

# INVESTORS' GUIDE 2015

〈For the year ended November 30, 2015〉

**Kewpie Corporation**



Security code: 2809

## Kewpie's Fundamental Management Policy

As a corporate group specializing in "food," an essential part of everyone's livelihood, the Kewpie Group's mission is to continuously contribute to the dietary systems and health of people throughout the world through good taste, kindness, and uniqueness. In addition to carefully sharing the Group's philosophy and maintaining an unwavering devotion to the "Quality First" principle carried forward since the Company's foundation, all executives and employees will work whole-heartedly to sincerely provide unique, choice products and services distinctive of the Kewpie Group.

### Corporate Philosophy of the Kewpie Group

#### Corporate Motto

“RAKU-GYOU-KAI-ETSU”

#### Corporate Principles

- “Act on Moral Principles”
- “Strive for Originality and Ingenuity”
- “Look After Parent's Well Being”

Words to remember: “The world is fairer than you imagine”

Toichiro Nakashima (Founder) was deeply impressed by the following words that he encountered in his younger days: “It may seem that the lazy and sly get ahead in the world. However, the world is actually a place where the people who strive in sincerity and earnestness are the winners in the long run.” He held the belief that “the world is fairer than you imagine.” When faced with difficulties, Toichiro would consider what was true and what was right, and always strove for originality and ingenuity. Throughout his life he continued to show gratitude toward all those who helped him. These words inherited from Toichiro were included in the Kewpie Group corporate principles up to 1992.

#### Our Ideal

**We aim to be a group contributing to the food culture and health of the world through “great taste, empathy, and uniqueness.”**

#### Mind-set

**Complying with group policies, we strive to earn the highest degree of trust from our customers and stakeholders.**

\* Details of the Kewpie Group Policies are presented on page 28.

# CONTENTS

## 03 Kewpie Group and Medium-Term Business Plan

- 03...A History of Business Development and Growth
- 05...Creating Corporate Value
- 07...A Message from the President
- 09...2016-2018 Medium-Term Business Plan

## 12 Business by Segment / Overseas Development

- 12...Business at a Glance
- 13...Condiments Products Business
- 14...Egg Products Business
- 15...Delicatessen Products Business
- 16...Processed Foods Business
- 17...Fine Chemical Products Business
- 18...Distribution System Business
- 19...Overseas Development

## 21 Social and Environmental Activities / Corporate Governance

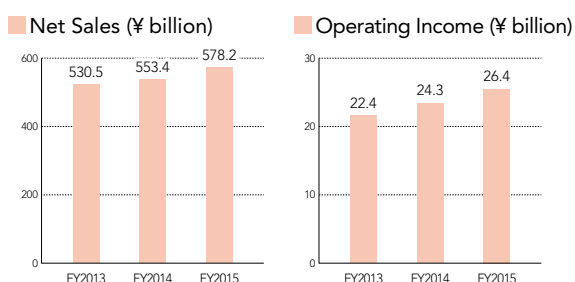
- 21...Social and Environmental Activities
- 23...Promotion of Corporate Governance

## 29 Financial, Stock and Corporate information

- 29...11-Year Financial Summary
- 31...Consolidated Balance Sheets
- 33...Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
- 34...Consolidated Statements of Changes in Net Assets
- 35...Consolidated Statements of Cash Flows
- 37...Stock Information
- 38...Corporate Information

\* With regard to the fractions of less than one unit shown in this Investors' Guide, monetary amounts and numbers of shares owned are rounded down (except units of billions of yen, in which only the described amount is rounded off), and shareholding ratios are displayed by rounding.

### Overview of Fiscal 2015 Net Sales and Operating Income



\* Fiscal 2015 refers to the 12-month period from December 1, 2014 to November 30, 2015.

\* Plans and targets for net sales and operating income from fiscal 2016 onward are given on page 9.

### Changes in Accounting Methods (from Fiscal 2016)

► From the fiscal year ending November 2016, the Company has changed its accounting methods as follows:

- Change to accounting standard for recording net sales (Sales promotion expenses and part of distribution expenses to be deducted from sales when sales are posted.)
  - Change to amortization method for fixed assets (Change from declining balance method to straight-line method)
- Details of the changes and their financial impact are given on page 36.

Fiscal 2015 performance data presented on pages 9 to 20 of this report include revised values that reflect the change in accounting standard used to record net sales.

An audit of the Group's fiscal 2015 performance after accounting for revised values by business has not been completed. As a result, this performance data may change in the future. (As there was no impact on the Group's Fine Chemical Products and Distribution System businesses as well as its Common Business Operations due to the change in accounting standard used to record net sales, data have not been revised.)

### Forward-Looking Statements

The forecasts and forward-looking statements contained in this Investors' Guide are based on information available as of the date of publication and on certain assumptions deemed rational. These forecasts also include certain probable uncertainties. Actual performance could differ from forecasts due to a variety of factors including changes in business conditions.

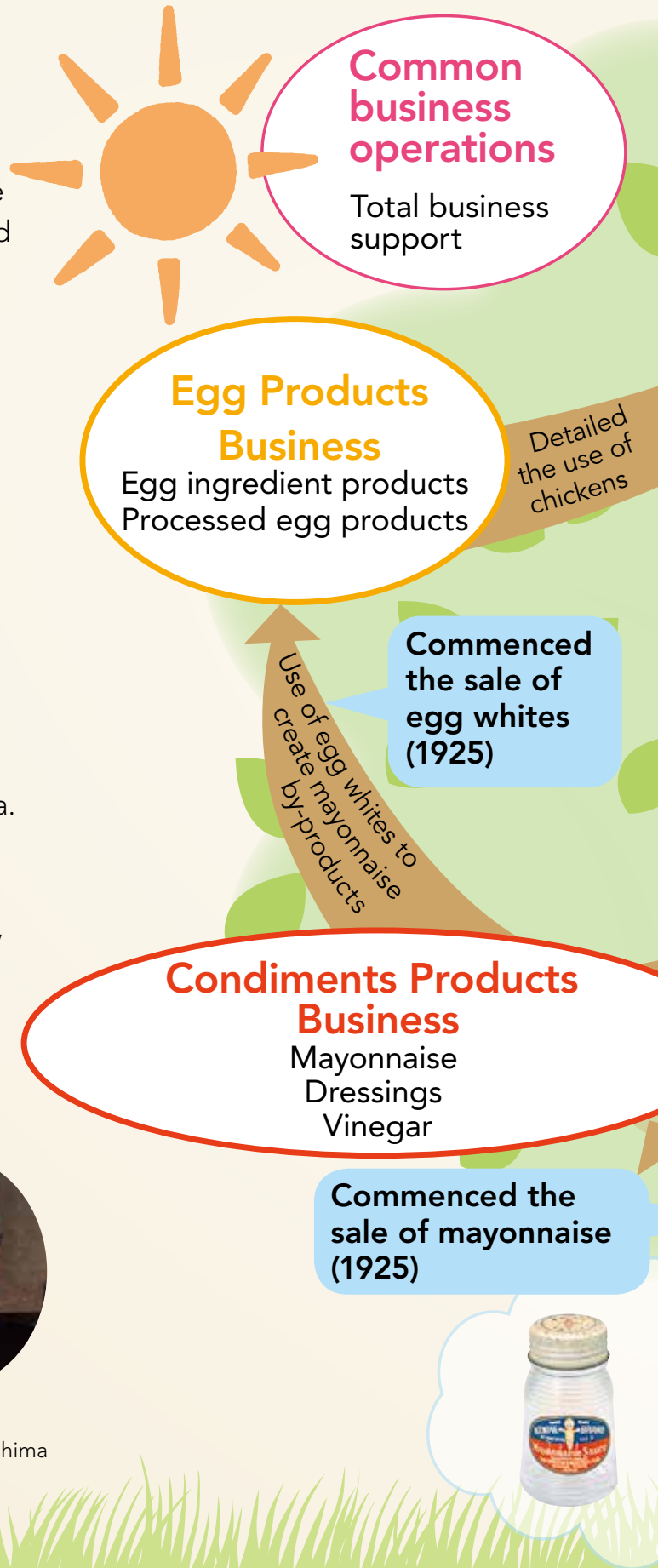
# A History of Business Development and Growth

Serving as an intern at the then Japan Department of Agriculture and Commerce, Kewpie’s founder Toichiro Nakashima was sent to the United States and Europe where he received his first taste of mayonnaise and orange marmalade. With the dream of introducing these delicious treats to Japan, he returned and began marketing mayonnaise in 1925. In launching the nation’s first mayonnaise, Nakashima used twice the amount of egg yolks found in overseas products to ensure a full-bodied taste. Rich in nutrients, his goal was to improve the body size of the Japanese people. Later in 1932, he began manufacturing orange marmalade in Tadanoumi (Takehara City, Hiroshima Prefecture), near the heart of the Japanese citrus farming region on the Seto Inland Sea.

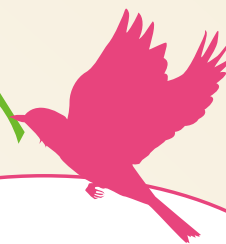
Mayonnaise and orange marmalade therefore lie at the heart of the Kewpie Group’s ongoing growth and development, which is in turn grounded in the shared belief that good products begin with good ingredients. Driven by an unwavering pioneer spirit, we are working diligently to earn the deep trust of customers by uncovering tasks in which we feel an intense passion and delivering products that only the Kewpie Group can provide.



Founder  
Toichiro Nakashima



Split off the warehousing division (1966)



### Fine Chemical Products Business

Hyaluronic acid  
EPA (Eicosapentaenoic acid)  
Egg yolk lecithin

### Distribution System Business

Food storage and transportation

Commenced fine chemical operations (1984)

research in eggs and

### Delicatessen Products Business

Cut vegetables  
Delicatessen foods

Commenced the manufacture and sale of salads (1974)

Growth in mayonnaise demand

Pasta sauces

Sweet corn

### Processed Foods Business

Baby foods

Canned and retort pouch food technology application and efforts to cultivate a variety of fields

Jams

Nursing care foods

Entered the commercial market in earnest (1969)

Commenced the sale of orange marmalade (1932)

### Thoughts of Toichiro Nakashima, Kewpie's founder

Bringing mayonnaise and orange marmalade to the kitchen tables of households in Japan





# Creating Corporate Value

With the overarching belief that good products begin with good ingredients, every facet of the Kewpie Group’s activities, including efforts to develop and deliver products to customers, are geared toward creating value. Moving forward, we will continue to generate new value not only in the domestic market, which is projected to contract, but also in a host of overseas markets. To this end, we will take steps to accurately grasp changes in our operating environment while making the most of the Group’s strengths.

## Changes in our operating environment

### [Japan]

- Trend toward increasingly simple cooking methods
- Falling birthrate and an aging society
- Trend toward increasingly diverse purchasing channels

### [Overseas]

- Trend toward increasingly Westernized foods in developing countries
- Increase in the global population
- Growing impact of global warming



## Medium-Term Business Plan

→ P.9

## Corporate Philosophy of the Kewpie Group

→ P.1

## Social Responsibility, Sustainability

- Social and environmental activities → P.21
- Promotion of corporate governance → P.23

Condiments Products Business



Egg Products Business

Delicessen Products Business

Processed Foods Business

Fine Chemical Products Business

Distribution System Business



## Kewpie’s Strengths

- Brand recognition as well as quality assurance and proposal capabilities
- A wide range of products that hold a top market share across various categories (mayonnaise, dressings, jams, household cut vegetables)
- Broad and deep reach in the homemade foods, ready-made foods, and restaurant markets

Information + the application of management resources (technology, product, sales channels)

Listening carefully to customers' comments and quickly grasping trends in dietary lifestyles

**Broad and deep reach in the homemade foods, ready-made foods, and restaurant markets**

**Providing value to stakeholders**

**Marketing channels**

**Mayonnaise  
Dressings  
Vinegar**

→P.13

**Egg ingredient  
products  
Processed  
egg products**

→P.14

**Cut vegetables  
Delicatessen  
products  
Rice dishes**

→P.15

**Jams  
Pasta sauces  
Baby foods  
Nursing care  
foods**

→P.16

**Hyaluronic acid  
EPA (Eicosapentaenoic acid)  
Egg yolk lecithin**

→P.17

**A full range of food  
distribution  
services**

→P.18



**Distribution business**

( supermarkets,  
convenience stores )



**Mail-order sales,  
delivery**



**Food service industry**

( hotels, restaurants, other )



**Manufacturing industry**

( mainly the provision of raw  
materials for food items,  
cosmetics, pharmaceuticals )



**People's  
health**



**New food  
lifestyles**



**The pleasures  
and  
importance  
of food**



**Food safety  
and  
reliability**

# A Message from the President

## Placing the utmost emphasis on Group cooperation,



Minesaburo  
Miyake

Representative Director  
President and Chief Executive Officer  
Kewpie Corporation



# we will secure dramatic growth by creating new value.

## Reflecting on the business environment and the 2013-2015 Kewpie Group Medium-Term Business Plan

At a time when purchasing channels are becoming increasingly diverse, households in Japan are adopting more simplified cooking methods due mainly to the aging society, the upswing in single-person households, and the growing number of women in the workforce. Turning to markets outside Japan, we are seeing changes in dietary habits and lifestyles. This is largely attributable to the increase in disposable incomes in developing countries and the heightened trend toward Westernized foods. Against this backdrop, the Kewpie Group recognizes the critical need to grasp customers' wide-ranging needs and to consistently put forward new value while properly adapting to changes in its operating environment in order to lift its profit-generating capabilities.

Under the three-year medium-term business plan that ended in fiscal 2015, we therefore undertook a wide range of proactive investments aimed at expanding production and establishing new business bases. Building on these efforts to lay a robust foundation, we will work diligently to secure dramatic growth by carrying out our new medium-term business plan that began in fiscal 2016.

In addition, we will adopt a fresh approach toward combining the Group's resources. This includes efforts to expand our sales promotion plan by increasing collaboration throughout the Group, to utilize social networking services\*1 to promote the 90th anniversary of mayonnaise sales in Japan, and to make the most of proprietary technologies. Through these means, we will endeavor to create new value and to push forward the Group's growth.

From an overseas business development perspective, we were successful in securing steady growth and doubled both sales and income. In addition to expanding sales in China and Southeast Asia, we took significant strides in laying the foundation for future growth. Among a host of endeavors we began manufacturing and sales activities in Indonesia and set up a business office in the Netherlands.

