assets		
Balance at the beginning of the current fiscal year	180,901	185,293
Changes of items during the fiscal year		
Dividends from surplus	(2,883)	(2,770)
Net income	9,449	12,291
Repurchase of shares	(2,105)	(2)
Disposal of treasury stock	23	—
Net changes of items other than shareholders' equity	(92)	1,116
Total changes of items during the fiscal year	4,391	10,634
Balance at the end of the current fiscal year	185,293	195,928

(d) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Cash flows from operating activities		
Income before income taxes and minority interests	17,624	23,354
Depreciation and amortization	13,641	14,089
Losses on impairment of fixed assets	746	1,643
Amortization of goodwill	—	38
Equity in losses (earnings) of affiliates	(146)	(206)
Losses (gains) on valuation of investment securities	261	8
Losses (gains) on valuation of investments in capital of subsidiaries and affiliates	532	—
Gains on negative goodwill	—	(368)
Losses on adjustment for changes of accounting standard for asset retirement obligations	214	—
Increase (decrease) in reserves for retirement benefits	(27)	170
Decrease (increase) in prepaid pension costs	1,015	793
Increase (decrease) in reserves for sales rebates	(76)	52
Increase (decrease) in reserves for directors' bonuses	(19)	6
Increase (decrease) in reserves for bonuses	86	(55)
Increase (decrease) in allowances for doubtful accounts	(141)	(270)
Interest and dividends income	(526)	(503)
Interest expenses	152	222
Losses (gains) on sales of investment securities	60	(44)
Losses (gains) on sales and disposal of fixed assets	1,086	789
Decrease (increase) in notes and accounts receivable — trade	(350)	(1,766)
Decrease (increase) in inventories	(1,575)	(1,003)
Increase (decrease) in notes and accounts payable — trade	465	2,307
Increase (decrease) in accounts payable — other	(273)	(199)
Increase (decrease) in accrued consumption taxes	126	303
Increase (decrease) in long-term accounts payable	(198)	(19)
Other	711	425
Sub-total	33,390	39,765
Interest and dividends income received	565	575
Interest paid	(216)	(201)
Income taxes paid	(10,332)	(6,894)
Net cash provided by (used in) operating activities	23,405	33,246

(Millions of yen)

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Cash flows from investing activities		
Purchases of tangible fixed assets	(12,326)	(19,747)
Purchases of intangible fixed assets	(691)	(752)
Purchases of investment securities	(328)	(284)
Proceeds from sales of investment securities	124	107
Proceeds from redemption of investment securities	—	2,000
Acquisition of subsidiaries’ shares	—	(1,859)
Payments of loans receivable	(67)	(181)
Collection of loans receivable	442	446
Payments into time deposits	(46)	(3,007)
Proceeds from withdrawal of time deposits	1,593	45
Other	(865)	(1,201)
Net cash provided by (used in) investing activities	(12,166)	(24,434)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,390)	883
Repayment of lease obligations	(737)	(903)
Proceeds from long-term loans payable	—	1,201
Repayment of long-term loans payable	(11,167)	(995)
Proceeds from issuance of bonds	—	9,946
Cash dividends paid	(2,883)	(2,770)
Cash dividends paid to minority shareholders	(299)	(337)
Repurchase of shares	(2,105)	(2)
Net cash provided by (used in) financing activities	(19,583)	7,022
Effects of exchange rate changes on cash and cash equivalents	(275)	43
Increase (decrease) in cash and cash equivalents	(8,620)	15,877
Cash and cash equivalents at the beginning of the fiscal year	33,121	24,509
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	7	—
Cash and cash equivalents at the end of the fiscal year	* 24,509	* 40,387

Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements

1. Consolidated subsidiaries
   Consolidated subsidiaries are fifty-two companies and their names are omitted so as to be reported in "I. Outline of the Company 3. Outline of Associated Companies."
   In the current fiscal year, the number of consolidated subsidiaries increased by one because consolidated subsidiary Saika Co., Ltd. was divided, newly establishing Enshu Delica Co., Ltd.
   There are fourteen non-consolidated subsidiaries, and the principal company is Asato Logistics Corporation. These companies are excluded from the consolidation, because their total assets, net sales, net income, and total amounts of earned surplus (equal to the equity share) do not have a significant effect on the consolidated total assets, net sales, net income, and earned surplus.

2. Application of the equity method
   The equity method is applied to the investments in six companies of fourteen non-consolidated subsidiaries and ten affiliated companies (20% to less than 50% owned) since the Company (Kewpie Corporation) has significant effect over them. The name of companies accounted for by the equity method is omitted so as to be reported in "I. Outline of the Company 3. Outline of Associated Companies."
   The investments in fourteen non-consolidated subsidiaries including Asato Logistics Corporation and in four affiliated companies including Tohoku Aohata Co., Ltd. not to be accounted for by the equity method, are stated at cost, because the amounts calculated by the application of the equity method do not have a significant effect on the total consolidated net income and earned surplus.

3. Closing date of consolidated subsidiaries
   The closing date of Kewpie (Thailand) Co., Ltd., Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. is December 31, and that of Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., Henningsen Foods, Netherlands Inc., Kewpie Malaysia Sdn. Bhd. and Kewpie Vietnam Co., Ltd. is September 30.
   Kewpie (Thailand) Co., Ltd., Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. are consolidated based on their temporary financial statements at September 30. Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., Henningsen Foods, Netherlands Inc., Kewpie Malaysia Sdn. Bhd. and Kewpie Vietnam Co., Ltd. are consolidated based on the financial statements at their balance sheet date.
   However, significant transactions of those subsidiaries for the period from October 1 to November 30 are reflected in the consolidated financial statements.

4. Accounting standards
   (1) Valuation basis and valuation methods for significant assets
      (a) Securities
         1. Held-to-maturity bonds are stated at amortized cost. Discounts and premiums are amortized by the straight-line method.
         2. Shares in subsidiaries and affiliates which are not accounted for under the equity method are stated at moving average cost.
         3. Other securities with readily determinable fair value are stated at fair value based on market price at the closing date. Valuation differences comprise net assets as unrealized holding gains on securities. When sold, cost of sales is determined by the moving average method. Other securities without readily determinable fair value are stated at moving average cost.
      (b) Financial derivative instruments
         Financial derivative instruments are stated at fair value.
         Hedge accounting is adopted for financial derivative instruments which conform to requirements of hedge accounting.

(c) Inventories
Purchased goods and products, work in process, raw materials and supplies are principally stated at monthly moving average cost (a method whereby book values are written down based on a decline in the revenue expected to be generated from these inventories). Some joint products are stated at retail periodic average cost (a method whereby book values are written down based on a decline in the revenue expected to be generated from these inventories).

(2) Depreciation methods for significant depreciable assets
(a) Tangible fixed assets (excluding lease assets)
Tangible fixed assets are mainly depreciated by the declining balance method except for the following assets.
Buildings (excluding equipment fixed inside buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method.
The same basis with the Corporation Tax Law is mainly adopted for useful life and residual value.
The main useful life is as follows.

Buildings:	2-50	years
Machinery and equipment:	2-22	years

(b) Intangible fixed assets (excluding lease assets)
Intangible fixed assets are depreciated by the straight-line method.
The same basis with the Corporation Tax Law is mainly adopted for useful life.
Computer software purchased for internal use is amortized as no residual value by the straight-line method for five years based on the estimated useful life for internal use.
(c) Lease assets
The straight-line method, which considers the lease period to be the useful life and the residual value to be zero, is applied to lease assets related to finance lease transactions that do not transfer ownership.
Finance lease transactions that do not transfer ownership whose start date falls on or before November 30, 2008 are accounted for by the same method as that applied to operating leases.
(d) Long-term prepaid expenses
Long-term prepaid expenses are amortized by the straight-line method.

(3) Accounting for significant deferred assets
All costs for issuing bonds are recognized as bond issuance cost when a payment is made.

(4) Accounting standards for significant reserves
(a) Allowances for doubtful accounts
To provide for the possible bad-debt losses, the expected amount of uncollectible regular debt is calculated using credit-loss prediction ratios based on historical data, while the expected amount of uncollectible special debt, such as that in danger of being uncollectible, is calculated based on the probability of collecting each debt.
(b) Reserves for sales rebates
To provide for the payment of rebates for the current fiscal year, the reserves for sales rebates is provided on an accrual basis, multiplying the net sales and each company's standard (the percentage of the expected amount of rebates in net sales).
(c) Reserves for bonuses
To provide for the payment of bonuses to employees, the reserves for bonuses is provided according to the expected amount of the payment for employees based on the applicable period.
(d) Reserves for directors' bonuses
To provide for the payment of bonuses to directors, the reserves is provided according to the expected amount payable at the end of the current fiscal year.

