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(Translation)

Matters to be disclosed on the Internet
pursuant to laws and ordinances and the Articles of Incorporation

Consolidated Notes

Non-Consolidated Notes

For the 101st Fiscal Year
(December 1, 2012 to November 30, 2013)

Kewpie Corporation

These matters are made available by publication on the Internet website of the Company pursuant to laws and ordinances and its Articles of Incorporation.
(http://www.kewpie.co.jp/company/ir/stocks_information03.html)

Consolidated notes

I. Notes on the matters forming the basis of preparation of consolidated financial statements

1. Consolidated subsidiaries

The Group has fifty-one consolidated subsidiaries in the current fiscal year. The significant consolidated subsidiaries are Kewpie Egg Corporation, Deria Foods Co., Ltd., Kewpie Jyozo Co., Ltd., K.R.S. Corporation, Co-op Foods Co., Ltd., Kanae Foods Co., Ltd., Zen-noh Kewpie Egg Station Co., Ltd., Gourmet Delica Co., Ltd. and SALAD CLUB INC. In the current fiscal year, newly incorporated PT. Kewpie Indonesia and Kewpie-Egg World Trading Co., Ltd. were added to the consolidated subsidiaries but three subsidiaries were excluded from the consolidation as a result of the merger of consolidated subsidiaries Sai Delica Co., Ltd. and Gourmet Delica Co., Ltd., the merger of a consolidated subsidiary Saika Co., Ltd. by the Company and the sale of shares of a consolidated subsidiary Fujisan Sensui Co., Ltd.

Among the fourteen non-consolidated subsidiaries, the principal one is Asato Logistics Corporation. These companies are excluded from the consolidation, because their total amounts of total assets, net sales, net income (equal to the equity share) and earned surplus (equal to the equity share) do not have a significant effect on the consolidated financial statements.

2. Application of the equity method

The equity method is applied to the investments in six affiliated companies. The significant equity-method affiliates are Aohata Corporation and Summit Oil Mill Co., Ltd. The investments in Asato Logistics Corporation and 13 other non-consolidated subsidiaries, as well as Tohoku Aohata Co., Ltd. and four other affiliated companies, which are not accounted for by the equity method, are excluded from the application of the equity method, because the aggregate amounts of net income or loss and earned surplus, equal to the equity share, do not have a significant effect on the consolidated financial statements.

3. Fiscal years of consolidated subsidiaries

The date of the closing of accounts of Kewpie (Thailand) Co., Ltd., Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. is December 31 of each year. The date of the closing of accounts of Kifuki U.S.A. Co., Inc., Q&B Foods Inc., Henningsen Foods, Inc., Henningsen Foods, Netherlands Inc., Kewpie Malaysia Sdn. Bhd., Kewpie Vietnam Co., Ltd. and PT. Kewpie Indonesia is September 30 of each year.

For the purpose of preparation of consolidated financial statements, Kewpie (Thailand) Co., Ltd., Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. are consolidated based on their temporary financial statements as at September 30 and Kifuki U.S.A. Co., Inc., Q&B Foods Inc., Henningsen Foods, Inc., Henningsen Foods, Netherlands Inc., Kewpie Malaysia Sdn. Bhd., Kewpie Vietnam Co., Ltd. and PT. Kewpie Indonesia are consolidated based on their financial statements at their balance sheet date. Significant transactions for the period from October 1 up to November 30, if any, are reflected in the consolidated financial statements.

4. Accounting policies

(1) Basis and method of valuation of significant assets

(a) Securities

i) Held-to-maturity bonds are stated at amortized cost (by the straight-line method).

ii) Capital stocks of subsidiaries and affiliated companies not subject to the equity method are stated at cost, determined by the moving average method.

iii) Other securities with market value are stated at market value, determined by market prices, etc. as of the closing of the fiscal year (Revaluation differences are all transferred directly to capital. Selling costs are determined by the moving average method.). Those without market value are stated at cost, determined by the moving average method.

(b) Derivatives

Stated at market value.

Hedge accounting is applicable to hedge transactions that meet the requirements thereof.

(c) Inventories

Products and purchased goods, work in process, raw materials and supplies are principally stated at monthly moving average cost (the value method to devaluate a book value for decreasing profitability). Some joint products are stated at retail periodic average cost (the value method to devaluate a book value for decreasing profitability).

(2) Depreciation of significant depreciable assets

(a) Tangible fixed assets (excluding lease assets)

Tangible fixed assets, other than those described below, are depreciated using the declining-balance method, principally.

The buildings (excluding the improvements thereof) acquired on or after April 1, 1998 are depreciated using the straight-line method.

The bases for periods of useful life and residual values are mostly identical with those stipulated in the Corporation Tax Act of Japan.

(b) Intangible fixed assets (excluding lease assets)

Intangible fixed assets are depreciated using the straight-line method.

The bases for periods of useful life are mostly identical with those stipulated in the Corporation Tax Act of Japan.

