Annual Report
2008
December 1, 2007 to November 30, 2008

Q.P.Corporation

The information contained in this report is derived from the Company's Annual Securities Report in Japanese filed with the Commissioner of the Financial Services Agency on the day of February 27, 2009 in accordance with the Financial Instruments and Exchange Law, which has been translated into English for the convenience of readers outside Japan.

Corporate Name:	KEWPIE KABUSHIKI-KAISHA
English Corporate Name:	Q.P. Corporation
Name and Title of Representative:	Yutaka Suzuki President and Representative Director
Location of Head Office:	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo 150-0002, Japan
Contact:	Katsuhiko Sasaki Executive Managing Director and General Manager of Administration Division
Telephone:	+81-3-3486-3331

Table of Contents

I. Outline of the Company

1. Principal Management Index

(1) Consolidated principal management index for the five years ended November 30, 2008

Term ended		Nov. 2004	Nov. 2005	Nov. 2006	Nov. 2007	Nov. 2008
Net sales	(millions of yen)	423,727	455,007	456,067	468,006	473,951
Ordinary income	(millions of yen)	15,507	12,829	14,262	15,836	14,184
Net income	(millions of yen)	7,006	5,465	6,071	7,328	7,721
Total net assets	(millions of yen)	126,768	132,412	156,217	161,140	163,580
Total assets	(millions of yen)	262,122	265,724	290,186	292,823	291,792
Net assets per share	(yen)	827.17	865.32	896.69	925.46	941.79
Net income per share – primary	(yen)	45.18	35.25	39.66	47.96	50.77
Net income per share – diluted	(yen)	41.63	32.64	39.66	—	—
Net worth to gross capital	(%)	48.4	49.8	47.3	48.3	49.0
Return on equity	(%)	5.7	4.2	4.5	5.3	5.4
Price earnings ratio	(times)	20.0	28.9	26.1	23.7	20.9
Net cash provided by operating activities	(millions of yen)	17,377	15,686	21,443	22,331	14,466
Net cash used in investing activities	(millions of yen)	(12,806)	(11,625)	(16,589)	(11,166)	(9,687)
Net cash provided by (used in) financing activities	(millions of yen)	(8,109)	(7,415)	3,187	(2,757)	(5,712)
Cash and cash equivalents at end of the year	(millions of yen)	16,451	13,127	21,212	27,699	26,705
Number of regular full-time employees, and [in parentheses] average number of temporary employees		8,529 [8,483]	8,548 [8,351]	8,805 [8,474]	8,885 [8,642]	9,283 [8,295]

(Notes) 1. Consumption taxes are not included in net sales.
2. Beginning from the term ended November 2006, the Company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan Statement No. 5 issued by Accounting Standards Board of Japan on December 9, 2005) and the Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan Guidance No. 8 issued by Accounting Standards Board of Japan on December 9, 2005).
3. Net income per share – diluted is not presented since the year ended November 30, 2007 because of no issue of potential shares.

(2) Non-consolidated principal management index for the five years ended November 30, 2008

Term ended		Nov. 2004	Nov. 2005	Nov. 2006	Nov. 2007	Nov. 2008
Net sales	(millions of yen)	230,110	232,668	230,598	232,426	235,383
Ordinary income	(millions of yen)	7,663	6,453	6,165	7,030	6,485
Net income	(millions of yen)	4,529	3,769	2,883	3,383	3,560
Capital stock	(millions of yen)	24,104	24,104	24,104	24,104	24,104
Total number of issued shares		155,464,515	155,464,515	155,464,515	155,464,515	155,464,515
Total net assets	(millions of yen)	115,012	118,987	120,325	119,870	118,120
Total assets	(millions of yen)	188,772	189,865	200,019	204,262	204,549
Net assets per share	(yen)	750.44	777.57	785.35	784.30	778.20
Yearly dividend per share, and interim dividend per share in parentheses	(yen)	13.00 [6.0]	13.00 [6.5]	14.00 [6.5]	14.00 [7.0]	15.0 [7.0]
Net income per share	(yen)	29.27	24.44	18.83	22.14	23.40
Net income per share – diluted	(yen)	27.21	22.83	18.83	—	—
Net worth to gross capital	(%)	60.9	62.7	60.2	58.7	57.7
Return on equity	(%)	4.0	3.2	2.4	2.8	3.0
Price earnings ratio	(times)	30.8	41.7	55.0	51.3	45.4
Payout ratio	(%)	44.41	53.19	74.3	63.2	64.1
Number of regular full-time employees, and [in parentheses] average number of temporary employees		2,374 [1,110]	2,444 [1,035]	2,475 [1,018]	2,518 [888]	2,609 [866]

(Notes) 1. Consumption taxes are not included in net sales.
2. The yearly dividend per share for the term ended November 2004 includes a ¥1 special commemorative dividend in celebration of the 85th anniversary of the Company's establishment.
3. Net income per share – diluted is not presented since the year ended November 30, 2007 because of no issue of potential shares.

2. Nature of Business

The Company's group consists of the Company, sixty five consolidated subsidiaries, fourteen affiliated companies, and one other associated company which owns over 20% of shares of the Company. The Group's principal businesses are manufacturing, wholesaling and warehousing.

The relationships between the Company and these associated companies in the above-mentioned businesses are summarized below.

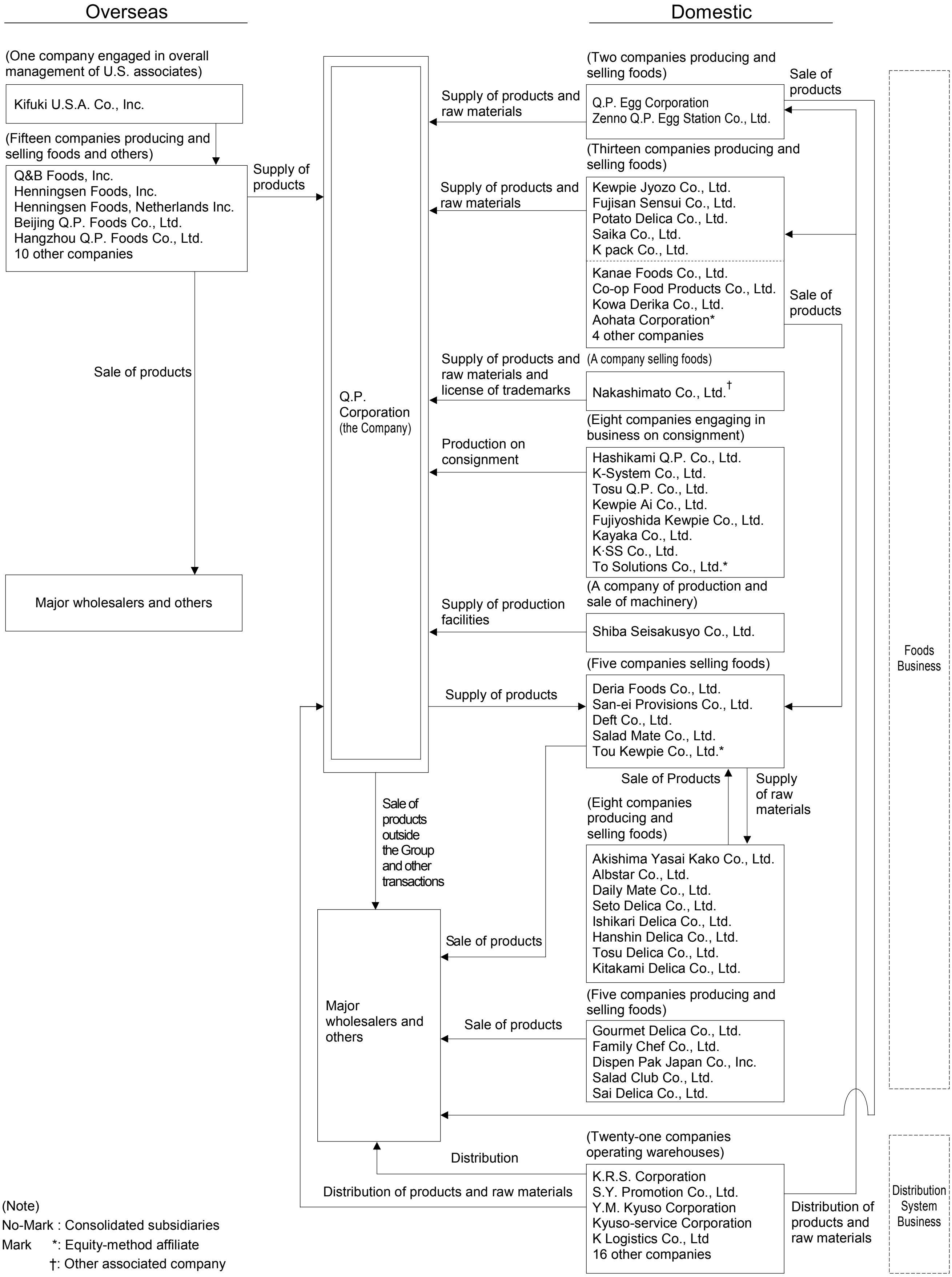
The summary of the foods and distribution system businesses is categorized in the same manner as in the segment information on business lines.

Business segments	Principal companies	Major handling items / services
Foods		
Condiments and processed foods	Q.P. Corporation Q&B Foods, Inc. Beijing Q.P. Foods Co., Ltd. Hangzhou Q.P. Foods Co., Ltd.	Mayonnaise and dressings
	Kewpie Jyozo Co., Ltd.	Vinegar
	San-ei Provisions Co., Ltd.	Seasonings
	Q.P. Corporation Aohata Corporation Co-op Food Products Co., Ltd.	Jams, pasta sauces, sweet corn, and other products in bottled, canned and / or retort form
Health function products	Q.P. Corporation	Baby foods, medical foods, nursing care foods, and hyaluronic acid
Egg products	Q.P. Egg Corporation Zenno Q.P. Egg Station Co., Ltd.	Liquid egg, frozen egg, and dried egg
	Q.P. Corporation Kanae Foods Co., Ltd.	Egg spread, thick omelet and shredded egg
	Henningsen Foods, Inc.	Dried egg
Salads and prepared foods	Q.P. Corporation Deria Foods Co., Ltd.	Salads and other delicatessen foods
	Potato Delica Co., Ltd.	Salads and potato croquettes
	Gourmet Delica Co., Ltd.	Boxed lunches and rice balls
	Sai Delica Co., Ltd.	Boxed lunches and rice balls
	Family Chef Co., Ltd.	Salads and other delicatessen foods
	Salad Club Co., Ltd.	Pre-cut vegetables and salads
Distribution system	K.R.S. Corporation	Overland transportation and warehousing of food products
	S.Y. Promotion Co., Ltd. Y.M. Kyuso Corporation	Transportation of food products

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

The shares of consolidated subsidiary K.R.S. Corporation are traded on the first section of the Tokyo Stock Exchange (TSE), while the shares of the equity-method affiliate Aohata Corporation are traded on the second section of the TSE.

(Group Business Network)



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

3. Outline of Associated Companies

(1) Parent company

Not applicable

(2) Consolidated subsidiaries

Trade name	Address	Capital stock/ equity investment	Business lines	Our voting rights percentage (Note 2)	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
Q.P. Egg Corporation (Note 4)	Chofu, Tokyo	350 million yen	Production and sale of liquid and frozen egg	88.0	D or CA 1 Employees 11	1,228 million yen	Purchase of products and raw materials	Leases on offices
Deria Foods Co., Ltd.	Fuchu, Tokyo	50 million yen	Production and sale of salads and delicatessen foods	100.0	D or CA 2 Employees 4	234 million yen	Sale of products	Leases on offices
Kewpie Jyozo Co., Ltd.	Fuchu, Tokyo	450 million yen	Production and sale of vinegar	88.0	D or CA 1 Employees 3	1,893 million yen	Purchase of raw materials	Leases on offices
K.R.S. Corporation (Notes 1, 3, 4, 5 & 6)	Chofu, Tokyo	4,063 million yen	Warehousing and trans-portation	44.8 (0.3) [5.8]	D or CA 3 Employee 1	None	Consignment of storage and transportation of products and raw materials of group companies	Leases on land and warehouses
San-ei Provisions Co., Ltd.	Shibuya-ku, Tokyo	57 million yen	Sale of products for food service	54.4	Employees 5	None	Sale of products and purchase of raw materials	Leases on offices
Co-op Food Products Co., Ltd.	Shibuya-ku, Tokyo	250 million yen	Production and sale of canned foods	51.0	D or CA 2 Employees 4	271 million yen	Purchase of products	Leases on offices
Kanae Foods Co., Ltd.	Fuchu, Tokyo	50 million yen	Production and sale of processed egg, including egg spread, thick omelet, and shredded egg	88.0	D or CA 3 Employees 6	1,113 million yen	Purchase of products	Leases on offices and factories
Zenno Q.P. Egg Station Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	105 million yen	Production of dried eggs and other egg products	51.4	D or CA 2 Employee 4	None	Purchase of products and raw materials	Leases on factories
Kifuki U.S.A. Co., Inc.	Delaware, USA	USD 7.17	Investment in and man-agement of subsidiaries in USA	100.0	D or CA 2 Employee 1	Liabilities for guarantee 171 million yen	Overall management of subsidiaries in USA	None
Q&B Foods, Inc.	California, USA	USD 4,800 thousand	Production and sale of may-onnaise and dressings	100.0 (100.0)	D or CA 2 Employees 2	None	Purchase of products	None
Henningsen Foods, Inc.	New York, USA	USD 1.92 thousand	Production and sale of egg products and dried meats	100.0 (100.0)	D or CA 2 Employees 2	Liabilities for guarantee 1,093 million yen	Purchase of products	None
Henningsen Foods, Netherlands Inc.	Delaware, USA	USD 2 thousand	Investment in subsidiaries in the Netherlands	100.0 (100.0)	None	None	None	None
Akishima Yasai Kako Co., Ltd.	Akishima, Tokyo	20 million yen	Processing and sale of fresh vegetables	100.0 (100.0)	Employees 3	None	Sale of raw materials	None
Gourmet Delica Co., Ltd.	Tokorozawa, Saitama	98 million yen	Production and sale of delicatessen foods	100.0	Employees 7	880 million yen	Sale of raw materials	Leases on offices
Fujisan Sensui Co., Ltd.	Fujiyoshida, Yamanashi	90 million yen	Production and sale of mineral water	77.8 (15.0)	D or CA 1 Employees 3	None	Purchase of products	Leases on factories
Family Chef Co., Ltd.	Sagamihara, Kanagawa	50 million yen	Production and sale of delicatessen foods	70.0	D or CA 2 Employees 5	652 million yen	Sale of raw materials	Leases on factories
Daily Mate Co., Ltd.	Ome, Tokyo	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	934 million yen	Sale of raw materials	None
Kowa Derika Co., Ltd.	Kamisu, Ibaraki	10 million yen	Production of canned foods	100.0	Employees 3	281 million yen Liabilities for guarantee 24 million yen	Purchase of products	None
Albstar Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	50 million yen	Production of frozen and chilled foods	100.0 (100.0)	Employees 3	None	Sale of raw materials	Leases on factories
Dispen Pak Japan Co., Inc.	Chofu, Tokyo	140 million yen	Production and sale of foods, and subdivid-ing and packing work	51.0	D or CA 2 Employees 3	227 million yen	Purchase of products	Leases on factories
Shiba Seisakusyo Co., Ltd.	Kawasaki-ku, Kawasaki, Kanagawa	10 million yen	Production of machinery and equipment	100.0	Employees 5	649 million yen	Purchase of machinery and equipment	None
Potato Delica Co., Ltd.	Azumino, Nagano	50 million yen	Production of frozen and chilled foods	66.6 (0.9)	Employees 5	698 million yen Liabilities for guarantee 7 million yen	Purchase of products	Leases on factories
Saika Co., Ltd.	Ome, Tokyo	50 million yen	Production and sale of pickles	100.0	D or CA 1 Employees 4	2,847 million yen Liabilities for guarantee 50 million yen	Purchase of products	Leases on land and offices
Deft Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Sale of seasonings, chilled foods and foods	100.0	Employees 5	None	Sale of products	Leases on offices

Trade name	Address	Capital stock/ equity investment	Business lines	Our voting rights percentage (Note 2)	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
K. System Co., Ltd.	Machida, Tokyo	50 million yen	Consigned clerical work	80.0	D or CA 1 Employees 4	196 million yen	Consignment of clerical work	Leases on offices
K pack Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	30 million yen	Production and sale of seasonings	100.0	D or CA 1 Employees 5	380 million yen	Purchase of products	Leases on offices
Hangzhou Q.P. Foods Co., Ltd.	Hangzhou, Zhejiang Province, China	140 million yuan	Production and sale of foods	62.8 (3.6)	D or CA 1 Employees 4	179 million yen Liabilities for guarantee 245 million yen	None	None
S.Y. Promotion Co., Ltd.	Koto-ku, Tokyo	200 million yen	Transportation	88.3 (51.0)	Employees 2	None	Consignment of transportation services	None
Seto Delica Co., Ltd.	Seto, Aichi	30 million yen	Production and sale of delicatessen foods	96.7 (96.7)	Employees 4	173 million yen	Sale of raw materials	None
Ishikari Delica Co., Ltd.	Teine-ku, Sapporo, Hokkaido	30 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	124 million yen	Sale of raw materials	None
Hanshin Delica Co., Ltd.	Itami, Hyogo	10 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 5	None	Sale of raw materials	Leases on factories
Salad Club Co., Ltd.	Fuchu, Tokyo	300 million yen	Processing and sale of fresh vegetables	51.0	D or CA 3 Employee 1	None	Purchase of products	Leases on factories
Y.M. Kyuso Corporation	Inagi, Tokyo	82 million yen	Warehousing and transportation	52.4 (52.4)	None	None	None	None
Beijing Q.P. Foods Co., Ltd.	Huairou District, Beijing, China	42 million yuan	Production and sale of foods	65.0	D or CA 1 Employees 5	80 million yen	None	None
Kewpie Ai Co., Ltd.	Machida, Tokyo	30 million yen	Consigned clerical work	100.0	D or CA 1 Employees 4	None	Consignment of clerical work	None
Hashikami Q.P. Co., Ltd.	Hashikami-cho, Sannohe-gun, Aomori	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases on factories
Salad Mate Co., Ltd.	Shinjuku-ku, Tokyo	10 million yen	Sale of seasonings and processed foods	100.0	Employees 2	None	Sale of products	None
Tosu Q.P. Co., Ltd.	Tosu, Saga	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases on factories
Tosu Delica Co., Ltd.	Tosu, Saga	10 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 3	None	Sale of raw materials	Leases on factories
Kayaka Co., Ltd.	Ayabe, Kyoto	30 million yen	Processing of agricultural products; outsourced work	100.0	Employees 2	207 million yen	Consignment of production	Leases on factories
Kitakami Delica Co., Ltd.	Kitakami, Iwate	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	863 million yen	Sale of raw materials	None
Sai Delica Co., Ltd. (Notes 5 & 6)	Miyaki-cho, Miyaki-gun, Saga	98 million yen	Production and sale of delicatessen foods	49.0 [51.0]	Employees 6	772 million yen	None	None
Fujiyoshida Kewpie Co., Ltd.	Fujiyoshida, Yamanashi	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases on factories
K･SS Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Planning, production and services for sales promotion	100.0	D or CA 1 Employees 3	None	Consignment of sales	Leases on offices
Kyuso-service Corporation	Chofu, Tokyo	30 million yen	Sale of equipment for cars	100.0 (100.0)	None	None	Leases on cars for factories	Leases on cars for factories
K Logistics Corporation	Toyokawa, Aichi	30 million yen	Transportation	70.0 (70.0)	None	None	None	None

(Notes)
1. K.R.S. Corporation is classified under Japanese tax law as *tokutei kogaisha*, a special category of subsidiary.
2. Figures in parentheses under “Our voting rights percentage” indicate the proportion of indirect ownership and included in the respective figures above.
3. A Company that submits its own securities report to the Commissioner of the Financial Services Agency.
4. Net sales registered by Q.P. Egg Corporation (excluding sales from intra-group transactions) exceed 10% of the Company’s consolidated net sales. Its major profit/loss information is as follows:

Net sales	¥64,514 million
Ordinary income	¥ 2,439 million
Net income	¥ 1,444 million
Net assets	¥ 7,947 million
Total assets	¥20,649 million

Net sales registered by K.R.S. Corporation (excluding sales from intra-group transactions) exceed 10% of the Company’s consolidated net sales. However, specific details regarding its major profit/loss information are not published here as K.R.S. Corp. submits its own securities report to the Commissioner of the Financial Services Agency.
5. K.R.S. Corporation and Sai Delica Co., Ltd. are treated as subsidiaries, even though the voting rights held by Q.P. as a percentage of total voting rights are below 50%, in view of the effective control exerted over their management.
6. In the “Our voting rights percentage” column, the figure shown in square brackets indicates the percentage of voting rights of closely related persons or persons whose consents are obtained, which are excluded from the respective figures above.

