Annual Report

2009

December 1, 2008 to November 30, 2009

Kewpie Corporation

The information contained in this report is derived from the Company's Annual Securities Report in Japanese filed with the Commissioner of the Financial Services Agency on the day of February 24, 2010 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:	Kewpie Corporation (Previous English corporate name: Q.P. Corporation) (Note) By resolution of the 97th Ordinary General Meeting of Shareholders on February 23, 2010, the Company changed its English corporate name to the above on February 24, 2010.
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
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I. Outline of the Company

1. Principal Management Index

(1) Consolidated principal management index for the five years ended November 30, 2009

Period ended		Nov. 2005	Nov. 2006	Nov. 2007	Nov. 2008	Nov. 2009
Net sales	(millions of yen)	455,007	456,067	468,006	473,951	452,239
Ordinary income	(millions of yen)	12,829	14,262	15,836	14,184	18,414
Net income	(millions of yen)	5,465	6,071	7,328	7,721	9,036
Total net assets	(millions of yen)	132,412	156,217	161,140	163,580	170,804
Total assets	(millions of yen)	265,724	290,186	292,823	291,792	275,650
Net assets per share	(yen)	865.32	896.69	925.46	941.79	978.33
Net income per share	(yen)	35.25	39.66	47.96	50.77	59.56
Net income per share – diluted	(yen)	32.64	39.66	—	—	—
Shareholders' equity ratio	(%)	49.8	47.3	48.3	49.0	53.8
Return on equity	(%)	4.2	4.5	5.3	5.4	6.2
Price earnings ratio	(times)	28.9	26.1	23.7	20.9	16.7
Net cash provided by (used in) operating activities	(millions of yen)	15,686	21,443	22,331	14,466	31,301
Net cash provided by (used in) investing activities	(millions of yen)	(11,625)	(16,589)	(11,166)	(9,687)	(11,548)
Net cash provided by (used in) financing activities	(millions of yen)	(7,415)	3,187	(2,757)	(5,712)	(18,462)
Cash and cash equivalents at the end of the fiscal year	(millions of yen)	13,127	21,212	27,699	26,705	27,831
Number of regular full-time employees, and average number of temporary employees in parentheses		8,548 [8,351]	8,805 [8,474]	8,885 [8,642]	9,283 [8,295]	10,507 [8,455]

(Notes) 1. Consumption taxes are not included in net sales.
2. Beginning from the period ended November 30, 2006, the Company adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan (ASBJ) Statement No. 5 issued by ASBJ on December 9, 2005) and the Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued by ASBJ 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, 2009

Period ended		Nov. 2005	Nov. 2006	Nov. 2007	Nov. 2008	Nov. 2009
Net sales	(millions of yen)	232,668	230,598	232,426	235,383	226,336
Ordinary income	(millions of yen)	6,453	6,165	7,030	6,485	10,237
Net income	(millions of yen)	3,769	2,883	3,383	3,560	5,326
Paid-in capital	(millions of yen)	24,104	24,104	24,104	24,104	24,104
Total number of issued shares		155,464,515	155,464,515	155,464,515	155,464,515	155,464,515
Total net assets	(millions of yen)	118,987	120,325	119,870	118,120	120,971
Total assets	(millions of yen)	189,865	200,019	204,262	204,549	190,876
Net assets per share	(yen)	777.57	785.35	784.30	778.20	797.18
Annual dividend per share, and interim dividend per share in parentheses	(yen)	13.00 [6.5]	14.00 [6.5]	14.00 [7.0]	15.0 [7.0]	17.0 [7.5]
Net income per share	(yen)	24.44	18.83	22.14	23.40	35.09
Net income per share – diluted	(yen)	22.83	18.83	—	—	—
Shareholders' equity ratio	(%)	62.7	60.2	58.7	57.7	63.4
Return on equity	(%)	3.2	2.4	2.8	3.0	4.5
Price earnings ratio	(times)	41.7	55.0	51.3	45.4	28.4
Dividend payout ratio	(%)	53.19	74.3	63.2	64.1	48.4
Number of regular full-time employees, and average number of temporary employees in parentheses		2,444 [1,035]	2,475 [1,018]	2,518 [888]	2,609 [866]	2,585 [891]

(Notes) 1. Consumption taxes are not included in net sales.
2. Net income per share – diluted is not presented since the year ended November 30, 2007 because of no issue of potential shares.
3. The annual dividend per share for the period ended November 30, 2009 includes a dividend of ¥2 to commemorate the 90th anniversary of establishment.

2. Nature of Business

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

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

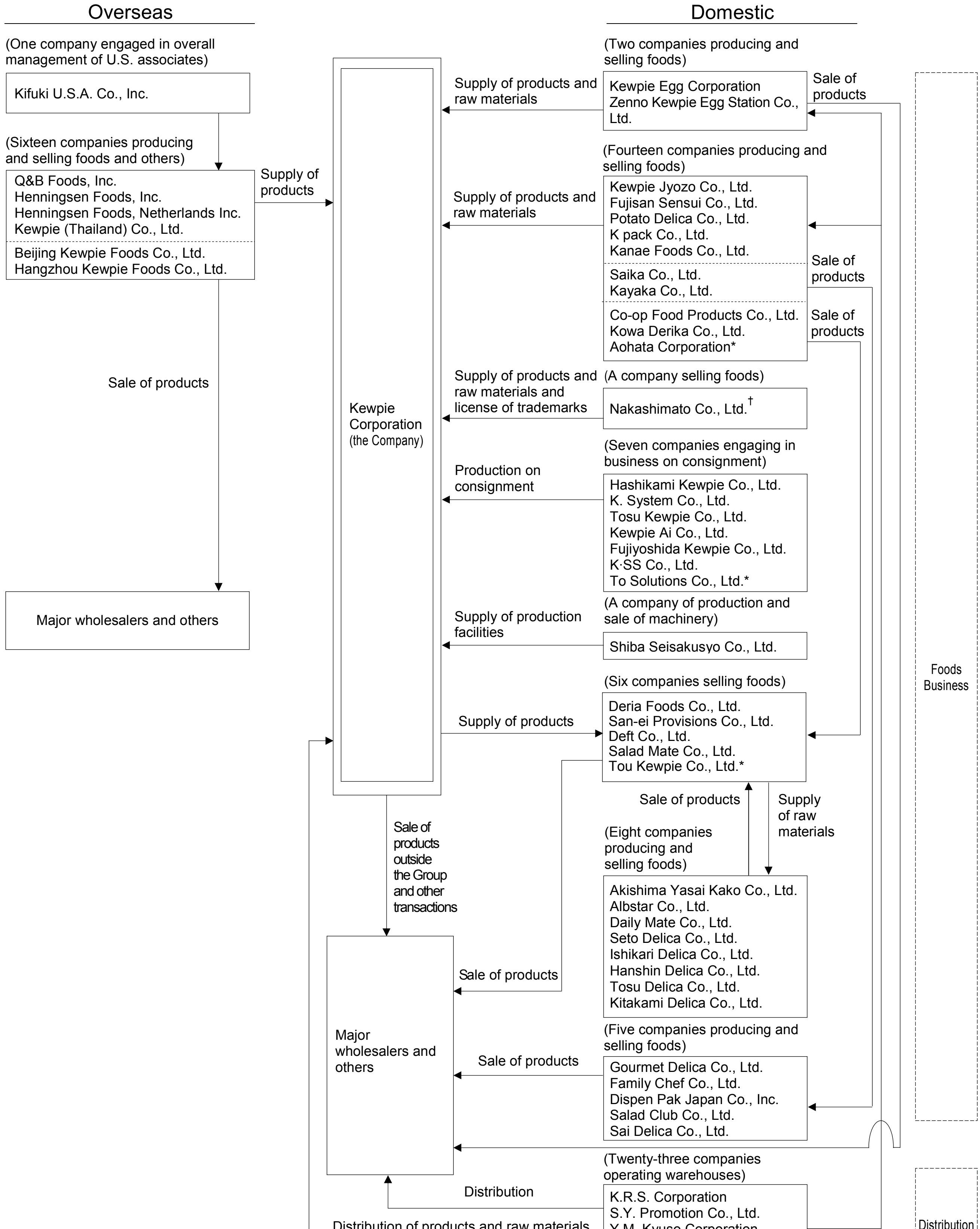
The summary of the Foods and Distribution system businesses is categorized in the same manner as in the segment information on business lines.

Business segments		Principal companies	Major handling items / services
Foods			
	Condiments and processed foods	Kewpie Corporation Q&B Foods, Inc. Beijing Kewpie Foods Co., Ltd. Hangzhou Kewpie Foods Co., Ltd.	Mayonnaise and dressings
		Kewpie Jyozo Co., Ltd.	Vinegar
		San-ei Provisions Co., Ltd.	Seasonings
		Kewpie Corporation Aohata Corporation Co-op Food Products Co., Ltd.	Bottled, canned and/or retort pouch foods including jams, pasta sauces and sweet corn
	Health function products	Kewpie Corporation	Baby foods, medical foods, nursing care foods, and hyaluronic acid
	Egg products	Kewpie Egg Corporation Zenno Kewpie Egg Station Co., Ltd.	Liquid egg, frozen egg, and dried egg
		Kewpie Corporation Kanae Foods Co., Ltd.	Egg spread, thick omelet and shredded egg
		Henningsen Foods, Inc.	Dried egg
	Salads and prepared foods	Kewpie Corporation Deria Foods Co., Ltd.	Salads and 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.	Delicatessen foods and salads
		Salad Club Co., Ltd.	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 chart on Page 4 shows the relationships of the business activities of Group companies.

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

(Group Business Network)



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

3. Outline of Associated Companies

(1) Parent company

Not applicable

(2) Consolidated subsidiaries

Trade name	Address	Paid-in capital/ equity investment	Business lines	Our voting rights percentage (Note 2)	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (CA)	Finance	Operating transactions	Lease transactions
Kewpie Egg Corporation (Note 4)	Chofu, Tokyo	350 million yen	Production and sale of liquid and frozen egg	88.0	D or CA 2 Employees 10	None	Purchase of products and raw materials	Leases on offices
Deria Foods Co., Ltd.	Fuchu, Tokyo	50 million yen	Sale of salads and delicatessen foods	100.0	D or CA 2 Employees 5	None	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 2 Employees 3	1,710 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 transportation	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 4	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 bottled, canned and / or retort pouch foods	51.0	D or CA 2 Employees 4	120 million yen	Purchase of products	Leases on offices
Kanae Foods Co., Ltd. (Note 1)	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 5	433 million yen	Purchase of products	Leases on offices and factories
Zenno Kewpie 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 Employees 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 management of U.S. associates	100.0	D or CA 2 Employee 1	Liabilities for guarantee 121 million yen	Overall management of U.S. associates	None
Q&B Foods, Inc.	California, USA	USD 4,800 thousand	Production and sale of mayonnaise and dressings	100.0 (100.0)	D or CA 2 Employees 2	None	Purchase of products	None
Henningsen Foods, Inc.	Nebraska, USA	USD 1.92 thousand	Production and sale of egg products and dried meats	100.0 (100.0)	D or CA 1 Employees 3	Liabilities for guarantee 646 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 4	None	Sale of raw materials	None
Gourmet Delica Co., Ltd.	Tokorozawa, Saitama	98 million yen	Production and sale of delicatessen foods	100.0	Employees 9	583 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	100.0	D or CA 1 Employees 5	160 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 6	1,104 million yen	Sale of raw materials	None
Kowa Derika Co., Ltd.	Kamisu, Ibaraki	10 million yen	Production of canned foods	100.0	Employees 3	324 million yen Liabilities for guarantee 16 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 5	None	Sale of raw materials	Leases on factories
Dispen Pak Japan Co., Inc.	Chofu, Tokyo	140 million yen	Production and sale of foods, and subdividing and packing work	51.0	D or CA 2 Employees 3	447 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	374 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 6	882 million yen Liabilities for guarantee 1 million yen	Purchase of products	Leases on factories
Saika Co., Ltd.	Ome, Tokyo	50 million yen	Production of pickles, and processing and sale of fresh vegetables	100.0	D or CA 1 Employees 4	2,610 million yen Liabilities for guarantee 20 million yen	Purchase of products	Leases on land and offices
Deft Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Sale of sauce products, frozen and processed foods	100.0	Employees 5	None	Sale of products	Leases on offices

Trade name	Address	Paid-in capital/ 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 5	80 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 sauce products	100.0	D or CA 1 Employees 4	None	Purchase of products	Leases on offices
Hangzhou Kewpie Foods Co., Ltd.	Hangzhou, Zhejiang Province, China	140 million yuan	Production and sale of foods	62.8 (3.6)	D or CA 1 Employees 3	163 million yen Liabilities for guarantee 102 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	300 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	151 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 4	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 Kewpie Foods Co., Ltd.	Huairou District, Beijing, China	42 million yuan	Production and sale of foods	65.0	D or CA 1 Employees 4	73 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 Kewpie Co., Ltd.	Hashikami-cho, Sannohe-gun, Aomori	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases 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 Kewpie 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 4	None	Sale of raw materials	Leases on factories
Kayaka Co., Ltd.	Ayabe, Kyoto	30 million yen	Processing and sale of fresh vegetables	100.0	Employees 2	336 million yen	Purchase of products	Leases on factories
Kitakami Delica Co., Ltd.	Kitakami, Iwate	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	754 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 5	606 million yen	Sale of raw materials	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
San-ei Logistics Corporation	Akishima, Tokyo	38 million yen	Transportation	100.0 (100.0)	None	None	None	None
Kewpie (Thailand) Co., Ltd. (Note 5)	Bangkok, Thailand	260 million baht	Production and sale of sauce products, sauce powder and bottled and/or canned foods	44.0	D or CA 4 Employees 4	Liabilities for guarantee 258 million yen	Purchase of products	None

(Notes) 1. K.R.S. Corporation and Kanae Foods Co., Ltd. are classified under Japanese tax law as *tokutei kogaisha*, a special category of subsidiary.
2. Figures in parentheses under "Our voting rights percentage" indicate the proportion of indirect ownership and are included in the respective figures above.
3. The company files its own annual securities report to the Commissioner of the Financial Services Agency.
4. Net sales registered by Kewpie 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	¥ 60,750 million
Ordinary income	¥ 2,948 million
Net income	¥ 1,736 million
Total net assets	¥ 9,318 million
Total assets	¥ 18,619 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. Corporation files its own annual securities report to the Commissioner of the Financial Services Agency.
5. K.R.S. Corporation, Sai Delica Co., Ltd. and Kewpie (Thailand) Co., Ltd. are treated as subsidiaries, even though the voting rights held by the Company as a percentage of total voting rights are 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	Paid-in capital/ 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	530 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 3 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 and are included in the respective figures above.
3. The company files its own annual securities report to the Commissioner of the Financial Services Agency.

(4) Other associated company

Trade name	Address	Paid-in capital/ equity investment	Business lines	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 and are included in the respective figure above.