Software for internal use is amortized by the straight-line method on the estimated useful life of internal use (five years).

(c) Lease assets

Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees are calculated by the straight-line method by considering the lease period to be useful life and the scrap value to be zero.

Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees, which started on or before November 30, 2008, are accounted for by the same method as that applied to ordinary operating leases.

(d) Long-term prepaid expenses

Long-term prepaid expenses are depreciated using the straight-line method.

(3) Accounting standards for significant allowances

(a) Allowance for doubtful accounts

To provide for losses on bad debts, the Company sets aside an estimated uncollectable amount, by taking into consideration the possible credit loss rate in the future based on the actual loss rate in respect of general credits, and the individual possibilities of collection in respect of possible non-performing credits and other specific claims.

(b) Reserve for sales rebates

To provide for payments for sales rebates to be incurred during the current fiscal year, a reserve for sales rebates is provided based on an accrual basis in accordance with each company's policy (rate of the estimated payments for sales rebates to sales).

(c) Reserve for bonuses

To provide for the payment of bonuses to employees, the reserves for bonuses are provided according to the expected amount of the payment for employees based on the applicable period.

(d) Reserve for officers' bonuses

To provide for the payment of bonuses to officers, a reserve for officers' bonuses is provided according to the estimated amounts payable at the end of the fiscal year under review.

(e) Reserve for employee retirement benefits

To meet the payment of retirement benefits to employees, the Company provides an amount accruing for the current fiscal year, based on estimated retirement benefit obligations and plan assets as of the close of the said fiscal year. A simplified method is applicable to some subsidiaries. Prior year service liabilities for each fiscal year are treated as expenses from the relevant fiscal year, based on the straight-line method for a specific period of years (12 years, but 10 to 13 years applicable only to K.R.S. Corporation) not exceeding the average remaining years of service of employees when such liabilities occur.

Actuarial differences for each fiscal year are treated as expenses from the next fiscal year, based on the straight-line method for a specific period of years (12 years, but 10 to 13 years applicable only to K.R.S. Corporation) not exceeding the average remaining years of service of employees when such differences occur. The employee retirement benefits systems of the Company and subsidiaries consist of a defined benefit pension plan (fund type and bylaw type) and a retirement lump-sum grants system.

(4) Significant methods of hedge accounting

(a) Deferral hedge is adopted in hedge accounting. Appropriation processing is adopted for transactions that meet the requirements for that method. Special processing is adopted for interest-rate swap transactions that meet the requirements for special processing.

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

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

(d) The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rates, and interest swap agreements to hedge risks from fluctuations in interest rates in the future.

In addition, the Company never makes use of them for the purpose of speculative transactions.

(e) Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to each company's bylaw. The effectiveness of the hedge is analyzed by comparing movements in the fair value of hedged items with those of hedging instruments, assessed and strictly controlled.

However, the measurement of the effectiveness of interest swap agreements that conform to the special regulated terms is omitted.

(5) Other important matters forming the basis of preparation of consolidated financial statements

Consumption taxes are treated on a net-of-tax basis.

5. Amortization of goodwill

Goodwill is amortized over five years using the straight-line method. Trivial goodwill is fully amortized in the fiscal year in which it is incurred.

6. Changes in accounting policies which are difficult to distinguish from changes in accounting estimates

(Changes in depreciation method)

Effective from the current fiscal year, the Company and its domestic consolidated subsidiaries have changed the depreciation method for the relevant tangible fixed assets newly acquired on or after December 1, 2012 according to the amendment to the Corporation Tax Act of Japan.

As a result, operating income increased by ¥322 million, ordinary income and income before income taxes and minority interests increased by ¥325 million, respectively.

II. Notes to consolidated balance sheet

1. Pledged assets and secured obligations

Amount of pledged assets (book value):	Tangible fixed assets	¥2,110 million
	Total	¥2,110 million
Obligations secured by such pledged assets:	Short-term borrowings	¥307 million
	Long-term borrowings	¥2,276 million
	Total	¥2,584 million

2. Contingent liabilities

Guarantee obligations	¥774 million

III. Notes to consolidated statement of income

1. Gains on negative goodwill

Gains on negative goodwill are reported because the Company has additionally acquired the shares of its consolidated subsidiary Co-op Foods Co., Ltd. from its minority shareholders.

IV. Notes to consolidated statement of changes in shareholders' equity, etc.

1. Classes and total numbers of shares issued and outstanding and shares of treasury stock

	Class of shares issued and outstanding	Class of shares of treasury stock
	Shares of common stock	Shares of common stock
Number of shares as of December 1, 2012	153,000,000 shares	3,276,258 shares
Increase in the number of shares during the year	-	2,297 shares
Decrease in the number of shares during the year	-	-
Number of shares as of November 30, 2013	153,000,000 shares	3,278,555 shares

(Note) The number of shares of treasury stock (common stock) increased during the fiscal year under review as a result of the acquisition of less-than-one-unit shares.