## The 2016-2018 Kewpie Group Medium-Term Business Plan and our direction throughout fiscal 2016

The Kewpie Group unveiled its new medium-term business plan that covers the three-year period to fiscal 2018 in December 2015. Under the overarching theme of Group cooperation\*2, we will work to secure income growth by continuing to proactively promote investments while maximizing the Group's strengths.

In Japan, we will harness the Group's various sales channels and strengthen core product proposals at each business. At the same time, we will enhance cost competitiveness by placing the utmost emphasis on improving production, sales, and distribution efficiency and promoting production technology innovation. Recognizing that the Group's unique attributes lie in its broad and deep reach in homemade foods and ready-made foods as well as restaurant markets, we will optimize these attributes to lift our growth potential in Japan.

Turning to the Group's overseas operations, we will leverage the technologies developed in Japan and accelerate the pace of growth in China and Southeast Asia while expanding the mayonnaise and dressing markets by grasping the needs of each area and putting forward new product development and menu proposals. Furthermore, we will focus on strengthening our mayonnaise and Kewpie Deep-Roasted Sesame Dressing products in an effort to boost exports from Japan.

Taking into account each of these activities, we are targeting net sales of ¥625 billion, operating income of ¥35.5 billion, and an operating income ratio of 5.7% on a consolidated basis in fiscal 2018, the final year of the new medium-term business plan.

Looking ahead, we anticipate conditions will remain shrouded in uncertainty. This is largely due to fluctuations in major raw material prices and shifts in personal consumption. Under these circumstances, we will keep a close ear to the ground in order to quickly gather a wide range of information. Utilizing this information in combination with our technology, product, sales channels, and other management resources, we will put forward proposals that accurately reflect the needs of customers.

\*1 Social networking services, or SNSs, refer to online community-based services that help to connect people with people.

\*2 Group cooperation refers to generating new value by making the most of the Group's strengths.

# 2016–2018 Medium-Term Business Plan

## ■ Group Management Policies

The Group's new challenges lead to dramatic growth



Having established its four management policies—strengthen the management base, enhance cost competitiveness, create added value and take up challenges in new fields—that revolve around “making the most of our unique capabilities and an ability to create new products, markets and demand,” the Kewpie Group’s new challenges will lead to dramatic growth.

## ■ Performance Targets

FY2018 Target | Net Sales **¥625.0 billion** | Operating Income **¥35.5 billion** | ROE: **8.5%**  
 (¥ billion)

	FY2015 <sup>*1</sup> (Corrected)	FY2016 (Plan)	FY2018 (Target)	Change vs. 2015	Annual average growth rate (%)
Net Sales	549.8	575.0	625.0	+75.2	4.4
Domestic	512.1	530.5	560.5	+48.4	3.1
Overseas <sup>*2</sup>	37.7	44.5	64.5	+26.8	19.6
Operating Income	26.4	28.0	35.5	+9.1	10.4
Domestic	22.3	23.7	28.4	+6.1	8.4
Overseas <sup>*2</sup>	4.0	4.3	7.1	+3.1	21.1
Operating Income Ratio (%)	4.8	4.9	5.7	+0.9	—
Ordinary Income	27.2	29.1	36.3	+9.1	10.1
Net income attributable to parent company shareholders	17.0	15.0	20.2	+3.2	5.9
ROE (Return on equity) (%)	8.3	6.8	8.5	+0.2	—
ROA (Return on assets) (%)	7.5	7.6	8.6	+1.1	—
EBITDA (Operating income + Depreciation and amortization)	45.4	46.1	53.0	+7.6	5.3

\*1. For fiscal 2015, corrected values are used to reflect the effect resulting from the change made to the accounting standard for recording net sales.

\*2. Overseas figures cover the period from October through September and include exports from Japan (exports from Japan cover the period from December through November).

## Concept of 2016–2018 Medium-Term Business Plan

### Overall

Speed up Group cooperation, maximize Group strengths

### Domestic

Solidify the Condiments Products Business and enhance the capacity of other businesses to generate income

#### Main Initiatives

#### Create added value

- Generate value tailored to needs
- Utilize and open up sales channels
- Strengthen proposals for core products

#### Enhance cost competitiveness

- Improve efficiency of production, sales, and distribution
- Technological innovation in manufacturing
- Strengthen procurement capacity for raw materials

### Overseas

Lay a foundation for growth in new areas while accelerating growth in China and Southeast Asia

#### Main Initiatives

- Provide proposals that capture area needs
- Expand new categories
- Strengthen export expansion areas using strategic products

### Investment

Focus on the domestic Condiments Products Business and overseas development

## Investments and Return to Shareholders

2016–2018 cash flows from operating activities

**¥120.0 billion**

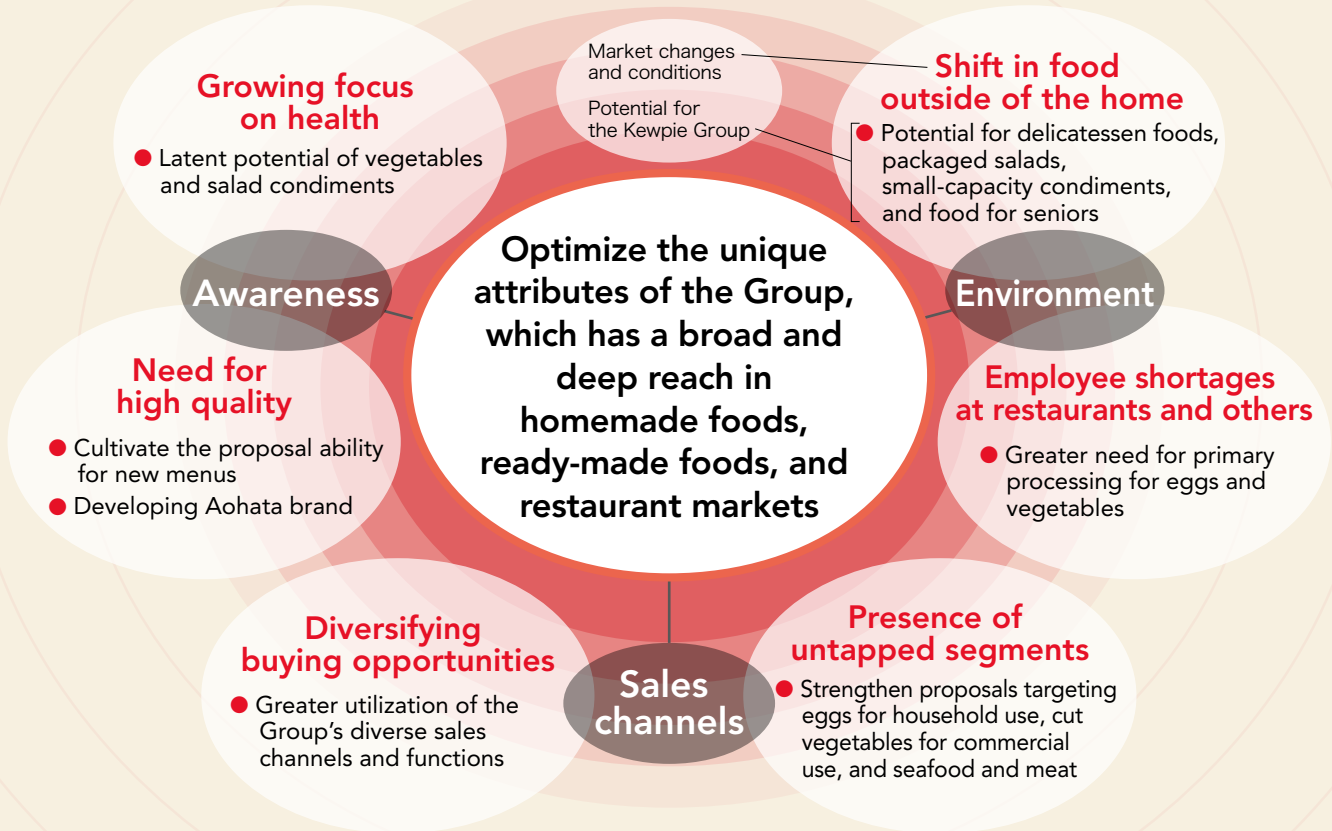
Capital Investments	Return to Shareholders	New Expansion
<ul style="list-style-type: none"> <li>● Forecast of <b>about ¥90 billion</b> over three years</li> <li>● In the Food Business, the Condiments Products Business (e.g., Kobe Factory) and overseas development are given priority</li> </ul>	<ul style="list-style-type: none"> <li>● Consolidated dividend payout ratio of <b>more than 30%</b> (DOE*<sup>3</sup> to be around 2.2%)</li> <li>● Flexible acquisition of treasury stock is considered</li> </ul> <p>*3. DOE: Consolidated Dividends on Equity Ratio</p>	<ul style="list-style-type: none"> <li>● Investments in new businesses and M&amp;A shall be considered, depending on the project</li> <li>● Necessary resources are considered for each project, and financing is carried out while maintaining sound financial conditions</li> </ul>

【Reference】 Conditions in the 2013–2015 Medium-Term Business Plan (Cash flows from operating activities: ¥89.9 billion)

¥89.6 billion	Dividend Payout Ratio: 25% or higher	¥3.7 billion
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## Potential in Domestic Expansion

Utilize the investments and foundations made in the 2013–2015 Medium-Term Business Plan and take up challenges with Group cooperation



## Overseas Development: Major Achievements by Area

Achieve growth with "expansion in China, Southeast Asia and North America" and "reinforcement of expansion area with exports"

### China

- Cultivate the consumer market with new food scene proposals and product expansion tailored for each area
- Cultivate each business category with solution proposals and expand products aimed at the food service business
- Accelerate the development of new categories



### North America

- Expand sales channels for Kewpie-brand products
- Expand sales channels in the Egg Products Business



### Southeast Asia

- Increase the number of stores at which Kewpie has the highest share of the sales floor
- Speed up expansion into global restaurant chains
- Expand exports to neighboring countries, Oceania, and the Middle East



### Exports and new

- Use strategic products to strengthen expansion in around 40 countries to which Kewpie already exports
- Expand sales of condiments products in Europe in stages





# Business at a Glance

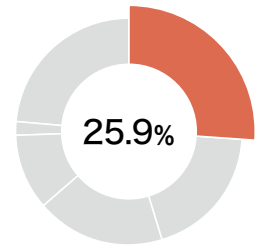
2015 Sales by Segment



## Condiments Products Business

**Drive the market and expand revenue with a business model promoting vegetable consumption**

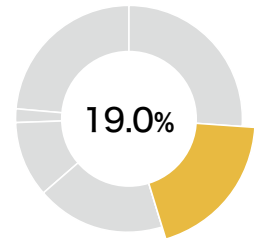
- > Create demand for mayonnaise and dressings through proposals for new salad styles
- > Expand overseas sales of mayonnaise and dressings with the ability to make proposals that capture area needs



## Egg Products Business

**Continue to enhance the value of the Egg Products Business worldwide through innovation**

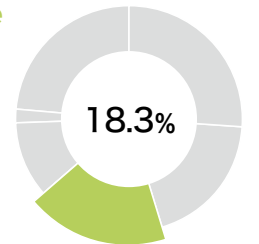
- > Maximize the utilization of a new plant in the Tokyo metropolitan area and cultivate the food service market
- > Pick up the pace of expansion into the household market



## Delicatessen Products Business

**Challenges to and reinforcement of the system expected 10 years from now**

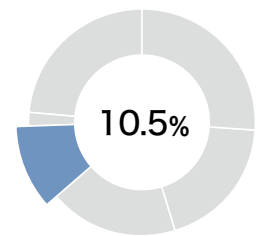
- > Achieve labor savings by adopting new technologies and enhance profitability by overhauling its production structure
- > Develop and expand new sales channels



## Processed Foods Business

**Refine techniques and enhance business value**

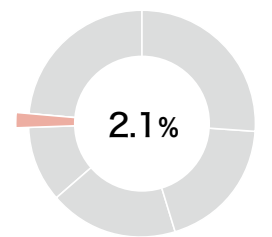
- > Strengthen business fundamentals by revitalizing mainstay products and shifting more toward value-added products
- > Strengthen business foundations by optimizing the production structure and revamping product categories



## Fine Chemical Products Business

**Achieve an operating income ratio of 10% by rebuilding the revenue foundation**

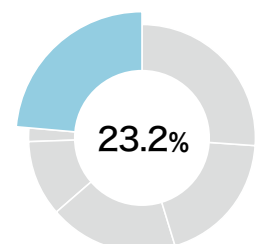
- > Improve costs by reconstructing the raw materials procurement system
- > Create new functions for hyaluronic acid



## Distribution System Business

**Shift to new growth stage, using strengthened operating base**

- > Strengthen business foundations by using resources more efficiently and reorganizing the networks of distribution locations
- > Expand service areas through new expansion



\* Besides the abovementioned businesses, there are also the Common Business Operations that accounted for 1.1% of net sales in fiscal 2015.

\* Revised values have been used for a portion of the Group's fiscal 2015 performance data in the pie charts depicting the composition of net sales by business segment.

# Condiments Products Business

Drive the market and expand revenue with a business model promoting vegetable consumption

Mainly comprising mayonnaise and dressings, the Condiments Products Business is the core business of the Group's six businesses.

Offering product development and menu proposals from household use to commercial use that meet the needs of wide-ranging customers, the Condiments Products Business operates not only in Japan but also overseas—primarily in China and Southeast Asia—and is driving the Group's growth.

## Summary of FY2015

In Japan, mayonnaise and dressing sales were favorable in connection with a variety of campaigns that were designed to generate new demand and commemorate the 90th anniversary of the launch of the Company's mayonnaise sales.

Outside Japan, sales in China and Southeast Asia increased due to progress made in proposals that captured area needs. These factors had a positive effect on earnings growth, while increased profits resulted from improving costs.

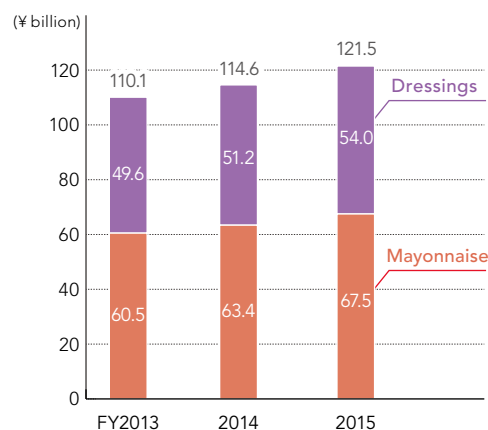
## Future Developments

In Japan, we will bring about market penetration of trends capable of adopting fun-to-eat, good-tasting vegetables—by putting forward new salad menus that capture customer needs and developing simultaneously the homemade foods, ready-made foods, and restaurant markets—and expand demand for Group products, naturally including mayonnaise and dressings as well as packaged salads. Centered on our Kobe Factory that is planned to commence operations in 2017, we will improve the production ratios of our main products by concentrated production, while responding more accurately to customer needs by means of production lines on which product types are interchangeable and product volumes variable. In response to the need for products that come in readily usable amounts and are easy to carry, we will expand development fields and sales channels by means of sachet and other small volume products.