4. Employees

(1) The Company and its consolidated subsidiaries

(as of November 30, 2009)

Business segment	Number of employees
Foods	7,999 (7,557)
Distribution system	2,508 (898)
Total	10,507 (8,455)

(Notes) 1. Employee figures 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 the annual average number of short-term contract non-regular employees and workers hired on a daily, weekly or seasonal basis, and are excluded from the respective figures above.
2. Increase in the employee figures are due to adding Kewpie (Thailand) Co., Ltd. as a consolidated subsidiary.

(2) The workers’ union

The workers’ union of Kewpie 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, 2009, 78 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 fiscal year ended December 2009, remained in a very severe state as the employment situation was deeply impacted by the economic crisis occurring since the year before and personal spending continued to be sluggish.

Amid this situation, the Kewpie Group (consisting of Kewpie Corporation, its consolidated subsidiaries, and equity-method affiliates) worked to strengthen its original products catering to health-conscious consumers' needs, made efforts to energize the food service market for ready-made foods, restaurant dining, and food manufactures by offering attractive, unique suggestions for dishes, and focused on cost reduction activities across the business units.

As a result of the above, net sales was ¥452,239 million, down ¥21,712 million (4.6%). In terms of profit, operating income increased by ¥3,695 million (26.3%) year on year to ¥17,731 million, ordinary income increased by ¥4,230 million (29.8%) year on year to ¥18,414 million and net income increased by ¥1,315 million (17.0%) year on year to ¥9,036 million. This is due to a reduction of costs throughout the Group represented by improvement in production yields and effective utilization of sales promotion expenses as well as a decrease in costs of principal materials.

Business overview by segment is as follows.

(2) Business overview by segment

[Foods Business]

In the food industry, consumers' becoming economy-oriented caused the recovery of the home dining trend to continue resulting in sluggish consumption of ready-made foods and restaurant dining.

In these circumstances, in the Foods business, the Kewpie Group strived to cultivate markets following the health consciousness of customers and promoted to expand high-value-added products applying original technologies.

On the procurement of the major materials side, there was a settling of edible oil prices and egg prices.

As a result of the above, sales of the Foods business decreased by ¥17,641 million (4.7%) year on year to ¥360,268 million. Operating income increased by ¥3,736 million (23.3%) year on year to ¥19,741 million.

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

a) Condiments and processed foods

Regarding condiments for salads, sales were robust due to a sense of price reasonability conveyed as a result of price revisions applicable to mayonnaise and reduction in volume of dressing varieties. Results included a substantial expansion in health-conscious mayonnaise varieties. On the other hand, processed food sales fell due to sluggish consumption leading to decrease in sales of Condiments and processed foods business by ¥2,681 million (1.5%) year on year to ¥174,964 million.

b) Health function products

Sales of hyaluronic acid grew for uses in food and cosmetics, and Hyalo-Oligo and other high-functional hyaluronic acid also fared well. Regarding supplementary foods to liquid foods, which are "only-one" products, we promoted educational activities on their superior functions for hospitals and other facilities. Meanwhile, baby foods saw a year-on-year decline due to consumers' becoming economy-oriented to save causing sales of the Health function products business to fall by ¥421 million (2.3%) year on year to ¥17,751 million.

c) Egg products

Sales in functional liquid eggs (*Excel Egg*) utilizing processing technologies were favorable thanks to enhanced proposal capabilities toward the confectionary and bread manufacturing industry. However, the impact of the cheaper prices in the egg market on products sold at prices linked to this market and the sluggish U.S. market caused sales of the Egg products business down by ¥6,694 million (7.6%) year on year to ¥81,621 million.

d) Salads and prepared foods

Although cut vegetables and healthy salads (such as low-calorie salads using *Half* and mixed salads featuring a balanced variety of vegetables) expanded, effects from a shift to low-end priced items in the wake of a heightening livelihood protection consciousness and continued product lineup selection and concentration efforts, among others, caused sales of the Salads and prepared foods business to fall by ¥7,844 million (8.4%) year on year to ¥85,931 million.

[Distribution System Business]

The food distribution industry saw a settling of fuel prices, but the business environment remained challenging as transportation demand fell due to sluggish consumption and competition with rival companies in the same industry became intense.

In this environment, although the Kewpie Group's Distribution system business achieved an enhancement in distribution quality along with the acquisition of new trading partners, and standardizing operations, quantities handled declined.

Consequently, sales of the Distribution system business fell by ¥4,071 million (4.2%) year on year to ¥91,970 million. However, operating income rose by ¥320 million (16.6%) year on year to ¥2,245 million, due to rationalization including reduction in pallet expenses.

(3) Cash flows

Income before income taxes and minority interests came to ¥16,595 million, depreciation and amortization amounted to ¥12,980 million, decrease in notes and accounts receivable — trade was ¥10,480 million, decrease in inventories was ¥4,023 million, while decrease in notes and accounts payable — trade was ¥12,059 million and income taxes paid amounted to ¥3,505 million. As a result, net cash provided by operating activities, on a consolidated basis, came to ¥31,301 million for the current fiscal year, up from ¥14,466 million for the previous fiscal year.

Net cash used in investing activities amounted to ¥11,548 million, up from ¥9,687 million for the previous fiscal year, as a result of equipment investment of ¥10,730 million and purchase of investment securities of ¥3,461 million.

Net cash used in financing activities amounted to ¥18,462 million, up from ¥5,712 million for the previous fiscal year, as a result of a decrease in loans payable of ¥5,719 million, redemption of bonds of ¥10,000 million and dividend payments of ¥2,352 million.

As a result, cash and cash equivalents at the end of the current fiscal year amounted to ¥27,831 million, which represents an increase of ¥1,126 million from the end of the previous fiscal year.

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

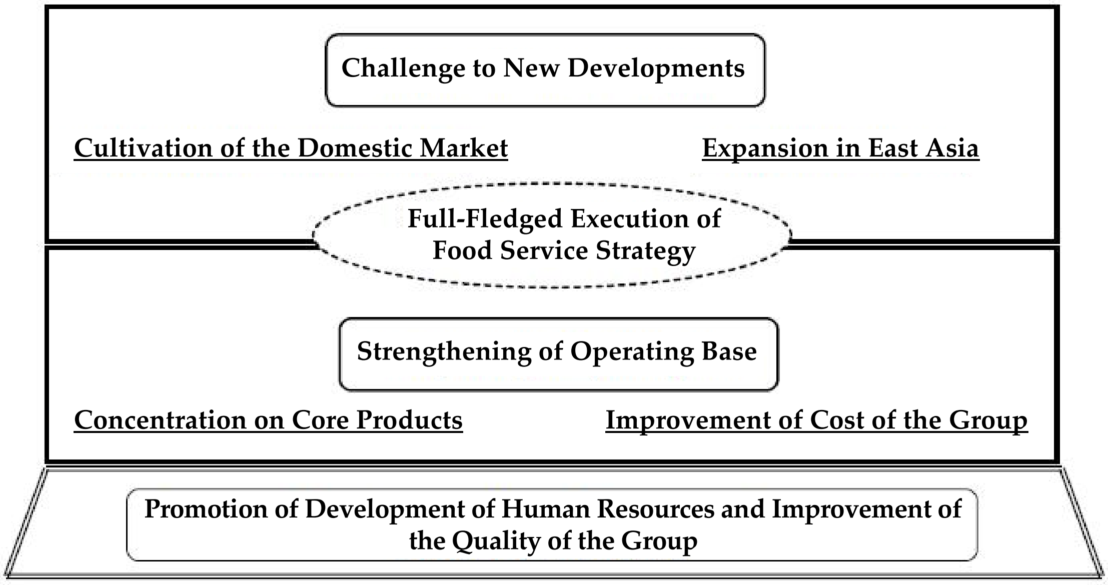
2. Tasks Ahead

(Business Strategy of the Medium-term Business Plan)

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

The Kewpie Group's Three-year Medium-term Business Plan, covering the period from December 1, 2009 to November 30, 2012, aims to achieve its goals of "strengthening of operating base" and "challenge to new developments" on the basis of "promotion of development of human resources and improvement of the quality of the Group." Also, we have set "full fledged execution of food service strategy" as a driving force to further promote these policies.

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



(2) Strategy by business category

Business category	Business strategy	
	Challenge to new developments	Strengthening of operating base
Condiments and processed foods	Creation of a unique variety of recipes by promotion of products and marketing activities that integrate the Group's strengths	
	Expansion of the area by deploying its new "sauce world" ◊ Promotion of products that combine "technologies and products" and "information" at which we excel ◊ Promotion of expansion into growth business categories by making use of the Group's marketing channels Expansion of condiments in East Asia	Further strengthening of core products ◊ Increase in profitability of salad condiments

<table>
<tr><th rowspan="2">Business category</th><th colspan="2">Business strategy</th></tr>
<tr><th>Challenge to new developments</th><th>Strengthening of operating base</th></tr>
<tr><td rowspan="2">Health function products</td><td colspan="2">Provision of our proprietary products and services with the value of health functions to contribute to society</td></tr>
<tr><td>Development by integration of our proprietary materials and technologies at which we excel
◊ Application of micro emulsification technology by intensive use of egg-yolk lecithin to pharmaceutical use
◊ Expansion of our original liquid foods with efficient digestibility and unique supplementary foods to liquid foods</td><td>◊ Creation of a new market for hyaluronic acid
◊ Expansion of the market for home nursing care foods</td></tr>
<tr><td rowspan="2">Egg products</td><td colspan="2">Enhancement of competitiveness in the existing area and the establishment of an “egg world” by expanding new areas</td></tr>
<tr><td>◊ Expansion of a new egg area
◊ Acceleration of the marketing of chilled egg products
◊ Promotion of value addition to egg albumen</td><td>Concentration on core products
◊ Increase in capability to supply, and value addition to, egg materials
◊ Enhancement of competitiveness of main egg products

Improvement of cost of the Group
◊ Optimum production allocation of raw materials and products
◊ Reduction in manufacturing cost and operating cost</td></tr>
<tr><td rowspan="2">Salads and prepared foods</td><td colspan="2">Promotion of the development of new markets by our nationwide network and maneuverability by area</td></tr>
<tr><td>◊ Promotion of product development by utilizing the Group’s resources
◊ Challenge to the creation of new categories
◊ Strengthening of the development of new marketing channels</td><td>◊ Enhancement of competitiveness of salads and cut vegetables to increase market share
◊ Promotion of optimum production allocation by area
◊ Promotion of the sharing of operating infrastructures</td></tr>
<tr><td rowspan="2">Distribution systems</td><td colspan="2">Creation of new food distribution by improving the quality, and strengthening the functions, of physical distribution</td></tr>
<tr><td>◊ Strengthening of the capability to provide dedicated distribution services
◊ Improvement of infrastructures to handle import cargo</td><td>◊ Establishment of standardization of operations
◊ Restructuring of distribution functions
◊ Establishment of IT systems</td></tr>
</table>

(Fundamental policy on control of the Company)

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

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

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

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

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

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

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

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

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

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

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

a) Institution of the Group's Medium-term Business Plan
The Group has instituted a Three-year Medium-term Business Plan commencing December 1, 2009 to further enhance its corporate value.

In the Medium-term Business Plan, the Group aims to achieve its goals of "strengthening of operating base" and "challenge to new developments" on the basis of "promotion of development of human resources and improvement of the quality of the Group." Also, we have set "full fledged execution of food service strategy" as a driving force to further promote these policies. To put the Medium-term Business Plan 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 sets the term of office of Directors to one year. Additionally, to further strengthen its audit system, the Company employs five corporate auditors including three outside corporate auditors.

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 assesses 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 share-holders and consequently decrease the risk of appearance of any Large Purchaser who may materially injure the Company's corporate value and the common interests of its shareholders. So, the measures live up to the Fundamental Policy. In addition, it is clear that the measures do not injure the common interests of the shareholders and is not contemplated to maintain the positions of directors or 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 policies of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy (a defense plan against large purchase actions of the shares of the Company (takeover defense plan))

A. Measures by the defense plan against large purchase actions of the shares of the Company (takeover defense plan)
The Company decided by the resolution of the Board of Directors on January 11, 2008 to adopt a 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 policies of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy subject to 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; however any purchase action agreed to by the Board of Directors in advance will not be covered by the Defense Plan).

b) Particulars of the Large Purchase Rules

The Company will institute Large Purchase Rules under which any Large Purchaser can commence a large purchase action only after (i) Large Purchaser provides the Board of Directors of the Company with necessary and sufficient information on the large purchase action in advance and (ii) in principle, 60 days (in case of purchase of all shares of the Company by TOB for cash (in yen) only) or 90 days (in other cases of large purchases), which is the period for the Board of Directors 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 corporate auditors 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 a concrete measure that the Board of Directors assess as the most appropriate at the time among measures, including an allocation of stock acquisition rights without compensation, which are authorized by the Corporation Law and the Articles of Incorporation of the Company by taking into consideration the necessity and adequacy thereof. In the case that the Company makes an allocation of stock acquisition rights without compensation, the Company will set conditions that, for example, the exercise of the stock acquisition rights by the Large Purchaser is rejected.

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

d) Impacts on the shareholders and investors

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

(ii) Impact on the shareholders and investors when the Defense Measure is triggered
In case the Large Purchaser does not observe the Large Purchase Rules, the Board of Directors may trigger the Defense Measure, as authorized by the Corporation Law and other laws or ordinances and the Articles of Incorporation of the Company, to protect the corporate value of the Company and the common interests of its shareholders. However, under the scheme of the Defense Measure, it is not assumed that the shareholders (excluding the Large Purchaser against which the Defense Measure is triggered) of the Company will incur any specific loss on their legal rights or economic interests. In the event that the Board of Directors ceases to issue stock acquisition rights or acquire the issued stock acquisition rights without 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 give public notice of 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 the 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 Defense Plan noted in above (3) A. by the Board of Directors and reasons for the assessment

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

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

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

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

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

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

As described in above (1) "Fundamental policy on what the person(s) should be like to control the determination of the financial and business policies of the Company," the Fundamental Policy is based on respect for the common interests of its shareholders. The Defense Plan, which is designed according to the philosophy of the Fundamental Policy, is intended to afford the opportunities to the share-holders 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 share-holders of the Company but rather benefit their interests.

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

c) The Defense Plan's non-contemplation to maintain the position of the directors or corporate auditors of the Company

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

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

Thus, we believe that the Defense Plan clearly is not contemplated to maintain the position of the directors or corporate auditors of the Company.

3. Operational Risks

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

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

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

(1) Market trends in the condiments for salads

Condiments and processed foods business have the highest degree of contribution to both sales and profits of the Group.

Consequently, in the event of a shrinkage in the domestic market for condiments for salads as a result of a decline in demand, or in the event that the market share of the Company's products falls sharply owing to competition with other manufacturers' products, the business performance and financial position of the Kewpie Group would be severely impacted. In respect of short-term fluctuations, 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 accounted for 38.7% 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 between 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 Kewpie 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. Since we have long-established relationships of trust with major producers of edible oils, we do not buy oil through spot purchases, but under long-term contracts 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 Group since its establishment. In line with this, we rigorously and systematically pursue investment in product quality assurance systems through the use of HACCP (hazard analysis and critical control point) systems, acquisition of ISO 9001, trans-group quality monitoring, product quality assurance and traceability systems that make use of data processing systems used in factory automation, 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, the Group helps employees acquire necessary knowledge and technology and instills them a focus on policy by offering them training opportunities such as on-the-job training and training sessions. Accordingly, the Group takes appropriate measures to provide safe and high-quality products, which is the foundation of the persistent business development.