(3) Equity-method affiliates

Trade name	Address	Capital stock/ equity investment	Business lines	Our voting rights percentage (Note 2)	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
Summit Oil Mill Co.,Ltd.	Mihama-ku, Chiba, Chiba	97 million yen	Production of vegetable oil	49.0	D or CA 1	None	Purchase of raw materials	None
Aohata Corporation (Notes 1 & 3)	Takehara, Hiroshima	644 million yen	Production and sale of canned foods	16.1 (0.4)	D or CA 2	None	Purchase of products	Leases on offices
Kunimi Nosankako Co., Ltd. (Note 1)	Kunisaki, Oita	80 million yen	Production and sale of frozen and chilled foods	17.5	Employees 2	520 million yen	Purchase of products	None
Henningsen Van Den Burg B.V.	Waalwijk, the Netherlands	5,127 thousand euro	Production and sale of dried eggs	50.0 (50.0)	None	None	Purchase of products	None
To Solutions Co., Ltd.	Shinjuku-ku, Tokyo	90 million yen	Planning, development, sale, maintenance and operational support of computer systems	20.0	D or CA 2	None	Consignment of calculation work, etc.	Renting of office equipment
Tou Kewpie Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Mail order business	40.0	D or CA 2 Employee 1	None	Sale of products	None

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

(4) Other associated company

Trade name	Address	Capital stock/ equity investment	Business lines	Their voting rights percentage (Note)	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
Nakashimato Co., Ltd.	Shibuya-ku, Tokyo	50 million yen	Sale of processed foods	20.6 (3.2)	D or CA 4	None	Purchase of products, etc.	Leases on offices

(Note) Figure in parentheses under "Their voting rights percentage" indicates the proportion of indirect ownership by Nakashimato.

4. Employees

(1) The Company and its consolidated subsidiaries

(as of November 30, 2008)

Business segment	Number of employees
Foods	6,987 (7,500)
Distribution system	2,296 (795)
Total	9,283 (8,295)

(Note) Employee figures shown outside parentheses indicate registered regular employees and long-term special contract employees, excluding the Group employees dispatched outside the Group but including workers from outside employed within the Group on dispatch. Figures in parentheses indicate short-term contract non-regular employees and workers hired on a daily, weekly or seasonal basis.

(2) The workers' union

The workers' union of Q.P. Corporation, a single-enterprise union having no affiliation with any larger entity and enjoying friendly relations with the Company, was formed on July 14, 1962. As of November 30, 2008, 91 employees working in the Tokyo district were members of the union.

II. Business Operations

1. General

(1) Business performance (consolidated)

The business environment in Japan during the reporting period, ended November 2008, further slowed down and corporate earnings and personal spending remained in a severe state due, on one hand, to the continuing rise in the prices of raw materials caused by soaring oil prices and, on the other hand, the impact, beginning in September, of the financial crisis originating in North America and Europe.

Amid this situation the Q.P. Group (Q.P. Corporation, its consolidated subsidiaries, and equity-method affiliate) carried through with the second year of the Medium-term Business Plan. While strengthening the development of high-added-value products by exploiting Q.P.'s creative technology and proposing new concepts in the culinary scene by promoting salads as a main dish, the Q.P. Group worked on group-wide cost cutting.

Net sales was ¥473,951 million, up ¥5,945 million (1.3%).

Operating income fell ¥1,788 million (11.3%) year-on-year to ¥14,036 million, and ordinary income fell ¥1,652 million (10.4%) to ¥14,184 million as initiatives such as group-wide bulk purchasing of raw materials, efforts to improve production yields and reductions in sales promotion expenses were unable to cover the broad rise in costs, particularly with respect to edible oil. Net income rose ¥393 million (5.4%) to ¥7,721 million on the back of the sale of the overseas dried meat business and other factors.

Business overview by segment is as follows.

(2) Business overview by segment

[Foods Business]

In the foods industry, consumers took a more critical perspective on how companies make efforts to ensure safety and confidence in their products. At the same time, the industry had to operate in an environment of rising raw material prices.

In these circumstances, in the Foods business, the Q.P. Group exercised inter-group collaboration in its efforts to further advance its strategies to promote salads as the main dish in meals. In addition, it focused its energies on expanding products catering to consumer health needs and high-added-value products.

On the major materials procurement side, edible oil prices, impacted by grain prices and other factors, increased sharply in the second half of the fiscal year. Egg prices also maintained a higher level than was forecasted.

As a result of the above, sales of the Foods business grew by ¥2,068 million (0.6%) year-on-year to ¥377,909 million. Operating income fell ¥1,664 million (9.4%) year-on-year to ¥16,005 million.

The following is a detailed breakdown by product of the business performance of the foods business.

a) Condiments and processed foods

Due to price revisions applicable to mayonnaise and salad dressing varieties shipped since August 1, 2008, unit sales in this product category declined. On the other hand, mayonnaise performed well, particularly the health-conscious varieties, and strong efforts were put into expanding demand through the strategy to make salad the main dish and by enhancing the range of affordably priced small-sized products. Also, in an environment of consumer anxiety towards imported foods, sales of domestically produced products such as *Aohata Tokachi Corn* grew. In addition, the Q.P. Group celebrated its 50th anniversary since the first sales release of its dressings and *Grated Onion Dressing*, which was released in August, performed strongly.

Sales of the Condiments and processed foods business grew by ¥368 million (0.2%) year-on-year to ¥177,645 million.

b) Health function products

In addition to a significant growth in the sales of hyaluronic acid, which has unique functional characteristics, from other companies for uses in food and cosmetics, and there was a broad range of expansion efforts to better cater to the health needs of people of all ages such as the expansion of allergy-sensitive baby foods (free of five major allergens) and the capturing of new customers through mail-order sales of foods for home nursing care.

Sales of the health function products business grew by ¥677 million (3.9%) year-on-year to ¥18,172 million.

c) Egg products

In addition to a sales growth in functional liquid eggs such as *Excel Egg* (pasteurized liquid eggs with functions approximating those of raw eggs), new products utilizing proprietary technologies of the Group such as *Meringue Base* were released. Also high-added-value products that exploit emulsification and calcinations technologies (*Torotto* and *Funwari* Technologies) sold strongly.

Sales of the egg products business rose ¥3,476 million (4.1%) year-on-year to ¥88,315 million.

d) Salads and prepared foods

The number of stores that sell cut vegetables processed by Q.P. Group's production systems established all over Japan exceeds 10,000. Although healthy salads (such as low-calorie salads using *Half* and mixed salads featuring a variety of vegetables) continued to sell strongly, however the reducing number of units of third-party products sold impacted on the results.

Sales of the salads and prepared foods product business declined by ¥2,453 million (2.5%) year-on-year to ¥93,775 million.

[Distribution System Business]

Against the backdrop of soaring fuel prices, the Q.P. Group's Distribution system business faced a challenging business environment, marked by a slump in shipments of processed foods.

In this environment, although the Q.P. Group successfully expanded its distribution system business by capturing new customers and expanding the specialized distribution services and Kyuso Suru-Bin that mainly target distributers, it experienced sluggish sales from its shared distribution services that mainly target food manufacturers.

Consequently, sales of the Distribution system business rose ¥3,877 million (4.2%) year-on-year, to ¥96,041 million. However, operating income dropped ¥264 million (12.1%) year-on-year, to ¥1,925 million, as there was a greater-than-expected rise in fuel costs and delays in the rationalization reform measures despite work efficiency improvements that were gained by reducing transportation transit costs and utilizing the warehouse task support system and other systems as part of operations.

(3) Cash flows

In operating activities, net income before income taxes and minority interests came to ¥13,876 million, depreciation expenses amounted to ¥13,408 million, while income taxes amounted to ¥6,668 million and an increase in prepaid pensions cost amounted to ¥3,565 million.

As a result, net cash provided by operating activities, on a consolidated basis, came to ¥14,466 million for the reporting term, down from ¥22,331 million for the previous term.

Net cash used in investing activities amounted to ¥9,687 million, down from ¥11,166 million for the previous term, as a result of equipment investment of ¥12,170 million and sales of investments in associates and subsidiaries' shares of ¥1,843 million.

Net cash used in financing activities amounted to ¥5,712 million, up from ¥2,757 million for the previous term, as a result of a decrease of loans payable ¥2,400 million and dividend payments of ¥2,132 million.

As a result, cash and cash equivalents at the end of the current fiscal year amounted to ¥26,705 million, which represents a decrease of ¥994 million from the end of the previous fiscal year.

Note: Figures shown in “II. Business Operations” are exclusive of consumption taxes.

2. Tasks Ahead

(Business Strategy of the Medium-term Business Plan)

(1) Business Strategy of the Medium-term Business Plan

The Q.P. Group's Three-year Medium-term Business Plan, covering the period from December 1, 2006 to November 30, 2009, aims to achieve strengthening of profit capabilities and entry into growth areas. To these ends, we will make a group-wide effort to boost our enterprise value.

Strengthen profit capabilities	Gravitate to growth areas
1. Reform profit structure and establish Health function product business 2. Advance as a technology-oriented company 3. Reduce overall costs as a Group	1. Respond to wishes of health-conscious consumers 2. Strengthen business developments in food service market 3. Promote expansion in overseas markets

(2) Business strategies for achieving the goals of the plan

Business Segments	Business Strategies
Condiments and processed foods	Respond to wishes of health-conscious consumers and accelerate entry to the food service market 1. Improve and expand health foods 2. Strengthen business developments in the food service market 3. Expand condiments for salads
Health function products	Provide health function products both in Japan and overseas, leveraging the Q.P. Group's unique technology and scientific knowledge 1. Expand sales channels - Full-fledged development of specialized mail-order business for home nursing care - Penetration into the Asian market - Increased exports to the U.S. and Europe 2. Enhance product competitiveness - Expand and improve foods for nephropathy and diabetic patients - Expand high-functional hyaluronic acid and plant sterol - Put priority on "allergy awareness" with baby foods
Egg products	With renewed strength, focus on expanding sales channels and enhancing product competitiveness 1. Expand sales channels 2. Differentiate product through superior technology 3. Endeavor to meet the wishes of health-conscious consumers

Salads and prepared foods	Achieve higher profit by strengthening our sales presentation abilities and streamlining operations 1. Improve recipe development capabilities 2. Penetrate the health-conscious consumers 3. Foray into new fields 4. Enhance productivity
Distribution systems	Expand sales and profit by improving functions and service quality 1. Expand and improve functions and service quality 2. Promote low-cost operations 3. Launch a business that identifies idle trucks for delivery job assignments 4. Enter new areas

(Fundamental policy on control of the Company)

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

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

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

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

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

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

Hence, we believe that to protect the corporate value of the Company and the common interests of its shareholders, it is necessary for the Board of Directors to take measures it considers adequate in accordance with some reasonable rules prescribed by the Company and publicized in advance. (The aforementioned fundamental policy on what the person(s) should be like to control the determination of the financial and business policy of the Company will be referred to as the "Fundamental Policy" hereinafter.)

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

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

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

a) Institution of the Group's Medium-term Business Plan

The Group has instituted the Three-year Medium-term Business Plan commencing December 1, 2006 to further enhance its corporate value.

In the Medium-term Business Plan, the Group aims at "strengthen profit capabilities and gravitate to growth areas" as its fundamental strategy. To strengthen profit capabilities, the Group aims specifically to (i) reform profit structure and establish Health function product business, (ii) advance as a technology-oriented company and (iii) reduce overall costs as a Group. To gravitate to growth area, the Group aims specifically to (i) respond to wishes of health-conscious consumers, (ii) strengthen business developments in food service market and (iii) promote expansion in overseas markets. To put the fundamental strategy into action, the Group will make aggressive business and equipment investment to strengthen its revenue-generating base and enhance asset efficiency in each business division, which we believe will facilitate the enhancement of its corporate value and the common interests of its shareholders.

b) Upgrading of corporate governance

To continuously increase its corporate value and the common interests of its shareholders through efficient and sound management, the Group regards the upgrading of its organizations, schemes and systems of management and timely and proper implementation of necessary measures as one of the most important management challenges.

To more clearly define the management responsibility for each fiscal year and establish a management structure that can respond to changes in the business environments with agility, the Company shortened the term of office of Directors from two years to one year at its 94th Ordinary General Meeting of Shareholders held on February 23, 2007. Additionally, to further strengthen its audit system, the Company increased one outside auditor at its 95th Ordinary General Meeting of Shareholders.

B. Assessment of the measures noted in above A. by the Board of Directors of the Company and reasons for the assessment

The Board of Directors of the Company assess the measures as follows. The measures noted in above A. a) and b) increase the Group's corporate value and the common interests of its shareholders and consequently decrease the risk of appearance of Large Purchaser who materially injure the Company's corporate value and the common interests of its shareholders. So, the measures live up to the Fundamental Policy. In addition, it is clear that the measures do not injure the common interests of the shareholders and is not contemplated to maintain the positions of directors or corporate auditors of the Company because such measures naturally increase the Group's corporate value.

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

A. Measures by the defense plan against large purchase actions of the shares of the Company (takeover defense plan)

The Company decided by the resolution of the Board of Directors on January 11, 2008 to adopt the defense plan against large purchase actions of the shares of the Company (the Defense Plan) as measures to prevent the determination of the financial and business policy of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy with approval of the 95th Ordinary General Meeting of Shareholders on February 22, 2008. The Defense Plan was approved at the 95th Ordinary General Meeting of Shareholders.

The outline of the Defense Plan is as follows.

a) Coverage of purchase actions

The Defense Plan covers a purchase of shares and other securities of the Company to make the ratio of voting rights of any specified shareholder group 20% or more, or a purchase of shares and other securities of the Company resulting in making the ratio of voting rights of any specified shareholder group 20% or more (whether by market trading, by takeover bid (TOB) or otherwise; with regard to any TOB, upon public notice of the commencement thereof, it shall be regarded as a purchase, excepting any purchase agreed to by the Board of Directors in advance).

b) Particulars of the Large Purchase Rules

The Company will institute Large Purchase Rules under which any Large Purchaser can commence a large purchase action only after (i) Large Purchaser provides the Board of Directors of the Company with necessary and sufficient information on the large purchase action in advance and (ii) in principle, 60 days (in case of purchase of all shares of the Company by TOB for cash (in yen) only) or 90 days (in other cases of large purchases), which is the period for the Board of Directors to evaluate, consider, negotiate, form opinions, make alternative plans, determine necessity or unnecessity of confirming shareholders' intention and determine to take or not to take counter measures (Directors' Evaluation Period), pass.

With regard to the Large Purchase Rules, the Company will (iii) establish an Independent Committee to ensure the Defense Plan to be implemented properly and prevent arbitrary judgments by the Board of Directors as far as possible and (iv) follow procedures for confirming the intention of the shareholders as the necessity arises from the perspective of respecting their intention. The Independent Committee shall consist of at least three members, who shall be appointed from among outside experts independent of the management responsible for execution of business of the Company, outside directors of the Company and outside auditor of the Company, to enable them to make fair and indifferent judgments.

To confirm the intention of the shareholders, a resolution shall be adopted at a General Meeting of Shareholders under the Corporation Law of Japan. In the event that such General Meeting of Shareholders is held, the Board of Directors shall, pursuant to the resolution adopted thereat, trigger, or not trigger, the Defense Measure against the proposed large purchase action as the case may be. The date of the General Meeting of Shareholders shall be fixed within the initially fixed Directors' Evaluation Period, in principle. However, in any unavoidable circumstance where it takes time procedurally to convene a General Meeting of

Shareholders or otherwise, the Board of Directors may extend the Directors' Evaluation Period for 30 days upon recommendation from the Independent Committee.

c) Defense Measure when a large purchase action is taken

(i) In case the Large Purchaser observes the Large Purchase Rules

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

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

(ii) In case the Large Purchaser does not observe the Large Purchase Rules

In case the Large Purchaser does not observe the Large Purchase Rules, in order to protect the corporate value of the Company and the common interests of its shareholders, the Board of Directors will trigger the Defense Measure, including the issuance of stock acquisition rights, as authorized by the Corporation Law and other laws or ordinances and the Articles of Incorporation of the Company, against the large purchase action by taking into consideration the necessity and adequacy thereof. The Board of Directors will determine whether or not the Large Purchaser observes the Large Purchase Rules and whether or not it is appropriate to trigger the Defense Measure, by reference to the opinions of third-party experts and by respecting recommendations from the Independent Committee to the maximum extent possible.

(iii) Defense Measure

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

(iv) Cessation of the triggering of the Defense Measure

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

d) Impacts on the shareholders and investors

(i) Impact of the Large Purchase Rules on the shareholders and investors

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

(ii) Impact on the shareholders and investors when the Defense Measure is triggered

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

(iii) Procedures to be followed by the shareholders when the Defense Measure is triggered

In the event that the Board of Directors determines to make a free allocation of stock acquisition rights as a vehicle for the Defense Measure, the Company shall report the record date of the allocation of stock acquisition rights without compensation, and allocate stock acquisition rights in proportion to the number of shares owned to shareholders registered in the final register of shareholders as of the record date. Accordingly, for shareholders to receive an allotment of stock acquisition rights, they must be recorded in the final register of shareholders as of the record date. For further details of the methods of allocation, the exercise of stock acquisition rights and the acquisition thereof by the Company, information will be disclosed or notified to the shareholders after the determination of the Board of Directors with regard to the Defense Measure.

e) Commencement of the application of the Defense Plan and the effective period

Subject to approval of the shareholders at the 95th Ordinary General Meeting of Shareholders, the Defense Plan shall come into effect as of the date of such approval (February 22, 2008) and expire at the close of the 98th Ordinary General Meeting of Shareholders to be held no later than February 28, 2011.

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

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

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

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

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

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

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

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

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

c) The Defense Plan's non-contemplation to maintain the position of the officers of the Company

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

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

Thus, we believe that the Defense Plan clearly is not contemplated to maintain the position of the officers of the Company.

3. Operational Risks

Among the various factors relating to the business operations and financial conditions of the Company described in this Report that may exert a significant effect on the decisions of investors are the following matters.

The Q.P. Group, in full recognition of the risks inherent in the Group's business, takes all reasonable measures to lower the degree of risk without prejudice to the conduct of viable business operations. An overview of the risks involved is given below, but this is not intended to be an exhaustive list of all risks attendant on the Group's business operations.