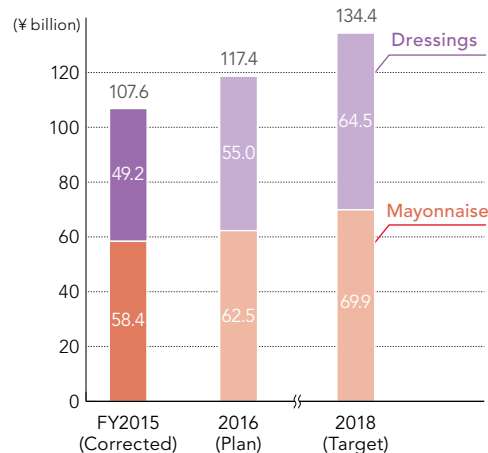
Outside Japan, in addition to making further inroads into the household and commercial markets in both China and Southeast Asia, we will make progress in increasing sales and profit by enhancing the development of Kewpie-brand products in the United States.

## Mayonnaise and Dressing Sales (Including Overseas Sales)

### Former accounting method



### New accounting method



## Principal Products



Mayonnaise



Dressing



Tartar sauce



Commercial-use sachets, dispenser packs  
[mayonnaise, dressings, etc.]



Mayonnaise manufactured and sold in China

(¥ billion)

		FY2013	FY2014	FY2015	FY2016 (Plan)	FY2018 (Target)
Net Sales	New accounting method	—	—	142.2	153.0	178.0
	Former accounting method	145.4	151.5	157.1	—	—
Operating Income	New accounting method	—	—	12.5	12.6	16.2
	Former accounting method	11.5	11.5	12.5	—	—

# Egg Products Business

Continue to enhance the value of the Egg Products Business worldwide through innovation

In a year, the Kewpie Group processes around 250,000 tons of chicken eggs. In Japan, the Group handles approximately 10% of all the chicken eggs produced. Chicken eggs stably procured from across the country are processed into liquid egg and other products at 36 plants in Japan. Besides the Company's own mayonnaise, we sell the egg products to food manufacturers as ingredients for a range of food products, including bread and candy.

In addition, the Egg Products Business processes liquid egg and other products into processed egg products, such as frozen eggs and ready-cooked eggs, which are sold to the restaurant industry, including hotels and restaurants.

## Summary of FY2015

Processed egg products that draw on technologies that keep eggs in a soft-boiled state and frozen eggs for the restaurant industry showed favorable results and increased sales. As the earnings ratio increased as a result of the shift more toward value-added products, and U.S. subsidiaries performed well, earnings and profit increased.

## Future Developments

Featuring extensive sales channels with direct links to food manufacturers in the processed food market, the Egg Products Business will leverage the Group's sales channels and enhance its moves into such commercial fields as the burgeoning ready-made foods market. For customers in the commercial market, including eating and drinking establishments that crack and use raw eggs, the Company will take steps to maximize the use its factory in the Tokyo metropolitan area, where operations commenced in March 2015, to promote the alternative use of frozen eggs and processed egg products. In addition to a facility for visitors, the Tokyo Factory is equipped with a test production area and test kitchens where we will provide solutions to customer needs on the spot and advance the development of products best suited to our customers' needs.

With regard to the household-use market that the Company continues to cultivate, we will expand sales by leveraging our proprietary technologies to invest in products with "good taste, kindness, and uniqueness."

In addition to building domestic and overseas structures that are not dependent on the revenue-generating chicken egg market, we will advance cost reductions through streamlining and enhance the operating base of the Egg Products Business.

## Principal Products



Whole eggs for cooking



Twin Pack (Yolk & White)  
[ a packaged product of egg yolks and egg whites ]



Sunny side-up omelet



Torotto egg series  
[ a product that maintains eggs in a half-boiled state even when cooked ]

## Aspects of Kewpie in the Chicken Eggs Market

Amount of Chicken Egg Production in Japan:  
Approx. **2.5 million tons/year**

The Household Market  
Approx.  
**1.25 million tons/year**

Commercial and Processed Food Markets  
(Hotels and Restaurants, Food Manufacturers and Others)  
Approx.  
**1.25 million tons/year**

Source: Egg Distribution Statistics (Production Volume), Household Budget Survey (Household Consumption)

Volume of Eggs Produced by Kewpie:  
Approx. **0.25 million tons/year**

Egg yolks   Egg whites   Whole eggs

Liquid eggs and other products to food manufacturers as ingredients in a variety of foods

Mayonnaise

Bread and Confectionaries

Hams and Sausages

To restaurants and CVS vendors as fully prepared processed egg products

Egg spreads

Omelets and Scrambled eggs

Atsuyaki Tamago (Japanese rolled omelet)

\* Continuing to develop into household markets

		FY2013	FY2014	FY2015	FY2016 (Plan)	FY2018 (Target)
Net Sales	New accounting method	—	—	104.6	110.0	114.0
	Former accounting method	91.2	99.5	104.8	—	—
Operating Income	New accounting method	—	—	5.4	5.5	6.6
	Former accounting method	3.4	3.8	5.4	—	—

(¥ billion)

# Delicatessen Products Business

## Challenges to and reinforcement of the system expected 10 years from now

Against a backdrop of a falling birthrate and aging society, an increasing number of women in the workforce as well as of single-person households, growth in the ready-made foods market will continue, and demand for cut vegetables (including packaged salads) and prepared foods (salads and cooked food) will expand.

Currently manufacturing products in which we emphasize freshness and the attributes of individual regions at each of our 28 production base locations in Japan, the Delicatessen Products Business conducts sales not only to supermarkets and convenience stores across the country but also to delivery sales routes and the restaurant industry.

### Summary of FY2015

Net sales grew due to ongoing enhancement of the production structure. This included expansion of delivery and other new sales routes and the implementation of measures to increase the production of cut vegetables. However, there was a decrease in profit brought about by an increase in costs, such as depreciation and amortization.

### Future Developments

In addition to increasing sales in each of the cut vegetable, prepared food and rice dish (lunch box and rice ball) fields for the burgeoning ready-made foods market, we will advance structural reforms and bring about improvements in our ability to generate profits.

In the case of cut vegetables, in addition to driving the market by cultivating new value and making improvements in our cost competitiveness in the household market, we will also cultivate markets in the commercial market started last year by developing differentiated products that capture the needs of our customers.

In the prepared foods field, we will roll out new sales routes, such as delivery sales, throughout the country and cultivate new sales channels, including to restaurants and offices.

We will bring about an improvement in the profitability of rice dishes by proactively advancing developments geared toward mass-merchandise stores.

As an example of our business structure reforms, we will break away from the current labor-intensive model by building efficient production lines for cut vegetables and by the robotization of tasks that depend heavily on manual labor.

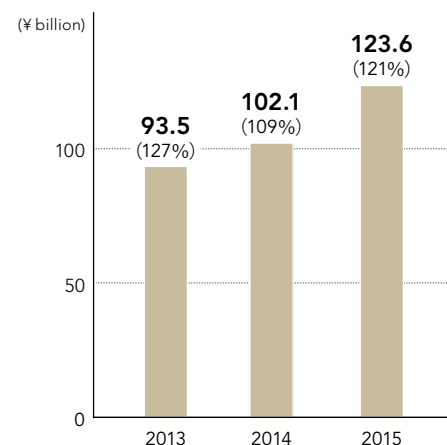
### Principal Products



Packaged salads

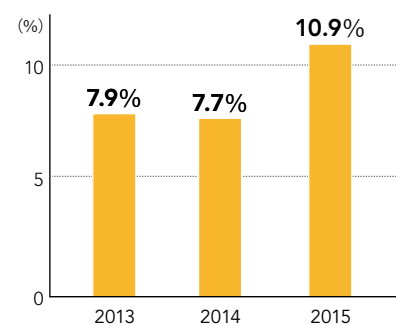
[household-use cut vegetables]

### Scale of Packaged Salad Market



Note: Monetary amounts are estimated market scale (comparison with previous year in parentheses)  
Source: The above figures are compiled by Salad Club, Inc., based on data provided by Macromill, Inc.

### Proportion of People Using Packaged Salad Three Times a Week or More



Source: Salad Club, Inc. Salad White Paper 2015



Potato salad

A salad with 20 different ingredients

[salad of prepared foods, etc., sold in supermarkets and other locations]

(¥ billion)

		FY2013	FY2014	FY2015	FY2016 (Plan)	FY2018 (Target)
Net Sales	New accounting method	—	—	100.4	114.0	125.0
	Former accounting method	98.0	102.2	109.1	—	—
Operating Income	New accounting method	—	—	2.8	4.1	5.0
	Former accounting method	3.5	3.3	2.7	—	—



## Refine techniques and enhance business value

Including jams and pasta sauces and developing healthcare products, such as baby food and nursing care food, the Processed Foods Business will continue to contribute to the food of each generation, from babies to the elderly.

For example, we will deliver unique products, such as Japan's first household nursing care food that can be eaten by those who find it difficult to chew or swallow, and aim to provide value-added products that leverage our technologies.

### Summary of FY2015

In aiming to improve the market competitiveness of our Processed Foods Business overall, we made Aohata Corporation a consolidated subsidiary. Having increased sales by expanding into cooking sauces and baby foods as well as proceeding with adjustments to underperforming products, we increased sales but decreased profit by, for example, the increased costs as a result of having made Aohata a consolidated subsidiary.

### Future Developments

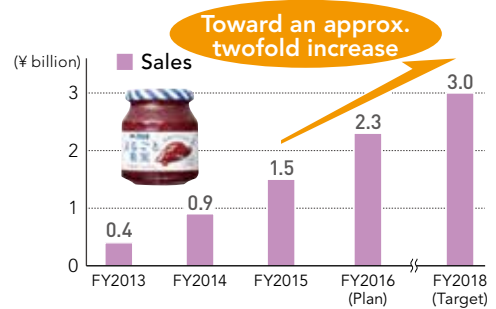
By ensuring that the Aohata name is synonymous with quality in the supply of fruits and jams, we will work to enhance our brand value in the Processed Foods Business. At the same time, we will pursue Group opportunities in the foods for the elderly market.

Leveraging the company's proprietary fruit processing technologies, we will revamp Aohata's mainstay 55 jam products and work to increase sales by improving their taste and optimizing volumes. We will steadily increase net sales of the Aohata Whole Fruit series, which is made with real fruit and fruit juice but no sugar, as we aim to approximately double net sales in 2018.

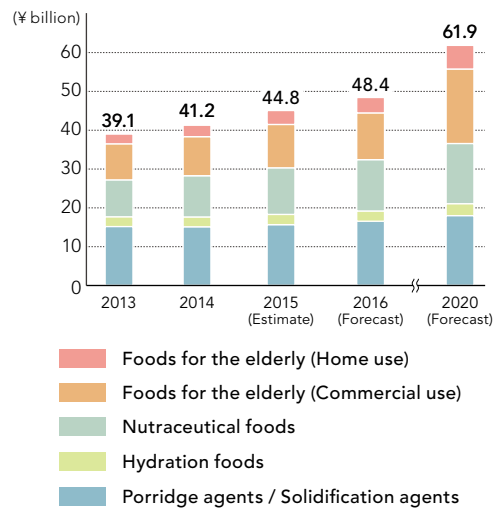
In the case of foods for the elderly, we will commence the development of frozen soft foods for seniors' homes and care facilities, the numbers of which are continuing to increase. We will respond to the food needs at such facilities by freezing, which itself brings out the flavor.

We will continue to promote a review of unprofitable product categories and advance improvements in productivity by production line consolidation and optimization while enhancing our earnings platform.

### Steady Growth of Whole Fruit



### Nursing Care Food Market Scale (Excluding liquid foods)



Source: Fuji Keizai Co., Ltd. Future Prospects of the Food Market for Aged People 2015 "Trends in Nursing Care Foods Market Scale"

### Principal Products



Jams



Pasta sauces



Baby foods



Nursing care food  
[soft foods for home use]

		FY2013	FY2014	FY2015	FY2016 (Plan)	FY2018 (Target)
Net Sales	New accounting method	—	—	57.5	52.5	55.0
	Former accounting method	58.4	57.2	62.3	—	—
Operating Income	New accounting method	—	—	(0.3)	(0.2)	0.7
	Former accounting method	(0.9)	0.2	(0.3)	—	—

(¥ billion)

## Fine Chemical Products Business

Achieve an operating income ratio of 10% by rebuilding the revenue foundation

The Fine Chemical Products Business sells its three main products, which are centered on hyaluronic acid, medical-use eicosapentaenoic acid (EPA) and egg yolk lecithin and other parts of eggs, to process manufacturers as raw materials for food items, cosmetics and pharmaceuticals products.

The only acid of its kind in Japan, Kewpie's hyaluronic acid is produced by two manufacturing methods—the cock's comb extraction method and the microbial fermentation method—and meets the needs of wide-ranging customers due to such features as its proprietary molecular weight control technology.

### Summary of FY2015

To strengthen sales via business to consumer (B to C) routes, the Fine Chemical Products Business made a mail-order sales company into a consolidated subsidiary. There was progress made in growing sales of hyaluronic acid, but increased earnings and reduced profits were recorded as a result of such factors as a fall in the sales price of medical-use EPA due to an intensely competitive market environment, and the increased costs, such as advertising expenses, associated with having made the mail-order sales company into a consolidated subsidiary.

### Future Developments

In addition to the development of strongly competitive, value-added products and enhancing sales to B to C routes, we will rebuild our raw materials procurement structure and raise our ability to generate profits.

In the case of hyaluronic acid and egg yolk-derived lecithin, we will invest in strongly unique formulations for the medical field that leverage technologies accumulated over many years and enhance sales of new ingredients, such as egg whites that have an anti-norovirus function.

Since sales to B to C routes are focused on advertising in traditional newspapers, we will work to expand our customer base and on the market penetration of product functions by switching to the deployment of multilateral channels.