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

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

Net sales of the Group's Distribution system business for the current fiscal year amounted to ¥91,970 million (20.3% of total net sales), and operating income came to ¥2,245 million (10.2% of total operating income). This growth was mostly attributed to K.R.S Corporation and its subsidiaries.

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

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

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

4. Material Contracts

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

5. Research and Development

In addition to its basic commitment to ensuring a high level of product quality and safety, the Kewpie Group also dedicates itself to producing and selling tastier and healthier foods at reasonable prices. In line with this corporate stance, we carry out extensive research and development in all of 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, and overseas facilities including Henningsen Foods, Inc., Beijing Kewpie Foods Co., Ltd., and Hangzhou Kewpie Foods Co., Ltd.

Advancing Kewpie as a technology-oriented company, the Company Laboratory, in particular, plays a central role in the Kewpie Group's R&D activities that aims to create technologies, raw materials and ingredients full of originality, realize food solutions (generating new food scenes, providing never-before-experienced deliciousness and resolving customer grievance and concerns), and provide products that impress customers.

At the Company Laboratory, a new Food Safety Technology Center was built in August to develop safety technologies as part of a framework that will reassure our customers. Also, in October, the R&D division of Kanae Foods Co., Ltd., a consolidated subsidiary, was integrated in the Company Laboratory strengthening our product development capabilities related to our Egg products business. The Fundamental Technology Center, specializing in the research of basic food technology; 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 and the newly completed Food Safety Technology Center, a total of six centers, come together to provide ample R&D strengths to the Kewpie Group.

Working in tandem with these R&D activities, the Production Technology Department utilizes its abundant skills in production technology to develop the production lines that will produce the products developed by research sections, and makes full use of its creative information technology to develop production lines and computer software that will raise the level of production efficiency of the Kewpie Group and enhance its quality assurance systems. 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 fiscal year under review amounted to ¥3,167 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 current fiscal year, the Group's basic research efforts included the publication of essays and presentations. An essay about "Detection of Listeria monocytogenes in Commercially Broken Unpasteurized Liquid Egg in Japan" was published in *Journal of Food Protection*, and a presentation on "Effects of pH on Egg White Protein Heat Denaturation" was given at The Japanese Society for Food Science and Technology, the presentations on "Distribution of Staphylococcus Aureus in Liquid Eggs and Chicken Farms" and "The Investigation of the Simultaneous Analysis Method for Mold Poison in Chicken Eggs by LC/MS/MS (Second Edition)" were given at The Food Hygienic Society of Japan Symposium and a presentation on "Effects of Storage Temperature on Population Change of Cut Vegetable Bacteria" was given at The Japanese Society of Food Microbiology.

The Group's health and nutrition research efforts included the presentations given on "Effects on Blood Flow Improvement by Black Barley Vinegar in Healthy Adult" to The Japanese Society for Food Science and Technology, "Inhibition of Lipid Absorption by Egg White Protein" to The Japanese Society of Nutrition and Food Science and "Effects on Acetaminophen-induced Hepatotoxicity in Rats by Egg White Peptide" to the Japan Society for Bioscience, Biotechnology, and Agrochemistry.

On the product development front, the Group's efforts included a presentation on "Possibility of Involvement in the Formation of Diarrhea by Emulsion Stability of Liquid Foods in the Digestive Tract" given at The Japan Society of Metabolism and Clinical Nutrition Annual Academic Meeting and a presentation on "Effects on Nutritional Components by Different Sliced Lettuce Cleaning Methods" given at The Japan Society of Cookery Science.

On the product development front, our Condiments and processed foods business launched *Tasty Dressing - Yuzu Kosho,* richly flavored with aromatic citron, spicy chili peppers and flavorsome ground sesame, and new health-conscious products in our *Kirakira Genki &* series such as *Chopped Onion Dressing,* which has only 50% calories of French dressing in "Standard Tables of Food Composition in Japan Fifth Revised and Enlarged Edition" and provides a rich, natural flavor. New food service products included *Liquid Mayo* for making mayonnaise flavored rice confectionaries, *Hirogaru Baking Mayo,* which melts creamily when heated, *Mentaiko Dressing* and *Grated Onion Dressing*.

In the Processed foods product category, we added new products such as the *Chicken Curry Stew* to our *Three-Minute Cooking Renji Cook* series of meals prepared in the microwave oven by adding fresh ingredients. We also expanded our series by launching *Pomodoro, Vongole Bianco,* for the *Three-Minute Cooking Homemade Microwave Pasta Sauce*, which can be combined with various extra ingredients to make a pasta sauce simply using microwaves, as well as the *Italiante* series' new *Amatriciana Sauce* and *Just-Add-Pork Saltimbocca* for a typical Rome menu that provides authentic Italian food that customers can make at home. We launched the bottled *Hyalo Gelee* for food service providers.

In the Health and function product business, the Kewpie Group launched as our *Yasashii Kondate* series for nursing care foods the *Soft and Glutinous Rice with Red Beans* and the *Soft Side Dish -Stewed Sweet Potatoes and Beans* with potatoes and beans made easier to eat than when cooked normally. For baby foods, we released our *From the Fifth Month* series that enables easy preparation of homemade weaning foods by pureeing and dicing ingredients in advance. New in fine chemicals was the *Hyalo-Moisture Bio* nutritionally functional food that combines biotin in 45μg supplements for a daily intake of 5 supplements and high-quality hyaluronic acid, the *CHA (Powder)* hyaluronic acid for cosmetics and the *Egg Yoke Choline for Youthful Vigor* made of egg yoke choline and B group Vitamins.

In the Egg products business, the Kewpie Group launched the *Steam Convection Egg Base,* which enables eggs to be cooked easily by steam convection in the kitchens of restaurants and other facilities in the restaurant industry, the *Egg Spread - Mild* for the bread industry that gives a homemade feel, the *Cottage Filling - Basil* for a wide variety of items such as sauces, dips and baked menu, as well as the *Snowman Funwari Egg Base* that can be prepared easily in a microwave. We also renewed our *Snowman Yawaraka Egg* processed soft-boiled egg that can be stored frozen, and launched the half-broken eggs *Frozen Half Eggs.*

In the Salads and prepared foods business, new products include the *Italian Salad Mix* sold year round and the microwavable *Nappa Cabbage Hot Salad Mix* as part of our *Salad Club Homemade Gochiso Salads* series consisting of cut vegetables to make voluminous salads easily just by adding fish, meat, cheese, different vegetables or any items which customers like. We also released our *Yasai (Eight Veggie) Salad,* a mix of eight kinds of vegetables that match "Vegetable Day," August 31, and the *Veggies-a-Plenty Potato Salad* that maintains texture even if adding lettuce or other leafy vegetables. New food service products included the *Mentaiko Burdock Root Salad Sasagaki,* which uses mentaiko (salted cod roe spiced with red pepper) dressing, the *Shredded Potato Salad* with *Dijon Mustard*, the *Five Bean Five Grain Salad as* health-conscious product, and the *Hokuhoku Potato Healthy Salad* with *Half* (for prepared foods).

In addition to the product developments described above, the Kewpie Group won the Food Packaging Award in the "2009 Japan Packaging Contest," hosted by the Japan Packaging Institute, for its "One-action-opening Outer Package for both Right and Left Handed People."

A consolidated subsidiary, Kewpie Jyozo Co., Ltd., gave a presentation on "Vinegar Manufacturing by Horizontal Shaft Fermentation Equipment" at the Asia Pacific Bioengineering Conference. New food service products included *Grapefruit Vinegar* as part of its food service vinegar drink series and *Ponzu Vinegar with Citrus* as part of its food service condiment series.
As a result of the development efforts described above, R&D costs of the Foods business for the current fiscal year came to ¥3,167 million.

(2) Distribution System Business

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

6. Financial Position, Business Performance and Cash Flows

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

(1) Summary of significant accounting policies and estimates

The consolidated financial statements of the Group have been prepared in accordance with 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 period.

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

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

a) Allowances for doubtful accounts

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

b) Impairment losses on investment securities

Investment securities with fair value are stated at market price, while 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 Group has invested.

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

c) Deferred tax assets

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

(2) Analysis of business performance

a) Sales

Net sales decreased by ¥21,712 million or 4.6% year on year, to ¥452,239 million on a consolidated basis.

Breaking down into business segments, sales of the Foods business fell ¥17,641 million, or 4.7% year on year, to ¥360,268 million. This was mainly due to the impact of the cheaper prices in the egg market on products sold at prices linked to this market in the Egg products business and effects from continued product lineup selection and concentration efforts in the Salads and prepared foods business, despite robust sales for condiments for salads due to a sense of price reasonability conveyed as a result of price revisions applicable to mayonnaise and reduction in volume of dressing varieties.

Sales of the Distribution system business declined by ¥4,071 million, or 4.2% year on year, to ¥91,970 million as a result of a decline in quantities handled despite an enhancement in distribution quality along with the acquisition of new trading partners and the standardized operations.

b) Operating Income

Operating income registered a year-on-year increase of ¥3,695 million, or 26.3%, to ¥17,731 million.

Breaking down into business segments, operating income for the Foods business was ¥19,741 million, an increase of ¥3,736 million, or 23.3% year on year, due to group-wide cost reduction efforts represented by improvement in production yields and effective utilization of sales promotion expenses as well as a settling in main raw materials.

Operating income for the Distribution system business was ¥2,245 million, an increase of ¥320 million, or 16.6% year on year, due to rationalization including a reduction in pallet expenses.

c) Ordinary income

Non-operating income was ¥682 million, a year-on-year increase of ¥534 million, as a result of an increase in equity earnings of affiliates and a decrease in interest expenses. Ordinary income registered a year-on-year increase of ¥4,230 million, or 29.8%, to ¥18,414 million.

d) Net income

Extraordinary gains/losses came to a loss of ¥1,819 million, mainly due to a decrease in gains on sales of shares in subsidiaries and associated companies and an increase in losses on impairment of fixed assets.

As a result of the above, income before income taxes and minority interests amounted to ¥16,595 million, an increase of ¥2,719 million, or 19.6%, year on year. Income taxes amounted to ¥7,307 million, deferred income taxes to ¥ -713 million, and minority interests to ¥964 million. Consequently, net income posted a year-on-year increase of ¥1,315 million, or 17.0%, to ¥9,036 million.

Net income per share for the fiscal year under review came to ¥59.56 (compared with ¥50.77 for the previous fiscal year), and the return on equity (ROE) came to 6.2% (compared with 5.4% for the previous fiscal year).

(3) Financial position

a) Assets

Current assets decreased by ¥17,233 million year on year, to ¥108,374 million. This was mainly due to a ¥2,112 million decrease in cash and deposits, a ¥10,134 million decrease in notes and accounts receivable—trade and a ¥4,044 million decrease in inventories.

Fixed assets increased by ¥1,092 million over the previous fiscal year-end, to ¥167,276 million mainly due to increases of investment securities and prepaid pension costs.

As a result of the above, total assets decreased by ¥16,142 million over the end of the previous fiscal year, to ¥275,650 million.

b) Liabilities and net assets

Total liabilities decreased by ¥23,365 million from the end of the previous fiscal year, to stand at ¥104,846 million. This was mainly attributable to a decrease of notes and accounts payable—trade by ¥12,137 million, a decrease of loans payable by ¥5,763 million and a decrease of bonds by ¥10,000 million.

The ending balance of interest bearing debt decreased by ¥15,014 million from the end of the previous fiscal year, to ¥25,595 million.

Net assets rose ¥7,223 million from the end of the previous fiscal year's ¥163,580 million, to ¥170,804 million, as a result of a higher earned surplus, a decrease in foreign currency translation adjustments, and an increase in minority interests.

As a result, the shareholders' equity ratio (shareholders' equity as a percentage of total assets) rose 4.8 percentage points to 53.8%, and net assets per share rose ¥36.54 to ¥978.33.

c) Cash flow analysis

Further details regarding cash flow analysis during the period 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.

Period ended		Nov. 2005	Nov. 2006	Nov. 2007	Nov. 2008	Nov. 2009
Equity ratio	(%)	49.8	47.3	48.3	49.0	53.8
Equity ratio based on market price	(%)	58.6	54.6	59.3	55.3	54.9
Interest-bearing debt to cash flows ratio	(year)	2.4	2.0	1.9	2.8	0.8
Interest coverage ratio	(times)	29.5	42.1	32.9	21.6	60.5

(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 issued 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 Kewpie Group invested a total of ¥11,935 million in facilities and equipment during the current fiscal year. These investments were part of the Company's efforts to preserve the environment and were made for the purpose of improving product safety, reducing production costs, and developing products that meet customers' needs.

Investments in facilities and equipment 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 ¥9,919 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 ¥1,951 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 amounts.