Note that the Company believes that based on the circumstances concerning Nakashimato Co., Ltd., a pre-existing related party of the Company previously mentioned in this section, presented in "4. Material Contracts," there is no possibility of the relationship with the aforesaid company significantly impacting the operating results or financial position of the Q.P. Group.

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

(1) Market trends in the condiments for salads

Condiments and processed foods contribute the greatest proportion of both sales and profits to the Group.

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

In view of these risks, the Group is working to decrease its reliance on condiments and processed foods by expanding the scale of its other business fields and diversifying into yet more new operational fields. In fact, the proportion of total Group sales and profits accounted for by condiments and processed foods is growing gradually smaller: for the reporting period, on a consolidated basis, the figure was 37.5% of total sales.

In our condiments and processed foods business, while putting efforts into proposing new culinary scenes that make salads the centerpiece of the meal, and developing and updating products to suit consumer preferences such as responding to health needs, we continued to cut costs through initiatives involving collaboration among all our business units. In these ways, we aim to stimulate the market by uncovering new areas of latent demand, and at the same time strengthen our competitiveness. We are also planning to expand our business, particularly in condiments and processed foods, in the East Asian market, which has good prospects for future growth.

(2) Fluctuations in the prices of principal ingredients

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

Our procurement of hens' eggs is conducted under the combination of annual fixed-volume contracts with major egg producers, fixed-price contracts and supplementary spot contract purchases on the open market. We have long-established relationships of trust with major producers of edible oils. In principle, we do not buy oil through spot purchases, but under long-term contracts that assure us of sufficient supply well in advance. In the case of both eggs and oil, we take all reasonable measures to ensure that we have the necessary volume, at a reasonable cost.

In the Egg product business, we also make constant effort to improve response to fluctuations in the hens' eggs market prices as increased in line between our product prices and market prices.

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

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

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

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

Simultaneously, we place great importance on ensuring a high level of concern for product quality among our employees. To this end, we both ensure that all employees are fully informed about all the issues involved, and possess the skills required to maintain high standards of hygiene and to rectify errors. This training is accomplished both through on-the-job training and through special study courses, and we constantly remind our staff that the very existence of the Company and the Group is predicated on the public's perception of us as a trustworthy organization that can be relied on to supply safe, high-quality products.

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

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

Net sales of the Group's Distribution system business, all of which is handled by K.R.S. Corporation (a consolidated subsidiary of Q.P. Corporation) and its subsidiaries, for the reporting term amounted to ¥96,041 million (20.3% of total Group net sales), and operating income came to ¥1,925 million (10.7% of the Group total). All of above are contributed by K.R.S Corporation and its subsidiaries.

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

In order that the Q.P. Group continue to grow in the future, the management of Q.P. Corporation recognizes that it is necessary to secure an efficient and competitive foods distribution system service, as high-quality storage and delivery of food products is a key element in realizing the safety and reliability that forms the basis of the Company's business. That being so, it is a firm part of the management policy of Q.P. Corporation to maintain the status of K.R.S.

Corporation as a consolidated subsidiary, in which capability we are confident that it will contribute to raising the enterprise value of the Group as a whole.

4. Material Contracts

There are no material contracts to report for the reporting period.
Since December 1972, the Company has been selling bottled, canned, frozen and chilled foods handled by Nakashimato Co., Ltd. However, Nakashimato, principally aiming for rationalization by simplification of its sales distribution system, terminated its basic manufacturing consignment contract with Aohata Corporation and other companies, and its basic sales contract with the Company on May 31, 2008. Since June 1, 2008, the Company has been selling products that have trademarks owned by Nakashimato based on a use-of-trademark contract between the Company and Nakashimato that took effect on June 1, 2008

5. Research and Development

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

Research and development is carried out through close cooperation among the Company Laboratory, Production Technology Department, Green Factory Center, and the R&D facilities of consolidated subsidiaries at home and abroad, including Deria Foods Co., Ltd., Kewpie Jyozo Co., Ltd., Kanae Foods Co., Ltd., Co-op Food Products Co., Ltd., all of which are based in Japan. Overseas facilities include Henningsen Foods, Inc., Beijing Q.P. Foods Co., Ltd., and Hangzhou Q.P. Foods Co., Ltd.

The Company Laboratory, in particular, plays a central role in the Q. P. Group's R&D activities that aims to advance Q.P. as a technology-oriented company. A developer of technologies, raw ingredients and materials, all rich in originality, the Company Laboratory is comprised of five centers: the Fundamental Technology Center, specializing in the research of basic food technology and food safety; the Product Development Center, taking charge of product development; the Health and Functional Foods Development Center; The Egg R&D Center; and the Prepared Foods Development Center.

Working in tandem with these R&D activities, the Production Technology Department utilize their abundant skills in production technology to develop the production lines that will produce the products developed by research sections, and employ their creative information technology to develop production lines and computer software that will raise the level of production efficiency of the Q.P. Group and enhance its quality assurance systems. At the Green Factory Center, staff members are working at TS Farm, a cultivation facility developed by the Company, to create new lettuce and herb products and develop vegetables with higher nutritional values.

Total research and development expenses for the Group for the period under review amounted to ¥3,218 million on a consolidated basis.

The following is a summary of the research and development activities of each business segment.

(1) Foods Business

During the reporting period, the Group's basic research efforts included the publication of essays and presentations. An essay about "Heat Inactivation of Newcastle Disease Virus (NDV) in Egg Yolk and Its Survivability in Mayonnaise" was published in *Japanese Journal of Food Microbiology* and essays about "Efforts Towards Environmentally-Friendly Packaging for Food Packaging" and "Universal Design of Food Packaging" were published in Japan Packaging Institute's *Packaging*

Technique. Also, a presentation on "The Investigation of the Simultaneous Analysis Method for Mold Poison in Chicken Eggs by LC/MS/MS" was given at The Food Hygienic Society of Japan, and a presentation on "Safety of Liquid Eggs (Distribution in Liquid Eggs in Japan of Food-Poisoning Bacteria Campylobacter)" was given at the International Association of Food Protection.

The Group's health and nutrition research efforts included the publication of the essay on "Hypocholesterolemic Mechanism of Egg White Protein of Rats" in *Bioscience, Biotechnology, and Biochemistry*, and the presentation given on "The Effects on Maximum Muscle Strength, Body Composition and Fasting Blood Property of University's Female Athletes by Two Months' Intake of Egg White Protein" to the Japanese Society of Nutrition and Food Science.

The Group's product application research efforts included the publication of the following essays: "Development of Japanese Space Foods 'Mayonnaise and Rice Porridge, Plain' " in *Food Science And Technology Research*; "Effects of Processed Fabric with Eggshell Membrane on Human Skin Properties" in *Sen'i Gakkaishi*; "Investigation of the Effectiveness of the Oral Hyaluronic Acid (Hyabest(J)) on Osteoarthritis" in *Journal of New Remedies & Clinics*; and "Investigation of Convenient Method for Measuring the Physical Properties in Paste Foods in Retail Foods for Home Nursing Care" in *Japanese Journal of Nutrition*. It also included the following presentations: "Effects of the Addition of Mayonnaise on the Properties and Flavor of Tempura" and "Behavior of Salmonella Enteritidis during the Cooking Process of Italian Meringue" at The Japan Society of Cookery Science; "How the Condition for the Storage of Raw Materials Affects Brown Discoloration of Sliced Lettuce" at Japan Association of Food Preservation Science; "Effects of the Consumption of Egg Shell Calcium Candy Tablets Containing Vitamin K_2 (MK-4) on Bones of Spayed Mice" in Japanese Society of Nutrition and Food Science; "Effect of Long-Term Consumption of Egg Shell Calcium Candy Tablets Containing Vitamin K_2 on Serum Osteocalcin Concentration in People" at Japan *Mibyou* System Association.

On the product development front, the Group's efforts included the development of condiment products for the Condiments and processed foods business such as *Grated Onion Dressing*, a dressing that holds the savory flavor of onions, and *Japanese Wasabi Flavored* as a *Dressing for Salad on Rice*. The Group, celebrating its 50th anniversary since the first sales release of its dressings, is working to add more delicious temptations to the world of salads. New food service products included *Half* (for prepared foods) for low-calorie salads, and new dressings included *Maroyaka Soy Sauce Dressing* and *Dijon Mustard* that is made according to traditional French methods.

In the processed foods product category, the *Three-Minute Cooking Renji Cook* series that can be simply prepared using a microwave oven for busy people with little time for cooking was developed along with the special pouch it uses and *Nikujaga* joined the product lineup. In pasta sauces, *Basil Sauce* and other varieties were launched as part of the *Italiante* series, making it easy to enjoy an authentic Italian restaurant taste at home. Food service products included *Sichuan-Style Salsa with 5 Sauces*, as part of the *Salsa* series, which has the special feature of simplicity and versatility of operation and cooking sauces included *Zesty Ginger*.

The Group also launched products aimed at the health-conscious included *Japanese Onion Dressing*, which uses black barley vinegar as part of the *Kirakira Genki* & series, *Cesar Salad Dressing Separate* containing plant sterols, and *Green Perilla* (Hyaluronan Containing), a dressing sauce containing round granules that provide a new taste sensation. Food service products included the release of *Hyalo Gelee*, made from gelatinized hyaluronic acid, which can be used as a topping for cocktails and desserts.

Meanwhile, the Group's *White Rice Porridge*, which last year became the first space food manufactured in Japan to be certified by the Japan Aerospace Exploration Agency (JAXA), has now been eaten by astronauts after it was taken into space for the first time on the Space Shuttle Endeavor.

In the Health and function products business, the Group launched *Healthy Kewpie Kantenmen Soy-Milk Flavored Potage 95 kcal*, a low-calorie dish that contains agar processed as noodles. In protein and energy supplement foods, *Tamagoyaki* was launched as part of the *Janef Pro-choice* series, which allows customers who are restricted in their protein intake to enjoy egg dishes, and

Chicken Rice, which uses protein-modified rice. Meanwhile, new products in foods for home nursing care and nutritional supplements included *Janef Mousse Jelly Powder Plain*, which can be used to easily make mousse jelly at room temperature just by dissolving it in hot water. New in fine chemicals was *Hyabest(J)*, which contains hyaluronic acid for food application that is thought to have therapeutic benefit in relieving arthritic knee pain.

In the Egg products business, new product launches included: *Kew-tex F-SS*, an improvement agent for the processed seafood industry; *French Court Egg Royal*, for making French toast as part of a series that exclusively uses eggs from hens on a specialty feed diet; *Sauce Angray's Custard* for dessert bases; and *Meringue Base*, which can be easily used to make the base batter for mousse and tiramisu.

In Salads and prepared foods business, products that were launched included potato salad using *Half* aimed at hypermarkets and convenience stores, *Salad Club Cabbage Salad*, in a Mickey Mouse design for children, and *Konya wa Soup Minestrone*, a kit for easily making a soup full of vegetables. Also launched were limited-time-only salads such as *Lettuce and Rocket Salad* that utilized vegetable ingredients conventionally used in salads. Products launched under the *Kuishinbo* brand included *10 Ingredients Chicken and Vegetable Zosui*. New food service products included *Exceed Root Vegetables Pickled in Happozu* and new products in the *Gudakusan* series included *Black Vinegar Japanese Leek Sauce*.

In addition to the product developments described above, the *DH Microwave Dish*, which was jointly developed by Deria Foods Co., Ltd. and Hasegawa Chemical Industry Co., Ltd., was awarded the Technical Packaging Award in the 2008 Japan Packaging Contest, hosted by the Japan Packaging Institute. Also, the Production Technology Department participated in the Electronic Tag Verification Experiment Project for the Advancement of Consumer Goods Distribution System. In this project, the Group conducted experiments on traceability. In addition, consolidated subsidiary, Kewpie Jyozo Co., Ltd., published an essay on "Hypotensive Effect of Black Barley Vinegar on Spontaneously Hypertensive Rats" in the *Food Science and Technology Research*, and gave presentations on "Dynamics of D-Amino Acid Surface Fermentation (Batch)" and "Dynamics of Continuous Surface Fermentation of D-Amino Acid" at the International Conference of D-Amino Acid Research. As part of Kewpie Jyozo's product development efforts, new food service products included *Wadashi (Arabushi)*, which is made from a base of in-house-produced broth extracted from rough shavings of dried bonito and *Black Vinegar and Blueberry* as part of a food service vinegar drink series.

As a result of the development efforts described above, R&D costs of the Foods business for the reporting period came to ¥3,218 million.

(2) Distribution System Business

There is nothing to report regarding the R&D of this segment for the reporting period.

6. Financial Position and Business Performance

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

(1) Summary of significant accounting policies and the use of estimates

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in Japan, and necessarily include amounts based on estimates and assumptions by management regarding term-end balances of assets and liabilities, as well as income and expenses for the reporting term. The Group has continuously estimated, judged and assumed based on a number of factors that are believed to be reasonable under the past business results and surrounding conditions. Actual results could differ from these estimates.

The basis of preparation for the consolidated financial statements is described in V. Financial Conditions. We consider the following significant accounting policies to have a material effect on our estimates.

a) Allowances for doubtful accounts

Allowances for doubtful accounts is provided for on the amounts calculated by an estimated uncollectible rate to general credits in consideration of the past actual bad debt losses, plus on the estimated uncollectible amounts in consideration of the possibility of collection to specific credits of apprehension credits of bad debt, etc. The possibility cannot be ruled out that additional provision is required and that larger losses will be recognized than our current estimate in the event of deterioration in our customers' financial position and payment capabilities.

b) Impairment losses on investment securities

Other securities (including investment securities) with fair value are stated at market price, and those with no fair value are stated at cost. Based on reasonable criteria, the Company recognizes impairment losses on investment securities, taking into consideration declines in prices of equity shares and the deterioration of the business performance of companies in which the Company has invested.

We have posted losses under accounting for impairment. In the future, however, impairment losses could be generated as the possibility of recognition of losses and defaults cannot be ruled out.

c) Deferred tax assets

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

(2) Analysis of business performance

a) Sales

Net sales increased by ¥5,945 million or 1.3% year-on-year, to ¥473,951 million on a consolidated basis. By business segment, sales of the Foods business rose ¥2,068 million, or 0.6% year-on-year, to ¥377,909 million. This was mainly the result of: our efforts to expand demand, which were boosted by the strategy to make salad the main vegetable dish and by high-quality and affordably-priced small-sized products; the popularity of mayonnaise, particularly varieties appealing to the health-conscious; and the expansion of high-added-value products that utilize unique technology such as hyaluronic acid.

Sales of the Distribution system business rose by ¥3,877 million, or 4.2% year-on-year, to ¥96,041 million. Contributing to these results were the capture of new customers in specialized distribution system services and *Kyuso Suru-Bin* that mainly target distributors.

b) Operating Income

Operating income registered a year-on-year decline of ¥1,788 million, or 11.3%, to ¥14,036 million. By business segment, operating income for the Foods business was ¥16,005 million, a decrease of ¥1,664 million, or 9.4% year-on-year, as initiatives such as group-wide bulk purchasing of raw materials, efforts to improve production yields and reductions in sales promotion expenses were unable to cover the considerable rise in costs, particularly with respect to edible oil.

Operating income for the Distribution system business was ¥1,925 million, a decrease of ¥264 million, or 12.1% year-on-year, as there was a greater-than-expected rise in fuel costs, and delays in the rationalization reform measures despite work efficiency improvements that were gained by reducing transportation transit costs and utilizing the warehouse operation support system and other systems as part of operations.

c) Ordinary income

Ordinary income registered a year-on-year decline of ¥1,652 million, or 10.4%, to ¥14,184 million, despite non-operating income increasing ¥136 million, year-on-year, due to a reduction in loss on scrapped inventories.

d) Net income

Extraordinary gains/losses came to a gain of ¥336 million, mainly consisting of proceeds from sales of subsidiaries' shares of ¥985 million, which included the sale of the overseas dried meats business, a reduction in subsidies received and a losses on valuation of investment securities.

As a result of the above, income before income taxes and minority interests amounted to ¥13,876 million, a decrease of ¥1,316 million, or 8.7%, year-on-year. Income taxes amounted to ¥3,680 million, deferred income taxes to ¥1,607 million, and minority interests to ¥867 million. Consequently, net income posted a year-on-year increase of ¥393 million, or 5.4%, to ¥7,721 million.

Net income per share for the fiscal year under review came to ¥50.77 for the reporting term (compared with ¥47.96 for the previous term), and the return on equity (ROE) came to 5.4% (compared with 5.3% for the previous term).

(3) Financial position

a) Assets

Current assets improved by ¥1,286 million year-on-year, to ¥125,607 million. This was mainly due to a ¥1,343 million decrease in cash and deposits, ¥1,356 million rise in notes and accounts receivable—trade and a ¥1,461 million increase in inventories, owing partly to the effects created by having a holiday as the balance sheet date of the consolidated fiscal year. Fixed assets decreased by ¥2,195 million over the previous term-end, to ¥166,184 million mainly due to a decrease of investment securities and an increase of prepaid pension costs.

As a result of the above, total assets decreased by ¥1,031 million over the end of the previous year, to ¥291,792 million.

b) Liabilities, minority interests and shareholders' equity

Total liabilities decreased by ¥3,472 million from the end of the previous year, to stand at ¥128,211 million. This was mainly attributable to an increase of notes and accounts payable—trade by ¥10,356 million, influenced by the fact that the balance sheet date of the consolidated fiscal year was a holiday, and a decrease of accounts payable by ¥7,608 million and a decrease of accrued income taxes by ¥2,275 million.

The term-end balance of interest bearing debt decreased by ¥2,630 million from the end of the previous year, to ¥40,545 million.

Net assets rose ¥2,440 million from previous terms's ¥161,140 million, to ¥163,580 million, as a result of higher earned surplus, a decrease in Unrealized holding gains on securities, and an increase in minority interests.

As a result, the equity ratio (shareholders' equity as a percentage of total assets) rose 0.7 percentage points to 49.0%, and net assets per share rose ¥16.33 to ¥941.79.

c) Cash flow analysis

Further details regarding cash flow analysis during the term under review is given in II. Business Operations, 1. General, (3) Cash flows.

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

Term ended		Nov. 2004	Nov. 2005	Nov. 2006	Nov. 2007	Nov. 2008
Equity ratio	(%)	48.4	49.8	47.3	48.3	49.0
Equity ratio based on market price	(%)	52.7	58.6	54.6	59.3	55.3
Interest-bearing debt to cash flows ratio	(year)	2.5	2.4	2.0	1.9	2.8
Interest coverage ratio	(times)	27.9	29.5	42.1	32.9	21.6

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

(Notes)
1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the final market price by the number of outstanding shares at the end of fiscal year (excluding treasury stock).
3. Interest-bearing debt includes all debts whose interest is paid in the Consolidated Balance Sheets.
4. "Cash flow" and "Interest paid" is the figure of Net cash provided by operating activities and Interest paid reported in the Consolidated Statements of Cash Flows, respectively.

III. Facilities and Equipment

1. Investments in Facilities and Equipment

As a result of continuous investments to augment, upgrade and streamline facilities, the Q.P. Group invested a total of ¥13,091 million in facilities and equipment during the current fiscal year. These investments were part of the Company's efforts to preserve the environment and were made for the purpose of improving product safety, reducing production costs, and developing products to meet customers' needs.

Investments in facilities and equipment for the respective business segments were as follows:

[Foods Business]

The principal investments in this business segment during the current fiscal year were for the purpose of augmenting and streamlining facilities for the production of mayonnaise and egg products as well as enhancing product quality and preserving the environment. A total of ¥9,780 million was invested in facilities and equipment for the foods business segment.

[Distribution System Business]

The principal investments during the current fiscal year were made for the purpose of streamlining and upgrading warehouse facilities. A total of ¥3,151 million was invested in facilities and equipment for the Distribution system business segment.