2. Distribution of surplus

(1) Amount of dividends paid

(a) At the meeting of the Board of Directors held on January 24, 2013, a resolution was adopted as follows:

・ Matters concerning dividends on shares of common stock

1) Total amount of dividends ¥1,572,271,995
2) Amount of dividend per share ¥10.50
3) Record date November 30, 2012
4) Effective date February 27, 2013

(b) At the meeting of the Board of Directors held on June 24, 2013, a resolution was adopted as follows:

・ Matters concerning dividends on shares of common stock

1) Total amount of dividends ¥1,647,128,175
2) Amount of dividend per share ¥11.00
3) Record date May 31, 2013
4) Effective date August 5, 2013

(2) Dividends the record date of which fell during the fiscal year under review but the effective date of which will fall during the next fiscal year

A proposition is planned to be submitted to the meeting of the Board of Directors to be held on January 24, 2014 as follows:

- Matters concerning dividends on shares of common stock

1)	Total amount of dividends	¥1,647,116,823
2)	Fund of dividends	Earned surplus
3)	Amount of dividend per share	¥11.00
4)	Record date	November 30, 2013
5)	Effective date	February 26, 2014

V. Notes to financial instruments

1. Matters relating to the status of financial instruments

(1) Policy in relation to financial instruments:

The Group raises required funds through bank loans and bond issues according to its equipment investment plan. Floating money is invested in high-security financial assets and short-term operating funds are provided by bank loans. The Group uses derivatives to hedge risks, as described below, and has a policy not to conduct speculative trading.

(2) Details of financial instruments and related risks:

Trade receivables – trade notes and accounts receivable – are exposed to clients' credit risks. Securities and investment securities, which principally consist of shares in the client companies related with the Group's business, are exposed to market risk.

Substantially all of trade payables – trade notes and accounts payable – have payment due dates within one year. Some trade payables in relation to import of raw materials are denominated in foreign currencies and exposed to foreign currency risk, which is hedged by using forward exchange contracts when necessary. Short-term borrowings are funds raised principally in relation to business transactions and long-term borrowings and bonds are funds raised principally for equipment investment requirements. Certain funds so raised bear floating interest rates and are exposed to interest volatility risk, which is hedged by using interest swap agreements, among others.

Derivatives are forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies, interest swap agreements to hedge interest volatility risk relating to borrowings and oil swaps to hedge market risk relating to prices of light oil and heavy oil. With regard to hedging instruments, hedged items, hedge policies, the method of assessment of the effectiveness of hedges, etc., please refer to the above "Basis of preparation of consolidated financial statements", "4. Accounting policies", "(4) Signification methods of hedge accounting".

(3) Risk management system relating to financial instruments:

(i) Management of credit risk:

The Company, through its operation management division and accounting and financing division, periodically monitor the conditions of its major clients and manages the due dates and balances of its trade receivables by client to early detect or reduce credits that may become uncollectable due to the deterioration of its financial position or other reasons. Likewise, its consolidated subsidiaries manage their trade receivables.

With regard to derivatives, the Company perceives very little credit risk as it enters into transactions solely with financial institutions with high ratings.

(ii) Management of market risk:

The Group uses forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies, interest swap agreements to hedge interest volatility risk relating to borrowings and oil swaps to hedge market risk relating to prices of light oil and heavy oil. The Company's risk management relating to such derivatives is conducted by its Division of Production and Financial Department pursuant to its internal rules and all of the trading results are reported to the General Manager of the Financial Department. With regard to its consolidated subsidiaries, such risk management is conducted principally by their respective administration divisions and all of the trading results are reported to the respective directors of the subsidiaries responsible therefor.

With regard to securities and investment securities, the Company periodically gains information on the market values and financial standings of the issuers (client companies) and review the holding of securities other than those held to maturity on a continuous basis by taking into consideration the market conditions and the relationships with the client companies.

(iii) Management of liquidity risk relating to fund-raising:

The Group prepares and revises cash flow projections on a timely basis and keep current cash flow at a specified level through overdraft agreements with several banks and a cash management system to manage liquidity risk.

(4) Supplementary explanation of matters relating to the fair values of financial instruments, etc.:

The fair values of financial instruments include market prices and reasonably estimated values if there are no market prices. As the estimation of fair values incorporates variable factors, adopting different assumptions may change the values.

2. Matters concerning fair values, etc. of financial instruments

The following table shows amounts for items recorded in the consolidated balance sheet as of November 30, 2013, along with their fair values and the variances. Items for which determining the fair values is recognized as being extremely difficult are not included in the table. (See Note 2)

(millions of yen)

		Balance sheet amount	Fair value	Variance
(1)	Cash and deposits	33,967	33,967	-
(2)	Trade notes and accounts receivable	77,460		
	Allowances for doubtful accounts (*1)	(238)		
		77,221	77,221	-
(3)	Securities and investment securities:	28,764	29,115	350
	Total assets	139,953	140,304	350
(4)	Trade notes and accounts payable	50,786	50,786	-
(5)	Short-term borrowings	7,614	7,614	-
(6)	Accounts payable - other	20,113	20,113	-
(7)	Accrued income taxes	2,725	2,725	-
(8)	Bonds	10,000	10,003	3
(9)	Long-term borrowings	4,409	4,419	9
	Total liabilities	95,649	95,662	13
	Derivatives (*2)	55	55	-

(*1) Allowances for doubtful accounts of trade notes and accounts receivable are excluded from the trade notes and accounts receivable.
(*2) Net receivables and payables resulting from derivatives are presented in net amounts.