2. Principal Facilities and Equipment

Investments in facilities and equipment, and the number of employees working at each site on November 30, 2009 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 (m^2)	Lease assets	Other	Total	
Hashikami Factory (Hashikami-cho, Sannohe-gun, Aomori)	Foods	For frozen, chilled and retort foods	847	499	553 (46,365)	—	10	1,910	1 (—)
Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Foods	For mayonnaise and dressings, egg products	5,686	3,137	3,661 (214,655)	11	60	12,557	223 (141)
Sengawa Factory (Chofu, Tokyo)	Foods	For mayonnaise and dressings, frozen and chilled foods	774	999	24 (16,571)	—	53	1,852	109 (102)
Nakagawara Factory (Fuchu, Tokyo)	Foods	For mayonnaise and dressings, frozen and chilled foods, canned foods	4,602	1,600	405 (43,484)	—	37	6,645	189 (166)
Fujiyoshida Factory (Fujiyoshida, Yamanashi)	Foods	For mayonnaise and retort foods	1,943	590	272 (59,399)	—	9	2,816	2 (5)
Koromo Factory (Toyota, Aichi)	Foods	For mayonnaise and dressings, egg products, frozen and chilled foods	1,213	1,396	16 (37,876)	2	21	2,650	218 (154)
Itami Factory (Itami, Hyogo)	Foods	For mayonnaise and dressings, egg products, frozen and chilled foods	2,755	2,253	2,113 (36,138)	3	31	7,158	167 (191)
Izumisano Factory (Izumisano, Osaka)	Foods	For mayonnaise and dressings, egg products, frozen and chilled foods	889	486	663 (18,576)	—	25	2,064	73 (84)
Tosu Factory (Tosu, Saga)	Foods	For mayonnaise and dressings, egg products, canned foods, frozen and chilled foods	3,538	1,076	363 (53,958)	—	33	5,012	1 (—)
Head Office (Shibuya-ku, Tokyo)	General control	For others	408 [7,950]	68	— (—)	73	93	644	556 (32)
Tokyo Branch and other 9 branches and 21 sales offices	Foods	For others	61 [17,484]	0	— (—)	—	30	92	793 (1)
Laboratory (Fuchu, Tokyo)	Foods	For research and development	895	43	31 (7,261)	—	175	1,146	251 (—)
Kobe Distribution Center (Higashinada-ku, Kobe, Hyogo)	Foods and distribution system	For warehousing and distribution system	1,240	155	4,555 (31,105)	—	1	5,952	2 (15)

(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 (m²)	Lease assets	Other	Total	
Kewpie Egg Corporation	Niigata Factory (Niigata, Niigata)	Foods	For foods	74	42	580 (4,648)	—	0	697	42 (4)
	Kurimoto Center (Katori, Chiba)	Foods	For foods	298	102	623 (10,511)	—	0	1,024	48 (14)
	Nishinomiya Office (Nishinomiya, Hyogo)	Foods	For foods	199	126	346 (4,007)	—	0	673	66 (1)
Kewpie Jyozo Co., Ltd.	Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Foods	For foods	688	392	1,802 (29,788)	—	39	2,922	67 (100)
	Shiga Factory (Aisyo-cho, Echi-gun, Shiga)	Foods	For foods	948	450	88 (20,265)	—	37	1,525	38 (49)
K.R.S. Corporation	Hokkaido Bloc (Ishikari, Hokkaido)	Distribution system	For warehousing and distribution system	1,119	40	706 (21,110)	—	6	1,873	26 (9)
	Tohoku Bloc (Sendai, Miyagi)	Distribution system	For warehousing and distribution system	1,036	144	918 (47,427)	6	13	2,119	55 (19)
	Kanto Bloc (Goka-machi, Sashima-gun, Ibaraki)	Distribution system	For warehousing and distribution system	2,342	183	6,149 (80,474)	33	28	8,738	81 (48)
	Osaka Bloc (Itami, Hyogo)	Distribution system	For warehousing and distribution system	551	77	383 (3,120)	18	14	1,046	103 (35)
	Chugoku-Shikoku Bloc (Higashi-Hiroshima, Hiroshima)	Distribution system	For warehousing and distribution system	438	60	580 (15,348)	—	6	1,085	22 (13)
	Musashino Bloc (Fujimi, Saitama)	Distribution system	For warehousing and distribution system	233	164	— (—)	16	6	420	64 (15)
	Kyushu Bloc (Tosu, Saga)	Distribution system	For warehousing and distribution system	132	227	534 (20,154)	—	9	904	53 (25)
Kanae Foods Co., Ltd.	Owari Factory (Kasugai, Aichi)	Foods	For foods	1,201	180	1,013 (22,084)	—	3	2,399	36 (61)
	Tsukuba Factory (Mitsukaido, Ibaraki)	Foods	For foods	1,093	423	796 (16,946)	—	6	2,319	57 (98)
	Fujiyoshida Factory (Fujiyoshida, Yamanashi)	Foods	For foods	108	165	155 (5,547)	—	2	432	27 (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)	Lease assets	Other	Total	
Gourmet Delica Co., Ltd.	Soka Factory (Soka, Saitama)	Foods	For foods	701	62	992 (5,815)	2	1	1,760	31 (228)
Daily Mate Co., Ltd.	Head Office and Factory (Ome, Tokyo)	Foods	For foods	485	46	800 (12,926)	13	5	1,352	69 (412)
	Ome Factory (Ome, Tokyo)	Foods	For foods	422	8	200 (4,761)	9	0	642	5 (85)
Deria Foods Co., Ltd.	Kitakami Delica Co., Ltd. (Kitakami, Iwate)	Foods	For foods	640	34	194 (11,526)	—	1	871	33 (175)
Co-op Food Products Co., Ltd.	Tohoku Factory (Fukushima, Fukushima)	Foods	For foods	792	277	84 (35,593)	—	6	1,160	65 (151)
	Kyushu Factory (Kumamoto, Kumamoto)	Foods	For foods	652	303	172 (35,418)	—	12	1,140	78 (148)
S.Y. Promotion Co., Ltd.	Kashima Office (Kamisu, Ibaraki)	Distribution system	For warehousing and distribution system	137	85	521 (24,719)	—	—	744	45 (3)
	Chiba Office (Ichihara, Chiba)	Distribution system	For warehousing and distribution system	70	153	255 (8,964)	—	—	478	51 (4)
	Fukuoka Office (Miyawaka, Fukuoka)	Distribution system	For warehousing and distribution system	71	76	264 (12,364)	—	—	412	15 (6)
Y.M. Kyuso Corporation	Atsugi Office (Atsugi, Kanagawa)	Distribution system	For warehousing and distribution system	19	124	478 (6,716)	—	4	626	133 (97)
	Itami Office (Itami, Hyogo)	Distribution system	For warehousing and distribution system	5	67	400 (3,254)	—	0	473	125 (18)
Dispen Pak Japan Co., Inc.	Minami-Ashigara Factory (Minami-Ashigara, Kanagawa)	Foods	For foods	376	280	836 (7,697)	—	5	1,499	54 (52)
Fujisan Sensui Co., Ltd.	Head Office and Factory (Fujiyoshida, Yamanashi)	Foods	For foods	114	295	— (—)	—	4	414	23 (1)
Kowa Derika Co., Ltd.	Head Office and Factory (Kamisu, Ibaraki)	Foods	For foods	524	77	119 (13,315)	—	3	724	37 (130)
Potato Delica Co., Ltd.	Hotaka Factory (Azumino, Nagano)	Foods	For foods	61	54	380 (19,460)	—	10	506	78 (98)

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)	Lease assets	Other	Total	
Saika Co., Ltd.	Shizuoka Factory (Mori-machi, Shuchi-gun, Shizuoka)	Foods	For foods	381	22	— (—)	—	0	404	25 (93)

(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)	Lease assets	Other	Total	
Henningsen Foods, Inc.	Nebraska, USA	Foods	For foods	363	378	29 (45,165)	—	11	783	251 (9)
Beijing Kewpie Foods Co., Ltd.	Huairou District, Beijing, China	Foods	For foods	415	210	— (—)	—	10	636	376 (—)
Hangzhou Kewpie Foods Co., Ltd.	Hangzhou, Zhejiang Province, China	Foods	For foods	645	265	— (—)	—	30	941	311 (—)
Kewpie (Thailand) Co., Ltd.	Bangkok, Thailand	Foods	For foods	322	332	96 (73,580)	—	147	898	849 (—)

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

1. "Other" listed under Book value includes tools, furniture and fixtures (construction in progress is excluded), and the amounts exclude consumption taxes.
2. The figures in brackets under Buildings and structures indicate the total area [m²] of leased properties.
3. Under Number of employees, the figures in parentheses indicate the number of temporary employees.
4. Other major facilities and equipment rental (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	3~7	203
The Company	Corporate and Foods	Peripheral equipment related to information system	Lot	3~6	312
K. R. S. Corporation	Distribution system	Peripheral equipment related to information system, assortment equipment and racking facilities	Lot	2~7	1,483

IV. The Company

1. Shares

(1) Number of authorized and issued shares

a) Authorized shares

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

b) Issued shares

Class	Number of issued shares		Stock exchange	Remarks
	End of period (Nov. 30, 2009)	Filing date (Feb. 24, 2010)		
Common stock	155,464,515	155,464,515	Tokyo Stock Exchange (First Section)	Refers to ordinary shares of the 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, 2009)

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
Japan Trustee Service Bank, Ltd. Account in Trust	8-11, Harumi 1-chome, Chuo-ku, Tokyo	6,811	4.38
Touka Co., Ltd.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	4,872	3.13
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust (for Mizuho Bank, Ltd.)	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
Kewpie Corporation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	3,715	2.39
The Master Trust Bank of Japan, Ltd. Account in Trust	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	3,629	2.33
Sumitomo Mitsui Banking Corporation	1-2, Yuraku-cho 1-chome, Chiyoda-ku, Tokyo	3,208	2.06
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,132	2.02
Total	–	64,804	41.68

(5) Stock options

Not applicable.

2. Acquisition of the Company's Treasury Stock

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

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

(2) [Repurchase of shares based on a resolution by the Board of Directors]
Not applicable.

(3) [Repurchase of shares not based on a resolution by the general meeting of shareholders or the Board of Directors]
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 held 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	38,617	39,152,693
Number and market value of remaining authorized shares	—	—
Percentage of unexercised portion as of final day of the current fiscal year (%)	—	—
Shares repurchased during the above repurchase period	1,476	1,466,773
Percentage of unexercised portion as of the document submission date (%)	—	—

(Note) "Shares repurchased during the above repurchase period" does not include shares resulting from the repurchase of odd-lot shares between February 1, 2010 and the document filing date of the Annual Securities Report.

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

Item	Current fiscal year		Specified period	
	Number of shares	Total disposal value (¥)	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	3,715,635	—	3,717,111	—

(Note) "Balance of treasury stock held" in "Specified period" does not include shares resulting from the repurchase of odd-lot shares between February 1, 2010 and the document filing date of the Annual Securities Report.

3. Dividend Policy

Placing great importance on shareholder ROI (return on investment), the Company has consistently paid stable dividends, and has carried out its repurchase of treasury stock 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 consolidated equity (DOE) 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%. Regarding consolidated dividend payout ratio, a 25% benchmark is set.

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

Based on the above policy, the Company shall pay a ¥17 per share dividend for the current fiscal year (including an interim dividend of ¥7.5 and a dividend of ¥2 to commemorate the 90th anniversary of establishment). As a result, the Company's consolidated DOE and consolidated dividend payout ratio came to 1.8% and 28.5% 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

(1) 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 corporate 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 Kewpie Group.

The Company fully recognizes that compliance is indispensable to its lasting development, and promotes the formulation of a compliance program and its implementation in order to enforce all directors and employees of the Company to follow full legal compliance with a 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 Kewpie Corporation, February 24, 2010).

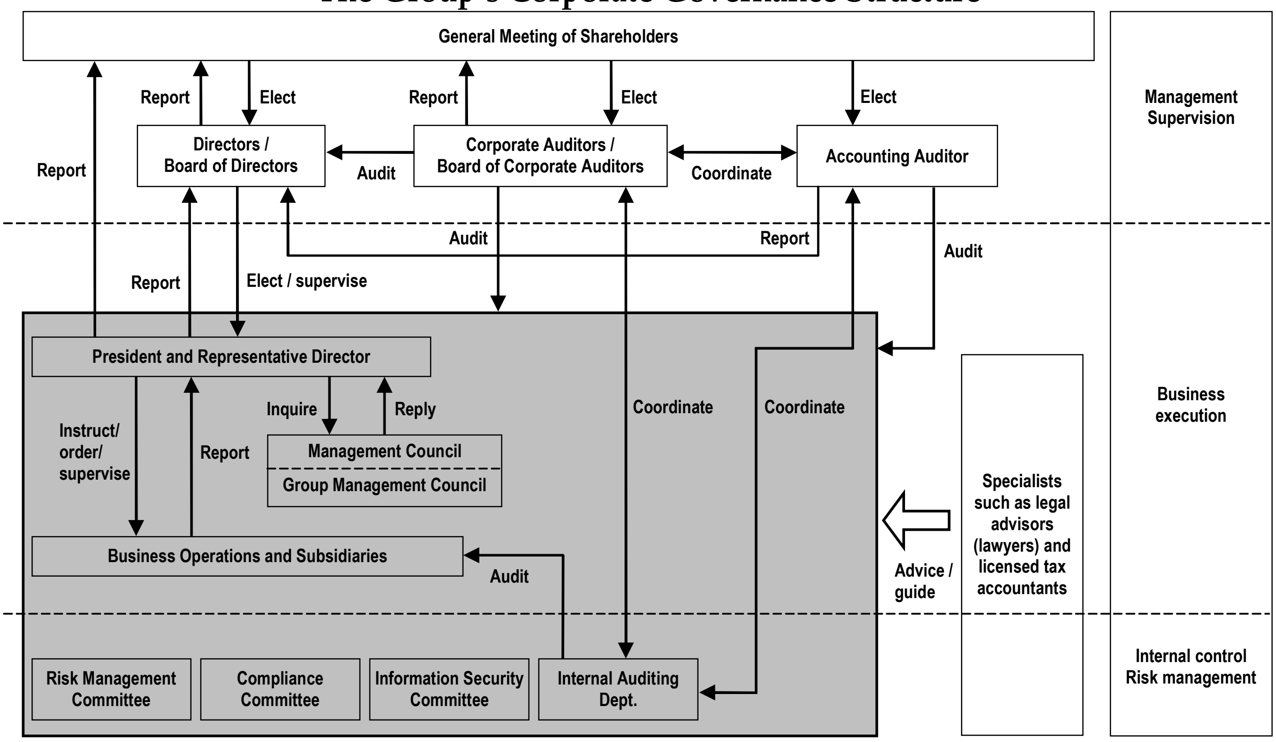
a) Corporate governance systems relating to management organization in decision-making, executive functions, and supervisory functions

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 Kewpie Group take part in a Group Management Council, where Group policies and other management matters affecting the entire Group as a whole are debated.

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

The Group's Corporate Governance Structure



<u>Management system</u>

Kewpie 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 Kewpie 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 corporate 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 corporate 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 & corporate auditors

Kewpie 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 corporate 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 storage and management of information relating to the execution of duties of directors

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

b) At all times, the directors and 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 Kewpie Group shall establish various provisions related to financial reporting and aim to enhance internal controls related to financial reporting by conducting educational programs and promoting awareness of compliance of accounting standards and other related laws and regulations. Moreover, the Company’s division and department in charge of finance reporting, in cooperation with the 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 Kewpie 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 requests the placement of an employee to assist in auditing duties, that employee shall not receive instructions or orders from directors.

I. System for reporting to 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 General Manager of the Operation Promote Department), 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 Risk Management 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 General Manager of the Operation Promote Department or a person who is appointed by the General Manager of the Operation Promote Department, with administrative work performed by the Corporate Planning Department in charge) conducts training sessions to teach employees proper information management procedures, confirms that the specified procedures are being carried out, and reviews or revises each information management regulation. 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 requires advice on legal matters, they consult their legal advisors (lawyers). Moreover, directors are required to undergo courses of study in legal matters.

In addition, the Company's auditing company — Ernst & Young ShinNihon LLC — as part of its normal duties as an accounting auditor, provides Kewpie Corporation with advice relating to problems in the sphere of the Company's accounts and general management. (The President of the Company regularly discusses such issues with accountants of Ernst & Young ShinNihon LLC). Neither Ernst & Young ShinNihon LLC as a corporate entity nor its accountants as individuals, have any particular interests in Kewpie Corporation 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 thirty-one other qualified persons, including twelve CPAs and nineteen 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

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

b) 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 corporate 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 Kewpie 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 corporate 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 corporate auditors at these meetings was 97%.

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

Classification	Directors		Corporate Auditors		Total	
	Number of directors	Compensation (millions of yen)	Number of corporate auditors	Compensation (millions of yen)	Number of directors & corporate auditors	Total compensation (millions of yen)
Compensation authorized by resolution of general meeting of shareholders (Outside corporate auditors in parentheses)	16	288	5 (3)	73 (25)	21 (3)	362 (25)
Bonuses paid out for directors	14	66	—	—	14	66
Total	—	354	—	73	—	428

(Notes) 1. By resolution 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 one director who retired at the conclusion of the 96th 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 ¥122 million, which amount includes employees' bonuses.
4. As of the end of the reporting period, there were fifteen directors and five corporate auditors (including three outside corporate auditors). There are no outside directors.