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

Consumption taxes are not included in the above figures.

2. Principal Facilities and Equipment

Investments in facilities and equipment, and the number of employees working at each site on November 30, 2008 are as follows:

(1) The Company

Site	Business segment	Facilities and equipment	Book value (millions of yen)					Number of employees
			Buildings and structures	Machinery, equipment and transportation equipment	Land (m²)	Other	Total	
Hashikami Factory (Hashikami-cho, Sannohe-gun, Aomori)	Foods	For frozen, chilled and retort foods	916	508	553 (46,365)	14	1,992	1 (—)
Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Foods	For mayonnaise and dressings, egg products	4,700	3,545	3,661 (214,655)	47	11,955	244 (116)
Sengawa Factory (Chofu, Tokyo)	Foods	For mayonnaise and dressings, frozen and chilled foods	1,757	1,289	24 (16,571)	54	3,126	128 (106)
Nakagawara Factory (Fuchu, Tokyo)	Foods	For mayonnaise and dressings, frozen and chilled foods, canned foods	4,830	1,847	405 (43,484)	43	7,127	180 (174)
Fujiyoshida Factory (Fujiyoshida, Yamanashi)	Foods	For mayonnaise and retort foods	2,106	723	272 (59,399)	11	3,113	3 (5)
Koromo Factory (Toyota, Aichi)	Foods	For mayonnaise and dressings, egg products, frozen and chilled foods	1,230	1,455	16 (37,876)	19	2,722	229 (149)
Itami Factory (Itami, Hyogo)	Foods	For mayonnaise and dressings, egg products, frozen and chilled foods	2,776	1,983	2,113 (36,138)	30	6,902	169 (177)
Izumisano Factory (Izumisano, Osaka)	Foods	For mayonnaise and dressings, egg products, frozen and chilled foods	935	573	663 (18,576)	24	2,196	70 (84)
Tosu Factory (Tosu, Saga)	Foods	For mayonnaise and dressings, egg products, canned foods, frozen and chilled foods	3,744	1,291	363 (53,958)	34	5,434	1 (—)
Head Office (Shibuya-ku, Tokyo)	General control	For others	423 [7,950]	69	— (—)	98	591	523 (26)
Tokyo Branch and other 9 branches and 21 sales offices	Foods	For others	59 [17,544]	0	— (—)	35	95	813 (—)
Laboratory (Fuchu, Tokyo)	Foods	For research and development	922	67	31 (7,261)	153	1,175	241 (—)
Kobe Distribution Center (Higashinada-ku, Kobe, Hyogo)	Foods and distribution system	For warehousing and distribution system	1,345	190	4,555 (31,105)	1	6,092	7 (29)

(Notes) 1. "Other" listed under Book value includes tools, furniture and fixtures (construction in progress is excluded), and the amounts exclude consumption taxes.
2. The figures in brackets under Buildings and structures indicate the total area [m²] of leased properties.
3. Under Number of employees, the figures in parentheses indicate the number of temporary employees.

(2) Domestic subsidiaries

Trade name	Site	Business segment	Facilities and equipment	Book value (millions of yen)					Number of employees
				Buildings and structures	Machinery, equipment and transportation equipment	Land (m^2)	Other	Total	
Q.P. Egg Corporation	Niigata Factory (Niigata, Niigata)	Foods	For foods	54	27	580 (4,648)	0	661	42 (5)
	Kurimoto Center (Katori, Chiba)	Foods	For foods	312	27	623 (10,511)	0	964	47 (13)
	Nishinomiya Office (Nishinomiya, Hyogo)	Foods	For foods	214	64	346 (4,007)	0	625	65 (1)
Kewpie Jyozo Co., Ltd.	Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Foods	For foods	738	510	1,802 (29,788)	64	3,116	68 (100)
	Shiga Factory (Aisyo-cho, Echi-gun, Shiga)	Foods	For foods	992	566	88 (20,265)	38	1,686	42 (48)
K.R.S. Corporation	Hokkaido Bloc (Ishikari, Hokkaido)	Distribution system	For warehousing and distribution system	1,199	50	706 (21,110)	9	1,965	27 (15)
	Tohoku Bloc (Sendai, Miyagi)	Distribution system	For warehousing and distribution system	1,120	177	918 (47,427)	18	2,235	56 (20)
	Kanto Bloc (Goka-machi, Sashima-gun, Ibaraki)	Distribution system	For warehousing and distribution system	2,443	219	6,149 (80,474)	38	8,850	78 (51)
	Osaka Bloc (Itami, Hyogo)	Distribution system	For warehousing and distribution system	590	94	383 (3,120)	17	1,086	105 (34)
	Chugoku-Shikoku Bloc (Higashi-Hiroshima, Hiroshima)	Distribution system	For warehousing and distribution system	473	73	580 (15,348)	10	1,138	22 (13)
Kanae Foods Co., Ltd.	Owari Factory (Kasugai, Aichi)	Foods	For foods	1,297	212	1,013 (22,084)	3	2,527	36 (55)
	Tsukuba Factory (Mitsukaido, Ibaraki)	Foods	For foods	1,145	469	796 (16,946)	8	2,419	55 (83)
	Tama Factory (Tama, Tokyo)	Foods	For foods	120	90	154 (934)	2	367	26 (90)
	Fujiyoshida Factory (Fujiyoshida, Yamanashi)	Foods	For foods	105	181	155 (5,547)	1	444	14 (28)
Gourmet Delica Co., Ltd.	Soka Factory (Soka, Saitama)	Foods	For foods	749	70	992 (5,815)	2	1,814	31 (223)
Daily Mate Co., Ltd.	Head Office and Factory (Ome, Tokyo)	Foods	For foods	485	50	800 (12,926)	6	1,343	63 (370)
	Ome Factory (Ome, Tokyo)	Foods	For foods	446	11	200 (4,761)	0	657	6 (85)

Trade name	Site	Business segment	Facilities and equipment	Book value (millions of yen)					Number of employees
				Buildings and structures	Machinery, equipment and transportation equipment	Land (m^2)	Other	Total	
Deria Foods Co., Ltd.	Kitakami Delica Co., Ltd. (Kitakami, Iwate)	Foods	For foods	676	45	194 (11,526)	1	918	34 (175)
Co-op Food Products Co., Ltd.	Tohoku Factory (Fukushima, Fukushima)	Foods	For foods	818	343	84 (35,593)	10	1,257	67 (128)
	Kyushu Factory (Kumamoto, Kumamoto)	Foods	For foods	700	324	172 (35,418)	12	1,209	76 (164)
S.Y. Promotion Co., Ltd.	Kashima Office (Kamisu, Ibaraki)	Distribution system	For warehousing and distribution system	153	128	521 (24,719)	187	803	37 (6)
	Chiba Office (Ichihara, Chiba)	Distribution system	For warehousing and distribution system	80	227	255 (8,964)	202	563	38 (5)
Y.M. Kyuso Corporation	Atsugi Office (Atsugi, Kanagawa)	Distribution system	For warehousing and distribution system	22	107	478 (6,716)	6	615	130 (98)
	Itami Office (Itami, Hyogo)	Distribution system	For warehousing and distribution system	6	80	400 (3,254)	0	487	128 (24)
	Head Office (Inagi, Tokyo)	Distribution system	For warehousing and distribution system	236	—	238 (366)	3	478	18 (—)
Dispen Pak Japan Co., Inc.	Minami-Ashigara Factory (Minami-Ashigara, Kanagawa)	Foods	For foods	397	336	836 (7,697)	3	1,574	49 (48)

(Notes) 1. "Other" listed under Book value includes tools, furniture and fixtures (construction in progress is excluded), and the amounts exclude consumption taxes.
2. Under Number of employees, the figures in parentheses indicate the number of temporary employees.

(3) Foreign subsidiaries

Trade name	Site	Business segment	Facilities and equipment	Book value (millions of yen)					Number of employees
				Buildings and structures	Machinery, equipment and transportation equipment	Land (m²)	Other	Total	
Q&B Foods, Inc.	California, USA	Foods	For foods	165	141	84 (12,950)	1	393	80 (10)
Henningsen Foods, Inc.	New York, USA	Foods	For foods	432	398	34 (45,165)	14	879	249 (8)
Beijing Q.P. Foods Co., Ltd.	Huairou District, Beijing, China	Foods	For foods	511	242	— (—)	12	767	351 (17)
Hangzhou Q.P. Foods Co., Ltd.	Hangzhou, Zhejiang Province, China	Foods	For foods	819	342	— (—)	15	1,177	307 (8)

(Notes) 1. "Other" listed under Book value includes tools, furniture and fixtures (construction in progress is excluded), and the amounts exclude consumption taxes.
2. Under Number of employees, the figures in parentheses indicate the number of temporary employees.

Other major facilities and equipment rent (including leases) is as follows:

Trade name	Business segment	Facilities and equipment	Quantity	Rental or lease period (years)	Rental or lease fee (millions of yen)
The Company	Foods	Commercial vehicles	Lot	3	212
The Company	Corporate and Foods	Peripheral equipment related to information system	Lot	3~6	338
K. R. S. Corporation	Distribution system	Peripheral equipment related to information system, assortment equipment and racking facilities	Lot	2~7	1,653

IV. The Company

1. Shares

(1) Number of authorized and issued shares

a) Authorized shares

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

b) Issued shares

Class	Number of shares issued		Stock exchange	Remarks
	End of term (Nov. 30, 2008)	Filing date (Feb. 27, 2009)		
Common stock	155,464,515	155,464,515	Tokyo Stock Exchange (First Section)	Refers to ordinary shares of Company stock with no voting right restrictions Number of unit share: 100 shares
Total	155,464,515	155,464,515	—	—

(2) Stock acquisition rights

Not applicable.

(3) Rights plan

Not applicable.

(4) Principal shareholders

(as of November 30, 2008)

Trade name	Address	Number of the Company's shares held (A) (thousand)	Ratio of (A) to the total number of issued shares (%)
Nakashimato Co., Ltd.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	26,371	16.96
Touka Co., Ltd.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	4,872	3.13
Mizuho Trust & Banking Co., Ltd., employee pension trust, asset management service trust for beneficiary of the retrust	8-12, Harumi 1-chome, Chuo-ku, Tokyo	4,585	2.95
Kieikai Research Foundation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	4,251	2.73
National Mutual Insurance Federation of Agricultural Co-operatives (Zenkyoren)	7-9, Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo	4,224	2.72
Japan Trustee Service Bank, Ltd. Account in Trust	8-11, Harumi 1-chome, Chuo-ku, Tokyo	4,040	2.60
Japan Trustee Service Bank, Ltd. Account in Trust No.4G	8-11, Harumi 1-chome, Chuo-ku, Tokyo	3,927	2.53
Q.P. Corporation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	3,677	2.37
The Master Trust Bank of Japan, Ltd. Account in Trust	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	3,408	2.19
Sumitomo Mitsui Banking Corp.	1-2, Yuraku-cho 1-chome, Chiyoda-ku, Tokyo	3,208	2.06
Total	–	62,568	40.24

(5) Stock options

Not applicable.

2. Acquisition of the Company's Treasury Stock

[Types of shares acquired]
Common shares acquired based on a decision of the Company's Board of Directors, in accordance with Article 165, Paragraph 2 of the Corporation Law, as well as defined by Article 155, Item 7 of the Corporation Law.

(1) [Repurchase of shares based on a decision at the general shareholders meeting]
Not applicable.

(2) Repurchase of shares based on a decision by the Board of Directors]
The repurchase of common shares was approved by the Company's Board of Directors, in accordance with Article 165, Paragraph 2 of the Corporation Law.

Item	Number of shares	Total price (¥)
Repurchase approved at the Board of Directors meeting on April 4, 2008 (Repurchase period: April 7, 2008 – July 8, 2008)	1,500,000	2,000,000,000
Treasury stock held prior to the current fiscal year	—	—
Shares acquired during the current fiscal year	1,042,100	1,141,099,500
Number and market value of remaining approved shares	457,900	858,900,500
Percentage of unexercised portion as of final day of current fiscal year (%)	30.5	42.9
Shares repurchased during the above repurchase period	—	—
Percentage of unexercised portion as of the document submission date (%)	30.5	42.9

(3) [Repurchase of shares not based on a decision by the general meeting of shareholders or the Board of Directors]
Repurchase of odd lot shares, as stipulated in Article 192, Paragraph 1 of the Corporation Law.

Item	Number of shares	Total price (¥)
Repurchase approved at the General Meeting of Shareholders on 00-00-200x (Repurchase period: 00-00, 200x – 00-00, 200x)	—	—
Treasury stock held prior to the current fiscal year	—	—
Shares acquired during the current fiscal year	7,399	7,546,667
Number and market value of remaining authorized shares	—	—
Percentage of unexercised portion as of final day of current fiscal year (%)	—	—
Shares repurchased during the above repurchase period	2,903	3,343,097
Percentage of unexercised portion as of the document submission date (%)	—	—

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

Item	Current fiscal year		Specified period	
	Number of shares	Total disposal value (¥)	Number of shares	Total disposal value (¥)
Number of shares repurchased via solicitation	—	—	—	—
Number of repurchased shares disposed of	—	—	—	—
Repurchase shares transferred via a merger, share exchange or division of the company	—	—	—	—
Other (—)	—	—	—	—
Balance of treasury stock held	3,677,018	—	3,679,921	—

3. Dividend Policy

Placing great importance on shareholder ROI (return on investment), the Company has consistently paid stable dividends, and has carried out a stock split and cancellation of shares in treasury as necessary. As we are giving the top priority to dividend payment, the Company intends to continue consistently paying a dividend, and plans to steadily increase the dividend per share over a long period of time.

Dividend policy is based primarily on a targeted dividends on equity (DOE) ratio, the dividend payout ratio and the Company's future funding needs will also be taken into consideration. In principle, the Company will maintain a consolidated DOE of at least 1.5%, and a consolidated payout ratio of 25% or more.

Also, the Articles of Incorporation specifies that dividends from surplus will be paid based on the decision by the Board of Directors in accordance with the provision of Article 459, Paragraph 1 of the Corporation Law. Accordingly, the Company's basic policy is to pay dividends twice a year, comprising the interim and year-end dividends, as per the decision by the Board of Directors.

Based on the above policy, the Company paid a ¥15 per share dividend for the current fiscal year (including a ¥7 per share interim dividend). As a result, the Company's consolidated DOE and payout ratio came to 1.6% and 29.5% respectively for the consolidated reporting period.

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

4. Corporate Governance

A part of section of the corporate governance below includes the consolidated subsidiaries' information.

(1) Basic policy on corporate governance

To maximize the Company's enterprise value through efficient management, the Company has identified as a priority task the reorganization of the management structure and system of the Company and the entire group. In parallel with these measures, the Company also recognizes the vital importance of sharing the benefits created by the successful conduct of its business with its shareholders, consumers, business partners, employees, and other stakeholders. These various measures, taken together, constitute good corporate governance, in the view of the management of the Q.P. Group.

The Company fully recognizes compliance indispensable to our lasting development, and promotes the formulation of a compliance program and its implementation in order to enforce all directors and employees of the Company to follow full legal compliance with high ethical sense.

(2) Progress made in the implementation of corporate governance programs

(information contained in sections a) and b) below is correct as of the date of submission to the authorities of the Annual Securities Report of Q.P. Corporation, February 27, 2009)

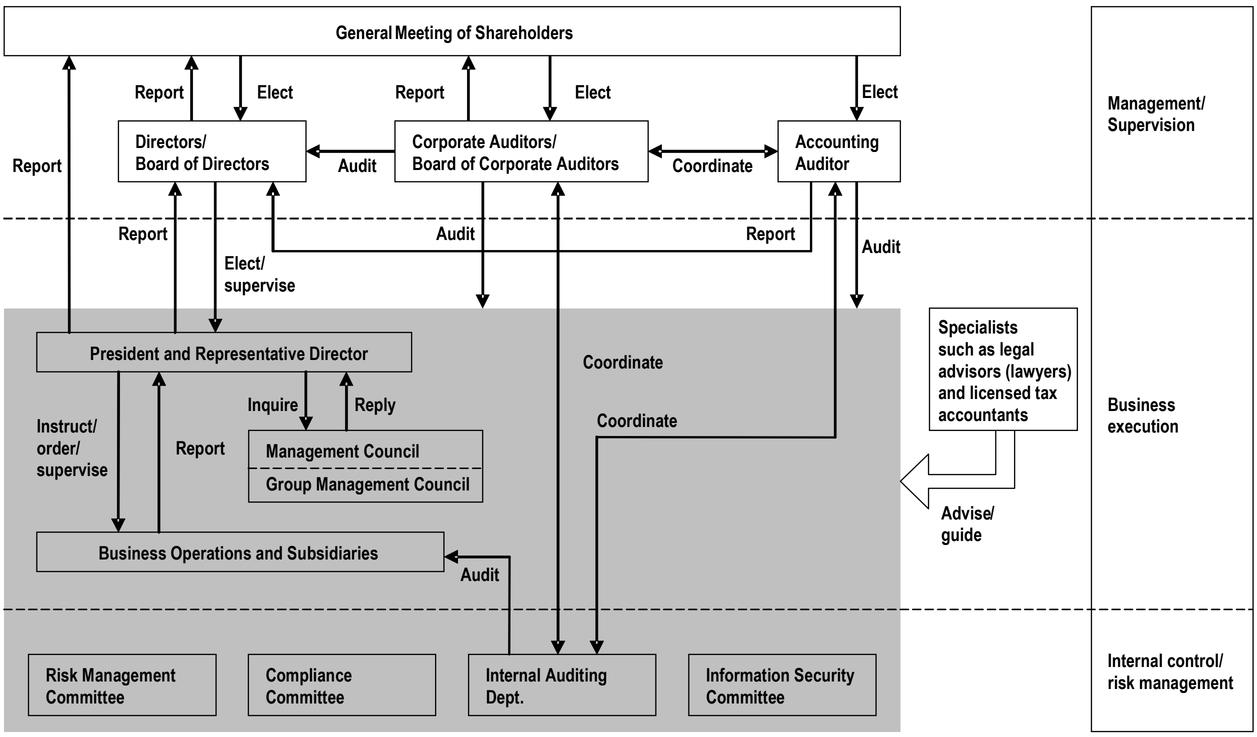
a) Corporate governance systems relating to management organization in decision-making, executive functions, and supervisory functions

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

In addition to the foregoing, the managements of the seven subsidiaries that form the core of the Q.P. Group take part in a Group Management Council, where management matters affecting the entire Group as a whole are debated.

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

The Group's Corporate Governance Structure



Management system

Q.P. Corporation utilizes the conventional management organization system, under which the decision-making of the Board of Directors is monitored by corporate auditors.

Corporate governance organization

At Q.P. Corporation, the Board of Directors oversees the implementation of their duties by individual directors, while the Board of Corporate Auditors audits the work performance of the directors.

The Board of Corporate Auditors determines the auditing policies to be followed, as well as the division of responsibilities among corporate auditors, and each auditor complies with the Board's policy directives and sits in on meetings of the Board of Directors and other important management meetings to hear reports on their work by individual directors, and to peruse the documents employed in the process of reaching decisions on important matters. The corporate auditors conduct on-site investigations at the Company's Head Office and other important business centers regarding business performance and financial position. The auditors also request reports from the managements of the Company's subsidiaries on their business performance. When deemed necessary, the corporate auditors visit subsidiaries to investigate the performance of their business and their financial position at first hand.

The two standing corporate auditors simultaneously act as corporate auditors for the Company's main subsidiaries.

Regular meetings are held between the Board of Corporate Auditors and the president of the Company, and extraordinary meetings may be held when necessary: these meetings are utilized to exchange opinions regarding proposals covering the whole range of the Company's business activities.