Turning to our procurement structure, we will lessen the risk from fluctuations in the prices for raw materials by means of multiple global purchasing structures, promote improvements in the costs of procurement by strengthening our efforts with raw materials suppliers and raise our ability to generate profits.

### Three Core Applications of Hyaluronic Acid

#### Food

Supplements  
Confectioneries  
Beverages



#### Cosmetics

Basic Skin-Care Products  
Hair Care Products



#### Pharmaceuticals

Arthritic Injectable Agents  
Adjuvants Used in  
Cataract Surgery  
Eyedrops



### Principal Products



Food items that demonstrate the functionality of the hyaluronic acid compound supplement



Lecithin compound supplement



Hyaluronic acid skin-care products

		FY2013	FY2014	FY2015	FY2016 (Plan)	FY2018 (Target)
Net Sales	New accounting method	—	—	11.3	12.0	12.5
	Former accounting method	9.7	10.7	11.3	—	—
Operating Income	New accounting method	—	—	0.4	0.7	1.3
	Former accounting method	0.9	1.0	0.4	—	—

(¥ billion)

# Distribution System Business

## Shift to new growth stage, using strengthened operating base

Centered on K.R.S. Corporation (listed on the First Section of the Tokyo Stock Exchange in 2004) that specializes in foodstuff distribution, the Distribution System Business continues to provide the highest level of distribution services that underpin the safety and reliability of food items. We are putting in place distribution systems that maintain quality and freshness in four temperature ranges—room, fixed, refrigerated and frozen—that suit the characteristics of the food items.

The Distribution System Business supports food markets through its distribution bases throughout Japan and a transportation and delivery network that extends across the country.

### Summary of FY2015

The Distribution System Business made progress, for example, in expanding the areas to which it is entrusted by its existing customers and in the gaining of new customers, and thus increased earnings. In addition to the earnings growth impact, profit increased as a result of such factors as cost improvements and a decrease in fuel costs.

### Future Developments

In addition to comprehensive development—from the distribution of raw materials by marine vessels and tanker trucks to their delivery to supermarkets, restaurant chains and convenience stores—we will enhance our competitiveness by proceeding with thorough cost reductions, reorganizing our base network, rebuilding our transportation function and enhancing our operating base.

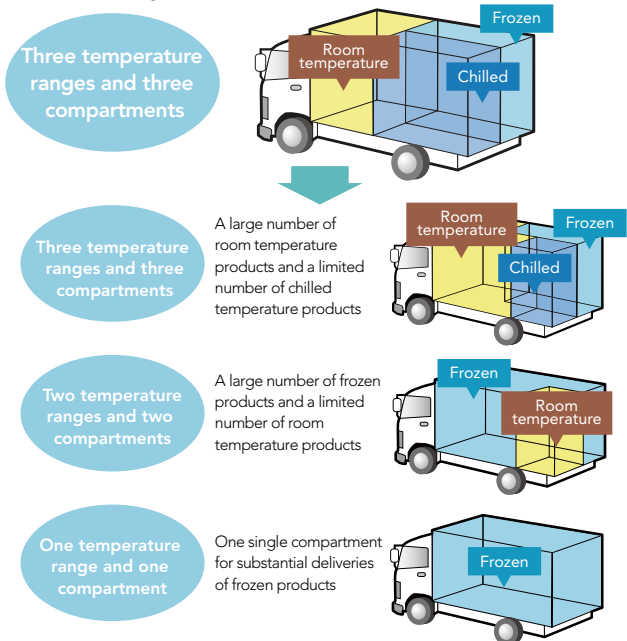
As a new development with a view to growth, we will promote Lead Logistics Provider (LLP) sales by which we are aiming in a comprehensive manner to be a distribution strategy partner for our customers, from agency services to logistics center operations. We will also promote other services, such as distribution consulting and sales of cloud services.

With an eye to future labor shortages, we will encourage the active participation of diversified human resources while promoting unmanned operations and labor-saving—for example, by cultivating unique services and technologies—and undertaking the research and development of production support equipment.

### Introducing “FCD3+1”, the flexible vehicle

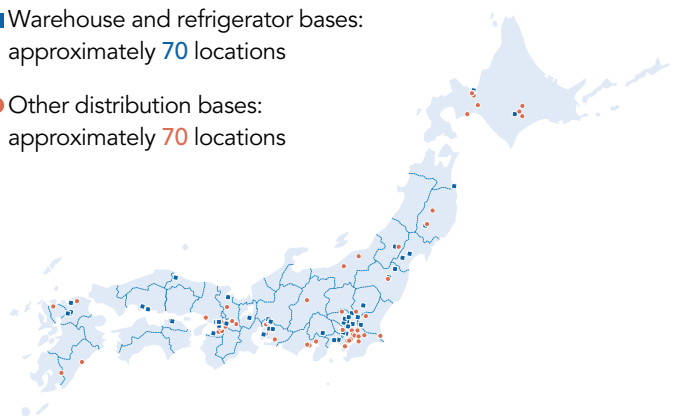
Allowing flexible modification of the compartment spaces and temperature ranges depending on shipment volumes and application, the FCD3+1 vehicle is playing an active role in the combined delivery of food and as a delivery vehicle for restaurant chains. (F: Frozen, C: Chilled, D: Dry)

#### Standard layout:



### A Growing Nationwide Distribution Network

- Warehouse and refrigerator bases: approximately 70 locations
- Other distribution bases: approximately 70 locations



		FY2013	FY2014	FY2015	FY2016 (Plan)	FY2018 (Target)
Net Sales	New accounting method	–	–	127.7	128.5	135.0
	Former accounting method	120.3	126.8	127.7	–	–
Operating Income	New accounting method	–	–	4.8	5.0	5.5
	Former accounting method	3.2	3.6	4.8	–	–

(¥ billion)

# Overseas Development

## » Lay a foundation for growth in new areas while accelerating growth in China and Southeast Asia

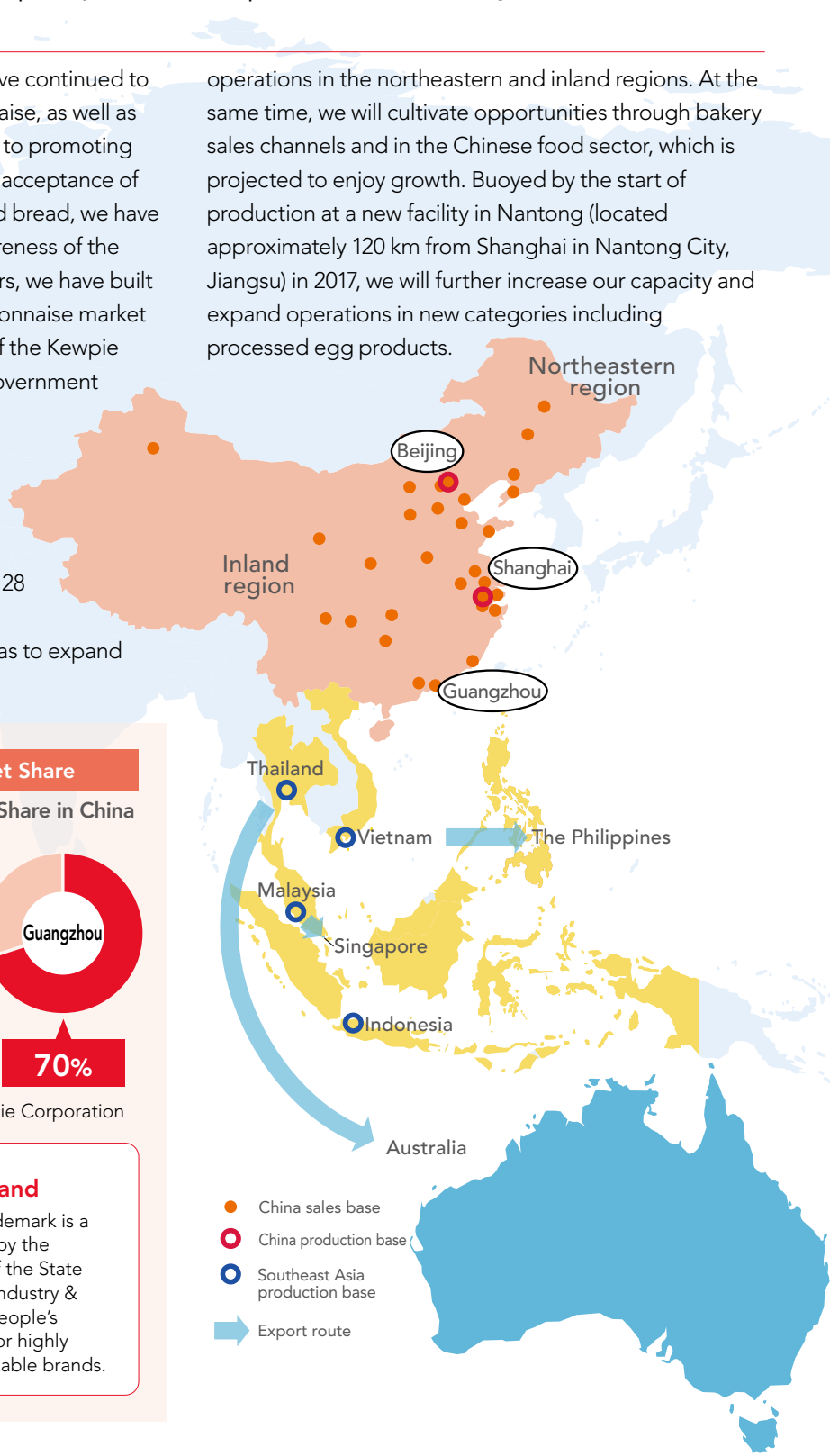
The Kewpie Group is working diligently to expand mayonnaise and dressing sales by developing products and putting forward new menu proposals that capture the needs of each area. At the same time, we are endeavoring to popularize our brand by utilizing technologies that originated in Japan to expand into new categories. From an export perspective, we are focusing our energies on strengthening Kewpie Mayonnaise and Deep-Roasted Sesame Dressing activities.

### ► China

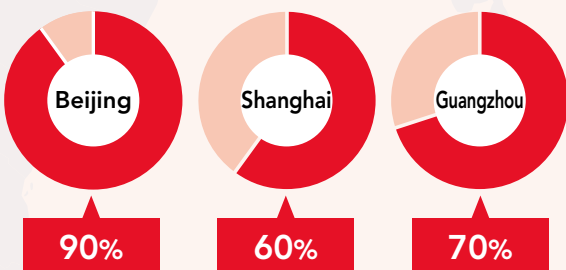
Since entering the market in 1993, we have continued to manufacture and market mainly mayonnaise, as well as dressings and jams, in China. In addition to promoting menu proposals in line with the growing acceptance of Western-style foods including salads and bread, we have taken a wide range of steps to raise awareness of the Kewpie brand. Thanks to these endeavors, we have built a strong following of the household mayonnaise market in major metropolitan areas. The value of the Kewpie brand was recognized by the Chinese government in 2010, when Kewpie became the first Japanese food manufacturer to receive the "Far Famed Trademark\*1" certification.

Looking ahead, we will take full advantage of our nationwide network of 28 business offices and draw on various examples of success in metropolitan areas to expand

operations in the northeastern and inland regions. At the same time, we will cultivate opportunities through bakery sales channels and in the Chinese food sector, which is projected to enjoy growth. Buoyed by the start of production at a new facility in Nantong (located approximately 120 km from Shanghai in Nantong City, Jiangsu) in 2017, we will further increase our capacity and expand operations in new categories including processed egg products.



### Household Mayonnaise Market Share Capturing an Overwhelming Market Share in China



FY2014 data compiled by Kewpie Corporation

**KEWPIE**



### The Kewpie Brand

\*1 The Far Famed Trademark is a certification issued by the Trademark Office of the State Administration for Industry & Commerce of the People's Republic of China for highly visible and recognizable brands.



### ► Southeast Asia

The Kewpie Group entered Thailand in 1987. In moving our business forward, we are focusing mainly on the food service market amid the increasingly Westernized nature of local diets.

In addition, factories came online in Malaysia, Vietnam and Indonesia in 2010, 2012 and 2014, respectively. With these moves, the Group has put in place a sound production structure in Southeast Asia.

Working mainly through operating bases established in four countries throughout the region, we will strengthen sales of mayonnaise and dressing products,

### ► North America

In the United States, the Kewpie Group maintains a company that has engaged in the manufacture and sale of mayonnaise and dressing products since 1982. This company has provided the driving force for growth in the Condiments Products Business. In 1990, the Group also acquired a local company in the Egg Products Business that serves as a supply platform for egg ingredients to the U.S. and Japanese food manufacturers.

Looking ahead, we will reinforce sales of locally manufactured Kewpie-brand mayonnaise and dressing products with every effort made to promote increased brand awareness in North America. At the same time, we will look to expand sales in the Egg Products Business and secure increased production efficiency.

work to increase brand penetration and accelerate the pace of expansion into global restaurant chains. Complementing these endeavors, we will expand exports to surrounding areas including Oceania and the Middle East. Energies will also be channeled toward cultivating the Halal\*2 product market.

\*2 Halal means “legally sound” and refers to cooking ingredients and foods that are permissible under Islamic law. The Kewpie Group will continue to promote the sale of products that conform to the precepts of Islam.



Halal certification mark

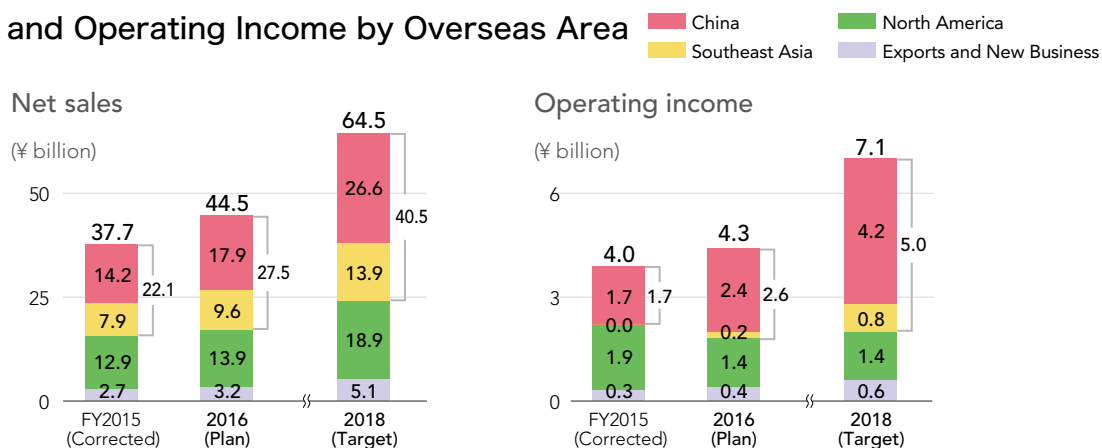


### ► Exports and New Business

We will expand sales in the 40 or so countries to which we already export focusing mainly on such strategic products as Kewpie-brand mayonnaise and Deep-Roasted Sesame Dressing in a bid to increase brand penetration.