(4) Overview of Content of Limited Liability Contract
In accordance with the provisions of Article 427, Paragraph 1 of the Corporation Law and Article 39 of the Articles of Incorporation, the Company and each of its outside corporate auditors have entered into a limited liability contract. The amount of maximum liability stipulated in the contract is determined by each of the respective items under Article 425, Paragraph 1 of the Corporation Law.

(5) Number of Directors
The number of Company's Directors is limited to 20 members.

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

(7) 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 resolution 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 provisions 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.

(8) 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 general meetings of shareholders by relaxing the restrictions imposed by the required number of shareholders present.

(2) Compensation for Auditing Certificated Public Accountants

a) Details of compensation for auditing certificated public accountants

Classification	Previous fiscal year		Current fiscal year	
	Compensation for audit or attestation services (millions of yen)	Compensation for non-audit services (millions of yen)	Compensation for audit or attestation services (millions of yen)	Compensation for non-audit services (millions of yen)
The Company	—	—	86	2
Consolidated subsidiaries	—	—	40	—
Total	—	—	127	2

b) Other important details on compensation

Compensation for audit and non-audit services paid to Ernst & Young, part of the same network as the auditing certificated public accountants of the Company, Ernst & Young ShinNihon LLC, by overseas subsidiaries was ¥31 million and ¥26 million, respectively.

c) Non-audit services performed by auditing certificated public accountants for the Company

For services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Law, the Company entrusts to the auditing certificated public accountants advisory services regarding the formulation, operation and evaluation of its internal control system over financial reporting, and pays compensation.

d) Policy for determining compensation for auditing

The compensation to auditing certificated public accountants of the Company is determined based on a verification of the scope, content and days, etc. of the audit plan of the auditing certificated public accountants and approved by the Board of Corporate Auditors in accordance with the provisions of the Corporation Law.

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, 2007 to November 30, 2008) 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, 2008 to November 30, 2009) were prepared in accordance with the revised Regulations for the Consolidated Financial Statements.

2. Audit

The audits were performed by Ernst & Young ShinNihon LLC on the consolidated financial statements for the previous consolidated fiscal year (from December 1, 2007 to November 30, 2008) and on the consolidated financial statements for the current consolidated fiscal year (from December 1, 2008 to November 30, 2009) in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law.

Independent Auditors' Report

February 27, 2009

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Kewpie 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 provisions of the Certified Public Accountants Law.

Independent Auditors' Audit Report and Internal Control Audit Report

February 23, 2010

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Kewpie 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)

< Audit of financial statements>

Pursuant to Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we have audited the consolidated financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Conditions" from December 1, 2008 to November 30, 2009, 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, 2009, 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.

<Audit of internal control>

Pursuant to Paragraph 2 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we also have audited the accompanying Management's Report on Internal Control Over Financial Reporting for the consolidated financial statements as of November 30, 2009 of KEWPIE KABUSHIKI-KAISHA and consolidated subsidiaries (the "Company") (the "Management's Report"). The Company's management is responsible for designing and operating internal control over financial reporting and preparing the Management's Report. Our responsibility is to express an opinion on the Management's Report based on our audit. Internal control over financial reporting may not prevent or detect misstatements.

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Management's Report is free of material misstatement. An internal control audit includes examining, on a test basis, the overall presentation of the Management's Report, including disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting. We believe that our internal control audit provides a reasonable basis for our opinion.

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as of November 30, 2009 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in conformity with standards for assessment of internal control over financial reporting generally accepted in Japan.

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

Consolidated Financial Statements

(1) Consolidated financial statements

(a) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of November 30, 2008)	Current fiscal year (As of November 30, 2009)
Assets		
Current assets		
Cash and deposits	25,260	23,148
Notes and accounts receivable — trade	*3 71,476	61,342
Securities	5,000	5,000
Inventories	18,432	—
Purchased goods and products	—	9,529
Work in process	—	762
Raw materials and supplies	—	4,097
Deferred tax assets	1,595	2,141
Other	4,307	2,709
Allowances for doubtful accounts	(464)	(356)
Total current assets	125,607	108,374
Fixed assets		
Tangible fixed assets		
Buildings and structures	*1 121,303	*1 123,890
Accumulated depreciation	(71,203)	(75,054)
Net book value	50,099	48,835
Machinery, equipment, and transportation equipment	*1 121,966	*1 125,623
Accumulated depreciation	(98,027)	(102,742)
Net book value	23,939	22,880
Land	*1 40,305	*1 40,463
Lease assets	—	780
Accumulated depreciation	—	(83)
Net book value	—	696
Construction in progress	2,280	1,535
Other	*1 8,178	*1 8,747
Accumulated depreciation	(6,633)	(7,134)
Net book value	1,545	1,613
Total tangible fixed assets	118,170	116,024
Intangible fixed assets		
Computer software	1,827	1,858
Other	418	402
Total intangible fixed assets	2,246	2,261
Investments and other assets		
Investment securities	*2 17,683	*2 19,795
Long-term loans receivable	787	1,142
Prepaid pension costs	17,673	18,446
Deferred tax assets	596	591
Other	*2 9,194	*2 9,740
Allowances for doubtful accounts	(166)	(726)
Total investments and other assets	45,768	48,989
Total fixed assets	166,184	167,276
Total assets	291,792	275,650

(Millions of yen)

	Previous fiscal year (As of November 30, 2008)	Current fiscal year (As of November 30, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable — trade	49,160	37,023
Short-term loans payable	*1 16,067	*1 11,537
Current portion of bonds	10,000	—
Accounts payable — other	15,022	13,292
Accrued expenses	7,427	8,535
Accrued income taxes	1,744	5,929
Deferred tax liabilities	16	3
Reserves for sales rebates	692	1,067
Reserves for bonuses	764	643
Reserves for directors' and corporate auditors' bonuses	53	93
Other	481	651
Total current liabilities	101,431	78,778
Long-term liabilities		
Bonds	500	500
Long-term loans payable	*1 13,977	*1 12,744
Deferred tax liabilities	7,527	7,293
Reserves for retirement benefits	2,304	2,623
Reserves for directors' and corporate auditors' retirement pay	147	—
Other	2,322	2,907
Total long-term liabilities	26,779	26,068
Total liabilities	128,211	104,846
Net Assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	29,432	29,432
Earned surplus	94,480	101,396
Treasury stock	(3,804)	(3,843)
Total shareholders' equity	144,212	151,089
Valuation and translation adjustments		
Unrealized holding gains on securities	1,288	1,213
Unrealized holding losses on hedges	(74)	(58)
Foreign currency translation adjustments	(2,522)	(3,831)
Total valuation and translation adjustments	(1,307)	(2,676)
Minority interests	20,675	22,391
Total net assets	163,580	170,804
Total liabilities and net assets	291,792	275,650

(b) Consolidated Statements of Income

(Millions of yen)

	Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
Net sales	473,951	452,239
Cost of sales	367,285	*1 342,978
Gross profit	106,665	109,261
Selling, general and administrative expenses	*2,*3 92,629	*2,*3 91,529
Operating income	14,036	17,731
Non-operating income		
Interest income	379	307
Dividends receivable	333	296
Equity in earnings of affiliates	89	231
Other	508	589
Total non-operating income	1,310	1,424
Non-operating expenses		
Interest expenses	685	516
Amortization of business commencement costs	122	—
Other	353	226
Total non-operating expenses	1,162	742
Ordinary income	14,184	18,414
Extraordinary gains		
Prior period adjustments	—	15
Gains on sales of fixed assets	*4 230	*4 28
Gains on sales of investment securities	174	—
Gains on sales of shares of subsidiaries and associated companies	985	—
Subsidies received	—	24
Other	98	38
Total extraordinary gains	1,488	107
Extraordinary losses		
Losses on sales of fixed assets	*5 18	*5 63
Losses on disposal of fixed assets	*6 755	*6 669
Losses on valuation of investment securities	404	—
Provision of allowances for doubtful accounts	2	54
Key system equipment relocation costs	*7 260	—
Losses on impairment of fixed assets	—	*8 982
Other	354	155
Total extraordinary losses	1,795	1,926
Income before income taxes and minority interests	13,876	16,595
Income taxes	3,680	7,307
Income taxes deferred	1,607	(713)
Total income taxes	5,288	6,594
Minority interests	867	964
Net income	7,721	9,036

(c) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
Shareholders' equity		
Paid-in capital		
Balance at the end of the previous fiscal year	24,104	24,104
Changes of items during the fiscal year		
Total changes of items during the fiscal year	—	—
Balance at the end of the current fiscal year	24,104	24,104
Capital surplus		
Balance at the end of the previous fiscal year	29,432	29,432
Changes of items during the fiscal year		
Total changes of items during the fiscal year	—	—
Balance at the end of the current fiscal year	29,432	29,432
Earned surplus		
Balance at the end of the previous fiscal year	88,786	94,480
Changes of items during the fiscal year		
Increase in earned surplus resulting from increase of consolidated subsidiaries	104	232
Dividends from surplus	(2,132)	(2,352)
Net income	7,721	9,036
Total changes of items during the fiscal year	5,693	6,916
Balance at the end of the current fiscal year	94,480	101,396
Treasury stock		
Balance at the end of the previous fiscal year	(2,655)	(3,804)
Changes of items during the fiscal year		
Repurchase of treasury stock	(1,148)	(39)
Total changes of items during the fiscal year	(1,148)	(39)
Balance at the end of the current fiscal year	(3,804)	(3,843)
Total shareholders' equity		
Balance at the end of the previous fiscal year	139,667	144,212
Changes of items during the fiscal year		
Increase in earned surplus resulting from increase of consolidated subsidiaries	104	232
Dividends from surplus	(2,132)	(2,352)
Net income	7,721	9,036
Repurchase of treasury stock	(1,148)	(39)
Total changes of items during the fiscal year	4,544	6,876
Balance at the end of the current fiscal year	144,212	151,089

(Millions of yen)

	Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
Valuation and translation adjustments		
Unrealized holding gains on securities		
Balance at the end of the previous fiscal year	3,416	1,288
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(2,127)	(75)
Total changes of items during the fiscal year	(2,127)	(75)
Balance at the end of the current fiscal year	1,288	1,213
Unrealized holding gains (losses) on hedges		
Balance at the end of the previous fiscal year	105	(74)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(179)	15
Total changes of items during the fiscal year	(179)	15
Balance at the end of current fiscal year	(74)	(58)
Foreign currency translation adjustments		
Balance at the end of the previous fiscal year	(1,790)	(2,522)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(731)	(1,309)
Total changes of items during the fiscal year	(731)	(1,309)
Balance at the end of the current fiscal year	(2,522)	(3,831)
Total valuation and translation adjustments		
Balance at the end of the previous fiscal year	1,731	(1,307)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(3,038)	(1,369)
Total changes of items during the fiscal year	(3,038)	(1,369)
Balance at the end of the current fiscal year	(1,307)	(2,676)
Minority interests		
Balance at the end of the previous fiscal year	19,741	20,675
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	934	1,715
Total changes of items during the fiscal year	934	1,715
Balance at the end of the current fiscal year	20,675	22,391
Total net assets		
Balance at the end of the previous fiscal year	161,140	163,580
Changes of items during the fiscal year		
Increase in earned surplus resulting from increase of consolidated subsidiaries	104	232
Dividends from surplus	(2,132)	(2,352)
Net income	7,721	9,036
Repurchase of treasury stock	(1,148)	(39)
Net changes of items other than shareholders' equity	(2,104)	346
Total changes of items during the fiscal year	2,440	7,223
Balance at the end of the current fiscal year	163,580	170,804

(d) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	13,876	16,595
Depreciation and amortization	13,408	12,980
Losses on impairment of fixed assets	—	982
Amortization of goodwill	25	0
Equity in losses (earnings) of affiliates	(89)	(231)
Losses (gains) on valuation of investment securities	404	2
Losses on valuation of golf course memberships	45	15
Increase (decrease) in reserves for retirement benefits	8	360
Decrease (increase) in prepaid pension costs	(3,565)	(770)
Increase (decrease) in reserves for directors' and corporate auditors' retirement pay	(705)	(147)
Increase (decrease) in reserves for sales rebates	(621)	374
Increase (decrease) in reserves for directors' and corporate auditors' bonuses	(8)	40
Increase (decrease) in reserves for bonuses	(59)	(121)
Increase (decrease) in allowances for doubtful accounts	(71)	447
Interest income and dividends receivable	(713)	(604)
Interest expenses	685	516
Losses (gains) on sales of investment securities	(160)	(0)
Losses (gains) on sales of shares in subsidiaries and associated companies	(985)	—
Losses (gains) on sales and disposal of fixed assets	544	704
Decrease (increase) in notes and accounts receivable — trade	(1,559)	10,480
Decrease (increase) in inventories	(1,947)	4,023
Increase (decrease) in notes and accounts payable — trade	10,000	(12,059)
Increase (decrease) in accounts payable — other	(6,821)	(1,867)
Increase (decrease) in accrued consumption taxes	(453)	941
Increase (decrease) in long-term accounts payable	375	(48)
Other	(850)	2,083
Sub-total	20,762	34,698
Interest income and dividends received	1,039	625
Interest paid	(668)	(517)
Income taxes paid	(6,668)	(3,505)
Net cash provided by (used in) operating activities	14,466	31,301

(Millions of yen)

	Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
Cash flows from investing activities		
Purchases of tangible fixed assets	(12,170)	(10,730)
Purchases of intangible fixed assets	(562)	(798)
Purchases of investment securities	(135)	(3,461)
Proceeds from sales of investment securities	338	1,001
Proceeds from sales of subsidiaries' shares resulting in change in scope of consolidation	*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	(515)	(459)
Collection of loans receivable	390	815
Disbursements for deposit money in bank	(1,468)	(463)
Withdrawal of time deposits	1,422	3,554
Other	1,107	(1,007)
Net cash provided by (used in) investing activities	(9,687)	(11,548)
Cash flows from financing activities		
Proceeds from short-term loans payable	106,287	—
Repayment of short-term loans payable	(106,934)	—
Net increase (decrease) in short-term loans payable	—	(900)
Repayment of lease obligations	—	(108)
Proceeds from long-term loans payable	1,200	—
Repayment of long-term loans payable	(2,953)	(4,819)
Paid in from minority shareholders	179	—
Redemption of bonds	—	(10,000)
Cash dividends paid	(2,132)	(2,352)
Cash dividends paid to minority shareholders	(211)	(241)
Repurchase of treasury stock	(1,148)	(39)
Net cash provided by (used in) financing activities	(5,712)	(18,462)
Effects of exchange rate changes on cash and cash equivalents	(87)	(265)
Increase (decrease) in cash and cash equivalents	(1,021)	1,025
Cash and cash equivalents at the beginning of the fiscal year	27,699	26,705
Increase in cash and cash equivalents resulting from increase of consolidated subsidiaries	27	100
Cash and cash equivalents at the end of the fiscal year	*1 26,705	*1 27,831