Outside directors & auditors

Q.P. Corporation does not appoint outside directors to its Board of Directors, but three of the five corporate auditors on the Company's Board of Corporate Auditors are outside auditors.

Progress made in establishing internal control system

The Company has set up an Internal Auditing Department to act as its internal auditing section with five corporate auditors. The staff of Internal Auditing Department perform auditing – in line with the directives laid down in the auditing plan for each year, as well as in accordance with orders or requests received from the president and the Company's other executive officers, or the Corporate Auditors – to confirm that organized activities throughout the Group are being carried out properly and efficiently in conformity with the law, or in line with the Company's own internal regulations and the management's policies.

If required, the Internal Auditing Department cooperates with the corporate auditors as well as accounting auditors by exchanging information and other actions.

Auditing activities may also be conducted in cooperation with staff members in each department of the Company or its subsidiaries who are charged with the auditing of matters relating to product quality and environmental protection.

System necessary to ensure the properness of operations system

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

A. Outline

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

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

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

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

b) At all times, the directors and corporate auditors shall be able to view these documents or electronic information.

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

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

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

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

D. System to ensure directors can efficiently execute their duties

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Matters concerning the placement of employees to assist in corporate auditor duties

The Internal Auditing Department executes internal auditing of matters requested by corporate auditors through deliberation with the Board of Corporate Auditors and reports the results of such audits to the Board of Corporate Auditors. Moreover, if the Board of Corporate Auditors requests to appoint an employee to assist in such duties, the Internal Auditing Department shall expeditiously comply with such a request.

H. Matters concerning the independence from the directors of employees who assist in corporate auditor duties

Employees belonging to the Internal Auditing Department who receive a request from the corporate auditors to carry out necessary internal auditing duties shall not receive instructions or orders that relate to such internal auditing from directors etc. except the director in charge of the Internal Auditing Department. Moreover, in order to ensure independence, when the Board of Corporate Auditors request the placement of an employee to assist in auditing duties, that employee shall not receive instructions or orders from directors.

I. System for reporting to corporate auditors including system for directors and employees to report to corporate auditors

a) Directors and employees shall report the information necessary to respond to respective corporate auditor requests in accordance with the stipulation of the Board of Corporate Auditors.

b) The subjects of the information matters mentioned in the previous paragraph are mainly:

- Content of agenda items for resolution at the General Meeting of Shareholders
- Status of activities at divisions or departments concerning the construction of the Company’s internal control system
- Status of activities of corporate auditors, the Internal Auditing Department, and staff members in divisions or departments in charge of auditing matters of the Company’s subsidiaries or affiliates.
- Material accounting policies and accounting standards of the Company and changes thereof
- Details of announcements of operating results and operating forecasts, and details of material disclosure documents
- Operation and details of reports of the internal reporting system

J. Other system necessary to ensure auditing of corporate auditors is effectively executed

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

b) Committees contributing to the internal control system such as the Risk Management Committee and the Compliance Committee, Internal Auditing Department, and staff members in each division or department in charge of auditing duties must give due deference to the opinions of each corporate auditor concerning the assurance of effectiveness of the auditing of corporate auditors.

Risk management system
The Company's risk management policy has set specific, systematic procedures for risk management, under which each responsible division or department exercises continuous oversight of each individual risk factor. In addition, in January 2006, the Company established a Risk Management Committee, chaired by the President and Representative Director, to address risk factors that affect the Company as a whole by evaluating and prioritizing risks to comprehensively manage risk. A crisis management manual has been prepared on the basis of the Company, risk management policy, to prepare for any foreseeable sudden risks to operations. In addition, in the event of a sudden incident or emergency, an Emergency Headquarters will be established immediately in accordance with the crisis management manual (supervised by the Executive General Manager of the Administrative Division), to take action in order to deal swiftly and appropriately with the incident. The members of the Risk Management Committee include representatives from each of the Company's major subsidiaries. Furthermore, in order to manage operating risks at subsidiaries, each subsidiary reports on its management risks to the Directors responsible for risk management, as needed.

In order to provide a solid legal compliance structure, the Company has established a Compliance Committee (chaired by the member of the board of directors responsible for compliance issue, with administrative work performed by members of the Legal Department), which is at the center of various compliance activities. The Committee chairman reports back to the Board of Directors and the Board of Corporate Auditors on the status of compliance activities. In addition to establishing and publically releasing a document entitled "Group Guidelines on Ethical Behavior", which explains to people both within and outside the Group the core values and activities expected of group companies, the Company also set up "helplines", that employees of Group companies can use to report information or seek guidance (there are many ways to contact this helpline, from both within and outside the Company), and set up a Compliance Investigation Committee to investigate any suggestions of illegal activity. In order to ensure that all employees have been instructed in, and have a proper understanding of what compliance entails, the Company has been conducting a "Mind Up Program", since fiscal year 2005.

In the event of non-compliance, such cases are fully reported (up to and including action taken against employees or directors found to be at fault) to employees of the whole Company and other Group companies, and companywide efforts are being implemented to prevent any recurrence.

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

Lawyers, Accounting Auditors, and other third parties
When the management of the Company require advice on legal matters, they consult their legal advisors (lawyers). Moreover, directors are required to undergo courses of study in legal matters.

In addition, the Company's auditing company — Ernst & Young ShinNihon LLC — as part of its normal duties as an accounting auditor, provides Q.P. Corporation with advice relating to problems in the sphere of the Company's accounts and general management. (The President of the Company regularly discusses such issues with accountants of Ernst & Young ShinNihon

LLC).

Neither Ernst & Young ShinNihon LLC as a corporate entity nor its accountants as individuals, have any particular interests in Q.P. Corporation such as would cause conflict of interest in the performance of their contractual duties.

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

Names & titles of CPAs	Independent Auditing Company by which the persons at left are employed
Hidenori Takahashi	Ernst & Young ShinNihon LLC
Keisuke Takemoto	Ernst & Young ShinNihon LLC
Masato Nakagawa	Ernst & Young ShinNihon LLC

(Note) 1. The column of "Number of successive years in which the person has handled the accounts of Q.P. Corp. (if 7 years or more)" described last year is now omitted, because there is no one who has handled the accounts of Q.P Corp for 7 years or more.
2. Ernst & Young Shin Nihon LLC takes measures to prohibit their engagement partners from engaging in accounting audit of the Company over certain consecutive period.

b) Summary of personal, capital, or business transaction interests in the Company held by the outside corporate auditors

Mr. Shunichiro Ishiguro, also serving as an outside auditor, is a director of Nakashimato Co., Ltd., an affiliate of the Company and the largest shareholder in the Company. Nakashimato Co., Ltd. currently possesses shares of the Company conferring (directly and indirectly) 20.6% of total voting rights (17.4% of the voting rights are held directly). Four of the board members or statutory auditors of Q.P. Corporation (including Mr. Ishiguro) concurrently hold the posts of director or statutory auditor at Nakashimato Co., Ltd.

Messrs. Ichiro Sakai and Michisato Sakamoto, who serve as the Company's outside auditors have no material interest in the Company.

c) Measures implemented over the past year to bolster the Company's corporate governance

The Board of Directors of the Company held twelve meetings during the reporting period, and the aggregate rate of attendance of outside auditors at these meetings was 88%.

The Internal Auditing Department, the internal organ responsible for auditing, conducted auditing of the Group's offices including those of its subsidiaries.

In the field of legal compliance, the Company worked on activities including the employees' education through holding various seminars.

(3) Compensation of directors and corporate auditors

(millions of yen)

Classification	Directors		Corporate Auditors		Total	
	Number of directors	Compensation	Number of corporate auditors	Compensation	Number of directors & auditors	Total compensation
Compensation authorized by resolution of general meeting of shareholders and outside auditors in parentheses	18	261	6 (3)	67 (22)	24 (3)	328 (22)
Bonuses paid out for directors	14	37	—	—	14	37
Total	—	298	—	67	—	365

(Notes) 1. By decision of the general meeting of shareholders, the maximum amount of monthly compensation shall be ¥35 million for directors and ¥8 million for corporate auditors.
2. The above "Compensation authorized by resolution of general meeting of shareholders" includes compensation for three directors and a corporate auditor who retired at the conclusion of the 95th Ordinary General Meeting of Shareholders.
3. In addition to the above provision, directors who also serve concurrently as employees received annual salaries (in addition to their compensation as directors) in the total aggregate amount of ¥119 million, which figure includes employees' bonuses.
4. As of the end of the reporting period, there were fifteen directors and five corporate auditors (including three outside auditors). There are no outside directors.

(4) Details of payment for services of Accounting Auditor

In accordance with the contract signed between the Company and the Accounting Auditor Ernst & Young ShinNihon LLC, a fee of ¥52 million (exclusive of tax) was paid to Ernst & Young ShinNihon LLC for auditing services with respect to the reporting period, as provided for in the provision of Article 2, Paragraph 1 of the Law Concerning Certified Public Accountants Services (Law No. 103 of 1948). Moreover, with regard to services not listed in the same paragraph of the same law (non-audit work), the Company has consigned to Ernst & Young ShinNihon LLC advisory services regarding the development, operation, and evaluation of the internal control system related to financial reporting, and paid the fee accordingly.

(5) Overview of Content of Limited Liability Contract

In accordance with the provisions of Article 427, Paragraph 1 of the Corporation Law and Article 39 of the Articles of Incorporation, the Company and its outside auditors have entered into a limited liability contract. The amount of maximum liability stipulated in the contract is determined by items of Article 425, Paragraph 1 of the Corporation Law.

(6) Number of Directors

The Company's Directors is limited to 20 members.

(7) Election and Dismissal of Directors

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

(8) Agenda at the general meeting of shareholders that can be decided by the Board of Directors

a) Dividends from surplus

As for matters listed in items of Article 459, Paragraph 1 of the Corporation Law regarding dividends from surplus, the Board of Directors reserves the right to make a decision unless otherwise provided for in laws and regulations. This is intended to realize mobile implementation of measures regarding dividends and capital.

b) Repurchase of treasury stock

For the purpose of executing the mobile capital policy, in accordance with the provision of Article 165, Paragraph 2 of the Corporation Law, the Articles of Incorporation stipulates that the Company may repurchase its treasury stock on the open market upon resolution by the Board of Directors.

(9) Exceptional agenda for resolutions at the general meeting of shareholders

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

V. Financial Conditions

1. Preparation of the consolidated financial statements

The Consolidated Financial Statements of the Company were prepared in accordance with the Regulations Concerning the Terminology, Forms and Preparation Methods of the Consolidated Financial Statements (Ministry of Finance Ordinance No.28 of 1976, hereinafter referred to as "Regulations for the Consolidated Financial Statements").

Note that the statements for the previous consolidated fiscal year (from December 1, 2006 to November 30, 2007) were prepared in accordance with the Regulations for the Consolidated Financial Statements before revision, while those for the current consolidated fiscal year (from December 1, 2007 to November 30, 2008) were prepared in accordance with the revised Regulations for the Consolidated Financial Statements.

2. Audit

The audits were performed by Ernst & Young ShinNihon on the consolidated financial statements for the previous consolidated fiscal year (from December 1, 2006 to November 30, 2007) and were performed by Ernst & Young ShinNihon LLC on the consolidated financial statements for the current consolidated fiscal year (from December 1, 2007 to November 30, 2008) in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law.

Ernst & Young ShinNihon LLC has changed its corporate name from Ernst & Young ShinNihon as of July 1, 2008 due to the change of auditing firm category.

Independent Auditors' Report

February 28, 2008

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Q.P. Corporation)

Ernst & Young ShinNihon

Designated and
Engagement Partner Takahashi Hidenori
Certified Public Accountant
(signed and sealed)

Designated and
Engagement Partner Sekiya Yasuo
Certified Public Accountant
(signed and sealed)

Designated and
Engagement Partner Takemoto Keisuke
Certified Public Accountant
(signed and sealed)

Pursuant to Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we have audited the consolidated financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Conditions" from December 1, 2006 to November 30, 2007, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, the consolidated statement of cash flows and the consolidated supplementary statements, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KEWPIE KABUSHIKI-KAISHA and consolidated subsidiaries at November 30, 2007, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

We have no interest in the Company, which should be disclosed pursuant to the provision of the Certified Public Accountants' Law.

Independent Auditors' Report

February 27, 2009

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Q.P. Corporation)

Ernst & Young ShinNihon LLC

Designated and Limited
Engagement Partner Takahashi Hidenori
Certified Public Accountant
(signed and sealed)

Designated and Limited
Engagement Partner Takemoto Keisuke
Certified Public Accountant
(signed and sealed)

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

Pursuant to Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we have audited the consolidated financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Conditions" from December 1, 2007 to November 30, 2008, namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, the consolidated statement of cash flows and the consolidated supplementary statements, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KEWPIE KABUSHIKI-KAISHA and consolidated subsidiaries at November 30, 2008, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

We have no interest in the Company, which should be disclosed pursuant to the provision of the Certified Public Accountants' Law.

1. Consolidated Financial Statements

(1) Consolidated financial statements

(a) Consolidated Balance Sheets

(Millions of yen)

Account / Term	Previous fiscal year (As of November 30, 2007) Amount		Component ratio	Current fiscal year (As of November 30, 2008) Amount		Component ratio
(Assets)			%			%
I. Current assets						
1. Cash and deposits		26,603			25,260	
2. Notes and accounts receivable — trade (Note *3)		70,120			71,476	
3. Securities		5,000			5,000	
4. Inventories		16,971			18,432	
5. Deferred tax assets		1,768			1,595	
6. Other		4,376			4,307	
7. Allowances for doubtful accounts		(518)			(464)	
Total current assets		124,321	42.5		125,607	43.0
II. Fixed assets						
(1) Tangible fixed assets						
1. Buildings and structures (Note *1)	118,674			121,303		
Accumulated depreciation	68,256	50,417		71,203	50,099	
2. Machinery, equipment, and transportation equipment (Note *1)	119,656			121,966		
Accumulated depreciation	94,630	25,026		98,027	23,939	
3. Land (Note *1)		40,243			40,305	
4. Construction in progress		1,856			2,280	
5. Other (Note *1)	8,198			8,178		
Accumulated depreciation	6,472	1,726		6,633	1,545	
Total tangible fixed assets		119,270	40.7		118,170	40.5
(2) Intangible fixed assets						
1. Computer software		2,064			1,827	
2. Other		408			418	
Total intangible fixed assets		2,473	0.9		2,246	0.8
(3) Investments and other assets						
1. Investment securities (Note *2)		21,987			17,683	
2. Long-term loans receivable		741			787	
3. Prepaid pension costs		—			17,673	
4. Deferred tax assets		489			596	
5. Other (Note *2)		23,604			9,194	
6. Allowances for doubtful accounts		(186)			(166)	
Total investments and other assets		46,635	15.9		45,768	15.7
Total fixed assets		168,379	57.5		166,184	57.0
III. Deferred assets						
1. Business commencement costs		122			—	
Total deferred assets		122	0.0		—	—
Total assets		292,823	100.0		291,792	100.0

(Millions of yen)

Account \ Term	Previous fiscal year (As of November 30, 2007)			Current fiscal year (As of November 30, 2008)		
	Amount		Component ratio	Amount		Component ratio
(Liabilities)			%			%
I. Current liabilities						
1. Notes and accounts payable — trade		38,804			49,160	
2. Short-term loans payable (Note *1)		14,979			16,067	
3. Current portion of bonds		—			10,000	
4. Accounts payable — other		22,630			15,022	
5. Accrued expenses		7,459			7,427	
6. Accrued income taxes		4,019			1,744	
7. Deferred tax liabilities		5			16	
8. Reserve for sales rebates		1,314			692	
9. Reserve for bonuses		824			764	
10. Reserve for directors' and corporate auditors' bonuses		60			53	
11. Other		547			481	
Total current liabilities		90,646	31.0		101,431	34.7
II. Long-term liabilities						
1. Bonds		10,500			500	
2. Long-term loans payable (Note *1)		17,695			13,977	
3. Deferred tax liabilities		7,732			7,527	
4. Reserve for retirement benefits		2,296			2,304	
5. Reserve for directors' and corporate auditors' retirement pay		852			147	
6. Other		1,959			2,322	
Total long-term liabilities		41,036	14.0		26,779	9.2
Total liabilities		131,683	45.0		128,211	43.9
(Net Assets)						
I. Shareholders' equity						
1. Paid-in capital		24,104	8.2		24,104	8.2
2. Capital surplus		29,432	10.1		29,432	10.1
3. Earned surplus		88,786	30.3		94,480	32.4
4. Treasury stock		(2,655)	(0.9)		(3,804)	(1.3)
Total shareholders' equity		139,667	47.7		144,212	49.4
II. Valuation and translation adjustments						
1. Unrealized holding gains on securities		3,416	1.2		1,288	0.4
2. Unrealized holding gains or losses on hedges		105	0.0		(74)	(0.0)
3. Foreign currency translation adjustment		(1,790)	(0.6)		(2,522)	(0.8)
Total valuation and translation adjustments		1,731	0.6		(1,307)	(0.4)
III. Minority interests		19,741	6.7		20,675	7.1
Total net assets		161,140	55.0		163,580	56.1
Total liabilities and net assets		292,823	100.0		291,792	100.0

(b) Consolidated Statements of Income

(Millions of yen)

Account \ Term	Previous fiscal year (From December 1, 2006 to November 30, 2007) Amount		Percentage	Current fiscal year (From December 1, 2007 to November 30, 2008) Amount		Percentage
			%			%
I. Net sales		468,006	100.0		473,951	100.0
II. Cost of sales		356,299	76.1		367,285	77.5
Gross profit		111,707	23.9		106,665	22.5
III. Selling, general and administrative expenses (Note *1,2)		95,882	20.5		92,629	19.5
Operating income		15,824	3.4		14,036	3.0
IV. Non-operating income						
1. Interest income	403			379		
2. Dividends receivable	343			333		
3. Equity income	122			89		
4. Other	474	1,344	0.3	508	1,310	0.3
V. Non- operating expenses						
1. Interest expenses	698			685		
2. Losses on scrapped inventories	239			—		
3. Amortization of business commencement costs	146			122		
4. Other	248	1,332	0.3	353	1,162	0.3
Ordinary income		15,836	3.4		14,184	3.0
VI. Extraordinary gains						
1. Prior period adjustments	12			—		
2. Gains on sales of fixed assets (Note *3)	26			230		
3. Gains on sales of investment securities	141			174		
4. Gains on sales of shares of subsidiaries and associated companies	—			985		
5. Reversal of allowances for doubtful accounts	31			—		
6. Subsidies received (Note *7)	373			—		
7. Compensation for transfer of property (Note *8)	93			—		
8. Other	30	711	0.1	98	1,488	0.3
VII. Extraordinary losses						
1. Prior period adjustments	1			—		
2. Losses on sales of fixed assets (Note *4)	17			18		
3. Losses on disposal of fixed assets (Note *5)	750			755		
4. Losses on valuation of investment securities	—			404		
5. Allowances for doubtful accounts	—			2		
6. Key system equipment relocation costs (Note *9)	—			260		
7. Losses on impairment of fixed assets (Note*6)	227			—		
8. Other	358	1,355	0.3	354	1,795	0.4
Net income before income taxes and minority interests		15,192	3.2		13,876	2.9
Income taxes	4,628			3,680		
Income taxes deferred	2,413	7,041	1.5	1,607	5,288	1.1
Minority interests		822	0.1		867	0.2
Net income		7,328	1.6		7,721	1.6