(Note 1) Matters concerning the calculation method of the fair values of financial instruments, as well as marketable securities and derivatives:

Assets

(1) Cash and deposits and (2) Trade notes and accounts receivable:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(3) Securities and investment securities:

The fair value of stocks is determined by the price thereof traded on an exchange. For bonds, the value is determined by the price on an exchange or the price announced by the Company's financial institutions. For money in trust or otherwise, the book value is used, as the fair value is nearly equal to the book value as a result of its short settlement periods.

Liabilities

(4) Trade notes and accounts payable, (5) Short-term borrowings, (6) Accounts payable - other and (7) Accrued income taxes:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(8) Bonds:

The fair value of bonds with fixed interest rates is calculated from the present value of the total principal and interest discounted at a rate supposing newly conducted similar borrowings.

(9) Long-term borrowings:

The fair value of long-term borrowings with fixed interest rates is calculated from the present value of the total principal and interest discounted at a rate supposing newly conducted similar borrowings. For long-term borrowings with floating interest rates, the book value is used, as the fair value is nearly equal to the book value as a result of the revision of interest rates based on the market interest rates in short periods. With regard to some long-term borrowings with floating interest rates subject to special processing of interest rate swaps, the fair value is calculated by discounting the total principal and interest to be processed together with such interest swaps, at a reasonably estimated rate supposing conducted similar borrowings.

Derivatives

With regard to derivatives subject to special processing of interest rate swaps, the fair value is indicated by inclusion in the fair value of long-term borrowings to be hedged, as they are processed together with such long-term borrowings.

(Note 2) Financial instruments for which determining the market values is recognized as being extremely difficult:

Category	Balance sheet amount (millions of yen)
Unlisted shares	4,772

The item has no market price. Accordingly, as determining the market value is recognized as being extremely difficult, it is not included in "(3) Securities and investment securities".

VI. Notes to leased and other real estate properties

Notes to leased and other real estate properties are omitted as the total amount thereof is insignificant.

VII. Notes on information per share

Amount of net assets per share	¥1,230.32
Net income per share (basic)	¥83.94

VIII. Notes on material subsequent events

1. Establishment of a significant subsidiary

Upon the resolution of the Board of Director's meeting held on August 23, 2013, the Company established a joint venture company with the National Federation of Agricultural Cooperative Associations on December 3, 2013.

(1) Purpose of the establishment

The purpose is to develop the cut vegetables market by fully utilizing management resources and know-how owned by the National Federation of Agricultural Cooperative Associations and the Group in order to meet a growing demand for vegetables for processing and food service.

(2) Company profile

1)	Name of the company	Green Message Co., Ltd.
2)	Description of business	Production and sale of fruits and vegetables such as cut vegetables
3)	Capital amount	¥2,000 million

(3) Shareholding ratio after the acquisition

Kewpie Corporation	51%
National Federation of Agricultural Cooperative Associations	49%

2. Organization restructuring

(Making a company a consolidated subsidiary by tender offer and company split)

Upon the resolution of the Board of Director's meeting held on December 24, 2013, the Company decided to make a tender offer (the "Tender Offer") with the aim of acquiring the shares of Aohata Corporation ("Aohata"), an equity-method affiliate of the Company. Upon the resolutions of the Board of Directors' meetings held by two companies, respectively, on December 24, 2013, both companies decided to let Aohata succeed the business of selling bread-related products such as jams, whipped cream and spread, from the Company by a company split (the "Company Split"), and set December 1, 2014 as the effective date subject to the completion of the Tender Offer. As a result, both companies made an agreement of business-transfer-type company split. After the completion of the Tender Offer, the Company Split is expected to become effective and Aohata will be the Company's consolidated subsidiary.

Both companies believe that the Company Split would enable Aohata to operate both manufacturing and selling businesses, which will promote its prompt decision making, unique selling system and rapid product development in consideration of diversifying customer needs and changing preferences. This transaction would also enable the Processed foods business of the Company as a whole to improve market competitiveness. Both companies also agreed to the idea that making Aohata a consolidated company would contribute to their further growth and development and to the improvement in their corporate value, because it would lead to many positive changes, such as the further active utilization of each other's management know-how, integration of both companies' sales channels around the world, enhancement of partnership between them in processing fruits, strengthening the Processed foods business and improving profitability of the Company, and strengthening the management base of Aohata through further utilizing the management resources of the Company.