(e) Reserves for retirement benefits
To provide for the payment of retirement benefits to employees, the reserves is provided at the necessary amount on an accrual basis based on the estimated retirement benefit obligations and pension fund assets at the end of the current fiscal year.
Some consolidated subsidiaries have applied simplified method.
Prior service liabilities are amortized by the straight-line method over twelve years (except for from ten to thirteen years of K.R.S. Corporation, a publicly traded enterprise which is listed on the first section of the Tokyo Stock Exchange) based on the average remaining employees' service years and their amortizations start in the respective accrual years.
Actuarial gains or losses are amortized by the straight-line method over twelve years (except for from ten to thirteen years of K.R.S. Corporation) based on the average remaining employees' service years, and their amortizations start from the next year of the respective accrual years.
Retirement benefits systems of the Company and subsidiaries consist of a defined benefit corporate pension plan (Fund-type and Contract-type) and a retirement lump-sum grants system.

(f) Reserves for losses on disaster
To provide for the payment of expenses required for restoring buildings, facilities and equipment damaged by the Great East Japan Earthquake, reserves for losses on disaster is provided according to the expected amount of losses.
There was no balance of reserves for losses on disaster at the end of the current fiscal year.

(5) Treatment for significant hedge accounting

(a) Hedge accounting
Deferral hedge is applied as the method of hedge accounting.
Allocation method is applied for transactions that meet the requirements for that method.
Special treatment is applied for the interest rate swap transactions that meet the requirements for the special treatment.

(b) Hedging instruments
Hedging instruments are forward exchange contracts and interest rate swap transactions.

(c) Hedged items
Hedged items are purchase transactions in foreign currencies and interest of loans.

(d) Hedging policy
The Company and consolidated subsidiaries execute forward exchange contracts to hedge risks from fluctuation in foreign exchange rate and interest rate swap transactions to hedge risks from projected fluctuation in interest rate.
In addition, the Company and consolidated subsidiaries never make use of them for the purpose of speculative transactions.

(e) Assessment of the effectiveness of hedge accounting
Control procedures of hedge transactions are executed according to each company’s bylaw.
The effectiveness of the hedge except for the following contracts is analyzed by comparing movements in the fair values of the hedged items with those of the hedging instruments, assessed and strictly controlled.
However, the assessment of the effectiveness is omitted for interest rate swap transactions that meet the requirements for the special treatment.

(6) Method and period for amortization of goodwill
Goodwill is amortized over five years. Trivial goodwill is fully amortized in the fiscal year in which it is incurred.

(7) Scope of cash in the consolidated statements of cash flows
Cash in the consolidated statements of cash flows (cash and cash equivalents) consists of cash in hand, bank deposits which can be withdrawn freely, and short-term investments which can be easily converted into cash and matures within three months from the acquisition date on which they are at little risk of changes in value.

(8) Other significant matter for the preparation of consolidated financial statements
Consumption taxes are recorded in separate accounts.

Accounting Standards to Be Applied

The “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of May 17, 2012)

(1) Outline
From the perspective of improving financial reporting and in light of global trends, the Accounting Standard and the Guidance have been revised mainly focusing on the accounting treatment for unrealized actuarial gains and losses and unrealized prior service costs, the calculation method for retirement benefit obligations and current service costs and the enhancement of disclosure.

(2) Application schedule
They are scheduled to be applied from the end of the fiscal year beginning on December 1, 2013.

(3) Effect of application of accounting standards
The effect of the application of these accounting standards on the consolidated financial statements is currently being estimated.

Additional Information

(Application of Accounting Standard for Accounting Changes and Error Corrections)
The “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24 of December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24 of December 4, 2009) have been applied to accounting changes and corrections of prior period errors that were made on or after the beginning of the current fiscal year.

Notes

Consolidated Balance Sheets

*1 Investments in non-consolidated subsidiaries and affiliated companies are as follows:

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Investment securities (stocks)	¥ 3,216 million	¥ 3,259 million
Other (Investments in capital)	¥ 575 million	¥ 709 million

*2 Pledged assets and secured debts

Pledged assets are as follows:

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Buildings and structures	¥ 807 million	¥ 657 million
Land	¥ 3,079 million	¥ 1,497 million
Total	¥ 3,886 million	¥ 2,154 million

Secured debts are as follows:

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Short-term loans payable	¥ 805 million	¥ 800 million
Long-term loans payable	¥ 605 million	¥ 529 million
Total	¥ 1,410 million	¥ 1,329 million

3 Contingent liabilities

Liabilities, such as loans from financial institutions, that the Group guarantees under joint signature for companies and employees are as follows:

Liabilities for guarantee

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
AQ Logistics K.K. (loan)	¥ 498 million	¥ 1,149 million
Employees (loan)	¥ 306 million	¥ 371 million
Asato Logistics Corporation (loan)	—	¥ 200 million
Shanghai KRS Logistics Corporation (Guarantee for debtor's contract fulfillment)	¥ 134 million	¥ 127 million
Total	¥ 939 million	¥ 1,848 million

(Note) As the liabilities for AQ Logistics K.K. are re-guaranteed, the amount presented is the amount after deduction of such re-guarantee.

Consolidated Statements of Income

*1 The inventory balance at the end of the fiscal year is presented after book values were written down following a decline in the revenue expected to be generated from these inventories and the following losses on valuation of inventories are included in cost of sales.

Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
¥ 134 million	¥ 225 million

*2 Main components of selling, general and administrative expenses are as follows:

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Transportation and warehousing expenses	¥ 27,038 million	¥ 28,939 million
Sales promotion expenses	¥ 18,197 million	¥ 19,481 million
Research and development expenses	¥ 3,232 million	¥ 3,421 million
Advertising and general publicity expenses	¥ 7,445 million	¥ 7,949 million
Payroll expenses	¥ 16,671 million	¥ 17,015 million
Depreciation expenses	¥ 1,693 million	¥ 1,710 million
Provision of reserves for bonuses	¥ 204 million	¥ 232 million
Retirement benefit expenses	¥ 1,999 million	¥ 2,243 million
Provision of allowances for doubtful accounts	¥ 99 million	¥ (7) million

*3 Total amount of research and development expenses included in general and administrative expenses

Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
¥ 3,232 million	¥ 3,421 million

*4 Gains on sales of fixed assets are as follows:

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Machinery, equipment and vehicles	¥ 59 million	¥ 65 million
Other	¥ 0 million	¥ 3 million
Total	¥ 59 million	¥ 69 million

*5 Insurance income

Previous fiscal year (From December 1, 2010 to November 30, 2011)
Not applicable.

Current fiscal year (From December 1, 2011 to November 30, 2012)
This income is from the insurance payment for damage from the Great East Japan Earthquake.

*6 Compensation income

Previous fiscal year (From December 1, 2010 to November 30, 2011)
Not applicable.

Current fiscal year (From December 1, 2011 to November 30, 2012)
This income is from compensation payment from Tokyo Electric Power Company, Incorporated as a consequence of the Fukushima Daiichi Nuclear Power Station accident.

*7 Losses on disposal of fixed assets are as follows:

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Buildings and structures	¥ 525 million	¥ 604 million
Machinery, equipment and vehicles	¥ 599 million	¥ 211 million
Other	¥ 18 million	¥ 12 million
Total	¥ 1,143 million	¥ 828 million

*8 Losses on valuation of investments in capital of subsidiaries and affiliates

Previous fiscal year (From December 1, 2010 to November 30, 2011)

These losses pertain to Shanghai KRS Logistics Corporation, which is a non-consolidated subsidiary.

Current fiscal year (From December 1, 2011 to November 30, 2012)

Not applicable.

*9 Losses on impairment of fixed assets

The Company and subsidiaries recognized losses on impairment of fixed assets for the following group of assets.

Previous fiscal year (From December 1, 2010 to November 30, 2011)

Location	Use	Item	Losses on impairment of fixed assets (millions of yen)
Chofu-shi, Tokyo	Office	Buildings	472
Ome-shi, Tokyo	Factory	Buildings, etc.	165
Miyoshi-machi, Saitama	Sales office	Buildings, etc.	108

In principle, the Company and subsidiaries classified the fixed assets into groups depending on the type of respective operation and business place based on the management accounting units on which revenue and expenditure are continuously taken in.

Regarding the office in Chofu-shi, Tokyo, a plan was determined in the current fiscal year to construct a complex of Group facilities, including a laboratory, on the site of the Sengawa Factory, which discontinued production at the end of February. As part of this plan, the office building within the lot of the former Sengawa Factory is scheduled to be demolished by August 2013.

It was also announced in the current fiscal year that the Group no longer uses a part of the factory in Ome-shi, Tokyo.

Furthermore, the decision was made in the current fiscal year to close down the sales office in Miyoshi-machi, Saitama.

In accordance with this, the book values of the office building in Chofu-shi, Tokyo, the factory building, etc. in Ome-shi, Tokyo, and the sales office building, etc. in Miyoshi-machi, Saitama are written down to their recoverable amounts, shown as ¥746 million in losses on impairment of fixed assets recorded under extraordinary losses.

The recoverable amounts are measured by net sales amounts based on the estimated sales amounts.

Current fiscal year (From December 1, 2011 to November 30, 2012)

Location	Use	Item	Losses on impairment of fixed assets (millions of yen)
Ome-shi, Tokyo	Factory	Land, etc.	1,431
Inagi-shi, Tokyo	Office	Buildings, etc.	192
Other			19

In principle, the Company and subsidiaries classified the fixed assets into groups depending on the type of respective operation and business place based on the management accounting units on which revenue and expenditure are continuously taken in.