(c) Consolidated Statements of Changes in Net Assets
Previous fiscal year (From December 1, 2006 to November 30, 2007)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments					
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Unrealized holding gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at November 30, 2006	24,104	29,432	83,305	(2,268)	134,574	4,676	(5)	(1,905)	2,765	18,878	156,217
Changes of items during the fiscal year											
Increase in earned surplus resulting from change in fiscal year-end of certain subsidiaries			370		370						370
Dividends from surplus			(2,218)		(2,218)						(2,218)
Net income			7,328		7,328						7,328
Repurchase of treasury stock				(387)	(387)						(387)
Net changes of items other than shareholders' equity						(1,259)	111	114	(1,033)	862	(170)
Total changes during the fiscal year	—	—	5,480	(387)	5,093	(1,259)	111	114	(1,033)	862	4,922
Balance at November 30, 2007	24,104	29,432	88,786	(2,655)	139,667	3,416	105	(1,790)	1,731	19,741	161,140

Current fiscal year (From December 1, 2007 to November 30, 2008)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments					
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity	Unrealized holding gains on securities	Unrealized holding gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests	Total net assets
Balance at November 30, 2007	24,104	29,432	88,786	(2,655)	139,667	3,416	105	(1,790)	1,731	19,741	161,140
Changes of items during the fiscal year											
Increase in earned surplus resulting from increase of consolidated subsidiaries			104		104						104
Dividends from surplus			(2,132)		(2,132)						(2,132)
Net income			7,721		7,721						7,721
Repurchase of treasury stock				(1,148)	(1,148)						(1,148)
Net changes of items other than shareholders' equity						(2,127)	(179)	(731)	(3,038)	934	(2,104)
Total changes during the fiscal year	—	—	5,693	(1,148)	4,544	(2,127)	(179)	(731)	(3,038)	934	2,440
Balance at November 30, 2008	24,104	29,432	94,480	(3,804)	144,212	1,288	(74)	(2,522)	(1,307)	20,675	163,580

(d) Consolidated Statements of Cash Flows

(Millions of yen)

Term / Account	Previous fiscal year (From December 1, 2006 to November 30, 2007) Amount	Current fiscal year (From December 1, 2007 to November 30, 2008) Amount
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income taxes and minority interests	15,192	13,876
Depreciation and amortization	12,388	13,408
Losses on impairment of fixed assets	227	—
Amortization of goodwill	31	25
Equity income	(122)	(89)
Losses on valuation of investment securities	35	404
Losses on valuation of golf course memberships	0	45
Increase (decrease) in reserve for retirement benefits	(287)	8
Decrease (increase) in prepaid pension costs	(3,514)	(3,565)
Increase (decrease) in reserve for directors' and corporate auditors' retirement pay	(374)	(705)
Increase (decrease) in reserve for sales rebates	76	(621)
Increase (decrease) in reserve for directors' and corporate auditors' bonuses	(24)	(8)
Increase (decrease) in reserve for bonuses	11	(59)
Increase (decrease) in allowances for doubtful accounts	(114)	(71)
Interest income and dividends receivable	(747)	(713)
Interest expenses	698	685
Losses (gains) on sales of investment securities	(138)	(160)
Losses (gains) on sales of shares in subsidiaries and associated companies	—	(985)
Losses (gains) on sales and disposal of fixed assets	741	544
Decrease (increase) in notes and accounts receivable — trade	(524)	(1,559)
Decrease (increase) in inventories	(1,042)	(1,947)
Increase (decrease) in notes and accounts payable — trade	(367)	10,000
Increase (decrease) in accounts payable — other	754	(6,821)
Increase (decrease) in accrued consumption taxes	840	(453)
Increase (decrease) in long-term accounts payable	479	375
Other	734	(850)
Sub-total	24,953	20,762
Interest income and dividends received	585	1,039
Interest paid	(679)	(668)
Income taxes paid	(2,528)	(6,668)
Net cash provided by operating activities	22,331	14,466

(Millions of yen)

Account \ Term	Previous fiscal year (From December 1, 2006 to November 30, 2007) Amount	Current fiscal year (From December 1, 2007 to November 30, 2008) Amount
II. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of securities	8	—
Purchase of tangible fixed assets	(10,195)	(12,170)
Purchase of intangible fixed assets	(659)	(562)
Purchase of investment securities	(347)	(135)
Sales of investment securities	1,073	338
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation (Note *2)	—	1,843
Acquisition of subsidiaries' shares without change in scope of consolidation	—	(28)
Proceeds from sales of subsidiaries' shares without change in scope of consolidation	—	90
Loans receivable made	(668)	(515)
Collection of loans receivable	604	390
Disbursements for deposit money in bank	(328)	(1,468)
Withdrawal of time deposits	18	1,422
Other	(672)	1,107
Net cash used in investing activities	(11,166)	(9,687)
III. CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing on short-term loans	83,132	106,287
Repayment of short-term loans	(80,982)	(106,934)
Borrowing on long-term loans	1,950	1,200
Repayment of long-term loans	(4,101)	(2,953)
Paid in from minority shareholders	—	179
Cash dividends paid	(2,218)	(2,132)
Cash dividends paid to minority shareholders	(146)	(211)
Repurchase of treasury stock	(387)	(1,148)
Net cash provided by (used in) financing activities	(2,757)	(5,712)
IV. EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10)	(87)
V. INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,396	(1,021)
VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	21,212	27,699
VII. INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM INCREASE OF CONSOLIDATED SUBSIDIARIES	—	27
VIII.. DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM CHANGE IN FISCAL YEAR-END OF CERTAIN SUBSIDIARIES	(1,909)	—
IX. CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note *1)	27,699	26,705

Basis of Preparation for Consolidated Financial Statements

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
1. Consolidated subsidiaries Consolidated subsidiaries are forty-five companies and their names are omitted so as to be reported in 4. Summary of Associated Companies of I. Summary of the Company. The Company newly established K・SS Co., Ltd. as a consolidated subsidiary. Non-consolidated subsidiaries are twenty-one companies, and the principal companies of them are Kyuso L-Plan Corporation and Osaka San-ei Logistics Corporation. These companies are excluded from the consolidation, because their total amounts of assets, sales, net income (equal to the equity share), and earned surplus (equal to the equity share) do not have a significant effect on the total consolidated amounts of assets, sales, net income, and earned surplus.	1. Consolidated subsidiaries Consolidated subsidiaries are forty-six companies and their names are omitted so as to be reported in 4. Summary of Associated Companies of I. Summary of the Company. The Company added two companies, Kyuso-service Corporation and K Logistics Corporation as consolidated subsidiaries and removed one company, Henningsen Nederland B.V., from the scope of consolidation by selling all the shares of the company that it owned. Non-consolidated subsidiaries are nineteen companies, and the principal companies of them are Kyuso L-Plan Corporation and Osaka San-ei Logistics Corporation. These companies are excluded from the consolidation, because their total amounts of assets, sales, net income (equal to the equity share), and earned surplus (equal to the equity share) do not have a significant effect on the total consolidated amounts of assets, sales, net income, and earned surplus.
2. Application of the equity method The equity method is applied to the investments in six companies of twenty-one non-consolidated subsidiaries and thirteen affiliated companies (20% to less than 50% owned) since the Company (Q.P. Corporation) has significant effect over them. The name of companies accounted for by the equity method is omitted so as to be reported in 4. Summary of Associated Companies of I. Summary of the Company. Tou Kewpie Co., Ltd. is newly added as an affiliated company applying the equity method to consolidation accounting by acquisition of stock. The investments in twenty-one non-consolidated subsidiaries including Kyuso L-Plan Corporation and in seven affiliated companies including Thai Q.P. Co., Ltd. not to be accounted for by the equity method, are stated at cost, because the amounts calculated by the application of the equity method do not have a significant effect on the total consolidated net income and earned surplus.	2. Application of the equity method The equity method is applied to the investments in six companies of nineteen non-consolidated subsidiaries and fourteen affiliated companies (20% to less than 50% owned) since the Company (Q.P. Corporation) has significant effect over them. The name of companies accounted for by the equity method is omitted so as to be reported in 4. Summary of Associated Companies of I. Summary of the Company. The investments in nineteen non-consolidated subsidiaries including Kyuso L-Plan Corporation and in eight affiliated companies including Thai Q.P. Co., Ltd. not to be accounted for by the equity method, are stated at cost, because the amounts calculated by the application of the equity method do not have a significant effect on the total consolidated net income and earned surplus.

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
3. Closing date of consolidated subsidiaries The closing date of Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd. is December 31, and that of Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., Henningsen Nederland B.V. and Henningsen Foods, Netherlands Inc. is September 30. The subsidiaries with the closing date of December 31 are consolidated based on their temporary financial statements at November 30. The subsidiaries with the closing date of September 30 are consolidated based on the financial statements at their balance sheet date, and significant transactions for the period from October 1 to November 30 are reflected in the consolidated financial statements. From the current fiscal year, thirty-six domestic consolidated subsidiaries, except for K.R.S. Corporation changed their year-end from September 30 to November 30. Therefore, the fiscal year of those subsidiaries included in the current fiscal year comprised fourteen months. Net income of those subsidiaries corresponding to the first two months from October 1, 2006 to November 30, 2006 was directly accounted for as earned surplus in the changes in net assets and cash flows of those subsidiaries corresponding to the same period were accounted for as decrease in cash and cash equivalents resulting from change in fiscal year-end of certain subsidiaries in the statement of cash flows.	3. Closing date of consolidated subsidiaries The closing date of Beijing Q.P. Foods Co., Ltd. and Hangzhou Q.P. Foods Co., Ltd. is December 31, and that of Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc. and Henningsen Foods, Netherlands Inc. is September 30. The subsidiaries with the closing date of December 31 are consolidated based on their temporary financial statements at November 30. The subsidiaries with the closing date of September 30 are consolidated based on the financial statements at their balance sheet date, and significant transactions for the period from October 1 to November 30 are reflected in the consolidated financial statements.

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
4. Accounting standards (1) Valuation basis and valuation methods for significant assets (a) Securities 1. Held-to-maturity bonds are stated at amortized cost. Discounts and premiums are amortized by the straight-line method.	4. Accounting standards (1) Valuation basis and valuation methods for significant assets (a) Securities 1 The same standards with the previous fiscal year
2. Other securities with fair value are stated at fair value based on market price at the closing date. Valuation differences comprise net assets as unrealized holding gains on securities. When sold, cost of sales is determined by the moving average method. Other securities with no fair value are stated at moving average cost.	2 The same standards with the previous fiscal year
(b) Derivative financial instruments Derivative financial instruments are stated at fair value. Hedge accounting is adopted for derivative financial instruments which conform to requirements of hedge accounting.	(b) Derivative financial instruments The same standards with the previous fiscal year
(c) Inventories Purchased goods, products, raw materials, supplies and work in progress are principally stated at monthly moving average cost. Some joint products are stated at retail periodic average cost.	(c) Inventories The same standards with the previous fiscal year
(2) Depreciation (a) Tangible fixed assets Tangible fixed assets are mainly depreciated by the declining balance method except for the following assets. Buildings (except for equipment fixed inside buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method. The same basis with the Corporation Tax Law is mainly adopted for useful life and scrap value. The main useful life is as follows. Buildings: 2-50 years Machinery and equipment: 2-22 years	(2) Depreciation (a) Tangible fixed assets The same standards with the previous fiscal year
(Change in accounting policy) In accordance with the changes of tax code introduced in the 2007 tax reform(Law Concerning Partial Revision of the Income Tax Law (Law No. 6 of March 30 of 2007) and the Law Concerning Partial Revision of the Enforcement Regulations of the Corporation Tax Law (Government Ordinance No.83 of March 30 of 2007)), from the current fiscal year concerning the depreciation of tangible fixed assets acquired on and after April 1, 2007, the method of computing depreciation expenses have been changed to the new regulation. The effect which this change has on the statement of income and segment information is immaterial.	(Additional Information) Following the revision of the Corporation Tax Law, we have adopted the following method of depreciation for assets acquired on or before March 31, 2007. For those assets that have been depreciated and have reached 5% of their acquisition value using the method of calculating deprecation based on the Corporation Tax Law before the revision, the difference between the remaining 5% of the acquisition value and a memorandum price will be written off in equal amounts over the five-year period beginning the year following the year when the book value is depreciated to 5% of the acquisition value. This amount is included in depreciation. As a result of the above, operating income was reduced by ¥619 million and ordinary income and income before income taxes and minority interests were both reduced by ¥620 million. The impact on segment information is presented in the relevant sections.

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
(b) Intangible fixed assets Intangible fixed assets are depreciated by the straight-line method. The same basis with the Corporation Tax Law is adopted for useful life. Computer software purchased for internal use is amortized as no scrap value by the straight-line method for five years based on the estimated useful life for internal use.	(b) Intangible fixed assets The same standards with the previous fiscal year
(c) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.	(c) Long-term prepaid expenses The same standards with the previous fiscal year
(3) Accounting standards for significant reserves (a) Reserve for sales rebates Reserve for sales rebates is based on the proportion to sales on an accrual basis.	(3) Accounting standards for significant reserves (a) Reserve for sales rebates The same standards with the previous fiscal year
(b) Reserve for bonuses Reserve for bonuses is based on the specific computation period.	(b) Reserve for bonuses The same standards with the previous fiscal year
(c) Reserve for directors' and corporate auditors' bonuses Reserve for directors' and corporate auditors' bonuses is provided for at the necessary amounts based on the estimated amounts payable at the end of current fiscal year.	(c) Reserve for directors' and corporate auditors' bonuses The same standards with the previous fiscal year
(d) Reserve for retirement benefits Reserve for retirement benefits is provided for at the necessary amounts on an accrual basis considering the estimated retirement benefit obligations and pension fund assets at end of the current fiscal year. Some consolidated subsidiaries adopt other method than the above. Prior service liabilities are amortized by the straight-line method over twelve years except for K.R.S. Corporation (from ten to thirteen years) based on the average remaining employees' service year, and their amortizations start in the respective accrual years. Actuarial gains or losses are amortized by the straight-line method over twelve years except for K.R.S. Corporation (from ten to thirteen years) based on the average remaining employees' service years, and their amortizations start in the next year of the respective accrual years. Retirement benefits systems of the Company and subsidiaries consist of a defined benefit corporate pension plan (Fund-type and Contract-type) and a retirement lump-sum grants system.	(d) Reserve for retirement benefits The same standards with the previous fiscal year

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
(e) Reserve for directors' and corporate auditors' retirement pay The Company and consolidated subsidiaries provide a reserve for directors' and corporate auditors' retirement pay equivalent to the estimated amounts payable at end of the current fiscal year according to each company's bylaw. (Additional Information) K.R.S. Corporation, S.Y. Promotion Co., Ltd and Y.M.Kyuso Corporation abolished the rule on the retirement pay to the directors and corporate auditors pursuant to the resolutions made at the general meeting of shareholders of the companies held from November, 2006 to February, 2007. Consequently, according to the resolution, accrued ¥ 479 million of retirement benefits to directors and corporate auditors were fully reserved until their retirement and the amounts corresponding to the accrued retirements benefits recorded until the day of abolishment were included in the other of fixed liabilities.	(e) Reserve for directors' and corporate auditors' retirement pay The fourteen consolidated subsidiaries including Kanae Foods Co., Ltd. provide a reserve for directors' and corporate auditors' retirement pay equivalent to the estimated amounts payable at end of the current fiscal year according to each company's bylaw. (Additional Information) The Company and its consolidated subsidiaries, Q.P. Egg Corporation, Deria Foods Co., Ltd., K pack Co., Ltd., Salad Club Co., Ltd., and Saika Co., Ltd., have been providing a reserve for directors' and corporate auditors' retirement equivalent to the estimated amounts payable at the end of the consolidated fiscal year according to each company's bylaw, but at the board of directors' meeting of the respective companies held in or after November 2007, the aforesaid companies passed resolutions to abolish the rule on retirement benefits to the directors and corporate auditors, effective the conclusion of the ordinary (or extraordinary) general meetings of shareholders of the respective companies held in or after February 2008. Moreover, the aforesaid companies passed resolutions at the ordinary (or extraordinary) general meetings of shareholders of the respective companies held in or after February 2008 to provide retirement benefits to directors and corporate auditors at the time of their retirement of amounts corresponding to the their respective tenures up recorded until the day of abolishment. Consequently, according to these resolutions, the balance at the end of the consolidated fiscal year of ¥451 million equivalent to the retirement benefits to directors and corporate auditors corresponding to the period up until the relevant general shareholders' meeting was included in the other of fixed liabilities
(f) Allowances for doubtful accounts Allowances for doubtful accounts is provided for on the amounts calculated by an estimated uncollectible rate to general credits in consideration of the past actual bad debt losses, plus on the estimated uncollectible amounts in consideration of the possibility of collection to specific credits of apprehension credits of bad debt, etc.	(f) Allowances for doubtful accounts The same standards with the previous fiscal year
(4) Deferred assets Business commencement costs are deferred and amortized by the straight-line method. The amortization period of business commencement costs is five years.	(4) Deferred assets The same standards with the previous fiscal year
(5) Accounting for significant lease transactions Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees, are accounted for by the same method as that applied to ordinary operating leases.	(5) Accounting for significant lease transactions The same standards with the previous fiscal year

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
(6) Significant hedge accounting (a) Hedge accounting Deferral hedge is adopted in the method of hedge accounting. Designation transactions are applied to debts and credits in foreign currency which conform to the requirements of hedge accounting. The exceptional accounting method is adopted to the interest swap agreements which conform to the special regulated terms.	(6) Significant hedge accounting (a) Hedge accounting The same standards with the previous fiscal year
(b) Hedge instruments Hedge instruments are forward exchange contracts, crude oil price swap agreements, crude oil price collar option contracts and interest swap contracts.	(b) Hedge instruments The same standards with the previous fiscal year
(c) Hedge items Hedge items are purchase transactions in foreign currencies, planned purchase transactions of light and heavy oil, and interest of loans.	(c) Hedge items The same standards with the previous fiscal year
(d) Hedge policy The Company and consolidated subsidiaries enter into forward exchange contracts to hedge risks from fluctuation in foreign exchange rate, crude oil price swap agreements and crude oil price collar option agreements to hedge risks from fluctuation in light and heavy oil price, and interest swap agreements to hedge risks from moving on fluctuation in interest rate. In addition, the Company and consolidated subsidiaries never make use of them for the purpose of speculative transactions.	(d) Hedge policy The same standards with the previous fiscal year
(e) Assessment of the effectiveness of hedge accounting Control procedures of hedge transactions are executed according to each company's bylaw. The effectiveness of the hedge except for the following contracts is measured by comparing movements in the fair value of hedge items with those of hedge instruments. Hedge transactions are strictly controlled, analyzed, and assessed. Interest swap agreements conforming to the special regulated terms are omitted to measure their effectiveness.	(e) Assessment of the effectiveness of hedge accounting The same standards with the previous fiscal year
(7) Accounting for consumption taxes Consumption taxes are recorded in separate accounts.	(7) Accounting for consumption taxes The same standards with the previous fiscal year
5. Valuation of assets and liabilities of consolidated subsidiaries The Company adopts the full fair value method that all assets and liabilities including those of minority interests are valued at fair value when the Company acquired control of the subsidiaries.	5. Valuation of assets and liabilities of consolidated subsidiaries The same standards with the previous fiscal year
6. Amortization of goodwill and negative goodwill Goodwill and negative goodwill are amortized over five years. Immaterial goodwill and negative goodwill are expensed as incurred.	6. Amortization of goodwill and negative goodwill The same standards with the previous fiscal year
7. Cash and cash equivalents Cash and cash equivalents consist of cash in hand, bank deposits which can be withdrawn freely and easily converted into money, and short-term investments which have an original maturity of three months or less and are not exposed to significant valuation risks.	7. Cash and cash equivalents The same standards with the previous fiscal year

Reclassification

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
(Consolidated Balance Sheets) 1. Certificate of deposit which had been included in "Cash and deposit" in the previous fiscal year has been accounted for "Securities" starting from the current fiscal year in accordance with the revised Regulations for the Consolidated Financial Statements. The balances of certificate of deposit as of November 30, 2006 and November 30, 2007 are 5,000 million yen and 5,000 million yen, respectively.	(Consolidated Balance Sheets) 1. "Prepaid pension costs" included in "Other" account of "Investments and other assets" at the end of the previous fiscal year, but because its amount exceeded 5% of total assets in the current fiscal year, the presentation has been changed and "Prepaid pension costs" is presented as an independent account. The amount of prepaid pension costs was ¥14,107 million at the end of the previous fiscal year.
	(Consolidated Statements of Income) 1. "Losses on scrapped inventories" was presented as an independent account in the previous fiscal year, but because its amount was less than 10% of total non-operating expenses for the current fiscal year, the presentation has been changed and losses on scrapped inventories is included in the "Other" account of "Non-operating expenses." The amount of losses on scrapped inventories for the current fiscal year was ¥108 million. 2. "Prior period adjustments" was presented as an independent account in "Extraordinary gains" for the previous fiscal year, but in the current fiscal year its presentation was changed and it is included in the "Other" account of "Extraordinary gains." The amount of prior period adjustments in the current fiscal year was ¥7 million yen. 3. "Reversal of allowances for doubtful accounts" was presented as an independent account in the previous fiscal year, but in the current fiscal year, its presentation was changed and it is presented in the "Other" account of "Extraordinary gains." The amount of reversal of allowances for doubtful accounts was ¥27 million for the current fiscal year. 4. "Prior period adjustments" was presented as an independent account in "Extraordinary losses" for the previous fiscal year, but in the current fiscal year, its presentation was changed and it is presented in the "Other" account of "Extraordinary losses." The amount of prior period adjustments was ¥18 million for the current fiscal year. 5. "Losses on valuation of investment securities" was presented in the "Other" account of "Extraordinary losses" in the previous fiscal year, but because its amount exceeded 10% of total extraordinary losses in the current fiscal year, its presentation was changed and it was presented as an independent account. The amount of losses on valuation of investment securities in the previous fiscal year was ¥35 million.
(Consolidated Statements of Cash Flows) 1. "Amortization of consolidation adjustments" identified in the previous fiscal year is presented as "Amortization of goodwill" from the current fiscal year in accordance with the revised Regulations for the Consolidated Financial Statements. 2. As "Increase in prepaid pension costs" included in "Decrease in reserve for retirement benefits" in the previous fiscal year have a significant effect on the cash flows from operating activities in the current fiscal year, the Company changed to the method reporting as an independent account by reclassifying other accounts, and "Increase in prepaid pension costs" included in "Decrease in reserve for retirement benefits" in the previous fiscal year was - ¥ 3,362 million.	