Both companies recognize the Company Split as very significant in achieving "sustainable domestic growth", a medium-term goal of the Group, since it will strengthen the Group's system for delivering a "delicious taste" and leaving a lasting "impression" on customers.

(1) Outline of subject company of Tender Offer and successor company of Company Split

1)	Name	Aohata Corporation
2)	Address	1-1-25, Tadanouminaka-machi, Takehara-shi, Hiroshima
3)	Name and title of representative	Eiichi Nozawa, President and Representative Director
4)	Description of business	Production and sale of jams
5)	Scale of operation	Net sales ¥18,437 million (for the fiscal year ended October 31, 2013) Net assets ¥8,386 million (as of October 31, 2013)
6)	Date of establishment	December 28, 1948
7)	Closing date	October 31

(2) Outline of Tender Offer

1)	Tender offer period	From December 25, 2013 to January 29, 2014
2)	Price of tender offer	¥1,510 per common stock
3)	Number of shares	
	Number of shares to be acquired	1,597,800 shares
	Minimum number of shares to be acquired	1,355,600 shares
	Maximum number of shares to be acquired	1,597,800 shares
4)	Commencement date of settlement:	February 5, 2014
5)	Shareholding ratio after the acquisition	from 35.48% to 39.00%

(3) Outline of Company Split

(i) Schedule for Company Split

Resolution date of absorption-type company split by both companies' Boards of Directors	December 24, 2013
Agreement date of absorption-type company split	December 24, 2013
Effective date of absorption-type company split	December 1, 2014 (Planned)

(ii) Method of Company Split

Absorption-type company split that positions the Company as the transferring company and Aohata as the succeeding company.

(Note) Figures are stated by discarding fractions of one million yen.

Non-consolidated notes

I. Notes on matters concerning significant accounting policies:

1. Basis and method of valuation of marketable securities:

(1) Held-to-maturity bonds: Stated at amortized cost (by the straight-line method)

(2) Capital stocks of subsidiaries and affiliated companies:

At cost, determined by the moving average method

(3) Other securities:

Those with market value: At market value, determined by market prices, etc. as of the closing of the fiscal year (Revaluation differences are all transferred directly to capital. Selling costs are determined by the moving average method.)

Those without market value: At cost, determined by the moving average method

2. Basis and method of valuation of derivatives:

At market value.

Hedge accounting is applicable to hedge transactions.

3. Inventories:

(1) Basis of valuation:

Merchandise and products, work-in-process and materials and stocks are valued at cost (the value method to devaluate a book value for decreasing profitability).

(2) Method of valuation:

Merchandise and products, work-in-process and materials and stocks are valued by the monthly moving average method.

4. Method of depreciation of fixed assets:

(1) Tangible fixed assets (excluding lease assets):

Tangible fixed assets, other than those described below, are depreciated using the declining-balance method.

The buildings (excluding the improvements thereof) acquired on or after April 1, 1998 are depreciated using the straight-line method.

The bases for periods of useful life and residual values are identical with those stipulated in the Corporation Tax Act of Japan.

(2) Intangible fixed assets (excluding lease assets):

Intangible fixed assets are depreciated using the straight-line method.

The bases for periods of useful life are identical with those stipulated in the Corporation Tax Act of Japan.

Software for internal use is amortized by the straight-line method based on the estimated useful life of internal use (five years).

(3) Lease assets:

Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees are calculated by the straight-line method by considering the lease period to be useful life and the scrap value to be zero.

Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees, which started on or before November 30, 2008, are accounted for by the same method as that applied to ordinary operating leases.

(4) Long-term prepaid expenses:

Long-term prepaid expenses are depreciated using the straight-line method.

5. Accounting for allowances:

(1) Allowance for doubtful accounts:

To provide for losses on bad debts, the Company sets aside an estimated uncollectable amount, by taking into consideration the possible credit loss rate in the future based on the actual loss rate in respect of general credits, and the individual possibilities of collection in respect of possible non-performing credits and other specific claims.

(2) Reserve for sales rebates:

To provide for payments for sales rebates to be incurred during the current fiscal year, a reserve for sales rebates is provided based on an accrual basis in accordance with the Company's policy (rate of the estimated payments for sales rebates to sales).

(3) Reserve for bonuses:

To provide for the payment of bonuses to employees, the reserves for bonuses are provided according to the expected amount of the payment for employees based on the applicable period.

(4) Reserve for officers' bonuses:

To provide for the payment of bonuses to officers, a reserve for officers' bonuses is provided according to the estimated amounts payable at the end of the fiscal year under review.

(5) Reserve for employee retirement benefits:

To meet the payment of retirement benefits to employees, the Company provides an amount accruing for the current fiscal year, based on estimated retirement benefit obligations and plan assets as of the close of the said fiscal year.

Prior year service liabilities for each fiscal year are treated as expenses from the relevant fiscal year, based on the straight-line method for a specific period of years (12 years) not exceeding the average remaining years of service of employees when such liabilities occur.