The decision was made in the current fiscal year to close down the two factories in Ome-shi, Tokyo and the office in Inagi-shi, Tokyo.

In accordance with this, the book values of the factory land, etc. in Ome-shi, Tokyo and the office building, etc. in Inagi-shi, Tokyo are written down to their recoverable amounts, making up a substantial portion of losses on impairment of fixed assets of ¥1,643 million, recorded under extraordinary losses.

The recoverable amounts are measured by net sales amounts based on the estimated sales amounts.

*10 Losses on disaster

Previous fiscal year (From December 1, 2010 to November 30, 2011)

Losses on disaster is losses caused by the Great East Japan Earthquake. The breakdown of such losses is as follows:

Losses on destruction of inventories	¥	340	million
Expenses for restoring assets damaged by the disaster, etc.	¥	249	million
Fixed costs during suspension of operations, etc.	¥	780	million
Donations, relief supplies, etc.	¥	265	million
Total	¥	1,635	million

Current fiscal year (From December 1, 2011 to November 30, 2012)

Not applicable.

Consolidated Statements of Comprehensive Income

Current fiscal year (From December 1, 2011 to November 30, 2012)

* Reclassification adjustments and income tax effects related to other comprehensive income

Unrealized holding gains (losses) on securities:			
Amount in the current fiscal year	¥	2,077	million
Reclassification adjustments	¥	5	million
Before income tax effects	¥	2,082	million
Amount of income tax effects	¥	(596)	million
Unrealized holding gains (losses) on securities	¥	1,486	million
Unrealized gains (losses) on hedges			
Amount in the current fiscal year	¥	16	million
Reclassification adjustments		—	
Before income tax effects	¥	16	million
Amount of income tax effects	¥	(6)	million
Unrealized gains (losses) on hedges	¥	10	million
Foreign currency translation adjustments			
Amount in the current fiscal year	¥	1	million
Share of other comprehensive income of affiliates accounted for using equity method			
Amount in the current fiscal year	¥	(1)	million
Total other comprehensive income	¥	1,496	million

Consolidated Statements of Changes in Net Assets

Previous fiscal year (From December 1, 2010 to November 30, 2011)

1. Total numbers and periodic changes of issued shares and treasury stock by class

	Number of shares at the beginning of the current fiscal year	Increase in number of shares	Decrease in number of shares	Number of shares at the end of the current fiscal year
Issued shares				
Common stock (Note 1)	155,464,515	—	2,464,515	153,000,000
Total	155,464,515	—	2,464,515	153,000,000
Treasury stock				
Common stock (Notes 2, 3)	3,768,621	2,002,879	2,497,500	3,274,000
Total	3,768,621	2,002,879	2,497,500	3,274,000

(Notes) 1. The decrease in the total number of issued shares of common stock is due to the retirement of treasury stock pursuant to the provisions of Article 178 of the Corporation Law.

2. The increase in the number of treasury shares of common stock is due to 2,000,000 shares acquired pursuant to the provisions of Article 156 of the Corporation Law as applied by replacing the terms pursuant to Article 165, Paragraph 3 of the Corporation Law, and 2,879 shares acquired through acquisition of odd stock.

3. The decrease in the number of treasury shares of common stock is due to the retirement of 2,464,515 shares of treasury stock pursuant to the provisions of Article 178 of the Corporation Law, and 32,985 shares of treasury stock attributable to the Company that were sold by companies accounted for by the equity method.

2. Dividend

(1) Dividends paid in the current fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 20, 2011	Common stock	1,517	10.00	November 30, 2010	February 24, 2011
The Board of Directors' meeting held on June 30, 2011	Common stock	1,365	9.00	May 31, 2011	August 8, 2011

(2) Dividends whose effective date is after the end of the current fiscal year and record date is included in the current fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 24, 2012	Common stock	1,347	Earned surplus	9.00	November 30, 2011	February 29, 2012

Current fiscal year (From December 1, 2011 to November 30, 2012)

1. Total numbers and periodic changes of issued shares and treasury stock by class

	Number of shares at the beginning of the current fiscal year	Increase in number of shares	Decrease in number of shares	Number of shares at the end of the current fiscal year
Issued shares				
Common stock	153,000,000	—	—	153,000,000
Total	153,000,000	—	—	153,000,000
Treasury stock				
Common stock (Note)	3,274,000	2,258	—	3,276,258
Total	3,274,000	2,258	—	3,276,258

(Note) The increase in the number of treasury shares of common stock is due to the acquisition of odd stock.

2. Dividend

(1) Dividends paid in the current fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 24, 2012	Common stock	1,347	9.00	November 30, 2011	February 29, 2012
The Board of Directors' meeting held on June 25, 2012	Common stock	1,422	9.50	May 31, 2012	August 6, 2012

(2) Dividends whose effective date is after the end of the current fiscal year and record date is included in the current fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 24, 2013	Common stock	1,572	Earned surplus	10.50	November 30, 2012	February 27, 2013

Consolidated Statements of Cash Flows

* Relationship between “Cash and cash equivalents at the end of the fiscal year” and “Cash and deposits” on the consolidated balance sheets

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Cash and deposits	¥ 19,553 million	¥ 33,394 million
Time deposits with maturity over three months	¥ (44) million	¥ (3,007) million
Securities account	¥ 5,000 million	¥ 10,000 million
Cash and cash equivalents at the end of the fiscal year	¥ 24,509 million	¥ 40,387 million

Lease Transactions

1. Finance lease transactions (Lessee)

Finance lease transactions that do not transfer ownership

(a) Details of lease assets

Lease assets mainly consist of production lines in the Foods business and information equipment and cars in the Distribution system business.

(b) Depreciation method for lease assets

Depreciation method for lease assets was stated in "4. Accounting standards (2) Depreciation methods for significant depreciable assets" under Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements.

Finance lease transactions that do not transfer ownership whose start date falls on or before November 30, 2008 are accounted for by the same method as that applied to operating leases. The details of these lease assets are as follows.

(1) Acquisition cost equivalent, accumulated depreciation and book value of lease properties

(Millions of yen)

	Previous fiscal year (As of November 30, 2011)		
	Acquisition cost equivalent	Accumulated depreciation	Book value
Machinery, equipment and vehicles	9,571	7,147	2,423
Tangible fixed assets-Other	3,065	2,238	827
Computer software	174	140	33
Total	12,811	9,526	3,285

(Millions of yen)

	Current fiscal year (As of November 30, 2012)		
	Acquisition cost equivalent	Accumulated depreciation	Book value
Machinery, equipment and vehicles	7,958	6,677	1,280
Tangible fixed assets-Other	1,193	765	427
Computer software	136	128	7
Total	9,288	7,572	1,716

(2) Future lease payments

(Millions of yen)

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Future lease payments		
Due within one year	1,629	1,040
Due over one year	1,824	749
Total	3,454	1,790

(3) Lease payments, depreciation and interest expenses equivalent

(Millions of yen)

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Lease payments	2,427	1,725
Depreciation expenses equivalent	2,223	1,459
Interest expenses equivalent	129	83

(4) Calculation method of depreciation expenses equivalent

Depreciation expense is calculated by the straight-line method by considering lease period to be useful life and residual value to be zero.

(5) Calculation method of interest expenses equivalent

Interest, which is separated from the aggregate lease amounts, is calculated as the difference between the aggregate lease amounts on contracts and the presumed costs considered to be acquired by lesser. Such calculated interest is allocated to the respective fiscal years by the interest-method.

(Losses on impairment of fixed assets)

No losses on impairment of fixed assets are allocated to lease assets.

2. Operating lease transactions

Future lease payments related to irrevocable operating lease transactions

(Millions of yen)

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Due within one year	685	816
Due over one year	2,462	2,518
Total	3,148	3,334

Financial Instruments

1. Status of financial instruments

(1) Policy on handling financial instruments

In accordance with its capital investment plan, the Group procures necessary funds through bank loans and issuance of corporate bonds. Temporary surplus funds are invested in highly secure financial assets, while short-term funds for working capital are raised through bank loans. The Group's policy is to use financial derivative transactions not for speculative purposes, but for hedging risks described hereafter.

(2) Description of financial instruments and related risks

Notes and accounts receivable — trade, which are operating receivables, are exposed to credit risks of customers. Securities and investment securities, which mainly consist of stocks of companies with which the Group has business or other relationships, are exposed to market fluctuation risk. With respect to notes and accounts payable — trade, which are operating payables, the majority of them are due within a year. Some of them, associated with the import of raw materials and others, are exposed to foreign exchange fluctuation risk because they are denominated in foreign currencies, but the Group hedges this risk by using forward exchange contracts as necessary. Short-term loans payable are obtained mainly to meet operating needs, while long-term loans payable and bonds are used to provide funds necessary mainly for capital expenditures. Although some of them are with floating interest rates and are exposed to interest rate fluctuation risk, the Group hedges this risk by using interest rate swap transactions.
Financial derivative transactions include forward exchange contracts intended to hedge the foreign exchange fluctuation risk associated with foreign currency denominated payables, interest rate swap transactions intended to hedge the interest rate fluctuation risk associated with loans payable, and crude oil price swap transactions intended to hedge the market fluctuation risk of light and heavy oil prices. With respect to hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedge accounting, please refer to "4. Accounting standards (5) Treatment for significant hedge accounting" under Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements described previously.