Basis of Preparation for Consolidated Financial Statements

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
1. Consolidated subsidiaries Consolidated subsidiaries are forty-six companies and their names are omitted so as to be reported in 3. Outline of Associated Companies of I. Outline of the Company. In the current fiscal year, Kyuso-service Corporation and K Logistics Corporation are included in the scope of consolidation because the significance of the two companies increased, while Henningsen Nederland B.V., was removed from the scope of consolidation through the selling of all shares that the Kewpie Group owned. There are nineteen non-consolidated subsidiaries, and the principal companies are Kyuso L-Plan Corporation and Osaka San-ei Logistics Corporation. These companies are excluded from the consolidation, because their total assets, net sales, net income, and total amounts of earned surplus (equal to the equity share) do not have a significant effect on the consolidated total assets, net sales, net income, and earned surplus.	1. Consolidated subsidiaries Consolidated subsidiaries are forty-eight companies and their names are omitted so as to be reported in 3. Outline of Associated Companies of I. Outline of the Company. In the current fiscal year, because of the increased significance of San-ei Logistics Corporation, a former non-consolidated subsidiary, and the recognition of substantial control over Kewpie (Thailand) Co., Ltd., which hitherto had not been an affiliate accounted for under the equity method, these companies are included in the scope of consolidation. There are twenty non-consolidated subsidiaries, and the principal companies are Kyuso L-Plan Corporation and Osaka San-ei Logistics Corporation. These companies are excluded from the consolidation, because their total assets, net sales, net income, and total amounts of earned surplus (equal to the equity share) do not have a significant effect on the consolidated total assets, net sales, net income, and earned surplus.
2. Application of the equity method The equity method is applied to the investments in six companies of nineteen non-consolidated subsidiaries and fourteen affiliated companies (20% to less than 50% owned) since the Company (Kewpie Corporation) has significant effect over them. The name of companies accounted for by the equity method is omitted so as to be reported in 3. Outline of Associated Companies of I. Outline 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.	2. Application of the equity method The equity method is applied to the investments in six companies of twenty non-consolidated subsidiaries and fifteen affiliated companies (20% to less than 50% owned) since the Company (Kewpie Corporation) has significant effect over them. The name of companies accounted for by the equity method is omitted so as to be reported in 3. Outline of Associated Companies of I. Outline of the Company. The investments in twenty non-consolidated subsidiaries including Kyuso L-Plan Corporation and in nine 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.
3. Closing date of consolidated subsidiaries The closing date of Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. is December 31, and that of Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., and Henningsen Foods, Netherlands Inc. is September 30. Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. are consolidated based on their temporary financial statements at November 30. Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., and Henningsen Foods, Netherlands Inc. 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.	3. Closing date of consolidated subsidiaries The closing date of Kewpie (Thailand) Co., Ltd., Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. is December 31, and that of Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., and Henningsen Foods, Netherlands Inc. is September 30. Kewpie (Thailand) Co., Ltd., Beijing Kewpie Foods Co., Ltd. and Hangzhou Kewpie Foods Co., Ltd. are consolidated based on their temporary financial statements at September 30. Kifuki U.S.A. Co., Inc., Q&B Foods, Inc., Henningsen Foods, Inc., and Henningsen Foods, Netherlands Inc. 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, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
4. Accounting standards (1) Valuation basis and valuation methods for significant assets (a) Securities 1. Held-to-maturity bonds are stated at amortized cost. Discounts and premiums are amortized by the straight-line method. ――――――― 2. 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. (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. (c) Inventories Purchased goods, products, raw materials, supplies and work in process are principally stated at monthly moving average cost. Some joint products are stated at retail periodic average cost.	4. Accounting standards (1) Valuation basis and valuation methods for significant assets (a) Securities 1. The same standards with the previous fiscal year 2. Shares in subsidiaries and affiliates which are not accounted for under the equity method are stated at moving average cost 3. The same standards with the previous fiscal year (b) Derivative financial instruments The same standards with the previous fiscal year (c) Inventories Purchased goods and products, work in process, raw materials and supplies are principally stated at monthly moving average cost (a method whereby book values are written down based on a decline in the revenue expected to be generated from these inventories). Some joint products are stated at retail periodic average cost (a method whereby book values are written down based on a decline in the revenue expected to be generated from these inventories). (Change in accounting policy) Although inventories held for sale in the ordinary course of business were previously stated principally at monthly moving average cost, from the current fiscal year, the "Accounting Standard for Measure of Inventories" (ASBJ Statement No. 9, July 5, 2006) has been applied, and thus these inventories are calculated principally by monthly moving average cost (a method whereby book values are written down based on a decline in the revenue expected to be generated from these inventories). As a result of the above, compared to applying the previous method, operating income, ordinary income and income before taxes and minority interests decreased by ¥81 million, respectively. The application of this method resulted in the change of classification of losses on scrapped inventories, which was previously presented in "Selling, general and administrative expenses" and "Non-operating expenses," to "Cost of sales". As a result of the above, compared to applying the previous method, operating income decreased by ¥176 million, however, ordinary income and income before income taxes and minority interests were not affected.

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
(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 (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 decreased by ¥619 million and ordinary income and income before income taxes and minority interests both decreased by ¥620 million. (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.	(2) Depreciation (a) Tangible fixed assets (excluding lease assets) The same standards with the previous fiscal year (Additional Information) Following the revision of the Corporation Tax Law, from the current fiscal year, the useful life of machinery and equipment owned by the Company and its domestic consolidated subsidiaries were revised based on this revision. As a result of the above, operating income, ordinary income and income before income taxes and minority interests increased by ¥574 million, respectively. (b) Intangible fixed assets (excluding lease assets) The same standards with the previous fiscal year

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
―――――――	(c) Lease assets The straight-line method, which considers the lease period to be the useful life and the residual value to be zero, is applied to leased assets related to finance lease transactions that do not transfer ownership. Finance lease transactions that do not transfer ownership whose start date falls on or before November 30, 2008 are accounted for by the same method as that applied to operating leases. (Change in accounting policy) Although finance lease transactions that do not transfer ownership were previously accounted for by the same method as that applied to operating leases, from the current fiscal year, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 [Business Accounting Council Committee No. 1, June 17, 1993 ; revised March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 [The Japanese Institute of Certified Public Accountants (JICPA) Accounting Standard Committee, January 18, 1994; revised March 30, 2007]) are applied and such transactions are accounted for by the same method as that applied to ordinary purchase and sale transactions. Finance lease transactions that do not transfer ownership whose start date falls on or before November 30, 2008 are accounted for by the same method as that applied to operating leases. The effect of the above on income is immaterial.
(c) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.	(d) Long-term prepaid expenses The same standards with the previous fiscal year
(3) Accounting standards for significant reserves	(3) Accounting standards for significant reserves
(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.	(a) Allowances for doubtful accounts The same standards with the previous fiscal year
(b) Reserves for sales rebates Reserves for sales rebates is based on the proportion to net sales on an accrual basis.	(b) Reserves for sales rebates The same standards with the previous fiscal year
(c) Reserves for bonuses Reserves for bonuses is based on the specific computation period.	(c) Reserves for bonuses The same standards with the previous fiscal year
(d) Reserves for directors' and corporate auditors' bonuses Reserves 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.	(d) Reserves for directors' and corporate auditors' bonuses The same standards with the previous fiscal year

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
(e) Reserves for retirement benefits Reserves 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 the 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.	(e) Reserves for retirement benefits The same standards with the previous fiscal year
(f) Reserves for directors' and corporate auditors' retirement pay The fourteen consolidated subsidiaries including Kanae Foods Co., Ltd. provide reserves for directors' and corporate auditors' retirement pay equivalent to the estimated amounts payable at the end of the current fiscal year according to each company's bylaw. (Additional Information) The Company and its consolidated subsidiaries, Kewpie Egg Corporation, Deria Foods Co., Ltd., K pack Co., Ltd., Salad Club Co., Ltd., and Saika Co., Ltd., had been making provisions to reserves for directors' and corporate auditors' retirement pay, these reserves being equivalent to the estimated amount payable at the end of the fiscal year according to each company's bylaw. Resolutions were passed at the board of directors' meetings of the respective companies held from November 2007 which abolished the rule on retirement benefits to the directors and corporate auditors, these being effective from the conclusion of the ordinary (or extraordinary) general meetings of shareholders for the respective companies held from February 2008. Moreover, the aforesaid companies passed resolutions at the ordinary (or extraordinary) general meetings of shareholders of the respective companies held from February 2008 to provide retirement benefits to directors and corporate auditors at the time of their retirement of amounts corresponding to their respective tenures up until the day of abolishment. Consequently, according to these resolutions, the balance at the end of the fiscal year of ¥451 million equivalent to the retirement benefits to directors and corporate auditors corresponding to the period up until the relevant general meeting of shareholders was included in the "Other" of long-term liabilities.	(f) Reserves for directors' and corporate auditors' retirement pay ―――――― (Additional Information) Fourteen consolidated subsidiaries including Kanae Foods Co., Ltd. had been making provisions to reserves for directors' and corporate auditors' retirement pay, these reserves being equivalent to the estimated amount payable at the end of the fiscal year according to each company's bylaw. Resolutions were passed at board of directors' meetings at the respective companies held from November 2008 which abolished the rule on retirement benefits to the directors and corporate auditors, these being effective from the conclusion of the ordinary general meetings of shareholders for the respective companies held from January 2009. Moreover, the aforesaid companies passed resolutions at the ordinary general meetings of shareholders for the respective companies held from January 2009 to provide retirement benefits to directors and corporate auditors at the time of their retirement of amounts corresponding to their respective tenures up until the day of abolishment. Consequently, according to these resolutions, the balance at the end of the fiscal year of ¥89 million equivalent to the retirement benefits to directors and corporate auditors corresponding to the period up until the relevant general meeting of shareholders was included in the "Other" of long-tem liabilities.

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
(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.	
(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 operating leases.	
(6) Significant hedge accounting	(4) 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-rate swap transactions which conform to the special regulated terms.	(a) Hedge accounting The same standards with the previous fiscal year
(b) Hedge instruments Hedge instruments are forward exchange contracts, crude oil price swap transactions, crude oil price collar option transactions and interest-rate swap transactions.	(b) Hedge instruments Hedge instruments are forward exchange contracts and interest-rate swap transactions.
(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 Hedge items are purchase transactions in foreign currencies and interest of loans.
(d) Hedge policy The Company and consolidated subsidiaries execute forward exchange contracts to hedge risks from fluctuation in foreign exchange rate, crude oil price swap transactions and crude oil price collar option transactions to hedge risks from fluctuation in light and heavy oil price, and interest-rate swap transactions to hedge risks from 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 Company and consolidated subsidiaries execute forward exchange contracts to hedge risks from fluctuation in foreign exchange rate and interest-rate swap transactions to hedge risks from fluctuation in interest rate. In addition, the Company and consolidated subsidiaries never make use of them for the purpose of speculative transactions.
(e) Assessment of the effectiveness of hedge accounting Control procedures of hedge transactions are executed according to each company's bylaw. The effectiveness of the hedge except for the following contracts is 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-rate swap transactions 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.	(5) 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

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
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 short-term investments which can be easily converted into cash and matures within three months from the acquisition date on which they are at little risk of changes in value.	7. Cash and cash equivalents The same standards with the previous fiscal year

Change in accounting policy

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
————————	(Application of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements) From the current fiscal year, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006) has been applied. The effect of the above on income is immaterial.

Reclassification

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
(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 for the current fiscal year, the presentation was changed and "Prepaid pension costs" was presented as a separate account. The amount of "Prepaid pension costs" was ¥14,107 million at the end of the previous fiscal year.	(Consolidated Balance Sheets) 1. With the application of the "Cabinet Office Ordinance Partially Revising Regulations Concerning Terminology, Format and Preparation Methods of Financial Statements," (Cabinet Office Ordinance No. 50, August 7, 2008), items presented as "Inventories" up to the end of the previous fiscal year were presented as "Purchased goods and products," "Work in process" and "Raw materials and supplies" from the current fiscal year. The amounts of "Purchased goods and products," "Work in process" and "Raw materials and supplies" included in "Inventories" at the end of the previous fiscal year were ¥12,353 million, ¥739 million and ¥5,338 million, respectively.
(Consolidated Statements of Income) 1. "Losses on scrapped inventories" was presented as a separate account for the previous fiscal year, but because its amount was less than 10% of total non-operating expenses for the current fiscal year, the presentation was changed and "Losses on scrapped inventories" was included in the "Other" account of non-operating expenses. The amount of "Losses on scrapped inventories" was ¥108 million for the current fiscal year.	(Consolidated Statements of Income) 1. "Prior period adjustments" was presented in the "Other" account of extraordinary gains for the previous fiscal year, but because its amount exceeded 10% of total extraordinary gains for the current fiscal year, its presentation was changed and it was included as a separate account. The amount of "Prior period adjustments" was ¥7 million for the previous fiscal year.
2. "Prior period adjustments" was presented as a separate account in extraordinary gains for the previous fiscal year, but for 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" was ¥7 million for the current fiscal year.	2. "Gains on sales of investment securities" was presented as a separate account for the previous fiscal year, but because its amount was less than 10% of total extraordinary gains for the current fiscal year, its presentation was changed and it was included in the "Other" account of extraordinary gains. The amount of "Gains on sales of investment securities" was ¥0 million for the current fiscal year.
3. "Reversal of allowances for doubtful accounts" was presented as a separate account for the previous fiscal year, but for the current fiscal year, its presentation was changed and it was included in the "Other" account of extraordinary gains. The amount of "Reversal of allowances for doubtful accounts" was ¥27 million for the current fiscal year.	3. "Losses on valuation of investment securities" was presented as a separate account for the previous fiscal year, but because its amount was less than 10% of total extraordinary losses for the current fiscal year, its presentation was changed and it was included in the "Other" account of extraordinary losses. The amount of "Losses on valuation of investment securities" was ¥2 million for the current fiscal year.
4. "Prior period adjustments" was presented as a separate account in extraordinary losses for the previous fiscal year, but for the current fiscal year, its presentation was changed and it was included 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 included in the "Other" account of extraordinary losses for the previous fiscal year, but because its amount exceeded 10% of total extraordinary losses for the current fiscal year, its presentation was changed and it was presented as a separate account. The amount of "Losses on valuation of investment securities" was ¥35 million for the previous fiscal year.	

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
―――――――	(Consolidated Statements of Cash Flows) 1. The items presented as "Proceeds from short-term loans payable" and "Repayment of short-term loans payable" for the previous fiscal year were presented in "Net increase (decrease) in short-term loans payable" from the current fiscal year. The amounts of "Proceeds from short-term loans payable" and "Repayment of short-term loans payable" included in "Net increase (decrease) in short-term loans payable" were ¥115,296 million and ¥-116,196 million, respectively, for the current fiscal year.

Notes

Consolidated Balance Sheets

Previous fiscal year (As of November 30, 2008)

1. *1. Pledged assets and secured debts

Pledged assets:

Buildings and structures	¥	3,037	million
Machinery, equipment and transportation equipment	¥	21	million
Land	¥	5,931	million
Other (Tangible fixed assets)	¥	0	million
Total	¥	8,991	million

Secured debts:

Short-term loans payable	¥	1,489	million
Long-term loans payable	¥	2,762	million
Total	¥	4,252	million

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

Debtor	Amount (millions of yen)	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 the 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 the end of the fiscal year are included in the balance at the end of the fiscal year.