Actuarial differences for each fiscal year are treated as expenses from the next fiscal year, based on the straight-line method for a specific period of years (12 years) not exceeding the average remaining years of service of employees when such differences occur. For the fiscal year under review, such actuarial differences are treated as prepaid pension expense.

The Company has adopted a defined benefit pension plan (fund type and bylaw type) as its employee retirement benefits system.

6. Method of hedge accounting:

(1) Methods of hedge accounting

Deferral hedge is adopted in hedge accounting.

Appropriation processing is adopted for transactions that meet the requirements for that method.

(2) Hedging instruments and hedged items:

Hedging instruments: Forward exchange contracts

Hedged items: Purchase transactions in foreign currencies

(3) Hedging policy:

The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rates. In addition, the Company never makes use of them for the purpose of speculative transactions.

(4) Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to the Company's bylaw. The effectiveness of the hedge is analyzed by comparing movements in the fair value of hedged items with those of hedging instruments, assessed and strictly controlled.

7. Other important matters forming the basis of preparation of consolidated financial statements:

Consumption taxes are treated on a net-of-tax basis.

8. Changes in accounting policies which are difficult to distinguish from changes in accounting estimates

(Changes in depreciation method)

Effective from the current fiscal year, the Company has changed the depreciation method for the relevant tangible fixed assets newly acquired on or after December 1, 2012 according to the amendment to the Corporation Tax Act of Japan.

As a result, operating income, ordinary income and income before income taxes increased by ¥122 million, respectively.

II. Notes to the balance sheet:

			(millions of yen)
1.	Accumulated depreciation of tangible fixed assets:		107,450
2.	Contingent liabilities		
	Guarantee obligations:		588
3.	Accounts receivable from related companies:	Current assets	13,925
		Fixed assets	295
4.	Accounts payable to related companies:	Current liabilities	29,634
5.	Accounts payable to Directors and Corporate Auditors:	Long-term liabilities	131

III. Notes to the statement of income

		(millions of yen)
1.	Operating income from related companies:	19,808
2.	Operating expenses to related companies:	104,110
3.	Amount of transactions other than operating transactions with related companies:	1,853

4. Reversal of allowance for doubtful accounts (extraordinary income) and loss on extinguishment of tie-in shares (extraordinary loss)

   These items are reported because the Company has merged its consolidated subsidiary Saika Co., Ltd.

IV. Notes to the statement of changes in shareholders' equity, etc.

Class and total numbers of shares of treasury stock

	Class of shares of treasury stock
	Shares of common stock
Number of shares as of December 1, 2012	3,259,810 shares
Increase in the number of shares during the year	2,297 shares
Decrease in the number of shares during the year	-
Number of shares as of November 30, 2013	3,262,107 shares

(Note) The number of shares of treasury stock increased during the fiscal year under review as a result of the acquisition of less-than-one-unit shares.

V. Notes on tax effect accounting

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

	(millions of yen)
Deferred tax assets (current)	
Reserve for sales rebates	299
Reserve for bonuses	69
Accrued social security premiums	126
Others	319
Subtotal of deferred tax assets (current)	815
Valuation reserve	(66)
Total deferred tax assets (current)	748
Deferred tax assets (fixed)	
Trust of employee retirement benefits	1,262
Write-off of golf club membership	95
Others	977
Subtotal of deferred tax assets (fixed)	2,336
Valuation reserve	(684)
Total deferred tax assets (fixed)	1,652
Total deferred tax assets	2,400
Deferred tax liabilities (long-term)	
Prepaid pension expenses	(4,759)
Reserve for deferred tax on replacement assets	(1,285)
Revaluation difference of other securities, etc.	(2,122)
Others	(22)
Total of deferred tax liabilities (long-term)	(8,190)
Total deferred tax liabilities	(8,190)
Net deferred tax income (liabilities)	(5,789)

VI. Notes on fixed assets used on lease

Financial lease transactions other than those in which ownership of leased property is considered to be transferred to borrowers

(1) Amounts equivalent to the acquisition prices, accumulated depreciation and balance at the end of the year, of leased property:

(millions of yen)

	Amount equivalent to acquisition prices	Amount equivalent to accumulated depreciation	Amount equivalent to balance at the end of the year
Machinery and equipment	215	206	9
Vehicles and transportation equipment	11	9	2
Tools, furniture and fixtures	62	62	0
Total	290	278	11

(2) Amount equivalent to the balance of unearned rent at the end of the year:

Lease within one year:	¥12 million
Lease exceeding one year:	¥0 million
Total:	¥12 million

(3) Rent paid, the amount equivalent to depreciation costs and the amount of interest paid:

Rent paid:	¥43 million
Amount equivalent to depreciation costs:	¥37 million
Amount of interest paid:	¥1 million

(4) Calculation method of the amount equivalent to depreciation costs:

Depreciation costs are calculated by the straight-line method by considering the lease period to be useful life and the scrap value to be zero.