(3) Risk management system relating to financial instruments

(i) Management of credit risk

At the Company, in order to properly manage operating receivables, the sales administration department and the accounting and financial department periodically review the conditions of main business partners, and manage the due dates and outstanding balances for individual business partners. In addition, the Company makes efforts for early identification and mitigation of default risk resulting from factors such as a deterioration in financial conditions. The same management practices are carried out at the consolidated subsidiaries.
As financial derivative transactions are executed only with highly rated financial institutions, the Company believes that there is very little credit risk.

(ii) Management of market risk

The Group utilizes transactions such as forward exchange contracts intended to hedge the foreign exchange fluctuation risk associated with foreign currency denominated payables, interest rate swap transactions intended to hedge the interest rate fluctuation risk associated with loans payable, and crude oil price swap transactions intended to hedge the market fluctuation risk of light and heavy oil prices. At the Company, the management of risks associated with such financial derivative transactions is carried out by the Production Division and Financial Department in accordance with the internal regulations, and all the results of financial derivative transactions are reported to the general manager of the Financial

Department. At the consolidated subsidiaries, general control departments mainly control financial derivative transactions of respective subsidiaries and all the results of these transactions are reported to the directors in charge of the responsible department.
For securities and investment securities, the Group periodically monitors the market values and financial conditions of the issuing entities (corporate business partners), and for securities other than held-to-maturity bonds, it continuously reviews the shareholding status, in view of the market conditions and relationships with such corporate business partners.

(iii) Management of liquidity risks associated with fund procurements
The Group manages liquidity risk by preparing and updating financing plans on a timely basis, by arranging overdraft facilities with multiple financial institutions, and by maintaining certain levels of liquidity through utilizing its cash management system.

(4) Supplementary explanation of fair values of financial instruments
The fair values of financial instruments include values based on market prices and reasonably measured values when market prices are unavailable. As variable factors are incorporated into the measurement of such values, the values may vary depending on the assumptions used. In addition, the contract amount of financial derivative transactions in itself, mentioned in Notes on Financial Derivative Transactions, should not be considered indicative of the market risks associated with the financial derivative transactions.

2. Fair values of financial instruments
The book value on the consolidated balance sheet and the fair values as of the end of the fiscal year and variances thereof are shown below. However, items for which it is considered extremely difficult to determine the fair values are not included in the following table (See note 2).

Previous fiscal year (As of November 30, 2011)

	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Variance (millions of yen)
(1) Cash and deposits	19,553	19,553	—
(2) Notes and accounts receivable — trade (*1)	64,875		
Allowances for doubtful accounts	(254)		
	64,621	64,621	—
(3) Securities and investment securities	20,777	21,017	240
Total assets	104,952	105,193	240
(4) Notes and accounts payable — trade	39,259	39,259	—
(5) Short-term loans payable	6,358	6,358	—
(6) Accounts payable — other	13,401	13,401	—
(7) Accrued income taxes	3,192	3,192	—
(8) Long-term loans payable	1,542	1,553	10
Total liabilities	63,754	63,764	10
Financial derivative transactions (*2)	(9)	(9)	—

(*1) The values of notes and accounts receivable — trade are presented after deducting allowances for doubtful accounts set up for corresponding notes and accounts receivable — trade.
(*2) The values of assets and liabilities arising from financial derivative transactions are shown at net value, and with the amount in parentheses representing net liability position.

Current fiscal year (As of November 30, 2012)

	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Variance (millions of yen)
(1) Cash and deposits	33,394	33,394	—
(2) Notes and accounts receivable — trade (*1)	66,684		
Allowances for doubtful accounts	(149)		
	66,534	66,534	—
(3) Securities and investment securities	25,972	26,195	223
Total assets	125,901	126,125	223
(4) Notes and accounts payable — trade	41,715	41,715	—
(5) Short-term loans payable	7,245	7,245	—
(6) Accounts payable — other	15,299	15,299	—
(7) Accrued income taxes	6,692	6,692	—
(8) Bonds	10,500	10,500	—
(9) Long-term loans payable	1,750	1,749	(1)
Total liabilities	83,204	83,202	(1)
Financial derivative transactions (*2)	10	10	—

(*1) The values of notes and accounts receivable — trade are presented after deducting allowances for doubtful accounts set up for corresponding notes and accounts receivable — trade.
(*2) The values of assets and liabilities arising from financial derivative transactions are shown at net value, and with the amount in parentheses representing net liability position.

(Notes) 1. Method of measurement of fair values of financial instruments and matters concerning securities and financial derivative transactions

Assets

(1) Cash and deposits, (2) Notes and accounts receivable — trade

The fair values are based on the relevant book values since these assets are settled in a short period of time and their fair values are virtually equal to their book values.

(3) Securities and investment securities

The fair values of equity are based on their prices on the securities exchanges and the fair values of bonds are based on their prices on the securities exchanges or those indicated by counterparty financial institutions. The fair values of monies held in trust are based on the relevant book values since these assets are settled in a short period of time and their fair values are virtually equal to their book values. Please refer to Notes on Securities for matters concerning securities by purpose of holding.

Liabilities

(4) Notes and accounts payable — trade, (5) Short-term loans payable, (6) Accounts payable — other, (7) Accrued income taxes

The fair values are based on the relevant book values since these liabilities are settled in a short period of time and their fair values are virtually equal to their book values.

(8) Bonds

The fair values of bonds with fixed interest rates are measured based on the present value of the total amount of principal and interest discounted by the interest rate that would be applied for a new similar issuance.

(9) Long-term loans payable

The fair values of long-term loans payable with fixed interest rates are measured based on the present value of the total amount of principal and interest discounted by the interest rate that would be charged for a new similar borrowing. The fair values of those with floating interest rates are based on the relevant book values because interest rates are reviewed in short-term intervals to reflect market interest rates and the fair values are virtually equal to the book values. Some of long-term loans payable with floating interest rates are subject to special treatment for interest rate swap transactions and the fair values in this case are measured based on the present value of the total amount of principal and interest, which was accounted for as an integral part of the relevant interest rate swap transactions, discounted by the reasonably estimated interest rate that would be charged for a new similar borrowing.

Financial derivative transactions

Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable. For details of financial derivative transactions, please refer to Notes on Financial Derivative Transactions.

2. Financial instruments for which it is considered extremely difficult to determine fair values

(Millions of yen)

Classification	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Unlisted stocks	4,019	4,079

Unlisted stocks have no market prices and, at the same time, it is considered estimating their future cash flows will require excessive costs. Therefore, it is considered to be extremely difficult to determine the fair values of these stocks, and they are not included in "(3) Securities and investment securities" above.

3. Expected redemption amount of monetary receivables and securities with maturity dates reaching after the consolidated closing date

Previous fiscal year (As of November 30, 2011)

	Within one year (millions of yen)	Over one year to five years (millions of yen)	Over five years to ten years (millions of yen)	Over ten years (millions of yen)
Cash and deposits	19,519	—	—	—
Notes and accounts receivable — trade	64,875	—	—	—
Securities and investment securities				
Held-to-maturity bonds				
Corporate bonds	—	—	2,000	—
Other securities with maturity				
Others	5,000	946	—	—
Total	89,395	946	2,000	—

Current fiscal year (As of November 30, 2012)

	Within one year (millions of yen)	Over one year to five years (millions of yen)	Over five years to ten years (millions of yen)	Over ten years (millions of yen)
Cash and deposits	33,347	—	—	—
Notes and accounts receivable — trade	66,684	—	—	—
Securities and investment securities				
Other securities with maturity				
Others	10,000	946	—	—
Total	110,032	946	—	—

4. Scheduled repayment amounts for bonds, long-term loans payable and lease obligations after the consolidated closing date
   Please refer to the sections of “Description of bonds” and “Description of bank loans and other” in the Consolidated Supplementary Statements.

Securities

1. Held-to-maturity bonds

Previous fiscal year (As of November 30, 2011)

	Description	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Variance (millions of yen)
Bonds whose fair value exceeds their book value on the consolidated balance sheet	(1) Government and local bonds	—	—	—
	(2) Corporate bonds	2,000	2,009	9
	(3) Other	—	—	—
	Sub-total	2,000	2,009	9
Bonds whose book value on the consolidated balance sheet exceeds their fair value	(1) Government and local bonds	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Sub-total	—	—	—
Total		2,000	2,009	9

Current fiscal year (As of November 30, 2012)

Not applicable.

2. Other securities

Previous fiscal year (As of November 30, 2011)

	Description	Book value on the consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Variance (millions of yen)
Securities whose book value on the consolidated balance sheet exceeds their acquisition cost	(1) Stocks	5,907	2,924	2,983
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	1,027	1,000	27
	(c) Other	998	946	52
	(3) Other	4	4	0
	Sub-total	7,938	4,875	3,063
Securities whose acquisition cost exceeds their book value on the consolidated balance sheet	(1) Stocks	4,516	5,455	(939)
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	5,104	5,123	(19)
	Sub-total	9,621	10,579	(958)
Total		17,559	15,454	2,104

(Note) With regard to the Company's shareholdings of unlisted stocks (¥2,019 million reported on the consolidated balance sheet), as these stocks do not have market prices and it is considered extremely difficult to determine their fair values, these stocks are not included in "Other securities" in the above table.