Notes

Consolidated Balance Sheets

Previous fiscal year (As of November 30, 2007)	Current fiscal year (As of November 30, 2008)
1. *1 Pledged assets and secured debts	1. *1 Pledged assets and secured debts

Previous fiscal year (As of November 30, 2007)

1. *1 Pledged assets and secured debts

(Millions of yen)

Pledged assets:	
Buildings and structures	2,960
Machinery, equipment and transportation equipment	23
Land	5,691
Other (Tangible fixed assets)	0
Total	8,676
Secured debts:	
Short-term loans payable	2,131
Long-term loans payable	2,748
Total	4,880

2. Contingent liabilities
Liabilities for guarantee
The amounts of liabilities guaranteed under joint signature are as follows;

(Millions of yen)

Debtor	Amount	Contents
Employees	520	Bank loan, etc.
THAI Q.P. CO.,LTD.	2	Bank loan
KEWPIE(THAILAND) CO.,LTD.	3	Bank loan
Shanghai KRS Logistics Corporation	203	Guarantee for the Financial Institution originally guaranteeing debtor's contract fulfillment
Total	730	

3. *2. Investments in non-consolidated subsidiaries and affiliated companies, are as follows;

Investment securities	¥ 4,081 million
Sundry investments	¥ 408 million

4. ―――――

Current fiscal year (As of November 30, 2008)

1. *1 Pledged assets and secured debts

(Millions of yen)

Pledged assets:	
Buildings and structures	3,037
Machinery, equipment and transportation equipment	21
Land	5,931
Other (Tangible fixed assets)	0
Total	8,991
Secured debts:	
Short-term loans payable	1,489
Long-term loans payable	2,762
Total	4,252

2. Contingent liabilities
Liabilities for guarantee
The amounts of liabilities guaranteed under joint signature are as follows;

(Millions of yen)

Debtor	Amount	Contents
Employees	414	Bank loan, etc.
THAI Q.P. CO.,LTD.	2	Bank loan
KEWPIE(THAILAND) CO.,LTD.	200	Bank loan
Shanghai KRS Logistics Corporation	190	Guarantee for the Financial Institution originally guaranteeing debtor's contract fulfillment
Total	807	

3. *2. Investments in non-consolidated subsidiaries and affiliated companies, are as follows;

Investment securities	¥ 3,980 million
Sundry investments	¥ 408 million

4. (Additional information)
*3 Notes maturing at end of fiscal year
The accounting treatment for notes maturing at end of the current fiscal year shall be to dispose same as of the clearance date. Please note that because the end of the current fiscal year fell on a bank holiday, the following notes maturing at end of fiscal year are included in the balance at end of fiscal year.

Notes receivable	¥ 76 million

Consolidated Statements of Income

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
1. *1 Main components of selling, general and administrative expenses are as follows; Transportation and storage ¥ 27,295 million Sales promotion expenses ¥ 22,182 million Research and development costs ¥ 3,229 million Advertising and general publicity expenses ¥ 8,799 million Payroll expenses ¥ 14,961 million Depreciation expenses ¥ 1,587 million Reserve for bonuses ¥ 408 million Reserve for directors' and corporate auditors' retirement pay ¥ 220 million Reserve for retirement benefits ¥ 366 million	1. *1 Main components of selling, general and administrative expenses are as follows; Transportation and storage ¥ 26,982 million Sales promotion expenses ¥ 19,154 million Research and development costs ¥ 3,218 million Advertising and general publicity expenses ¥ 8,328 million Payroll expenses ¥ 14,814 million Depreciation expenses ¥ 1,571 million Reserve for bonuses ¥ 344 million Reserve for directors' and corporate auditors' retirement pay ¥ 56 million Reserve for retirement benefits ¥ 463 million
2. *2. The total amounts of research and development costs are ¥ 3,229 million and all of them are included in general and administrative expenses.	2. *2. The total amounts of research and development costs are ¥ 3,218 million and all of them are included in general and administrative expenses.
3. *3. Gains on sales of fixed assets are as follows: Buildings and structures ¥ 15 million Machinery, equipment and transportation equipment ¥ 11 million Total ¥ 26 million	3. *3. Gains on sales of fixed assets are as follows: Machinery, equipment and transportation equipment ¥ 23 million Land ¥ 206 million Total ¥ 230 million
4. *4. Losses on sales of fixed assets are as follows: Machinery, equipment and transportation equipment ¥ 6 million Land ¥ 11 million Other ¥ 0 million Total ¥ 17 million	4. *4. Losses on sales of fixed assets are as follows: Buildings and structures ¥ 6 million Machinery, equipment and transportation equipment ¥ 11 million Land ¥ 0 million Other ¥ 0 million Total ¥ 18 million
5. *5. Losses on disposal of fixed assets are as follows: Buildings and structures ¥ 316 million Machinery, equipment and transportation equipment ¥ 401 million Other ¥ 32 million Total ¥ 750 million	5. *5. Losses on disposal of fixed assets are as follows: Buildings and structures ¥ 339 million Machinery, equipment and transportation equipment ¥ 368 million Other ¥ 48 million Total ¥ 755 million

<table>
<tr><th>Previous fiscal year
(From December 1, 2006 to November 30, 2007)</th><th>Current fiscal year
(From December 1, 2007 to November 30, 2008)</th></tr>
<tr><td>6. *6. Losses on impairment of fixed assets
The Company and subsidiaries recognized losses on impairment for the following group of assets in the current fiscal year.
<table>
<tr><th>Location</th><th>Use</th><th>Item</th><th>Loss on impairment (Millions of yen)</th></tr>
<tr><td rowspan="2">Tokyo</td><td rowspan="2">office</td><td>Land</td><td>143</td></tr>
<tr><td>Buildings and Structures, etc</td><td>83</td></tr>
</table>
The Company and subsidiaries classified in principle the fixed assets into groups by the type of respective operation and business place based on the management accounting units on which revenue and expenditure continuously are taken in.
In the current fiscal year, the book value of the office was written down to the recoverable amount by ¥ 227 million, accounted for as an extraordinary loss, due to decline of profitability.
Recoverable amount is measured by net sales amounts based on the estimated sales amounts.</td><td>6. ―――――――</td></tr>
<tr><td>7. *7. Subsidies received mainly comprised of subsidy for construction of Fuji Yoshida factory of Q.P. Corporation (as subsidy for the promotion of industrial site).</td><td>7. ―――――――</td></tr>
<tr><td>8. *8. Compensation for removal is a compensation for transfer of Miyazaki Factory, which had been owned by Q.P. Egg Corporation.</td><td>8. ―――――――</td></tr>
<tr><td>9. ―――――――</td><td>9. *9 Key system equipment relocation costs are the cost of relocating information equipments as countermeasures against earthquake disaster.</td></tr>
</table>

Consolidated Statements of Changes in Net Assets

Previous fiscal year (From December 1, 2006 to November 30, 2007)

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

	Issued shares by class	Treasury stock by class
	Common stock	Common stock
Number of shares at the end of previous fiscal year	155,464,515 shares	2,302,148 shares
Increase in number of shares	—	374,804 shares
Decrease in number of shares	—	—
Number of shares at the end of current fiscal year	155,464,515 shares	2,676,952 shares

(Notes)

Increase in number of common stock of treasury stock is due to acquisition of the odd stock of 8,904 shares and to acquisition of the stock of 365,900 shares in accordance with the Article 156 of the Corporate Law which is applied by Article 165, Paragraph 3 of the Corporate Law.

2. Dividend

(1) Dividends from surplus

The resolution matter of the 94th general meeting of shareholders held on February 23, 2007

(1) Total amounts of dividend:	¥ 1,149 million
(2) Dividend per share	¥ 7.50
(3) Record date	November 30, 2006
(4) Effective date	February 26, 2007

The resolution matter of the board of directors' meeting held on July 10, 2007

(1) Total amounts of dividend:	¥ 1,069 million
(2) Dividend per share	¥ 7.00
(3) Record date	May 31, 2007
(4) Effective date	August 8, 2007

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

The resolution matter of the board of directors' meeting held on January 11, 2008

(1) Total amounts of dividend:	¥ 1,069 million
(2) Dividend resource	Earned surplus
(3) Dividend per share	¥ 7.00
(4) Record date	November 30, 2007
(5) Effective date	February 25, 2008

Current fiscal year (From December 1, 2007 to November 30, 2008)

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

	Issued shares by class	Treasury stock by class
	Common stock	Common stock
Number of shares at the end of previous fiscal year	155,464,515 shares	2,676,952 shares
Increase in number of shares	—	1,049,499 shares
Decrease in number of shares	—	—
Number of shares at the end of current fiscal year	155,464,515 shares	3,726,451 shares

(Notes)

Increase in number of common stock of treasury stock is due to acquisition of the odd stock of 7,399 shares and to acquisition of the stock of 1,042,100 shares in accordance with the Article 156 of the Corporate Law which is applied by Article 165, Paragraph 3 of the Corporate Law.

2. Dividend

(1) Dividends from surplus

The resolution matter of the board of directors' meeting held on January 11, 2008

(1) Total amounts of dividend:	¥ 1,069 million
(2) Dividend per share	¥ 7.00
(3) Record date	November 30, 2007
(4) Effective date	February 25, 2008

The resolution matter of the board of directors' meeting held on July 9, 2008

(1) Total amounts of dividend:	¥ 1,062 million
(2) Dividend per share	¥ 7.00
(3) Record date	May 31, 2008
(4) Effective date	August 11, 2008

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

The resolution matter of the board of directors' meeting held on January 13, 2009

(1) Total amounts of dividend:	¥ 1,214 million
(2) Dividend resource	Earned surplus
(3) Dividend per share	¥ 8.00
(4) Record date	November 30, 2008
(5) Effective date	February 23, 2009

Consolidated Statements of Cash Flows

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
1. *1 Cash and cash equivalents are comprised of the following: (As of November 30, 2007) Cash and deposits ¥ 26,603 million Time deposits with maturity over three months ¥ (3,903 million) Negotiable certificates of deposit ¥ 5,000 million Cash and cash equivalents ¥ 27,699 million	1. *1 Cash and cash equivalents are comprised of the following: (As of November 30, 2008) Cash and deposits ¥ 25,260 million Time deposits with maturity over three months ¥ (3,554 million) Negotiable certificates of deposit ¥ 5,000 million Cash and cash equivalents ¥ 26,705 million
2. ―――――	2. *2 Assets and liabilities of the company that lost its status of consolidated subsidiary in the current fiscal year Assets and liabilities of Henningsen Nederland B.V. at the time of our sale of their shares by which the company lost its status of consolidated subsidiary: (As of November 30, 2008) Current assets ¥ 1,059 million Fixed assets ¥ 452 million Current liabilities ¥ (205 million) Foreign currency translation adjustment ¥ (274 million) Gains on sales of shares of subsidiaries and associated companies ¥ 974 million Sale value of shares ¥ 2,006 million Cash and cash equivalents ¥ (163 million) Net: Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation ¥ 1,843 million

Lease Transactions

Previous fiscal year
(From December 1, 2006 to November 30, 2007)

1. Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees

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

(Millions of yen)

	Acquisition cost equivalent	Accumulated depreciation	Book value
Machinery, equipment and transportation equipment	15,797	7,684	8,113
Tangible fixed assets-Other	6,747	3,496	3,250
Computer software	397	164	232
Total	22,941	11,345	11,596

(2) Future lease payments

Due within one year	¥	3,769 million
Due over one year	¥	7,843 million
Total	¥	11,613 million

(3) Lease payments, depreciation, and interest expenses equivalent

Lease payments	¥	4,585 million
Depreciation expenses	¥	4,232 million
Interest expenses equivalent	¥	290 million

(4) Method of depreciation
Depreciation expense is calculated by the straight-line method by considering lease period to be useful life and scrap value to be zero.

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

2. Operating lease transactions

Future lease payments

Due within one year	¥	71 million
Due over one year	¥	97 million
Total	¥	168 million

(Losses on impairment of fixed assets)
The item concerning loss on impairment of fixed assets is omitted because none of the loss is allocated to lease assets.

Current fiscal year
(From December 1, 2007 to November 30, 2008)

1. Finance lease transactions other than those which are deemed to transfer the ownership of leased assets to lessees

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

(Millions of yen)

	Acquisition cost equivalent	Accumulated depreciation	Book value
Machinery, equipment and transportation equipment	15,844	8,220	7,623
Tangible fixed assets-Other	5,978	2,595	3,383
Computer software	243	91	152
Total	22,067	10,907	11,159

(2) Future lease payments

Due within one year	¥	3,639 million
Due over one year	¥	7,672 million
Total	¥	11,312 million

(3) Lease payments, depreciation, and interest expenses equivalent

Lease payments	¥	4,377 million
Depreciation expenses	¥	4,067 million
Interest expenses equivalent	¥	288 million

(4) Method of depreciation
The same method with the previous fiscal year

(5) Calculation method of estimated interest expenses
The same method with the previous fiscal year

2. Operating lease transactions

Future lease payments

Due within one year	¥	49 million
Due over one year	¥	56 million
Total	¥	105 million

(Losses on impairment of fixed assets)
The same method with the previous fiscal year

Securities

Securities

1. Held-to-maturity bonds with fair value

(Millions of yen)

	Description	Previous fiscal year (As of November 30, 2007)			Current fiscal year (As of November 30, 2008)		
		Book value	Fair value	Unrealized gains (losses)	Book value	Fair value	Unrealized gains (losses)
Bonds whose fair value exceeds their book value	(1) Government and local bonds	—	—	—	—	—	—
	(2) Debentures	—	—	—	—	—	—
	(3) Other	—	—	—	—	—	—
	Sub-total	—	—	—	—	—	—
Bonds whose book value exceeds their fair value	(1) Government and local bonds	—	—	—	—	—	—
	(2) Debentures	—	—	—	—	—	—
	(3) Other	1,000	805	(194)	1,000	852	(147)
	Sub-total	1,000	805	(194)	1,000	852	(147)
Total		1,000	805	(194)	1,000	852	(147)

2. Other securities with fair value

(Millions of yen)

	Description	Previous fiscal year (As of November 30, 2007)			Current fiscal year (As of November 30, 2008)		
		Acquisition cost	Book value	Unrealized gains (losses)	Acquisition cost	Book value	Unrealized gains (losses)
Securities whose book value exceeds their acquisition cost	(1) Stocks	7,221	13,377	6,155	5,246	8,096	2,849
	(2) Bonds						
	(a) Government and local bonds	—	—	—	—	—	—
	(b) Debentures	—	—	—	—	—	—
	(c) Other	—	—	—	—	—	—
	(3) Other	33	35	1	—	—	—
	Sub-total	7,255	13,412	6,157	5,246	8,096	2,849
Securities whose acquisition cost exceeds their book value	(1) Stocks	1,641	1,423	(217)	3,192	2,533	(658)
	(2) Bonds						
	(a) Government and local bonds	—	—	—	—	—	—
	(b) Debentures	—	—	—	—	—	—
	(c) Other	—	—	—	—	—	—
	(3) Other	9	8	(1)	38	23	(14)
	Sub-total	1,651	1,432	(218)	3,230	2,577	(673)
Total		8,906	14,845	5,938	8,477	10,653	2,176

(Note) The Company wrote down by ¥35 million (including ¥5 million of other securities with fair value) in the previous fiscal year and by ¥404 million (including ¥404 million of other securities with fair value) in the current fiscal year against securities with a remarkable decline in the value of investment, respectively.