Notes receivable	¥	76	million

Current fiscal year (As of November 30, 2009)

1. *1. Pledged assets and secured debts

Pledged assets:

Buildings and structures	¥	1,396	million
Machinery, equipment and transportation equipment	¥	16	million
Land	¥	3,878	million
Other (Tangible fixed assets)	¥	0	million
Total	¥	5,292	million

Secured debts:

Short-term loans payable	¥	1,010	million
Long-term loans payable	¥	1,962	million
Total	¥	2,973	million

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

Debtor	Amount (millions of yen)	Contents
Employees	421	Bank loan, etc.
Thai Q.P. Co., Ltd.	5	Bank loan
Shanghai KRS Logistics Corporation	151	Guarantee for the Financial Institution originally guaranteeing debtor's contract fulfillment
Total	578	

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

Investment securities	¥	3,895	million
Sundry investments	¥	708	million

4. ―――――――

Consolidated Statements of Income

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
1. ――――――	1. *1. The inventory balance at the end of the fiscal year is presented after book values were written down following a decline in the revenue expected to be generated from these inventories and the following losses on valuation of inventories is included in cost of sales. ¥ 81 million
2. *2. 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 Provision of reserves for bonuses ¥ 344 million Provision of reserves for directors' and corporate auditors' retirement pay ¥ 56 million Provision of reserves for retirement benefits ¥ 463 million	2. *2. Main components of selling, general and administrative expenses are as follows; Transportation and storage ¥ 25,097 million Sales promotion expenses ¥ 17,586 million Research and development costs ¥ 3,167 million Advertising and general publicity expenses ¥ 7,672 million Payroll expenses ¥ 15,852 million Depreciation expenses ¥ 1,567 million Provision of reserves for bonuses ¥ 178 million Provision of reserves for retirement benefits ¥ 1,470 million Provision of allowances for doubtful accounts ¥ 539 million
3. *3. 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. The total amounts of research and development costs are ¥3,167 million and all of them are included in general and administrative expenses.
4. *4. Gains on sales of fixed assets are as follows: Machinery, equipment and transportation equipment ¥ 23 million Land ¥ 206 million Total ¥ 230 million	4. *4. Gains on sales of fixed assets are as follows: Buildings and structures ¥ 2 million Machinery, equipment and transportation equipment ¥ 26 million Total ¥ 28 million
5. *5. 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 sales of fixed assets are as follows: Machinery, equipment and transportation equipment ¥ 28 million Land ¥ 35 million Total ¥ 63 million
6. *6. 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	6. *6. Losses on disposal of fixed assets are as follows: Buildings and structures ¥ 332 million Machinery, equipment and transportation equipment ¥ 278 million Other ¥ 59 million Total ¥ 669 million

<table>
<tr><th>Previous fiscal year
(From December 1, 2007 to November 30, 2008)</th><th>Current fiscal year
(From December 1, 2008 to November 30, 2009)</th></tr>
<tr><td>7. *7. Key system equipment relocation costs are the cost of relocating information equipments as countermeasures against earthquake disaster.</td><td>7. ――――――</td></tr>
<tr><td>8. ――――――</td><td>8. *8. 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>Losses on impairment (millions of yen)</th></tr>
<tr><td rowspan="3">Tokyo</td><td>Factory</td><td>Buildings and Structures, etc</td><td>839</td></tr>
<tr><td rowspan="2">Company dormitory</td><td>Land</td><td>140</td></tr>
<tr><td>Buildings and structures</td><td>2</td></tr>
</table>
In principle, the Company and subsidiaries classified the fixed assets into groups depending on the type of respective operation and business place based on the management accounting units on which revenue and expenditure are continuously taken in.
In the current fiscal year, the Foods business of the Kewpie Group established a production hub reorganization plan in order to formulate an effective, far-reaching production system in the Kanto District. This plan calls for the transfer and concentration of the production operations of the Sengawa Factory to nearby factories and the end of production by March 2011.
Moreover, regarding the Distribution system business of the Group, a decision has been made to dispose of the company dormitory classified previously as a corporate asset.
As a result of the above, the book values of the buildings and structures, etc. of the Sengawa Factory whose profitability was lower than predicted and the land and buildings and structures of the company dormitory of the Distribution system business whose disposal was decided upon, are written down to their recoverable amounts, represented as ¥982 million in losses on impairment of fixed assets recorded as extraordinary losses.
The recoverable amounts for these assets and asset groups are measured by net sales amounts based on the estimated sales amounts or sales contracts amounts.</td></tr>
</table>

Consolidated Statements of Changes in Net Assets

Previous 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 the 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 the current fiscal year	155,464,515 shares	3,726,451 shares

(Note)
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 Corporation Law which is applied by Article 165, Paragraph 3 of the Corporation 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 the current fiscal year and record date is included in the 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

Current fiscal year (From December 1, 2008 to November 30, 2009)

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 the previous fiscal year	155,464,515 shares	3,726,451 shares
Increase in number of shares	—	38,617 shares
Decrease in number of shares	—	—
Number of shares at the end of the current fiscal year	155,464,515 shares	3,765,068 shares

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

2. Dividend

(1) Dividends from surplus

The resolution matter of the Board of Directors' meeting held on January 13, 2009

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

The resolution matter of the Board of Directors' meeting held on June 30, 2009

(1) Total amounts of dividend	¥1,138 million
(2) Dividend per share	¥7.50
(3) Record date	May 31, 2009
(4) Effective date	August 10, 2009

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

The resolution matter of the Board of Directors' meeting held on January 12, 2010

(1) Total amounts of dividend	¥1,441 million
(2) Dividend resource	Earned surplus
(3) Dividend per share	¥9.50
(4) Record date	November 30, 2009
(5) Effective date	February 24, 2010

Consolidated Statements of Cash Flows

<table>
<tr><th>Previous fiscal year
(From December 1, 2007 to November 30, 2008)</th><th>Current fiscal year
(From December 1, 2008 to November 30, 2009)</th></tr>
<tr><td>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</td><td>1. *1. Cash and cash equivalents are comprised of the following:
(As of November 30, 2009)
Cash and deposits ¥ 23,148 million
Time deposits with maturity over three months ¥ (317 million)
Negotiable certificates of deposit ¥ 5,000 million
Cash and cash equivalents ¥ 27,831 million</td></tr>
<tr><td>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:
Current assets ¥ 1,059 million
Fixed assets ¥ 452 million
Current liabilities ¥ (205 million)
Foreign currency translation adjustments ¥ (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</td><td>2. ―</td></tr>
</table>

Lease Transactions

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)

Previous 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

	Acquisition cost equivalent (millions of yen)	Accumulated depreciation (millions of yen)	Book value (millions of yen)
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
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.

Current fiscal year (From December 1, 2008 to November 30, 2009)

1. Finance lease transactions (Lessee)

Finance lease transactions that do not transfer ownership

(a) Detail of lease assets
Lease assets mainly consist of production lines in the Foods business and information equipments and cars in Distribution system business.

(b) Depreciation method for lease assets
Depreciation method for lease assets was stated in "(2) Depreciation" of "4. Accounting standards" under Basis of Preparation for Consolidated Financial Statements.
Finance lease transactions that do not transfer ownership whose start date falls on or before November 30, 2008 are accounted for by the same method as that applied to operating leases. The details of these lease assets are as follows.

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

	Acquisition cost equivalent (millions of yen)	Accumulated depreciation (millions of yen)	Book value (millions of yen)
Machinery, equipment and transportation equipment	12,873	7,467	5,406
Tangible fixed assets-Other	5,032	2,859	2,173
Computer software	218	109	108
Total	18,124	10,436	7,688

(2) Future lease payments

Due within one year	¥	2,885 million
Due over one year	¥	5,050 million
Total	¥	7,936 million

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

Lease payments	¥	3,763 million
Depreciation expenses	¥	3,351 million
Interest expenses equivalent	¥	370 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

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
2. Operating lease transactions Future lease payments Due within one year ¥ 49 million Due over one year ¥ 56 million Total ¥ 105 million	2. Operating lease transactions Future lease payments related to irrevocable operating lease transactions Due within one year ¥ 451 million Due over one year ¥ 1,489 million Total ¥ 1,940 million
(Losses on impairment of fixed assets) The item concerning losses on impairment of fixed assets is omitted because none of the loss is allocated to lease assets.	(Losses on impairment of fixed assets) The same method with the previous fiscal year

Securities

Securities

1. Held-to-maturity bonds with fair value

	Description	Previous fiscal year (As of November 30, 2008)			Current fiscal year (As of November 30, 2009)		
		Book value (millions of yen)	Fair value (millions of yen)	Unrealized gains (losses) (millions of yen)	Book value (millions of yen)	Fair value (millions of yen)	Unrealized gains (losses) (millions of yen)
Bonds whose fair value exceeds their book value	(1) Government and local bonds	—	—	—	—	—	—
	(2) Debentures	—	—	—	2,000	2,026	26
	(3) Other	—	—	—	—	—	—
	Sub-total	—	—	—	2,000	2,026	26
Bonds whose book value exceeds their fair value	(1) Government and local bonds	—	—	—	—	—	—
	(2) Debentures	—	—	—	—	—	—
	(3) Other	1,000	852	(147)	—	—	—
	Sub-total	1,000	852	(147)	—	—	—
Total		1,000	852	(147)	2,000	2,026	26

2. Other securities with fair value

	Description	Previous fiscal year (As of November 30, 2008)			Current fiscal year (As of November 30, 2009)		
		Acquisition cost (millions of yen)	Book value (millions of yen)	Unrealized gains (losses) (millions of yen)	Acquisition cost (millions of yen)	Book value (millions of yen)	Unrealized gains (losses) (millions of yen)
Securities whose book value exceeds their acquisition cost	(1) Stocks	5,246	8,096	2,849	4,161	7,331	3,169
	(2) Bonds						
	(a) Government and local bonds	—	—	—	—	—	—
	(b) Debentures	—	—	—	1,000	1,029	29
	(c) Other	—	—	—	—	—	—
	(3) Other	—	—	—	4	5	0
	Sub-total	5,246	8,096	2,849	5,166	8,366	3,199
Securities whose acquisition cost exceeds their book value	(1) Stocks	3,192	2,533	(658)	4,617	3,537	(1,079)
	(2) Bonds						
	(a) Government and local bonds	—	—	—	—	—	—
	(b) Debentures	—	—	—	—	—	—
	(c) Other	—	—	—	—	—	—
	(3) Other	38	23	(14)	33	20	(13)
	Sub-total	3,230	2,557	(673)	4,651	3,558	(1,093)
Total		8,477	10,653	2,176	9,818	11,924	2,106

(Note) The Company wrote down by ¥ 404 million (including ¥ 404 million of other securities with fair value) in the previous fiscal year and by ¥ 2 million (including ¥ 1 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

Previous fiscal year (From December 1, 2007 to November 30, 2008)			Current fiscal year (From December 1, 2008 to November 30, 2009)		
Aggregate Sales amount (millions of yen)	Gains (millions of yen)	Losses (millions of yen)	Aggregate sales amount (millions of yen)	Gains (millions of yen)	Losses (millions of yen)
338	174	13	1	0	0

4. Principal securities with no fair value

Description	Previous fiscal year (As of November 30, 2008)	Current fiscal year (As of November 30, 2009)
	Book value (millions of yen)	Book value (millions of yen)
Other securities		
Negotiable certificates of deposit	5,000	5,000
Unlisted shares	2,048	1,994

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

Description	Previous fiscal year (As of November 30, 2008)				Current fiscal year (As of November 30, 2009)			
	Within one year (millions of yen)	Over one year within five years (millions of yen)	Over five years within ten years (millions of yen)	Over ten years (millions of yen)	Within one year (millions of yen)	Over one year within five years (millions of yen)	Over five years within ten years (millions of yen)	Over ten years (millions of yen)
1. Bonds								
(1) Government and local bonds	—	—	—	—	—	—	—	—
(2) Debentures	—	—	—	—	—	—	2,000	—
(3) Other	—	—	—	1,000	—	—	—	—
2. Other	5,000	—	—	—	5,000	—	—	—
Total	5,000	—	—	1,000	5,000	—	2,000	—

Derivative Financial Transactions

1. Matters concerning derivative financial transactions

Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
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. and Y. M. Kyuso Corporation execute the forward exchange contracts, interest-rate swap transactions, crude oil price collar option transactions and crude oil price swap transactions.	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 make use of them for the purpose of 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 execute derivative transactions 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 Division 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

Contract amount, etc., fair value and gains or losses on valuation of derivative financial transactions

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

Interest rate derivatives

Not applicable as hedge accounting has been adopted for interest-rate swap transactions that the Group transacts.

Commodity derivatives

Not applicable as hedge accounting has been adopted for crude oil price swap transactions, etc. that the Group transacts.

Current fiscal year (From December 1, 2008 to November 30, 2009)

Interest rate derivatives

Not applicable as hedge accounting has been adopted for interest-rate swap transactions that the Group transacts.

Commodity derivatives

Classification	Contract type	Transaction type	Contract amount		Fair value (millions of yen)	Gains or losses on valuation (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)		
Transactions other than market transactions	Crude oil	Swaps Receive float Pay fixed	735	493	42	42

Classification	Contract type	Transaction type	Contract amount		Fair value (millions of yen)	Gains or losses on valuation (millions of yen)
			Total (kilo liter)	Over one year (kilo liter)		
Transactions other than market transactions	Crude oil	Collar options	5,000	2,600	4	4

(Note) Calculation of fair values

Fair values are calculated using the prices offered by the transacting financial institutions and others.