Current fiscal year (As of November 30, 2012)

	Description	Book value on the consolidated balance sheet (millions of yen)	Acquisition cost (millions of yen)	Variance (millions of yen)
Securities whose book value on the consolidated balance sheet exceeds their acquisition cost	(1) Stocks	9,170	4,612	4,558
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	1,019	1,000	19
	(c) Other	988	946	42
	(3) Other	5	4	0
	Sub-total	11,184	6,563	4,620
Securities whose acquisition cost exceeds their book value on the consolidated balance sheet	(1) Stocks	3,420	3,855	(435)
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	10,088	10,103	(14)
	Sub-total	13,509	13,959	(450)
Total		24,693	20,522	4,170

(Note) With regard to the Company's shareholdings of unlisted stocks (¥2,098 million reported on the consolidated balance sheet), as these stocks do not have market prices and it is considered extremely difficult to determine their fair values, these stocks are not included in "Other securities" in the above table.

3. Other securities sold during the fiscal year

Previous fiscal year (From December 1, 2010 to November 30, 2011)

Description	Aggregate sales amount (millions of yen)	Gains (millions of yen)	Losses (millions of yen)
(1) Stocks	53	2	62
(2) Bonds			
(a) Government and local bonds	—	—	—
(b) Corporate bonds	—	—	—
(c) Other	—	—	—
(3) Other	—	—	—
Total	53	2	62

Current fiscal year (From December 1, 2011 to November 30, 2012)

Description	Aggregate sales amount (millions of yen)	Gains (millions of yen)	Losses (millions of yen)
(1) Stocks	91	43	—
(2) Bonds			
(a) Government and local bonds	—	—	—
(b) Corporate bonds	—	—	—
(c) Other	—	—	—
(3) Other	—	—	—
Total	91	43	—

4. Securities for which impairment losses are recognized

Previous fiscal year (From December 1, 2010 to November 30, 2011)

Impairment losses of ¥261 million were recognized for securities (¥261 million in shares of other securities).

In the recognition of impairment losses, total impairment is recognized when the fair value at the end of the fiscal year has fallen below 50% of the acquisition cost. When the fair value has fallen between 30% and 50%, an impairment of the amount deemed necessary by taking into account recoverability and other factors is recognized.

Current fiscal year (From December 1, 2011 to November 30, 2012)

Impairment losses of ¥8 million were recognized for securities (¥8 million in shares of other securities and ¥0 million in shares without readily determinable fair value).

In the recognition of impairment losses, total impairment is recognized when the fair value at the end of the fiscal year has fallen below 50% of the acquisition cost. When the fair value has fallen between 30% and 50%, an impairment of the amount deemed necessary by taking into account recoverability and other factors is recognized.

Financial Derivative Transactions

1. Financial derivative transactions to which the hedge accounting is not adopted
   Commodity derivatives

Previous fiscal year (As of November 30, 2011)

Classification	Item	Transaction type	Contract amount		Fair value (millions of yen)	Gains or losses on valuation (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)		
Transactions other than market transactions	Crude oil	Swap transactions Floating receipt Fixed payment	337	181	27	27

Classification	Item	Transaction type	Contract amount		Fair value (millions of yen)	Gains or losses on valuation (millions of yen)
			Total (kilo liter)	Over one year (kilo liter)		
Transactions other than market transactions	Crude oil	Collar options	18,600	8,800	(32)	(32)

(Note) Calculation of fair values
Fair values are calculated using the prices offered by transacting financial institutions and others.

Current fiscal year (As of November 30, 2012)

Classification	Item	Transaction type	Contract amount		Fair value (millions of yen)	Gains or losses on valuation (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)		
Transactions other than market transactions	Crude oil	Swap transactions Floating receipt Fixed payment	542	386	7	7

Classification	Item	Transaction type	Contract amount		Fair value (millions of yen)	Gains or losses on valuation (millions of yen)
			Total (kilo liter)	Over one year (kilo liter)		
Transactions other than market transactions	Crude oil	Collar options	8,800	—	(7)	(7)

(Note) Calculation of fair values
Fair values are calculated using the prices offered by transacting financial institutions and others.

2. Financial derivative transactions to which the hedge accounting is adopted

(1) Currency derivatives

Previous fiscal year (As of November 30, 2011)

Hedge accounting method	Transaction type	Principle hedged item	Contract amount		Fair value (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)	
Allocation method for forward exchange contracts, etc.	Purchased forward exchange contracts– U.S. dollar	Accounts payable-trade	355	—	(5)

(Note) Calculation of fair values
Fair values are calculated using the prices offered by transacting financial institutions and others.

Current fiscal year (As of November 30, 2012)

Hedge accounting method	Transaction type	Principle hedged item	Contract amount		Fair value (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)	
Allocation method for forward exchange contracts, etc.	Purchased forward exchange contracts– U.S. dollar	Accounts payable-trade	234	—	11

(Note) Calculation of fair values
Fair values are calculated using the prices offered by transacting financial institutions and others.

(2) Interest rate derivatives

Previous fiscal year (As of November 30, 2011)

Hedge accounting method	Transaction type	Principle hedged item	Contract amount		Fair value (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)	
Special treatment for interest rate swap transactions	Interest rate swap transactions Floating receipt Fixed payment	Long-term loans payable	1,000	500	(Note)

(Note) Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of hedged long-term loans payable. Thus, their fair values are included in the fair value of long-term loans payable.

Current fiscal year (As of November 30, 2012)

Hedge accounting method	Transaction type	Principle hedged item	Contract amount		Fair value (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)	
Special treatment for interest rate swap transactions	Interest rate swap transactions Floating receipt Fixed payment	Long-term loans payable	500	—	(Note)

(Note) Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of hedged long-term loans payable. Thus, their fair values are included in the fair value of long-term loans payable.

Retirement Benefits

1. Summary of retirement benefit system

   The Company and thirteen consolidated subsidiaries including San-ei Provisions Co., Ltd. and Co-op Food Products Co., Ltd. have a defined benefit pension plan covering the retirement benefits payable for their employees. And the Company has established trust to cover retirement benefit obligations.
   Twenty-nine consolidated companies including Kewpie Egg Corporation, Kewpie Jyozo Co., Ltd., K.R.S. Corporation, Kanae Foods Co., Ltd., and Zenno Kewpie Egg Station Co., Ltd. have a defined benefit pension plan and a lump-sum grant system covering a part of the retirement benefits payable for their employees.
   As a result, out of the Company and all the consolidated subsidiaries, twenty-nine companies have the lump-sum grant system as of the balance sheet date. In addition, excluding duplicated systems in the intragroup fund and joint consignment contracts on pension, one system of Fund-Type and five systems of Contract-Type concerning the defined benefit system, and two systems concerning the employees' welfare pension funds are adopted by the Company and its consolidated subsidiaries.

2. Retirement benefit obligations

(Millions of yen)

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
(1) Retirement benefit obligations	(65,511)	(65,193)
(2) Pension fund assets	59,636	62,807
(3) Unfunded retirement benefit obligations (1)+(2)	(5,875)	(2,386)
(4) Unrealized actuarial losses	21,553	16,268
(5) Unrealized prior service liabilities	(1,354)	(525)
(6) Net retirement benefit obligation recognized in the consolidated balance sheet (3)+(4)+(5)	14,324	13,356
(7) Prepaid pension costs	16,745	15,951
(8) Reserves for retirement benefits (6)-(7)	(2,421)	(2,595)

3. Retirement benefit expenses

(Millions of yen)

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Retirement benefit expenses	3,492	4,036
(1) Service costs (Note)	2,117	2,306
(2) Interest costs	1,177	1,212
(3) Expected return on pension fund assets	(1,852)	(1,814)
(4) Accrued prior service liabilities	(854)	(829)
(5) Amortization of actuarial losses	2,904	3,161

(Note) The costs employees themselves bear and the costs allocated to the companies in which employees on loan work are excluded from service costs.

4. Calculation basis of retirement benefit obligations

(1) Recognition method of the projected retirement benefit obligations
Straight-line method

(2) Discount rate

Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
2.0%	2.0%

(3) Expected return rate on pension fund assets

Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
3.5%	3.5%

(4) Period of prior service liabilities
Twelve years except for K.R.S. Corporation (from ten to thirteen years)

(5) Amortization period of actuarial gains or losses
Twelve years except for K.R.S. Corporation (from ten to thirteen years)
Actuarial gains or losses are amortized by the straight-line method over a certain period within an average remaining service period of employees from the next year of the respective accrual years.