3. Sales of other securities in the previous fiscal year and the current fiscal year

(Millions of yen)

Previous fiscal year (From December 1, 2006 to November 30, 2007)			Current fiscal year (From December 1, 2007 to November 30, 2008)		
Aggregate Sales amount	Gain	Loss	Aggregate sales amount	Gain	Loss
956	141	3	338	174	13

4. Principal securities with no fair value

(Millions of yen)

Description	Previous fiscal year (As of November 30, 2007)	Current fiscal year (As of November 30, 2008)
	Book value	Book value
Other securities		
Certificate of deposit	5,000	5,000
Unlisted stocks	2,060	2,048

5. Redemption schedule of securities with maturity and held-to-maturity bonds of other securities

(Millions of yen)

Description	Previous fiscal year (As of November 30, 2007)				Current fiscal year (As of November 30, 2008)			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years	Within one year	Over one year within five years	Over five years within ten years	Over ten years
1. Bonds								
(1) Government and local bonds	—	—	—	—	—	—	—	—
(2) Debentures	—	—	—	—	—	—	—	—
(3) Other	—	—	—	1,000	—	—	—	1,000
2. Other	5,000	—	—	—	5,000	—	—	—
Total	5,000	—	—	1,000	5,000	—	—	1,000

Derivative Financial Transactions

1. Matters concerning derivative financial transactions

Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
(1) Types of derivative financial transactions The Company and four consolidated subsidiaries, K.R.S. Corporation, Dispen Pak Japan Co., Inc., S. Y. Promotion Co., Ltd., Y. M. Kyuso Corporation enter into the forward exchange contracts, interest swap agreements, crude oil price collar option contracts and crude oil price swap agreements.	(1) Types of derivative financial transactions The same method with the previous fiscal year
(2) Policies of derivative financial transactions The Company and four consolidated subsidiaries never conduct speculative transactions.	(2) Policies of derivative financial transactions The same method with the previous fiscal year
(3) Purposes of derivative financial transactions The Company and four consolidated subsidiaries enter into derivative agreements to hedge risks from fluctuation in foreign exchange rates and light and heavy oil price, and from fluctuating of interest rate and never make use of them for the purpose of speculative transactions.	(3) Purposes of derivative financial transactions The same method with the previous fiscal year
(4) Risk in derivative financial transactions Derivative financial transactions' contracts involve risks of fluctuation in foreign exchange rates, risks from fluctuation in light and heavy oil price, and from fluctuating of interest rate. Those risks are offset by the mutual risks of assets and liabilities of hedge items. The Company and four consolidated subsidiaries recognize that there are little credit risks from non-fulfillment of contract, because the business connections are creditable domestic banks.	(4) Risk in derivative financial transactions The same method with the previous fiscal year
(5) Risk management The Company executes derivative financial transactions according to the internal regulations by Production Department and Financial Department and all the results of derivative financial transaction are reported to the general manager of Financial Department. And the general control departments of the four consolidated subsidiaries mainly control derivative financial transactions of respective subsidiaries and all the results of them are reported to the directors in charge of their responsible department.	(5) Risk management The same method with the previous fiscal year

2. Matters concerning fair value

Derivative financial transactions

There are no derivative financial transactions except for transactions for which hedge accounting is applied as of November 30, 2007 and 2008.

Retirement Benefits

1. Summary of retirement benefit system

The Company and thirteen consolidated subsidiaries including San-ei Provisions Co., Ltd. and Co-op Food Products Co., Ltd. have a defined benefit pension plan covering all of the retirement benefits payable for their employees. And the Company has established trust to cover retirement benefit obligations.

Twenty-seven consolidated companies including Q.P. Egg Corporation, Kewpie Jyozo Co., Ltd., K.R.S. Corporation, Kanae Foods Co., Ltd., and Zenno Q.P. Egg Station Co., Ltd. have a defined benefit pension plan and a lump-sum grants system covering a part of the retirement benefits payable for their employees.

As a result, the Company and twenty-seven companies of all the consolidated subsidiaries have the lump-sum grant system as of the balance sheet date. In addition, excluding the above, one system of Fund-Type, two systems of Contract-Type concerning the defined benefit system, two systems concerning the employees' welfare pension funds, and six systems concerning the tax-qualified pension system are adopted by the Company and its consolidated subsidiaries.

2. Retirement benefit obligations

(Millions of yen)

	Previous fiscal year (As of November 30, 2007)	Current fiscal year (As of November 30, 2008)
(1) Retirement benefit obligations	(58,019)	(59,216)
(2) Pension fund assets	68,413	57,807
(3) Unfunded retirement benefit obligations (1)+(2)	10,393	(1,409)
(4) Unrealized actuarial losses	8,713	23,170
(5) Unrealized prior service liabilities	(7,296)	(6,393)
(6) Net retirement benefit obligation recognized in the consolidated balance sheet (3)+(4)+(5)	11,810	15,368
(7) Reserve for retirement benefits	(2,296)	(2,304)
(8) Prepaid pension costs (6)-(7)	14,107	17,673

3. Retirement benefit costs

(Millions of yen)

	Previous fiscal year (From December 1, 2006 to November 30, 2007)	Current fiscal year (From December 1, 2007 to November 30, 2008)
Retirement benefit costs	916	1,244
(1) Service costs	1,912	2,118
(2) Interest costs	1,201	1,231
(3) Expected return on pension fund assets	(2,279)	(2,385)
(4) Accrued prior service liabilities	(903)	(902)
(5) Amortization of actuarial losses	985	1,182

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

4. Calculation basis of retirement benefit obligations

	Previous fiscal year (As of November 30, 2007)	Current fiscal year (As of November 30, 2008)
(1) Discount rate	2.3%	2.3%
(2) Expected return rate on pension fund assets	4.0%	4.0%
(3) Recognition method of the projected retirement benefit obligations	Straight-line method	Straight-line method
(4) Term of prior service liabilities	Twelve years except for K.R.S. Corporation (from ten to thirteen years)	Twelve years except for K.R.S. Corporation (from ten to thirteen years)
(5) Amortization term of actuarial gains or losses	Twelve years except for K.R.S. Corporation (from ten to thirteen years) Actuarial gains or losses are amortized by the straight-line method over a certain period within an average remaining service period of employees from the next year of the respective accrual years.	Twelve years except for K.R.S. Corporation (from ten to thirteen years) Actuarial gains or losses are amortized by the straight-line method over a certain period within an average remaining service period of employees from the next year of the respective accrual years.

Tax-Effect Accounting

(Millions of yen)

	Previous fiscal year (As of November 30, 2007)	Current fiscal year (As of November 30, 2008)
1. The principal details of deferred tax assets and liabilities are as follows:		
Deferred tax assets		
Unrealized gains	1,709	1,658
Reserve for sales rebates	534	357
Reserve for bonuses	390	383
Accrued social security expenses	—	194
Accrued enterprise taxes	336	138
Reserve for directors' and corporate auditors' retirement pay	360	252
Reserve for retirement benefits	946	855
Trust to cover retirement benefit obligations	1,442	1,442
Allowances for doubtful accounts	133	134
Losses on valuation of golf course memberships	123	203
Deficit carried forward on tax	1,158	1,189
Other	829	1,056
Sub-total deferred tax assets	7,965	7,867
Valuation reserve	(1,840)	(1,750)
Total deferred tax assets	6,125	6,117
Deferred tax liabilities		
Prepaid pension costs	(5,911)	(7,362)
Differences on valuaton of fixed assets	(965)	(965)
Reserve for deduction entry of property by purchase	(1,549)	(1,579)
Unrealized holding gains on securities	(2,352)	(853)
Other	(825)	(708)
Total deferred tax liabilities	(11,604)	(11,469)
Net deferred tax assets	(5,479)	(5,351)
Net deferred tax assets included in the consolidated balance sheets are as follows:		
Current assets — deferred tax assets	1,768	1,595
Fixed assets — deferred tax assets	489	596
Current liabilities — deferred tax liabilities	(5)	(16)
Long-term liabilities — deferred tax liabilities	(7,732)	(7,527)
2. The principal details of differences between the statutory tax rate and effective tax rate		
The statutory effective tax rate	40.7%	40.7%
(Adjustments)		
Valuation reserve	4.7%	(1.2%)
Loss carry forward of consolidated subsidiaries not to have recognized tax-effect	(0.9%)	(0.4%)
Expenses not deductible permanently	1.3%	1.2%
Income not taxable permanently	(0.3%)	(0.1%)
Capita levy on inhabitant tax	1.2%	1.3%
Tax deduction	—%	(2.1%)
Income taxes for prior periods	—%	(1.4%)
Other	(0.3%)	0.1%
Effective tax rate	46.4%	38.1%

Related Party Transactions

Previous fiscal year (From December 1, 2006 to November 30, 2007)

(1) Parent company, principal corporate shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock	Principal business	Percentage of voting right	Relationship		Transaction	Trading amount	Account	End of year
						Number of interlocking directors and corporate auditors	On business				
Principal corporate shareholders and other associated companies	Nakashimato Co., Ltd.	Shibuya-ku, Tokyo	50	Sales of processed foods	Direct 17.3% Indirect 3.2%	Director 4 persons	Purchase of products etc.	Purchase of products	41,366	Accounts payable -trade	7,268

(Note) 1. The amount in End of year includes consumption taxes and those of Transactions exclude them.
2. Transaction's term and policy
Purchase prices of products are determined in accordance with the general transaction's term in consideration of the market prices.
3. Nakashimato Co., Ltd. also falls under the companies which director and the close relative own the majority of the voting right as follows.

(2) Directors, principal individual shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock	Principal business	Percentage of voting rights	Relationship		Transaction	Trading amount	Account	End of year
						Number of interlocking directors and corporate auditors	On business				
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Touka Co., Ltd. (*1)	Shibuya-ku, Tokyo	1,800	Business of renting property / Leasing business	3.2% owned, directly	Director 1 person	Rent of the office	Rental expenses	486	Investments and other assets (Other)	408
										Accounts payable-other	4
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Tou Kewpie Co.., Ltd. (*2)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Director 2 persons Employee 1 person	Sales of products and other transactions	Sales of products	1,091	Notes and accounts receivable-trade	199
								Expenses	6,695	Accounts payable-other	885
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Ad Kewpie Co., Ltd.(*1)	Shibuya-ku, Tokyo	4	Service business	None	Employee 1 person	Other transactions and sales of products	Expenses	1,140	Accounts payable-other	1,092
								Sales of products	3	Notes and accounts receivable-trade	3
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Minato Shokai Co., Ltd.(*1)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Director 1person	Sales of products, purchase of raw material and other transactions	Sales of products	139	Notes and accounts receivable-trade	25
								Purchase of raw material	2	Notes and accounts payable-trade	0
								Expenses	3	Accounts payable-other	2

(Millions of yen)

Attribution	Corporate name	Address	Capital stock	Principal business	Percentage of voting rights	Relationship		Transaction	Trading amount	Account	End of year
						Number of interlocking directors and corporate auditors	On business				
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd.(*4)	Shibuya-ku, Tokyo	10	Insurance agent	None	None	Rent of the office and other transactions	Rental expenses	96	Investments and other assets (Other)	102
								Expenses	144	Accounts payable-other	0
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	T&A Co., Ltd.(*5)	Shibuya-ku, Tokyo	100	Business of renting property	1.3% owned, directly	Director 1 person	Rent of the Company's dormitory	Welfare expenses	65	Accounts payable-other	—

(Note) 1. The amount in End of year includes consumption taxes and those of Transactions exclude them.

2. Transaction's term and policy
All prices are determined in accordance with the general transaction's term in consideration of the market prices.

3. *1 The company which Amane Nakashima, managing director of our company and the close relative own the majority of the voting right own 100% of the voting rights directly.
*2 The company which Amane Nakashima, managing director of our company and the close relative own the majority of the voting right own 60% of the voting rights directly.
*3 The company which Amane Nakashima, managing director of our company and the close relative own the majority of the voting right own 80% of the voting rights directly.
*4 Amane Nakashima, managing director of our company and the close relative own 100% of the voting rights directly.
*5 Amane Nakashima, managing director of our company and the close relative own 89.5% of the voting rights directly.

Current fiscal year (From December 1, 2007 to November 30, 2008)

Directors, principal individual shareholders, and other

(Millions of yen)

Attribution	Corporate name	Address	Capital stock	Principal business	Percentage of voting rights	Relationship: Number of interlocking directors and corporate auditors	Relationship: On business	Transaction	Trading amount	Account	End of year
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Nakashimato Co., Ltd. (*3)	Shibuya-ku, Tokyo	50	Sales of processed foods	11.6% owning, directly 17.4% owned, directly 3.2% owned, indirectly	Director 4 person	Purchase of products etc.	Purchase of products Sales of products Expenses	21,744 180 424	Notes and accounts payable-trade Accounts receivable — other Current Assets (Other) Accounts payable-other	152 47 55 24
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Touka Co., Ltd. (*4)	Shibuya-ku, Tokyo	1,800	Business of renting property / Leasing business	3.2% owned, directly	Director 1 person	Rent of the office	Rental expenses	488	Investments and Other assets (Other) Accounts payable — other Long-term liabilities (Other)	408 4 1
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Tou Kewpie Co., Ltd. (*5)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Director 2 persons Employee 1 person	Sales of products and other transactions	Sales of products Expenses	1,025 6	Notes and accounts receivable — trade Current Assets (Other) Accounts payable — other	185 5 1
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Ad Kewpie Co., Ltd.(*4)	Shibuya-ku, Tokyo	4	Service business	None	Employee 1 person	Other transactions and sales of products	Expenses Sales of products	7,966 59	Current assets (Other) Accounts payable-other Notes and accounts receivable — trade	2 1,604 15
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Minato Shokai Co., Ltd.(*4)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Director 1person	Sales of products, purchase of raw material and expense transaction	Sales of products Purchase of raw material Expenses	135 2 2	Notes and accounts receivable — trade Notes and accounts payable — trade Accounts payable — other	27 0 1
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Solutions Co., Ltd. (*6)	Shinjuku-ku, Tokyo	90	Plan, development, sale, maintenance and operations support of the computer system	20.0% owning, directly	Director 2 persons	Other transactions	Expenses	2,216	Accounts payable-other Long-term liabilities	172 3

(Millions of yen)

Attribution	Corporate name	Address	Capital stock	Principal business	Percentage of voting rights	Relationship: Number of interlocking directors and corporate auditors	Relationship: On business	Transaction	Trading amount	Account	End of year
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd.(*7)	Shibuya-ku, Tokyo	10	Insurance agent	None	None	Rent of the office and expense transaction	Rental expenses	99	Investments and other assets (Other)	108
								Expenses	134	Accounts payable-other	0
The companies of which the Company's directors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	T&A Co., Ltd.(*8)	Shibuya-ku, Tokyo	100	Business of renting property	1.3% owned, directly	Director 1 person	Rent of the dormitory	Welfare expenses	65	Accounts payable-other	—

(Note) Transaction's term and policy

1. All prices are determined in accordance with the general transaction's term in consideration of the market prices.
2. Amounts in End of year include consumption taxes and those of Transactions exclude them.
3. The company which Amane Nakashima, managing director of our company, the close relative and these companies own the majority of the voting right own 82.9% of the voting right directly.
4. The Company which Amane Nakashima, managing director of our company and the close relative own the majority of the voting right own 100% of the voting rights directly.
5. The Company which Amane Nakashima, managing director of our company and the close relative own the majority of the voting right own 60% of the voting rights directly.
6. The company which Amane Nakashima, managing director of our company and the close relative own the majority of the voting right own 80% of the voting rights directly.
7. Amane Nakashima, managing director of our company and the close relative own 100% of the voting rights directly.
8. Amane Nakashima, managing director of our company and the close relative own 89.5% of the voting rights directly.

(e) Consolidated Supplementary Statements

1. Description of bonds

(Millions of yen)

Corporate name	Issue	Issue date	Beginning balance	Ending balance	Interest rate per annum	Pledged	Maturity
*1	The 1st unsecured bonds	November 4, 2005	10,000	10,000 (10,000)	0.82 %	None	November 4, 2009
*2	Series of Unsecured Notes Guaranteed by Sumitomo Mitsui Banking Corporation (Limited to Qualified Institutional Investors)	March 13, 2006	500	500	0.65 %	None	March 13, 2013
Total			10,500	10,500 (10,000)			

(Notes) *1: Issued by the Company
*2: Issued by the subsidiary, S.Y. Promotion Co., Ltd.

The aggregate amount which will be redeemed in annual maturities for the next five years, is as follows:

(Millions of yen)

Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
10,000	—	—	—	500

2. Description of bank loans and other

(Millions of yen)

Item	Beginning balance	Ending balance	Average interest rate per annum(%)	Maturity
Short-term loans payable	12,168	11,268	1.351%	—
Current portion of long-term loans payable	2,811	4,799	1.346%	—
Current portion of lease obligations	—	—	—	—
Long-term loans payable	17,695	13,977	1.404%	From December 2009 to January 2014
Long-term lease obligations	—	—	—	—
Other interest-bearing debt	316	64	6.000%	From December 2008 to August 2012
Total	32,992	30,109	—	—

(Notes) 1. Average interest rates are calculated by using interest rates and balance of loans payable at the balance sheet date.
2. The annual aggregate amount repaid to banks for the next five years is as follows:

(Millions of yen)

	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years
Long-term loans payable and other	810	11,903	744	511
Other interest-bearing debt	—	—	48	—

(2) Other

None

VI. Stock Information of Reporting Company

Fiscal year	Form December 1 to November 30
The General Shareholders' Meeting	Held in February
Record Date	November 30
Stock certificate denominations (Note 1)	6 denominations, including 100,000-share, 10,000-share, 1,000-share, 500-share, 100-share, and less than 100-share certificates
Dividend record dates	May 31, November 30
Shares per trading unit	100
Stock transfer agency : (Note 1)	
Handling office	The Sumitomo Trust & Banking Co., Ltd., Stock Transfer Agency Dept. 3-1, Yaesu 2-chome, Chuoda-ku, Tokyo
Agent	The Sumitomo Trust & Banking Co., Ltd. 5-33, Kitahama 4-chome, Chuo-ku, Osaka
Shareholders' contacts	The Sumitomo Trust & Banking Co., Ltd. (head office and branches nationwide) Daiwa Securities Co., Ltd. (head office and branches nationwide) Japan Securities Agents, Ltd. (head office and branches nationwide)
Stock transfer fee	Free
Stock certificate issuance fee	Equivalent amount of revenue stamp plus ¥100
Purchase of stock in less than the minimum trading unit : (Note 2)	
Handling office	The Sumitomo Trust & Banking Co., Ltd., Stock Transfer Agency Dept. 3-1, Yaesu 2-chome, Chuoda-ku, Tokyo
Agent	The Sumitomo Trust & Banking Co., Ltd. 5-33, Kitahama 4-chome, Chuo-ku, Osaka
Shareholders' contacts (Note 3)	The Sumitomo Trust & Banking Co., Ltd. (head office and branches nationwide) Daiwa Securities Co., Ltd. (head office and branches nationwide) Japan Securities Agents, Ltd. (head office and branches nationwide)
Stock transfer fee	(Note 4)
Newspaper for announcements	The Company shall publish its public notices by electronic means. However, if it is impossible to publish public notices electronically because of an accident or other unavoidable circumstances, the public notices shall be made by publication in the Nihon Keizai Shimbun. URL for public address: http://www.kewpie.co.jp/company
Shareholder privileges	Shareholders shall receive an annual gift of the Company's product(s), of a value determined by the number of shares in their possession as of November 30 of each year. More than 1,000 shares: Company product(s) valued at ¥3,000 More than 100 shares (but less than 1,000): Company product(s) valued at ¥1,000

(Notes) 1. Following the enforcement of the Law for Partial Revision of the Law on Transfer of Corporate Bonds, etc. for Streamlining Settlement Concerning Stock Trading, etc. (Act No. 88 of 2004, hereinafter referred to as the "Law for Streamlining Settlement of Stocks, etc."), the Company revised its Share Handling Rules effective January 5, 2009, based on the resolution at a meeting of the Board of Directors held on December 26, 2008. By this revision, these items no longer exist.

2. Following the enforcement of the Law for Streamlining Settlement of Stocks, etc., the "handling office" for purchasing shares less than the minimum trading unit was changed as follows.

- Handling office of shares less than the minimum trading unit that are recorded in a special account
  Account management institution of special accounts
  The Sumitomo Trust and Banking Co., Ltd.
  3-1, Yaesu 2-chome, Chuo-ku, Tokyo
- Handling office of shares less than the minimum trading unit that are recorded in transfer accounts other than special accounts
  Account management institutions (such as securities companies) where transfer accounts are held

3. Following the enforcement of the Law for Streamlining Settlement of Stocks, etc., the "customer contact" offices of the agent were abolished.

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

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

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

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

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

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

American Depositary Receipts:

Ratio (ADR : ORD): 1 : 2

Exchange: OTC (Over-the-Counter)

Symbol: QPCPY

CUSIP: 746941103

Depositary:

The Bank of New York

101 Barclay Street, New York, NY 10286, U.S.A.

Tel: (212) 815-2042

U.S. toll free: 888-269-2377 (888-BNY-ADRS)

URL = www. adrbnymellon. com