Retirement Benefits

1. Summary of retirement benefit system

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

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

As a result, twenty-eight companies consisting of the Company and 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

			Previous fiscal year (As of November 30, 2008)	Current fiscal year (As of November 30, 2009)
(1)	Retirement benefit obligations	(millions of yen)	(59,216)	(61,417)
(2)	Pension fund assets	(millions of yen)	57,807	60,038
(3)	Unfunded retirement benefit obligations(1)+(2)	(millions of yen)	(1,409)	(1,379)
(4)	Unrealized actuarial losses	(millions of yen)	23,170	22,698
(5)	Unrealized prior service liabilities	(millions of yen)	(6,393)	(5,496)
(6)	Net retirement benefit obligation recognized in the consolidated balance sheet (3)+(4)+(5)	(millions of yen)	15,368	15,822
(7)	Reserves for retirement benefits	(millions of yen)	(2,304)	(2,623)
(8)	Prepaid pension costs (6)-(7)	(millions of yen)	17,673	18,446

3. Retirement benefit costs

			Previous fiscal year (From December 1, 2007 to November 30, 2008)	Current fiscal year (From December 1, 2008 to November 30, 2009)
Retirement benefit costs			1,244	2,944
(1)	Service costs	(millions of yen)	2,118	2,091
(2)	Interest costs	(millions of yen)	1,231	1,252
(3)	Expected return on pension fund assets	(millions of yen)	(2,385)	(1,992)
(4)	Accrued prior service liabilities	(millions of yen)	(902)	(903)
(5)	Amortization of actuarial losses	(millions of yen)	1,182	2,497

(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, 2008)	Current fiscal year (As of November 30, 2009)
(1) Discount rate (%)	2.3	2.0
(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) Period 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 period of actuarial gains or losses	Twelve years except for K.R.S. Corporation (from ten to thirteen years) Actuarial gains or losses are amortized by the straight-line method over a certain period within an average remaining service period of employees from the next year of the respective accrual years.	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

	Previous fiscal year (As of November 30, 2008)		Current fiscal year (As of November 30, 2009)	
1. The principal details of deferred tax assets and liabilities are as follows:				
Deferred tax assets				
Unrealized gains	¥	1,658 million	¥	1,647 million
Reserves for sales rebates	¥	357 million	¥	434 million
Reserves for bonuses	¥	383 million	¥	265 million
Accrued social security expenses	¥	194 million	¥	316 million
Accrued enterprise taxes	¥	138 million	¥	448 million
Reserves for directors' and corporate auditors' retirement pay	¥	252 million	¥	— million
Reserves for retirement benefits	¥	855 million	¥	1,033 million
Trust to cover retirement benefit obligations	¥	1,442 million	¥	1,442 million
Allowances for doubtful accounts	¥	134 million	¥	125 million
Losses on valuation of golf course memberships	¥	203 million	¥	213 million
Deficit carried forward on tax	¥	1,189 million	¥	1,102 million
Other	¥	1,056 million	¥	2,179 million
Sub-total deferred tax assets	¥	7,867 million	¥	9,208 million
Valuation reserves	¥	(1,750) million	¥	(1,992) million
Total deferred tax assets	¥	6,117 million	¥	7,215 million
Deferred tax liabilities				
Prepaid pension costs	¥	(7,362) million	¥	(7,666) million
Differences on valuation of fixed assets	¥	(965) million	¥	(965) million
Reserves for reduction entry of property by purchase	¥	(1,579) million	¥	(1,546) million
Unrealized holding gains on securities	¥	(853) million	¥	(832) million
Other	¥	(708) million	¥	(767) million
Total deferred tax liabilities	¥	(11,469) million	¥	(11,779) million
Net deferred tax assets (liabilities)	¥	(5,351) million	¥	(4,563) million
Net deferred tax assets included in the consolidated balance sheets are as follows:				
Current assets — Deferred tax assets	¥	1,595 million	¥	2,141 million
Fixed assets — Deferred tax assets	¥	596 million	¥	591 million
Current liabilities — Deferred tax liabilities	¥	(16) million	¥	(3) million
Long-term liabilities — Deferred tax liabilities	¥	(7,527) million	¥	(7,293) million
2. The principal details of differences between the statutory tax rate and effective tax rate				
The statutory effective tax rate		40.7%		The details are omitted as the differences between the statutory tax rate and effective tax rate are less than 5% of the statutory tax rate.
(Adjustments)				
Valuation reserves		(1.2%)		
Losses carried forward of consolidated subsidiaries not to have recognized tax-effect		(0.4%)		
Expenses not deductible permanently		1.2%		
Income not taxable permanently		(0.1%)		
Capita levy on inhabitant tax		1.3%		
Tax deduction		(2.1%)		
Income taxes for prior periods		(1.4%)		
Other		0.1%		
Effective tax rate		38.1%		

Related Party Transactions

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

Directors, principal individual shareholders, etc.

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

Attribution	Corporate name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Relationship: Number of interlocking directors (D) or corporate auditors (CA)	Relationship: On business	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Insurance agent	None	None	Rental of the office and expense transaction	Rental expenses etc.	99	Investments and other assets (Other)	108
								Expenses	134	Accounts payable-other	0
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	T&A Co., Ltd. (Note 8)	Shibuya-ku, Tokyo	100	Business of renting property	1.3% owned, directly	D or CA 1 person	Rental of the company dormitory	Welfare expenses	65	Accounts payable-other	—

(Notes) Transaction's term and policy

1. All prices are determined in accordance with the general transaction's term in consideration of the market prices.
2. Amounts in Ending balance include consumption taxes, but those of Trading amount exclude them.
3. Amane Nakashima, managing director of the Company, his close relatives and the company of which they own the majority of the voting rights, own 82.9% of the voting rights directly.
4. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 100% of the voting rights directly.
5. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 60% of the voting rights directly.
6. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 80% of the voting rights directly.
7. Amane Nakashima, managing director of the Company, and his close relatives own 100% of the voting rights directly.
8. Amane Nakashima, managing director of the Company, and his close relatives own 89.5% of the voting rights directly.

Current fiscal year (From December 1, 2008 to November 30, 2009)

(Additional information)

Since the current fiscal year, the Company has adopted the “Accounting Standard for Related Party Disclosures” (ASBJ Statement No. 11, October 17, 2006) and “Implementation Guidance on the Accounting Standard for Related Party Disclosures” (ASBJ Guidance No. 13, October 17, 2006).

As a result, transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties are added to the conventional scope of disclosure.

Related party transactions

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

Directors and corporate auditors, and principal individual shareholder of the company filing the consolidated financial statements, etc.

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Relationship of related party	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Nakashimato Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sales of processed foods	11.6% owning, directly 17.4% owned, directly 3.2% owned, indirectly	Purchase of products Interlocking directors or corporate auditors	Purchase of products	973	Notes and accounts payable-trade	80
							Sales of products	154	Notes and accounts receivable-trade	30
							Expenses	845	Current assets (Other)	25
							Miscellaneous income	30	Accounts payable-other	3
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	1,800	Business of renting property / Leasing business	3.2% owned, directly	Rental of the office Interlocking directors or corporate auditors	Rental expenses	483	Investments and other assets (Other)	408
									Accounts payable - other	4
									Current liabilities (Other)	0
									Long-term liabilities (Other)	0
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Tou Kewpie Co., Ltd. (Note 5)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Sales of products and expense transaction Interlocking directors or corporate auditors	Sales of products	1,039	Notes and accounts receivable - trade	164
									Current assets (Other)	4
							Expenses	12	Accounts payable - other	2
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	Expense transaction and sales of products Interlocking directors or corporate auditors	Expenses	7,531	Current assets (Other)	2
									Accounts payable-other	1,519
							Sales of products	78	Notes and accounts receivable-trade	16

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Relationship of related party	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Minato Shokai Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Sales of products, purchase of raw material and expense transaction Interlocking directors or corporate auditors	Sales of products	131	Notes and accounts receivable-trade	18
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Solutions Co., Ltd. (Note 6)	Shinjuku-ku, Tokyo	90	Plan, development, sale, maintenance and operations support of the computer system	20.0% owning, directly	Other transactions Interlocking directors or corporate auditors	Expenses	1,885	Accounts payable-other Current liabilities (Other) Long-term liabilities (Other)	155 1 2
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Insurance agency business	None	Rental of the office and expense transaction	Rental expenses etc. Expenses	70 143	Investments and other assets (Other) Accounts payable-other	108 0
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	T&A Co., Ltd. (Note 8)	Shibuya-ku, Tokyo	100	Business of renting property	1.3% owned, directly	Rental of the company dormitory Interlocking directors or corporate auditors	Welfare expenses	54	Accounts payable-other	—

(Notes) Transaction's term and policy

1. All prices are determined in accordance with the general transaction's term in consideration of the market prices.
2. Amounts in Ending balance include consumption taxes and those of Trading amount exclude them.
3. Amane Nakashima, managing director of the Company, his close relatives and the company of which they own the majority of the voting rights, own 82.9% of the voting rights directly.
4. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 100% of the voting rights directly.
5. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 60% of the voting rights directly.
6. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 80% of the voting rights directly.
7. Amane Nakashima, managing director of the Company, and his close relatives own 100% of the voting rights directly.
8. Amane Nakashima, managing director of the Company, and his close relatives own 89.5% of the voting rights directly.

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

Directors and corporate auditors, and principal individual shareholder of the company filing the consolidated financial statements, etc.

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Relationship of related party	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Nakashimato Co., Ltd. (Note 3)	Shibuya-ku, Tokyo	50	Sales of processed foods	11.6% owning, directly 17.4% owned, directly 3.2% owned, indirectly	Purchase of products Interlocking directors or corporate auditors	Purchase of products Sales of products	445 75	Notes and accounts payable-trade Notes and accounts receivable-trade	61 8
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Touka Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	1,800	Business of renting property / Leasing business	3.2% owned, directly	Rental of the office Interlocking directors or corporate auditors	Rental expenses Purchase of lease assets Sales of products	2,157 268 205	Current assets (Other) Investments and other assets (Other) Current liabilities (Other) Long-term liabilities (Other) Notes and accounts receivable-trade	53 616 42 215 16
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Tou Kewpie Co.., Ltd. (Note 5)	Shibuya-ku, Tokyo	10	Mail-order business	40.0% owning, directly	Sales of products and expense transaction Interlocking directors or corporate auditors	Sales of products	24	Notes and accounts receivable-trade	2
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Ad Kewpie Co., Ltd. (Note 4)	Shibuya-ku, Tokyo	4	Service business	None	Expense transaction and sales of products Interlocking directors or corporate auditors	Expenses Sales of products	108 10	Accounts payable-other Notes and accounts receivable-trade	4 0
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Minato Shokai Co., Ltd. (Note 4)	Minato-ku, Tokyo	10	Wholesale of liquor and food	None	Sales of products , purchase of raw material and expense transaction Interlocking directors or corporate auditors	Sales of products	171	Notes and accounts receivable-trade	15

Description	Corporate / individual name	Address	Paid-in capital (millions of yen)	Principal business	Percentage of voting rights	Relationship of related party	Transaction	Trading amount (millions of yen)	Account	Ending balance (millions of yen)
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	To Solutions Co., Ltd. (Note 6)	Shinjuku-ku, Tokyo	90	Plan, development, sale, maintenance and operation support of the computer system	20.0% owning, directly	Other transactions Interlocking directors or corporate auditors	Expenses	738	Accounts payable-other	86
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Yu Shokai Co., Ltd. (Note 7)	Shibuya-ku, Tokyo	10	Insurance agency business	None	Rental of the office and expense transaction	Expenses	59	Accounts payable-other	0
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Y.M. Auto Works Co., Ltd. (Note 8)	Inagi, Tokyo	20	Vehicle maintenance business	None	Expense transaction	Expenses	643	Accounts payable-other Notes and accounts payable-trade	52 2
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	J C Estate Limited (Note 9)	Inagi, Tokyo	3	Business of renting property	None	Rental of the parking	Rental expenses	35	Current assets (Other) Investments and other assets (Other)	1 1
The companies of which the directors or corporate auditors and their close relatives own the majority of voting rights (including subsidiaries of the companies)	Nagisa Shoji Co., Ltd. (Note 9)	Inagi, Tokyo	10	Insurance agency business	None	Rental of the parking	Rental expenses	15	Current assets (Other)	1

(Notes) Transaction's term and policy

1. All prices are determined in accordance with the general transaction's term in consideration of the market prices.
2. Amounts in Ending balance include consumption taxes and those of Trading amount exclude them.
3. Amane Nakashima, managing director of the Company, his close relatives and the company of which they own the majority of the voting rights, own 82.9% of the voting rights directly.
4. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 100% of the voting rights directly.
5. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 60% of the voting rights directly.
6. The company of which Amane Nakashima, managing director of the Company, and his close relatives own the majority of the voting rights, owns 80% of the voting rights directly.
7. Amane Nakashima, managing director of the Company, and his close relatives own 100% of the voting rights directly.
8. The close relatives of Junichi Yamamoto, director of the consolidated subsidiary of the Company, and the company of which they own the majority of the voting rights, own 100% of the voting rights directly.
9. The close relatives of Junichi Yamamoto, director of the consolidated subsidiary of the Company, own 100% of the voting rights directly.

(e) Consolidated Supplementary Statements

1. Description of bonds

Corporate name	Issue	Issue date	Beginning balance (millions of yen)	Ending balance (millions of yen)	Interest rate per annum	Pledged	Maturity
*1	The 1st unsecured bonds	November 4, 2005	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	TIBOR 6 months +0.15 %	None	March 13, 2013
Total			10,500 (10,000)	500			

(Notes) *1: Issued by the Company (amount expected to be redeemed within one year)
*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:

Within one year (millions of yen)	Over one year within two years (millions of yen)	Over two years within three years (millions of yen)	Over three years within four years (millions of yen)	Over four years within five years (millions of yen)
—	—	—	500	—

2. Description of bank loans and other

Item	Beginning balance (millions of yen)	Ending balance (millions of yen)	Average interest rate per annum (%)	Maturity
Short-term loans payable	11,268	10,250	0.827%	—
Current portion of long-term loans payable	4,799	1,286	1.430%	—
Current portion of lease obligations	—	186	2.890%	—
Long-term loans payable	13,977	12,744	1.148%	From December 2010 to January 2014
Long-term lease obligations	—	619	2.790%	From January 2011 to May 2017
Other interest-bearing debt Long-term accounts payable (including current portion)	64	7	1.800%	October 2011
Total	30,109	25,095	—	—

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

	Over one year within two years (millions of yen)	Over two years within three years (millions of yen)	Over three years within four years (millions of yen)	Over four years within five years (millions of yen)
Long-term loans payable	11,197	881	658	7
Lease obligations	38	15	18	288
Long-term accounts payable	3	—	—	—

(2) Other

Quarterly information for the current fiscal year

	First quarter From December 1, 2008 to February 28, 2009	Second quarter From March 1, 2009 to May 31, 2009	Third quarter From June 1, 2009 to August 31, 2009	Fourth quarter From September 1, 2009 to November 30, 2009
Net sales (millions of yen)	108,954	116,999	113,241	113,044
Income before income taxes and minority interests (millions of yen)	2,481	5,004	6,198	2,911
Net income (millions of yen)	1,419	2,633	3,415	1,567
Net income per share (yen)	9.36	17.36	22.51	10.33

VI. Stock Information of Reporting Company

Fiscal year	Form December 1 to November 30
The General Meeting of Shareholders	Held in February
Record Date	November 30
Dividend record dates	May 31, November 30
Shares per trading unit	100
Purchase of stock in less than the minimum trading unit :	
Handling office	(Special account) The Sumitomo Trust & Banking Co., Ltd., Stock Transfer Agency Dept. 3-1, Yaesu 2-chome, Chuo-ku, Tokyo
Agent	(Special account) The Sumitomo Trust & Banking Co., Ltd. 5-33, Kitahama 4-chome, Chuo-ku, Osaka
Shareholders' contacts	—
Stock transfer fee	(Note 1)
Newspaper for announcements	The Company shall publish its public notices by electronic means. However, if it is impossible to 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 notice: http://www.kewpie.co.jp/company
Shareholder privileges	Shareholders shall receive an annual gift of the Company's product(s), of a value determined by the number of shares in their possession as of November 30 of each year. 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. The calculating method below shall be used to determine fees for purchase of stock in less than the minimum trading unit on the basis of the method below, in which total purchase fees per trading unit are divided by the total number of shares purchased and multiplied by the number of shares held by the shareholder.

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

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

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

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

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

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