Tax-effect Accounting

1. The principal details of deferred tax assets and liabilities are as follows:

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Deferred tax assets		
Unrealized gains	¥ 1,662 million	¥ 1,715 million
Reserves for sales rebates	¥ 385 million	¥ 380 million
Reserves for bonuses	¥ 438 million	¥ 391 million
Accrued social security expenses	¥ 319 million	¥ 268 million
Accrued enterprise taxes	¥ 219 million	¥ 419 million
Reserves for retirement benefits	¥ 999 million	¥ 938 million
Trust to cover retirement benefit obligations	¥ 1,442 million	¥ 1,262 million
Losses on valuation of golf course memberships	¥ 207 million	¥ 164 million
Deficit carried forward on tax	¥ 783 million	¥ 502 million
Losses on impairment of fixed assets	¥ 370 million	¥ 923 million
Other	¥ 2,775 million	¥ 2,560 million
Sub-total deferred tax assets	¥ 9,603 million	¥ 9,529 million
Valuation reserves	¥ (2,118) million	¥ (1,881) million
Total deferred tax assets	¥ 7,485 million	¥ 7,648 million
Deferred tax liabilities		
Prepaid pension costs	¥ (7,018) million	¥ (5,969) million
Differences on valuation of fixed assets	¥ (965) million	¥ (846) million
Reserves for reduction entry of property by purchase	¥ (1,488) million	¥ (1,286) million
Unrealized holding gains on securities	¥ (823) million	¥ (1,407) million
Other	¥ (950) million	¥ (902) million
Total deferred tax liabilities	¥ (11,246) million	¥ (10,411) million
Net deferred tax assets (liabilities)	¥ (3,760) million	¥ (2,763) million

(Note) Net deferred tax assets included in the consolidated balance sheets during the previous fiscal year and the current fiscal year are as follows:

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
Current assets — Deferred tax assets	¥ 2,249 million	¥ 2,266 million
Fixed assets — Deferred tax assets	¥ 805 million	¥ 1,320 million
Current liabilities — Deferred tax liabilities	¥ (14) million	¥ (12) million
Non-current liabilities — Deferred tax liabilities	¥ (6,801) million	¥ (6,338) million

2. The principal details of differences between the statutory tax rate and effective tax rate

	Previous fiscal year (As of November 30, 2011)	Current fiscal year (As of November 30, 2012)
The statutory effective tax rate	The details are omitted as the differences between the statutory tax rate and effective tax rate are 5% or less of the statutory tax rate.	40.7%
(Adjustments)		
Expenses not deductible permanently		1.4%
Income not taxable permanently		(0.4%)
Capita levy on inhabitant tax		0.9%
Tax deduction		(2.1%)
Reduction in deferred tax liabilities at the end of the fiscal year due to changes to tax rates		(2.3%)
Other		0.0%
Effective tax rate		38.2%

3. Revisions to amounts of deferred tax assets and deferred tax liabilities due to changes to corporate tax rates

   Following the promulgation on December 2, 2011 of the "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011), corporate tax rates will be changed for the fiscal years beginning on or after April 1, 2012. In line with this change, the statutory effective tax rate used to measure deferred tax assets and liabilities will be changed in stages from 40.70% to 35.64%.

   As a result, the net amount of deferred tax assets (current assets) and the net amount of deferred tax liabilities (non-current liabilities) decreased by ¥156 million and ¥863 million, respectively, while income taxes-deferred (credit) increased by ¥525 million.

Business Combination

Common control transactions, etc.

1. Summary of transactions
   (1) Names and principal businesses of companies involved in business combinations

Name of acquiring company	K.R.S. Corporation
Names of acquired companies	Y.M. Kyuso Corporation
	Osaka San-ei Logistics Corporation

Principal businesses	K.R.S. Corporation	Warehousing and transportation
	Y.M. Kyuso Corporation	Warehousing and transportation
	Osaka San-ei Logistics Corporation	Transportation

   (2) Dates of business combinations

Y.M. Kyuso Corporation	April 27, 2012 (the final day of the second quarter is the deemed acquisition date)
Osaka San-ei Logistics Corporation	May 31, 2012 (the final day of the second quarter is the deemed acquisition date)

   (3) Legal forms of business combinations

Y.M. Kyuso Corporation	Additional acquisition of shares from minority shareholders
Osaka San-ei Logistics Corporation	Additional acquisition of shares from minority shareholders

   (4) Names of companies after business combinations
   There was no change in the names of the companies after the business combinations.
   (5) Outline of the transactions including their purpose
   With the aim of strengthening the Group's management structure and speeding up its decision making, K.R.S. Corporation, a consolidated subsidiary of the Company, has additionally acquired the shares of its subsidiaries, Y.M. Kyuso Corporation and Osaka San-ei Logistics Corporation.

2. Outline of accounting treatment applied
   The additional acquisitions of subsidiaries' shares were accounted for as transactions with minority shareholders under the category of transactions under common control based on the "Accounting Standard for Business Combinations"(ASBJ Statement No.21 of December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"(ASBJ Guidance No.10 of December 26, 2008).

3. Additional acquisitions of subsidiaries' shares
   (1) Acquisition costs and breakdown of amounts
   Acquisition costs

Y.M. Kyuso Corporation	Cash and deposits	¥1,633 million
Osaka San-ei Logistics Corporation	Cash and deposits	¥36 million

   (2) Amount of negative goodwill and reason for recognition
   (a) Amount of negative goodwill ¥368 million
   (b) Reason for recognition
   Negative goodwill was recognized because the total acquisition cost in the additional acquisitions of subsidiaries' shares was less than the decrease in minority interests.

Asset Retirement Obligations

Asset retirement obligations recorded in the consolidated balance sheets

1. Summary of relevant asset retirement obligations

   The duty to restore, etc. based on real estate lease contracts for factories, warehouses, etc.

2. Method for calculating the amount of relevant asset retirement obligations

   The amount of asset retirement obligations is calculated by estimating the period of use as ten to fifty-one years following acquisition and using a discount rate of 1.4% to 2.2%.

3. Changes in amounts of relevant asset retirement obligations

	Previous fiscal year (From December 1, 2010 to November 30, 2011)	Current fiscal year (From December 1, 2011 to November 30, 2012)
Balance at the beginning of the fiscal year (Note)	¥ 388 million	¥ 427 million
Increase due to purchases of tangible fixed assets	¥ 20 million	¥ 188 million
Adjustments to interest	¥ 5 million	¥ 5 million
Decrease due to payments for asset retirement obligations	¥ (60) million	¥ (260) million
Other changes (decrease if in parenthesis)	¥ 74 million	¥ (20) million
Balance at the end of the fiscal year	¥ 427 million	¥ 342 million

(Note) The "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 of March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 of March 31, 2008) have been applied, and consequently, "Balance at the beginning of the fiscal year" for the previous fiscal year is that of the beginning of the fiscal year.

Related Party Transactions

1. Related party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

Directors and audit & supervisory board members, and principal individual shareholders of the company filing the consolidated financial statements, etc.

Previous fiscal year (From December 1, 2010 to November 30, 2011)

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Business relationship	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Nakashimato Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sale of processed foods	11.6% owning, directly 17.6% owned, directly 3.3% owned, indirectly	Purchase of products, sale of products and expense transaction, etc. Interlocking directors or audit & supervisory board members	Purchase of products	398	Notes and accounts payable-trade	68
							Sale of products	187	Notes and accounts receivable-trade	43
							Expenses	844	Accounts payable-other	0
							Miscellaneous income	3	Current assets (Other)	33
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	1,800	Business of renting property / Leasing business	3.3% owned, directly	Rental of offices, etc. Interlocking directors or audit & supervisory board members	Rental expenses, etc.	484	Investments and other assets (Other)	409
									Accounts payable-other	5
									Current liabilities (Other)	6
							Purchase of lease assets	7	Non-current liabilities (Other)	19
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Tou Kewpie Co., Ltd. (Note 5)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Sale of products and expense transaction, etc. Interlocking directors or audit & supervisory board members	Sale of products	814	Notes and accounts receivable-trade	149
							Expenses	43	Accounts payable-other	5
									Current assets (Other)	5
							Rental expenses	7	Non-current liabilities (Other)	10
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	Expense transaction and sale of products Interlocking directors or audit & supervisory board members	Expenses	7,365	Accounts payable-other	1,618
									Current assets (Other)	2
							Sale of products	85	Notes and accounts receivable-trade	14

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Business relationship	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Minato Shokai Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Sale of products, etc. Interlocking directors or audit & supervisory board members	Sale of products	120	Notes and accounts receivable-trade	24
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Solutions Co., Ltd. (Note 6)	Shinjuku-ku, Tokyo	90	Planning, development, sale, maintenance and operational support of computer systems	20.0% owning, directly	Consignment of calculation work, etc. Interlocking directors or audit & supervisory board members	Expenses Purchase of software Purchase of lease assets	1,761 373 12	Accounts payable-other Current liabilities (Other) Non-current liabilities (Other)	222 32 55
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Insurance agency business	None	Rental of offices and expense transaction	Rental expenses, etc. Expenses	84 127	Investments and other assets (Other) Accounts payable-other	117 0
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	T&A Co., Ltd. (Note 8)	Shibuya-ku, Tokyo	100	Business of renting property	1.4% owned, directly	Rental of the company dormitories Interlocking directors or audit & supervisory board members	Welfare expenses	65	Accounts payable-other	—

(Notes) Transaction's term and policy

1. All prices are determined in accordance with the general transaction's term in consideration of the market prices.
2. Amounts in Ending balance include consumption taxes and those of Trading amount exclude them.
3. Amane Nakashima, managing director of the Company, his close relatives and the company of which they own the majority of the voting rights own 82.9% of the voting rights directly.
4. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 100.0% of the voting rights directly.
5. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 60.0% of the voting rights directly.
6. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 80.0% of the voting rights directly.
7. Amane Nakashima, managing director of the Company, and his close relatives own 100.0% of the voting rights directly.
8. Amane Nakashima, managing director of the Company, and his close relatives own 89.5% of the voting rights directly.