(5) Calculation method of the amount equivalent to interest:

The difference between the aggregate lease amounts on contracts and the amount equivalent to acquisition prices of leased property is considered to be an amount equivalent to interest. Such calculated interest is allocated to the respective years by the interest-method.

VII. Notes on transactions with related parties

1. Parent company, leading corporate shareholders, etc.:

(millions of yen)

Category	Corporate name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relationship		Transaction	Amount	Account	End of year
						Number of interlocking officers	Business relationship				
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Nakashimato Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sales of various processed foods	(Direct: 11.6% Direct: 12.9% Indirect: 7.9%)	Director: 3 persons	Purchase of products, sales of products and payment of brand use fees	Purchase of products Sale of products Expense (Payment of brand use fees)	444 259 840 (840)	Accounts payable - trade Accounts receivable - trade Accounts payable - other	98 76 0
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	2,945	Business of renting property/ Leasing business	(Direct: 7.9%)	Director: 1 person	Rent of the office, etc. and purchase of lease assets	Rent of property Purchase of lease assets Sale of land	460 30 583	Guarantee money deposited Accounts payable - other Other current liabilities Other long-term liabilities	118 2 13 29
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Tou Kewpie Co., Ltd. (Note 5)	Chofu, Tokyo	10	Mail-order business	Direct: 40.0%	Employee: 3 persons	Sales of products, payment of sales promotion cost and lease of property	Sale of products Expense (Payment of sales promotion cost) Property rental fee	645 42 (42) 16	Accounts receivable - trade Accounts payable - other Other current assets Guarantee money received	141 4 4 10

Category	Corporate name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relationship		Transaction	Amount	Account	End of year
						Number of interlocking officers	Business relationship				
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Tou Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	Employee: 1 person	Payment of advertising expense and sales promotion cost, and sales of products	Expense (Payment of advertising expense) (Payment of sales promotion cost) Sale of goods and products	7,238 (7,146) (92) 134	Accounts payable - other Other current assets Accounts receivable - trade	1,373 3 15
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Minato Shokai, Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	None	Sales of products, etc.	Sale of products	112	Accounts receivable - trade	19
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Tou Solutions Co., Ltd. (Note 6)	Shinjuku-ku, Tokyo	90	Plan, development, sale, maintenance and operations support of computer systems	Direct: 20.0%	Employee: 1 person	Outsourcing of computing work	Expense (payment of IT-related expense) Purchase of software Purchase of tangible fixed assets	1,869 (1,869) 345 24	Accounts payable - other	241
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Business of renting property	None	None	Rent of the office	Expense (Payment of rental fees)	76 (76)	Guarantee money deposited	117
Company whose director(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	T&A Co., Ltd. (Note 8)	Shibuya-ku, Tokyo	100	Business of renting property	[Direct: 1.4%]	Director: 1 person	Rent of the dormitory	Expense (Payment of rental fees)	65 (65)		

Terms of transactions and the policy on determination thereof:

(Note 1) The terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.
(Note 2) With regard to the above-listed transaction amounts, the amount of ending balance includes consumption taxes but the transaction amount does not include consumption taxes.
(Note 3) Amane Nakashima, Executive Managing Director of the Company, and his close relatives and the company in which they own a majority of voting rights directly own 82.9% of the voting rights of the relevant company.
(Note 4) The company in which Amane Nakashima, Executive Managing Director of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the relevant company.
(Note 5) The company in which Amane Nakashima, Executive Managing Director of the Company, and his close relatives own a majority of voting rights directly owns 60.0% of the voting rights of the relevant company.
(Note 6) The company in which Amane Nakashima, Executive Managing Director of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the relevant company.
(Note 7) Amane Nakashima, Executive Managing Director of the Company, and his close relatives directly own 100.0% of the voting rights of the relevant company.
(Note 8) Amane Nakashima, Executive Managing Director of the Company, and his close relatives directly own 89.5% of the voting rights of the relevant company.

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2. Subsidiaries, etc.:

(millions of yen)

Category	Trade name	Address	Capital stock	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Interlocking directors	Operating transactions	Transactions	Amount	Account	End of year
Subsidiary	Kewpie Egg Corporation	Chofu, Tokyo	350	Production and sale of liquid eggs, frozen eggs, etc.	Direct: 88.0%	Director: 2 persons Employee: 8 persons	Sales of goods and products and purchase of products and materials	Sale of goods and products Borrowing of fund Payment of interest	7,599 3,177 23	Accounts receivable - trade Short-term borrowings	2,281 4,560
Subsidiary	Kanae Foods Co., Ltd.	Chofu, Tokyo	50	Production and sale of processed egg, including egg spread, tthick omelet and shredded egg	Direct: 88.0%	Director: 2 persons Employee: 4 persons	Purchase of products	Purchase of products	16,404	Accounts payable - trade	2,991
Subsidiary	SALAD CLUB INC.	Fuchu, Tokyo	300	Processing and sale of fresh vegetables	Direct: 51.0%	Director: 2 persons Employee: 3 persons	Sale of materials	Borrowing of fund Payment of interest	1,962 14	Short-term borrowings	2,995

Terms of transactions and the policy on determination thereof:

(Note 1) The terms of purchases of products are determined individually upon consultation by reference to market prices, etc., as with other transactions in general. Interest on borrowings are determined reasonably in consideration of market interest rates.