In addition, the Kewpie Group will expand sales of condiment products in Europe working through a sales company established in the Netherlands in 2015.

### Net Sales and Operating Income by Overseas Area



\* The figures for fiscal 2015 sales have been corrected to include the impact of adopting a new accounting method.  
 \* Exports and New Business refer mainly to exports from Japan.  
 \* Figures other than exports from Japan cover the period from October to September.

# Social and Environmental Activities

## » Dietary education

### ► Conveying the Enjoyment and Importance of Food

#### ● Open Kitchen (Factory Tours) and the Mayoterrace (Tour Facility)

In the belief that factories are just an extension of the family kitchen, the Kewpie Group launched the Open Kitchen factory tour initiative in 1961. Today, tours are being conducted at five factories nationwide, as well as at the Sengawa Kewport Mayoterrace.

More than just a tour of the Group's facilities, this initiative provides visitors with the opportunity to experience the wonders of mayonnaise including its history and the secrets behind its delicious taste, while allowing the Group to foster a growing interest in foods and to shine a light on the pleasures and importance of food.

In fiscal 2015, Open Kitchen factory tours and the Mayoterrace tour facility attracted an aggregate total of around 100,000 visitors.



#### ● Kazoku de Wakuwaku Cooking

Working with the French chef Kiyomi Mikuni, the Kewpie Group has held cooking classes for elementary schoolchildren and their fathers since 2010.

Fathers and their young children, who seldom have the opportunity to prepare meals, take up the challenge of cooking in earnest inspired by the passion of Chef Mikuni. After preparing various dishes, families come together to share in each delight around the kitchen table. Working through the Kazoku de Wakuwaku Cooking initiative, the Group actively supports efforts aimed at bringing families together to feast on delicious meals and stimulate lively conversation.



#### ● Mayonnaise Class and Lectures

With employees serving as instructors, the Kewpie Group has continued to hold on-site Mayonnaise Classes at elementary schools throughout Japan since 2002. Participants are provided with the opportunity to learn about the pleasures and significance of food as well as the importance of consuming vegetables through lectures and first-hand experience in how mayonnaise is made. More than 400 classes were held in fiscal 2015.

Through lectures, we provide general consumers with detailed and pertinent information about dietary lifestyles and health. Lectures also extend to individuals in the food education field.



#### ● Picture Books for Infants and Young Children

The Kewpie Group publishes and provides picture books that include stories about vegetables between Kewpie and her friends to around 10,000 daycare centers and kindergartens throughout Japan. In providing this picture book, we hope to instill in young children an increased sense of familiarity with vegetables, as well as the joys of coming together around the kitchen table.



#### ● Media Library Activities

Since 1975, the Kewpie Group has produced videos and DVDs that cover such wide-ranging topics as food including food allergies, child raising and support for the elderly in an effort to promote healthy dietary lifestyles. Our hope is that these videos and DVDs will serve as an educational tool for use in consumer affairs centers, schools and related facilities.



#### ● Kewpie News

The Kewpie Group has published a monthly magazine that focuses on food and health with the aim of providing readers with the latest information and correct knowledge regarding food since 1973. Covering a variety of related themes, leading experts are invited to contribute by commenting on specific topics of the day.



## 》 Eco-friendly initiatives

### ▶ Showing a Deep Appreciation of Natural Blessings and the Need to Take Care of Natural Resources

#### ● Effective Use of Leftover Food

Every effort is made to eliminate waste and to effectively reuse leftovers including egg shells as well as the vegetable peels and stems remaining after the manufacturing process.



Potato skins used in livestock feed



Egg shells used in calcium supplements

Leftover vegetables used in cloth dyes

#### ● Kewpie Forest (Forest Conservation)

With a deep sense of affinity for the forest conservation and water resource development activities undertaken in Fujihokuroku, Fujiyoshida, Yamanashi Prefecture as well as the endeavors of the Kiritappu Wetland National Trust, the Kewpie Group participates in marshland conservation activities. Awed by the majesty of nature, employees work actively to protect the environment in the knowledge of its paramount importance.



## 》 Social contribution activities

### ▶ Ongoing Activities Undertaken over the Long Term

#### ● Bellmark Campaign

Sympathetic to the spirit of the Bellmark campaign and efforts to support the education of all children equally against the backdrop of a rich and prosperous environment, the Kewpie Group has continued to provide assistance to education facilities since 1960.



#### ● Support for the Reconstruction of Areas Affected by the Great East Japan Earthquake

In addition to helping restore disaster-stricken areas, the Kewpie Group is currently engaging in support activities with the aim of revitalizing local communities. Moreover, we are holding cooking classes in Minamisanriku using local foods and promoting reconstruction support menus at the Company's cafeteria. A portion of the sales of these menus is donated to reconstruction support associations.



#### ● Supporting Mothers and Their Children

Kewpie makes every effort to help mothers, who bring both happiness and good health to family life, and to support the healthy growth of children. As a part of these efforts, the Kewpie Group supports the Japan Mothers' Chorus Competition and the All-Japan Elementary School Dance Competition.



#### ● Supporting Food Bank Activities\*

The Kewpie Group fully supports the Food Bank and its efforts to ensure that no one goes hungry. Donations have been made on a periodic basis to organizations run by the Food Bank since 2007.

\* Under the Food Bank initiative, food is donated and delivered to welfare facilities as well as the poor and needy.

# Promotion of Corporate Governance

## ► Basic Concepts with Regard to Corporate Governance

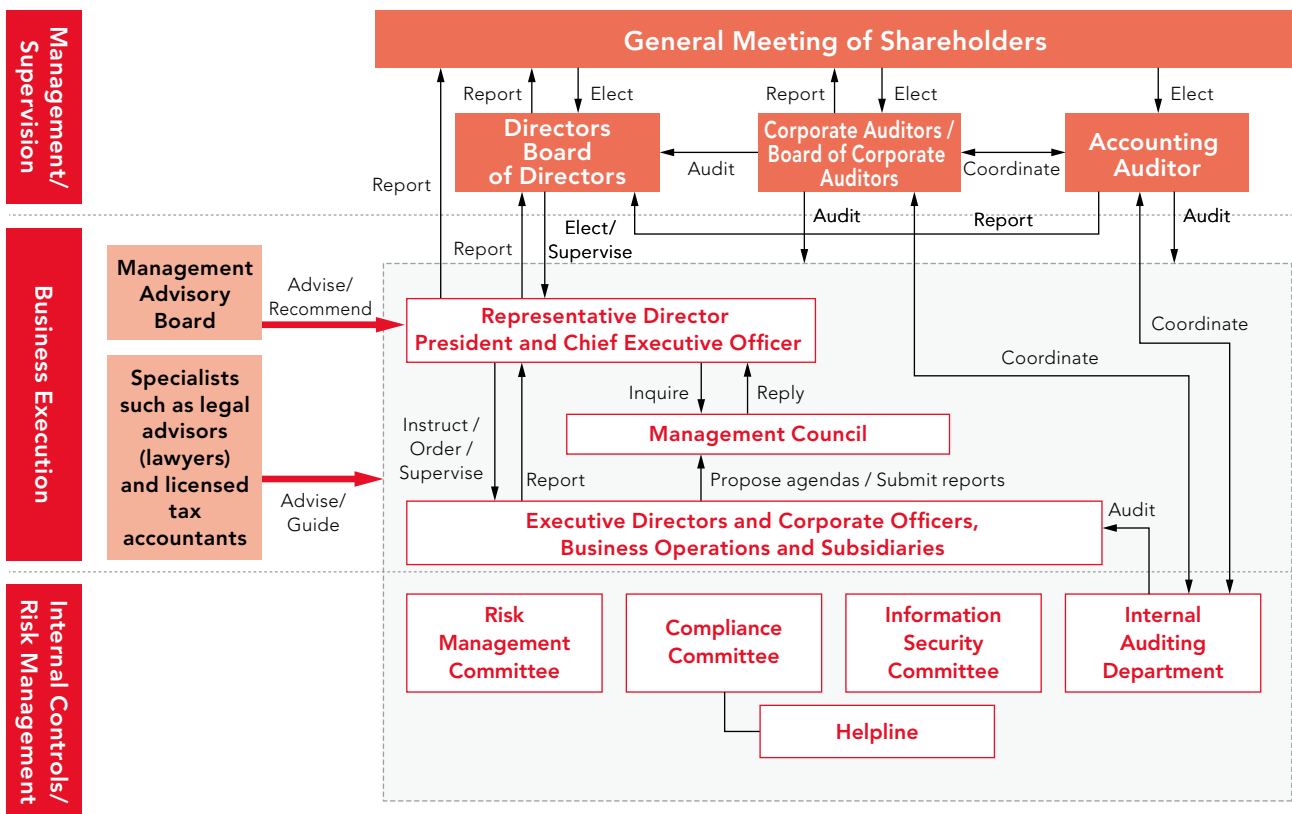
Maintenance and enhancement of an efficient and proper corporate governance structure

Contributing to the dietary lifestyles and health of the world's people, and bringing about sustainable growth and improvements in corporate value, through business activities based on the Group's philosophy

## ► Basic Policies with Regard to the Maintenance and Enhancement of a Corporate Governance Structure

- (1) The Company shall respect the rights of its shareholders and ensure equality.
- (2) The Company shall respect the positions and rights of its various stakeholders, including its customers, shareholders, business partners, employees and local communities and foster proper cooperative relationships.
- (3) The Company shall disclose Company information in a proper manner and ensure transparency.
- (4) The Company shall build mechanisms to facilitate collaboration between the organizational structures that together constitute the corporate governance structure.
- (5) The Company shall engage in constructive dialog with shareholders who expect the generation of profits over the medium to long term.

## ► Corporate Governance System



## Internal Control System

The resolutions concerning the basic policy of the Company's internal control system were passed at a Board of Directors' meeting in accordance with Article 362, Paragraph 5 of the Companies Act. The aforesaid resolutions provide a 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 Companies Act.

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.

As the Company has declared its corporate spirit under its mottos and precepts and come to foster a corporate culture by making executive officers and employees alike aware of the ongoing and thorough training programs over many years, its executive officers also respect that corporate culture in their management decisions.

The Company stipulates the Group Policies and compliance rules so that directors and employees act in ways that respect the Company's corporate spirit and the Group's philosophy.

Note: The Kewpie Group philosophy appears on page 1 and the Group Policies on page 28.



## Management / Supervision

Organizational Form	Directors	Corporate Auditors	Accounting Auditor
Company with corporate auditors	Number of directors according to Articles of Incorporation: 20 Number of directors: 13 Chairman of the Board of Directors: Chairman and representative director Number of outside directors (number of whom are independent): 2 (2) Term of office according to Articles of Incorporation: one year	Number of corporate auditors according to Articles of Incorporation: 5 Number of corporate auditors: 5 Number of outside corporate auditors (number of whom are independent): 3 (3) Term of office according to Articles of Incorporation: 4 years	In addition to three certified public accountants from Ernst & Young ShinNihon LLC, 40 people assist with auditing tasks (24 certified public accountants and 16 others)

## Business Execution

### Management Advisory Board

### Management Advisory Board

The Management Advisory Board has been set up as an advisory body to the Company's Representative Director President and Chief Executive Officer, who receives the board's advice and recommendations for maintaining and improving the soundness, fairness and transparency of the Kewpie Group and reflects these in decision making. Holding regular meetings twice a year, the Management Advisory Board meets at any time the need arises. In addition to having four experts from outside the Company as board members and the Company's Representative Director President and Chief Executive Officer take part, directors also attend depending on the agenda item.

The Company's outside directors also participate as observing committee members.

## Internal Controls Risk Management

### Risk Management Committee

### Risk Management Committee

In accordance with the Company's basic rules and regulations on risk management, the Risk Management Committee chaired by the Representative Director and President Executive Officer focuses on information concerning the risk factors affecting the Company as a whole by evaluating and prioritizing risks to comprehensively manage risk.

### Compliance Committee

### Compliance Committee

Having established compliance rules, the Company has also stipulated the Group philosophy for taking action to ensure that directors and employees remain in compliance with the law, the Company's Articles of Incorporation as well as its founding spirit, and the Group Policies. With a view to thoroughly inculcating matters relating to compliance, the Company maintains a compliance system that extends laterally across the Company, under the member of the Board of Directors responsible for compliance issues who chairs the Compliance Committee, and works to keep abreast of problematic issues. In addition, the Compliance Committee plays a central role in keeping compliance manuals up to date and in conducting employee training. The director in charge of compliance regularly reports on the status of compliance activities to the Board of Directors and to the Board of Corporate Auditors.

### Helpline

### Helpline

Under the Compliance Committee and serving as an internal reporting system for the protection of people reporting information in the public interest, the Company has set up a helpline as a means by which corporate auditors, lawyers from outside the Company and third-party bodies, etc. are the recipients of such information. Upon receiving a report or notice from an information recipient, the Compliance Committee shall investigate the substance of the report and, if a violation is apparent, hold discussions with the department or departments concerned and decide upon measures that will prevent a reoccurrence. In addition to releasing an internal Company report that includes the result of any disciplinary action, the Compliance Committee shall carry out measures that will prevent any reoccurrence of such a violation within the Company.

### Information Security Committee

### Information Security Committee

With regard to information security, the Company has formulated regulations governing the handling of Company information and basic rules on personal data protection and also prepared operational manuals covering each topic. The Company undertakes the storage and management of information in accordance with those regulations, rules and manuals. Centered on the Information Security Committee, the Company verifies the operational status of its information security systems, such as by providing employee training on information management, and conducts reviews of, for example, the rules and regulations.

### Internal Auditing Department

### Internal Auditing Department

In cooperation with independent auditing staff in such areas as product quality, environmental protection, safety and labor management, the Internal Auditing Department audits the day-to-day management status of each department and regularly provides progress reports on matters relating to risk management and in-house risk management system upgrades to the Risk Management Committee, the Board of Directors as well as to the Board of Corporate Auditors.