Current fiscal year (From December 1, 2011 to November 30, 2012)

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Business relationship	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Nakashimato Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sale of processed foods	11.6% owning, directly 17.6% owned, directly 3.3% owned, indirectly	Purchase of products, sale of products and expense transaction, etc. Interlocking directors or audit & supervisory board members	Purchase of products Sale of products Expenses	402 187 844	Notes and accounts payable-trade Notes and accounts receivable-trade Accounts payable-other Current assets (Other)	70 46 0 32
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	1,800	Business of renting property / Leasing business	3.3% owned, directly	Rental of offices, etc. Interlocking directors or audit & supervisory board members	Rental expenses, etc. Purchase of lease assets Purchase of stocks of subsidiaries and affiliates	478 2 188	Investments and other assets (Other) Accounts payable-other Current liabilities (Other) Non-current liabilities (Other)	409 4 7 14
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Tou Kewpie Co., Ltd. (Note 5)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Sale of products and expense transaction, etc. Interlocking directors or audit & supervisory board members	Sale of products Expenses Rental expenses	761 41 16	Notes and accounts receivable-trade Accounts payable-other Current assets (Other) Non-current liabilities (Other)	91 6 4 10
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	Expense transaction and sale of products Interlocking directors or audit & supervisory board members	Expenses Sale of products	7,350 105	Accounts payable-other Current assets (Other) Notes and accounts receivable-trade	1,428 2 17

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Business relationship	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Minato Shokai Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Sale of products, etc.	Sale of products	125	Notes and accounts receivable-trade	26
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Solutions Co., Ltd. (Note 6)	Shinjuku-ku, Tokyo	90	Planning, development, sale, maintenance and operational support of computer systems	20.0% owning, directly	Consignment of calculation work, etc. Interlocking directors or audit & supervisory board members	Expenses Purchase of software Purchase of tangible fixed assets	1,741 419 13	Accounts payable-other	311
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Insurance agency business and business of renting property	None	Rental of offices and expense transaction	Rental expenses, etc. Expenses	83 84	Investments and other assets (Other) Accounts payable-other	117 —
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	T&A Co., Ltd. (Note 8)	Shibuya-ku, Tokyo	100	Business of renting property	1.4% owned, directly	Rental of the company dormitories Interlocking directors or audit & supervisory board members	Welfare expenses	65	Accounts payable-other	—

(Notes) Transaction's term and policy

1. All prices are determined in accordance with the general transaction's term in consideration of the market prices.
2. Amounts in Ending balance include consumption taxes and those of Trading amount exclude them.
3. Amane Nakashima, managing director of the Company, his close relatives and the company of which they own the majority of the voting rights own 82.9% of the voting rights directly.
4. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 100.0% of the voting rights directly.
5. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 60.0% of the voting rights directly.
6. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 80.0% of the voting rights directly.
7. Amane Nakashima, managing director of the Company, and his close relatives own 100.0% of the voting rights directly.
8. Amane Nakashima, managing director of the Company, and his close relatives own 89.5% of the voting rights directly.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

Directors and audit & supervisory board members, and principal individual shareholders of the company filing the consolidated financial statements, etc.

Previous fiscal year (From December 1, 2010 to November 30, 2011)

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Business relationship	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Nakashimato Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sale of processed foods	11.6% owning, directly 17.6% owned, directly 3.3% owned, indirectly	Purchase of products and sale of products, etc.	Purchase of products	458	Notes and accounts payable-trade	105
							Sale of products	260	Notes and accounts receivable-trade	10
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	1,800	Business of renting property / Leasing business	3.3% owned, directly	Rental of offices, etc.	Rental expenses, etc.	1,838	Current assets (Other)	49
									Investments and other assets (Other)	606
							Purchase of lease assets	461	Current liabilities (Other)	73
									Non-current liabilities (Other)	387
							Purchase of fixed assets	56	Accounts payable-other	—
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Tou Kewpie Co., Ltd. (Note 5)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Sale of products, etc.	Sale of products	24	Notes and accounts receivable-trade	2
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	Expense transaction and sale of products, etc.	Expenses	78	Accounts payable-other	11
							Sale of products	11	Notes and accounts receivable-trade	0
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Minato Shokai Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Sale of products , purchase of raw materials and expense transaction	Sale of products	178	Notes and accounts receivable-trade	15
							Purchase of products	13	Notes and accounts payable-trade	4

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Business relationship	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Solutions Co., Ltd. (Note 6)	Shinjuku-ku, Tokyo	90	Planning, development, sale, maintenance and operational support of computer systems	20.0% owning, directly	Consignment of calculation work, etc.	Expenses	802	Accounts payable-other	78
							Purchase of software	160		
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Insurance agency business	None	Expense transaction, etc.	Expenses	57	Accounts payable-other	—
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Y.M. Auto Works Co., Ltd. (Note 8)	Inagi-shi, Tokyo	20	Vehicle maintenance business	None	Expense transaction	Expenses	145	—	—
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	J C Estate Limited (Note 9)	Inagi-shi, Tokyo	3	Business of renting property	None	Rental of the parking, etc.	Rental expenses	13	—	—

(Notes) Transaction's term and policy

1. All prices are determined in accordance with the general transaction's term in consideration of the market prices.
2. Amounts in Ending balance include consumption taxes and those of Trading amount exclude them.
3. Amane Nakashima, managing director of the Company, his close relatives and the company of which they own the majority of the voting rights own 82.9% of the voting rights directly.
4. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 100.0% of the voting rights directly.
5. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 60.0% of the voting rights directly.
6. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 80.0% of the voting rights directly.
7. Amane Nakashima, managing director of the Company, and his close relatives own 100.0% of the voting rights directly.
8. The close relatives of Junichi Yamamoto, the former director of K.R.S. Corporation, and the company of which they own the majority of the voting rights own 100.0% of the voting rights directly.
   The trading amount presented pertains to Junichi Yamamoto's period in office as director at K.R.S. Corporation, and the ending balance is omitted as he was not considered a related party at the end of the current fiscal year.
9. The close relatives of Junichi Yamamoto, the former director of K.R.S. Corporation, own 100.0% of the voting rights directly.
   The trading amount presented pertains to Junichi Yamamoto's period in office as director at K.R.S. Corporation, and the ending balance is omitted as he was not considered a related party at the end of the current fiscal year.

Current fiscal year (From December 1, 2011 to November 30, 2012)

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Business relationship	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Nakashimato Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sale of processed foods	11.6% owning, directly 17.6% owned, directly 3.3% owned, indirectly	Purchase of products, sale of products and expense transaction, etc.	Purchase of products	418	Notes and accounts payable-trade	71
							Sale of products	80	Notes and accounts receivable-trade	9
							Expenses	33	Accounts payable-other	0
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	1,800	Business of renting property / Leasing business	3.3% owned, directly	Rental of offices, etc.	Rental expenses, etc.	1,792	Current assets (Other)	49
									Investments and other assets (Other)	607
							Purchase of lease assets	529	Current liabilities (Other)	220
									Non-current liabilities (Other)	889
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Tou Kewpie Co., Ltd. (Note 5)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Sale of products, etc.	Sale of products	22	Notes and accounts receivable-trade	1
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	Expense transaction, etc.	Expenses	135	Accounts payable-other	43
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Minato Shokai Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Sale of products , purchase of raw materials and expense transaction	Sale of products	198	Notes and accounts receivable-trade	18
							Purchase of products	10	Notes and accounts payable-trade	1

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Business relationship	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Solutions Co., Ltd. (Note 6)	Shinjuku-ku, Tokyo	90	Planning, development, sale, maintenance and operational support of computer systems	20.0% owning, directly	Consignment of calculation work, etc.	Expenses	753	Accounts payable-other	68
							Purchase of software	165		
The companies of which the directors or audit & supervisory board members and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Insurance agency business and business of renting property	None	Expense transaction, etc.	Expenses	42	Accounts payable-other	—
							Purchase of software	11		

(Notes) Transaction's term and policy

1. All prices are determined in accordance with the general transaction's term in consideration of the market prices.
2. Amounts in Ending balance include consumption taxes and those of Trading amount exclude them.
3. Amane Nakashima, managing director of the Company, his close relatives and the company of which they own the majority of the voting rights own 82.9% of the voting rights directly.
4. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 100.0% of the voting rights directly.
5. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 60.0% of the voting rights directly.
6. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights owns 80.0% of the voting rights directly.
7. Amane Nakashima, managing director of the Company, and his close relatives own 100.0% of the voting rights directly.