(Note 2) Borrowings are associated with fund management under the cash management system. The transaction amounts thereof are shown by the average outstanding borrowings.

(Note 3) With regard to the above-listed transaction amounts, the amount of ending balance includes consumption taxes but the transaction amount does not include consumption taxes.

VIII. Note on information per share

Net assets per share:	¥933.42
Net income per share:	¥46.61

IX. Notes on material subsequent events

1. Establishment of a significant subsidiary

Upon the resolution of the Board of Director's meeting held on August 23, 2013, the Company established a joint venture company with the National Federation of Agricultural Cooperative Associations on December 3, 2013.

(1) Purpose of the establishment

The purpose is to develop the cut vegetables market by fully utilizing management resources and know-how owned by the National Federation of Agricultural Cooperative Associations and the Group in order to meet a growing demand for vegetables for processing and food service.

(2) Company profile

1)	Name of the company	Green Message Co., Ltd.
2)	Description of business	Production and sale of fruits and vegetables such as cut vegetables
3)	Capital amount	¥2,000 million

(3) Shareholding ratio after the acquisition

Kewpie Corporation	51%
National Federation of Agricultural Cooperative Associations	49%

2. Organization restructuring

(Making a company a consolidated subsidiary by tender offer and company split)

Upon the resolution of the Board of Director's meeting held on December 24, 2013, the Company decided to make a tender offer (the "Tender Offer") with the aim of acquiring the shares of Aohata Corporation ("Aohata"), an equity-method affiliate of the Company. Upon the resolutions of the Board of Directors' meetings held by two companies, respectively, on December 24, 2013, both companies decided to let Aohata succeed the business of selling bread-related products such as jams, whipped cream and spread, from the Company by a company split (the "Company Split"), and set December 1, 2014 as the effective date subject to the completion of the Tender Offer. As a result, both companies made an agreement of business-transfer-type company split. After the completion of the Tender Offer, the Company Split is expected to become effective and Aohata will be the Company's consolidated subsidiary.

Both companies believe that the Company Split would enable Aohata to operate both manufacturing and selling businesses, which will promote its prompt decision making, unique selling system and rapid product development in consideration of diversifying customer needs and changing preferences. This transaction would also enable the Processed foods business of the Company as a whole to improve market competitiveness. Both companies also agreed to the idea that making Aohata a consolidated company would contribute to their further growth and development and to the improvement in their corporate value, because it would lead to many positive changes, such as the further active utilization of each other's management know-how, integration of both companies' sales channels around the world, enhancement of partnership between them in processing fruits, strengthening the Processed foods business and improving profitability of the Company, and strengthening the management base of Aohata through further utilizing the management resources of the Company.

Both companies recognize the Company Split as very significant in achieving "sustainable domestic growth", a medium-term goal of the Group, since it will strengthen the Group's system for delivering a "delicious taste" and leaving a lasting “impression" on customers.

Outline of subject company of Tender Offer and successor company of Company Split

(1) Outline of subject company of Tender Offer and successor company of Company Split

1)	Name	Aohata Corporation		
2)	Address	1-1-25, Tadanouminaka-machi, Takehara-shi, Hiroshima		
3)	Name and title of representative	Eiichi Nozawa, President and Representative Director		
4)	Description of business	Production and sale of jams		
5)	Scale of operation	Net sales	¥18,437 million	(for the fiscal year ended October 31, 2013)
		Net assets	¥8,386 million	(as of October 31, 2013)
6)	Date of establishment	December 28, 1948		
7)	Closing date	October 31		

(2) Outline of Tender Offer

1)	Tender offer period	From December 25, 2013 to January 29, 2014
2)	Price of tender offer	¥1,510 per common stock
3)	Number of shares	
	Number of shares to be acquired	1,597,800 shares
	Minimum number of shares to be acquired	1,355,600 shares
	Maximum number of shares to be acquired	1,597,800 shares
4)	Commencement date of settlement:	February 5, 2014
5)	Shareholding ratio after the acquisition	from 35.48% to 39.00%

(3) Outline of Company Split

(i) Schedule for Company Split

Resolution date of absorption-type company split by both companies' Boards of Directors	December 24, 2013
Agreement date of absorption-type company split	December 24, 2013
Effective date of absorption-type company split	December 1, 2014 (Planned)

(ii) Method of Company Split

Absorption-type company split that positions the Company as the transferring company and Aohata as the succeeding company.

X. Note on company adopting consolidated dividend rules

The Company is a company adopting consolidated dividend rules.

(Note) Figures are stated by discarding fractions of one million yen. The ratios of voting rights held by (in) the Company are stated by counting fractions of 1/2 or more of their units as one and discarding the rest.