# Promotion of Corporate Governance

Directors and Corporate Auditors As of February 26, 2016

## Directors



### Amane Nakashima

Chairman

In charge of Compliance and Brand



### Minesaburo Miyake

Representative Director

President and Chief Executive Officer in charge of Division of Marketing



### Masafumi Furutachi

Representative Director

Senior Executive Managing Officer in charge of Condiments Products Business and Group Sales in general



### Tadaaki Katsuyama

Director

Managing Executive Officer in charge of Overseas Business in general, Division of Overseas, General Manager of Division of Overseas



### Yoshiaki Wada

Director

Managing Executive Officer in charge of Fine Chemical Business, Division of Research Development, Division of Quality Assurance, Intellectual Property Office, Division of Fine Chemical and General Manager of Division of Fine Chemical



### Toru Hyodo

Director

Managing Executive Officer in charge of Group Promotion



### Nobuo Inoue

Director

Managing Executive Officer in charge of Operations Promote Department, Public Relations and CSR Office, Division of Personnel Affairs and Division of Logistics



### Osamu Chonan

Director

Managing Executive Officer in charge of Delicatessen Products Business



### Kengo Saito

Director

Managing Executive Officer in charge of Egg Products Business



**Shigeki Takemura**

Director

Senior Officer in charge of Processed Foods Business



**Yoshinori Henmi**

Director

Senior Officer in charge of Division of Group Production in general



**Kazunari Uchida**

Outside Director

**Corporate Auditors**



**Shihoko Urushi**

Outside Director



**Jiro Ichise**

Corporate Auditor (full-time)



**Haruo Fuse**

Corporate Auditor (full-time)



**Haruo Kasama**

Outside Corporate Auditor



**Emiko Takeishi**

Outside Corporate Auditor



**Sumio Tarui**

Outside Corporate Auditor

\* The five outside directors and outside corporate auditors are registered as independent officers in accordance with the criteria set by the Tokyo Stock Exchange, Inc.

# Promotion of Corporate Governance

## ► Status of Concurrent Posts Held by Outside Corporate Officers, Reasons for Appointment, and Other Information

In addition to ensuring the objectivity and neutrality of management oversight functions, the five people listed below are being appointed to draw on their extensive knowledge and experience in advising and giving their opinions, from positions that are independent from the Company, on management in general.

	Important Concurrent Posts Held	Reasons for Appointment	Attendance at Board Meetings (FY2015)
<b>Kazunari Uchida</b> Outside Director	Professor of the Graduate School of Commerce at Waseda University, Outside Director of LIFENET INSURANCE COMPANY, Outside Director of ERI Holdings Co., Ltd., External Director of MITSUI-SOKO HOLDINGS Co., Ltd.	Mr. Uchida has many years of experience as a corporate management consultant as well as a high level of expertise and a broad range of knowledge on corporate management. Mr. Uchida has no special interests with the Company and is more than qualified to serve as an independent corporate officer.	Board of Directors' Meetings: 2/2 (during his term of office as an outside corporate auditor) 9/10 (following his appointment as an outside director) Board of Corporate Auditors' Meeting: 3/3 (during his term of office as an outside corporate auditor)
<b>Shihoko Urushi</b> Outside Director	Principal of Shinagawa Joshi Gakuin, Member of the Education Rebuilding Implementation Council (Cabinet Office)	In addition to her abundant experience as an educator and her insight as a corporate executive, Ms. Urushi has no special interests with the Company and is thus more than qualified to serve as an independent corporate officer.	Took office (appointed) February 26, 2016
<b>Haruo Kasama</b> Outside Corporate Auditor	Attorney at Law, Outside Director at Japan Post Holdings Co., Ltd., Outside Corporate Auditor at Sumitomo Corporation, Outside Audit & Supervisory Board Member at Sompo Japan Nipponkoa Holdings, Inc.	Mr. Kasama has a high level of expertise and a broad range of knowledge as a legal practitioner. Mr. Kasama has no special interests with the Company and is more than qualified to serve as an independent corporate officer.	Board of Directors' Meetings: 11/12 Board of Corporate Auditors' Meeting: 12/13
<b>Emiko Takeishi</b> Outside Corporate Auditor	Professor, Faculty of Lifelong Learning and Career Studies, Hosei University, Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.	In addition to her experience in the administrative field, Ms. Takeishi possesses a broad range of knowledge on human resource systems and labor policies. She has no special interests with the Company and is more than qualified to serve as an independent corporate officer.	Board of Directors' Meetings: 10/10 (following her appointment as an outside corporate auditor) Board of Corporate Auditors' Meeting: 10/10 (following her appointment as an outside corporate auditor)
<b>Sumio Tarui</b> Outside Corporate Auditor	Director of Center for the Promotion of Disarmament and Non-Proliferation, the Japan Institute of International Affairs	Due to his abundant experience as a diplomat, Mr. Tarui possesses insights into the management of risks associated with overseas development. Having no special interests with the Company, he is thus more than qualified to serve as an independent corporate officer.	Took office (appointed) February 26, 2016

## ► Independence Criteria for Outside Corporate Officers

To judge the independence of outside directors and outside corporate auditors as stipulated in the Companies Act, we check the requirements for independent corporate officers stipulated by the Tokyo Stock Exchange, Inc. as well as checking whether the following apply.

- (1) A major shareholder of the Company (holding 10% or more of voting rights either directly or indirectly), or a person who executes business for a major shareholder of the Group <sup>(\*)1</sup>
- (2) A person/entity for which the Group is a major client, or a person who executes business for such person/entity <sup>(\*)2</sup>
- (3) A major client of the Group or a person who executes business for such client <sup>(\*)3</sup>
- (4) A person who executes business for a major lender of the Group <sup>(\*)4</sup>
- (5) A senior partner or partner of the accounting auditor for the Company
- (6) A provider of expert services, such as a consultant, attorney at law, or certified public accountant, who receives cash or other assets exceeding ¥10 million in one business year other than director/corporate auditor compensation from the Company
- (7) A person/entity receiving contributions from the Group exceeding ¥10 million in one business year, or a person who executes business for such person/entity
- (8) A person to whom any of (1) to (7) above has applied in the past three business years
- (9) Where any of (1) to (8) above apply to a key person, and his or her immediate relatives, which includes his or her grandparents, grandchildren, siblings, spouse and his or her grandparents, siblings and grandchildren <sup>(\*)5</sup>
- (10) A special reason other than the preceding items that will prevent the person from performing their duties as an independent outside corporate officer, such as the potential for a conflict of interest with the Company.

\*1 A person who executes business means an executive director, executive officer, corporate officer, or other employee, etc.

\*2 A person/entity for which the Group is a major client means a person/entity who receives payments from the Group amounting to at least the higher of either 2% of their annual consolidated net sales or ¥100 million.

\*3 A major client of the Group means a client that makes payments to the Group amounting to at least the higher of either 2% of the Company's consolidated net sales or ¥100 million.

\*4 A major lender of the Group means a lender named as a major lender in the Group's business report.

\*5 A key person means a director (excluding independent outside directors), corporate auditor (excluding independent outside corporate auditors), executive officer, corporate officer, or other person in the rank of general manager or above, or a corporate officer corresponding to these positions.



## ► Corporate Officer Compensation

Compensation paid to directors is comprised of a regular monthly amount and a bonus. The amount of regular monthly compensation is set in line with the role of each executive and is no more than the maximum amount determined and approved at the Company's General Meeting of Shareholders. The total amount of bonuses paid to directors, who hold the concurrent position of corporate officer, is determined at a Board of Directors' meeting after due deliberation at the Company's General Meeting of Shareholders. A number of factors are taken into consideration including the role of each executive, the level of consolidated operating income, and various indicators that

measures the degree to which the targets of responsible divisions are achieved. Outside directors are excluded from the scope of bonus payment.

Compensation paid to corporate auditors is comprised solely of a regular monthly amount. The amount of regular monthly compensation is determined after due deliberation by corporate auditors and paid on an individual basis. The amount is no more than the maximum amount determined and approved at the Company's General Meeting of Shareholders.

### ● Overview of Fiscal 2015

Corporate Officer Category	Total Compensation (¥ million)	Amount of Compensation by Type (¥ million)		Number of Eligible Corporate Officers
		Base Amount	Bonus	
Directors (excluding outside directors)	403	328	75	12
Corporate auditors (excluding outside corporate auditors)	51	51	—	3
Outside corporate officers	60	60	—	5

## ► The Kewpie Group Policies

Guided by a philosophy that draws on its Corporate Motto and Principles, Kewpie has put in place the Group Policies that embody the Group's commitment to earning the highest degree of trust from its stakeholders, including customers, shareholders, business partners, employees, and society, who provide the underlying strength for all of its business activities.

In ensuring that each and every member of the Group fully understands and carries out the spirit of the Group Policies we are better positioned to further enhance our transparency as a company and to garner the trust of customers.

### Code of Ethics

(Our responsibilities as a corporate citizen.)

#### **Respect for the Law**

We comply with the laws, regulations and social norms of our own and other countries, as well as our internal company rules, and conduct our corporate activities in an ethical manner.

#### **Respect for Human Rights**

We respect human rights and never engage in discrimination or harassment based on race, nationality, religion, gender, age, or mental or physical disability.

#### **Fair and Sustainable Corporate Activities**

We engage in free and fair competition, building transparent and stable relationships with business partners, shareholders, investors, and governmental organizations.

#### **Commitment to Information Security**

We protect and do not allow the misuse or wrongful disclosure of the personal or confidential information of our customers, clients, and employees.

#### **Rejection of Antisocial Forces**

We take decisive action against antisocial forces which disrupt or threaten public law and order, ending all relations with them.

### Code of Conduct

(What we must do to enhance the prominence of the Kewpie Group.)

#### **Put Product Quality First**

We rise to meet the trust placed in us by our customers, producing safe and reliable products and focusing on quality in all of our actions.

#### **Promote Diversity**

We respect the individuality and aspirations for growth of each and every one of our employees around the world, allowing them to perform to their full potential.

#### **Contribute to Society through Nutrition Education**

We contribute to society through the advancement of nutritional education, promoting healthy lifestyle choices and working in harmony with local communities and society as a whole.

#### **Protect the Earth's Environment**

We appreciate the blessings of nature and promote a sustainable society for future generations by effectively utilizing resources and preserving the environment.

#### **Accept New Challenges**

We drive growth of the company and the individual by continuing to accept new challenges and also by learning from previous lessons.

# 11-Year Financial Summary

Years ended November 30	2005	2006	2007	2008
<b>Results of operations</b>				
Net sales	455,007	456,067	468,006	473,951
Gross profit	108,487	110,825	111,707	106,665
Selling, general and administrative expenses	95,656	96,665	95,882	92,629
Research and development expenses	2,942	3,196	3,229	3,218
Capital investments	12,210	15,316	11,263	13,091
Depreciation and amortization	12,279	12,162	12,388	13,408
Operating income	12,830	14,159	15,824	14,036
Ordinary income	12,829	14,262	15,836	14,184
EBIDA (Operating income+Depreciation and amortization)	25,109	26,321	28,212	27,444
Net income	5,465	6,071	7,328	7,721
<b>Cash flows</b>				
Cash flows from operating activities	15,686	21,443	22,331	14,466
Cash flows from investing activities	(11,625)	(16,589)	(11,166)	(9,687)
Free cash flow (Operating cash flows+investing cash flows)	4,061	4,854	11,165	4,779
Cash flows from financing activities	(7,415)	3,187	(2,757)	(5,712)
Cash and cash equivalents at the end of the fiscal year	13,127	21,212	27,699	26,705
<b>Financial position (year-end)</b>				
Total assets	265,724	290,186	292,823	291,792
Interest-bearing debt	38,042	43,248	43,175	40,545
Total net assets	132,412	156,217	161,140	163,580
<b>Per share data (yen)</b>				
Net income	35.25	39.66	47.96	50.77
Total net assets	865.32	896.69	925.46	941.79
Cash dividend	13.0	14.0	14.0	15.0
<b>Financial indicators (%)</b>				
Gross profit to net sales	23.8	24.3	23.9	22.5
Operating income to net sales	2.8	3.1	3.4	3.0
Equity ratio	49.8	47.3	48.3	49.0
Return on equity (ROE)	4.2	4.5	5.3	5.4
Ordinary income to total assets (ROA)	4.9	5.1	5.4	4.9
Dividend payout ratio	36.9	35.3	29.2	29.5
Dividend on equity ratio (DOE)	1.5	1.6	1.5	1.6
<b>Other data</b>				
Stock price at year-end (yen)	1,018	1,035	1,136	1,063
Number of employees (consolidated)	8,548	8,805	8,885	9,283
Number of consolidated subsidiaries	43	44	45	46

(¥ million)

2009	2010	2011	2012	2013	2014	2015
452,239	471,010	486,435	504,997	530,549	553,404	578,192
109,261	116,388	117,088	125,065	128,266	134,362	145,702
91,529	94,268	96,271	101,696	105,864	110,018	119,261
3,167	3,172	3,232	3,421	3,660	3,882	4,201
11,935	12,596	13,418	20,916	27,122	30,111	32,369
12,980	13,129	13,641	14,089	14,572	16,132	19,094
17,731	22,119	20,816	23,368	22,402	24,343	26,441
18,414	22,762	21,912	24,467	23,749	25,368	27,311
30,711	35,248	34,457	37,457	36,974	40,475	45,535
9,036	10,613	9,449	12,291	12,567	13,366	17,031
31,301	25,731	23,405	33,246	27,369	34,392	28,094
(11,548)	(15,120)	(12,166)	(24,434)	(21,897)	(30,847)	(31,181)
19,752	10,611	11,239	8,811	5,471	3,545	(3,086)
(18,462)	(5,381)	(19,583)	7,022	(2,307)	(3,149)	(7,101)
27,831	33,121	24,509	40,387	43,963	44,788	34,841
275,650	287,957	275,790	306,515	334,655	356,994	372,419
25,595	23,923	10,909	23,185	25,882	29,110	30,559
170,804	180,901	185,293	195,928	210,285	220,397	245,929
59.56	69.97	62.63	82.09	83.94	88.69	112.21
978.33	1,029.26	1,068.67	1,141.68	1,230.32	1,284.36	1,410.53
17.0	18.0	18.0	20.0	22.0	23.0	29.0
24.2	24.7	24.1	24.8	24.2	24.3	25.2
3.9	4.7	4.3	4.6	4.2	4.4	4.6
53.8	54.2	58.0	55.8	55.0	54.6	57.5
6.2	7.0	6.0	7.4	7.1	7.0	8.3
6.5	8.1	7.8	8.4	7.4	7.3	7.5
28.5	25.7	28.7	24.4	26.2	25.9	25.8
1.8	1.8	1.7	1.8	1.9	1.8	2.2
997	1,019	1,056	1,200	1,454	1,942	2,953
10,507	11,732	12,028	12,425	12,598	12,933	13,478
48	52	51	52	51	52	54