Significant Subsequent Events

1. Changes in reported segments

   Whereas in the current fiscal year the reported segments are distinguished according to the six business categories of “Condiments and processed foods,” “Health function products,” “Egg products,” “Salads and prepared foods,” “Common business operations” and “Distribution system,” these will be changed into seven business categories in the next fiscal year (the fiscal year ending November 30, 2013) with the aim of further strengthening the business structure. The seven business categories are “Condiments products,” “Egg products,” “Delicatessen products,” “Processed foods,” “Fine chemical products,” “Distribution system” and “Common business operations.”

   Net sales and segment profit pertaining to information on amounts of sales, profit or loss, assets, liabilities and others by the reported segment” for the current fiscal year in the case of application of the new segment categories are as follows:

(Millions of yen)

	Condiments products	Egg products	Delicatessen products	Processed foods	Fine chemical products	Distribution system	Common business operations	Total	Adjustments	Amount reported on the consolidated financial statements
Net sales										
Net sales to outside customers	138,552	85,573	91,570	59,061	8,341	115,697	6,201	504,997	—	504,997
Intersegment net sales or transfers	3,456	4,740	353	1,581	360	23,450	9,311	43,254	(43,254)	—
Total	142,008	90,313	91,924	60,642	8,701	139,148	15,513	548,252	(43,254)	504,997
Segment profit	11,473	4,888	3,075	(1,030)	973	3,218	766	23,365	3	23,368

2. Establishment of significant subsidiary

   At the Board of Directors’ meeting held on December 21, 2012, the Company made a resolution to establish a joint venture company by the Company and Kewpie Egg Corporation, a consolidated subsidiary of the Company, in Indonesia.

   (1) Purpose of establishment
   To expand business in growing Asian markets, which is one of the Company's overseas strategies.

   (2) Summary of the company established
   (a) Trade name PT. Kewpie Indonesia
   (b) Business category Production and sale of foods
   (c) Paid-in capital Rp 176,470 million (¥1,770 million)

   (3) Date of establishment
   February 4, 2013

   (4) Shareholding ratio after acquisition
   Kewpie Corporation 95%
   Kewpie Egg Corporation 5%

(e) Consolidated Supplementary Statements

1. Description of bonds

Corporate name	Issue	Issue date	Beginning balance (millions of yen)	Ending balance (millions of yen)	Interest rate per annum (%)	Pledged	Maturity date
*1	The 1st Unsecured Notes Guaranteed by Sumitomo Mitsui Banking Corporation (Limited to Qualified Institutional Investors)	March 13, 2006	500	500 (500)	TIBOR 6 months +0.15%	None	March 13, 2013
*2	The 2nd Unsecured Bonds	February 15, 2012	—	10,000	0.777%	None	February 15, 2019
Total		—	500	10,500 (500)	—	—	—

(Notes) 1. *1 Issued by S.Y. Promotion Co., Ltd., a domestic subsidiary of the Company.
The figures in parentheses indicate the amounts that will be redeemed within one year.
*2 Issued by the Company
2. The aggregate amount that will be redeemed in annual maturities after the consolidated closing date is as follows:

Within one year (millions of yen)	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
500	—	—	—	—	10,000

2. Description of bank loans and other

Item	Beginning balance (millions of yen)	Ending balance (millions of yen)	Average interest rate per annum (%)	Repayment date
Short-term loans payable	6,358	7,245	0.612%	—
Current portion of long-term loans payable	879	951	1.310%	—
Current portion of lease obligations	634	981	2.018%	—
Long-term loans payable	663	799	0.647%	From December 2013 to March 2017
Long-term lease obligations	1,873	2,707	2.083%	From December 2013 to July 2020
Other interest-bearing debt Long-term accounts payable (including current portion)	0	—	—	—
Total	10,409	12,685	—	—

(Notes) 1. Average interest rates are calculated by using interest rates and balance of loans payable at the balance sheet date.
2. The annual aggregate amount of long-term loans payable and lease obligations (excluding current portion) repaid after the consolidated closing date is as follows:

	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
Long-term loans payable	301	293	160	44	—
Lease obligations	817	907	477	303	200

3. Description of asset retirement obligations

The amounts of asset retirement obligations at the beginning and the end of the current fiscal year are omitted pursuant to the provisions of Article 92-2 of the Regulations on Terminology, Forms and Preparation of the Consolidated Financial Statements, since they are at or below one percent of the total amounts of liabilities and net assets at the beginning and the end of the current fiscal year, respectively.

(2) Other

Quarterly information for the current fiscal year

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales (millions of yen)	119,931	248,353	377,937	504,997
Income before income taxes and minority interests (millions of yen)	5,614	12,684	20,449	23,354
Net income (millions of yen)	3,378	7,157	11,087	12,291
Net income per share (yen)	22.56	47.80	74.05	82.09

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Net income per share (yen)	22.56	25.24	26.25	8.04

Independent Auditors' Audit Report and Internal Control Audit Report

February 26, 2013

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Kewpie Corporation)

Ernst & Young ShinNihon LLC

Designated and Limited Engagement Partner — Hitoshi Sakurai
Certified Public Accountant
(signed and sealed)

Designated and Limited Engagement Partner — Junya Abe
Certified Public Accountant
(signed and sealed)

Designated and Limited Engagement Partner — Masato Nakagawa
Certified Public Accountant
(signed and sealed)

<Audit of financial statements>

Pursuant to Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we have audited the consolidated financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Information" from December 1, 2011 to November 30, 2012, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in net assets, the consolidated statement of cash flows, the significant matters forming the basis for the preparation of consolidated financial statements, other notes and the consolidated supplementary statements, all expressed in yen.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KEWPIE KABUSHIKI-KAISHA and its consolidated subsidiaries as at November 30, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

<*Audit of internal control*>

Pursuant to Paragraph 2 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as at November 30, 2012 of KEWPIE KABUSHIKI-KAISHA and its consolidated subsidiaries (the "Company") (the "Management's Report").

Management's Responsibility for the Management' s Report

Management is responsible for designing and operating internal control over financial reporting, and the preparation and fair presentation of the Management's Report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.
Internal control over financial reporting may not fully prevent or detect misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Management's Report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the internal control audit to obtain reasonable assurance about whether the Management's Report is free from material misstatement.
An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including the significance of effects on the reliability of financial reporting. An internal control audit also includes evaluating disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting, as well as evaluating the overall presentation of the Management's Report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as at November 30, 2012 is effective, presents fairly, in all material respects, the result of the management's assessment on internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

VI. Stock Information of Reporting Company

Fiscal year	From December 1 to November 30
The General Meeting of Shareholders	Held in February
Record Date	November 30
Dividend record dates	May 31, November 30
Shares per trading unit	100
Purchase of stock in less than the minimum trading unit :	
Handling office	(Special account) Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Agent	(Special account) Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Shareholders' contacts	—
Stock transfer fee	(Note 1)
Newspaper for announcements	The Company shall publish its public notices by electronic means. However, if it is impossible to post electronic public notices because of an accident or other unavoidable circumstances, the public notices shall be made by publication in the Nikkei. URL for public notice: http://www.kewpie.co.jp/company/
Shareholder privileges	Shareholders shall receive an annual gift of the Company's product(s), of a value determined by the number of shares in their possession as of November 30 of each year. 1,000 shares or more: Company product(s) valued at ¥3,000 100 shares or more (but less than 1,000): Company product(s) valued at ¥1,000

(Notes) 1. The calculating method below shall be used to determine fees for purchase of stock in less than the minimum trading unit on the basis of the method below, in which total purchase fees per trading unit are divided by the total number of shares purchased and multiplied by the number of shares held by the shareholder.

(Calculation Method) Purchase prices per share, determined by the final TSE market price, are multiplied by the number of shares per trading unit, and the sum total amount derived therefrom is applied, as in the following table, to find the percentage fee charged.

Total amount	Percentage fee
¥1 million or less	1.150%
Over ¥1 million – ¥5 million	0.900%
Over ¥5 million – ¥10 million	0.700%
Over ¥10 million – ¥30 million	0.575%
Over ¥30 million – ¥50 million	0.375%

(Amounts of less than ¥1 are rounded down.)

However, if the purchase fee per trading unit calculated above is less than ¥2,500, the fee shall be ¥2,500.

2. In accordance with the Articles of Incorporation, the Company's shareholders cannot exercise rights other than those listed below for shares that are less than one unit.
   (1) Rights listed in items of Article 189, Paragraph 2 of the Corporation Law
   (2) Right to receive allocation of shares for subscription or stock acquisition rights for subscription in accordance with the number of shares owned
   (3) Right stipulated by Article 166, Paragraph 1 of the Corporation Law to request acquisition of shares with rights to acquire new shares

American Depositary Receipts:

- Ratio (ADR : ORD): 1 : 2
- Exchange: OTC (Over-the-Counter)
- Symbol: KWPCY
- CUSIP: 493054100
- Depositary:
  - The Bank of New York Mellon
  - 101 Barclay Street FL22W, New York, NY 10286, U.S.A.
  - Tel: (212) 815-2042
  - U.S. toll free: 888-269-2377 (888-BNY-ADRS)
  - URL = www. adrbnymellon. com