# Consolidated Balance Sheets

(¥ million)

	FY2013	FY2014	FY2015
<b>Assets</b>			
<b>Total current assets</b>	<b>146,435</b>	<b>154,593</b>	<b>147,920</b>
Cash and deposits	33,967	34,815	29,844
Notes and accounts receivable—trade	77,460	81,498	78,151
Securities	10,000	10,000	5,000
Purchased goods and products	12,478	14,811	17,178
Work in process	950	1,142	979
Raw materials and supplies	5,878	6,995	10,247
Deferred tax assets	2,142	2,453	2,699
Other	3,801	3,079	3,996
Allowances for doubtful accounts	(242)	(203)	(176)
<b>Total fixed assets</b>	<b>188,220</b>	<b>202,401</b>	<b>224,498</b>
<b>Total tangible fixed assets</b>	<b>135,828</b>	<b>153,550</b>	<b>166,815</b>
Buildings and structures	138,035	151,166	168,599
Accumulated depreciation	(82,213)	(86,759)	(95,402)
Net book value	55,822	64,406	73,196
Machinery, equipment and vehicles	133,368	142,058	155,974
Accumulated depreciation	(109,274)	(113,659)	(121,743)
Net book value	24,094	28,399	34,231
Land	42,191	46,109	47,468
Lease assets	6,158	7,573	7,734
Accumulated depreciation	(2,523)	(3,256)	(2,950)
Net book value	3,634	4,317	4,784
Construction in progress	7,401	7,144	3,742
Other	10,544	11,894	13,542
Accumulated depreciation	(7,860)	(8,720)	(10,150)
Net book value	2,684	3,173	3,392
<b>Total intangible fixed assets</b>	<b>2,667</b>	<b>3,388</b>	<b>5,659</b>
Goodwill	—	183	1,785
Computer software	1,857	2,456	3,176
Other	810	748	697
<b>Total investments and other assets</b>	<b>49,724</b>	<b>45,462</b>	<b>52,023</b>
Investment securities	23,536	26,568	28,547
Long-term loans receivable	593	501	492
Prepaid pension costs	15,736	—	—
Assets for retirement benefits	—	8,207	12,427
Deferred tax assets	1,355	1,853	1,630
Other	9,078	8,872	9,424
Allowances for doubtful accounts	(575)	(540)	(499)
<b>Total assets</b>	<b>334,655</b>	<b>356,994</b>	<b>372,419</b>



As of November 30, 2013, 2014 and 2015 (¥ million)

	FY2013	FY2014	FY2015
<b>Liabilities</b>			
<b>Total current liabilities</b>	<b>95,901</b>	<b>106,097</b>	<b>93,060</b>
Notes and accounts payable—trade	50,786	53,775	45,192
Short-term loans payable	8,312	7,859	9,096
Accounts payable—other	20,113	25,294	19,153
Accrued expenses	9,140	9,826	10,938
Accrued income taxes	2,725	5,278	3,960
Deferred tax liabilities	15	22	1
Reserves for sales rebates	912	934	821
Reserves for bonuses	1,117	1,054	1,541
Reserves for directors' bonuses	139	112	169
Other reserves	—	28	89
Other	2,637	1,910	2,094
<b>Total non-current liabilities</b>	<b>28,468</b>	<b>30,499</b>	<b>33,429</b>
Bonds	10,000	10,000	10,000
Long-term loans payable	3,711	6,632	6,343
Lease obligations	—	3,398	3,727
Deferred tax liabilities	7,469	5,652	7,956
Reserves for retirement benefits	2,315	—	—
Liabilities for retirement benefits	—	2,581	3,075
Asset retirement obligations	332	653	748
Other	4,639	1,581	1,578
<b>Total liabilities</b>	<b>124,369</b>	<b>136,596</b>	<b>126,489</b>
<b>Net assets</b>			
<b>Total shareholders' equity</b>	<b>182,638</b>	<b>195,752</b>	<b>208,548</b>
Paid-in capital	24,104	24,104	24,104
Capital surplus	29,434	30,309	30,302
Earned surplus	132,491	142,489	155,557
Treasury stock	(3,392)	(1,150)	(1,416)
<b>Total accumulated other comprehensive income</b>	<b>1,566</b>	<b>(701)</b>	<b>5,525</b>
Unrealized holding gains (losses) on securities	4,771	5,902	9,330
Unrealized gains (losses) on hedges	(4)	4	(8)
Foreign currency translation adjustments	(3,200)	(1,234)	(552)
Accumulated adjustments for retirement benefits	—	(5,373)	(3,243)
<b>Minority interests</b>	<b>26,080</b>	<b>25,346</b>	<b>31,856</b>
<b>Total net assets</b>	<b>210,285</b>	<b>220,397</b>	<b>245,929</b>
<b>Total liabilities and net assets</b>	<b>334,655</b>	<b>356,994</b>	<b>372,419</b>

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

For the fiscal years ended November 30, 2013, 2014 and 2015 (¥ million)

Consolidated Statements of Income	FY2013	FY2014	FY2015
Net sales	530,549	553,404	578,192
Cost of sales	402,283	419,042	432,489
Gross profit	128,266	134,362	145,702
Selling, general and administrative expenses	105,864	110,018	119,261
<b>Operating income</b>	<b>22,402</b>	<b>24,343</b>	<b>26,441</b>
<b>Total non-operating income</b>	<b>1,736</b>	<b>1,850</b>	<b>1,734</b>
Interest income	156	152	121
Dividends income	464	388	450
Equity in earnings of affiliates	111	—	134
Dividends income of insurance	177	—	—
Other	826	1,309	1,027
<b>Total non-operating expenses</b>	<b>389</b>	<b>825</b>	<b>863</b>
Interest expenses	259	296	314
Losses on valuation of derivatives	—	—	129
Foreign exchange losses	—	—	94
Business commencement expenses	11	189	—
Equity in losses of affiliates	—	102	—
Other	119	237	324
<b>Ordinary income</b>	<b>23,749</b>	<b>25,368</b>	<b>27,311</b>
<b>Total extraordinary gains</b>	<b>1,896</b>	<b>759</b>	<b>3,816</b>
Gains on change in equity	—	—	1,197
Gains on extinguishment of tie-in shares	—	—	901
Gains on step acquisitions	—	4	830
Subsidy income	—	—	416
Gains on sales of fixed assets	321	104	128
Gains on negative goodwill	1,200	406	105
Other	373	244	237
<b>Total extraordinary losses</b>	<b>3,240</b>	<b>1,551</b>	<b>2,465</b>
Losses on disposal of fixed assets	1,089	883	1,368
Losses on impairment of fixed assets	1,114	586	373
Losses on liquidation of subsidiaries and affiliates	—	—	261
Losses on valuation of investments in capital of subsidiaries and affiliates	—	—	257
Other	1,035	82	204
<b>Income before income taxes and minority interests</b>	<b>22,405</b>	<b>24,575</b>	<b>28,663</b>
<b>Total income taxes</b>	<b>7,660</b>	<b>9,130</b>	<b>8,862</b>
Income taxes	7,424	9,212	8,860
Income taxes—deferred	236	(82)	1
<b>Income before minority interests</b>	<b>14,744</b>	<b>15,445</b>	<b>19,800</b>
<b>Minority interests</b>	<b>2,176</b>	<b>2,078</b>	<b>2,769</b>
<b>Net income</b>	<b>12,567</b>	<b>13,366</b>	<b>17,031</b>

For the fiscal years ended November 30, 2013, 2014 and 2015 (¥ million)

Consolidated Statements of Comprehensive Income	FY2013	FY2014	FY2015
<b>Income before minority interests</b>	<b>14,744</b>	<b>15,445</b>	<b>19,800</b>
<b>Total other comprehensive income</b>	<b>4,511</b>	<b>3,522</b>	<b>6,461</b>
Unrealized holding gains (losses) on securities	2,232	1,224	3,552
Unrealized gains (losses) on hedges	(20)	6	(12)
Foreign currency translation adjustments	2,294	2,289	683
Adjustments for retirement benefits	—	—	2,237
Share of other comprehensive income of affiliates accounted for using equity method	5	2	—
<b>Comprehensive income</b>	<b>19,256</b>	<b>18,968</b>	<b>26,261</b>
(Breakdown)			
Comprehensive income attributable to owners of the parent	16,490	16,472	23,258
Comprehensive income attributable to minority interests	2,766	2,495	3,003

# Consolidated Statements of Changes in Net Assets

For the fiscal year ended November 30, 2013 (¥ million)

FY2013	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income			
Balance at November 30, 2012	24,104	29,434	123,143	(3,389)	173,292	2,646	7	(5,009)	(2,355)	24,991	195,928	
<b>Changes of items during the fiscal year</b>												
Dividends from surplus			(3,219)		(3,219)						(3,219)	
Net income			12,567		12,567						12,567	
Repurchase of shares				(3)	(3)						(3)	
Net changes of items other than shareholders' equity						2,124	(11)	1,809	3,922	1,089	5,012	
Total changes during the fiscal year	—	—	9,348	(3)	9,345	2,124	(11)	1,809	3,922	1,089	14,357	
Balance at November 30, 2013	24,104	29,434	132,491	(3,392)	182,638	4,771	(4)	(3,200)	1,566	26,080	210,285	

For the fiscal year ended November 30, 2014 (¥ million)

FY2014	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at November 30, 2013	24,104	29,434	132,491	(3,392)	182,638	4,771	(4)	(3,200)	—	1,566	26,080	210,285
<b>Changes of items during the fiscal year</b>												
Dividends from surplus			(3,369)		(3,369)							(3,369)
Net income			13,366		13,366							13,366
Repurchase of shares				(4)	(4)							(4)
Change in treasury stock arising from change in equity in affiliates accounted for using equity method				(6)	(6)							(6)
Allocation of treasury stock by share exchange		875		2,253	3,128							3,128
Net changes of items other than shareholders' equity						1,130	9	1,965	(5,373)	(2,268)	(734)	(3,002)
Total changes during the fiscal year	—	875	9,997	2,242	13,114	1,130	9	1,965	(5,373)	(2,268)	(734)	10,111
Balance at November 30, 2014	24,104	30,309	142,489	(1,150)	195,752	5,902	4	(1,234)	(5,373)	(701)	25,346	220,397

For the fiscal year ended November 30, 2015 (¥ million)

FY2015	Shareholders' equity					Accumulated other comprehensive income					Minority interests	Total net assets
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at November 30, 2014	24,104	30,309	142,489	(1,150)	195,752	5,902	4	(1,234)	(5,373)	(701)	25,346	220,397
Cumulative effects of changes in accounting policies			(320)		(320)						(12)	(332)
Restated balance	24,104	30,309	142,168	(1,150)	195,432	5,902	4	(1,234)	(5,373)	(701)	25,333	220,064
<b>Changes of items during the fiscal year</b>												
Dividends from surplus			(3,642)		(3,642)							(3,642)
Net income			17,031		17,031							17,031
Repurchase of shares		(6)		(266)	(272)							(272)
Net changes of items other than shareholders' equity						3,428	(13)	681	2,130	6,226	6,522	12,749
Total changes during the fiscal year	—	(6)	13,388	(266)	13,115	3,428	(13)	681	2,130	6,226	6,522	25,864
Balance at November 30, 2015	24,104	30,302	155,557	(1,416)	208,548	9,330	(8)	(552)	(3,243)	5,525	31,856	245,929

# Consolidated Statements of Cash Flows

For the fiscal years ended November 30, 2013, 2014 and 2015 (¥ million)

	FY2013	FY2014	FY2015
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	22,405	24,575	28,663
Depreciation and amortization	14,572	16,132	19,094
Losses on impairment of fixed assets	1,114	586	373
Amortization of goodwill	45	14	229
Retirement benefit expenses	—	—	1,222
Equity in losses (earnings) of affiliates	(111)	102	(134)
Losses (gains) on valuation of investment securities	8	4	9
Losses on valuation of investments in capital of subsidiaries and affiliates	—	—	257
Gains on negative goodwill	(1,200)	(406)	(105)
Losses (gains) on step acquisitions	—	(4)	(830)
Losses (gains) on change in equity	—	—	(1,197)
Losses (gains) on extinguishment of tie-in shares	—	—	(901)
Increase (decrease) in reserves for retirement benefits	(413)	(2,315)	—
Decrease (increase) in prepaid pension costs	189	15,736	—
Increase (decrease) in liabilities for retirement benefits	—	2,523	473
Decrease (increase) in assets for retirement benefits	—	(16,198)	(1,653)
Increase (decrease) in reserves for sales rebates	(83)	22	(112)
Increase (decrease) in reserves for directors' bonuses	9	(26)	56
Increase (decrease) in reserves for bonuses	113	(72)	340
Increase (decrease) in allowances for doubtful accounts	84	(77)	(89)
Interest and dividends income	(620)	(540)	(572)
Interest expenses	259	296	314
Losses (gains) on sales of investment securities	(2)	(45)	52
Losses (gains) on sales and disposal of fixed assets	783	784	1,258
Decrease (increase) in notes and accounts receivable—trade	(10,162)	(3,419)	8,854
Decrease (increase) in inventories	(940)	(3,215)	(1,151)
Increase (decrease) in notes and accounts payable—trade	8,760	2,613	(12,687)
Increase (decrease) in accounts payable—other	4,265	414	(2,736)
Increase (decrease) in accrued consumption taxes	143	2,473	(802)
Increase (decrease) in long-term accounts payable	(57)	(201)	(73)
Other	(111)	372	(323)
Subtotal	39,051	40,128	37,830
Interest and dividends income received	647	594	627
Interest paid	(260)	(296)	(314)
Income taxes paid	(12,068)	(6,034)	(10,049)
<b>Net cash provided by (used in) operating activities</b>	<b>27,369</b>	<b>34,392</b>	<b>28,094</b>



	FY2013	FY2014	FY2015
<b>Cash flows from investing activities</b>			
Purchases of securities	—	(10,000)	(10,000)
Proceeds from redemption of securities	—	10,000	10,000
Purchases of tangible fixed assets	(25,450)	(28,243)	(30,032)
Purchases of intangible fixed assets	(1,021)	(1,252)	(1,529)
Subsidy income	—	—	416
Purchases of investment securities	(714)	(1,092)	(157)
Proceeds from sales of investment securities	659	133	178
Proceeds from redemption of investment securities	—	1,946	—
Purchases of shares of subsidiaries and affiliates	—	(2,184)	—
Proceeds from sales of shares of subsidiaries and affiliates	—	—	58
Acquisition of subsidiaries' shares	(697)	(35)	(21)
Proceeds from sales of subsidiaries' shares	623	432	30
Proceeds from acquisition of subsidiaries' shares resulting in change in scope of consolidation	—	70	44
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation	131	—	—
Payments of loans receivable	(138)	—	—
Collection of loans receivable	299	—	—
Net decrease (increase) in short-term loans receivable	—	49	(82)
Payments of long-term loans receivable	—	(48)	(21)
Collection of long-term loans receivable	—	53	19
Payments into time deposits	(3)	(20)	(98)
Proceeds from withdrawal of time deposits	3,000	—	117
Other	1,415	(657)	(102)
<b>Net cash provided by (used in) investing activities</b>	<b>(21,897)</b>	<b>(30,847)</b>	<b>(31,181)</b>
<b>Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans payable	310	(1,530)	(541)
Repayment of lease obligations	(1,120)	(1,332)	(1,753)
Proceeds from long-term loans payable	3,830	4,610	1,303
Repayment of long-term loans payable	(1,177)	(1,010)	(1,466)
Proceeds from share issuance to minority shareholders	—	—	181
Redemption of bonds	(500)	—	—
Cash dividends paid	(3,219)	(3,369)	(3,642)
Cash dividends paid to minority shareholders	(426)	(513)	(550)
Repurchase of shares	(3)	(4)	(79)
Purchase of treasury shares of subsidiaries	—	—	(551)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,307)</b>	<b>(3,149)</b>	<b>(7,101)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>411</b>	<b>429</b>	<b>235</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,576</b>	<b>825</b>	<b>(9,952)</b>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	<b>40,387</b>	<b>43,963</b>	<b>44,788</b>
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	<b>—</b>	<b>—</b>	<b>5</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>43,963</b>	<b>44,788</b>	<b>34,841</b>

## ■ Changes in Accounting Methods (from Fiscal 2016)

### Change to accounting standard for net sales

From the fiscal year ending November 2016, the Company has changed its accounting method of recording "sales promotion expenses and part of distribution expenses."

**[Prior to change]** Sales promotion expenses were posted as "marketing costs" when the cost was finalized.

**[After change]** When sales are posted, sales promotion expenses, etc., are deducted from net sales.

#### Impact on fiscal year ended November 2015

Net sales: ¥28.4 billion decrease

Operating income: ¥1.0 billion decrease

### Change to amortization method for fixed assets

From the fiscal year ending November 2016, the Company will change its amortization method for fixed assets.

**[Prior to change]** Declining balance method

**[After change]** Straight-line method

(The Company is reviewing its evaluation methods for service life and residual value.)

#### Impact on loss or gain if compared with past method (expected)

Fiscal year ending November 2016 : Operating income + ¥2.0 billion

Fiscal year ending November 2018 : Operating income + ¥2.8 billion

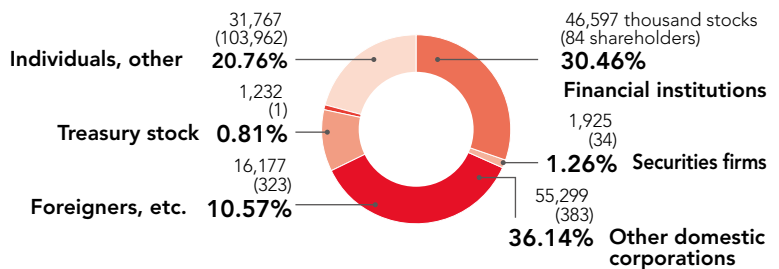
These figures could change depending on the investment situation.

# Stock Information As of November 30, 2015

## Share Overview

Number of Authorized Shares: 500,000,000 shares  
 Number of Shares Issued: 153,000,000 shares  
 Shares per Trading Unit: 100 shares  
 Number of Shareholders: 104,787

## Breakdown of Shareholders



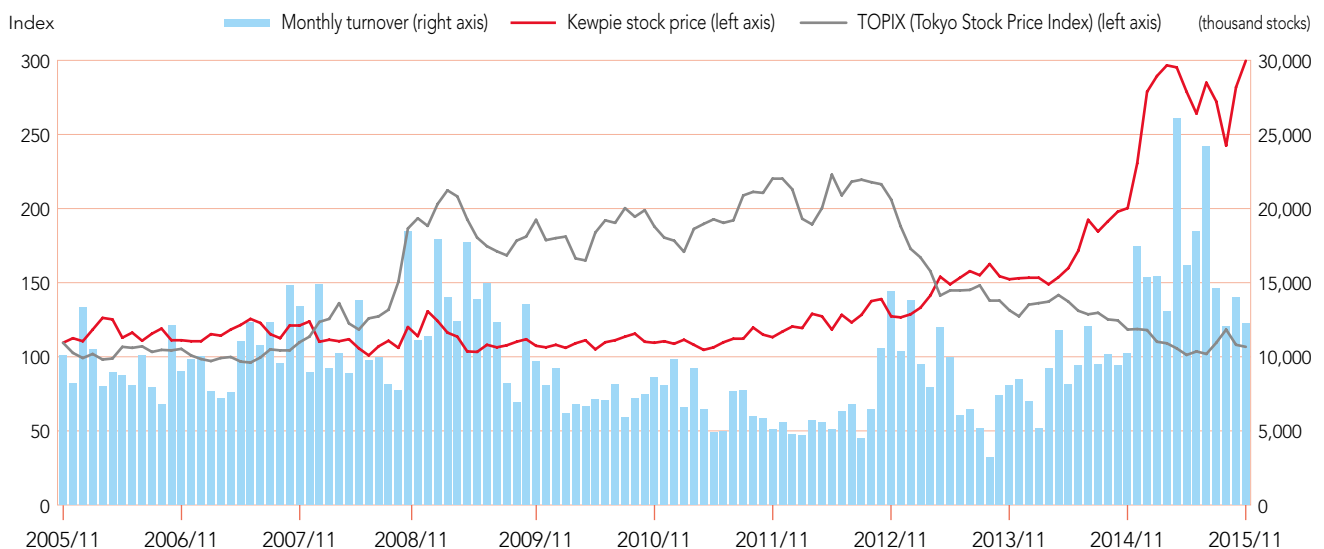
## Principal Shareholders

Trade name	Number of the Company's shares held (thousand shares)	Stock holdings ratio (%)
Nakashimato Co., Ltd.	21,541	14.2
Tohka Co., Ltd.	11,872	7.8
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,438	3.6
Japan Trustee Services Bank, Ltd. (Trust Account)	5,310	3.5
Mizuho Trust & Banking Co., Ltd. employee pension trust, asset management service trust for beneficiary of the retrust	4,827	3.2
Kieikai Research Foundation	4,251	2.8
Sumitomo Mitsui Banking Corporation	3,208	2.1
Nippon Life Insurance Company	3,039	2.0
The Dai-ichi Life Insurance Company, Limited	3,012	2.0
Nakato Scholarship Foundation	2,494	1.6

Notes:

- The 4,827,000 shares of the Company held by Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. represent shares of the Company held by Mizuho Bank, Ltd. that have been contributed to the retirement benefit trust.
- The Company holds 1,232,318 shares of treasury stock.
- The stock holdings ratios identified above are calculated after deducting treasury stock.

## Share Price Movement



\* Stock price index of Kewpie and TOPIX (November 30, 2005 = 100)

# Corporate Information As of November 30, 2015

## ● Corporate Data

Corporate Name: Kewpie Corporation  
 Founded: November 30, 1919  
 Paid-in Capital: ¥24,104 million  
 Number of Employees (consolidated): 13,478

Location of Head Office: 4-13, Shibuya 1-chome, Shibuya-ku, Tokyo, Japan  
 Stock Exchange Listing: Tokyo Stock Exchange First Section (Ticker Code: 2809)  
 American Depositary Receipts (ADRs): OTC (Symbol: KWCPY)  
 Transfer Agent: Sumitomo Mitsui Trust & Banking Co., Ltd.

## ● Kewpie Group

■ Condiments Products Business   
 ■ Egg Products Business   
 ■ Delicatessen Products Business  
■ Processed Foods Business   
 ■ Fine Chemical Products Business  
■ Distribution System Business   
 ■ Common Business Operations

### Domestic Subsidiaries

<span style="color: #C00000;">■</span> Kewpie Jyozo Co., Ltd.	Production and sale of vinegar
<span style="color: #C00000;">■</span> Dispen Pak Japan Co., Inc.	Production and sale of foods, subdividing and packing work
<span style="color: #C00000;">■</span> Salad Mate Co., Ltd.	Sale of condiments and processed foods
<span style="color: #C00000;">■</span> Deft Co., Ltd.	Sale of condiments and frozen / processed foods
<span style="color: #C00000;">■</span> Kpack Co., Ltd.	Production and sale of condiments
<span style="color: #C00000;">■</span> Fujiyoshida Kewpie Co., Ltd.	Production and processing of foods; outsourced work
<span style="color: #FFC000;">■</span> Kanae Foods Co., Ltd.	Production and sale of processed eggs
<span style="color: #FFC000;">■</span> Zen-noh Kewpie Egg-station Co., Ltd.	Production and sale of dried eggs and liquid eggs, etc.
<span style="color: #FFC000;">■</span> Kewpie Egg Corporation	Production and sale of liquid / frozen eggs
<span style="color: #FFC000;">■</span> Kewpie-Egg World Trading Co., Ltd.	Sale of eggs and processed eggs
<span style="color: #90EE90;">■</span> Deria Foods Co., Ltd.	Sale of salads and delicatessen foods
<span style="color: #90EE90;">■</span> Shunsai Deli Co., Ltd.	Production and sale of delicatessen foods
<span style="color: #90EE90;">■</span> Seto Delica Co., Ltd.	Production and sale of delicatessen foods
<span style="color: #90EE90;">■</span> Ishikari Delica Co., Ltd.	Production and sale of delicatessen foods
<span style="color: #90EE90;">■</span> Hanshin Delica Co., Ltd.	Production and sale of delicatessen foods
<span style="color: #90EE90;">■</span> Tosu Delica Co., Ltd.	Production and sale of delicatessen foods
<span style="color: #90EE90;">■</span> Kitakami Delica Co., Ltd.	Production and sale of delicatessen foods
<span style="color: #90EE90;">■</span> Enshu Delica Co., Ltd.	Processing and sale of fresh vegetables
<span style="color: #90EE90;">■</span> Potato Delica Co., Ltd.	Production of frozen / chilled foods
<span style="color: #90EE90;">■</span> Gourmet Delica Co., Ltd.	Production and sale of delicatessen foods
<span style="color: #90EE90;">■</span> Salad Club, Inc.	Processing and sale of fresh vegetables
<span style="color: #90EE90;">■</span> Green Message Co., Ltd.	Processing and sale of vegetable products
<span style="color: #0000FF;">■</span> Aohata Corporation	Production and sale of canned food
<span style="color: #0000FF;">■</span> Kowa Delica Co., Ltd.	Production of canned food
<span style="color: #0000FF;">■</span> Co-op Foods Co., Ltd.	Production and sale of canned / bottled, canned and /or retort pouch foods
<span style="color: #0000FF;">■</span> Hashikami Kewpie Co., Ltd.	Production and processing of foods; outsourced work
<span style="color: #0000FF;">■</span> Tosu Kewpie Co., Ltd.	Production and processing of foods; outsourced work
<span style="color: #FFA07A;">■</span> Tou Kewpie Co., Ltd.	Mail-order sales business

<span style="color: #0000FF;">■</span> K.R.S. Corporation	Warehousing and transportation
<span style="color: #0000FF;">■</span> S. Y. Promotion Co., Ltd.	Transportation
<span style="color: #0000FF;">■</span> K. Tis Corporation	Warehousing and transportation
<span style="color: #0000FF;">■</span> Kewso Services Corporation	Sale of equipment for cars
<span style="color: #0000FF;">■</span> K Logistics Corporation	Transportation
<span style="color: #0000FF;">■</span> San-ei Logistics Corporation	Transportation
<span style="color: #0000FF;">■</span> Osaka San-ei Logistics Corporation	Transportation
<span style="color: #0000FF;">■</span> M Logistics Corporation	Transportation
<span style="color: #0000FF;">■</span> Sun Family Corporation	Transportation
<span style="color: #0000FF;">■</span> YSystem Corporation	Transportation
<span style="color: #800080;">■</span> Shiba Seisakusyo Co., Ltd.	Production of machinery and equipment
<span style="color: #800080;">■</span> San-ei Provisions Co., Ltd.	Sale of products for commercial use
<span style="color: #800080;">■</span> K.System Co., Ltd.	Consigned clerical work
<span style="color: #800080;">■</span> Kewpie Ai Co., Ltd.	Consigned clerical work
<span style="color: #800080;">■</span> K.SS Co., Ltd.	Planning, production and services for sales promotion

### Overseas Subsidiaries

<span style="color: #C00000;">■</span> Q&B Foods, Inc.	Production and sale of mayonnaise and dressings
<span style="color: #C00000;">■</span> Beijing Kewpie Foods Co., Ltd.	Production and sale of foods
<span style="color: #C00000;">■</span> Kewpie (Thailand) Co., Ltd.	Production and sale of condiment sauce, powdered condiments and bottled and/or canned foods
<span style="color: #C00000;">■</span> Hangzhou Kewpie Foods Corporation	Production and sale of foods
<span style="color: #C00000;">■</span> Kewpie Malaysia Sdn. Bhd.	Production and sale of condiments
<span style="color: #C00000;">■</span> Kewpie Vietnam Co., Ltd.	Production and sale of condiments
<span style="color: #C00000;">■</span> Pt. Kewpie Indonesia.	Production and sale of condiments
<span style="color: #C00000;">■</span> Nantong Kewpie Foods Co., Ltd.	Production and sale of vinegar, processed eggs and salads
<span style="color: #FFC000;">■</span> Henningsen Foods, Inc.	Production and sale of egg products and dried meats
<span style="color: #FFC000;">■</span> Henningsen Foods, Netherlands Inc.	Investment in affiliates in the Netherlands
<span style="color: #800080;">■</span> Kifuki U.S.A. Co., Inc.	Investment in and management of U.S. associates





[www.kewpie.co.jp/english](http://www.kewpie.co.jp/english)